Empresaria

Empresaria Group plc

Summary report **2023**

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Strategic Report

For more information visit our website
www.empresaria.com

Governance

Financial Statements

Highlights

Financial

Net fee income
£57.5m
2022: £65.4m

Adjusted net debt
£11.1m
2022: £7.9m

Adjusted profit before tax
£3.5m
2022: £9.0m

Profit before tax
£0.1m
2022: £7.6m

Adjusted, diluted earnings per share
0.6p
2022: 8.8p

Diluted loss per share
5.9p
2022: earnings 6.7p

Operational

February 2023

- Empresaria awarded top 10 in the 'Top 100 Staffing Firms to work for in 2023'.

August 2023

- Our lead Professional brand, LMA Recruitment, launched in the US.

October 2023

- Our CEO, Rhona Driggs, recognised by SIA in the 2023 list of the most influential European staffing leaders for the fourth consecutive year.

November 2023

- Consolidation of our UK marketing brand, Ball & Hoolahan, into our lead global Professional brand, LMA Recruitment.
- Our CEO, Rhona Driggs, recognised in the SIA Global Power 150 Women in Staffing for the eighth consecutive year.
- Closure of our Vietnam operation.

For definition of terms:
See glossary on page 42

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

Chair's statement

"Well positioned to benefit as and when market conditions improve."

Penny Freer
Chair

2023 performance

2023 was a challenging year for the Group with adverse macroeconomic conditions persisting throughout the year and impacting all our regions. Despite this there were some positive performances; it was particularly pleasing to see our Offshore Services operation continue to demonstrate its strength and resilience, growing both net fee income and profits.

People

As a result of market conditions in 2023, we significantly reduced our costs and, as part of this, our headcount across the Group.

I want to acknowledge and thank all of our teams for their hard work and dedication during what has been a challenging period. Their perseverance and determination stood out, and it is our people that will enable us to return to growth and deliver on our potential.

Dividend

The Board has reviewed the dividend in line with the 2023 results and the current trading environment. For the year ended 31 December 2023 we are proposing a dividend of 1.0p per share, reduced from 1.4p in the prior year. This reflects the Board's confidence in the Group's medium-term prospects while acknowledging the lower level of profit in 2023. Subject to shareholder approval at the Annual General Meeting, the dividend will be paid on 13 June 2024 to shareholders on the register on 24 May 2024.

Outlook

The challenging economic environment has continued into 2024 and the outlook remains uncertain. We are, however, confident that the actions we have taken, and continue to take, to simplify our leadership and operational structures and create focus around our core operations, alongside the strength of our Offshore Services offering, leave us well positioned to benefit as and when market conditions improve and will enable us to realise the growth potential of the Group.

Penny Freer
Chair
25 March 2024

At a glance

Who we are

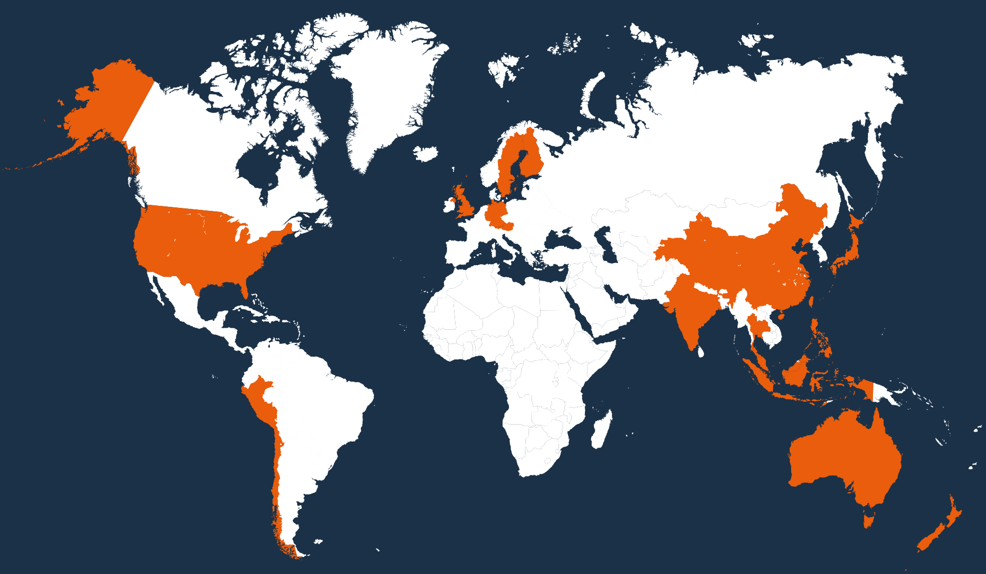
Founded in 1996, Empresaria is a global specialist staffing group operating across six diversified sectors in 18 countries and placing candidates in many more. We are driven by our purpose to positively impact the lives of people, while delivering exceptional talent to our clients globally. We are listed on the AIM market of the London Stock Exchange.

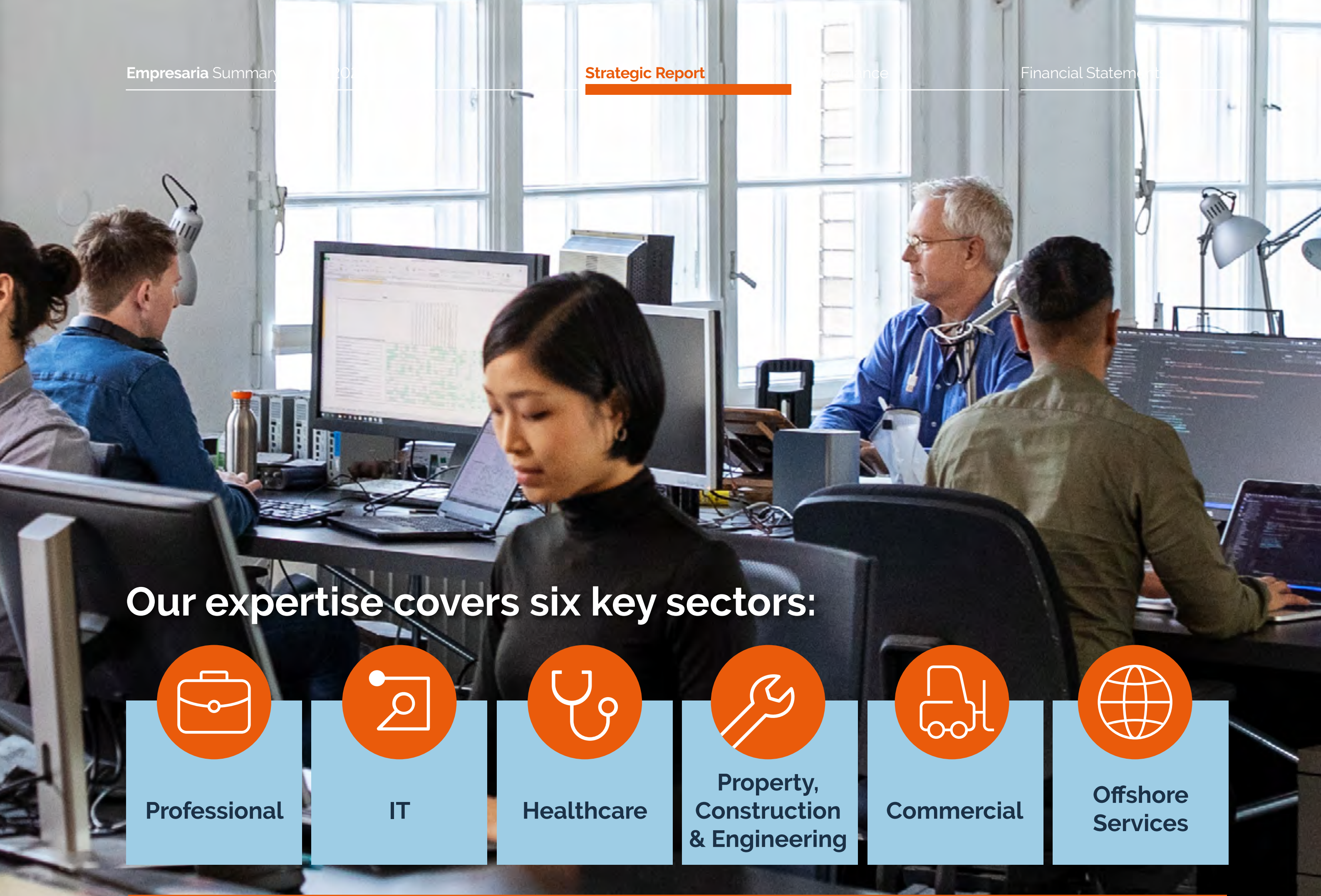
We have expertise in
6 sectors

and operate from
18 countries

across
4 regions

Our footprint





Our expertise covers six key sectors:

- Professional
- IT
- Healthcare
- Property, Construction & Engineering
- Commercial
- Offshore Services

Our diversified model

Our diversified business model, by geography, sector and service, creates a proven ability to offset risks and challenges in one area with opportunities and growth elsewhere.

Service type

% of net fee income

	2023	2022
Permanent	**29%**	34%
Temporary and contract	**49%**	48%
Offshore services	**22%**	18%

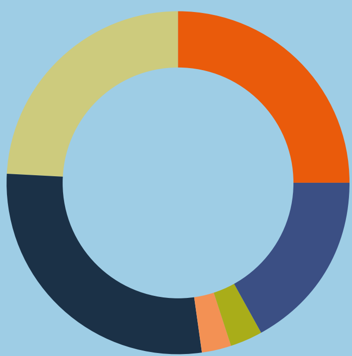
Region

% of net fee income

	2023	2022
UK & Europe	**43%**	43%
APAC	**23%**	24%
Americas	**10%**	13%
Offshore Services	**24%**	20%

Sector

% of net fee income



	2023	2022
Professional	**25%**	28%
IT	**17%**	19%
Healthcare	**3%**	5%
Property, Construction & Engineering	**3%**	3%
Commercial	**28%**	25%
Offshore Services	**24%**	20%

Investment case

Our diversification by sector and geography, our differentiating Offshore Services sector, alongside our focussed strategy and Roadmap to £20m, create a unique and compelling investment case.

Diversified operations

For more information:
See pages 18 to 22

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

Permanent, temporary and contract, and offshore services across

6 sectors **18** countries **4** regions

Offshore Services differentiator

For more information:
See pages 7 and 21

Our Offshore Services offering is unique among our peers.

We see great opportunity for growth through increased market penetration and diversifying our services.

Offshore Services

32%

net fee income compound annual growth rate since 2017

Resilient financing structure

For more information:
See pages 24 to 27

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

Facility headroom (excluding invoice financing)

£17.8m

(2022: £17.9m)

Experienced Board

For more information:
See pages 34 and 35

Our experienced Board have a strong track record in the staffing industry.

Board staffing industry experience

>100

years

Roadmap to £20m

For more information:
See pages 13 and 14

Our Roadmap to £20m is focussed on delivering organic growth across three main pillars underpinned by our investment in people, technology and process.

£20m

medium-term adjusted operating profit ambition

Case Study

Offshore Services: A resilient business model

With continued demand for offshore recruitment services in both the UK and US (see current market conditions on page 9), our Offshore Services operation saw strong year-on-year growth in 2023 despite challenging market conditions across the staffing sector. Recruitment businesses more than ever before are looking to streamline their operations and improve efficiency and productivity in order to remain competitive and ensure long term sustainability.

Servicing primarily the UK and US markets, our Offshore Services operation (delivered through our IMS brand) provides staffing and recruitment businesses with a number of different but complementary solutions.

Our service offering includes:

IMS People Possible provides tailor-made offshore recruitment services to recruitment companies. This ranges from full-cycle recruitment, headhunting and passive searches, to CV sourcing, compliance requirements, database regeneration, job postings and CV formatting. This modular approach means our clients offshore all or part of the recruitment process depending on their requirements.

IMS Decimal provides outsourced accounting payroll solutions to the recruitment sector. In 2023 IMS Decimal delivered strong growth as uncertain market conditions pushed clients to take action on their cost base and outsource elements of their back office.

IMS nHance is a new service that was fully launched in 2023 and provides offshore marketing solutions to small and medium sized recruitment firms. Following an initial pilot in 2022 with two key clients, an additional five clients were onboarded in 2023 as recruitment leaders looked to enhance their marketing capabilities without adding permanent headcount.

IMS's diversity of client base across the healthcare, IT, light industrial and professional staffing sectors, coupled with their range of services and agile approach ensures they remain resilient through different market cycles allowing for continued growth.

IMS's attention to detail and quality, their client centric focus, and investment in training have been the pillars of their ongoing success. Their agile approach means clients can scale their operations up and down as needed and at speed, which is increasingly important during periods of market turbulence. This has ensured IMS have built long term trusted partnerships with their clients. In addition, the ability to offshore key functions like accounting, payroll and marketing creates great cost savings for clients and a reduced reliance on permanent onshore headcounts while increasing our client penetration.

Current market conditions

Staffing market forecasts

In November 2023, Staffing Industry Analysts (SIA) projected the global staffing market would contract by 2% in 2023, following growth of 5% in 2022. For 2024, they forecast modest global growth of 4% but suggest there will be variances from market to market.

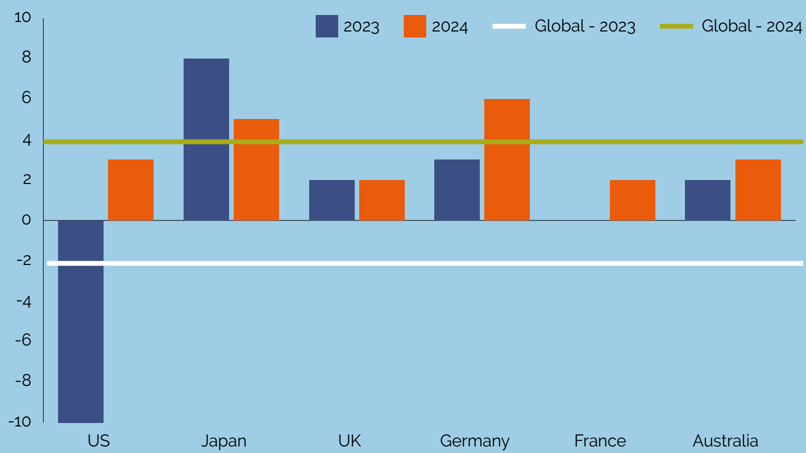
In our regions, within UK & Europe, the UK is forecast to grow by 2% in 2024, while Germany is forecast to grow 6%. In APAC, Japan and Singapore are forecast to grow 5%, Australia by 3%, and three of our other markets in the region are expected to grow by double digits.

Growth in the Americas is forecast to be modest with 3% for the US.

SIA identifies the top six staffing markets, which together make up 69% of the global staffing market, as the US, UK, Germany, Japan, France and Australia. We have a presence in five of these and they accounted for 53% of our net fee income in 2023. However, it is only in the US that we deliver all of our three core sectors (IT, Professional, and Healthcare) leaving opportunities to increase penetration in the UK, Germany, Japan and Australia.

SIA staffing market growth forecasts (November 2023)

6 largest markets



Continued rise in demand for offshore recruitment services

A survey by Staffing Industry Analysts found that in the US 47% and in the UK 46% of staffing companies use or intend to use offshore recruitment services in the next 12 months.

In the UK, 46% of those using or intending to use offshore recruitment services plan to use more services compared to only 15% who would look to use less. In the US, 45% intended to use more compared to only 11% who intend to use less.

Organisations are clearly seeing the cost efficiency and delivery benefits an offshore recruitment services provider can offer and are looking to maximise their usage. As one of the leading players in this sector we are well positioned to benefit from this demand.

AI & automation continue to gain pace

While AI is not a new phenomenon, the increased availability of tools like ChatGPT in 2023 saw AI continually hitting the headlines, not least due to its perceived impact on jobs and the workplace. While the full impact of AI is still relatively unknown, it is becoming increasingly apparent that it will be the organisations and employees who embrace AI tools who will thrive in the new world of work.

In our recent global candidate survey of more than 5,600 workers, we found that 24% of employees were already using AI tools as a part of their everyday job and a further 35% used AI tools from time to time to enhance their work. When asked how they saw AI impacting the future of work in their industry, 55% of workers said AI will enhance human capacity and create job opportunities. This is compared to a smaller group of 34% who thought it would disrupt their industry leading to potential job losses. Only the remaining 11% felt AI would have minimal to no impact on their industry.

While the benefits of AI seem clear, especially in terms of productivity and efficiency gains, companies are approaching it with caution and for good reason. When asked about their concerns of the growing integration of AI in the workplace, the greatest concerns for employees were privacy & data security risks (51%) followed by over reliance and reduced human capacity (47%) and job displacement (46%).

Within our industry we are already seeing many examples of how AI & automation can increase efficiency and enhance the candidate experience. For example, content generation tools are making job descriptions more relevant and attracting a wider pool of candidates, while job matching and sourcing tools are making recruiters more efficient. At Empresaria we have been using automation tools effectively for many years and in 2023 alone saved over 84,000 hours through automating tasks and communications. Through our technology partners we are also leveraging a number of AI powered tools and we expect these to become increasingly built into our day-to-day technology.

Global skills mismatch

Despite ongoing economic and geopolitical uncertainty, the easing of labour markets in some geographies has done little to subdue the challenges associated with skill scarcity felt by many organisations across the globe. With the increase in green jobs and technology advancing at rates never seen before the skills needed continue to evolve at pace. The supply of talent is failing to keep up with the demand from companies as they look to enhance their capabilities and add much needed digital skills to their workforce.

At Empresaria our core businesses operate within the IT, Professional and Healthcare sectors which continue to see some of the greatest skill shortages. Our delivery centres of excellence have deep sector expertise and are focussed on finding and engaging talent, building talent communities and ensuring we understand the long term capabilities and motivations of individuals. This coupled with our global database and powerful analytics tools ensure speed and quality are combined.

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.

Our approach

Our values

Innovation
Collaboration
Accountability
Responsibility
Excellence

Multi-branded with focussed sector-driven 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.

Diversified by geography and sector

Our diversification across six sectors and 18 countries in four regions helps mitigate economic and political risks as well as provide opportunities to drive organic growth.

Range of staffing services

The Group has three main service lines: permanent recruitment, temporary and contract recruitment, and offshore services. We have a bias towards temporary and contract recruitment as it is generally more stable through the economic cycle.

Specialist sales and delivery teams

The Group operates a '180 degree' operating model, separating its sales and delivery functions into separate specialised teams in order to deliver the best and most efficient service to clients and candidates and create meaningful career opportunities for our people.

Empowered and supported leadership

The Group empowers its leaders as experts in the markets in which they operate. The support structures we have put in place enable our businesses to maximise their potential for success.

Delivered through our strategy

For more information: **See page 15**

Stakeholder engagement

For more information: **See pages 32 and 33**

Brand reputation

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

Global network

Our brands operate from 18 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.

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

Our purpose is to positively impact the lives of people. We make direct social and economic contributions in the countries we operate in. We are engaged in supporting local community and charitable organisations. We also 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 earnings per share and dividends. Our strong cash flow allows us to invest in our businesses to grow our profits into the future.

Chief Executive's Q&A

Q&A
with CEO
Rhona Driggs

Rhona Driggs
Chief Executive Officer

"We are focussed on simplifying how we operate to reduce complexity, creating greater opportunities for cross selling across our core sectors."

Q

How would you summarise 2023?

A

2023 was a challenging year as adverse market conditions persisted across the staffing sector and, as a result, we experienced declining demand across all of our regions.

The most significant impact was on permanent recruitment as clients deferred hiring decisions and candidates were less confident about moving roles. The slowing of the global IT staffing sector and Healthcare in the US also affected our temporary and contract business.

Our Offshore Services sector delivered year-on-year growth despite the challenging market conditions in the US which was more than offset by demand in Healthcare in the UK.

I am proud of our team and the resilience they demonstrated in navigating these difficult market conditions.

Q

What were the actions you took in response to these challenges?

A

Throughout 2023 we took clear action to control costs and, as a result, our headcount, excluding Offshore Services, reduced by 17% over the course of the year. We are focussed on simplifying how we operate to reduce complexity, creating greater opportunities for cross selling across our core sectors. We have streamlined our leadership structure and brought our core sector businesses under a single leader in key markets such as the UK and the US. This will allow us to maximise our opportunities for cross selling across our core sectors and we have also been able to reduce the size of our senior management team, without impacting collaboration across the Group.

We also accelerated the roll out of our '180 operating model', in markets that had not already adopted it, separating our sales and delivery functions into specialised teams. This model creates greater focus for both our clients and candidates and will improve productivity, enhance the candidate and client experience, and create greater career opportunities for our staff. This transition is largely complete in our core sectors and markets.

As part of our focus on core sectors and markets, we took steps to streamline some of our operations to offer a more succinct go to market proposition for our clients. We merged our UK marketing brand into our lead Professional brand enabling us to offer marketing recruitment services seamlessly across a wider client base. We also took the decision to close our loss-making Vietnam operation. We are continuing to review the sub-sectors and markets in which the Group operates. We have identified four of our smaller operations, in either markets or sectors where we do not plan to invest, that we will exit during 2024. These would not have a material impact on the net fee income or profits of the Group but would continue the process of simplification and focus.

Q

Can you update us on your strategic progress?

A

We have been on a transformative journey, transitioning from a large collection of disconnected brands to a more cohesive group with a common purpose, strategy, and values, supported by centralised functions.

Over the past year we have made good progress on our three key pillars for growth.

Our first pillar is focussed on our core sectors of Professional, IT and Healthcare in key markets where we see the greatest opportunity for growth. As mentioned, we have brought these core sectors under a single leader in each country to ensure we are positioned to capitalise when the market recovers. These changes will help accelerate our growth, cross sell our services more effectively to our existing client base, and create a greater value proposition for new clients.

Our growth ambition is largely built on organic activity. We recently launched our lead Professional recruitment brand in the US enabling us to provide a wider range of services to our well established client base in IT and Healthcare. We continue to review acquisition opportunities as they arise but will only consider future acquisitions in our core sectors and key markets, and only when timing and circumstances are right.

In our second pillar we are focussed on diversifying our service offering to clients, building strategic partnerships and cross selling our recruitment services to our client base. We have seen good progress with offering RPO solutions to our clients in Asia, in particular the Philippines (see case study on page 23), and in the UK we became strategic partners to several large MSP programmes for which we are leveraging our offshore delivery engine.

Our third pillar is to deliver continued growth in Offshore Services. We are pleased to have been able to deliver growth in both net fee income and profits in 2023, despite the adverse market conditions. We have also made good progress in increasing penetration of our clients through our diversified service offering. Accounting and finance support services are now 10% of our net fee income and we have had a good initial response to our marketing solutions offering.

Our strategy is underpinned by investment in technology, people and process. We have continued to enhance our technology platforms with all but one of our core sector businesses now on our global front office system. Our global database gives our delivery teams access to a wider set of candidates and allows our sales teams to more effectively identify cross selling opportunities. In 2023 we piloted a data analytics tool which will further drive productivity and we rolled this out across our core sectors at the start of 2024. In addition, our use of automation to support our candidate communications and compliance has meant that we have replaced 84,000 hours of manual tasks, reducing the administrative burden on our consultants while enhancing the candidate experience.

Our people are our most important asset, and we continue to invest in their development. Last year we launched our leadership development programme to equip our leaders with the skills and knowledge to drive growth and create a more sustainable business model for the future. We have also expanded our Top Talent Programme that was launched in Asia in 2022 to include the UK and Europe and this will be expanded further in 2024.

Q

How do you feel about your medium-term ambition?

A

In October 2022, we laid out the roadmap to deliver our ambition of achieving £20m of operating profit in the medium term. Despite the setback from market conditions in 2023, we continue to believe this is an achievable goal and we have made good progress on our key pillars for growth. As we progress through 2024, we will have a clearer picture of how the market is recovering and will provide updates on our progress.

Q

What is the outlook for 2024?

A

Market conditions remain challenging and are expected to continue to be throughout the first half of 2024. We are cautiously optimistic that we will see an improvement in market sentiment in the second half of the year. We are seeing some positive movement in overall activity levels with our more focussed approach to sales and delivery. We are confident that alongside this, the actions we have taken, and continue to take, to streamline our operations and focus on our core sectors will enable us to execute our strategy more quickly and effectively and realise our growth ambitions.

Rhona Driggs

Rhona Driggs
Chief Executive Officer
25 March 2024

Case Study

Developing a strategic partnership with L'Oréal in LATAM

Our operations in Chile have a long-standing relationship with the global beauty giant, L'Oréal and in 2023 were successful in securing their third renewal as a preferred partner. We are now the largest provider of recruitment and staffing services to L'Oréal in Chile. This partnership has grown consistently over the past three years as we continue to extend the services offered to L'Oréal from outsourcing and blue-collar staffing to now include both temporary and permanent professional staffing solutions with national coverage. In 2023 we had 70% more staff deployed than in 2020.

We are committed to working in partnership with L'Oréal to help them realise their strategic workforce goals and create a more inclusive and sustainable workforce for the future.

Strategic objectives

Strategic objective	2023 progress	2024 priorities
Build scale in our key markets and core sectors We are focussed on developing scale in our key markets and core 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.	• Launch of Professional in US under our lead Professional brand. • Merged our UK marketing brand into our lead Professional brand • Developed strategic partnerships on MSP programmes in the UK. • Streamlined leadership structures to bring all core sector operations under a single leader in each country. • Exited loss-making Vietnam operation.	• Alignment of German operations under a single leadership structure. • Embed UK and US operating structures and realise cross selling potential. • Rebuild US net fee income after a challenging 2023. • Targeted investment in sales teams.
Diversify our service offering to clients Providing a diversified service offering to clients will enable us to gain market share with our clients and to grow strategic relationships with large volume clients. A diverse revenue stream also creates a more stable revenue base and we aim to increase our temp to perm ratio (excluding offshore services) to 70:30 over time as part of this.	• Success in delivering project RPO services to clients in the Philippines. • Temp to perm ratio (excluding offshore services) improved to 63:37 reflecting the greater fall in permanent placement net fee income.	• Focus on expanding our success in RPO. • Target growth in temporary and contract which is expected to recover first as and when market conditions improve.
Increase productivity and efficiency Increasing our productivity and efficiency through investing in technology and our focussed operating models will enable us to deliver to clients and candidates more quickly and effectively.	• Common front office platform now in place in all bar one of our core sector operations. • Analytics tool for our front-office platform trialled. • Delivery centre created to service UK MSP clients. • Implementation of 180 model close to completion in core sector operations. • Staff productivity adversely impacted by market conditions.	• Full roll-out of analytics tool including training programme. • Training and awareness programmes to maximise benefit of our global database. • Completion of 180 model roll-out in all core sector operations. • Implement onboarding technology solution. • Continue to drive internal utilisation of our Offshore Services offering.
Continue to grow Offshore Services Our Offshore Services offering has been a major success story in recent years. We target continued growth of this operation alongside our traditional staffing operations.	• Continued to grow despite market conditions. • Continued to consolidate growth in UK Healthcare. • Strong growth in our accounting, finance and back-office services – now 10% of net fee income.	• Continued expansion of service offering. • Expand presence in US healthcare. • Sales focus to ensure that we capitalise on market recovery as and when this happens.

Key performance indicators

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

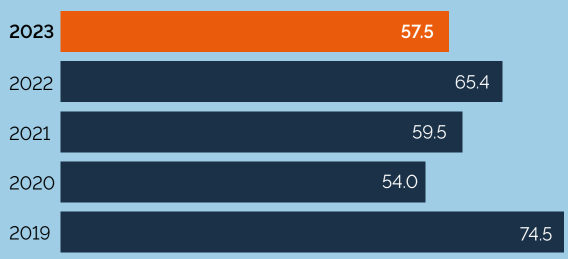
Strategic objectives

1. Build scale in our key markets and core sectors
2. Diversify our service offering to clients
3. Increase productivity and efficiency
4. Continue to grow Offshore Services

Net fee income

1 3 4

£57.5m



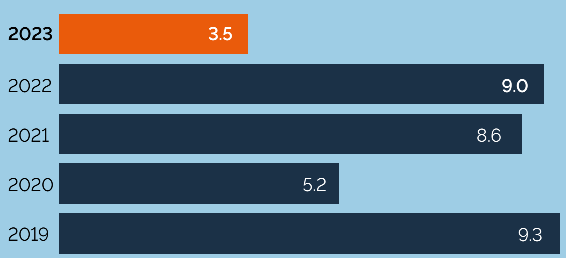
Why and how we measure
Net fee income is the Group's principal 'revenue' measure, incorporating permanent fees and the gross margin earned on temporary and contract workers, and offshore services.

How we have performed
Net fee income has reduced by 12% in 2023, reflecting challenging market conditions across our regions with Offshore Services the only one to deliver growth in the year.

Adjusted profit before tax

1 3 4

£3.5m



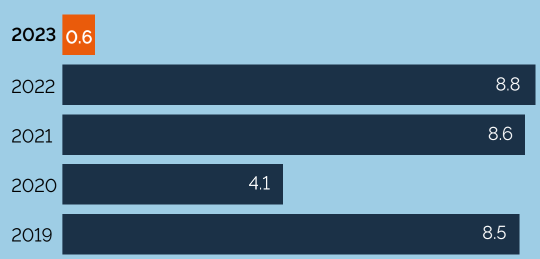
Why and how we measure
Adjusted profit before tax measures the Group's profit performance and is stated before amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items and fair value charges on acquisition of non-controlling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

How we have performed
Adjusted profit before tax has reduced by 61% in 2023, reflecting the fall in net fee income and higher net interest costs, partially offset by actions taken to reduce costs.

Adjusted, diluted earnings per share

1 3 4

0.6p

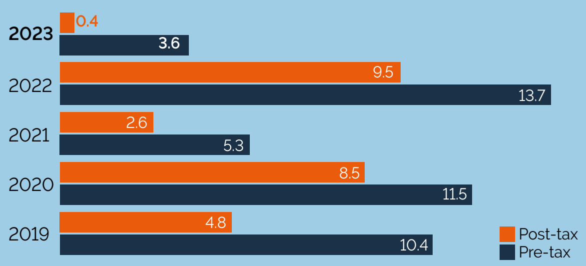


Why and how we measure
Adjusted, diluted earnings per share measures the underlying performance of the Group's earnings for its shareholders. Adjusted earnings is adjusted in the same manner as for adjusted profit before tax along with the related tax impacts.

How we have performed
Adjusted, diluted earnings per share has reduced 93% in 2023, reflecting the reduction in profits along with an increase in the proportion of those profits allocated to non-controlling interests.

Free cash flow

£0.4m

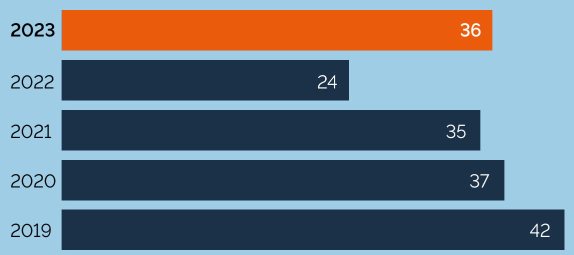


Why and how we measure
Free cash flow is the level of cash generated that is available for investment by the Group. It is calculated as net cash from operating activities per the cash flow statement, adjusted to exclude working capital movements related to cash held in respect of pilot bonds and after 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 2023 free cash flow has reduced, reflecting the reduction in profits.

Debt to debtors ratio

36%



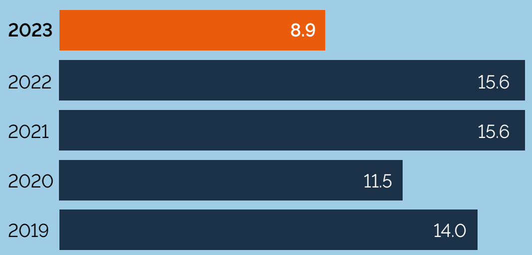
Why and how we measure
The majority of the Group's debt is short term and matched against working capital requirements. The Group's debt to debtors ratio is calculated as adjusted net debt as a percentage of trade debtors. Adjusted net debt excludes cash held in respect of pilot bonds.

How we have performed
The Group's debt to debtors ratio has increased during the year, reflecting the increase in adjusted net debt. The Group continues to target a sustained reduction in the debt to debtors ratio to 25%.

Conversion ratio

3

8.9%



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 reduced in the year, reflecting the fall in staff productivity and the impact of losses in certain operations which could not be offset by cost savings. 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

1.71x

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 reduced from the prior year, reflecting the impact of the more challenging trading conditions in 2023.

Operating review

UK & Europe

% of Group net fee income

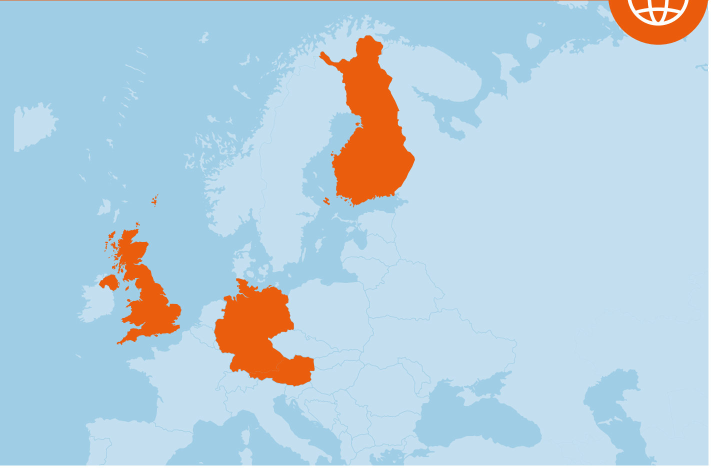
43%

Financials

£m	2023	2022
Revenue	**116.8**	124.9
Net fee income	**24.9**	28.4
Adjusted operating profit	**3.0**	4.7
% of Group net fee income	**43%**	43%
Average number of staff	**247**	272

Locations

- Austria
- Finland
- Germany
- UK



Net fee income by service

	2023	2022
Permanent	**25%**	32%
Temporary & contract	**75%**	68%

Net fee income by sector

	2023	2022
Professional	**30%**	36%
IT	**11%**	12%
Healthcare	**3%**	3%
PCE	**5%**	5%
Commercial	**51%**	44%

In UK & Europe, revenue reduced by 6% (8% in constant currency), net fee income reduced by 12% (13% in constant currency) and adjusted operating profit was down by 36% (38% in constant currency).

In the UK, net fee income reduced by 21% year-on-year with operating profit down by two-thirds. The fall in net fee income was primarily driven by a reduction in permanent hiring, which was down 30%, while temporary and contract net fee income was down 9%. Our largest sectors in the UK are IT and Professional and both saw significant reductions in net fee income with falls in demand seen across our client base. Towards the end of 2023 we brought our core operations in the UK under a single leader with a single management structure and we expect this to deliver significant benefits including through improving efficiency and increasing cross selling.

In Finland, our Healthcare business showed some improvements after a challenging 2022 with net fee income up 12% year on year. The operation recorded a small loss in the year but this was much reduced from the prior year.

In Germany, where our operations are focussed on the Commercial sector, we delivered a 2% decrease in net fee income, with profits down 8%. Our best performance came from our operation that supports maintenance activity for businesses associated with the automotive industry, which delivered strong growth in both net fee income and profits. Our logistics operation delivered 3% growth in net fee income but a 6% fall in profits reflecting inflationary pressures on its cost base. Our temporary staffing business has continued to deliver weaker results with falls in both net fee income and profits and a significant impact from strike actions at key clients in the latter part of the year.

Our operation in Austria is similar in nature to our temporary business in Germany and delivered solid results in the year with net fee income down 3%, but profits up 12%.

At the start of 2024 we brought our Commercial operations in Germany and Austria together under a single leader. This will create a more efficient structure and improve our ability to cross sell within and between these countries.

APAC

% of Group net fee income

23%

Financials

£m	2023	2022
Revenue	51.9	49.9
Net fee income	13.6	15.8
Adjusted operating (loss)/profit	(0.8)	0.8
% of Group net fee income	23%	24%
Average number of staff	304	292

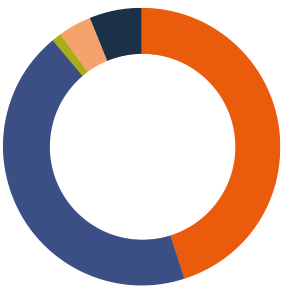
Locations

- Australia
- China
- Indonesia
- Japan
- Malaysia
- New Zealand
- Philippines
- Singapore
- Sweden
- Thailand

Net fee income by service

	2023	2022
Permanent	65%	65%
Temporary & contract	35%	35%

Net fee income by sector



	2023	2022
Professional	46%	47%
IT	44%	43%
Healthcare	1%	0%
PCE	4%	3%
Commercial	6%	7%

In our APAC region revenue increased by 4% (9% in constant currency) and net fee income reduced by 14% (10% in constant currency). Overall, the region delivered a loss of £0.8m.

Our IT operations were impacted by the global fall in IT demand and Japan, our largest contributor in the region, saw net fee income fall by almost a fifth. Reductions were seen across both permanent, and temporary and contract hiring with key clients significantly reducing hiring requirements and contractor headcount at the end of 2022.

In Australia, our operation is focussed on digital and creative roles within our Professional sector. Results in 2023 continued to be disappointing after a poor 2022, with further falls in net fee income and an increase in the level of losses. Further action has been taken on the cost base of this operation in order to look to eliminate these losses.

The Philippines performed strongly in the year delivering net fee income growth of 20%. We achieved a new record level of net fee income and had ongoing success from our project RPO offering which accounted for more than 40% of net fee income in the year. We are looking to replicate this RPO success across the region.

Our aviation operation, which has offices in New Zealand, Singapore and Sweden, started to show improvement in trading, particularly in the second half of the year, with net fee income up by a third on 2022. We have seen success in expanding our operation into other roles in the industry and in growing permanent placements alongside our traditional pilot leasing offering. Although this operation continues to generate losses, we are pleased to see these improvements in trading.

In Thailand, the election in the year created significant political uncertainty. This led to a significant drop in demand, particularly from our international clients, as they adopted a wait and see approach to hiring. As a result, both net fee income and profits fell significantly compared to 2022.

In Singapore, which generated a record level of net fee income in 2022, we had a much more challenging year. Net fee income was down a quarter with permanent placement down significantly, partially offset by some promising improvements in temporary and contract. With the strong 2022 performance, significant investment in headcount had been made in that year and despite actions taken in 2023, the higher cost base at the start of the year meant that this operation delivered a loss.

Elsewhere in the region, Indonesia and Malaysia saw significant reductions in demand and as a result net fee income and profits reduced year-on-year. We took the decision to close our loss-making Vietnam operation in October 2023 in line with our strategy of focussing on markets where we see the greatest opportunity for growth.

Operating review continued

Americas

% of Group net fee income

10%

Financials

£m	2023	2022
Revenue	**55.9**	62.7
Net fee income	**6.1**	8.7
Adjusted operating (loss)/profit	**(0.9)**	1.5
% of Group net fee income	**10%**	13%
Average number of staff	**131**	160

Locations

- Chile
- Peru
- USA

Net fee income by service

	2023	2022
Permanent	**26%**	32%
Temporary & contract	**74%**	68%

Net fee income by sector

	2023	2022
Professional	**15%**	11%
IT	**16%**	26%
Healthcare	**20%**	27%
PCE	**4%**	2%
Commercial	**45%**	34%

In the Americas, revenue fell by 11% (12% in constant currency) and net fee income fell by 30% (31% in constant currency). Overall, the region delivered a loss of £0.9m.

Our US operations were the main driver of these results with net fee income reducing by half from 2022. In the US we operate primarily in the IT and Healthcare sectors, both of which saw sharp falls in demand during the year. In IT we were impacted by a combination of the general decline in IT staffing demand, particularly for permanent staff, alongside the collapse of Silicon Valley Bank which impacted a large number of our clients. While we have made good progress in broadening our client base and expanding our temporary and contract opportunities, demand remains extremely subdued. Healthcare demand has also dropped significantly, with the elevated pay levels seen in the last few years also dropping back. In August 2023, we launched our lead Professional brand in the US, targeting our existing client base, and enabling us to deliver to all of our core sectors in one of our key markets. It is early days for this new offering and, as expected, it contributed a loss in its first months of trading.

Our operations in Chile, which are focussed on the Commercial sector, had a strong year with net fee income up by 11% and profits up by a quarter. We have seen good success in offering multiple services to our clients in order to increase client penetration. For a case study on our success in developing strategic partnerships see page 14.

In Peru, we have seen ongoing disruption following recent changes to outsourcing laws. As a result, net fee income and profits fell year-on-year. We are confident that these have now settled down and that this operation is well positioned to return to growth.

Offshore Services

% of Group net fee income

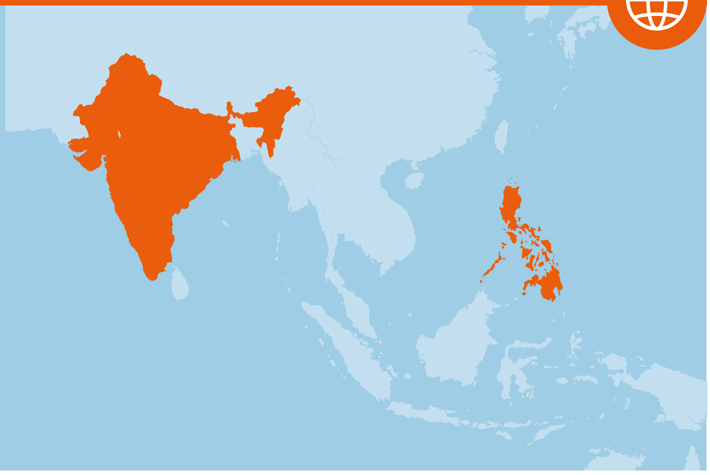
24%

Financials

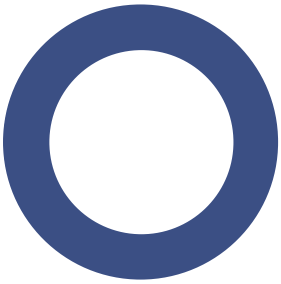
£m	2023	2022
Revenue	**26.9**	25.3
Net fee income	**14.0**	13.5
Adjusted operating profit	**7.5**	7.1
% of Group net fee income	**24%**	20%
Average number of staff	**2,565**	2,481

Locations

- India
- Philippines



Net fee income by service



	2023	2022
Temporary & contract	**0%**	3%
Offshore services	**100%**	97%

Offshore Services had a strong 2023, delivering year-on-year growth despite the wider market conditions. Revenue increased by 6% (13% in constant currency), net fee income increased by 4% (9% in constant currency) and profits were up 6% (12% in constant currency).

Our operations support the staffing sector, principally in the US and the UK, and provide any aspect of the end-to-end recruitment process alongside compliance, finance and accounting, and other services. Clients are predominantly third-party staffing companies, but this operation also plays an important role in supporting activity across the Group. We operate from two locations in India and one in the Philippines.

In the UK, demand from our healthcare clients remained strong for the majority of the year, albeit not showing the significant growth we have seen in the last two years. Towards the end of 2023 we saw some reduction as clients adjusted to lower demand from the NHS as it looks to manage its approach to agency spend.

In the US, in the first half of 2023 we saw a continuation of the reduction in demand that started in 2022. This was driven by the general weakness in US staffing, and particularly from IT recruiters which are the majority of our US clients. This stabilised in the second half of the year but has yet to show significant signs of a return to sustained growth. We remain confident that as and when conditions improve we will see an increase in demand and a return to growth.

For a case study on the resilience of Offshore Services **See page** 7.

Operating review continued

Sector summary

% of net fee income

	2023	2022
Professional	**25%**	28%
IT	**17%**	19%
Healthcare	**3%**	5%
Property, Construction & Engineering	**3%**	3%
Commercial	**28%**	25%
Offshore Services	**24%**	20%

Revenue and net fee income by sector

	Revenue		Net fee income	
£m	**2023**	2022	**2023**	2022
Professional	**59.7**	56.5	**14.6**	18.7
IT	**29.7**	34.1	**9.7**	12.6
Healthcare	**9.2**	17.6	**2.1**	3.2
Property, Construction & Engineering	**9.4**	9.2	**2.0**	2.2
Commercial	**117.4**	120.5	**16.2**	16.6
Offshore Services	**26.1**	24.9	**14.0**	13.1
Intragroup eliminations	**(1.2)**	(1.5)	**(1.1)**	(1.0)
Total	**250.3**	261.3	**57.5**	65.4

Professional saw good growth in temporary and contract revenue, particularly from our lower margin aviation contracts, which drove an overall increase in revenue of 6%. The significant fall in permanent placement activity, particularly across APAC and the UK, meant that overall net fee income was down 22% year-on-year.

In IT, revenue was down 13% and net fee income was down 23% reflecting the significant fall in global IT staffing demand.

Healthcare revenue was down 48%, with net fee income down 34%, driven by our US Healthcare operations as discussed in more detail on page 20.

Property, Construction & Engineering, showed a small improvement in revenue which was up 2% year-on-year with net fee income down 9%.

Our Commercial sector showed itself to be fairly resilient with revenue down 3% and net fee income down 2% with a strong performance in Chile partially offsetting weaker ones elsewhere.

Offshore Services performed strongly despite the market conditions as discussed in more detail on page 21.

Case Study

Diversifying our service offering: Recruitment Process Outsourcing (RPO) solutions in the Philippines

Aligned to our strategic objective to diversify our service offering, we are focussed on providing enhanced solutions to our clients across the globe. One great example of this is our operation in the Philippines where we have had increasing success in providing RPO Solutions to our clients. Our first RPO solution in the country was delivered in 2019 and we have continued to grow this service offering at pace and it now accounts for more than 40% of the country's net fee income. In 2023 we provided seven large multinational clients with bespoke RPO solutions.

One such client was the management consulting division of a leading global professional services firm who were experiencing accelerated growth in Manila. They needed to scale up their IT capabilities and were looking to hire high volumes of skilled IT professionals across Cyber Security, Cloud, Financial Crimes Unit, SAP, and Oracle.

The project ran from August 2022 until July 2023 with the objective to deliver comprehensive recruitment support for these strategically crucial roles until our client's own recruitment team was upskilled and able to manage the demand.

63

skilled IT professionals placed in 12 months

Our operations in the Philippines deployed four dedicated consultants who, over the 12-month period, successfully placed 63 highly skilled IT professionals.

Our Managing Director for the Philippines said of the partnership:

"The success of this project can be attributed to efficient delivery and our exceptional client relationship. This was evidenced by the project extension from an initial three months to a 12-month contract with extended scope. The collaborative efforts also crossed borders with a partnership with our counterparts in Malaysia resulting in an additional five placements."

Finance review

"The Group continues to have significant headroom in its financing facilities."

Tim Anderson
Chief Financial Officer

Revenue
£250.3m
2022: £261.3m

Net fee income
£57.5m
2022: £65.4m

Adjusted profit before tax
£3.5m
2022: £9.0m

Overview

The Group's 2023 results reflect tough market conditions with revenue down 4%, net fee income down 12% and adjusted operating profit down by 50%. Higher net interest costs due to the continued increase in base rates during the year are reflected in a 61% decrease in adjusted profit before tax and, when combined with a greater weighting of profit towards our non-controlling interests, a 93% decrease in adjusted, diluted earnings per share.

Our adjusted net debt has increased during the year to £11.1 million (2022: £7.9m). This increase was driven by adverse foreign exchange movements, a higher proportion of tax cash payments reflecting the impact of loss-making subsidiaries, and cash outflows in other areas such as capital expenditure and dividends. The reduction in net fee income did not result in a significant net working capital inflow in 2023 as working capital is primarily driven by revenue which fell by just 4% and much of the working capital impact of this reduction was realised at the end of 2022. The Group continues to have significant headroom in its financing facilities with £17.8m of headroom (excluding invoice financing) at 31 December 2023.

Income statement

Revenue decreased by 4% (4% in constant currency) with net fee income decreasing by 12% (11% in constant currency). The fall in net fee income reflects the revenue mix with net fee income from permanent placement down 25% and temporary and contract down 10% partially offset by a strong performance in offshore services which grew 8%. Staff productivity was impacted by the market conditions and although significant actions were taken to reduce costs, adjusted operating profit was down 50% from 2022.

A detailed analysis of the results by region is provided in the operating review on pages 18 to 22. Central costs reduced slightly to £3.7m (2022: £3.9m).

	2023 £m	2022 £m	% change	% change constant currency[2]
Revenue	**250.3**	261.3	-4%	-4%
Net fee income	**57.5**	65.4	-12%	-11%
Operating profit	**1.7**	8.8	-80%	
Adjusted operating profit[1]	**5.1**	10.2	-50%	-48%
Profit before tax	**0.1**	7.6	-99%	
Adjusted profit before tax[1]	**3.5**	9.0	-61%	
Diluted (loss)/earnings per share	**(5.9)p**	6.7p	-188%	
Adjusted, diluted earnings per share[1]	**0.6p**	8.8p	-93%	

[1] Adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items, fair value charges on acquisition of non-controlling shares and, in the case of earnings, any related tax.

[2] The constant currency movement is calculated by translating the 2022 results at the 2023 exchange rates.

Adjusted profit before tax decreased by 61% to £3.5m reflecting the reduction in adjusted operating profit and an increased net interest cost due to the impact of higher interest rates. The reported profit before tax of £0.1m (2022: £7.6m) additionally reflects amortisation of intangible assets identified in business combinations of £1.2m (2022: £1.4m), a charge for impairment of goodwill of £1.5m (2022: £nil), exceptional items of £0.6m (2022: £nil) and a fair value charge on acquisition of non-controlling shares of £0.1m (2022: £nil).

The impairment of goodwill was in our UK & Europe region and reflects recent poor results in our operations in the Healthcare, and Property, Construction & Engineering sectors and a more pessimistic view on the time frame for these to improve.

Exceptional items reflect the costs of closing our Vietnam operation in the second half of 2023 (£0.3m), along with the costs associated with making changes to the Group's senior management (£0.3m) as discussed in more detail in the Chief Executive's Q&A on pages 12 and 13.

The total tax charge for the year is £1.4m (2022: £2.8m) which, due to the low level of profit before tax, does not result in a meaningful effective tax rate (2022: 37%). On an adjusted basis, the effective rate is 46% (2022: 34%). The effective tax rate is higher than the underlying tax rates due to a number of factors, including:

- expenses not deductible for tax purposes (£0.1m);
- 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 (£0.9m),

partially offset by:

- expenses with enhanced deductions for tax purposes (£0.1m); and
- the recognition of prior year losses (£0.3m).

Adjusted, diluted earnings per share decreased by 93% to 0.6p. This reflects the decrease in adjusted profit before tax and an increase in the proportion of profits allocated to non-controlling interests due to the strong performance in our Offshore Services operation where there is a 28% non-controlling interest. Reported diluted earnings per share decreased to a loss of 5.9p reflecting the above and the impact of impairment charges and exceptional items in the year.

Balance sheet

	2023 £m	2022 £m
Goodwill and other intangible assets	**36.6**	40.1
Trade and other receivables	**44.7**	46.7
Cash and cash equivalents	**17.1**	22.3
Right-of-use assets	**6.4**	7.5
Other assets	**8.1**	7.2
Total assets	**112.9**	123.8
Trade and other payables	**(31.5)**	(33.3)
Borrowings	**(27.9)**	(29.6)
Lease liabilities	**(6.9)**	(7.9)
Other liabilities	**(3.7)**	(4.0)
Total liabilities	**(70.0)**	(74.8)
Net assets	**42.9**	49.0

Goodwill and other intangible assets arise from the investments and acquisitions the Group has made. At 31 December 2023 the balance was £36.6m (2022: £40.1m) with the movement in 2023 due to £1.4m of amortisation of intangible assets (2022: £1.6m), foreign exchange losses of £1.0m (2022: gains of £1.8m), impairment charges of £1.5m (2022: £nil) and additions of £0.4m (2022: £0.1m).

Trade and other receivables include trade receivables of £31.0m (2022: £33.3m) with the decrease from 2022 reflecting the trading performance and mix. Average debtor days for the Group in 2023 reduced to 41 (2022: 45), with debtor days at 31 December 2023 of 41 (2022: 43). The income statement includes a charge of £0.3m (2022: £nil) 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.

	2023 £m	2022 £m
Net cash inflow from operating activities per cash flow statement	**5.5**	14.7
Remove cash flows related to pilot bonds	**0.3**	0.1
Deduct payments under lease agreements	**(5.4)**	(5.3)
Free cash flow	**0.4**	9.5
Taxation	**3.2**	4.2
Free cash flow (pre-tax)	**3.6**	13.7

Free cash flow in 2023 was significantly lower than 2022, with the largest drivers being the reduction in profits and a large working capital inflow of £3.5m in 2022 compared to a £0.1m working capital inflow in 2023 (both excluding pilot bonds). The Group also presents a pre-tax free cash flow measure as tax payments in a global business can be volatile.

Finance review continued

The Group utilised its free cash flow as follows:

	2023 £m	2022 £m
Free cash flow	**0.4**	9.5
Purchase of shares in existing subsidiaries	**(0.1)**	(0.1)
Purchase of property, plant and equipment, and software	**(1.4)**	(2.1)
Dividends paid to owners of Empresaria Group plc	**(0.7)**	(0.6)
Dividends paid to non-controlling interests	**(0.9)**	(0.4)
Purchase of own shares in Employee Benefit Trust	**(0.3)**	(0.3)
Other items	**(0.2)**	0.1
(Increase)/decrease in adjusted net debt	**(3.2)**	6.1

Purchase of property, plant and equipment, and software of £1.4m includes ongoing investments in the office, IT and infrastructure of our Offshore Services operation. Spend is much reduced from 2022 reflecting the lower levels of headcount growth. Dividends paid to our shareholders were £0.7m (2022: £0.6m) reflecting the increased dividend paid in the year. 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 2023 (2022: £0.3m). Dividends paid to non-controlling interests were £0.9m (2022: £0.4m) with the increase reflecting the growth of Offshore Services.

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.

	2023 £m	2022 £m
Cash and cash equivalents	**17.1**	22.3
Pilot bonds	**(0.3)**	(0.6)
Adjusted cash	**16.8**	21.7
Overdrafts	**(15.2)**	(17.1)
Invoice financing	**(3.2)**	(3.5)
Bank loans	**(9.5)**	(9.0)
Total borrowings	**(27.9)**	(29.6)
Adjusted net debt	**(11.1)**	(7.9)

Adjusted net debt at 31 December 2023 increased to £11.1m (2022: £7.9m) reflecting the cash flows discussed above. Adjusted net debt excludes cash of £0.3m (2022: £0.6m) 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 2023, the month-end average adjusted net debt position was £8.3m (2022: £11.0m) with a month end high of £11.1m at 31 December (2022: £16.1m at 28 February) and a month end low of £6.2m at 31 January (2022: £7.9m at 31 December).

Our debt to debtors ratio (adjusted net debt as a percentage of trade receivables) has increased to 36% (2022: 24%) reflecting the increase in adjusted net debt. We continue to target a sustained debt to debtors position of 25%.

Total borrowings were £27.9m (2022: £29.6m) being bank overdrafts of £15.2m (2022: £17.1m), invoice financing of £3.2m (2022: £3.5m) and bank loans of £9.5m (2022: £9.0m). The Group's borrowings are principally held to fund working capital requirements and are mainly due within one year. As at 31 December 2023, £9.2m of borrowings are shown as non-current (2022: £0.5m) with the increase reflecting the revolving credit facility which was refinanced in March 2023.

The Group maintains a range of facilities to manage its working capital and financing requirements. At 31 December 2023 the Group had facilities totalling £50.8m (2022: £54.8m).

	2023 £m	2022 £m
UK facilities		
Overdrafts	**10.0**	10.0
Revolving credit facility	**15.0**	15.0
Invoice financing facility	**7.5**	10.0
Total UK facilities	**32.5**	35.0
Continental Europe facilities	**12.1**	12.4
APAC facilities	**1.8**	2.3
Americas facilities	**4.4**	5.1
	50.8	54.8
Undrawn facilities (excluding invoice financing)	**17.8**	17.9

Undrawn facilities have remained at a high level with improved cash efficiency offsetting the increase in adjusted net debt.

Covenants are tested on a quarterly basis in respect of the revolving credit facility and all covenants were met during the year. The covenants, and our performance against them at 31 December 2023, are as follows:

Covenant	Target	Actual
Net debt: EBITDA	<2.5 times	1.2
Interest cover	>4.0 times	5.2

Management equity

As highlighted in previous annual reports, the Group has moved away from issuing second generation equity schemes for incoming subsidiary 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.

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 £0.1m.

Dividend

During the year, the Group paid a dividend of 1.4p per share in respect of the year ended 31 December 2022. For the year ended 31 December 2023, the Board is proposing a dividend of 1.0p per share. Subject to shareholder approval at the Annual General Meeting, the dividend will be paid on 13 June 2024 to shareholders on the register on 24 May 2024.

Going concern

The Board has undertaken a recent and thorough review of the Group's budget, forecasts and associated risks and sensitivities. Given the latest 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 these accounts. As a result, the going concern basis continues to be appropriate in preparing the financial statements.

Tim Anderson
Chief Financial Officer
25 March 2024

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 and other stakeholders, 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 regularly reviewed at Board meetings with risks added, amended or removed as appropriate and actions updated. The Group's 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.

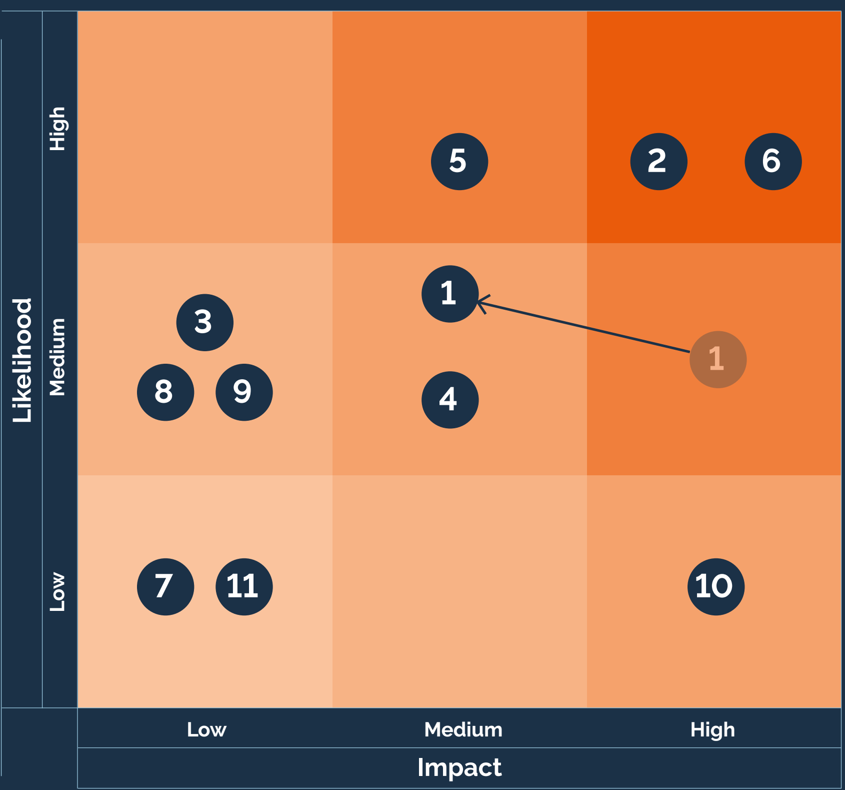
Control environment

The Group operates a system of internal controls which includes but is 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 the Group's policies and procedures. Day-to-day risk management is the responsibility of operational 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. In 2023, Technology was separated out as a specific risk and included in the principal risk analysis. The investments poorly executed risk has been removed from the principal risks reflecting its current risk assessment.

Risk matrix chart

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



1

Political and social change

Risks	Change in risk profile	How we mitigate the risk
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 Thailand, elections in the year created some political uncertainty with the result that our clients adopted a wait and see approach to hiring. This had an adverse impact on our operations there although this was not material in a Group context. The ongoing war in Ukraine continues not to have a significant impact on the Group. We do not have operations in Ukraine or Russia and while we had seen some impacts on client supply chains in 2022, particularly in Germany, these have now largely been resolved. There remains an ongoing impact on our UK based domestic services business which no longer works with sanctioned Russian clients.	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 mitigate the negative impacts from political and social changes.

2

Economic environment

Risks	Change in risk profile	How we mitigate the risk
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.	Adverse economic conditions have persisted through most of 2023 with low GDP growth and higher levels of inflation for most of the year. However, most of the markets in which we operated avoided going into recession. Unemployment rates in the majority of our markets remain at relatively low levels and skills shortages persist. The weaker economic environment was reflected in the performance of the staffing market with the total global market expected to have shrunk by 2% in 2023 and the US market expected to have shrunk by 10% (see current market conditions on page 8).	While a global economic downturn impacts 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

3

Loss of key staff

Risks	Change in risk profile −	How we mitigate the risk
The Group's success relies on recruiting and retaining key staff. 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.	The Group has streamlined its leadership structure, bringing its core sectors under a single leader in each country we operate in. Having a single, common structure across our core sectors will create improved career paths for our teams and allows for more succession planning opportunities. These changes have enabled the Group to reduce the size of its senior management team without adversely impacting collaboration or the running of the Group.	Our operating structures are being aligned across all our core sectors. This creates opportunities for career progression both within and between operations, as well as allowing for improved succession planning. Appropriate incentive plans are aligned with the Group's objectives with long-term incentives in place for senior leadership.

4

Technology

Risks	Change in risk profile NEW	How we mitigate the risk
Technology impacts both how we operate and the nature of the roles we are looking to fill. A failure to invest in technology can lead to a competitive disadvantage, and inefficient or costly processes. Technology impacts both the roles at our existing clients and the pool of clients themselves. A failure to understand how technology is impacting the wider world of work may lead to missed opportunities in new areas, a lack of understanding of how roles have changed, or the failure to identify opportunities to replace roles which technology eliminates. Artificial Intelligence in its various forms is impacting and is expected to continue impacting both of these areas. A failure to understand or respond to this could exacerbate the impacts above.	We are continuing to invest in implementing a common front-office platform and complementary technology across our core operations. This will help improve the Group's competitiveness and is expected to deliver significant benefits. There is now only one of our core sector businesses not on this platform. In late 2023 we trialled an analytics tool for our front office platform which will give all our users improved data metrics and insights which help increase our efficiency and effectiveness. This tool was rolled out to all Bullhorn users in early 2024.	The Group builds strong partnerships with its key technology providers in order to ensure we are well placed to benefit from developments in existing and new products. The Group has a dedicated central IT function, focussed on the IT strategy of the Group, and supported by operational expertise. This team continually reviews new products and ideas as they arise. Our individual operations are experts in the sectors they support and ensure that they keep abreast of the latest developments.

5

Financial

Risks	Change in risk profile −	How we mitigate the risk
The Group uses debt to fund the working capital and investment 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 could be forced to dispose of parts of the business to repay debt. Any increase in interest rates will increase costs and so reduce profit. Operating from 18 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 other assets around the Group.	The Group has remained fully compliant with all its covenants in the period and continues to have significant facility headroom. Base rates continued to rise through the first part of 2023 which led to a further increase in the Group's interest cost. Although rates look to have peaked, the full year effect of the increases will not be seen until 2024. As well as reducing profits, this lowers the Group's interest cover which is a key banking covenant. The Group has sufficient headroom against these covenants and based on current forecasts expects to continue to do so. Sterling exchange rates remained volatile during 2023 and foreign currency movements have had a mixed impact on the reporting of the Group's revenue, profits and net assets from overseas operations in 2023.	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 80% of the Group's business is based 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

Risks	Change in risk profile −	How we mitigate the risk
The risk of cyber-attacks is an ever present one. A successful breach could lead to the loss of sensitive data, 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 been working with a third-party data protection advisory service, including provision of a formal data protection officer role, which is continuing to improve the identification and reduction of any exposures and the controls and policies around this.	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 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	Creating a positive culture where all of our employees can thrive is key to the success of our business. This is focussed on ensuring we are attracting top talent, driving continuous learning and development, and creating meaningful career opportunities for our people. In 2023 we undertook several training and talent development programmes aimed at equipping our leaders and future leaders with the skills they need to succeed in the ever changing world of work. Staying connected and engaging our teams across the globe is a key priority for the Group. We drove global collaboration through: • In person Global leadership conference and quarterly leadership events; • CEO Chats; • Networking, health and wellbeing events; • In person and online training events; • Top Talent programmes; and • Sharing of cultural events. Diverse teams drive successful business results, and we are proud of the diversity we have at Empresaria. We carry out a regular DE&I survey to ensure we are creating an inclusive workplace where everyone can flourish.
Our candidates	Our clients rely on us being able to attract and engage talent with the skill sets they need to make their organisation thrive. Talent shortages remained prevalent in many sectors and markets in 2023 and building engaged talent communities was a key priority. Our delivery teams create a positive experience for those who trust us with their careers, either being placed in a permanent role or a temporary assignment with one of our clients. Regular communication and engagement is critical, and we engage with our candidates in a number of ways: through direct contact from our consultants; through our brand websites, technology portals and social media channels; through community engagement; and through in person events. By building trust and strong relationships we go beyond the transactional to become a long-term career partner.
Our clients	By putting our clients at the heart of everything we do we build deep, long-term relationships with them. Our success is built on their success, and we can only achieve this by acting as a partner and trusted adviser. With our streamlined management structure and focus on offering a diversified set of services, we are better able to better meet our clients' needs whether that is through cross selling our sector expertise or delivering new solutions.
Our communities	Across the Group, our operations and their teams work with 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 33.
Our shareholders	We engage with shareholders to maintain a mutual understanding of objectives, the achievement of those objectives and to manage expectations. Relations with shareholders and potential investors are managed principally by the Executive Directors, who are contactable both directly and via our joint brokers and our financial PR adviser. The Executive Directors make regular presentations to investors, meet with shareholders to discuss and obtain their views, present to the wider investor community using the Investor Meet Company platform and proactively communicate during the year. The annual and interim presentations made to investors are made available on the Company's website. The Company also retains a financial PR adviser, joint house brokers and equity research analysts, who each provide feedback from existing shareholders and potential investors.

Contributing to communities

Our purpose of positively impacting the lives of people extends beyond our recruitment activity. We are committed to having a positive impact on the communities in which we operate as well as supporting emergency appeals for those in need of urgent support.

In 2023, the Group donated £5,000 to the Disasters Emergency Committee (DEC) to support relief efforts following the devastating earthquakes in Turkey and Syria. Our employees also rallied behind the cause and raised more than £1,200 which the Group matched bringing our total donation to £7,436.

Across the globe 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 2023 include:

- **In the UK** we held a number of coffee mornings raising money for Macmillan Cancer Support. Six of our staff also took part in a Tough Mudder event raising funds for AbilityNet.
- **In Chile** we donated to a children's charity that provides shelter to children in need across the country.
- **In Germany** we made donations to youth sports and sports institutions who we have been supporters of for many years.
- **In India** we supported a number of causes through our People Possible Foundation, including:
    - **Winter Jacket Distribution:** Through this initiative 2,500 winter jackets were distributed to underprivileged individuals in Ahmedabad and Jaipur throughout the winter months.
    - **Clothes Donation Drive:** Thanks to staff donations, the Foundation distributed clothes to those in need, bringing comfort to 1,370 underprivileged lives in Ahmedabad and Jaipur.
    - **Back to School:** Our "Back to School Initiative" aims to make a difference in the lives of children. We have distributed 910 school kits to underprivileged kids, enabling them to embark on their educational journey.
- **In Indonesia** we participated in and donated to the Sahabat Anak weekly learning programme which is a children's community foundation that advocates for children's rights.
- **In the Philippines** we collaborated with IVolunteer and planted more than 200 seedlings in the mangrove area in Palanas, Batangas.

Board of Directors and Secretary

Committee membership

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

Penny Freer
Chair

N

Appointed: December 2005

Skills and experience:
Penny was appointed Interim Chair of the Board in June 2022 and Chair in March 2023. 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 Chair of AP Ventures LLP and holds various other board appointments.

Other key external appointments:
Chair of The Henderson Smaller Companies Investment Trust plc and Non-Executive Director of Weir Group 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 eight 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 2023, for the fourth consecutive year, 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.

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

Zach Miles

Non-Executive Director

A R N

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

Steve Bellamy

Non-Executive Director

A R N

Appointed: January 2023

Skills and experience:
Steve is a Chartered Accountant with extensive experience as a Chair and Non-Executive Director with a wide range of both public and private companies.
He is currently the Senior Independent Director at Caffyns PLC and prior, recent appointments include Non-Executive Director of Advanced Medical Solutions Group plc and Michelmersh Brick Holdings plc, and Chair of Becrypt Limited and Concirrus Limited. Steve was also formerly Chief Operating Officer and Finance Director of Sherwood International plc.

Other key external appointments:
Senior Independent Director of Caffyns PLC

Ranjit de Sousa

Non-Executive Director

A R N

Appointed: February 2023

Skills and experience:
Ranjit worked for The Adecco Group for 16 years and held a number of senior executive roles. His most recent appointment there was Global President of Lee Hecht Harrison where he delivered market leading growth rates and two consecutive years of record performance. Ranjit was also a Board Member of the World Employment Confederation. He is an advisor to various businesses, including in the work-tech sector, advising on strategic focus, growth acceleration and funding of ventures.

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

Consolidated income statement

for the year ended 31 December 2023

	2023 £m	2022 £m
Revenue	**250.3**	261.3
Cost of sales	**(192.8)**	(195.9)
Net fee income	**57.5**	65.4
Administrative costs	**(52.4)**	(55.2)
Adjusted operating profit	**5.1**	10.2
Exceptional items	**(0.6)**	–
Fair value charge on acquisition of non-controlling shares	**(0.1)**	–
Impairment of goodwill	**(1.5)**	–
Amortisation of intangible assets identified in business combinations	**(1.2)**	(1.4)
Operating profit	**1.7**	8.8
Finance income	**0.6**	0.3
Finance costs	**(2.2)**	(1.5)
Net finance costs	**(1.6)**	(1.2)
Profit before tax	**0.1**	7.6
Taxation	**(1.4)**	(2.8)
(Loss)/profit for the year	**(1.3)**	4.8
Attributable to:		
Owners of Empresaria Group plc	**(2.9)**	3.4
Non-controlling interests	**1.6**	1.4
	(1.3)	4.8

	Pence	Pence
(Loss)/earnings per share		
Basic	**(5.9)**	6.9
Diluted	**(5.9)**	6.7

Details of adjusted earnings per share are shown in note 12 in the Group's full annual report and accounts.

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	2023 £m	2022 £m
(Loss)/profit for the year	**(1.3)**	4.8
Other comprehensive income		
Items that may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign operations	**(2.2)**	2.6
Items that will not be reclassified to the income statement:		
Exchange differences on translation of non-controlling interests in foreign operations	**(0.4)**	0.3
Other comprehensive (loss)/income for the year	**(2.6)**	2.9
Total comprehensive (loss)/income for the year	**(3.9)**	7.7
Attributable to:		
Owners of Empresaria Group plc	**(5.1)**	6.0
Non-controlling interests	**1.2**	1.7
	(3.9)	7.7

Consolidated balance sheet

as at 31 December 2023

	2023 £m	2022 £m
Non-current assets		
Property, plant and equipment	**2.4**	2.8
Right-of-use assets	**6.4**	7.5
Goodwill	**29.7**	31.9
Other intangible assets	**6.9**	8.2
Deferred tax assets	**5.7**	4.4
	51.1	54.8
Current assets		
Trade and other receivables	**44.7**	46.7
Cash and cash equivalents	**17.1**	22.3
	61.8	69.0
Total assets	**112.9**	123.8
Current liabilities		
Trade and other payables	**31.5**	33.3
Current tax liabilities	**1.3**	1.5
Borrowings	**18.7**	29.1
Lease liabilities	**4.3**	5.3
	55.8	69.2
Non-current liabilities		
Borrowings	**9.2**	0.5
Lease liabilities	**2.6**	2.6
Deferred tax liabilities	**2.4**	2.5
	14.2	5.6
Total liabilities	**70.0**	74.8
Net assets	**42.9**	49.0
Equity		
Share capital	**2.5**	2.5
Share premium account	**22.4**	22.4
Merger reserve	**0.9**	0.9
Equity reserve	**(10.2)**	(10.2)
Translation reserve	**1.6**	3.8
Retained earnings	**19.2**	23.4
Equity attributable to owners of Empresaria Group plc	**36.4**	42.8
Non-controlling interests	**6.5**	6.2
Total equity	**42.9**	49.0

These consolidated financial statements of Empresaria Group plc, registered number 03743194, were approved by the Board of Directors and authorised for issue on 25 March 2024.

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 2023

	Equity attributable to owners of Empresaria Group plc								
	Share capital £m	Share premium account £m	Merger reserve £m	Equity reserve £m	Translation reserve[1] £m	Retained earnings[1] £m	Total £m	Non-controlling interests £m	Total equity £m
At 31 December 2021	2.5	22.4	0.9	(10.2)	1.2	20.6	37.4	4.9	42.3
Profit for the year	–	–	–	–	–	3.4	3.4	1.4	4.8
Exchange differences on translation of foreign operations	–	–	–	–	2.6	–	2.6	0.3	2.9
Total comprehensive income for the year	–	–	–	–	2.6	3.4	6.0	1.7	7.7
Dividends paid to owners of Empresaria Group plc	–	–	–	–	–	(0.6)	(0.6)	–	(0.6)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(0.4)	(0.4)
Purchase of own shares in Employee Benefit Trust	–	–	–	–	–	(0.3)	(0.3)	–	(0.3)
Share-based payments	–	–	–	–	–	0.3	0.3	–	0.3
At 31 December 2022	2.5	22.4	0.9	(10.2)	3.8	23.4	42.8	6.2	49.0
(Loss)/profit for the year	**–**	**–**	**–**		**–**	**(2.9)**	**(2.9)**	**1.6**	**(1.3)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(2.2)**	**–**	**(2.2)**	**(0.4)**	**(2.6)**
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**–**	**(2.2)**	**(2.9)**	**(5.1)**	**1.2**	**(3.9)**
Dividends paid to owners of Empresaria Group plc	**–**	**–**	**–**	**–**	**–**	**(0.7)**	**(0.7)**	**–**	**(0.7)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.9)**	**(0.9)**
Purchase of own shares in Employee Benefit Trust	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**	**–**	**(0.3)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**	**–**	**(0.3)**
At 31 December 2023	**2.5**	**22.4**	**0.9**	**(10.2)**	**1.6**	**19.2**	**36.4**	**6.5**	**42.9**

1 The Group has amended its presentation of reserves compared to previous years as explained further in note 2 in the Group's full annual report and accounts.

Consolidated cash flow statement

for the year ended 31 December 2023

	2023 £m	2022 £m
(Loss)/profit for the year	**(1.3)**	4.8
Adjustments for:		
Depreciation of property, plant and equipment, and software amortisation	**1.5**	1.1
Depreciation of right-of-use assets	**5.4**	5.4
Fair value charge on acquisition of non-controlling shares	**0.1**	–
Impairment of goodwill	**1.5**	–
Amortisation of intangible assets identified in business combinations	**1.2**	1.4
Share-based payments	**(0.3)**	0.3
Net finance costs	**1.6**	1.2
Taxation	**1.4**	2.8
	11.1	17.0
Decrease in trade and other receivables	**0.2**	6.9
Decrease in trade and other payables (including pilot bonds outflow of £0.3m (2022: outflow of £0.1m))	**(0.4)**	(3.5)
Cash generated from operations	**10.9**	20.4
Finance costs paid	**(2.2)**	(1.5)
Income taxes paid	**(3.2)**	(4.2)
Net cash inflow from operating activities	**5.5**	14.7
Cash flows from investing activities		
Purchase of property, plant and equipment, and software	**(1.4)**	(2.1)
Finance income received	**0.6**	0.3
Net cash outflow from investing activities	**(0.8)**	(1.8)
Cash flows from financing activities		
Decrease in overdrafts	**(1.7)**	(1.8)
Proceeds from bank loans	**1.0**	–
Repayment of bank loans	**(0.4)**	(2.7)
Decrease in invoice financing	**(0.3)**	(1.2)
Payment of obligations under leases	**(5.4)**	(5.3)
Purchase of shares in existing subsidiaries	**(0.1)**	(0.1)
Purchase of own shares in Employee Benefit Trust	**(0.3)**	(0.3)
Dividends paid to owners of Empresaria Group plc	**(0.7)**	(0.6)
Dividends paid to non-controlling interests	**(0.9)**	(0.4)
Net cash outflow from financing activities	**(8.8)**	(12.4)
Net (decrease)/increase in cash and cash equivalents	**(4.1)**	0.5
Foreign exchange movements	**(1.1)**	0.7
Cash and cash equivalents at beginning of the year	**22.3**	21.1
Cash and cash equivalents at end of the year	**17.1**	22.3

	2023 £m	2022 £m
Bank overdrafts at beginning of the year	**(17.1)**	(18.2)
Decrease in the year	**1.7**	1.8
Foreign exchange movements	**0.2**	(0.7)
Bank overdrafts at end of the year	**(15.2)**	(17.1)
Cash, cash equivalents and bank overdrafts at end of the year	**1.9**	5.2

Basis of preparation and general information

The financial information has been abridged from the audited financial information for the year ended 31 December 2023.

The financial information set out above does not constitute the Company's consolidated statutory accounts for the year ended 31 December 2023, but is derived from those accounts. Statutory accounts for 2023 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 2022 financial statements, as amended when relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year. During 2023 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. Alternatively you may request a full printed copy to be sent to you by writing to the Company Secretary at:

Empresaria Group plc
Old Church House
Sandy Lane
Crawley Down
Crawley
West Sussex
RH10 4HS

Officers and professional advisers

Directors

Penny Freer
Zach Miles
Steve Bellamy
Ranjit de Sousa
Rhona Driggs
Tim Anderson

Secretary

James Chapman

Registered office

Old Church House
Sandy Lane
Crawley Down
Crawley
West Sussex
RH10 4HS

Company registration number

03743194

Nominated Adviser & Joint Broker

Singer Capital Markets
1 Bartholomew Lane
London
EC2N 2AX

Joint Broker

Cavendish
One Bartholomew Close
London
EC1A 7BL

Solicitors

Osborne Clarke LLP
Halo Counterslip
Bristol
BS1 6AJ

Bankers

HSBC plc
EQ Building
111 Victoria Street
Bristol
BS1 6AX

Independent auditor

CLA Evelyn Partners Limited
45 Gresham Street
London
EC2V 7BG

Registrars

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
West Yorkshire
LS1 4DL

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 services. For permanent placements, net fee income is typically equal to revenue with only limited costs of sales in some cases.

Offshore Services

Outsourced services provided from our Offshore Services operations in India and Philippines to clients operating in the staffing sector and based in other countries, primarily in the UK and US. Services are tailored to our clients needs and include any stage of the recruitment process, compliance and credentialling, and accounting, finance and back-office.

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.

Roadmap to £20m

The Group's ambition to double adjusted operating profit to £20m in the medium term as communicated in the October 2022 Capital Markets Day.

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 services 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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perivan
perivan.com

Empresaria

Stronger together

Empresaria Group plc
Old Church House
Sandy Lane
Crawley Down
Crawley
West Sussex
RH10 4HS

T: +44 (0)1342 711430
www.empresaria.com/contact

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