12 August 2021

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

Unaudited Interim Results for the six months ended 30 June 2021

Adjusted profit before tax up 67% and investing in future growth

Empresaria Group plc (AIM: EMR), the global specialist staffing group, announces its unaudited interim results for the six months ended 30 June 2021.

Overview of the half year

	2021	2020	% change	% change (CC)[2]	2019	% change	% change (CC)[2]
Revenue	£129.8m	£136.1m	-5%	-3%	£175.5m	-26%	-24%
Net fee income	£28.4m	£28.2m	+1%	+4%	£36.3m	-22%	-19%
Adjusted operating profit[1]	£4.3m	£3.0m	+43%	+54%	£4.3m	-%	+8%
Operating profit/(loss)	£2.7m	£(0.6)m			£2.9m	-7%	
Adjusted profit before tax[1]	£4.0m	£2.4m	+67%		£3.7m	+8%	
Profit/(loss) before tax	£2.4m	£(1.2)m			£2.3m	+4%	
Adjusted, diluted earnings per share[1]	4.1p	1.9p	+116%		3.3p	+24%	
Diluted earnings/(loss) per share	1.6p	(2.7)p			1.4p	+14%	

- Strong recovery in profits reflecting market recovery and benefits of operational investments – adjusted profit before tax up 67% on prior year and 8% ahead of 2019
- Progress on net fee income recovery
  - Q2 up 30% on prior year with growth across all sectors
  - Q1 down 19% on prior year against a strong pre-COVID comparator
  - H1 up 1% on prior year, up 4% in constant currency
  - Revenue and net fee income declined against 2019, primarily due to the exit from loss-making operations and impact of challenges in the aviation industry
- As expected, net debt has increased reflecting working capital outflows as demand has recovered. Adjusted net debt of £16.5m (31 December 2020: £13.6m), with headroom remaining strong at £12.4m
- Demand returning to pre-pandemic levels in many markets with skills shortages at a 15 year high
- Operational investments and initiatives positioning the Group for long-term growth
  - Development of regional structure to accelerate growth with the appointment of highly experienced industry experts to regional leadership roles
  - Ongoing investment in technology – two more businesses live on Bullhorn in the first half

1 Adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items, fair value charge on acquisition of non-controlling shares and, in the case of earnings, any related tax.
2 The constant currency (CC) movement is calculated by translating the 2020 and 2019 results at the 2021 exchange rates.

Chief Executive Officer, Rhona Driggs, commented:

“We have had an outstanding first half performance delivering a 67% year-on-year increase in adjusted profit before tax. Our H1 results reflect not only an improving global economic environment but evidence the operational improvements we have put in place and the acceleration of many of these initiatives last year.

These results would not have been possible without the hard work, dedication and perseverance of our teams around the world. They have clearly demonstrated their commitment to providing our clients and candidates with outstanding service. As we celebrate our 25th anniversary this year, I am thankful to our teams for their ongoing support as we continue on our journey to evolve the Group and strengthen our businesses.

I am pleased to have welcomed three new members to our senior leadership team in 2021. These appointments illustrate our ability to attract top talent and demonstrate the Group's potential and ambition and will be instrumental in helping us deliver on our growth strategies.

Profits for the full year are now expected to be significantly ahead of prior year and current market expectations. We enter the second half of the year with cautious optimism as there continues to be a high degree of uncertainty around the ongoing impact of COVID-19, and restrictions remain, or are increasing, in a number of the Group's markets. We are confident that we will continue to take advantage of market opportunities as they arise."

Investor presentation

In line with Empresaria's commitment to ensuring appropriate communication structures are in place for all sections of its shareholder base, management will deliver an online results presentation open to all existing and potential investors via the Investor Meet Company platform on Thursday 12 August 2021 at 4:30pm UK time.

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

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

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

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

- Ends –

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

Notes for editors:

- Empresaria Group plc is a global specialist staffing group offering temporary and contract recruitment, permanent recruitment and offshore recruitment services across 6 sectors:

Professional, IT, Healthcare, Property, Construction & Engineering, Commercial and Offshore Recruitment Services.

- Empresaria operates from locations across the world including the 4 largest staffing markets of the US, Japan, UK and Germany along with a strong presence elsewhere in Asia Pacific and Latin America.

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

Cautionary statement regarding forward-looking statements

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

Finance and operating review

The Group has delivered a strong recovery in profits in the first half of 2021 with adjusted profit before tax up 67% to £4.0m. In the second quarter net fee income was up 30% on prior year as trading continued to recover while in the first quarter net fee income was 19% down on a strong 2020 comparator. Total first half net fee income grew by 1% (4% in constant currency).

Ongoing benefits from diversification

Our diversification by geography and sector has continued to provide benefits in the first part of 2021. The majority of our operations are seeing good recovery from COVID-19 including some stand-out successes, such as our Healthcare sector, which has had a record first half, driven by demand from the COVID-19 vaccination and testing programmes.

This has enabled us to more than offset weaker results elsewhere such as in our aviation staffing business. The aviation industry continues to struggle and is not expected to fully recover in the short-term. Our performance elsewhere has enabled us to invest in restructuring and broadening our service offering to ensure we are well placed when this industry recovers.

In Germany, our temporary recruitment business has performed strongly, benefitting from the improving market. This has helped make up for lower results in our logistics recruitment business, which had a very strong 2020, but has been experiencing significant challenges in finding workers as the labour market recovers, primarily due to the lack of available talent and difficulty in attracting candidates across borders.

Impact of operational initiatives demonstrated

We have had a continued focus on delivering improved efficiency in our operations with some notable successes in 2021. In our US healthcare business, an efficient operating model, utilising our offshore recruitment services operation in India, has enabled us to maximise the benefits in delivering to high demand from the COVID-19 testing and vaccination programmes. We are also increasingly leveraging our internal offshore services elsewhere in the Group to help improve efficiencies and speed of delivery as well as supporting our back-office functions.

At the end of 2020 we restructured our temporary recruitment operations in Germany and this has enabled them to more effectively take advantage of returning demand and deliver a strong first half with significant improvements in profitability.

Over the last 18 months, we have moved a number of our operations to a more focused sales and delivery model which has enabled them to operate more efficiently and maximise their client and candidate facing activities. The benefits of this have been evident in 2021 such as in our Professional sector operations in APAC.

Continuing to invest in the future

We have continued to invest in the Group to deliver on our long-term ambitions. In the last few months, we have appointed highly experienced industry professionals to regional leadership roles in APAC, UK & Europe and, most recently, North America. The addition of these proven industry leaders will enable the Group to accelerate the implementation of its strategy and growth plans.

We have continued to invest in technology with two more businesses going live on our core technology platform as we continue to implement this across the globe. As we add more businesses, we expect the benefits to accelerate, providing greater efficiencies, greater ability to cross-sell, and access to a global database.

Outlook

We are encouraged by our strong start to 2021 and as a result, profits for the full year are now expected to be significantly ahead of the prior year and current market expectations. However, we remain cognisant of the ongoing challenges in some of our key markets and sectors. As a global business we operate in many markets where lockdown restrictions remain in place or are increasing, and where vaccination rollouts have been slower. Globally, the ongoing impacts of COVID-19 remain uncertain and we expect this to continue to present challenges in the short-term. However, we have demonstrated success in establishing strong COVID-19 protocols to keep our staff safe and healthy while continuing to deliver to our clients and our candidates and this proven success gives us confidence in navigating these challenges to take advantage of market opportunities as they arise.

Sector Performance

Adjusted operating profit by sector

£'m	6 months ended 30 June 2021	6 months ended 30 June 2020	% change	% change (constant currency)	Year ended 31 December 2020
Professional	0.5	0.5	-%	-%	0.2
IT	1.6	1.2	+33%	+45%	1.8
Healthcare	0.9	0.1	+800%	+800%	0.4
Property, Construction & Engineering	(0.1)	(0.1)	-%	-%	(0.2)
Commercial	2.0	1.5	+33%	+33%	4.6
Offshore Recruitment Services	1.8	1.4	+29%	+38%	2.6
Central costs	(2.4)	(1.6)	+50%	+50%	(3.2)
Group	4.3	3.0	+43%	+54%	6.2

Performance in each of the sectors is analysed below. The increase in central costs reflects the unwinding of certain cost saving measures implemented last year, the impact of lower charges for share based payments and bonuses in 2020 and the investments made in 2021 such as the addition of regional roles.

Professional

£'m	6 months ended 30 June 2021	6 months ended 30 June 2020	% change	% change (constant currency)	Year ended 31 December 2020
Revenue	21.6	35.3	-39%	-40%	55.3
Net fee income	8.2	8.8	-7%	-7%	15.4
Adjusted operating profit	0.5	0.5	-%	-%	0.2
% of Group net fee income	28%	31%			28%

Excluding aviation, the Group's Professional sector had a strong first half with net fee income up 8% and strong growth in profits reflecting good performances across the sector which were reflected in a 59% increase in net fee income in the second quarter compared to 2020.

Our aviation recruitment business continues to see very subdued demand with net fee income down more than 70% against 2020. We remain cautious on the speed of recovery of this business but are confident that it continues to have good growth potential in the medium and long term and we are investing in restructuring and broadening our service offering to ensure we are well placed for when this industry recovers.

As a result of the performance in aviation, the sector's total net fee income was down 7%, with profit in line with prior year. The large drop in revenue is entirely driven by aviation with temporary and contract forming the vast majority of this business.

IT

£'m	6 months ended 30 June 2021	6 months ended 30 June 2020	% change	% change (constant currency)	Year ended 31 December 2020
Revenue	18.9	22.1	-14%	-11%	41.8
Net fee income	6.5	6.7	-3%	+2%	12.7
Adjusted operating profit	1.6	1.2	+33%	+45%	1.8
% of Group net fee income	23%	24%			23%

The Group's IT sector has seen a 3% fall in net fee income (2% rise in constant currency) compared to the first half of 2020 with a 5% increase in the second quarter against the prior year. 2020 was a strong comparative period with a delayed impact on the sector from COVID-19. As a result, revenue is down 14% year-on-year but improvements in gross margin on temporary and contract work has benefitted net fee income and this, combined with the benefits of restructuring activity in the UK, has led to an increase in adjusted operating profit of 33% compared to 2020.

Healthcare

£'m	6 months ended 30 June 2021	6 months ended 30 June 2020	% change	% change (constant currency)	Year ended 31 December 2020
Revenue	13.9	5.9	+136%	+153%	13.2
Net fee income	2.2	1.2	+83%	+100%	2.5
Adjusted operating profit	0.9	0.1	+800%	+800%	0.4
% of Group net fee income	8%	4%			5%

The Group's Healthcare sector has performed extremely strongly in 2021 with net fee income 83% ahead of the first half of 2020 and adjusted operating profit up 800%. The COVID-19 vaccination and testing programmes were identified as a key area of opportunity and our investment in delivering to these programmes has been the key driver of the sector's performance as demand has peaked through the first half of 2021. Thanks to an efficient operating model, which utilises our offshore recruitment services offering in India, the improvement in net fee income has led to a very strong increase in adjusted operating profit to £0.9m. We would expect this sector to return to more normal levels of activity in the second half as the COVID-19 related demand in our markets slows down.

Property, Construction & Engineering

£'m	6 months ended 30 June 2021	6 months ended 30 June 2020	% change	% change (constant currency)	Year ended 31 December 2020
Revenue	1.8	1.8	-%	-%	3.6
Net fee income	0.4	0.4	-%	-%	0.7
Adjusted operating loss	(0.1)	(0.1)	-%	-%	(0.2)
% of Group net fee income	1%	1%			1%

The Group's Property, Construction & Engineering sector is flat year on year and continues to see low levels of demand, particularly in our business supplying sales staff to the new home sector which has continued to operate under COVID-19 restrictions, limiting the demand for temporary staff. We are looking to diversify the business as well as positioning ourselves for when the market recovers.

Commercial

£'m	6 months ended 30 June 2021	6 months ended 30 June 2020	% change	% change (constant currency)	Year ended 31 December 2020
Revenue	67.7	65.5	+3%	+6%	132.3
Net fee income	8.4	8.0	+5%	+8%	17.2
Adjusted operating profit	2.0	1.5	+33%	+33%	4.6
% of Group net fee income	29%	28%			32%

The Group's Commercial sector has had a solid first half with net fee income up 5% on 2020, with the second quarter up by 17%. We have seen good recovery in our operations in Chile and in our temporary staffing businesses in Germany and Austria. However, our logistics business in Germany, which had a very strong 2020, has seen a fall in net fee income. While demand remains strong it has become increasingly difficult to fill these lower paid roles as the wider economy recovers and there have been increased challenges in attracting candidates into Germany from Eastern Europe. The restructuring in our German temporary business at the end of 2020 has increased our efficiency and this, along with improvements elsewhere has led adjusted operating profit to increase by 33%.

Offshore Recruitment Services

£'m	6 months ended 30 June 2021	6 months ended 30 June 2020	% change	% change (constant currency)	Year ended 31 December 2020
Revenue	6.4	5.8	+10%	+21%	10.9
Net fee income	3.2	3.4	-6%	+3%	6.1
Adjusted operating profit	1.8	1.4	+29%	+38%	2.6
% of Group net fee income	+11%	12%			11%

In Offshore Recruitment Services, net fee income has reduced by 6%, primarily driven by foreign currency fluctuations and the exit from our loss-making operation in Dubai with effect from 1 January which contributed £0.4m of net fee income in 2020. Excluding these factors, net fee income increased and our operation in India, which recovered strongly in the second half of 2020, has continued to grow with high demand from clients in both the UK and the US. Our headcount in this business is now at a record high with more than 1,500 employees at 30 June. This has led to an increase in the adjusted operating profit of this sector to £1.8m.

Regional summary

£'m	6 months ended 30 June 2021	Revenue 6 months ended 30 June 2020	6 months ended 30 June 2021	Net fee income 6 months ended 30 June 2020	6 months ended 30 June 2021	Adjusted operating profit 6 months ended 30 June 2020
UK	22.1	24.9	7.1	7.2	1.0	0.5
Continental Europe	45.8	44.4	7.0	6.3	1.6	1.2
Asia Pacific	25.7	39.0	9.8	10.6	2.4	2.1
Americas	36.7	28.1	5.0	4.4	1.7	0.8
Central costs/intragroup	(0.5)	(0.3)	(0.5)	(0.3)	(2.4)	(1.6)
Total	129.8	136.1	28.4	28.2	4.3	3.0

During 2021 the Group has implemented a new regional management structure and intends to align its internal and external reporting around this new structure with effect from 2022.

In the UK, revenue fell year on year but net fee income was stable reflecting improved gross margins. Adjusted operating profit increased as benefits from cost base changes made in 2020 continued into 2021.

In Continental Europe, the overall results were positive with growth in revenue, net fee income and adjusted operating profit. Strong performances in our Healthcare business in Finland along with our temporary staffing businesses in Germany and Austria more than offset the impact of the reduced performance from our German logistics recruitment operation.

In Asia Pacific, the reduction in revenue and net fee income was driven by our business supplying the aviation sector. Adjusted operating profit grew year on year, with good contributions from our IT, Professional and Offshore Recruitment Services operations.

In the Americas, we have seen significant growth, driven by our US Healthcare business. Elsewhere our Commercial operation in Chile also provided strong year-on-year growth.

Financing

Net finance costs remain low at £0.3m (2020: £0.6m) with the reduction mainly due to interest on tax liabilities which were settled in first half of the year resulting in the release of an accrual compared to a charge in 2020.

Net cash inflow from operating activities was £2.0m (2020: £15.4m). Free cash flow, which excludes movements related to pilot bonds and includes cash outflows on leases, was an outflow of £0.8m (2020: inflow of £11.8m). This reflects increases in working capital requirements in the first half of the year as trading levels have continued to recover.

Capital expenditure of £0.7m has been incurred in the first half with the largest individual area of spend the investment in our core technology platform. Cash outflow on the purchase of shares in existing subsidiaries of £0.6m reflects the payment of deferred consideration following the acquisition of shares in ConSol Partners last year. The reinstatement of the Group’s dividend results in a £0.5m outflow, while a cash outflow of £0.2m is shown for Empresaria shares purchased and transferred into the Employee Benefit Trust.

Adjusted net debt (which excludes £0.7m cash held in respect of pilot bonds and does not include lease liabilities recognised under IFRS 16) was £16.5m as at 30 June 2021, an increase of £2.9m from 31 December 2020.

A breakdown of the Group’s facilities as at 30 June 2021 is given below:

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
UK facilities			
- Overdrafts	**10.0**	10.0	10.0
- Revolving credit facility	**15.0**	15.0	15.0
- Invoice financing facility	**10.0**	10.0	10.0
Total UK facilities	**35.0**	35.0	35.0
Continental Europe facilities	**12.0**	13.1	12.9
Asia Pacific facilities	**3.0**	2.7	3.2
Americas facilities	**6.1**	6.6	6.2
	56.1	57.4	57.3
Undrawn facilities (excluding invoice financing)	**12.4**	18.1	17.6

During the period the Group refinanced its £15m revolving credit facility with a 2.5 year term to September 2023.

The level of undrawn facilities has reduced during the period as a result of the working capital outflows as trading has improved.

The revolving credit facility covenants are tested on a quarterly basis. The covenants, and our performance against them as at 30 June 2021 are as follows:

Measure	**Target**	**Actual**
Net debt to EBITDA	< 4.5 times	1.9 times
Interest cover	> 3.0 times	14.4 times
Debtor coverage	> 1.5 times	2.7 times

Management equity

The Group previously operated a second generation equity scheme under which it issued shares in subsidiaries to operational management. This scheme ended for new participants in 2019 and has been replaced by appropriate alternative schemes. Existing shareholdings and commitments remain in place and continue to be reflected in these accounts.

Based on the Group's results for the year ended 31 December 2020, and using applicable valuation mechanisms in shareholders' agreements but ignoring holding period requirements, the potential payment to acquire all those shares not held by Empresaria would be approximately £9.0m were the maximum multiples to apply. Of this, approximately 98% relates to first generation shares accounted for as non-controlling interests in the consolidated financial statements. There is no legal obligation on the Group to acquire the shares held by management at any time.

Dividend

In line with prior years, the Board is not recommending the payment of an interim dividend for 2021 (2020: nil).

12 August 2021

Condensed consolidated income statement
Six months ended 30 June 2021

	Notes	**6 months ended 30 June 2021 Unaudited £m**	6 months ended 30 June 2020 Unaudited £m	Year ended 31 December 2020 £m
Revenue	3	**129.8**	136.1	256.5
Cost of sales		**(101.4)**	(107.9)	(202.5)
Net fee income	3	**28.4**	28.2	54.0
Administrative costs		**(24.1)**	(25.2)	(47.8)
Adjusted operating profit	3	**4.3**	3.0	6.2
Exceptional items	5	**-**	-	(0.2)
Fair value charge on acquisition of non-controlling shares		**-**	(0.1)	(0.3)
Impairment of goodwill	9	**(0.6)**	-	(1.6)
Impairment of other intangible assets	10	**(0.3)**	(2.6)	(3.4)
Amortisation of intangible assets identified in business combinations		**(0.7)**	(0.9)	(1.7)
Operating profit/(loss)		**2.7**	(0.6)	(1.0)
Finance income	4	**0.1**	0.1	0.2
Finance costs	4	**(0.4)**	(0.7)	(1.2)
Net finance costs	4	**(0.3)**	(0.6)	(1.0)
Profit/(loss) before tax		**2.4**	(1.2)	(2.0)
Taxation	7	**(1.4)**	(0.2)	(1.2)
Profit/(loss) for the period		**1.0**	(1.4)	(3.2)
Attributable to:				
Owners of Empresaria Group plc		**0.8**	(1.4)	(3.1)
Non-controlling interests		**0.2**	-	(0.1)
		1.0	(1.4)	(3.2)
		Pence Unaudited	Pence Unaudited	Pence
Earnings/(loss) per share				
Basic	8	**1.6**	(2.8)	(6.2)
Diluted	8	**1.6**	(2.7)	(6.2)

Details of adjusted earnings per share are shown in note 8.

Condensed consolidated statement of comprehensive income
Six months ended 30 June 2021

	6 months ended 30 June 2021 Unaudited £m	6 months ended 30 June 2020 Unaudited £m	Year ended 31 December 2020 £m
Profit/(loss) for the period	**1.0**	(1.4)	(3.2)
Other comprehensive income			
Items that may be reclassified subsequently to the income statement:			
Exchange differences on translation of foreign operations	**(1.4)**	2.1	0.4
Items that will not be reclassified to the income statement:			
Exchange differences on translation of non-controlling interests in foreign operations	**(0.3)**	-	(0.1)
Other comprehensive (loss)/income for the period	**(1.7)**	2.1	0.3
Total comprehensive (loss)/income for the period	**(0.7)**	0.7	(2.9)
Attributable to:			
Owners of Empresaria Group plc	**(0.6)**	0.7	(2.7)
Non-controlling interests	**(0.1)**	-	(0.2)
	(0.7)	0.7	(2.9)

Condensed consolidated balance sheet
As at 30 June 2021

	Notes	**30 June 2021 Unaudited £m**	30 June 2020 Unaudited £m	31 December 2020 £m
Non-current assets				
Property, plant and equipment		**1.6**	2.1	1.6
Right-of-use assets		**8.1**	8.8	9.0
Goodwill	9	**31.1**	34.9	32.5
Other intangible assets	10	**9.6**	12.3	10.5
Deferred tax assets		**3.2**	2.8	2.8
		53.6	60.9	56.4
Current assets				
Trade and other receivables	13	**49.9**	44.6	44.9
Cash and cash equivalents	12	**21.4**	25.0	20.8
		71.3	69.6	65.7
Total assets		**124.9**	130.5	122.1
Current liabilities				
Trade and other payables	14	**33.6**	38.3	33.4
Current tax liabilities		**1.9**	1.5	1.1
Borrowings	11	**26.2**	31.9	32.2
Lease liabilities		**4.7**	5.7	5.3
		66.4	77.4	72.0
Non-current liabilities				
Borrowings	11	**11.0**	0.5	1.2
Lease liabilities		**3.7**	3.3	4.1
Deferred tax liabilities		**2.5**	2.7	2.4
		17.2	6.5	7.7
Total liabilities		**83.6**	83.9	79.7
Net assets		**41.3**	46.6	42.4
Equity				
Share capital	15	**2.5**	2.4	2.4
Share premium account		**22.4**	22.4	22.4
Merger reserve		**0.9**	0.9	0.9
Retranslation reserve		**2.8**	6.1	4.2
Equity reserve		**(10.2)**	(10.2)	(10.2)
Other reserves		**(0.5)**	(0.7)	(0.6)
Retained earnings		**18.3**	20.0	18.1
Equity attributable to owners of Empresaria Group plc		**36.2**	40.9	37.2
Non-controlling interests		**5.1**	5.7	5.2
Total equity		**41.3**	46.6	42.4

Condensed consolidated statement of changes in equity
Six months ended 30 June 2021

	Equity attributable to owners of Empresaria Group plc									
	Share capital	Share premium account	Merger reserve	Retranslation reserve	Equity reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 31 December 2019	2.4	22.4	0.9	4.0	(9.8)	(0.6)	21.4	40.7	7.3	48.0
Loss for the period	-	-	-	-	-	-	(1.4)	(1.4)	-	(1.4)
Exchange differences on translation of foreign operations	-	-	-	2.1	-	-	-	2.1	-	2.1
Total comprehensive income/(loss) for the period	-	-	-	2.1	-	-	(1.4)	0.7	-	0.7
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(0.3)	(0.3)
Acquisition of non-controlling shares	-	-	-	-	(0.4)	-	-	(0.4)	(1.3)	(1.7)
Share-based payments	-	-	-	-	-	(0.1)	-	(0.1)	-	(0.1)
At 30 June 2020 (Unaudited)	2.4	22.4	0.9	6.1	(10.2)	(0.7)	20.0	40.9	5.7	46.6
At 31 December 2019	2.4	22.4	0.9	4.0	(9.8)	(0.6)	21.4	40.7	7.3	48.0
Loss for the year	-	-	-	-	-	-	(3.1)	(3.1)	(0.1)	(3.2)
Exchange differences on translation of foreign operations	-	-	-	0.2	-	0.2	-	0.4	(0.1)	0.3
Total comprehensive income/(loss) for the year	-	-	-	0.2	-	0.2	(3.1)	(2.7)	(0.2)	(2.9)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(0.5)	(0.5)
Acquisition of non-controlling shares	-	-	-	-	(0.4)	-	-	(0.4)	(1.4)	(1.8)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Share-based payments	-	-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
At 31 December 2020	2.4	22.4	0.9	4.2	(10.2)	(0.6)	18.1	37.2	5.2	42.4
Profit for the period	-	-	-	-	-	-	0.8	0.8	0.2	1.0
Exchange differences on translation of foreign operations	-	-	-	(1.4)	-	-	-	(1.4)	(0.3)	(1.7)
Total comprehensive (loss)/income for the period	-	-	-	(1.4)	-	-	0.8	(0.6)	(0.1)	(0.7)
Dividend paid to owners of Empresaria Group plc	-	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Exercise of share options	0.1	-	-	-	-	(0.1)	0.1	0.1	-	0.1
Share-based payments	-	-	-	-	-	0.2	-	0.2	-	0.2
At 30 June 2021 (Unaudited)	**2.5**	**22.4**	**0.9**	**2.8**	**(10.2)**	**(0.5)**	**18.3**	**36.2**	**5.1**	**41.3**

Condensed consolidated cash flow statement
Six months ended 30 June 2021

	6 months ended 30 June 2021 Unaudited £m	6 months ended 30 June 2020 Unaudited £m	Year ended 31 December 2020 £m
Profit/(loss) for the period	**1.0**	(1.4)	(3.2)
Adjustments for:			
Depreciation and software amortisation	**0.4**	0.5	1.1
Depreciation of right-of-use assets	**2.9**	3.5	6.3
Fair value charge on acquisition of non-controlling shares	**-**	-	0.3
Impairment of goodwill	**0.6**	-	1.6
Impairment of other intangible assets	**0.3**	2.6	3.4
Amortisation of intangible assets identified in business combinations	**0.7**	0.9	1.7
Share-based payments	**0.2**	-	(0.2)
Net finance costs	**0.3**	0.6	1.0
Taxation	**1.4**	0.2	1.2
	7.8	6.9	13.2
(Increase)/decrease in trade and other receivables	**(6.3)**	11.9	10.9
Increase/(decrease) in trade and other payables (including pilot bonds outflow of £0.3m (30 June 2020: nil, 31 Dec 2020: £0.5m))	**2.2**	(1.5)	(5.8)
Cash generated from operations	**3.7**	17.3	18.3
Interest paid	**(0.5)**	(0.6)	(1.1)
Income taxes paid	**(1.2)**	(1.3)	(3.0)
Net cash inflow from operating activities	**2.0**	15.4	14.2
Cash flows from investing activities			
Consideration paid for business acquisitions (net of cash acquired)	**-**	(0.1)	(0.1)
Purchase of property, plant and equipment, and software	**(0.7)**	(0.4)	(0.7)
Finance income	**0.1**	0.1	0.2
Net cash outflow from investing activities	**(0.6)**	(0.4)	(0.6)
Cash flows from financing activities			
(Decrease)/increase in overdrafts	**(1.0)**	1.0	3.8
Proceeds from bank loans	**5.0**	1.0	1.8
Repayment of bank loans	**-**	(2.0)	(5.7)
Increase/(decrease) in invoice financing	**0.4**	(3.4)	(2.0)
Payment of obligations under leases	**(3.1)**	(3.6)	(6.2)
Purchase of shares in existing subsidiaries	**(0.6)**	(1.0)	(1.5)
Purchase of own shares in Employee Benefit Trust	**(0.2)**	-	(0.2)
Dividends paid to owners of Empresaria Group plc	**(0.5)**	-	-
Dividends paid to non-controlling interests	**-**	(0.3)	(0.5)
Net cash outflow from financing activities	**-**	(8.3)	(10.5)
Net increase in cash and cash equivalents	**1.4**	6.7	3.1
Foreign exchange movements	**(0.8)**	0.7	0.1
Cash and cash equivalents at beginning of the period	**20.8**	17.6	17.6
Cash and cash equivalents at end of the period	**21.4**	25.0	20.8
Bank overdrafts at beginning of the period	**(22.1)**	(17.9)	(17.9)
Decrease/(increase) in the period	**1.0**	(1.0)	(3.8)
Foreign exchange movements	**0.5**	(0.7)	(0.4)
Bank overdrafts at end of the period	**(20.6)**	(19.6)	(22.1)
Cash, cash equivalents and bank overdrafts at period end	**0.8**	5.4	(1.3)

Notes to the interim financial statements
Six months ended 30 June 2021

1 Basis of preparation and general information

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

The condensed set of financial statements have been prepared using accounting policies consistent with UK-adopted IFRS. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial. The Group does not anticipate any change in these accounting policies for the year ended 31 December 2021. While the financial information included in these interim financial statements have been prepared in accordance with IFRSs applicable to interim periods, these interim financial statements do not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

The information for the year ended 31 December 2020 has been derived from audited statutory accounts for the year ended 31 December 2020. The information for the year ended 31 December 2020 included herein does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The interim financial information for 2021 and 2020 has been neither audited nor reviewed.

Going concern

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

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

2 Accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of income, expense, assets and liabilities. The significant estimates and judgements made by management were consistent with those applied to the consolidated financial statements for the year ended 31 December 2020.

Notes to the interim financial statements
Six months ended 30 June 2021

3 Segment analysis

Information reported to the Group's Executive Committee, considered to be the chief operating decision maker of the Group for the purpose of resource allocation and assessment of segment performance is based on the Group's six operating sectors.

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

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

Six months to 30 June 2021	Revenue	Net fee income	Adjusted operating profit/(loss)
	£m	£m	£m
Professional	21.6	8.2	0.5
IT	18.9	6.5	1.6
Healthcare	13.9	2.2	0.9
Property, Construction & Engineering	1.8	0.4	(0.1)
Commercial	67.7	8.4	2.0
Offshore Recruitment Services	6.4	3.2	1.8
Central costs	-	-	(2.4)
Intragroup eliminations	(0.5)	(0.5)	-
	129.8	28.4	4.3

Six months to 30 June 2020	Revenue	Net fee income	Adjusted operating profit/(loss)
	£m	£m	£m
Professional	35.3	8.8	0.5
IT	22.1	6.7	1.2
Healthcare	5.9	1.2	0.1
Property, Construction & Engineering	1.8	0.4	(0.1)
Commercial	65.5	8.0	1.5
Offshore Recruitment Services	5.8	3.4	1.4
Central costs	-	-	(1.6)
Intragroup eliminations	(0.3)	(0.3)	-
	136.1	28.2	3.0

3 Segment analysis (continued)

Year ended 31 December 2020	Revenue	Net fee income	Adjusted operating profit/(loss)
	£m	£m	£m
Professional	55.3	15.4	0.2
IT	41.8	12.7	1.8
Healthcare	13.2	2.5	0.4
Property, Construction & Engineering	3.6	0.7	(0.2)
Commercial	132.3	17.2	4.6
Offshore Recruitment Services	10.9	6.1	2.6
Central costs	-	-	(3.2)
Intragroup eliminations	(0.6)	(0.6)	-
Total	256.5	54.0	6.2

4 Finance income and costs

	6 months ended 30 June 2021 Unaudited	6 months ended 30 June 2020 Unaudited	Year ended 31 December 2020
	£m	£m	£m
Finance income			
Bank interest receivable	**0.1**	0.1	0.2
	0.1	0.1	0.2
Finance costs			
Invoice financing	**-**	(0.1)	(0.1)
Bank loans and overdrafts	**(0.3)**	(0.3)	(0.5)
Interest on lease obligations	**(0.2)**	(0.2)	(0.4)
Interest on tax liabilities	**0.1**	(0.1)	(0.2)
	(0.4)	(0.7)	(1.2)
Net finance costs	**(0.3)**	(0.6)	(1.0)

Notes to the interim financial statements
Six months ended 30 June 2021

5 Exceptional items

	6 months ended 30 June 2021 Unaudited	6 months ended 30 June 2020 Unaudited	Year ended 31 December 2020
	£m	£m	£m
Restructuring of marketing and digital business	**-**	(0.1)	(0.1)
Change of Chief Executive Officer	**-**	(0.1)	(0.2)
Closure of Mexico operation	**-**	0.2	0.2
Restructure of senior management	**-**	-	0.3
	-	-	0.2

6 Reconciliation of profit/(loss) before tax to adjusted profit before tax

	6 months ended 30 June 2021 Unaudited	6 months ended 30 June 2020 Unaudited	Year ended 31 December 2020
	£m	£m	£m
Profit/(loss) before tax	**2.4**	(1.2)	(2.0)
Exceptional items	**-**	-	0.2
Fair value charge on acquisition of non-controlling shares	**-**	0.1	0.3
Impairment of goodwill	**0.6**	-	1.6
Impairment of other intangible assets	**0.3**	2.6	3.4
Amortisation of intangible assets identified in business combinations	**0.7**	0.9	1.7
Adjusted profit before tax	**4.0**	2.4	5.2

7 Taxation

The tax charge for the six month period is £1.4m (6 months ended 30 June 2020: £0.2m, year ended 31 December 2020: £1.2m). On an adjusted basis (excluding adjusting items as set out in note 6 and their tax effect), the effective tax rate is 38% (6 months ended 30 June 2020: 42%). The tax charge for the period is assessed using the best estimate of the effective tax rates expected to be applicable for the full year, applied to the pre-tax income of the six month period.

Notes to the interim financial statements
Six months ended 30 June 2021

8 Earnings per share

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

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

	6 months ended 30 June 2021 Unaudited £m	6 months ended 30 June 2020 Unaudited £m	Year ended 31 December 2020 £m
Earnings			
Earnings attributable to owners of Empresaria Group plc	**0.8**	(1.4)	(3.1)
Adjustments:			
Exceptional items	**-**	-	0.2
Fair value charge on acquisition of non-controlling shares	**-**	0.1	0.3
Impairment of goodwill	**0.6**	-	1.6
Impairment of other intangible assets	**0.3**	2.6	3.4
Amortisation of intangible assets identified in business combinations	**0.7**	0.9	1.7
Tax on the above	**(0.1)**	(0.8)	(1.2)
Non-controlling interests in respect of the above	**(0.2)**	(0.4)	(0.8)
Adjusted earnings	**2.1**	1.0	2.1
Number of shares	**Millions**	Millions	Millions
Weighted average number of shares – basic	**50.0**	50.4	50.3
Dilution effect of share options	**1.2**	0.9	1.3
Weighted average number of shares – diluted	**51.2**	51.3	51.6
Earnings per share	**Pence**	Pence	Pence
Basic	**1.6**	(2.8)	(6.2)
Dilution effect of share options	**-**	0.1	-
Diluted	**1.6**	(2.7)	(6.2)
Adjusted earnings per share	**Pence**	Pence	Pence
Basic	**4.2**	2.0	4.2
Dilution effect of share options	**(0.1)**	(0.1)	(0.1)
Diluted	**4.1**	1.9	4.1

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

9 Goodwill

	30 June 2021 Unaudited £m	30 June 2020 Unaudited £m	31 December 2020 £m
At 1 January	**32.5**	33.5	33.5
Business combinations	**-**	0.1	-
Impairment charge	**(0.6)**	-	(1.6)
Foreign exchange movements	**(0.8)**	1.3	0.6
	31.1	34.9	32.5

In line with IFRS the Group reviewed its assets for indications of impairment as at 30 June 2021. As a result, an impairment charge of £0.6m has been recognised in respect of the aviation business. The aviation sector has been hit hard by COVID-19 and we do not expect a short-term recovery to pre-COVID levels.

10 Other intangible assets

	30 June 2021 Unaudited £m	30 June 2020 Unaudited £m	31 December 2020 £m
Cost			
At 1 January	**24.6**	24.3	24.3
Additions	**0.4**	-	0.3
Foreign exchange movements	**(0.5)**	0.6	-
	24.5	24.9	24.6
Accumulated amortisation			
At 1 January	**14.1**	8.8	8.8
Charge for the year	**0.7**	0.9	1.8
Impairment	**0.3**	2.6	3.4
Foreign exchange movements	**(0.2)**	0.3	0.1
	14.9	12.6	14.1
Net book value	**9.6**	12.3	10.5

In line with IFRS the Group reviewed its assets for indications of impairment as at 30 June 2021. As a result of these impairment reviews, an impairment charge of £0.3m (30 June 2020: £2.6m) has been booked in respect of our aviation business. The aviation sector has been hit hard by COVID-19 and we do not expect a short-term recovery to pre-COVID levels.

Notes to the interim financial statements
Six months ended 30 June 2021

11 Borrowings

	30 June 2021 Unaudited £m	30 June 2020 Unaudited £m	31 December 2020 £m
Current			
Bank overdrafts	**20.6**	19.6	22.1
Invoice financing	**5.2**	3.4	4.9
Bank loans	**0.4**	8.9	5.2
	26.2	31.9	32.2
Non-current			
Bank loans	**11.0**	0.5	1.2
	11.0	0.5	1.2
Borrowings	**37.2**	32.4	33.4

The following key bank facilities are in place at 30 June 2021:

A revolving credit facility of £15.0 million, expiring in September 2023. As at 30 June 2021 the amount outstanding is £10.0 million (30 June 2020: £8.0 million). In March 2021 the revolving credit facility was refinanced. This facility is based on the SONIA (Sterling Over Night Index Average) interest rate. The margin on the facility is based on the Group's net debt to EBITDA ratio and ranges from 2.0% to 3.0%.

Term loan facilities are in place in Japan totalling £1.0m (30 June 2020: £0.5m) with an average interest rate of 0.52% (30 June 2020: 0.65%).

Overdraft facilities are in place in the UK with a limit of £10.0m. The balance on this facility as at 30 June 2021 was £6.9m (30 June 2020: £6.4m). The interest rate was fixed at 1% above applicable currency base rates. A $2.0m overdraft facility to provide working capital funding in the US had a balance as at 30 June 2021 of $2.0m (30 June 2020: $1.5m). Interest on this USD facility is payable at 2% over LIBOR. A €13m overdraft facility is also in place in Germany. The balance at 30 June 2021 was €11.8m (30 June 2020: €9.2m) and interest is payable at EURIBOR plus 2.3%. A NZ$2.0m overdraft facility is in place in New Zealand. The overdraft has not been utilised and attracts interest at 2% over the base lending rate. Bank overdrafts in the table reflects the requirement under IFRS to gross up certain cash and overdraft balances which are netted for banking facility purposes. This amount is £1.9m as at 30 June 2021 (30 June 2020: £3.0m).

The UK facilities are secured by a first fixed charge over all book and other debts given by the Company and certain of its UK, German and New Zealand subsidiaries.

There is an invoice financing facility in the UK of £10.0m (30 June 2020: £10.0m). As at 30 June 2021 the amount outstanding was £3.3m (30 June 2020: £3.4m). Interest is payable at 1.47% over UK base rate. There are also invoice financing facilities in Chile of £3.9m (30 June 2020: £3.8m). As at 30 June 2021 the amount outstanding was £1.9m (30 June 2020: £nil). Interest is payable at approximately 5%.

Notes to the interim financial statements
Six months ended 30 June 2021

12 Adjusted net debt

a) Adjusted net debt	**30 June 2021 Unaudited £m**	30 June 2020 Unaudited £m	31 December 2020 £m
Cash and cash equivalents	**21.4**	25.0	20.8
Less cash held in respect of pilot bonds	**(0.7)**	(1.5)	(1.0)
Adjusted cash	**20.7**	23.5	19.8
Borrowings	**(37.2)**	(32.4)	(33.4)
Adjusted net debt	**(16.5)**	(8.9)	(13.6)

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

b) Movement in adjusted net debt	**6 months ended 30 June 2021 Unaudited £m**	6 months ended 30 June 2020 Unaudited £m	Year ended 31 December 2020 £m
At 1 January	**(13.6)**	(19.1)	(19.1)
Net increase in cash and cash equivalents per consolidated cash flow statement	**1.4**	6.7	3.1
Net (increase)/decrease in overdrafts and loans	**(4.0)**	-	0.1
(Increase)/decrease in invoice financing	**(0.4)**	3.4	2.0
Foreign exchange movements	**(0.2)**	0.1	(0.2)
Adjusted for decrease in cash held in respect of pilot bonds	**0.3**	-	0.5
	(16.5)	(8.9)	(13.6)

Notes to the interim financial statements
Six months ended 30 June 2021

13 Trade and other receivables

	30 June 2021 Unaudited £m	30 June 2020 Unaudited £m	31 December 2020 £m
Gross trade receivables	**42.3**	35.3	37.9
Less provision for impairment of trade receivables	**(1.0)**	(0.9)	(0.9)
Trade receivables	**41.3**	34.4	37.0
Prepayments	**1.5**	2.0	1.5
Accrued income	**4.1**	4.4	3.6
Corporation tax receivable	**1.2**	0.9	1.0
Other receivables	**1.8**	2.9	1.8
	49.9	44.6	44.9

14 Trade and other payables

	30 June 2021 Unaudited £m	30 June 2020 Unaudited £m	31 December 2020 £m
Current			
Trade payables	**1.5**	1.9	1.6
Other tax and social security	**7.0**	11.0	8.0
Pilot bonds	**0.7**	1.5	1.0
Client deposits	**0.5**	0.6	0.4
Other payables	**5.8**	1.2	1.3
Accruals	**18.1**	21.4	20.5
Deferred consideration	**-**	0.7	0.6
	33.6	38.3	33.4

Pilot bonds represent unrestricted funds held by our aviation business at the request of clients that are repayable to the pilot over the course of a contract, typically three years. If the pilot terminates their contract early, the outstanding bond is payable to the client. For this reason, the bonds are shown as a current liability.

15 Share capital

	30 June 2021 Unaudited	30 June 2020 Unaudited	31 December 2020
Issued, allotted and fully paid			
Ordinary shares of 5p each – number of shares	**49,379,132**	49,019,132	49,019,132
Ordinary shares of 5p each – £m	**2.5**	2.4	2.4

During the 6 months ended 30 June 2021 360,000 shares were issued to satisfy the exercise of share options.

The Company has one class of Ordinary Share which carried no rights to fixed income. All ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.