Annual Report and Accounts

2023

Powering the people behind tech and innovation

We are a global consultancy powering the people behind tech and innovation for over 30 years. We help our clients stay ahead of the latest tech trends and thrive in a rapidly changing world.

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Highlights

Financial

Revenue
£334.0m
+1%
2022: £330.0m

Profit before tax
£55.6m
+22%
2022: £45.7m

Basic earnings per share
37.3 pence
+17%
2022: 32.0 pence

Cash flow generated from operations
£61.5m
+24%
2022: £49.7m

Cash conversion[2]
111.8%
+3%
2022: 108.3%

Share-based payment credit/ expense
£5.4m credit
2022: £6.4m expense

Dividend per share[3]
36.0 pence
0%
2022: 36.0 pence

Adjusted operating profit[1]
£49.6m
-5%
2022: £52.2m

Adjusted profit before tax[1]
£50.2m
-3%
2022: £52.0m

Adjusted basic earnings per share[1]
32.9 pence
-12%
2022: 37.3 pence

Cash position at period end
£47.2m
+4%
2022: £45.5m

Adjusted cash conversion[1]
124.1%
+30%
2022: 95.1%

Effective income tax rate
26.7%
+14%
2022: 23.5%

Non-financial

3,892

Consultants assigned to clients at week 52[5]
(2022: 4,905)

Consultant utilisation[6] rate of

92.8%
(2022: 97.5%)

Ranked

34

in Social Mobility Foundation Employer Index (UK)
(2022: ranked 48)

657

university events attended[4] in 2023
(2022: 780)

1,338

training completions in 2023
(2022: 3,179)

47

new clients globally
(2022: 74)

UK mean gender pay gap of

-7.6%
(2022: -4.0%)

0.69 tCO_2e

Scope 1, 2 and 3 greenhouse gas emissions per employee
(2022: 0.58 tCO_2e)

Forward-looking statements

This Annual Report contains statements which constitute "forward-looking statements". Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

1 Adjusted operating profit and adjusted profit before tax are calculated before Performance Share Plan credit/ expense (including social security costs) of £5.4 million (2022: expense £6.4 million). Adjusted basic earnings per share are calculated before the impact of Performance Share Plan credit/ expense (including social security costs and associated deferred tax). The adjusted cash conversion is calculated by dividing cash flow generated from operations by adjusted operating profit. See page 22 for further details of adjusted items.

2 Cash conversion is calculated by dividing cash flow generated from operations by operating profit.

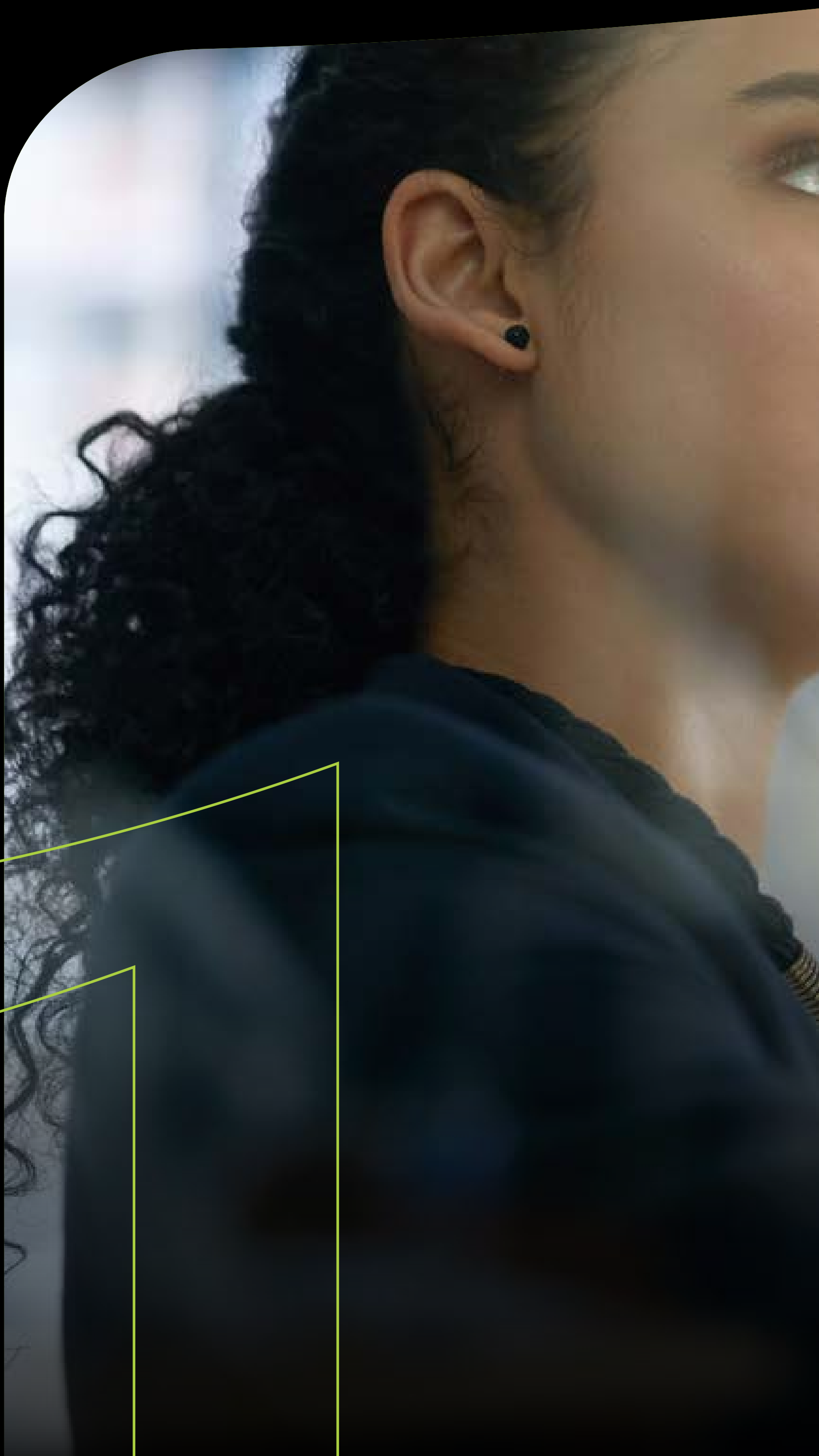
3 A recommended final dividend of 19.0 pence per share, following an interim dividend of 17.0 pence per share declared in July 2023, giving a total dividend for the year of 36.0 pence per share (2022: 36.0 pence per share).

4 This is a mix of physical and virtual events attended.

5 Week 52 in 2023 commenced on 25 December 2023 (2022: week 52 commenced on 19 December 2022).

6 Utilisation is calculated as the ratio of cost of utilised Consultants to the total Consultant payroll cost.

Strategic report



We are FDM

FDM Group (Holdings) plc ("the Company" or "FDM") and its subsidiaries (together "the Group" or "FDM") form a global professional services provider with a focus on IT.

In recent years our purpose and our values have evolved. This year we have refined the way we explain our purpose and our values, set out below, so that they are a better reflection of our business, who we are, and what we do.

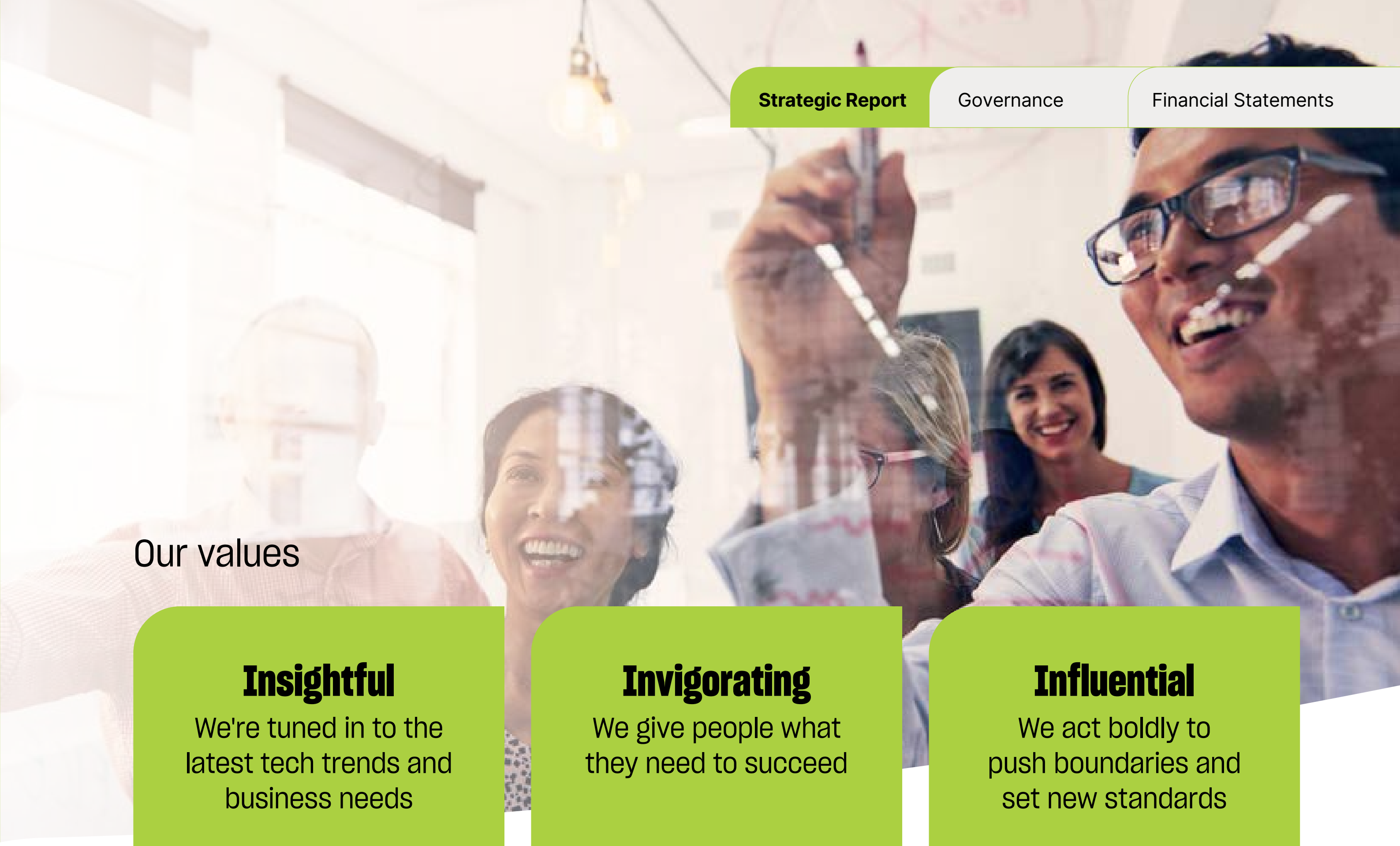
This is our first Annual Report and Accounts to be presented using our new FDM branding, which reflects that refined purpose and values. We have also taken the opportunity to update some of the terminology we have commonly used in the past – for example, we now refer to our training Academies as Skills Labs.

Our purpose

We are a global consultancy powering the people behind tech and innovation for over 30 years. We help our clients stay ahead of the latest tech trends and thrive in a rapidly changing world.

We aim to deliver client-led, sustainable, profitable growth on a consistent basis, through our well-established Consultant model:

- **Seek out talented individuals** through our programmes: Graduate, Ex-Forces, Returners and Apprentices.
- **Develop individuals through our Skills Labs** – where our Consultants access expertise, up-skilling and re-skilling as part of continual learning and career development.
- **Grow our client presence profitably** – we look to create new opportunities to deploy our Consultants amongst our developing client base and into other markets and territories.
- **Identify and fill our clients' skills gaps** – we focus on understanding and anticipating our clients' requirements and market trends, to ensure that we can add value in the areas where our clients need it most, provide opportunities to our Consultants, and deliver sustainable profitable growth for our shareholders.
- **Create a long-term sustainable global business** – we aim to have a beneficial impact on the communities in which we operate. We are aware of our responsibility towards our clients and suppliers, and are working to minimise our impact on the environment.
- **Engage, retain, recognise and energise internal employees** to support, enhance and grow the business to deliver our Consultant model.



Our values

Insightful
We're tuned in to the latest tech trends and business needs

Invigorating
We give people what they need to succeed

Influential
We act boldly to push boundaries and set new standards

Awards and recognition

Awards and recognition received during the year included:

- Social Mobility Foundation Employer Index – The Top 75 (ranked 34)
- FTSE4Good
- Flexi-job apprenticeship status awarded by the Department for Education
- West Yorkshire Apprenticeship Awards: Diversity & Inclusion Programme Winner
- British Ex-Forces in Business Awards: Military Values in Business Award
- Scottish Ex-Forces in Business Awards: Role Model of the Year; and Team Leader of the Year
- 100 Great British Employers of Veterans
- AIIA iAwards 23 Diversity Award – Finalist (Australia)
- Prosple Top 100 Graduate Employer (Australia)
- GradConnection's Top 100 (Australia)
- Military Times: Best for Vets Employers 2023 (USA)
- VETS Indexes 4 Star employer (USA)
- RippleMatch's Campus Forward Award (USA)
- TalentEgg National Recruitment Excellence Awards – Finalist in Best Grad Progam and Best Contribution to Student Career Development (Employers) (Canada)
- GradConnection's Top 10 (Hong Kong)
- CT Good Jobs Best HR Awards: Learning and Development Team of the Year 2023 (Hong Kong)
- Seek Star Awards: Best Employer Brand Initiative – Finalist (Australia)
- Seek Star Awards: Best Diversity, Equity and Inclusion Initiative – Finalist (Australia)

Social Mobility Foundation Employer Index 2023 TOP 75 EMPLOYER

100 GREAT BRITISH EMPLOYERS of VETERANS

FTSE4Good

prosple TOP100 GRADUATE EMPLOYERS 2023

VETS Indexes 4 STAR EMPLOYER 2023

WEST YORKSHIRE APPRENTICESHIP AWARDS 2023

Statement from the Chair of the Board

I am pleased to present FDM's Annual Report for the financial year ended 31 December 2023.

David Lister
Chair of the Board

Performance

FDM delivered a resilient performance in 2023 against a backdrop of very challenging market conditions, returning a robust financial performance overall and continuing our investment in programmes to support future growth as and when market conditions improve.

The Group delivered an adjusted profit before tax[1] of £50.2 million (2022: £52.0 million). FDM's balance sheet remains strong with closing cash balances of £47.2 million (2022: £45.5 million) and no debt. The Group made dividend payments during the year of £39.3 million (2022: £38.2 million).

Governance

The aim of this report is to present a fair, balanced and understandable picture of the progress we made during 2023, providing a high level of disclosure to enable all our stakeholders, including current and prospective shareholders, to understand our business and its prospects for growth. We are driven by a strong purpose, which leads us to look for profitable opportunities where we can be ready with the solutions to our clients' most pressing problems, maximising the value we can add to their businesses, and thereby launching more careers for our Consultants.

The Board considers robust corporate governance and a sound approach to risk management to be fundamental to the sustainability of the Group and its operations. For the 2023 financial year we are guided by the 2018 UK Corporate Governance Code ("2018 Code"). We have reviewed the 2024 UK Corporate Governance Code which was published in January 2024, and are considering its implications for our approach to governance in preparation for when it takes effect on 1 January 2025.

1 The adjusted operating profit is calculated before Performance Share Plan credit/ expense (including social security costs).

Engagement with our employees and other stakeholders has always been an important part of our approach and we continue our efforts to ensure employee voices are heard by the Board. There is further information on page 62 about how the Directors have carried out their duties under Section 172 of the Companies Act 2006 to promote the long-term success of the Company for the benefit of its shareholders as a whole, while having regard to the interests of all stakeholders. I report on corporate governance in more detail on page 68; our framework of risk management and governance will further evolve during the coming year, following our consideration of the 2024 UK Corporate Governance Code, in line with shareholder expectations and best practice requirements.

We maintain our focus on reducing our impact on the environment whilst further developing the Group's response to climate-related risks and opportunities. Our climate-related financial disclosures are presented in a way that is consistent with all of the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). Further information can be found on page 50. As standard practices and methodologies in measuring emissions evolve, we aim to ensure that our reporting of greenhouse gas emissions is as useful as possible to readers of this report. For example, this year we have been able to gather more emissions data from our suppliers, which means that our reported Scope 3 emissions from purchased goods and services are more accurate.

Culture and values

FDM's business is supported by a strong cultural identity that helps to ensure our goals are understood and shared by our people. I am particularly proud of the work we do to promote social mobility and to make FDM a diverse and inclusive place to work.

It was rewarding to improve our ranking in the Social Mobility Employer Index 2023, operated by the Social Mobility Foundation, in recognition of the steps we take to enable those from lower socio-economic backgrounds to succeed. You can find more information on our work in this area on page 40.

Towards the end of the year, we asked our staff for their feedback on a number of areas in our regular employee survey; the survey is an important part of our programme of employee engagement and enables us to understand their views on matters relevant to their day-to-day experience at FDM. There is more information about our engagement with our people on page 48.

Dividend

The Board continues to operate a progressive dividend policy, aimed at aligning the Group dividend broadly with the Group's earnings per share, whilst taking into account the Board's desire to maintain an appropriate cash buffer at Group-level, to fund organic growth across the business and to maintain the distributable reserves available to the Group. The Board will be recommending a final dividend of 19.0 pence per ordinary share in respect of the year to 31 December 2023 (2022: final dividend of 19.0 pence per ordinary share) for approval by shareholders at our Annual General Meeting ("AGM"), which is scheduled to be held on 14 May 2024, taking the total ordinary dividend to 36.0 pence per share (2022: 36.0 pence per share).

The Board and its Committees

I am delighted that Rowena Murray joined our Board as a Non-Executive Director on 1 August 2023. Rowena is highly regarded for her experience in investment banking and corporate broking, and her insight into the public markets in general. She has a strong reputation for helping businesses implement their strategies effectively to generate growth and create value.

The Board will benefit greatly from the insight and support which Rowena can offer. More information on Rowena's background and experience can be found on page 69.

Peter Whiting, our Senior Independent Director and Chair of the Remuneration Committee, has now served on the FDM Board since the Company's IPO in June 2014, almost ten years ago. In line with the 2018 Code, Peter will therefore be stepping down from the Board at this year's AGM. On behalf of the Board, I would like to thank Peter for his invaluable contribution to the Group over that period, and the significant role he has played in helping us to manage the business through the successes and challenges of the last decade.

As Peter steps down from the Board, Jacqueline de Rojas, who has been a Non-Executive Director on the Board since October 2019, will take on the role of Senior Independent Director. Rowena Murray will become Chair of the Remuneration Committee.

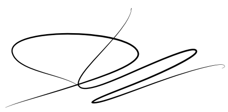
Outlook

Reflecting continuing worldwide macroeconomic and geopolitical uncertainties, market conditions in the early months of the current year have remained soft. As we highlighted in January, levels of client engagement remain encouraging. It is however difficult to predict when this will gain sufficient strength to deliver meaningful increases in our Consultants placed with clients.

We are maintaining our focus on optimising our activities and resources, while continuing the development of our products and services to support future growth.

Group-wide, our activity levels in the year to date are below our previous expectations, with 3,703 Consultants assigned to clients as at 18 March 2024. This, coupled with our strategy to maintain appropriate levels of Consultant resource, and capacity in our internal teams, to meet clients' needs promptly when our markets improve, means that the Board believes that the Group's financial performance for 2024 is likely to be materially below its earlier expectations.

FDM is a robust and agile business, with a strong balance sheet and experienced management team and Board, operating in fundamentally strong markets across a diversified portfolio of clients, sectors and geographies, and we remain confident that our business is well positioned to return to growth as more usual market conditions return.



David Lister
Chair of the Board
19 March 2024

Chief Executive's Review

"The last nine months of 2023 saw difficult trading conditions across our markets, with many clients delaying and deferring decisions around projects and Consultant placements given the macroeconomic and geopolitical uncertainties they faced.

Our agile business model allowed us to take the action required to align our business activity and resources appropriately, a programme which continues into the current year.

Levels of client engagement remain encouraging."

Rod Flavell
Chief Executive Officer

Overview

Following a strong start to 2023, market conditions became challenging from the beginning of the second quarter and remained so for the rest of the year. Macroeconomic and geopolitical uncertainties impacted client confidence, causing them to defer decisions relating to project commencements and Consultant placements. We ended the year with 3,892 Consultants placed with clients (2022: 4,905) and 1,338 Consultants were trained during the year (2022: 3,179). The Group recorded revenue of £334.0 million (2022: £330.0 million) and delivered an adjusted operating profit[1] of £49.6 million (2022: £52.2 million).

FDM's scalable business model enabled the Board to respond quickly to the decrease in client demand and to take appropriate measures to adjust recruitment, training and internal staffing levels and activities to align with market conditions, a programme that continues in the current year.

We maintain a strong focus on cash management and collection, ending the year with £47.2 million cash (2022: £45.5 million), after paying £39.3 million to our shareholders in dividends, and no debt.

1 The adjusted operating profit is calculated before Performance Share Plan credit/ expense (including social security costs).

Our strategy

FDM's strategy is straightforward: we aim to deliver client-led, sustainable and profitable growth on a consistent basis through our well-established and proven business model, helping clients to stay ahead of the latest tech trends and unlocking opportunities to help them thrive in a rapidly changing world. This model has enabled us to deliver a resilient performance in 2023, in the face of particularly challenging market conditions, by working to fulfil our four key strategic objectives: attract and develop talented Consultants; invest in state-of-the-art Skills Labs to provide expert training; grow and diversify our client base; and expand and consolidate our geographic presence through sustainable and efficient means.

Our strategy requires that all activities and investments produce the appropriate level of return on investment, that they deliver sustained and measurable improvements for all our stakeholders including clients, staff and shareholders, and that they further our objective of launching the careers of talented people worldwide, which remains core to everything we do.

To reinforce our strategy and leadership position, in early 2024 we engaged in a major brand refresh project. This followed extensive consultation during 2023 with all our stakeholders to understand their views on FDM, our vision and our values. The new branding reflects who we are, and what we want to achieve in the future, enabling us to give a clear message to our investors, clients and candidates reflecting what we stand for and how this benefits them.

Chief Executive's Review continued

Strategic objectives

Attract and develop talented Consultants

The strength of our business model is that it allows us to flex recruitment and training in response to changing levels of client demand, while at the same time continuing to invest in our workforce so that we are well positioned to capitalise on opportunities when conditions improve. When market conditions changed at the beginning of the second quarter, with client demand starting to decrease and Consultant placements being deferred, we were able to bring this flexibility and scalability into play, reacting quickly to make adjustments to our levels of resource. Market conditions remained difficult for the rest of the year and we therefore delivered a reduced number of training completions (2023: 1,338; 2022: 3,179), reflecting the change in levels of client demand.

We continue to have an excellent pipeline of already-assessed candidates in all our territories, which our global recruitment teams have worked hard to secure. Our ongoing investment in our Ex-Forces, Returners and Apprenticeships programmes diversify our talent pipeline further. This means that we are well placed to accelerate recruitment and training as and when market conditions and client demand improve.

We continue to attract a high number of applicants across all our operating locations evidencing the appeal that FDM's market-leading, flexible training has in tech skills and innovation globally.

Invest in state-of-the-art Skills Labs to provide expert training

Our hybrid training model offers high quality and flexible training that is attractive to our candidates and, while our training schedules were adjusted in the period in response to client demand, our highly skilled coaches continued to provide ongoing mentoring and upskilling to our benched Consultants.

We remain focused on optimising both the appeal of our training programmes to candidates and of our Consultants to clients. Accreditation of our courses provides – both to candidates and clients – external validation of FDM's programme content, delivery, approach and assessment. Through our partnership with TechSkills, we have now achieved Tech Industry Gold standard accreditation for ten programmes with the Ex-Forces Advanced Course and the Returners (Business) Programme each achieving Tech Industry Gold accreditation during the year. A total of 325 Consultants completed accredited training in 2023 across the ten available programmes (2022: 653 Consultants completed accredited training across the eight available programmes). Most of our accredited courses have been converted to experiential delivery, replacing traditional academic exams with capability assessments, and transforming the classroom experience into real-world learning through the use of augmented digital content. All of the training content is available through a new, easy to use, and visually-appealing Skills Lab content repository run by our coaches.

As clients look for more specific, detailed and nuanced skillsets within each job role, we have adopted a practice-based approach to managing our benched Consultants. This has enhanced our ability to deploy Consultants whose skill profiles and areas of expertise are a more precise match for clients' requirements.

Our Pods, first developed as a response to the challenges of training during the pandemic, have now become the foundation of our Consultant development. The Pod experience is designed to simulate a client environment where Consultants can work on real projects. An example of this is our development of the "Model Bank", outlined on the next page. Our account managers have strong relationships with our clients which enable them to identify the most in-demand trends in emerging technologies. Our experienced coaches can then adapt the work assigned in the Pods to enable our Consultants to develop skills aligned with these emerging trends.

Grow and diversify our client base

We continue to deliver the highest level of service to our clients and work closely with them to meet their requirements. Client diversification remains a key part of our strategy, with an element of the performance bonus for the Executive Board and senior management being linked to client diversification targets. We secured 47 new clients in the year (2022: 74), of which 23 were in the UK, 7 in North America, 9 in APAC and 8 in EMEA. Of these new clients, 68% were secured from outside the financial services sector. The number of new clients does not include those clients which re-engaged with us during 2023.

Expand and consolidate our geographic presence through sustainable and efficient means

The expansion and consolidation of our geographic presence remains a key growth driver for FDM; whilst global macroeconomic conditions have impacted trading across all our operating regions, we retain a strong management and sales presence in each of our key operating regions. In the first quarter of 2023, we opened new sales offices in Tampa, Florida; Melbourne, Australia; and Limerick, Ireland, each of which contributed promising new business to our portfolio.

An overview of the financial performance and development in each of our markets is set out on page 20.

Our services

Our business model is focused on coaching and deploying passionate, energetic and self-motivated Consultants with skills across five Practices; Software Engineering; Data & Analytics; IT Operations; Change & Transformation; and Risk, Regulation & Compliance. These five core areas of specialism include multiple interconnected sprints within our Skills Labs, building a versatile and adaptable Consultant workforce.

Consultants acquire skills and develop experience within a diverse range of disciplines under each Practice and can undertake a number of different roles when deployed on assignments.

Our core strengths include our agility, prompt design and delivery capabilities, and, notably, our ability to adapt to the ever-evolving technology landscape. For instance, our growing expertise in AI has enabled us to stay ahead of the market, fostering strong capabilities in the AI space. We established multiple Pods covering diverse scenarios involving the integration of AI into business operations, complemented by successful workshops. These included a workshop on Prompt Engineering, which was attended by seven executives and over 45 engineers from our biggest client and received exceptionally positive feedback. Not only did it consolidate our existing clients' perception of our capabilities, but it also opened doors for FDM to engage with potential new clients regarding opportunities to work together in the future.

Our creation of the Model Bank is a good example of the way in which we can adapt our training to clients' needs.

Model Bank

Having successfully deployed significant numbers of Consultants to work on KYC ("Know Your Client") projects with our clients in the banking sector, we have created our own "Model Bank" – a simulation of some of the IT systems typically found in a major financial services organisation. It is an experiential, dynamic training environment designed and developed in partnership with our clients, to simulate real-world activities and challenges, and to replicate the complexities involved in protecting against money laundering activities.

Our clients can see what we offer through interactive demonstrations, allowing them to translate their issues into the development of the Model Bank and our academic programme.

For our Consultants, it fosters a culture of continuous learning, encouraging them to look for new ways to add value to clients' businesses. We have found that by using the Model Bank our Consultants attain a higher standard more quickly.

Consultancy Services

Underpinned by our core model, our Consultancy Services team was set up to provide added expertise and capability. We help our clients to identify problems, shape change and deliver the right solutions. Using a combination of senior professionals and those at the beginning of their careers, we have the ability to quickly mobilise high-performing teams to deliver collaborative solutions for a wide range of technology problems.

Each project is supported by experienced Senior Delivery Consultants who provide management capability. Delivery can be alongside the client's workforce or by FDM Consultants. During 2023 our Consultancy Services delivered a number of very successful projects, one of which we have summarised via the case study on the next page.

Chief Executive's Review continued

Case study

How we helped a client with its data capabilities

The issue

The client faced inconsistency across their digital architecture and data quality, which was impacting day-to-day operations and leading to frequent requests from headquarters to branches. Addressing this issue is a long-term endeavour that required an incremental and agile approach. We worked carefully with the client to avoid any disruptions to existing contracts or core services.

What we delivered

In three months, we created a powerful data strategy for the client, providing and implementing the necessary frameworks, artefacts and processes to build a set of robust data capabilities:

Data landscape – Interactive overview of the client's data ecosystem and data flows across the organisation and departments, identifying single source data opportunities.

Data artefacts – Setting the department up for continual success, we provided tooling recommendations and created re-useable artefacts, linking to the corporate data model, data dictionary and data catalogue.

Data governance framework – The framework embedded a structure and methodology that allowed the department to implement best practice in data governance and work streams.

Data vision & strategy – The data strategy set the organisation up to meet long-term business objectives and met their digital and data strategy.

Technology Partnerships

Our Technology Partnerships with some of the world's most innovative organisations ensure that we are at the forefront of technological advancements. The presence of certified trainers authorised to deliver official training from these organisations enhances the support and skillsets we offer to our clients.

In 2023, our Consultants obtained training and certification from Microsoft.

Furthermore, as a Workforce Development Partner to Microsoft, we collaborated to host Industry Insight events aimed at showcasing our capabilities to clients – the events, held in our London and Toronto centres, featured panel discussions with senior leaders in the AI space from Microsoft, our clients, and FDM. They provided a platform to explore the strategies, challenges and success stories surrounding the adoption of AI technologies, while highlighting advice on how AI transformation can align with organisational goals and objectives. The attendance of a large number of clients added depth and value to these discussions.

As part of our alliance with SAP, Consultants were trained in SAP S/4 HANA, SuccessFactors and SAP Business Technology Platform, allowing us to work with our clients to drive SAP projects forward.

> **"FDM's programmes combined with SAP Partner Talent Initiative bootcamps offer an excellent opportunity for our clients and partners globally to access a pipeline of diverse talent in a cost-effective way."**
>
> **Peter Matejka,** SAP Partner Talent Initiative

Our Technology Partners:

Microsoft – Workforce Development Partner

ServiceNow – Placement Partner

Appian – Education Partner

SAP – Partner Talent Initiative

ISACA – Accredited Partner

Salesforce – Trailhead Academy Authorised Learning Partner

AWS – AWS Approved Training Partner & AWS reStart Collaboration

nCino – Workforce Development Partner

FTSE4Good

I am pleased that FTSE Russell has assessed FDM as having good sustainability practices and following its June 2023 review included the company as a constituent of its FTSE4Good Index Series. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance ("ESG") practices.

Our people – talented, ambitious, enthusiastic, diverse

FDM is a people business, and I am particularly proud of the passion and commitment which our people across all of our operating regions continued to demonstrate, despite the uncertain market conditions we faced during 2023.

Our people strategy was designed to enable FDM to maintain its position as a high-performing and impactful global organisation with a clear focus on sustainability, scalability, commercial efficiency and flexibility. During 2023 we worked hard to ensure delivery of our strategic aims.

Our Consultant Experience team helps to anticipate our Consultants' needs, so that we can deliver a positive experience for them. We have worked hard to put in place a clear structure of career pathways for our Consultants throughout their FDM journey. Optimising our Consultants' performance in this way, and using our close relationships with clients to understand their business needs, ensures that each Consultant deployment has the best chance of success for all stakeholders.

We remain committed to promoting diversity, social mobility and inclusion within our workplaces as the statistics on page 39 demonstrate.

The wellbeing of all our people remains a key priority for the Board. The People Team continues to engage with staff to ensure that their wellbeing is monitored and safeguarded.

I would like to extend the Board's thanks to every FDM employee for the quality of their work during 2023, which has enabled us to deliver a resilient performance, while operating in challenging market conditions. Our results reflect their dedication, hard work and commitment.

Looking forward

Our markets have remained uncertain in the early months of 2024. Our on-going investment programmes to support future growth, appropriate levels of trained Consultant resource and access to an excellent pipeline of already assessed candidates ensure that we are well placed to meet clients' needs as and when market conditions improve.

Rod Flavell
Chief Executive Officer
19 March 2024

Business Model

Powering the people behind tech and innovation

What sets us apart

Our Consultants

- We find driven people from diverse backgrounds who are determined to succeed. By providing core capabilities and ongoing training, mentorship and assignments we guide them to the future they want

Global coverage

- International presence with localised support in all our operating territories
- Experienced coaches with remote and in-house delivery capability

Track record of success

We collaborate with world-leading companies to identify the expertise they need, exactly when they need it.

- Robust credentials with over 30 years of operational success
- Cost-effective, value-added business model
- Client base of 300+

Tailored approach

- Low-risk solution as FDM retains the employer/employee relationship with Consultants
- Scalable capacity with no minimum requirement
- Ability to tailor recruitment and training
- Option to transfer Consultants from FDM to a permanent role with the client after initial period

How our business works

We find talented, high-quality individuals through our Programmes:

- Graduates
- Ex-Forces
- Returners
- Apprentices

We train individuals remotely and at our Skills Labs, providing career development for our employees.

By focusing on understanding and anticipating our clients' requirements and trends in technology, we can help our clients build high-calibre teams around their most pressing business needs.

We realise opportunities for our expertly-trained Consultants and other employees, and deliver sustainable profitable growth for our shareholders.

The value we create

For our clients

We provide our clients with a first-class, flexible resource at a competitive cost

3,892

Consultants assigned to clients at year end

For our shareholders

We consistently deliver returns for our shareholders and have a progressive dividend policy

36.0 pence

full-year dividend for 2023

Recommended final dividend of 19.0 pence per share, following an interim dividend of 17.0 pence per share

For our employees

We provide ongoing professional development and support to our employees throughout their careers at FDM

5,000+

FDM employees globally

90+

nationalities

For our Consultants

Our award-winning training enables our Consultants to transition into IT and business professionals, with relevant technical skills, commercial experience and other accreditations and qualifications

1,338

training completions in 2023

For the environment

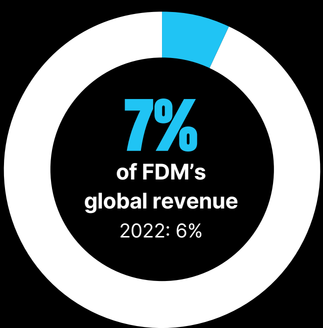
We are committed to reducing our greenhouse gas emissions

0.69 tCO_2e

per employee for Scope 1, 2 and 3 greenhouse gas emissions

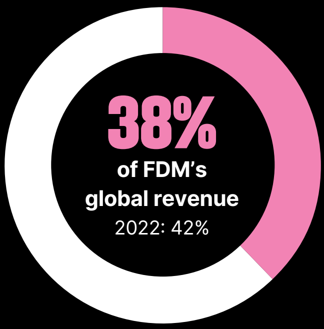
Our Markets

North America	2023	2022
Revenue	**£130.2m**	£116.9m
Adjusted operating profit[1]	**£20.4m**	£15.4m
Consultants deployed	**1,322**	1,618
Training completions	**340**	1,319

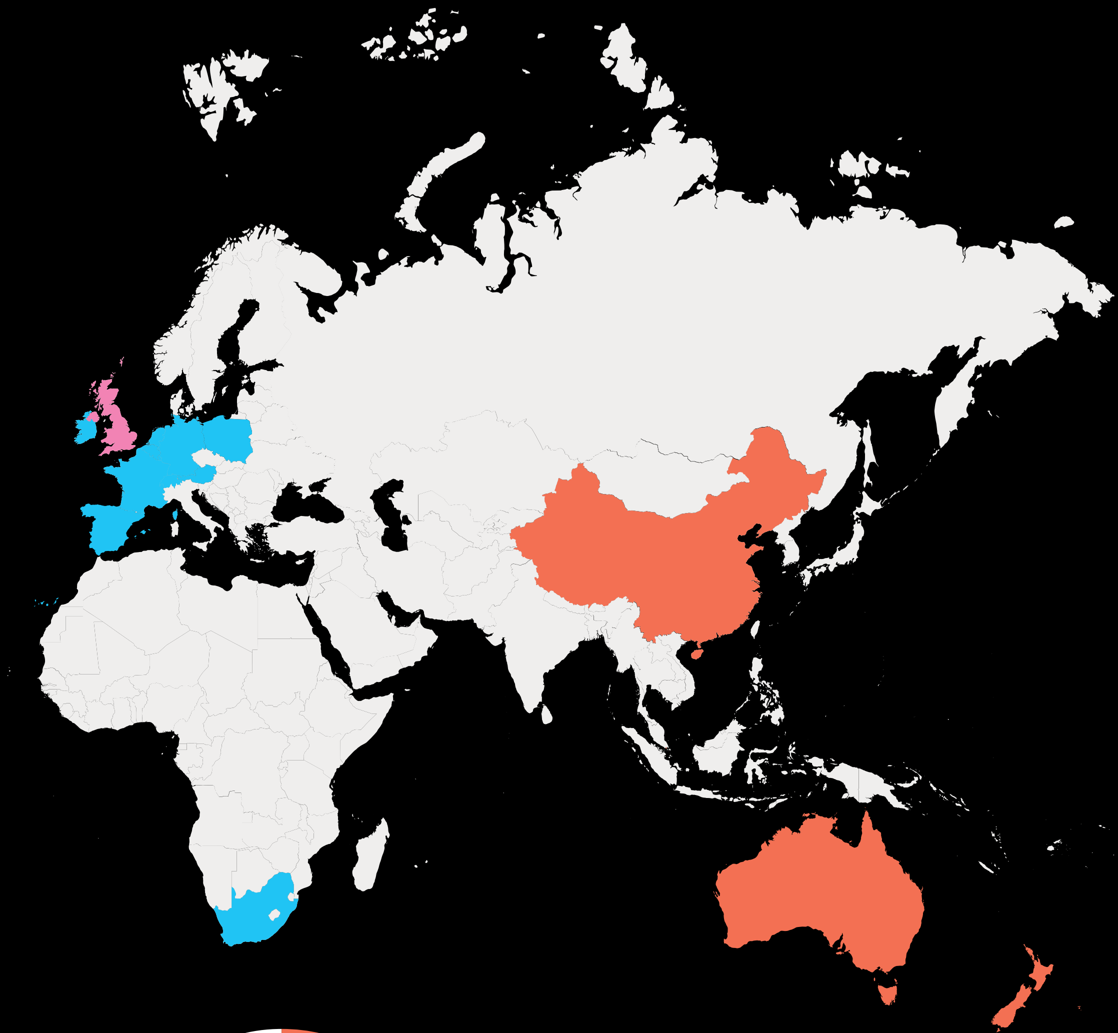


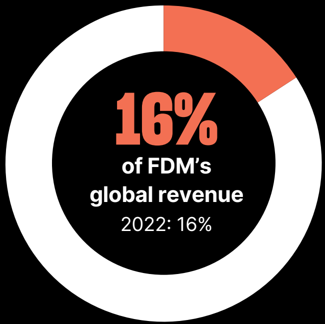
EMEA	2023	2022
Revenue	**£24.1m**	£19.7m
Adjusted operating profit[1]	**£2.1m**	£2.3m
Consultants deployed	**327**	318
Training completions	**256**	223

1 The adjusted operating profit is calculated before Performance Share Plan credit/ expense (including social security costs).



UK	2023	2022
Revenue	**£127.8m**	£139.6m
Adjusted operating profit[1]	**£25.1m**	£30.3m
Consultants deployed	**1,411**	1,958
Training completions	**339**	1,063





APAC	2023	2022
Revenue	**£51.9m**	£53.8m
Adjusted operating profit[1]	**£2.0m**	£4.2m
Consultants deployed	**832**	1,011
Training completions	**403**	574

Our Markets continued

UK

Macroeconomic uncertainty impacted demand for new Consultants and consequently UK Consultant headcount at week 52 of 2023 was 1,411, a decrease of 547 (28%) on the prior year (2022: 1,958). Revenue decreased by 8% to £127.8 million (2022: £139.6 million); this decrease was less than the decrease in Consultant headcount due to the phasing of headcount. During the year we continued to open new business with 23 new clients compared with the 38 that we added in 2022.

Adjusted operating profit decreased 17% to £25.1 million (2022: £30.3 million) as, although there were fewer training completions, the impact of this was outweighed by the cost of holding a higher than typical number of undeployed ("benched") Consultants to service future client demand.

In response to the change in demand, training completions decreased by 68% to 339 (2022: 1,063).

North America

As in the UK, macroeconomic uncertainty hindered demand for new Consultants and North America Consultant headcount at week 52 of 2023 was 1,322, a decrease of 296 (18%) on the prior year (2022: 1,618). Despite the reduction in headcount, revenue increased by 11% to £130.2 million (2022: £116.9 million) due to the phasing of headcount year-on-year (the 2023 average headcount was 10% higher than 2022). During the year we added seven new clients compared with the 14 that we added in 2022.

Adjusted operating profit increased 32% to £20.4 million (2022: £15.4 million) which is more than the percentage increase in revenue due to lower paid training costs arising in 2023 compared to 2022. Training completions decreased by 74% to 340 (2022: 1,319) as we adjusted our training schedules to align with client demand.

We continued with our Group strategy to adjust our property footprint to reflect changes in how we train our Consultants with training now being delivered predominantly remotely. During the period, we moved our New York sales office to smaller premises with more flexible tenancy terms and opened a sales office in Florida to support client activity in the region.

EMEA

EMEA Consultant headcount at week 52 of 2023 was 327, an increase of nine (3%) on the prior year (2022: 318). Revenue increased by 22% to £24.1 million (2022: £19.7 million); this increase was more than the increase in Consultant headcount due to the phasing of headcount. During the year we added eight new clients, the same number as in 2022.

Adjusted operating profit decreased 9% to £2.1 million (2022: £2.3 million), reflecting a higher than typical number of undeployed Consultants. Training completions increased by 15% to 256 (2022: 223).

Ireland experienced good growth in the year with week 52 headcount increasing by 57% to 69 and during the period we opened a sales office in Limerick, Ireland.

APAC

APAC Consultant headcount at week 52 of 2023 was 832, a decrease of 179 (18%) on the prior year (2022: 1,011). Revenue decreased by 4% to £51.9 million (2022: £53.8 million); the decrease was less than that in the Consultant headcount due to the phasing of headcount. During the year we added nine new clients compared with the 14 that we added in 2022.

Adjusted operating profit decreased 52% to £2.0 million (2022: £4.2 million) reflecting a higher than typical number of undeployed Consultants, as seen elsewhere in the Group. Training completions decreased by 30% to 403 (2022: 574).

In Australia, we expanded our property footprint outside of Sydney, taking on a sales office in Melbourne to act as a base to support an increasing Consultant presence in the region.

1 The adjusted operating profit is calculated before Performance Share Plan credit/ expense (including social security costs).

Key Performance Indicators

We monitor a range of Key Performance Indicators ("KPIs") to identify trends in our operating and trading performance. The Group aims to deliver an appropriate level of profitability, maintain a robust balance sheet and undertake strategic investment programmes.

The adjusted numbers in the KPI analysis remove the financial impact associated with the Performance Share Plan, to provide a clear understanding of the underlying trading performance.

Each KPI is linked to different aspects of FDM's Business Model, as illustrated below. The Business Model is shown on pages 16 to 17.

Financial KPIs

Revenue (£m)

+1%

Link to strategic objectives

Performance

Description

Revenue is broadly consistent year-on-year, in line with the average number of consultants deployed being similar year-on-year.

Adjusted operating profit[1] (£m)

-5%

Link to strategic objectives

Performance

Description

Adjusted operating profit decreased by 5%, due to the additional cost of carrying more undeployed Consultants than in the prior year, partially offset by a reduction in paid training costs.

Adjusted basic earnings per share[1] (pence)

-12%

Link to strategic objectives

Performance

Description

Adjusted basic earnings per share decreased by 12% to 32.9 pence, reflecting the Group's lower adjusted operating profit and an increase in the effective tax rate.

Cash flow generated from operations (£m)

+24%

Link to strategic objectives

Performance

Description

Cash flow generated from operations has increased by 24% reflecting continuing strong working capital management. In particular, year-end trade receivables decreased from £34.9 million to £24.9 million.

Cash conversion (%)

+3%

Link to strategic objectives

Performance

Description

Cash conversion was 111.8%, reflecting continuing strong working capital management by the Group.

FDM's four key strategic objectives

- Attract and develop talented Consultants
- Invest in state-of-the-art Skills Labs to provide expert training
- Grow and diversify our client base
- Expand and consolidate our geographic presence through sustainable and efficient means

FDM's four key strategic objectives are explained in more detail on page 12.

Non-financial KPIs

Consultants assigned to clients (week 52)

-21%

Link to strategic objectives

Performance

Description

The number of Consultants assigned to clients decreased by 21%, reflecting the impact of worsening macroeconomic conditions on level of client confidence, leading to reduced demand across all our regions.

Consultant utilisation rate (%)

-5%

Link to strategic objectives

Performance

Description

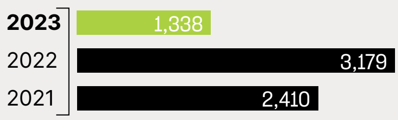
Consultant utilisation rate of 92.8%, down on the prior year (97.5%) due to the Group carrying a higher number of undeployed Consultants.

Training completions

-58%

Link to strategic objectives

Performance



Description

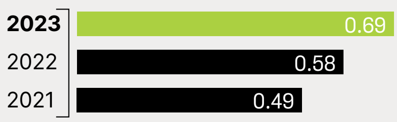
Training completions reduced by 58% in the year as the Group adjusted recruitment and training levels to match reduced client demand.

Scope 1, 2 and 3 greenhouse gas emissions per employee (tCO_2e)

+19%

Link to strategic objectives

Performance



Description

The Group's annual emissions per employee remain below 1 tCO_2e. The main driver of the increase in emissions is from employee commuting, as working patterns of FDM and our clients change post-pandemic with increasing levels of in-office attendance.

1 The adjusted operating profit is calculated before Performance Share Plan credit/ expense (including social security costs). Adjusted basic earnings per share are calculated before the impact of Performance Share Plan credit/ expense (including social security costs and associated deferred tax).

Financial Review

Against a backdrop of challenging market conditions from the beginning of the second quarter, the Group delivered a resilient performance in 2023.

Mike McLaren
Chief Financial Officer

Revenue increased to £334.0 million, up 1% (2022: £330.0 million), adjusted operating profit[1] decreased by 5% to £49.6 million (2022: £52.2 million), with adjusted basic earnings per share[1] down 12%, to 32.9 pence (2022: 37.3 pence). We ended the year with a robust balance sheet, including cash balances of £47.2 million (2022: £45.5 million), having converted 111.8% of our operating profit into operating cash flow. We remain well positioned for future growth with a proven and agile business model that allows us to respond rapidly and effectively to market fluctuations.

Summary income statement

	Year ending 31 December 2023	Year ending 31 December 2022	% change
Revenue	**£334.0m**	£330.0m	+1%
Adjusted operating profit[1]	**£49.6m**	£52.2m	-5%
Operating profit	**£55.0m**	£45.8m	+20%
Adjusted profit before tax[1]	**£50.2m**	£52.0m	-3%
Profit before tax	**£55.6m**	£45.7m	+22%
Adjusted basic EPS[1]	**32.9p**	37.3p	-12%
Basic EPS	**37.3p**	32.0p	+17%

Overview

Revenue increased by £4.0 million to £334.0 million (2022: £330.0 million). On a constant-currency basis[2] revenue increased by 2%, or £7.4 million. Consultants assigned to clients at week 52 of 2023 decreased by 21%, totalling 3,892 (week 52 of 2022: 4,905). The average number of Consultants assigned to clients was broadly similar in 2023 compared with 2022, resulting in revenue earned in 2023 also being broadly similar to revenue earned in 2022. At week 52 of 2023 our Ex-Forces Programme accounted for 163 Consultants deployed worldwide (week 52 of 2022: 211). Our Returners Programme had 219 Consultants deployed at week 52 of 2023 (week 52 of 2022: 220). The Consultant utilisation rate dropped to 92.8% (2022: 97.5%) as a result of the Group carrying a higher-than-expected number of undeployed Consultants.

An analysis of revenue and headcount by region is set out in the table below:

	Year ending 31 December 2023 Revenue £m	Year ending 31 December 2022 Revenue £m	2023 Consultants assigned to clients at week 52[3]	2022 Consultants assigned to clients at week 52[3]
UK	**127.8**	139.6	**1,411**	1,958
North America	**130.2**	116.9	**1,322**	1,618
EMEA	**24.1**	19.7	**327**	318
APAC	**51.9**	53.8	**832**	1,011
	334.0	330.0	**3,892**	4,905

Adjusted Group operating profit margin decreased to 14.8% (2022: 15.8%), due primarily to the cost to the Group of carrying more undeployed Consultants. Administrative expenses, excluding the share-based payment credit/ expense, increased to £107.0 million (2022: £103.4 million) due to the costs arising from the higher number of undeployed Consultants.

1 Adjusted operating profit and adjusted profit before tax are calculated before Performance Share Plan credit/ expense (including social security costs). Adjusted basic earnings per share are calculated before the impact of Performance Share Plan credit/ expense (including social security costs and associated deferred tax).

2 The constant-currency basis is calculated by translating current-year and prior-year reported amounts into comparable amounts using the 2023 average exchange rate for each currency. The presentation of the constant-currency basis provides a better understanding of the Group's trading performance by removing the impact on revenue of movements in foreign exchange.

3 Week 52 in 2023 commenced on 25 December 2023 (2022: week 52 commenced on 19 December 2022).

Financial Review continued

Adjusting items

The Group presents adjusted results, in addition to the statutory results, as the Directors consider that they provide a useful indication of underlying trading performance. The adjusted results are stated before Performance Share Plan credit including associated taxes which totalled £5.4 million (2022: expense of £6.4 million). Details of the Performance Share Plan are set out in note 25 to the financial statements. The Directors believe that excluding these costs provides a more meaningful comparison of the trading performance. The credit/ expense is based on estimates relating to a vesting which may occur up to three years after the date of grant and the assumptions underpinning those estimates can change from year to year.

Net finance expense

The finance expense includes lease liability interest of £0.7 million (2022: £0.5 million). The Group has no debt.

Taxation

The Group's total tax charge for the year was £14.9 million, equivalent to an effective tax rate of 26.7%, on profit before tax of £55.6 million (2022: effective tax rate of 23.5% based on a tax charge of £10.8 million and a profit before tax of £45.7 million). The effective tax rate in 2023 has increased from the prior year primarily due to the increase in the UK corporate tax rate from 19% to 25%, effective from 1 April 2023. The effective tax rate also reflects the Group's geographical mix of profits and the impact of items considered to be non-taxable or non-deductible for tax purposes.

Earnings per share

Basic earnings per share increased in the year to 37.3 pence (2022: 32.0 pence), whilst adjusted basic earnings per share were 32.9 pence (2022: 37.3 pence). Diluted earnings per share were 37.2 pence (2022: 31.8 pence).

Dividend

During the year, the Group paid two dividends with a total payment to shareholders of £39.3 million (2022: £38.2 million).

At the AGM held on 16 May 2023, a final dividend of 19.0 pence per share for 2022 was approved by shareholders and was paid on 30 June 2023. On 25 July 2023, an interim dividend of 17.0 pence per share for 2023 was declared and was paid on 13 October 2023.

The Board has recommended a final dividend of 19.0 pence per share, subject to shareholder approval at the 2024 AGM, taking the total dividend arising from the 2023 financial year to 36.0 pence per share (2022 total dividend: 36.0 pence per share).

The Board has set a minimum consistent cash buffer at a Group level and will always consider the ongoing needs for the funding of organic growth across the business and the distributable reserves available to the Group when considering dividend levels. As at 31 December 2023, the Company had distributable reserves of £44.7 million. This statement does not form part of the audited financial statements and the distributable reserves figure of £44.7 million is therefore not audited by PwC.

Cash flow and Statement of Financial Position

The Group's cash balance increased to £47.2 million (2022: £45.5 million). Cash conversion was 111.8% (2022: 108.3%) reflecting continuing strong working capital management. In particular, year-end trade receivables decreased from £34.9 million to £24.9 million. Dividends paid in the year totalled £39.3 million (2022: £38.2 million). Capital expenditure was £0.7 million (2022: £1.2 million) and tax paid was £12.7 million (2022: £13.7 million).

Mike McLaren
Chief Financial Officer
19 March 2024

1 The adjusted operating profit is calculated before Performance Share Plan credit/ expense (including social security costs).

Risk Management

Effective risk management is critical to the delivery of the Group's strategic objectives and to secure the business for the long term.

Approach to risk

The Board has overall responsibility for ensuring risk is managed effectively across the Group, with a focus on evaluating the nature and extent of the significant risks the Board is willing to take in achieving its strategic objectives – its "risk appetite". The Board controls the approach to risk management and the procedures for the identification, assessment, management, mitigation, and reporting of risks. The Audit Committee takes responsibility for overseeing the effectiveness of sound risk management and internal control systems.

Risk appetite

As above, "risk appetite" defines the level and type of risk the Board is willing to accept to help the Group achieve its strategic objectives. The Group's risk appetite influences operating decisions and is reflected in the way risk is managed. The Group Risk Appetite Statement is reviewed annually by the Audit Committee.

Risk Management continued

Identifying and monitoring key risks

The Board uses the Risk Register as its principal tool for monitoring and reporting risk. The preparation of the register is led by the Chief Financial Officer, supported by the Senior Management Team. The register details the Group's risks, the potential impact of each risk, the likelihood of that risk occurring, the strength of the mitigating controls in place and how these are evidenced. The Risk Register also documents first, second and third lines of defence or "sources of assurance". Input is obtained from all areas of the business, including support functions, as appropriate.
A member of the Executive Team is assigned as the owner of each risk to ensure an appropriate level of focus and accountability to the Board.
The Board formally reviews the Risk Register at the half-year and at the year-end, following a detailed review by the Audit Committee as part of its assessment of the effectiveness of the risk management process.

The risk management process is reviewed regularly by our Internal Audit function. The latest review concluded that our processes are suitable for a business of our size and complexity. The annual Internal Audit programme is planned taking due consideration of the Group Risk Register.

The current Risk Register includes 32 risks categorised as strategic, operational, compliance or financial risks, 10 of which are considered to be the Group's principal risks. The Risk Register was formally updated in early 2024. In March 2024, the Audit Committee and the Board carried out a robust and formal assessment of the Group's emerging and principal risks as set out in the updated Risk Register.

Principal risks

Our principal risks and uncertainties, as set out on pages 30-34, have been assessed in accordance with the processes outlined above. We indicate how each principal risk aligns with our strategic objectives, as set out on pages 12, indicating those aspects of the business strategy that would be impacted by each risk, were it to materialise.

We have made no changes to the net risk scores of our principal risks in this report. In reviewing the profile of our principal risks, we considered the following external factors and how they impact the risks associated with them. Although levels of economic uncertainty and the risk of cyber-attacks undoubtedly remained elevated during 2023, we had already rated the risks associated with these factors as high and have not therefore adjusted their net risk scores.

Economic uncertainty: The global economic outlook remains uncertain as levels of national interest rates and geopolitical volatility remain high. 'Changes in the macroeconomic environment' is our highest-rated risk, with a maximum risk-scoring in terms of likelihood. FDM's Consultant business model remains attractive, offering flexibility to our clients during times of economic, political and social uncertainty. The Group benefits from a robust balance sheet and significant cash balances.

Concentration exposure to particular sectors or clients: The majority of the Group's revenue is generated from the financial services sector, with the result that economic uncertainty or other factors impacting that sector can have a more material effect on the Group's trading. In certain regions, a smaller number of key clients make up a high percentage of the overall Consultant headcount. Client diversification remains a key part of our strategy. Further information can be found on page 11.

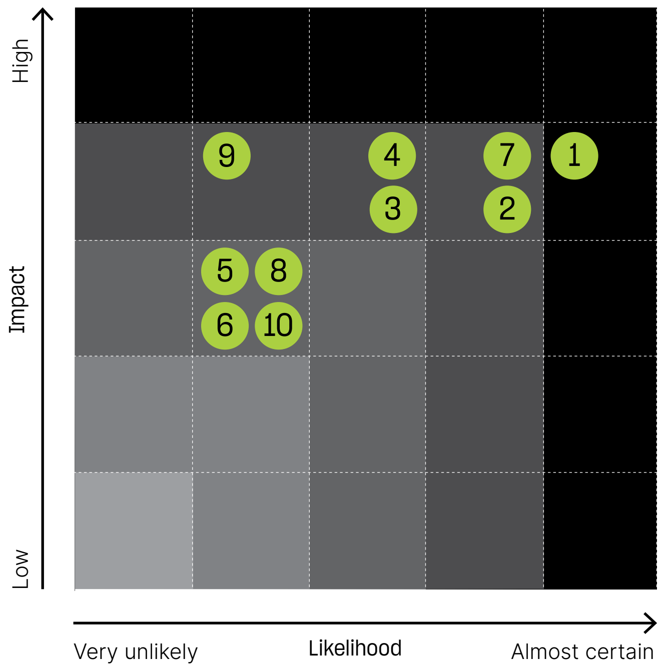
Cybersecurity: The threat of a cyber-attack remains high, in terms of sophistication, frequency of attempts, scale and potential impact. We believe that the current risk profile (risk 7 below) is appropriate as we continue to focus on strengthening our cybersecurity and information-safeguarding capabilities.

Balancing supply and demand of Consultant resource: As a direct consequence of worsening economic conditions, client demand reduced and we saw an increase in our undeployed resource. The business responded, as detailed below. We consider that the mitigations in place for this risk are appropriate, and have not therefore adjusted its net risk score.

The following steps were taken to manage the impact of this risk:

- Significantly reducing Consultant recruitment and training; and
- Actively managing Consultants on the bench, including: holding multi-team resource meetings every two weeks to review the 'Pipeline Management Dashboard', which shows availability by stream and location, enabling us to manage the overall numbers on the bench where appropriate to match the skills most in demand;
- Training and re-skilling Consultants at our Skills Labs, including through the Pods; and
- Investing in creating the Consultant Career Framework, which will enable a more efficient way for Consultants to document and for the Sales Team to see the different experiences and skillsets available (see pages 45-46).

1. Changes in the macro economic environment
2. Concentration exposure to particular sectors or clients
3. Balancing supply and demand of Consultant resource
4. Recruitment and development of highly skilled Consultants
5. Talent development and succession planning
6. Development of new service offerings
7. Business interruption – caused by successful cyberattack
8. Business interruption – caused by natural disaster or other similar events
9. Reputation
10. International regulatory non-compliance



The above diagram shows the net risk score for the principal risks after taking account of controls and mitigations.

Emerging risks

Our risks continue to evolve and an awareness of emerging risks and their potential implications is important in driving our strategic planning and decision-making. We have not identified any emerging risks not already covered in the principal risks section above, or other areas of focus considered below.

Other risk areas of focus

Climate change

During 2023, the Board engaged external consultancy CEN-ESG to assist in updating our climate-related risks and opportunities. The management-level Climate-change Action Group ("CAG") assesses and manages the Group's climate-related risks and opportunities on an ongoing basis. As detailed on pages 52-56, the Group's climate change risk is considered to be low.

As a result, climate change is not considered to be one of the Group's principal risks.

We are aware that our clients in some sectors could be adversely affected by climate change and there is a risk that this affects our own business indirectly as clients' spending decisions are constrained by climate change challenges. We look to mitigate this risk by diversifying the sectors and geographies in which we operate. We also believe that there is an opportunity for the Group to place Consultants to help our clients find and apply the optimal technical and business solutions to the challenges that climate change brings.

Risk Management continued

Strategic risks

Risk and impact	Mitigation	Movement in the year
1 Changes in the macroeconomic environment		No change
A downturn globally or in the territories in which FDM operates, including from geopolitical uncertainties, could curtail demand and the ability of the Group to deploy its Consultant resource, resulting in an adverse impact on revenue, cost and operating profit; a shrinking client base; and a negative impact on share price. **Risk owner:** **Chief Financial Officer** **Alignment to strategic objectives:**	Whilst external factors such as macroeconomic risks are outside the Group's control, the Group has effective measures in place to respond to changes, including robust planning, budgeting and forecasting and resource allocation procedures. An updated three-year plan has been approved by the Board. The flexible nature of the Group's business model enables it to manage resource availability allowing it to flex its cost base in the medium term. Bearing in mind the impact of risk 2 below, the Group is also focused on diversifying its client base both by sector and by geography. The Group's current financial position includes a robust balance sheet with no debt, and significant cash balances.	The global economic outlook remains uncertain as levels of geopolitical volatility remain high. The conflicts in Ukraine, the Middle East and elsewhere continue to exacerbate the broader economic situation. As a result, the Board considers it appropriate to maintain a high rating for this risk. Whilst certain scenarios are outside the Group's control, the Board believes that FDM's business model is flexible, and the agile resource represented by our Consultants remains attractive to clients during times of economic, political and social uncertainty. Whilst the Board will continue to review the measures in place to identify and react to changes in macroeconomic conditions, these factors, together with FDM's strong cash and financial position, give the Board confidence that FDM can continue to respond appropriately to ameliorate the effect of any adverse economic conditions.
2 Concentration exposure to particular sectors or clients		No change
The majority of the Group's revenue is generated from the financial services sector. Some regions have a concentration of headcount in a smaller number of key clients in the financial services sector. A crisis in the financial services sector could reduce revenue significantly and have a negative impact on the majority of the Group's KPIs. **Risk owner:** **Chief Commercial Officer** **Alignment to strategic objectives:**	As above, the Group is focused on growing its client base both by sector and by geography as well as diversifying the services it offers to clients. Diversification into new client sectors forms an element of bonus targets for Directors and staff. Further details of Directors' bonus targets are in the Remuneration Report on pages 109 and 110.	Although the proportion of the Group's revenue generated from the financial services sector has remained broadly similar to the prior year, the percentage of new client wins outside of the financial services sector during the year was 68%. The Group continues to broaden the spread of its service offerings to financial services clients to cover operational, compliance and IT services, in addition to increasing its presence in other sectors.

FDM's four key strategic objectives

- Attract and develop talented Consultants
- Invest in state-of-the-art Skills Labs to provide expert training
- Grow and diversify our client base
- Expand and consolidate our geographic presence through sustainable and efficient means

FDM's four key strategic objectives are explained in more detail on page 12.

Risk and impact	Mitigation	Movement in the year
3 Balancing supply and demand of Consultant resource		No change
An inability to appropriately manage the supply and demand of Consultant resource, resulting in either excess or insufficient Consultant resource would result in lost revenue, increased costs, eroded client confidence and an adverse reputational impact. **Risk owner:** **Chief Commercial Officer** **Alignment to strategic objectives:** Attract and develop talented Consultants	The flexibility of the Group's business model is a key mitigation to this risk. The Group is able to flex the number of Consultants it recruits relatively quickly depending on the Group's near-term resourcing requirements. Multi-team resource management meetings occur fortnightly to ensure supply and demand issues are identified and resolved, and investments in IT enable us to improve forward visibility of supply and demand. The recruitment team maintains strong links to universities and other recruitment channels. The business operates to maximise utilisation and optimise flow through of trainees within the Skills Labs. The Ex-Forces, Returners and Apprentice programmes increase access to a diverse talent pool.	This was the biggest area of focus for the business in 2023. During 2023, the levels of recruitment and training of Consultants were flexed in response to changing client demand, while investing in sufficient resource enabling us to capitalise on any upturn in client confidence.

Operational Risks

Risk and impact	Mitigation	Movement in the year
4 Recruitment and development of highly skilled Consultants		No change
A failure to provide high-quality Consultants to clients could result in a loss of clients and damage to the Group's reputation. **Risk owner:** **Chief Commercial Officer and Chief Operating Officer** **Alignment to strategic objectives:** Attract and develop talented Consultants; Invest in state-of-the-art Skills Labs; Grow and diversify our client base; Expand and consolidate our geographic presence	Presently recruitment is operating at reduced levels, reflecting the end markets we serve. In the meantime, our Recruitment Teams are maintaining regular dialogue with successful applicants to keep them engaged with FDM, so that they are immediately ready to enter the Skills Labs as we return to normal levels of activity. Consultant development and engagement have been enhanced through the Consultant Experience team's Consultant Career Framework. In 2023, the Returners (Business) programme and Ex-Forces Advanced Course were each awarded Tech Industry Gold accreditation for delivery.	The Board monitors and reviews the level of Consultant recruitment levels. There is a broad base of talent from which to recruit through the Graduate, Returners, Ex-Forces and Apprentice programmes.

Risk Management continued

Operational risks Continued

Risk and impact	Mitigation	Movement in the year
5 Talent development and succession planning		No change
The ability of the business to retain and develop key employees, thereby enabling the business to expand. **Risk owner:** **All members of the Executive Team** **Alignment to strategic objectives:**	The Group's Remuneration Policy states that the overall remuneration package should be sufficiently competitive to attract, retain and motivate Executive Directors. The remuneration packages of all employees are reviewed and benchmarked regularly to ensure they remain competitive. We have introduced leadership training through the Future Leaders Development Programme and the Senior Women Leadership Network. Employees' annual development reviews include the identification of training requirements, fulfilled within the following 12 months. The Nomination Committee considers succession matters as a regular agenda item.	Talent development and succession planning includes mentoring and coaching for selected senior managers across the Group. The Group's remuneration packages remain competitive and, for senior employees, include long-term share options to promote retention. The Group operates an attractive Buy As You Earn share plan, available to all employees, to encourage share ownership and drive talent retention.
6 Development of new service offerings		No change
An inability to develop new service offerings and sources of revenue could result in a loss of clients and market share. **Risk owner:** **Chief Commercial Officer** **Alignment to strategic objectives:**	The Consultancy Services team offers clients teams with a range of skills and experience, with senior capability to deliver collaborative solutions for a wide array of technology problems. We have developed Technology Partnerships with key organisations (see page 14). FDM's flexible training model develops and maintains course material relevant to clients' evolving needs. FDM's training is designed to provide high-quality content either face-to-face or remotely. The Group has a range of touch points with clients and alumni, enabling us to keep up to date with developments in the marketplace and to identify client needs.	The Group is responsive to its clients' needs which it identifies through regular contact and feedback. New service offerings are considered and developed and are detailed on pages 13-14. The Executive Directors are actively involved in key client relationships.

FDM's four key strategic objectives

- Attract and develop talented Consultants
- Invest in state-of-the-art Skills Labs to provide expert training
- Grow and diversify our client base
- Expand and consolidate our geographic presence through sustainable and efficient means

FDM's four key strategic objectives are explained in more detail on page 12.

Risk and impact	Mitigation	Movement in the year
7 Business interruption – caused by cyberattack		No change
Major IT system integrity issues or data security issues, either due to internal or external factors, could result in actual financial loss of funds; potential loss of sensitive data with risk of litigation; loss of client confidence; and damage to reputation. **Risk owner:** **Chief Information Officer** **Alignment to strategic objectives:**	The Group continues to invest in technology, whilst further bolstering and driving the advancement of processes and controls to mitigate evolving threats. The Group's IT Security team has significant experience and includes a CISO industry-certified expert. Employees are regularly made aware of the risk of cyberattacks, as well as the appropriate actions to mitigate them, which is outlined in the Global Standard for Technology Security. There are extensive and knowledgeable discussions at the Board and Committees on cyber defence and data protection. Detailed reviews and desktop exercises were undertaken throughout 2023, assessing the management of cyber and technology risks, and more in-depth testing is planned for 2024.	With the ever-increasing global threat of cyberattack, FDM continues to focus on cybersecurity and information safeguarding capabilities.
8 Business interruption – caused by natural disaster or other similar events		No change
A natural disaster, epidemic or similar health-related event, such as COVID-19, which could potentially result in the closure of one or more of our operating locations, the temporary closing down of clients, or the prevention of staff travelling to their place of work in regions impacted by such events, could lead to disruption and a loss of revenue. **Risk owner:** **Chief Operating Officer** **Alignment to strategic objectives:**	FDM has a Business Continuity Plan in place which includes the procedures to be followed in the event of a major issue such as a natural disaster, epidemic or other health-related event beyond the Group's control.	The Group's Business Continuity Plans were updated in 2023 and the Audit Committee received two Business Continuity Plan updates during the year.

Risk Management continued

Operational risks Continued

Risk and impact	Mitigation	Movement in the year
9 Reputation		No change
Reputation is key to the Group maintaining and growing its business. Substandard service or the actions of Consultants or staff could have an adverse impact on the Group's reputation. A failure to manage any subsequent crisis through a lack of reactive procedures could also exacerbate potential damage. Several of the Group's other principal risks could also involve an element of reputational risk if they were to materialise (for example, Risk 4 and Risk 7). Any impact could be far-reaching: failure to meet financial targets; litigation; loss of key clients; and loss of key staff. **Risk owner:** **Chief Operating Officer** **Alignment to strategic objectives:**	Robust recruitment and training procedures are in place which reduce the risk of employing persons whose actions could result in a negative impact on FDM's reputation. FDM has a zero-tolerance policy with respect to any inappropriate behaviour by an individual employed by the Group or acting on behalf of the Group. The Group focuses on strong relationship management and communication with all stakeholders. Our Consultant Experience team checks in regularly with Consultants to ensure placements are going well, and we seek feedback from clients on our consultants' performance where appropriate.	The Group continues to invest in staff development and high quality systems and processes to mitigate the risk of operational failure. The Board regularly consults with its PR advisors. The Group has a dedicated Head of Investor Relations to help manage the relationships with shareholders and stakeholders.

Compliance risk

Risk and impact	Mitigation	Movement in the year
10 International regulatory non-compliance		No change
Failure to comply with international tax, legal, employment and other business regulations could result in significant costs, fines and/ or revocation of business licences. **Risk owner:** **Chief Financial Officer** **Alignment to strategic objectives: n/a**	The Group has robust recruitment and training procedures, which ensure the employment of appropriately skilled personnel in areas where compliance with complex legislation and regulations is required. The Group seeks appropriate advice and engages external advisors as necessary, particularly in overseas locations, and actively manages those relationships. The Group regularly reviews and updates contractual documentation, policies and procedures, aiming for ongoing improvement of the approach to managing business risk. The Group ensures that staff undertake ongoing training and professional studies where required.	The Group continues to invest in appropriately skilled personnel and will outsource where needed in areas where compliance and expertise are required. The Group's in-house Legal and People Teams are augmented as required by external advisors with specialist experience and knowledge of the countries in which the Group operates.

Viability statement

The Directors have assessed the prospects of the Group in accordance with Provision 31 of the 2018 Code.

The period selected by the Board for its assessment is three years. This period was chosen for the following reasons: the core of FDM's business is the Consultant model, and three years represents approximately the average life cycle of Consultants' engagement with FDM and the Group's normal investment cycle in its most important asset. Further, the Group's strategic plan covers a period of three years and is underpinned by robust financial budgets, forecasts and a three-year financial plan.

In making its assessment and against a backdrop of challenging market conditions that began in the second quarter of 2023, the Board reviewed the Group's current financial position and prospects, the longer-term sustainability of the business model, the Group's cash flow requirements and other key financial assumptions over the three-year period and carried out a sensitivity analysis of certain of those assumptions as appropriate. The sensitivity analysis included a low case scenario in which headcount reduced from 3,892 at week 52 2023 to 2,500 at week 52 2024 and there was no subsequent growth in headcount for the following two years. After applying the sensitivities, our modelling showed that the Group would still maintain a healthy cash balance while maintaining our current dividend payment policy, without utilising any third-party debt.

In assessing its viability, the Board has considered the principal risks affecting the Group. Together with the risk of climate change, which was assessed as having a low net risk on the business, the Board evaluated how these risks might impact the Group's future performance, solvency and liquidity. The sensitivity analysis noted above also considered the impact of certain principal risks. Individually, and when considered together, no reasonable combination of sensitivities could result in the Directors altering their view of the Group's viability.

The Group's financial position is robust with cash balances of £47.2 million at the end of the year and no external debt.

Based on the results of this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

Sustainability Report

UN Sustainable Development Goals

Improving the sustainability of our business can benefit all our stakeholders, as we can deliver a broader impact on the lives of those in our stakeholder communities.

In partnership with governments, the private sector and civil society, the United Nations ("UN") 17 Sustainable Development Goals ("UNSDGs") aim to improve the lives of future generations. We have reviewed the UNSDGs and identified six goals that are most closely aligned to our business and strategy, and will look to implement our strategy in a way that will best support the achievement of these goals.

United Nations Sustainable Development Goals	Our contribution	Examples
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Our recruitment processes are designed to be as inclusive as possible.	Our training programmes are available to anyone who can show us that they have the aptitude and attitude to thrive.
Achieve gender equality and empower all women and girls.	Women currently make up 32% of our global workforce. We are committed to improving gender balance in our teams around the world, making our business more robust and sustainable.	We are a signatory to United Nations Women's Empowerment Principles ("UNWEP"), and we run various initiatives designed to create a more gender-balanced workforce for FDM and our clients.
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Our reputation is dependent on the people we employ. We treat our employees fairly and help them to launch rewarding careers in technology.	We provide our graduates, ex-Forces personnel, returners to work and apprentices with bespoke IT and business training, together with invaluable industry experience gained whilst deployed with our clients.
To reduce inequalities within and among countries.	We take action to improve social mobility in the workplace to identify, access and progress talent from all backgrounds.	Our Apprenticeship programme takes school leavers from a wide range of backgrounds through to achieving a university degree, all funded by FDM.
Ensure sustainable consumption and production patterns.	We are committed to reducing the impact of our operations on the environment by making our consumption of energy and materials as sustainable as we can.	Our on-site and hosted infrastructure uses a cloud-based solution using modern datacentres to increase energy efficiency and to reduce our carbon footprint. Where possible, our old IT hardware is donated to charities and schools who can continue to use it.
Take urgent action to combat climate change and its impact.	The Group is committed to reducing its Scope 1, 2 and 3 greenhouse gas emissions (see pages 60 to 61).	In 2023 we undertook our first survey of employee commuting. We continue to; liaise with our landlords to reduce our emissions from electricity consumption; and engage with our top suppliers to reduce emissions from our purchased goods and services.

People and communities

The long-term prosperity of the business continues to be achieved through an inclusive and collaborative approach with consideration to our key stakeholders; our employees, clients, investors, and the communities in which we operate. Throughout 2023, we continued to promote diversity and inclusion in the workplace to enable equity, with the aim of contributing to the success of our business and the achievements of our people.

We encourage our employees to be themselves at work, and to play a part in creating and fostering an inclusive and open workplace where everyone can thrive. We know the positive impact that a diverse workforce has had on our business, and this is an important factor which makes our Consultant model so attractive to many of our clients.

Our people

On the following pages we publish data on certain characteristics shared by our people. However, we understand that the reality is more complex, with intersectionality, overlap and differences within each group. We recognise that each employee has a unique identity, and that our people's experiences can be more nuanced than it is possible to express in a matrix of data. We celebrate these differences. It is important that we create places where our employees feel safe, have the opportunity to thrive and are encouraged to be their true selves at work, as this promotes personal wellbeing, psychological safety and employee engagement.

Diversity, equity and inclusion

Our purpose is to help people forge long-term careers whilst driving diversity, equity and inclusion. We are proactive and enthusiastic promoters of diversity, social mobility and inclusion within our workplaces. FDM's inclusive Programmes aim to ensure that everyone begins their professional life on an equal footing. Our assessment processes are designed to spot a range of qualities including candidates' potential.

We encourage applications from candidates with non-STEM (Science, technology, engineering, and mathematics) backgrounds. We use tools to assess behaviours and aptitudes of applicants, providing us with guidance as to whether candidates have the behaviours required for success on our programme. We measure their aptitude in processing information, their ability to respond in a logical manner, and whether they have the required numerical literacy to enable them to do well in our training. The guidance provided by these assessments helps us in the final strength-based interview stage of our selection process.

TECHTALENT CHARTER

FDM is a signatory to the Tech Talent Charter, a UK government-supported, industry-led membership group that equips signatories with the networks and resources to drive their diversity and inclusion efforts.

We value the fact that our colleagues come from a wide range of backgrounds, and we look to be representative of the communities and geographies in which we operate.

We aim to measure our success in recruiting a diverse workforce of Consultants by carrying out analysis, and where we have sufficient data recorded by the FDM entity, subject to local national legislation, we publish our results. It includes the following groups of respondents, together with the response rate of those that chose to disclose for each group: UK Consultants (95% response rate); US Consultants (100% response rate); Canada Consultants (67%); UK internal staff (91% response rate); US internal staff (96% response rate); and Canada internal staff (82% response rate). We are working to obtain data for employees from other entities within the Group. By measuring specific characteristics across the employee groups we can assess how the business and our recruitment policies are performing with reference to diversity.

Ethnicity

% of those that chose to disclose identify as:

	UK Consultants 2023 %	UK Internal staff 2023 %
Arab or Arab British	2%	0%
Asian or Asian British	29%	17%
Black or Black British	13%	6%
Mixed or Mixed British	3%	3%
White or White British	46%	67%
Other	4%	3%
Prefer not to say	3%	4%
	100%	100%

Ethnicity

% of those that chose to disclose identify as:

	US Consultants 2023 %	US Internal staff 2023 %
American Indian/ Alaskan Native	0%	0%
Asian	23%	9%
Black or African American	16%	13%
Hispanic or Latino	12%	14%
Native Hawaiian or other Pacific island	0%	0%
Two or more races	7%	7%
White	35%	55%
Prefer not to say	7%	2%
	100%	100%

Ethnicity

% of those that chose to disclose identify as:

	Canada Consultants 2023 %	Canada Internal staff 2023 %
Black	5%	6%
East Asian	13%	8%
Latin/ Hispanic	2%	8%
Middle Eastern/ West Asian	5%	16%
South Asian	41%	17%
Two or more ethnicities	2%	4%
White	8%	34%
Other	20%	4%
Prefer not to say	4%	3%
	100%	100%

Religion

% of those that chose to disclose identify with:

	UK Consultants 2023 %	UK Internal staff 2023 %
Buddhism	1%	1%
Christianity – Evangelical/ Protestant	9%	8%
Christianity – Other	10%	12%
Christianity – Roman Catholic	9%	8%
Hinduism	8%	4%
Islam	16%	10%
Judaism	0%	1%
No religion	35%	43%
Sikhism	2%	2%
Other	2%	2%
Prefer not to say	8%	9%
	100%	100%

Sexual orientation

Do you identify as LGBTQIA+?
% of those that chose to disclose:

	UK Consultants 2023 %	UK Internal staff 2023 %
Yes	6%	6%
No	86%	85%
Prefer not to say	8%	9%
	100%	100%

Sexual orientation

Do you identify as LGBTQIA+?
% of those that chose to disclose:

	Canada Consultants 2023 %	Canada Internal staff 2023 %
Yes	3%	7%
No	93%	85%
Prefer not to say	4%	8%
	100%	100%

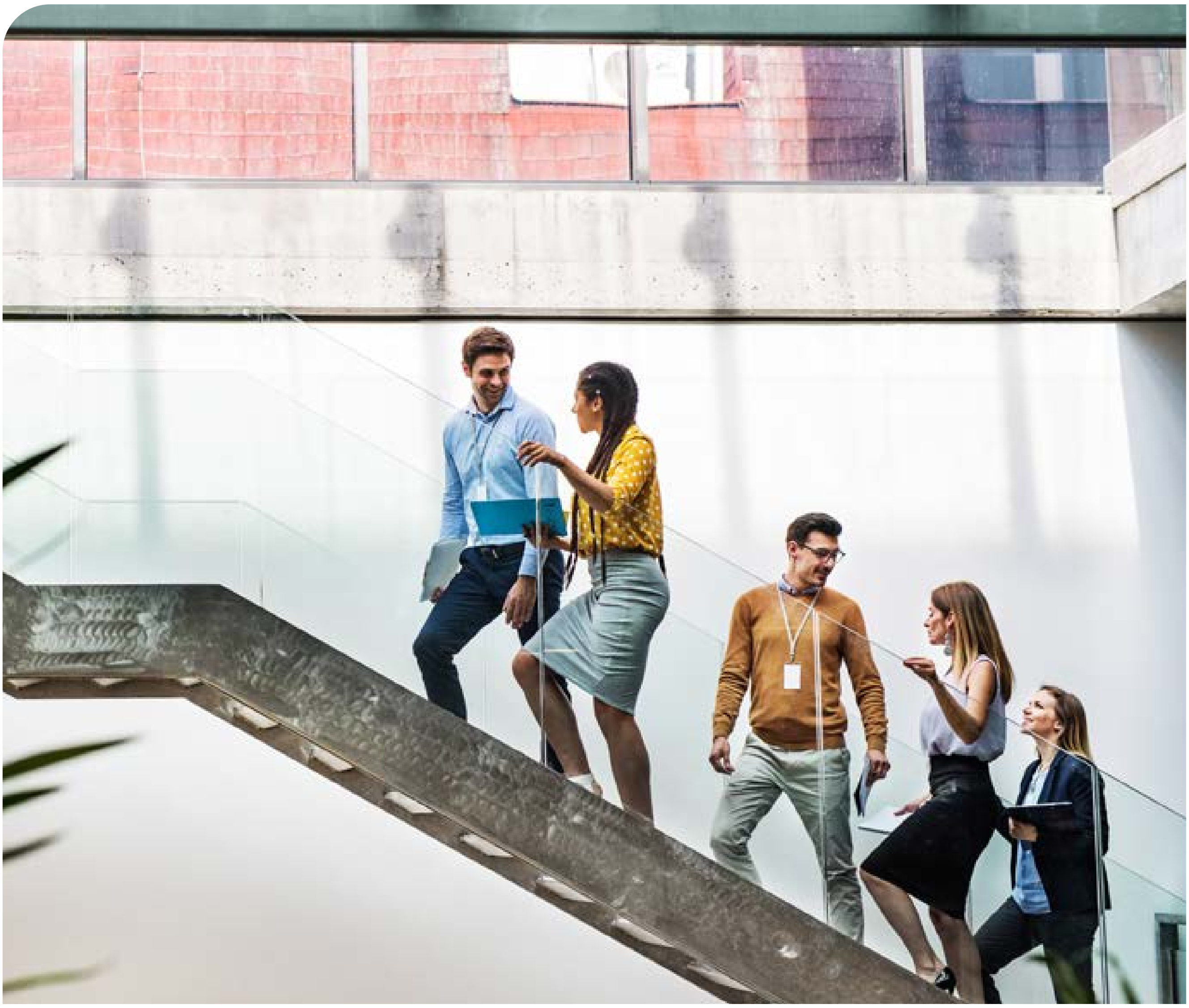
People and communities continued

Supporting social mobility

We are proud to have been ranked 34th in the Social Mobility Foundation's Employer Index for 2023. The index recognises the UK employers who have taken the most action on social mobility in the workplace, to identify, access and progress talent from all backgrounds. We strive to support people from low opportunity communities, promoting equal opportunities for career success regardless of socioeconomic demographic.

We have furthered our ongoing relationship with 'The Cornerstone' network through our involvement with FutureGoals' Enterprise Adviser Programme. This is a network of business volunteers connected to secondary schools and colleges to prepare young people for the world of work. Our collaboration with 'The Cornerstone' will forge stronger links between employers and education, creating opportunities for FDM to access new talent and shape the Company's future workforce.

In celebration of International Women's Day, we hosted a Digital Bootcamp for students from under-represented groups. We combined the session with a confidence-building workshop and the opportunity for the students to showcase their learned skills to internal stakeholders. Additionally, we hosted 'IamRemarkable' sessions with our University Partners. 'IamRemarkable' is a Google initiative empowering women and other under-represented groups to celebrate their achievements in the workplace and beyond.



Engagement with schools

We aim to tackle inequality through partnering with schools in social mobility cold spots where there is higher dependence on the UK Government's pupil premium grant funding (which aims to improve educational outcomes for disadvantaged pupils in state-funded schools). By working with these schools we hope to encourage enthusiastic pupils to pursue a career in tech. The Apprenticeship Programme also provides an opportunity to focus its efforts with the early career year groups. This academic year (from September 2023), FDM will curate a series of workshops and bootcamps with a number of schools in London and Leeds to give the students an opportunity to gain an understanding of what it is like to work in the tech industry.

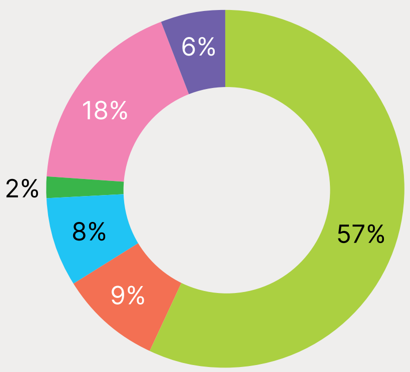
Through targeted initiatives with females, we aim to dismantle some of the stereotypes that are preventing capable young women pursuing an interest in tech.

In 2023, we supported the Apprenticeships and Technical Education Programme, run by West Yorkshire Combined Authority and Amazing Apprenticeships. FDM works closely with students from local secondary schools and colleges with the aim of increasing knowledge and giving experience of apprenticeship opportunities as well as the application process.

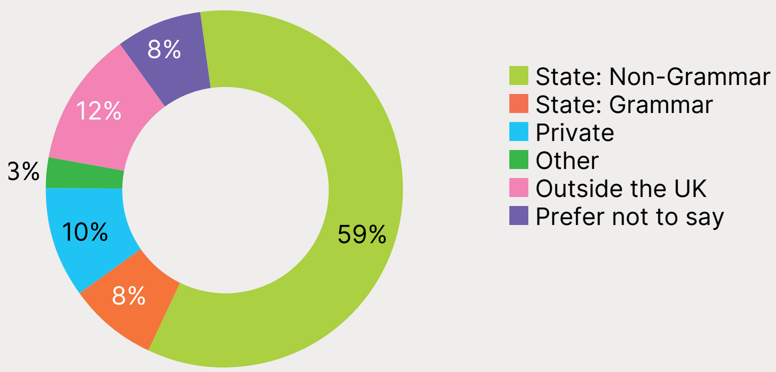
Our recruitment processes are reviewed regularly and designed to be as inclusive as possible. For example:

- our opportunities are available to everyone who can show us that they have the aptitude to thrive on our programme and have the attitude that our clients are looking for;
- we use strength-based interview questions throughout the process ensuring candidates are not assessed on previous experience or social capital; and
- all staff involved in interviewing applicants undergo training to raise awareness of the potential impact of unconscious bias and to mitigate this in the assessment process.

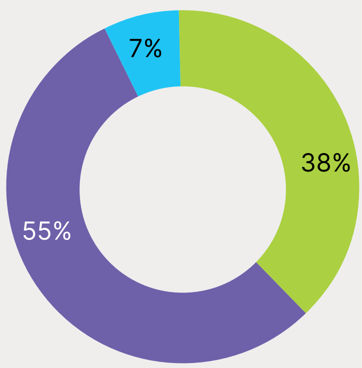
School type attended
UK Consultants 2023



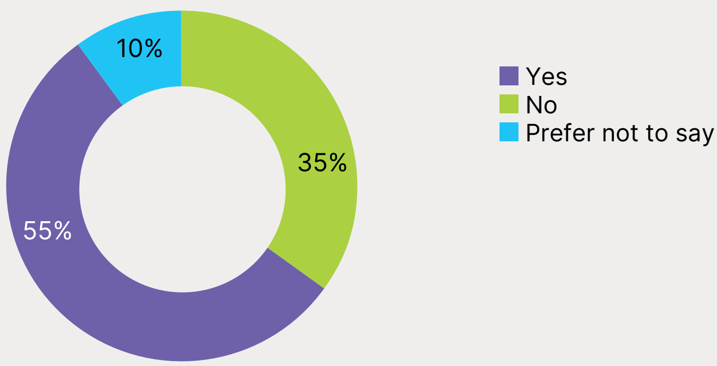
School type attended
UK internal staff 2023



First in family to attend university
UK Consultants 2023



First in family to attend university
UK internal staff 2023



People and communities continued

Gender equality

We have been a signatory to the United Nations Women's Empowerment Principles ("UNWEP") since 2013 and have a strong tradition of recognising and celebrating the achievements of women in the IT industry. We aim to provide opportunities for candidates at all stages of their careers. We recognise the achievements of female FDM Consultants every week with Women in Tech Wednesdays. This is a testament to the number of talented Consultants that deliver positive outcomes for our clients. We also leverage our social channels to share their success, shining a spotlight on our people.

#SheLivesTech: Inspiring the next generation of women in tech

We held a series of events as part of our She Lives Tech initiative to inspire the careers of our female FDM Consultants working in the tech sector. This includes the She Lives Tech digital bootcamp and showcase. We had attendees from a variety of degree disciplines and they were tasked with creating interactive web applications from scratch. They showcased their work in our FDM centres on International Women's Day.

In April 2023, we also had female Consultants join our She Lives Tech cohorts in Software Development and Data Engineering. These programmes trained them in programming languages such as Python and Java before placing them on-site with clients.

FTSE Women Leaders

In February 2023, FTSE Women Leaders ranked FDM 12th in their 'FTSE 250 Rankings 2023 Women on Boards and in Leadership' and we achieved the highest position amongst participants in the Industrial Goods and Services sector category for the level of gender diversity in our senior management team.

FTSE Women Leaders (previously the Hampton-Alexander Review) is the UK's independent, voluntary and business-led initiative supported by the UK government, aimed at increasing the representation of women on FTSE 350 Boards and in their Leadership teams. We are proud that we meet the target to have women make up at least 40% of Board members, which has now also been included in the FCA's Listing Rules. With this in mind, we monitor our demographic data regularly to help inform action plans and areas on which to focus, from attraction and recruitment right through to progression and retention. See page 46 for details of our Senior Women Leadership Network.

The table below shows the gender split at different levels within the Group as at 31 December 2023.

As at 31 December 2023	Number of males	Number of females
On the Board	6	4
Within senior management (Executive Team)	6	1
Within senior management team and their direct reports	24	22
All employees	3,807	1,830

Included in the above global statistics are the following legal gender metrics (as at 31 December 2023):

- UK employees: 33% female, 67% male

We recognise that the above gender information is binary and that our employees have their own gender identity. In 2023, our UK employees identify as follows:

- UK Consultants: 29% female; 69% male; below 0.5% identify as either non-binary or transgender or other; and 2% prefer not to say.
- UK internal staff: 43% female; 54% male; below 0.5% identify as non-binary; and 3% prefer not to say.

32% of our worldwide employees are female. Our UK mean gender pay gap reported in 2023 was -7.6% (2022: -4.0%), and our median gender pay gap for the same period was -4.3% (2022: -4.3%) meaning that our median female employee is paid more than our median male employee. These figures are significantly better than average for the UK where the average median pay gap reported for full-time employees was +7.7% (Office for National Statistics – Annual Survey of Hours and Earnings 2023). We monitor these results and keep our policies under review.

Disability

The Group gives full and fair consideration to the employment of disabled people. Throughout the recruitment and selection stages, we encourage candidates to disclose any reasonable adjustments they may require, to remove barriers and to ensure all candidates have the opportunity to be successful. These adjustments may include, for example, providing additional equipment, adapting our telephone screening process or adjusting our assessment day interviews and tests to suit individual needs. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group can continue either in their current role or in a suitable alternative. The Group endeavours to make any reasonable adjustments to enable disabled employees to fulfil the responsibilities of their job role. It is the Group's policy to support disabled employees in all aspects of their training, development and promotion. The Group recognises and delivers training to managers working with employees who require an adjustment due to disability.

We have been a member of the Business Disability Forum since 2017 and are recognised as 'Level 1 Confident'. The specialist advice and support which it provides enables us to improve our understanding of how we can enhance our accessibility to disabled employees, clients and other visitors to our premises.

Disability

% of those that chose to disclose

	UK Consultants 2023 %	UK Internal staff 2023 %
Identify as having a disability	6%	5%
Identify as not having a disability	91%	89%
Prefer not to say	3%	6%
	100%	100%

Disability

% of those that chose to disclose

	Canada Consultants 2023 %	Canada Internal staff 2023 %
Identify as having a disability	2%	1%
Identify as not having a disability	96%	93%
Prefer not to say	2%	6%
	100%	100%

Disability

% of those that chose to disclose

	US Consultants 2023 %	US Internal staff 2023 %
Identify as having a disability	2%	4%
Identify as not having a disability	92%	88%
Prefer not to say	6%	8%
	100%	100%

People and communities continued

Programmes

In addition to our main Graduates Programme, we also invest in programmes for Returners, Ex-Forces and Apprentices as detailed below.

Returners

Our Returners Programme aims to address the challenges faced by professional individuals who have taken a planned career break. It gives them the opportunity to re-enter the workforce at a level appropriate for their experience. Our returners to work typically have between 10 and 15 years of experience and are a valuable source of experienced talent for our clients. Our programme aims to provide participants from a diverse range of social, ethnic and educational backgrounds, and from a wide range of age groups, with intensive training to learn new skills, refresh existing knowledge and help individuals to regain the confidence to return to their business careers. On average the participants on the programme have had a career break of around five years. More than 500 careers have been relaunched since our Returners Programme began.

Ex-Forces

We recognise that people who have served in the Armed Forces have many transferable skills for a successful career in the corporate world, ranging from adaptability and maturity to responsibility and leadership. Our dedicated Ex-Forces Programme in the UK and USA provides training to ex-Forces personnel in relevant technical, business and commercial skills. We facilitate a smooth transition into the civilian workplace and offer deployment as one of our Consultants. The Programme is run by ex-service personnel and employs ex-servicepeople from all ranks across all three services. We are proud holders of a Gold Award from the UK Government's Defence Employer Recognition Scheme, acknowledging our strong commitment and drive in delivering our pledges under the Armed Forces Covenant, to which we are also a signatory. We have again been ranked as one of the Military Times Best for Vets Employers in 2023. We have relaunched more than 1,000 careers since our Ex-Forces Programme began.

Apprenticeships

Our apprentices have the opportunity to gain university degree qualifications whilst developing the skills required to succeed in key IT roles. We provide school leavers from a wide range of backgrounds with technical and skills training while enabling them to achieve a university degree over three years, all funded by FDM.

Apprenticeships: UK

The UK Apprenticeship Programme aims to deliver a new, highly skilled technical talent pipeline while creating opportunities for a career in technology for anyone regardless of background. Driven by a desire to increase access to and participation in Higher Education, the programme aims to include students from under-represented groups.

Our first four apprentices from 2020 completed the programme and graduated with first class and upper second class degrees in September 2023 and have all been retained by the business, progressing into graduate-level roles with permanent contracts. The programme has been expanded so that we now have 35 apprentices across Leeds, Brighton and London. We have partnered with the London arm of Northeastern University London for our London-based apprentice degree students and we continue to work with Sheffield Hallam University. The three-year, fully-salaried programme at levels 4-6, combines on-the-job learning alongside a BSc degree in Digital and Technology Solutions with FDM meeting all of the associated costs.

By mirroring our existing programmes and partnering with clients to provide work placements, our objective is to expand talent pipelines of young people, from a wide socio-economic catchment, into business to bridge the digital skills gap while upskilling them in new technologies. In October 2023 our application to join the Department for Education's Flexi Apprenticeship Agency was successful and we are now able to deploy apprentices into all client sectors, allowing us to expand the programme outside of the internal opportunities that FDM provides. The first apprenticeship placement has been secured and the focus for the next twelve months will be to expand the number of client opportunities available.

70% of our current UK apprentices are from an ethnic minority background and 47% are first in their family to go to university.

The programme also aims to increase participation of females in technology and is partnering with all-female schools, such as Harris Academy (Bermondsey) and Batley Girls High (Leeds) to help students understand what a career in technology could look like and give them the confidence to apply. Participating universities are selected to ensure that the curriculum fits with employer needs and taking account of location to appeal to local students in inner-city areas from the right demographic. Each apprentice receives an employer-appointed mentor and is given a minimum of one day per week of off-the-job training time for university study as well as exposure to specific employment experiences in order to cover the requirements of the degree curriculum.

Apprenticeships: Australia

In Australia, we continue to work with a leading professional services firm on its Technology Traineeship. This involves high school graduates from Sydney joining a three-year Technology Traineeship programme to launch their careers in technology as an alternative career pathway to university. Our Technology Traineeship programme offers each trainee a mixture of FDM's bespoke training, followed by rotations in key technology business units within a leading professional services firm. The apprentices work on real live technology engagements, while gaining micro-credentials and New South Wales state certified training qualifications. During the course of the Technology Traineeship, each trainee is supported with buddies and FDM's support network. The Technology Traineeship proved successful in 2022 and in 2023 we recruited a further ten high school leavers with a pipeline of an additional ten apprentices for 2024. This will bring the total on the programme to thirty by 2024.

Employee development

Consultant experience

The purpose of the Consultant Experience team is to deliver a desirable, inclusive and engaging experience focused on career enhancement and community. Consultants have support and career guidance available to them from Consultant Experience Partners while working on assignment with our clients. The Consultant Experience Partners act as career coaches for our Consultants to empower them to explore their career goals using the Career Framework (see below), understand how they can achieve their goals and define what success looks like for them. The Consultant Experience Partners also use their expertise to work with client line managers and Consultants to facilitate regular feedback ensuring a positive assignment.

Together with Sales Account Managers and the respective client line manager, the Consultant Success Team arranges formal touchpoints with Consultants to receive feedback on their assignment and gauge sentiment. The team enables us to take a data-driven approach to continuously improve the Consultant experience. The touchpoints are an effective support mechanism, which, along with the social events that the team runs for Consultants, help build relationships.

Our Consultant Peer Support network of experienced Consultants helps introduce new Consultants to those already working on assignment, to help onboard and settle them into their new role. We hold regular face-to-face events at client sites and off-site events to strengthen connections between peers.

We have a significant alumni network and whilst we have always remained connected with our alumni, the Consultant Experience department, in collaboration with the Sales team, will increase the engagement with those who have come through our various programmes over the years to continue to strengthen our alumni network. Through continuing to build and engage with our extensive alumni community, our aim is to develop and maintain an effective ecosystem to create learning and development, professional networking and increased career opportunities for our past, present and future Consultants.

Consultant Career Framework

In 2023, we developed our Consultant Career Framework, which along with career coaching support, empowers our Consultants to articulate and work towards their career goals. Our career framework is skills-based enabling us to support non-linear careers and promote the benefit of Consultants having a flexible mindset to harness the wealth of opportunities our clients offer. At FDM, we understand the importance of our clients being able to have the organisational agility to deploy the right skills at the right time to the right projects. Consultants are encouraged to focus on developing their skillset through taking on new challenges rather than seeing a job description as a finite list of requirements.

People and communities continued

Alongside our career framework, we are currently implementing processes to support ongoing development, performance awareness and career progression. We have applied an inclusive design approach to ensure that we can track and assess the career outcomes for people from diverse backgrounds. Being data-driven underpins our career framework and its supporting practice, which allows us to learn and improve from the insights gained. As our Consultants build up their skillsets through experience with our clients, we support validating new skills to add to their digital profile so our Sales team can effectively align an individual's current skills, capability, and experience to open client opportunities. In future, this will enable us to predict future skills gaps and understand trends in technology as they emerge.

Employee opportunities

We provide our people with a range of opportunities for their development, including face-to-face and online training on diverse subjects. Ongoing learning and development for our Consultants is supported through access to e-learning platforms such as LinkedIn Learning, Intuition Knowhow, Skillsoft and our own bespoke Skills Labs' materials. Alongside the coaching, mentors also help Consultants to identify development areas and skills gaps so they can signpost individuals to resources or opportunities.

Via the Skillsoft platform we provide our employees with a range of compliance-related topics, with each employee receiving modules when they start and refresher modules annually. Alongside our compliance training we provide an Inclusivity Awareness Programme, covering Diversity, Equity and Inclusion topics. Topics such as unconscious bias and disability awareness provide our employees with an inclusive mindset to apply to recruitment or to their day-to-day work.

Our Pods continue to be run globally and provide Consultants with hands-on, project-based experience of working in cross-functional groups using an Agile methodology. Pods produce Consultants who are able to get up to speed quickly and deliver what our clients need most effectively. With the support of the Skills Labs, we have provided training to internal staff in Scrum and Agile methodologies, whilst also providing workshops to Consultants in skills such as coaching, leadership and time management. Several of our colleagues are currently undertaking study toward FDM-sponsored degree-equivalent or higher qualifications.

Accreditation

Our Consultant training is accredited to Gold Standard by TechSkills. This is the industry 'kitemark' for tech related education and training (see next page).

Leadership training: Future Leaders Development Programme

We identify future leaders within the business and offer them the opportunity to participate in a detailed programme of coaching and support. The Future Leaders Development Programme runs over ten months, and includes discussions, group exercises and one-to-one coaching to build the interpersonal excellence of a strong leader. The programme covers building relationships, communication, influencing, the psychology of leadership and getting the most out of the people.

Leadership training: Senior Women Leadership Network

In 2023, the Senior Women's Leadership Network was created to influence and champion change so that FDM may continue to push the agenda forward both internally across the business and externally among professional business communities. The group aims to create role model female leaders while contributing to retention and progression pathways for future female leaders who aspire to senior positions.

Accreditation

Foundation Certification

In 2023, FDM added two career transition training programmes to its catalogue of accredited courses; Returners (Business) Programme and Ex-Forces Advanced Course. We now have ten programmes accredited at Tech Industry Gold Foundation level, the other eight are at graduate level.

All Foundation accredited training programmes are now available across our UK and EMEA Skills Labs. In total, 325 Consultants completed accredited training in 2023 across the ten available programmes (2022: 653 Consultants completed accredited training across eight programmes). The number of Consultants being awarded Foundation credentials closely tracks the overall numbers recruited for training in our Skills Labs.

Returners (Business) Programme and Ex-Forces Advanced Course

Consultants from these programmes differ from our graduate intake in many ways, including:

- that they come from various mid-career positions;
- after initial training, they go into a wide variety of roles; and
- much of the training they receive is focused around refreshing previous knowledge and skills, as well as building confidence to apply these and new knowledge and skills in a different working environment.

The credentials awarded to successful Consultants on these programmes showcase their special achievements and capabilities.

Tech Industry Gold Certified Practitioner Programme

In 2022, FDM was successfully accredited to administer a scheme leading to a credential which is awarded to graduate Consultants who have completed 18-24 months of assignments with clients, applying and practising what they have learned in their initial training in a reflective way on-site. This credential is known as “Certified Practitioner”. Consultants are awarded this credential at around the two-year mark with FDM if they present a satisfactory portfolio of their experience, at which point there is a rigorous assessment process, quality assured by our accreditation provider, TechSkills. The Certified Practitioner Programme has benefits for FDM, Consultants and our clients in the following ways:

- it provides Consultants with recognition for practical achievement in the workplace;
- clients benefit from motivated Consultants who are demonstrating their commitment to improve their professional practice and progress their careers; and
- it assists FDM in the retention of motivated Consultants.

People and communities continued

Employee engagement

Employee Networks provide an inclusive place for discussion and learning and a sense of belonging. They were created by our people for our people, providing an opportunity for individuals to share their experiences and support each other. They also enable valuable and productive consultation with the business on process, policy and learning. During the year each Employee Network has held various events and campaigns on Viva Engage (previously called Yammer), including for example, Charity Book Drive, Neurodiversity Week, LGBT History Month and Indigenous History Month.

We continue to monitor employee engagement through Group-wide surveys and listening sessions with Jacqueline de Rojas, our Non-Executive Director responsible for ‘FDM Voices,’ our programme to help ensure that voices of our employees are heard at Board Level. Jacqueline also led numerous focus groups so she could explore a range of topics directly with our Consultants and internal staff.

In 2023 we carried out a survey to give all our employees an opportunity to express their views on a range of subjects to enable us to identify areas for improvement. The survey covered themes such as: employee sentiment and advocacy; career and personal development; organisational and personal commitment; workload; line manager support; perception of alignment of values; and the subjects of diversity, equity and inclusion. The survey has provided some insights into our strengths as well as those that are important to our staff for us to target for improvement.

Our social collaboration platform Viva Engage (previously called Yammer) enables our employees to keep up to date with news and upcoming events whilst communicating with fellow FDM employees across the globe. This internal communication tool allows us to stay connected with our Consultants when they are on a client assignment, helping to foster a sense of belonging with FDM.

Wellbeing

Our global Employee Assistance Programme provides all employees with access to a 24/7 confidential helpline for support, guidance and resources, and structured counselling. We have also hosted drop-in sessions, informational talks and listening circles to help remove the stigma around mental ill health. Employees receive support from trained Mental Health First Aiders throughout FDM.

Recognition

We believe it is important to recognise and reward the commitment and hard work of our colleagues. The FDM Consultant of the Month and FDM Stars initiatives reward those that excel, as nominated by our clients or other employees within the business. We recognise and reward the commitment and contribution of employees who have completed five, ten, twenty, and even thirty years with FDM.

Our Buy As You Earn share plan is open to all employees, providing a longer-term incentive to enable participants to share in the success of our business and reap the rewards of their contribution to our shared goals. At year end our Buy As You Earn share plan had more than 150 participants, who had demonstrated their commitment to the business by setting aside a portion of their monthly salary to purchase shares in FDM. The shares purchased are matched with additional shares for those who hold their shares and remain in employment for the required period.

Employee Networks

Employee Networks are the voice of our employees and play a vital role in fostering an empathetic and inclusive culture.

L.E.A.D.

Leading, educating and supporting diversity, this network provides a platform to connect and build a community for Black, Asian and Ethnic Minorities within FDM.

Unique

Supporting employees with visible and non-visible disabilities, including long-term illness and mental health conditions. Unique aims to create a place where people of different abilities feel welcome and included.

Elevate

Aiming to unify, empower and celebrate gender diversity at FDM, the network provides employees with a voice through sharing experiences, challenges and ideas.

Care

This network provides a safe and respectful space for the increasing number of carers and caregivers within FDM. Members raise awareness, understanding and offer practical help and support.

Pride

Through education and representation, the network supports all LGBTQIA+ employees by creating a space that encourages authenticity within the workplace.

Faith

A platform that encourages employees of all beliefs and religions to support each other and share experiences.

People and communities continued

Partnerships

We work with numerous charitable partners and community groups through a combination of employee volunteering, donations, and employee time. We tailor our community activities to reflect the needs and interests of the communities in which we operate, prioritising programmes that use our training expertise to illustrate the possibilities surrounding a career in technology – particularly for underrepresented groups – and require that each of our charitable ventures aligns with our values.

University Partners

Our close relationships with our University Partners continue. Our Recruitment team attended 657 university events (2022: 780). The overall number of recruitment events decreased as we continued to change the mix of events to attend more face-to-face and fewer virtual events in 2023. Face-to-face events are more personal to potential candidates and more impactful.

FDM Attraction Events

Events continue to operate on a hybrid basis, which promotes opportunities for wider student and university outreach. In 2023, the number of in-office and on-campus fairs and events increased. Using both formats allows us to connect with students who are more comfortable engaging in person or virtually, and with or without their peers.

Events include technical content for those with a STEM background as well as those from other courses who would like to upskill; information about the diverse, equitable and inclusive culture at FDM; and employability skills to help students and graduates. Events are open to students from all universities and degree subjects.

We have provided digital bootcamps focusing on Excel, introductory sessions on Python, SQL, HTML and CSS, and sessions that explain to students from all degrees which of the skills they will gain at university will be useful in a career in IT. These events enable us to engage with a new audience of non-technical students, helping them to gain practical skills which they can use elsewhere, including when applying for graduate roles with FDM. We believe our digital upskilling bootcamps provide unique interest for students in a sector where the market for job opportunities is buoyant.

Hackathon: u-Hack university challenge

FDM u HACK

In Summer 2023, we held the u-Hack university challenge which offered students an opportunity to work as part of a team that operated as a mini-consultancy firm. This involved speaking directly to key stakeholders to create a wireframe for use in mapping out the main features and navigation of a new web platform. This gave attendees an insight into consultancy through work on a real-world project. They also learnt the fundamentals of the Agile project management philosophy and the Scrum methodology and gained insight and experience of working in an Agile environment. We focused promotion on final year students and had participants from 19 UK universities.

University Partnership's 'Curriculum Projects'

In support of our UK University Partners, in 2023 we participated in nine university curriculum and consultancy-based projects with over 500 student participants. We designed, delivered, and supported the students with project briefs that contributed towards their university grade and/ or experience. These projects gave students from all degree backgrounds the opportunity to gain commercial insight, experience working on live business challenges and the opportunity to build relationships with industry professionals, whilst developing their soft skills.

Charity involvement

Donation of IT hardware

During the year we donated computers, refurbished by our IT team, to schools in the UK and New York City.

Walking With The Wounded

WALKING WITH THE WOUNDED

Spearheaded by the Ex-Forces team, our employees are involved with Walking With The Wounded, a UK charity that delivers employment, mental health care coordination and volunteering programmes in collaboration with the NHS to support those who served in the Forces, and their families, whether mentally, socially or physically wounded, in reintegrating back into society.

In 2023, FDM was a lead partner of Walking With The Wounded's Cumbrian Challenge, with numerous FDM UK teams participating in the hike and raising funds.

Changing Faces

CHANGING FACES

We are proud to partner with Changing Faces for a second year running. The UK-based charity provides support services for people with visible differences or disfigurements. The partnership epitomises our values as an organisation, accepting people for who they are, rather than what they look like. In 2023, FDM staff participated in various charity fundraisers in support of Changing Faces. We will continue to foster a culture committed to an inclusive, non-discriminatory workplace.

Our clients and shareholders

Our business development teams develop relationships with our clients to gain insight and understanding of their evolving requirements. We work closely with our clients through the process of interviewing and selecting our Consultants for deployment on client projects, which enhances our understanding of the skills and qualities they are looking for. Clients have attended virtual demonstrations and feedback sessions for our agile Pod training tool. This interaction helps to ensure that the Consultants we put forward are well matched to the client's requirements and project criteria, which ultimately makes for a successful deployment.

This year we hosted virtual and in-person meetings with current and potential investors, involving our Executive Directors and senior managers, to enable shareholders to further their understanding of our work, ethos and activities in other areas. Our in-house investor relations function works with our external brokers and financial PR advisors to provide an overall programme of communication with shareholders and prospective investors, and to increase the information available to them through our website and other channels.

People policies

Human resource policies and respect for human rights

We are committed to making FDM a great place for all our employees. Our policies on maternity, paternity, adoption, personal and special leave, and on sickness absence go beyond the minimum required by law. We are committed to fulfilling our obligations in accordance with the relevant legislation for applicants and existing employees who have disabilities. We give equal consideration to applicants with disabilities, and our staff who interview applicants receive training in disability awareness and unconscious bias in the recruitment process.

We have in place policies that prohibit discrimination and harassment in the workplace. We believe that our policies provide an effective framework to ensure that all our stakeholders and any other individuals with whom we interact in the course of our work are treated with respect and dignity, and in a way which accords with the Universal Declaration of Human Rights.

Anti-slavery and human trafficking policy

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of the business. We have considered the degree of risk that modern slavery could present within the organisation or in supply chains.

The nature of our business and the direct relationship we have with applicants to the training programmes means that the risk of modern slavery in our own organisation is low. We have reviewed supply chains and taken steps to address the potential risks of modern slavery and human trafficking.

The Group has in place an Anti-Slavery and Human Trafficking policy to assist in mitigating this risk, and maintains a process of due diligence on key suppliers to ensure that they meet our expectations in this area, enabling us to comply with our obligations under the Modern Slavery Act 2015. There is a pre-contract due diligence process, used with new suppliers to ensure that they confirm their commitment to comply with our policies and values, or that they have in place appropriate equivalent policies of their own. We have also developed a set of standard contractual clauses for inclusion in supplier contracts to reinforce this approach. The Group aims to promote a high level of understanding of the risks of modern slavery and familiarises all staff with these policies on induction. Additional training may be provided to key staff members where appropriate. The effectiveness of these steps is monitored annually by the Board.

Climate change

Implementation of the Task Force on Climate-related Financial Disclosures ("TCFD") framework

This report covers FDM's governance of climate change, its integration with overall risk management, strategy for managing climate-related issues and opportunities, and the metrics used to measure progress towards our targets. This year FDM has continued to develop its systems for climate change management. We conclude that the business strategy continues to be resilient against the risk level from climate change, which remains 'minor'.

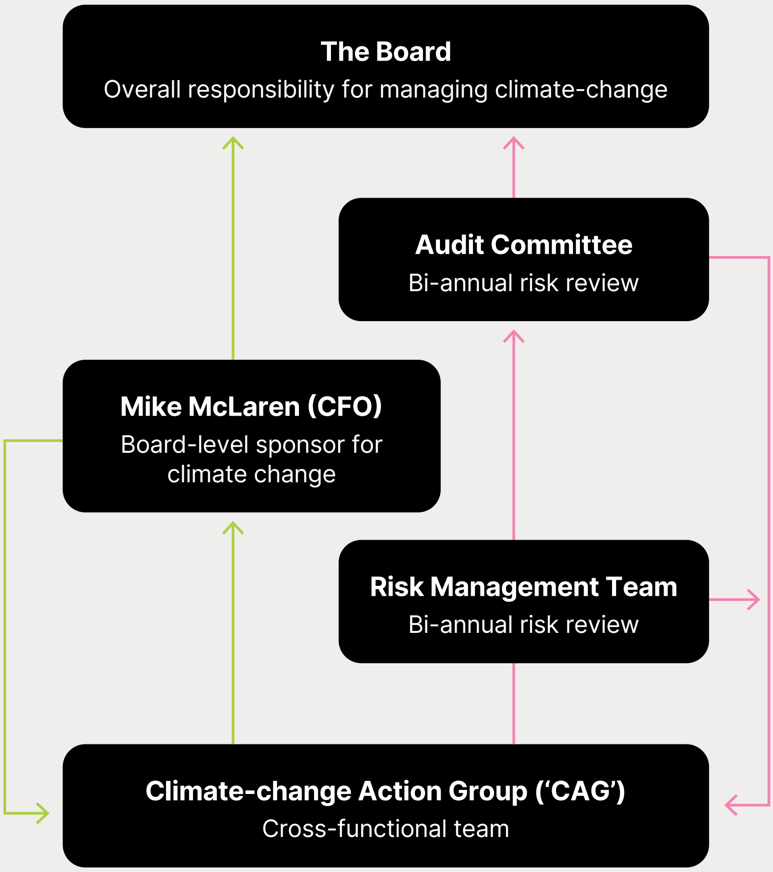
In recognition of Listing Rule 9.8.6R(8), the following pages set out our climate-related financial disclosures consistent with the Recommendations and Recommended Disclosures as outlined in "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures", published in October 2021 by the Task Force on Climate-related Financial Disclosures ("TCFD"). These disclosures also meet the new mandatory climate-related financial disclosures under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Recommendation	Recommended disclosures	Reference
Governance Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities	Page 53
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 53
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Page 54
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Pages 54-55
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 55
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	Page 54
	b) Describe the organisation's processes for managing climate-related risks	Pages 55-56
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Page 29
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Page 58
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks	Page 59
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 61

Governance

Board level

The Board has overall responsibility for climate change management, including oversight of climate-related risks and opportunities, as with all matters of Group strategy. The Board is supported and informed on climate-related issues via two channels to ensure that any potential impacts of climate change are incorporated into the reviews of Group strategy, business plans and risk management. An operational and strategic channel reports into the Board via the Board sponsor for climate change, Mike McLaren (CFO). This occurs through the Climate-change Action Group which reports to the CFO every three months. The risk channel monitors and informs the Board of climate-related risks through the Audit Committee, supported by the Risk Management Team.



Operational and strategic channel

Risk and reporting channel

Progress against climate targets is monitored and overseen by the Board, based on information (progress, KPIs and metrics) received from the Audit Committee. The Audit Committee meets twice a year to review all risks, with the Audit Committee referring key matters of risk to the Board, including climate-related issues. The level of climate-related expertise is considered to be sufficient given our assessment of climate-rated risk and opportunities and the likely impact on the Group's strategy. External advice is obtained where appropriate.

Management level

Mike McLaren (CFO) has executive-level responsibility for climate change and leads the management-level Climate-change Action Group ('CAG'), a cross-functional team that assesses and manages climate-related risks and opportunities and resulting strategic impact, reporting into the Board.

FDM's risk management framework also channels climate-related risk information from the Risk Management Team to the Audit Committee. Progress and measurement against FDM's Carbon Reduction Plan have been incentivised since 2022 at the executive and certain senior management levels through a metric relating to reduction of greenhouse gas emissions.

For 2023, the metric applied to the annual bonus under the Directors' Remuneration Policy is set out on page 110.

Climate change continued

Risk management

FDM's climate-related risk management is integrated into the Group's overall risk management framework. All climate-related risks are assessed in the same manner as other Group risks, so that their relative significance can be assessed. The Group's Risk Register categorises all existing and emerging risks, including climate-related risks, with the register covering the probability of the risk occurring and the degree of the potential impact.

Potential risks are assessed whether they occur within the Group's own operations, or upstream and downstream of the Group and the timeframe in which they first occur. The following timeframes have been chosen:

- Short-term (0-2 years) aligns to the business planning cycle;
- Medium-term (2025-2030) aligns to near-term targets;
- Long-term (beyond 2030) aligns to our net zero ambitions and encompasses long-term industry and policy trends. This timeframe also allows for climate-related risks and opportunities to manifest.

Climate-related risks and opportunities relevant to FDM were identified with the help of an external consultancy, CEN-ESG. All risks are assessed on a 5×5 matrix assessing both impact and likelihood, which allows for the prioritisation of risks.

Risk impact (materiality) is defined by the following table, in respect of the year in which the event takes place:

Insignificant	Minor	Moderate	Major	Serious
Impact on profit before tax or lost opportunity of <£0.5m	Impact on profit before tax or lost opportunity of £0.5m – £2m	Impact on profit before tax or lost opportunity of £2m – £7.5m	Impact on profit before tax or lost opportunity of £7.5m – £30m	Impact on profit before tax or lost opportunity of >£30m

Risk likelihood is defined under five categories: Very unlikely, Unlikely, Possible, Likely, Almost certain.

Any mitigation factors for risks, including climate-related risks, are also included in the Group Risk Register and this combined exposure informs the decision for managing risks (e.g. further mitigation, accept, or control). Internally, the cost of mitigation is described, where possible, along with an explanation of how this is derived. Risks are subject to ongoing refinement and quantification over time, which enables us to build a complete picture and assists with incorporating the management of any climate-related risks into the ongoing strategy, budgets and financial statements. The Risk Management Team meets regularly and reports to the Audit Committee twice a year (see page 28).

Strategy

Climate change has had observable effects on the environment and we realise climate change may present both risks and opportunities to FDM. As a service business, FDM Group's overall net climate risk, accounting for mitigation, has been assessed as minor. The combined gross risk, before mitigation and controls, has been assessed as moderate and, in isolation, the impact of most climate-related risks before mitigation is minor. Our main physical risk exposure is from riverine flood risk, over a timeframe out to 2050, however given that all of our locations are in large cities with modern flood defences, we consider this risk to be insignificant. Further mitigative actions to this risk include:

- All offices are leased, and most leases are short or medium term. In many locations we use flexible workspaces with even shorter lease commitments, and if appropriate, we will expand this approach, decreasing our asset risk exposure further.
- Insurance recovery in the event of natural disasters.
- Consultants work from client sites or at home and not from our centres.
- Established work-from-home procedures and an agile and flexible working model mean limited loss of business productivity in the event of travel-related or site-related disruption.
- High-rise office locations in central business districts.

Other physical climate-related risks (higher mean temperatures, rising sea levels, wildfires, severe weather) are not seen as having any impact over the forecast period.

New sites in 2023 have been assessed for physical risks and the conclusion above remains unchanged.

We have used scenario analysis to improve our understanding of the sensitivity of certain risks to different climate outcomes, which helps assess the resilience of our business to climate change. We have used the same three climate-related scenarios as last year, looking out over a timeframe to 2050:

- Net Zero Emissions by 2050 (NZE)*: a normative scenario which sets out a narrow but achievable pathway for the global energy sector to achieve net zero CO_2 emissions by 2050.
- It does not rely on emissions reductions from outside the energy sector to achieve its goals. This meets the TCFD requirement of using a "below 2°C" scenario and is included as it informs the decarbonisation pathways used by the Science Based Targets initiative ("SBTi").
- Stated Policies (STEPS)*: the roll forward of already announced policy measures. This scenario outlines a combination of physical and transition risk impacts. This scenario is included as it represents a mid-way pathway with a trajectory implied by today's policy settings.

RCP 8.5**: where global temperatures rise between 4.1-4.8°C by 2100. This scenario is included for its extreme physical climate risks as the global response to mitigating climate change is limited.

* IEA (2022), World Energy Outlook 2022, IEA, Paris.

** IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.

Risks

Looking out over a timeframe to 2050, the three key climate-related risks identified are medium term risks:

Risk	1. Risk to FDM of not meeting its Scope 1 and 2 targets	2. Cost to FDM of carbon pricing in the value chain	3. Risk of failure to meet the expectations of clients and other stakeholders
Type	Transition (Market and reputation)	Transition (Current and emerging regulation)	Transition (Market and reputation)
Area	Own operations/ upstream	Own operations/ upstream	Own operations/ upstream
Primary potential financial impact	Lower profit margins through increased costs and lower revenue	Higher costs associated with energy and other inputs	Loss of revenue due to decreased client demand
Time horizon	Medium term	Medium term	Medium term
Gross likelihood	Unlikely	Likely	Possible
Gross impact	Moderate	Minor	Major
Net likelihood (with mitigation)	Unlikely	Possible	Unlikely
Net impact (with mitigation)	Minor	Insignificant	Minor
Location or service most impacted	New York, Singapore, Hong Kong	Purchased goods and services	Global
Metrics used to monitor risk	Scope 1 and 2 greenhouse gas emissions	Scope 3 greenhouse gas emissions	Scores from external sustainability ratings (including CDP and EcoVadis)

Climate change continued

1) Risk to FDM of not meeting its Scope 1 and 2 targets

FDM Group has clear targets associated with climate change and there are aspects of the delivery against this plan that are reliant on third parties. At present the largest source of operational emissions for the Group is within Scope 2 (electricity purchased), where the ability to decarbonise our electricity supply may be hindered by the pace of renewable energy adoption by the Group's landlords. Some of our centres (i.e. New York, Singapore and Hong Kong) are currently in locations with limited options for renewable energy. Failure to meet the defined net zero targets could cause reputational damage, dissuading potential investors and could impact client retention resulting in lost revenue. Due to the introduction of carbon pricing, failure to reduce Scope 1 & 2 emissions could also result in greater costs. These potential outcomes have been reflected in the choice of assigning a 'moderate' impact level to the risk before mitigation. The following table estimates the residual emissions for FDM Group with no action taken, factoring in forecast global electricity grid decarbonisation. Results are shown under both STEPS and NZE scenarios projected out to 2050. The resulting emissions balance is that which requires direct action from FDM or indirect action from third parties.

		FDM market-based Scope 2 residual emissions tCO_2e			
		2023	2030	2040	2050
STEPS	No action (grid decarbonisation)	**109**	72	44	32
NZE	No action (grid decarbonisation)	**109**	44	1	0

The business negotiates with its landlords on an ongoing basis to move towards energy supply agreements that are fully renewable. Incentives have been put in place for management to align with the Carbon Reduction Plan and switching to renewable energy is a key part to achieving the associated targets.

2) Cost to FDM of carbon pricing in the value chain

The scope of carbon pricing (applied directly or indirectly) is expected to expand over the medium term, and the price of carbon is expected to rise in the drive to make businesses more accountable for their energy use and carbon emissions. Our analysis has shown the impact to be mostly 'insignificant'. As part of our Carbon Reduction Plan, there are plans for an IT hardware recycling scheme, increasing use of efficient data centres and continued engagement with top suppliers to reduce purchased goods and services, in order to reduce Scope 3 emissions and mitigate this risk.

3) Risk of failure to meet the expectations of clients and other stakeholders

FDM Group has an obligation to communicate progress against sustainability goals to its stakeholders such as investors, as well as to meet client expectations. For example, some of FDM's largest clients require suppliers to maintain SBTi approved targets, have a net zero emissions plan in place, and submit climate change data to CDP and other similar ratings platforms. Failure to communicate progress effectively or meet stakeholder expectations may lead to reputational issues or lower revenue due to lost custom. We have categorised the net likelihood of this risk as 'unlikely', given the Group has net zero emissions targets approved by SBTi and meets all necessary expectations from external stakeholders in terms of reporting. Although stakeholder expectations continue to grow, the business has taken a forward-looking approach to identify and action these in advance. We rather view our market position with respect to climate change performance and reporting as an opportunity, as outlined below.

Opportunities

Looking out over a timeframe to 2050, four key climate-related opportunities have been identified across the medium and long term:

Opportunity	1. Opportunities in climate-related consulting	2. Energy savings	3. Renewable energy	4. Increased competitive advantage in the market
Type	Products and services	Resource efficiency	Energy source	Resource efficiency
Primary potential financial impact	Increased sales	Decreased costs	Decreased costs	Decreased costs
Time horizon	Medium to long term	Medium term	Medium term	Medium term
Likelihood	Possible to likely	Almost certain	Possible	Possible
Impact	Minor to moderate	Minor	Minor	Minor
Location or service most impacted	Global	New York, Singapore, Hong Kong	New York, Singapore, Hong Kong	All services

1) Opportunities in climate-related consulting

Clients, especially within the Energy and Utilities sectors, will increasingly require Consultants to assist with accelerating their green transition. Some clients are creating training content that enables staff to be pre-disposed to help in their green transition and raise ESG awareness. In addition, large energy/ utility companies are starting to make acquisitions of smaller renewable businesses, requiring IT Consultants to facilitate the integration with the wider group's architecture. Under the NZE scenario, companies will need to be more proactive with transitioning to net zero and these opportunities will continue to increase, increasing the work for FDM to capture and increase revenue. A secondary impact as a result may be an improved reputation with regards to this type of work, leading to further sales opportunities and enable FDM to expand its client base in the sector. Although minimal strategy shift is required for FDM, some work needs to be done to target the new markets and areas of work. This is an area that continues to be investigated. Although the likely impact is minor in the medium term, it is likely to increase to moderate in the long-term.

2) Energy savings

Decreasing energy consumption by reducing energy use and increasing efficiency may decrease costs and mitigate against the cost of future carbon pricing. This will have the emergent benefit of further mitigating the impact of Risk 1 outlined above, as the magnitude of this opportunity is the inverse of the cost of residual emissions from Scopes 1 and 2. As offices are leased, the strategy to realise this opportunity will involve engagement with landlords to introduce energy saving measures. Best practice in energy management with current offices will also factor in reducing consumption. Further, the business will consider using more energy efficient office locations when the opportunity arises, for example at the time of lease renewals.

3) Renewable energy

Transitioning to renewable energy sources (self-generation or power purchase agreements) can help in reducing market-based emissions to zero. Based on this, the effect of carbon pricing on Scope 2 emissions would become nullified. As per Risk 1, the locations most impacted have been identified based on the currently limited renewable energy options. Negotiation of landlords' power purchase agreements for the supply of renewable energy would be required. Given the short-term lease agreements (one to ten-year lease terms) and energy requirements of a services-based business, investment in self-generation would be unfeasible.

4) Increased competitive advantage in the market

We believe the Group is well-placed in terms of its sustainability reporting. FDM is meeting the expectations from stakeholder expectations and transparently reports on non-financial information including, near term targets that are SBTi approved and a long-term net zero commitment. This presents an opportunity for FDM to be competitive in the market. Compared to the market, this positions the business well and if more potential clients become selective in their sustainability requirements, it could lead to more opportunities to capture market share against competitors. This will be achieved by continuing to support the Group's sustainability strategy, maintain engagement with clients to understand future expectations, and ensuring that targets are met.

Climate change continued

Metrics and targets

FDM is committed to net zero emissions across Scope 1,2 and 3 greenhouse gas emissions by 2050. As an important step towards this goal, we have set near-term reduction targets which have been verified by SBTi. These are:

- Reduce absolute Scope 1 and 2 emissions by 50% by 2030 from a 2020 base year; and
- Reduce Scope 3 emissions by 62% per employee by 2030 from a 2020 base year.

We report our emissions and energy data on pages 59-60, and our progress against these targets on page 61. The calculation of FDM's carbon footprint is in line with the principles and requirements of the Greenhouse Gas Protocol. We also monitor the amount and percentage of electricity consumed from renewable sources; this metric is included on page 59.

Whilst acknowledging the recommendation to integrate an internal carbon price, Risk 2 highlights that it is currently not financially material and therefore deemed unnecessary.

Environmental performance

Operating in a sustainable manner

At FDM, we recognise the significance of climate change, and realise that our activities and operations have an associated environmental impact. As such, we take into consideration and aim to reduce the impact our business activities have on the environment and on climate change.

The risks from climate change on the Group are described on pages 55-56. This includes assessing the risks of the direct physical effects of climate change, the transition to a low carbon economy and how climate change might impact the Group's ability to continue its business activities.

We report our carbon and energy data following Streamlined Energy and Carbon Reporting ("SECR") requirements.

Carbon and energy data 2023

Directors' statement of SECR compliance

FDM Group continues to meet the greenhouse gas emissions reporting requirements of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. We have prepared this report in accordance with the requirements for quoted companies under these regulations.

We report the Group's carbon footprint from our global operations to include Scope 1, Scope 2 and Scope 3 emissions from the following categories:

Scope 3 emissions reported by category	
1	Purchased goods and services
2	Capital goods
3	Fuel- and energy-related activities
5	Waste generated in operations
6	Business travel
7	Employee commuting

There are 15 categories of Scope 3 emissions, however, the following Scope 3 categories are not applicable to FDM: Category 4 (Upstream transportation and distribution. Emissions from transport costs related to capital goods are captured under Scope 3 Category 2 Capital goods); Category 8 (Upstream leased assets); Category 9 (Downstream transportation and distribution); Category 10 (Processing of sold products); Category 11 (Use of sold products); Category 12 (End-of-life treatment of sold products); Category 13 (Downstream leased assets); Category 14 (Franchises); and Category 15 (Investments).

We also include metrics related to our Group Carbon Reduction Plan, which is outlined on page 61.

Emissions

	Emissions source	2022[1] tCO_2e	2023 tCO_2e
Scope 1	Natural gas	59	**98**
	Company cars	3	**5**
Total Scope 1		62	**103**
Scope 2	Electricity (Market based)[2]	112	**109**
Total Scope 2		112	**109**
Scope 3	Purchased goods and services	1,705	**1,833**
	Capital goods	96	**172**
	Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	122	**135**
	Waste generated in operations	25	**10**
	Flights	521	**540**
	Other business travel	39	**75**
	Employee commuting[1]	1,184	**1,464**
Total Scope 3		3,692	**4,229**
Total emissions (Scope 1, 2 and 3) (Market based)		3,866	**4,441**
Total emissions (Scope 1, 2 and 3) (Location based)		3,986	**4,578**
Average number of employees		6,685	**6,482**
Emissions (Scope 3 only) per employee (tCO_2e)		0.55	**0.65**
Emissions (Scope 1, 2 and 3) per employee (tCO_2e)		0.58	**0.69**
£ million of revenue		330.0	**334.0**
Emissions (Scope 1, 2 and 3) per £ million of revenue (tCO_2e)		11.7	**13.3**

1 Greenhouse gas emissions from employee commuting for 2022 have been restated based on data extracted from our first employee commuting survey conducted in 2023.

2 Scope 2 location-based electricity emissions are: 2022: 232 tCO_2e; 2023: 246 tCO_2e.

Energy usage

	2022 kWh	2023 kWh
Energy usage[3]	1,457,533	**1,767,533**
– from renewable sources	622,634	**654,052**
– from non-renewable sources	834,899	**1,113,481**

	2022	2023
% of electricity consumed from renewable sources	58%	**64%**

	2022		2023	
Emissions and energy usage by geography	**UK**	**Global (excluding UK)**	**UK**	**Global (excluding UK)**
Scope 1 and 2 emissions (tCO_2e) (Market-based)	59	115	**98**	**114**
Total energy usage[3] (kWh)				
– from renewable sources	622,634	0	**642,835**	**11,217**
– from non-renewable sources	346,610	488,289	**624,625**	**488,856**
	969,244	488,289	**1,267,460**	**500,073**

3 Energy reporting includes kWh associated with Scope 1 and Scope 2 emissions and fuel used in personal or hire cars on business use.

Environmental performance continued

Annual greenhouse gas emissions

Our total emissions per employee remain below 1 tCO_2e.

The Group's Scope 1 and Scope 2 emissions are minimal, and our total worldwide Scope 3 emissions remain low. In 2023, we conducted our first employee commuting survey which provided us with greater insight into our employees' travel patterns and enabled us to obtain more reliable data on the frequency and means of employees' travel. We used this data to recalculate and restate our 2022 employee commuting emissions. The restated 2022 employee commuting emissions are 1,184 tCO_2e, these are significantly higher than 525 tCO_2e emissions reported in last year's annual report.

In 2023, the largest contributor to our increased emissions from purchased goods and services was the conversion factors applied to the spend from the Environmentally-Extended Input-Output ("EEIO") model that we use to calculate our emissions. These factors are applied to our overhead and capex spend. The extent of the increase was unexpected, however over time we anticipate that the EEIO conversion factors will reduce as businesses and organisations reduce their emissions. On a constant emission-factor basis the emissions from purchased goods and services fell by 10%. Supplier specific data has been used to calculate emissions where the data was publicly available and reliable. In 2023, emissions from specific suppliers were 16% of total emissions from purchased goods and services (2022: 11%).

In the year, although our combined total Scope 1, Scope 2 and Scope 3 emissions increased by 15%, this remains low at 4,441 tCO_2e. Our total emissions per employee increased by 19% to 0.69 tCO_2e as the average number of employees fell by 3% between 2022 and 2023.

At year-end the Group had three company cars (2022: two). The new car is based in our new centre in Tampa, Florida and is a self-charging electric hybrid. The type of vehicle was chosen for its low emissions. All three are pool cars available for business use only.

Environmental initiatives

In 2023, we engaged with our employees by conducting an employee commuting survey. The results are included in our emission results.

We continue to engage with our top suppliers with the aim to reduce their emissions, which will reduce our emissions from purchased goods and services.

We remain in regular dialogue with our landlords regarding the introduction of further energy-saving initiatives and switching to electricity tariffs sourced from 100% renewables sources.

We continue to virtualise our IT estate: Our energy requirement is lower because our cloud-based systems and data are hosted at efficient datacentres, run by Microsoft Azure, that flex capacity in line with our usage.

We have policies and facilities in place to promote:

- recycling of paper, plastics and cans at our centres; and
- the use of video conferencing technology and other collaborative tools to reduce the need for travel.

2023 emissions' methodology

As an IT-focused global professional services provider, we recognise the importance of quality data management. We have processes and controls in place to capture actual consumption where possible. In line with common practice, where the data is incomplete we model the consumption using estimates. We work with CEN-ESG, a leading provider of sustainability advisory services, to ensure that we continue to follow best practice in the assessment and reporting of our environmental performance. Our engagement with CEN-ESG enables us to provide transparency to stakeholders and to further identify opportunities to improve our environmental performance.

The Group has defined its organisational boundary using an operational control approach with no material omissions from within the organisational boundary of the Group. The methodology used to calculate the greenhouse gas emissions is in accordance with the principles and requirements of the following:

- World Resources Institute (WRI) GHG Protocol: A Corporate Accounting and Reporting Standard (revised version); and
- DEFRA's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019).

Emissions have been calculated using the appropriate conversion factors such as the 2023 issue of the UK government's Greenhouse Gas Conversion Factors for Company Reporting and spend-based factors from Environmentally-Extended Input-Output ("EEIO") models.

Reported annual emissions information and annual energy usage is presented for the same period as the accounting period, being the twelve months ending 31 December.

Group Carbon Reduction Plan and progress update

The Board approved the Group Carbon Reduction Plan in December 2021. FDM is fully committed to playing its part in addressing the climate crisis and to ambitious near-term science-based targets in line with a 1.5°C limit to global warming, and to delivering net zero emissions across all Scopes by 2050.

In June 2022, the SBTi validated that FDM's near-term targets conform with the SBTi Criteria and Recommendations (version 4.2). FDM's progress against these targets is detailed below:

SBTi-validated target	Progress
To reduce absolute Scope 1 and 2 GHG emissions by 50% by 2030 from a 2020 base year	2023 Scope 1 and 2 GHG emissions are 47% lower than 2020. FDM is focused on working with its landlords to reduce further its Scope 2 emissions from electricity by switching to tariffs that source 100% renewable electricity.
To reduce Scope 3 GHG emissions by 62% per employee by 2030 from a 2020 base year	Although the number of employees has increased since 2020, it has not increased in line with our forecast at the time we submitted our targets to SBTi. The 2020 base year was not representative of our Scope 3 emissions for business travel and employee commuting because of the impacts from the national lockdowns and restrictions on our travel patterns. These factors make the achievement of this target challenging. However, we continue to monitor our performance and the related underlying factors, in particular for our two largest sources of Scope 3 emissions; from purchased goods and services; and from employee commuting. Engaging with our suppliers will enable us to obtain more accurate information about their emissions.

Outlined below are our ongoing actions planned to reduce our greenhouse gas emissions. We will continue to:

Engagement with our supply chain

Engaging with our top suppliers to report their emissions reduction goals and disclose annually reliable information on emissions performance and targets.

Improve energy efficiency

Implement energy efficiency measures across our operations, including by our data centre providers, and IT equipment. Conduct energy efficiency audits to identify opportunities for energy and cost savings.

Procure renewable energy

Work with our landlords to move to 100% renewable sourced electricity supplies.

Statement by the Directors in performance of their statutory duties under s.172(1) Companies Act 2006

The Directors of the Company have an obligation to act in accordance with a general set of duties which are set out in section 172 of the Companies Act 2006 ("Companies Act"). This states that the Directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, clients and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.

Directors are briefed on these duties as part of their induction, and have access to professional advice on them, from the Company Secretary or, if they consider it necessary, from an external independent advisor. The Directors fulfil this duty partly by delegating responsibility for day-to-day decision-making to the Executive Team and other senior managers, under a robust governance structure which is described in further detail in our Corporate Governance Report, and by consulting on a regular basis with all its regular stakeholders as also outlined throughout this report and taking into account their feedback.

The Directors consider, both individually and together, that they have acted in accordance with their duties under s.172 of the Companies Act in the decisions taken during the year ended 31 December 2023 (see page 71). There are examples throughout this Annual Report of how the Board takes into account the matters referred to above.

The table below sets out the matters which reflect decisions the Board has made in response to engagement with, or taking into consideration importance of particular matters to, different stakeholder groups. Further, the key focuses of the Board (as set out from page 74) also reflect the steps taken by the Directors to meet their obligations in accordance with s.172 of the Companies Act.

Relevant stakeholders	Decisions made and outcome
Employees, Clients, Shareholders	The Group has engaged in an extensive rebranding project which has involved wide consultation with all stakeholder groups to understand their views of FDM's values, purpose, and position in the market. Consultation has included Consultants and internal staff, clients and analysts (who have passed on their understanding of shareholder thinking). Further information about our employee engagement can be found in our Sustainability Report from page 48.
Employees, Clients	Introduction of Consultant Career framework, to provide clarity and direction to align consultants to an ongoing career progression. This improves engagement and retention rates of Consultants, benefitting both Consultants and clients.
Shareholders	The Remuneration Committee has worked on the new Directors' Remuneration Policy and a new Long Term Incentive Plan for approval by shareholders at the AGM in May 2024. The process of preparing this policy involved consulting with FDM's largest shareholders (see page 106).
Shareholders, Employees, the Environment	Broadening the use of bonus metrics based on ESG factors beyond the Directors to include senior managers, in particular targeting managers on the satisfaction of Consultants and internal employees.
Employees, Clients	Reduction in the training contribution payable by those not completing the two-year commitment in Europe, Hong Kong and Singapore. This improves the proportionality of the contribution relative to the Consultant salary.

Non-financial and Sustainability Information Statement

Compliance Statement

We comply with the requirements of sections 414CA and 414CB of the Companies Act (as amended by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022) with the table disclosed below and other disclosures throughout the Strategic Report. The information provided below is to help our stakeholders understand our position on key non-financial matters, specifically activity relating to:

a) climate-change related financial disclosures

b) environmental matters (including the impact of the Company's business on the environment);

c) the Company's employees;

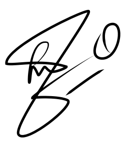
d) social matters;

e) respect for human rights; and anti-corruption and anti-bribery matters.

Reporting requirements	How we govern our approach	Outcomes and additional information	Page
Climate-change related disclosures	Task Force on Climate-related Financial Disclosures ('TCFD')	TCFD compliance statement	52
		Strategy	
Environmental matters	Group Environmental Policy	Annual greenhouse gas emissions and energy usage	54-55
		Group Carbon Reduction Plan	61
Employees	Employee policies	Diversity, equity and inclusion	38
		Employee development	45-46
		Employee engagement	48
Social matters	Group Social Policy	Engagement with schools	41
		Involvement with charities	50
Respect for human rights	Anti-Slavery and Human Trafficking policy	Anti-slavery and human trafficking	51
Anti-corruption and anti-bribery matters	Anti-bribery and Corruption policy	Anti-bribery and corruption	95

Additional information	Page
Non-financial key performance indicators	23
Description of the business model	16 to 17
Description and management of principal risks and impact of business activity	27 to 34

The Strategic Report was approved by the Board on 19 March 2024 and signed on its behalf by:



Rod Flavell
Chief Executive Officer

Governance

Board of Directors

Committee Membership

R Remuneration Committee A Audit Committee Member N Nomination Committee Member C Chair of Committee

David Lister

Non-Executive Chair of the Board

N

Date of Appointment

Chair of the Board March 2019

Non-Executive Director March 2016

Experience

David has over 40 years of experience in operations and technology roles across multiple industries for international businesses such as Diageo, GlaxoSmithKline, Boots, Reuters, Royal Bank of Scotland and National Grid. He also has experience in the professional services sector where he was a management consultant at PricewaterhouseCoopers LLP ("PwC"). Other former non-executive appointments include Interxion Holdings B.V., HSBC Bank plc, CIS General Insurance Limited and the Department for Work and Pensions.

External Appointments

HSBC Private Bank (UK) Limited (Non-Executive Chair, appointed December 2019)

Marks and Spencer Financial Services Plc (Non-Executive Chair, appointed September 2020)

HSBC UK Bank Plc (Non-Executive Director, appointed May 2019)

Nuffield Health (Member of the Board of Governors, appointed February 2014)

Rod Flavell

Chief Executive Officer

Date of Appointment

Founded FDM in 1990

Experience

Rod is the founder and Chief Executive Officer of FDM Group and has more than 40 years' experience in the technology sector. He has been instrumental in the development of the Group into an international, award-winning employer with a prestigious client base operating in multiple markets.

Rod is a strong advocate of improving diversity in the technology industry, as demonstrated by the Group's Women in Tech, Returners Programme, Ex-Forces and veteran career transition initiatives. In 2019, he was featured in the Management Today Agents of Change Power List for the second consecutive year. He was also featured in the Yahoo HERoes Top Advocate Executives of 2019 for his work promoting gender equality in the workplace.

External Appointments

Rod has no external appointments

Sheila Flavell CBE

Chief Operating Officer

Date of Appointment

Chief Operating Officer January 2008

Joined FDM 1998

Experience

Sheila has over 30 years of experience in both the public and private IT sectors. She spearheads FDM's global Women in Tech initiative and Returners Programme.

Sheila was awarded a CBE in the 2020 New Year Honours List for services to gender equality in IT, and graduate and returners' employment.

In 2022 Sheila was elected President of techUK, the trade association which brings together business, government and stakeholders to realise the potential of what digital technology can achieve. She has been invited to advise government committees on improving the digital skills shortage and gender pay gap in the UK. Her work has been acknowledged by numerous awards, including inclusion in Computer Weekly's 'Most Influential Women in UK Tech, Hall of Fame'. At the 2020 European Tech Women Awards, the Department of Trade and Industry recognised her outstanding achievements by conferring Sheila with a 'Career Recognition' award.

External Appointments

techUK Limited (President, originally appointed June 2016)

Andy Brown

Chief Commercial Officer

Date of Appointment

Chief Financial Officer January 2008

Joined FDM 1994

Experience

Andy progressed through the Group's Sales team to become Global Sales Director in 2007 and, subsequently, Chief Commercial Officer.

Andy oversees the expansion of the Group with a focus on the sales and recruitment functions. Andy's strategic focus is around developing new service streams in line with client demands, as well as increasing the number of applicants to the Group's Graduate programme, which are both key areas to the success and growth of the Group. Andy also played a key role in the launch and success of the UK Ex-Forces Programme.

External Appointments

Andy has no external appointments

Mike McLaren

Chief Financial Officer

Date of Appointment

Chief Financial Officer April 2011

Joined FDM 2011

Experience

Mike is a Fellow of the Institute of Chartered Accountants in England and Wales.

Prior to joining FDM, Mike fulfilled the roles of Group Finance Director and Chief Operating Officer in a premium listed business in the software and services sector. In addition, Mike has been an Independent Non-Executive Chair and Non-Executive Director on the boards of a number of other companies. Overall, Mike has more than 30 years' experience of working within the technology sector in a range of senior financial, commercial and operational roles.

External Appointments

ActiveOps plc (Non-Executive Director, Chair of Audit Committee, appointed March 2021)

Board of Directors continued

Committee Membership

R Remuneration Committee A Audit Committee Member N Nomination Committee Member C Chair of Committee

Peter Whiting*

Non-Executive Director

R A N

Date of Appointment

Non-Executive Director June 2014

Senior Independent Director June 2014

Chair of the Remuneration Committee June 2014

Experience

Peter has over 20 years of experience as an investment banker specialising in the software and IT services sector. Peter joined UBS in 2000 and led its UK small and mid-cap research team. Between 2007 and 2011 he was Chief Operating Officer of UBS European Equity Research. One of his responsibilities during this period was the oversight of the graduate recruitment, training and development programmes, both for the Research business and the Equities operation as a whole. With more than thirty board-years of NED experience in the financial services and technology industries, including with TruFin plc, Keystone Law Group plc and Aptitude Software Group plc, Peter has developed a strong technology-led NED portfolio.

* Having served more than nine years on the Board since his appointment, Peter Whiting will step down from the Board at the end of this year's AGM which is due to be held on 14 May 2024.

External Appointments

Kooth plc (Non-Executive Chair, appointed September 2020)

Celebrus Technologies Plc (formerly D4T4 Solutions plc) (Non-Executive Director, Chair of Remuneration Committee, appointed July 2018).

Team17 Group Plc (Non-Executive Director, appointed August 2023)

Aurrigo International Plc (Non-Executive Director, Chair of Audit Committee, appointed 1 February 2024)

Michelle Senecal de Fonseca

Non-Executive Director

R A N

Date of Appointment

Non-Executive Director January 2016

Experience

Michelle is an experienced senior executive specialising in technology and international communications. She was formerly the Global Vice President for Global Strategic Alliance Partnerships and Regional VP for Sales and Services at Citrix Systems. Prior to Citrix, she was Global Director of Cloud and Hosting Services at Vodafone. Michelle has previously worked at the European Bank for Reconstruction and Development where she managed the Telecom, Media and Technology banking team. Michelle is a co-founder and board member of Women in Telecoms and Technology, a UK not-for-profit organisation. In 2020, Michelle joined the Strategic Advisory committee to TEDI-London, a new design-led engineering school in the UK.

External Appointments

Alphawave IP Group Plc (Non-Executive Director, appointed May 2021)

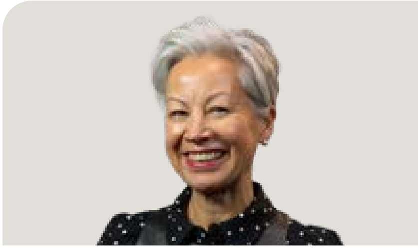
Redcentric plc (Non-Executive Director, Chair of Remuneration Committee, appointed 13 February 2024)

Women in Telecoms and Technology (WITT) Limited (Director, appointed May 2008)

Thunderbird School of Global Management (Director, appointed April 2009)

ASU Global Foundation UK Ltd (Director, appointed October 2021)

MOVE Capital (Investment Board member, appointed September 2017)



Jacqueline de Rojas CBE

Non-Executive Director

N

Date of Appointment

Non-Executive Director October 2019

Experience

Jacqueline is a highly regarded leader in the UK technology field, with a strong reputation as a champion of women and minority voices. She sits on the board of technology trade association techUK where she has used her platform as president to shape policy over the last seven years to enable the technology industry to thrive. Her commitment to diversity and building tech skills in the sector is her driver for co-chairing the Governance Board of the Institute of Coding.

Prior to this, Jacqueline held senior executive roles at major tech companies including Sage Group, Citrix Systems, CA Technologies, Novell and McAfee International. She was previously a non-executive director at AO World plc and Home Retail Group plc. In 2019, Jacqueline was awarded a CBE for Services to International Trade in Technology.

Jacqueline is the Board's designated Non-Executive Director for engagement with the Group's workforce, enabling employees to share ideas and concerns with senior management and the Board.

External Appointments

Rightmove plc (Senior Independent Director, appointed December 2016)

techUK Limited (Director, appointed July 2014)

Industrial and Financial Systems, IFS AB (Sweden) (Non-Executive Director, appointed May 2021)

Alan Kinnear

Non-Executive Director

R A

Date of Appointment

Non-Executive Director January 2020

Experience

Alan is a member of the Institute of Chartered Accountants of Scotland.

Alan was with PwC for 35 years until his retirement in 2015, including 23 years as an audit partner working with listed, private equity-backed and fast-growth entrepreneurial companies. He was a member of PwC's South East regional board and a national leader for audit services in the private equity sector. He has significant skills and experience in financial reporting, regulation, corporate governance and risk management.

During the year following his retirement from PwC in 2015, Alan was a non-executive director with CEGA Holdings Limited.

External Appointments

Alan has no external appointments

Rowena Murray

Non-Executive Director

R A

Date of Appointment

Non-Executive Director August 2023

Experience

Rowena is highly regarded for her experience in investment banking and corporate broking, and her insight into the public markets. She has a strong reputation for helping businesses to implement their strategies effectively to generate growth and create value.

Rowena began her career in Sydney as a corporate lawyer at a leading Australian law firm. She moved to the UK in 2004 and joined Investec Bank plc ("Investec"). As a director in Investec's Investment Banking division, Rowena provided strategic advice to public and private companies and led corporate transactions across a variety of sectors, including business services and technology. In 2017 she moved to Tenzing Private Equity, an investor in high-growth UK and European SMEs, where she has been the appointed non-executive director for various companies within the Tenzing portfolio.

External Appointments

Altum Group

Eikon Group

Corporate Governance Report

On behalf of the Board, I am pleased to present the Corporate Governance Report for the year ended 31 December 2023.

Chair's Governance Overview

This report aims to provide readers with an understanding of how the Board has monitored the Group's progress, and how we ensure that we make informed decisions to secure sustainable growth for the long-term benefit of our shareholders and other key stakeholders. Although this report follows the principles of the 2018 Code, we are also considering the updated provisions set out in the newly-published 2024 UK Corporate Governance Code, and will make changes to our approach where necessary to ensure alignment with its provisions when it comes into force on 1 January 2025. As we have mentioned earlier in this Annual Report (see page 9), 2023 has been a challenging year for trading, with difficult macroeconomic conditions and geopolitical instability causing uncertainty across global markets and inhibiting the confidence of many of our clients. The Board's governance role becomes even more important against this backdrop, and we are committed to maintaining high standards of corporate governance and control, supported by a robust framework which is summarised in this report. I hope you find it informative and useful.

David Lister
Chair of the Board

We take great care to ensure that the content of our Annual Report is fair, balanced and understandable. A review by the Audit Committee can be found on page 93 and a formal statement from the Directors is included on page 133.

Further information on the Board's primary areas of focus in 2023 is set out on page 74. Lack of client confidence in committing to new projects in the current economic environment led to reduced levels of demand from our clients during a large proportion of the year. In response to this, the Board supported the executive team's focus on controlling cost, and a programme to increase the efficiency of our training organisation. By adjusting levels of recruitment and training, and careful management of our unallocated resource we have aimed to ensure that we have appropriate levels of high-quality resource, with the optimal blend of skills, to give us a head start in meeting our clients' needs as market conditions, confidence and demand improve. The business has continued to develop its virtualised Skills Labs environment to enhance the experience of our trainees; most of the technological changes in this area which we have been working on over the last year have now been implemented, which will further enhance the delivery of our training, supporting the cornerstones of our strategy (see page 12).

The Board continues to focus on the Group's environmental and social impact, including our response to climate-related risks and opportunities, and our approach is outlined on page 52. We have made progress this year in obtaining actual carbon emissions data from an increased number of our larger suppliers, which enables us to reduce our reliance on estimates produced by economic impact models for the emissions generated by Scope 3 Purchased Goods and Services, improving the accuracy of our reporting for that category.

We have improved our ranking in the 2023 Employer Index published by the Social Mobility Foundation, being placed at number 34 in the top 75 employers in the Index, which analyses what employers are doing to improve social mobility across seven critical employee milestones and an employee survey.

Our aim is to continue improving our work in these areas over the coming year.

UK Corporate Governance Code 2018

As a premium listed company, we are expected to explain how FDM Group has applied the main principles of the 2018 Code issued by the Financial Reporting Council in July 2018.

The Board considers that FDM Group has complied with the 2018 Code during 2023.

Further information on the 2018 Code can be found at: www.frc.org.uk

The main principles of the 2018 Code are as follows:

- Board Leadership and Company Purpose
- Division of Responsibilities
- Composition, Succession and Evaluation
- Audit, Risk and Internal Control
- Remuneration

1. Board leadership and Company purpose

An overview of the Board's role

The Board is required to establish the Group's purpose and to define its strategy. FDM exists to deliver client-led, sustainable, profitable growth on a consistent basis, through our well-established Consultant model. This is our purpose, and its key components are set out in more detail on pages 16-17. The Board's view is that enabling the successful achievement of FDM's purpose will secure the long-term sustainable success of the Group for our staff, clients and other stakeholders, generating value for shareholders.

In support of this purpose, the Board has developed a strategy that will enable us to launch new careers for our Consultants around the world, while delivering high levels of client service. This aims to ensure that all the investments we make and activities we carry out can deliver quantifiable improvements to our business for our clients, staff and shareholders. You can read more about our strategy and its four key objectives, including how each has been delivered during 2023, on page 12 of the Strategic Report.

The Group has established a set of core values that reflect FDM's culture. Each of the Executive Board members aims to be a role model for these values, promoting them and FDM's culture. Our values and culture are central to the continued success of the Group and support the implementation of our strategy.

The Board is responsible for identifying the risks that may stand in the way of meeting FDM's strategic objectives, considering which of those risks the Group is prepared to take to achieve its goals, ensuring that appropriate procedures and controls are in place to manage or mitigate those risks insofar as it is reasonably practicable to do so, and regularly testing the effectiveness of those mitigations.

The Board has a remit to ensure that the Group has the necessary resources in place to achieve its strategic goals, both in terms of people, finance, and systems, and to monitor performance and measure progress towards those goals. It is the Board's duty to support and challenge the Executive Team to ensure that FDM's business is managed in accordance with that strategy.

The Board meets regularly during the year to review operational and financial matters, develop and refine strategy, and monitor progress towards strategic objectives. When setting and monitoring the implementation of the Group's strategy, the Directors keep in mind their individual duty to act in the way that they consider, in good faith, will be most likely to promote the success of the Group for the benefit of its stakeholders as a whole, as set out in s.172 of the Companies Act. Further details of the steps taken by the Board to meet the requirements of s.172 of the Companies Act are set out in our s.172 Statement which can be found on page 62.

The Directors act with reasonable care, skill and diligence in their work, taking steps to ensure that they exercise independent judgement at all times and that processes are in place to enable robust decision-making, especially when there are more difficult decisions to be made. FDM's network of stakeholders includes its shareholders, clients, employees, and members of the communities in which we operate. The interests of these stakeholders are varied but interconnected, and we recognise our responsibilities to engage with them and to take their interests into account. Additionally, in the event of any notable vote against a Board recommendation proposed at an AGM, FDM will carefully review the voting outcomes and will engage with shareholders to understand their reasons. We will then provide details of the actions taken in response in the next Annual Report.

The Board has responsibility for managing the Group's strategy on climate change, including oversight of climate-related risks and opportunities. The Board is supported and informed on these matters via two channels: an operational and strategic channel reporting through the Board sponsor for climate change (CFO), and a risk channel, which monitors climate-related risks through the Audit Committee with input from the Risk Management Team.

Further information on the Group's climate change governance can be found beginning on page 52. In line with Listing Rule 9.8.7R(8), the Group sets out its climate-related financial disclosures consistent with the Recommendations and Recommended disclosures of TCFD, including providing information on risks and opportunities arising from climate change and the transition to a low-carbon economy, and the use of scenario analysis to assist in understanding the impact of different potential climate outcomes on certain risks to the Group's business.

Corporate Governance Report continued

The Board's financial responsibilities include approving the interim, preliminary and annual financial statements, the annual budget and longer-term forecasts, significant contracts and capital investment. Each of these responsibilities underpins the principles of the 2018 Code.

The Board's other responsibilities include monitoring the impact of its decisions on our employees, promoting strong business relationships with clients, suppliers and others, and considering the impact of our operations on the wider community and the environment. The Board supports the Executive Team in ensuring that the Group's reputation for high standards of business conduct is maintained, and is mindful of the need to achieve a fair balance between the interests of different shareholders and other stakeholders.

The Board and its Committees – a structure for robust governance

The Board understands that the opportunity to promote the long-term sustainable success of the Group is maximised by ensuring that the Board remains effective, has the right blend of skills, knowledge and experience, and retains the key elements of an entrepreneurial culture which is at the core of FDM.

As recommended by the 2018 Code, where appropriate, the Board delegates some of its responsibilities to the Audit Committee, Remuneration Committee and Nomination Committee ("the Committees"), which play a key role in supporting the Board's aims and the application of the principles of the 2018 Code. The terms of reference and composition of these Committees are reviewed annually and updated as appropriate. Whilst the Board retains overall responsibility, the establishment of Committees enables particular aspects of the Board's work to be carried out at a more detailed level by Board members who have particular expertise, experience and interest, allowing deeper analysis and oversight of those areas. The Chairs of each Committee report to the Board on matters considered and decisions taken and make recommendations on matters for which the Board reserves final approval. Minutes of all Committee meetings are made available to other Board members to be viewed at any time via the Board's secure online portal.

The Nomination Committee keeps under review the blend of skills, experience, independence and knowledge across the Board's members. It leads the process for new appointments to the Board, ensuring a fresh and entrepreneurial approach which enables strategic opportunities to be identified, analysed and effectively managed to ensure long-term sustainable success. More information about these areas is set out in the "Composition, succession and evaluation" section on page 79 and in the Nomination Committee Report on pages 96-98.

The Audit Committee monitors the application of the financial reporting, internal control, and risk management principles set out in the 2018 Code and ensures that the Group maintains an appropriate relationship with its auditors. More information about risk and internal controls can be found in the "Audit, risk and internal control" section on page 82 and in the Audit Committee Report beginning on page 85.

The Remuneration Committee is responsible for setting the Company's Remuneration Policy, determining each Executive Director's total individual remuneration package (including salary, benefits, bonus and pension entitlements, and participation in share and other incentive schemes) and setting the targets for performance-related pay. The Committee is also responsible for determining the remuneration of the next tier of senior management below Board level. The Remuneration Committee's work supports the strategy set by the Board, by promoting the opportunity for long-term sustainable success, and by aligning executive and senior managers' remuneration to the achievement of the Group's purpose and promotion of its values, and to the successful delivery of long-term strategic goals. The Remuneration Report, beginning on page 99, contains more information on our application of these principles of the 2018 Code. This year the Remuneration Report also contains a new Remuneration Policy which we will submit to shareholders for approval at our AGM which is planned for 14 May 2024.

Information about the membership of each Committee can be found in the relevant Committee's report.

The Board's agenda

The Board meets regularly throughout the year, following an agenda which is agreed in advance based on themes from the Group's business plan. Although the setting of the agenda is led by the Chair of the Board in discussion with the Chief Executive and the Company Secretary, all Board members are welcome to put forward topics for discussion.

Standing items, including operational and financial reviews and Committee updates are considered at each scheduled Board meeting, with unplanned items such as commercial or property-related decisions considered as and when required. In addition, potential topics are identified for management updates and other Board discussions.

Ahead of each Board meeting, all Board members are supplied with an agenda and a set of specific papers on particular strategic issues, as well as reports and management information on current trading, operational issues, compliance, risk, accounting and financial matters. This enables the Chair to ensure all Directors are properly briefed on the matters to be discussed. The Chair works with the Company Secretary to ensure that the supporting papers are clear, accurate, timely and of sufficient detail to enable the Board to discharge its duties effectively. The Board's forward agenda is coordinated with those of its Committees and the Chairs of the Committees report on the activity of their Committees at Board meetings. The agenda is designed to provide an appropriate balance between strategic planning items and reports which enable the Board to monitor the management and performance of the Group, ensuring it operates within the appropriate risk appetite and the Board's strategy to deliver FDM's purpose.

The format of the Board Reports is reviewed regularly and updated as appropriate to ensure that the reports provide the required information in the most useful format to enable Board members to carry out their oversight role effectively.

At regular intervals throughout the year, senior managers from around the Group attend Board meetings to update the Board on progress being made and matters arising in their areas of operation. The Board aims to ensure that there is sufficient time for the Board to discuss significant matters or matters of a more discursive nature. To assist with this, the usual approach is to hold informal gatherings after certain scheduled Board meetings which allow the Directors greater time to discuss key topics with additional internal and external participants. This enables the Non-Executive Directors to explore business and operational issues in greater depth with the senior managers who have reported to the Board.

The Board has identified certain matters on which decisions are formally reserved for the Board's approval, a schedule of which is available on the Group's website www.fdmgroup.com/investors/corporate-governance/. They include the following:

- Approving financial results and other financial, corporate and governance matters;
- Approving material contracts;
- Approving material capital or operational expenditure;
- Approving Group strategy;
- Approving appointments to the Board;
- Determining dividend policy, as well as approving and recommending dividends, as appropriate;
- Reviewing material litigation;
- Reviewing annually the effectiveness of internal control and the nature and extent of significant risks identified by management and associated mitigation strategies; and
- Approving the Group's annual budgets and three-year plans.

Board decisions are generally reached by consensus at Board meetings. However, should the situation arise, decisions may be taken by a majority of Board members. FDM's Articles of Association provide the Chair with a casting vote in the case of an equality of votes.

Details of the number of meetings of the Board and Committees (which only certain Directors are required to attend) and individual attendances by Directors are set out in the table below. The Board's policy is that meetings are held in person by preference, as discussions flow more naturally when taking place face to face in the same room. However, the increased availability of, and familiarity with, video conferencing technology over recent years enables a greater degree of flexibility for hybrid Board meetings when necessary, if any Director is unable to be present in person. The Company's Articles of Association allow meetings of the Board to be held validly in this manner.

Corporate Governance Report continued

	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings
Number of meetings held in 2023	**8**	**4**	**3**	**3**
	Number of meetings at which present, as a proportion of maximum possible			
David Lister	8/8	n/a[1]	n/a[1]	3/3
Andy Brown	8/8	n/a[1]	n/a[1]	n/a[1]
Rod Flavell	8/8	n/a[1,2]	n/a[1]	n/a[1,3]
Sheila Flavell	8/8	n/a[1]	n/a[1]	n/a[1]
Mike McLaren	8/8	n/a[1,2]	n/a[1]	n/a[1]
Alan Kinnear	8/8	4/4	3/3	n/a[1]
Rowena Murray[4]	3/3	1/1	1/1	n/a[1]
Jacqueline de Rojas	8/8	n/a[1]	n/a[1]	3/3
Michelle Senecal de Fonseca	8/8	4/4	3/3	3/3
Peter Whiting	8/8	4/4	3/3	3/3

1 Not applicable, not a member of the Committee and not required to attend.

2 At the invitation of the Audit Committee (but not as members) Rod Flavell attended three meetings and Mike McLaren attended four meetings of the Committee during the year.

3 At the invitation of the Nomination Committee (but not as a member) Rod Flavell attended three meetings of the Committee during the year.

4 Rowena Murray was appointed as a Non-Executive Director of the Company on 1 August 2023. In addition to the attendance indicated above, she attended the meetings of the Audit Committee and the Board held in July 2023 as a guest/ observer prior to her formal appointment as a Director on 1 August 2023.

Conflicts of interest

Procedures are in place for the disclosure by the Directors of any interest that conflicts, or may possibly conflict, with the Group's interests and for the appropriate authorisation to be sought if a potential conflict arises, in accordance with the Company's Articles of Association. An up-to-date schedule of the Directors' other Board appointments, related parties' interests and relevant shareholdings is included as an appendix to each set of Board papers to ensure full transparency of their respective relevant interests.

In deciding whether to authorise a conflict or potential conflict of interest only non-interested Directors (i.e. those who have no interest in the matter under consideration) will be able to vote on and take the relevant decision. In doing so, the Directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company, such that they may impose any limits or conditions which they think fit. The Board has reviewed the procedures in place and considers that they operate effectively. No actual conflicts of interest arose during the year under review, to the date of this report or in the previous year.

The key areas of focus by the Board in 2023

During the year there have been a number of areas where the Board has focused its governance to ensure the delivery of the Group's strategy:

- The Board has worked with management to support a Group-wide review of utilisation of staff, balancing the supply of consultant resource with client demand, managing the consultant bench to increase cost efficiency during a period of slower trading, and ensuring the right quality and blend of skills is available on the bench. At the beginning of the year the Board received a presentation from the Group's Global Director of Education and Academy, initiating an in-depth review of training strategy, including trainer skills and utilisation. Subsequently, the Board supported the management team of our Skills Labs in a project to restructure the Skills Lab organisation to ensure that trainers are allocated in the most efficient way, with their time and expertise directed in the way most likely to optimise the marketability of consultants' skills and knowledge.
- The Board strives to ensure that its capital returns policy meets the expectations of Shareholders. During the year the Board received feedback and, with the help of its Corporate Brokers, carried out a detailed review of the policy, including consideration of whether a share buy-back programme would be an appropriate approach in the current economic conditions. The Board determined that its policy of effecting capital return by way of dividends remained the most appropriate approach for the Group.

Other areas of focus for the Board during the year are set out below.

Strategy	• Reviewed the Group's budget and three-year plan (2023-2025) • Received regular updates on the evolution of the Group's training model • Received regular updates on the Group's project to roll out TechSkills accreditation for the Group's training courses and the development of the "Foundation" and "Practitioner" accreditation levels • Received updates on the development of the FDM apprentice programme in the UK the successful application to be included in the UK Government's Register of Flexi-Job Apprenticeship Agencies • Received strategic updates from the Group's senior management teams
Operational	• Reviewed the requirements for our Skills Lab and other office space in the light of changes to methods of working (including the delivery of training in FDM's Skills Labs), and the most appropriate structure for renting office space • Received business updates from the Group's senior management teams • Reviewed information on recruitment and Skills Lab utilisation • Received a presentation from the marketing team on the Group's rebranding project
Financial	• Reviewed monthly business performance against strategic goals • Reviewed trading updates • Reviewed and updated the Treasury policy and Treasury risk appetite statement • Reviewed and approved preliminary, full-year, and half-year results and associated statements (including those regarding risk, internal control, going concern/ viability and compliance with s.172 Companies Act 1986) • Reviewed and approved Group budget, three-year plan and reforecasts • Approved a final dividend in respect of the 2022 financial year • Approved an interim dividend in respect of the period ending 30 June 2023 • Reviewed the Board's dividend policy and considered alternative options for capital allocation
Risk	• Undertook bi-annual reviews of the Risk Register and risk management process, including reviews of the potential risks posed by climate change to the Group's business • Reviewed the Group's cybersecurity arrangements and controls
Governance	• Reviewed data on the Group's Scope 1, Scope 2 and full Scope 3 carbon emissions and received an update on progress against the Group's carbon reduction plan • Reviewed an analysis of the potential impact on the business of different climate scenarios, and considered the risks and opportunities arising for the Group's business from the transition to a low-carbon economy • Carried out a review of the effectiveness of the Board and its Committees • Reviewed the Group's Gender Pay Gap data • Provided an update on Modern Slavery Act compliance • Approved updated terms of reference for the Board's Committees • Assessed and approved the viability statement • Conducted a going concern review • Received updates on proposed regulatory reforms to corporate governance and their potential impact on the Group
Employees	• Received updates on employee engagement

Corporate Governance Report continued

Engagement with stakeholders

The Board has identified the following key stakeholders: shareholders, clients, employees, prospective candidates, university partners, our local communities and the environment.

Engagement with shareholders

The Group has an internal investor relations function led by Mark Heather, the Company Secretary, who works with the Group's brokers and financial public relations advisors to operate a programme of regular engagement with current and prospective investors. We will continue to develop our investor relations activities, to include an expansion of the investor area of our website to provide additional information on our strategy, business model, competitive position, financial information and strategic progress.

To maintain dialogue with institutional shareholders, the Chief Executive Officer and Chief Financial Officer meet with major shareholders following interim and final results announcements and otherwise as appropriate. The Chief Executive Officer, Chief Financial Officer and Company Secretary also speak regularly with shareholders and potential investors to explain details of our business model, our Consultant recruitment, training and deployment programme, and our approach to other important aspects of our work such as sustainability, inclusion, diversity, social mobility and our plans for carbon reduction. The Chair of the Board and other Non-Executive Directors have made themselves available and met institutional investors on a number of occasions throughout the year.

We are always happy to host visits in person from current and prospective shareholders at our offices around the world, offering the opportunity for investors to tour our facilities and speak informally to members of our sales and recruitment teams, as well as trainers and trainees. Those investors who take advantage of these visits often tell us that they provide an ideal way to understand our business model, and we are glad to have the opportunity to demonstrate our purpose and the way in which our culture and values support this to drive our business towards our strategic objectives.

Other Executive and Non-Executive Directors engage with shareholders from time to time, in particular when there are matters of governance to be discussed or when feedback is sought on particular proposals.

The Company uses the AGM as an opportunity to communicate with its shareholders and welcomes their participation; shareholders who attend the AGM have the opportunity to ask questions and all Directors are expected to be available to take questions. In accordance with the 2018 Code, the Notice of AGM will be sent to shareholders at least 20 working days before the meeting and any other notice of general meeting will be sent to shareholders at least 14 days before each general meeting and will include details of the proposed resolutions and explanatory notes. It is proposed that the AGM will be held at 2.00 pm on 14 May 2024.

The Board proposes separate resolutions for each issue and proxy forms allow shareholders who are unable to attend the AGM (or general meeting, as applicable) to vote for or against or withhold their vote on each resolution. As soon as practical after the conclusion of the AGM (or general meeting, as applicable), we will announce the proxy votes cast, including details of votes withheld, to the London Stock Exchange via its Regulatory News Service. We will also publish the information on our website.

The Group's website **(www.fdmgroup.com)** is the primary source of information on the Group.

Engagement with employees

The Executive Directors and senior management team regularly spend time in each FDM centre and meet with employees at all levels of seniority. This enables them to promote FDM's culture and values throughout the organisation. The Group's internal communications team produces regular updates via email and posts on the Group's internal platform for knowledge-sharing, enhancing a sense of community, and delivering corporate communications. This enables the Group's culture to be spread from the Executive Team to all employees. In June 2023 the regular Board meeting was held at our Leeds office, enabling directors and staff to meet and discuss topical matters of particular relevance to that part of the business.

The management team meets with partners that promote the transition to the civilian work environment from the Armed Forces, and those returning to work after a career break. Sheila Flavell is President of techUK. In this role she engages extensively with the UK Government to assist them in developing policy to allow the technology industry to thrive. She has advised government committees on issues including bridging the digital skills gap and enhancing diversity in the workplace.

Jacqueline de Rojas is a member of the board of techUK. In her role as co-chair of the Governance Board at the Institute of Coding, she promotes lifelong learning through industry collaboration to address the growing skills gap in technology and to encourage widening participation and pathways to digital skills through diversity and inclusion programmes.

Key managers in our People Team work closely with the Board and its Committees to assist them in assessing and monitoring the culture of FDM to ensure that policy and behaviour are aligned with the Group's purpose and strategy. We carry out regular surveys of our Consultants and internal staff to gather their views on a range of matters. Our new Consultant Experience programme is driving more frequent engagement with our Consultants.

The priorities identified from our engagement with employees have directly influenced a number of areas considered by the Board this year. Including:

- The Group has engaged in an extensive rebranding project which has involved wide consultation with employees (and other stakeholder groups) to understand their views of FDM's values, purpose, and position in the market.
- The Group has continued to build on the work of its Consultant Success and Consultant Experience teams. The development of the Consultant Career framework has continued, to provide clarity and direction to align consultants to an ongoing career progression. This is expected to improve engagement and retention rates of consultants, benefitting both consultants and clients.

Further information about our employee engagement can be found in our Sustainability Report from pages 36-63.

The results of our programmes will continue to inform our engagement with staff. This will assist us in promoting a diverse, inclusive and fulfilling culture in which our people can thrive, optimising our Consultants' experience during their time with us, and ensuring that our employees promote and embody our values and our unique service offering.

In accordance with Provision 5 of the 2018 Code, Jacqueline de Rojas is the nominated Non-Executive Director to engage with the workforce to ensure that the voices of our employees are heard at Board level.

Engagement with clients

Together with members of the Sales team, members of the Executive Team meet on a regular basis with clients in our different territories to discuss their requirements. The senior members of our Sales team maintain close long-term relationships with senior executives in our client organisations to ensure we are able to anticipate our clients' needs. We regularly update the structure and content of our training programme to reflect commercial and technological changes in the sectors in which our clients work.

Engagement with University Partners

We have continued to engage with our University Partners, working to help them develop more effective ways of hosting remote careers fairs. We have also created our new "FDM attraction events" allowing us to engage with students from multiple universities in one event. Further information about these engagements can be found on page 50.

Environmental responsibility

Recently the Group's Climate Change Action Group has met regularly to identify opportunities to reduce the Group's carbon footprint and promote their implementation. The group monitors greenhouse gas emissions against the targets set by the business and reports to the Board on the emerging trends. The Group is engaging with FDM's key suppliers to reduce the Scope 3 emissions from our purchased goods and services and has worked with landlords of our premises to increase the use of energy from renewable sources.

During the year the business made its second climate change submission to CDP. CDP is a global environmental disclosure and ratings platform which is recognised as one of the leaders in the market and is used by many of our clients and shareholders to help them make decisions about supply chains and investments. CDP enables our shareholders and clients to obtain an independently-validated view of FDM's efforts to measure and manage our risks and opportunities on climate change. Further information on the steps we are taking can be found on pages 52 to 61.

2. Division of responsibilities

Chair of the Board, Chief Executive and Senior Independent Director

The roles of the Chair and Chief Executive, as well as those of the Senior Independent Director, and the division of responsibilities between them are clearly defined and agreed by the Board. As Chair, David Lister leads the Board and is responsible for ensuring that it performs its role effectively. The Chair aims to ensure that Board meetings are collaborative and provide an opportunity for all Directors to express their views, to contribute and add value to the Board's work. David Lister was appointed as Chair on 5 March 2016 and on appointment was independent when assessed against the circumstances set out in Provision 10 of the 2018 Code.

As Chief Executive, Rod Flavell's main responsibility is to manage the Group's business and to lead the Executive Team in the implementation of the strategies that are adopted by the Board. The Executive Directors under the leadership of the Chief Executive are responsible for managing the day-to-day activities of the Group, communicating the Group's objectives to the wider management team and ensuring that the necessary resources are available to enable those objectives to be achieved. The Executive Team has formal monthly meetings and meets more informally at other times between those meetings.

This separation of roles enhances the independent oversight of executive management by the Board and more closely aligns the Board with shareholders. It also means that no one individual or group of individuals dominates the Board's decision-making. This oversight is further strengthened by the formal reservation of certain matters for the Board's approval, as referred to on page 73. The Directors' powers are set out in the Company's Articles of Association.

Corporate Governance Report continued

Peter Whiting is the Group's Senior Independent Director. In performing this role, Peter acts as a sounding board to provide support to the Chair and the Non-Executive Directors. He also provides shareholders with a point of contact with whom they can meet if they have any concerns which might not be addressed through normal channels, for example with the Chair or Executive Directors, and ensures that meetings with the Non-Executive Directors are held at least once per annum (or more regularly if circumstances so require) to evaluate the Chair's performance. The Senior Independent Director serves as an important intermediary role in FDM's governance process. In carrying out his role, Peter ensures he maintains a thorough understanding of the views of the Company's shareholders. Peter Whiting will be stepping down from the Board at the end of the Annual General Meeting to be held in May 2024, having served more than nine years on the Board since his appointment in June 2014. At that point, Jacqueline de Rojas will be appointed as Senior Independent Director.

Support available to the Board

All Board Directors have access to the Company Secretary, who advises them on Board and governance matters. During the year, members of the Audit Committee received external training covering updates in corporate governance and corporate reporting. The Remuneration Committee Chair and the Company Secretary also received external updates on developments during the year in governance and trends in shareholder expectations and good practice relating to executive remuneration.

As well as the support of the Company Secretary, there is a procedure in place for any Director to take independent external professional advice at the Company's expense in the furtherance of their duties. As stated previously, the Chair and the Company Secretary work to ensure that comprehensive information is provided well in advance of Board meetings to give Directors the time and materials they need to contribute to an effective and efficient Board.

Role of the Non-Executive Directors

The Group's Non-Executive Directors have a broad and complementary mix of business skills, knowledge and experience acquired across diverse business sectors and territories. This allows them to provide strong, independent, external perspectives to Board discussions, which complement the skills and experience of the Executive Directors, facilitating a diversity of views aired at Board meetings. This diversity of skills, expertise and backgrounds enables the Non-Executive Directors to offer specialist advice where appropriate, enables robust and constructive debate and improves the quality of the decision-making process. At the same time, it also reduces the likelihood of any one perspective prevailing unduly. A key role performed by the Non-Executive Directors is the scrutiny of executive management in meeting agreed objectives and monitoring the reporting of performance. They also constructively challenge and help develop proposals on strategy and ensure that financial controls are rigorous and that the Group is operating within the governance and risk framework approved by the Board. The Chair works to ensure a culture of open and transparent debate in Board meetings. Non-Executive Directors are appointed for an initial minimum period of three years and are subject to annual re-election at the Company's AGM. Their appointments then continue until terminated by either the Director or the Company giving notice to terminate. Their appointments as Directors would end if they were not re-elected by the shareholders at the Company's AGM. The terms and conditions of appointment of Non-Executive Directors, including the expected time commitment, are available for inspection at the Company's registered office.

The Board regularly reviews the independence of each of the Non-Executive Directors. When determining whether a Non-Executive Director is independent, the Board considers each individual against the criteria set out in the 2018 Code and also considers how they conduct themselves in Board meetings, including how they exercise judgement and independent thinking. Taking these factors into account, the Board considers that all the Non-Executive Directors are independent when assessed against the criteria specified in Provision 10 of the 2018 Code.

Under Provision 10 of the 2018 Code, having served on the Board for more than nine years from the date of their first appointment is given as one example of circumstances which could impair a non-executive director's independence. Peter Whiting (Senior Independent Director and Chair of the Remuneration Committee) was appointed as a Non-Executive Director at the time of the Company's IPO in June 2014. Since June 2023 he has therefore served on the Board for more than nine years from the date of his first appointment. Peter Whiting will not be standing for re-election at the Annual General Meeting to be held in May 2024, and will step down from the Board at the end of that Meeting. When Peter Whiting steps down from the Board, Jacqueline de Rojas will be appointed as Senior Independent Director, and Rowena Murray will be appointed as Chair of the Remuneration Committee.

Although Peter Whiting has served on the Board for more than nine years, the Board considers that he continues to be independent in his role. He is an experienced non-executive director with a long background of serving on a range of boards of listed companies, and the fact that he will be stepping down in May 2024 enables him to carry out his role professionally and objectively during the remainder of his tenure. The Board considered it was important for Peter to continue on the Board until the next Annual General Meeting, to develop the new Directors' Remuneration Policy (which can be found on pages 123 to 127) and the new long-term incentive plan (about which more information can be found on page 127), both of which will be put to shareholders for approval at the

Annual General Meeting in May 2024. Since Rowena Murray joined the Board in August 2023, this period will also enable an effective handover of the role of Chair of Remuneration Committee to her before Peter steps down in May 2024.

Board commitment

When making new appointments, the Board considers other demands on Directors' time to ensure that they are able to devote sufficient time and focus to their role at FDM. New external appointments may not be undertaken without the prior approval of the Board, and where any significant new appointments are approved by the Board, we intend to explain in the subsequent Annual Report the Board's rationale in giving that approval. For Executive Directors we recognise that external board exposure can be useful as part of their development as Directors, but we will not normally permit them to take on more than one external non-executive directorship of a publicly listed company (or another equivalent significant appointment). Sheila Flavell is President of techUK. Mike McLaren is a non-executive director and chair of the audit committee on the board of ActiveOps plc. No other Executive Director currently has an external commitment.

Non-Executive Directors are expected to commit at least 24 days per annum to FDM and in practice may commit considerably more time than this. The Board keeps this under regular review.

The current key external commitments of the Directors are included within their biographies on pages 66-69.

The Board has reviewed the time commitments of its Directors to ensure that they remain able to devote the appropriate amount of time and focus to their work at FDM.

Board commitment

In approving any external appointments, the Board considers the size and complexity of the relevant businesses, the work involved in the roles, and the overall time commitments involved. The Board also recognises that there is a benefit to FDM from enabling its Directors to gain experience from operating on different boards, and to have a rounded exposure to a range of businesses and markets. During the year, Peter Whiting was appointed as a non-executive director of Team17 Group Plc. The Board approved his acceptance of this appointment having considered the matters referred to above and concluded that this additional role would not have any negative impact upon his ability to carry out his responsibilities as a Non-Executive Director of the Company.

The Board considers that throughout the year all FDM's Directors (including the Chair) have been, and will continue to be, able to devote sufficient time and focus to their respective roles at FDM.

Details of the remuneration received by each of the Executive Directors for the year ended 31 December 2023 are shown in the single figure table presented on page 108 of the Remuneration Report.

3. Composition, succession and evaluation

Composition of the Board

The Board currently comprises four Executive Directors and six Non-Executive Directors (including the Non-Executive Chair). Further biographical details about each Director, including information on their prior experience, are set out on pages 66-69.

As required by Provision 11 of the 2018 Code, at least half the Board (excluding the Chair) is made up of independent Non-Executive Directors.

Disclosure on the diversity of the Board and Executive team

As required by Listing Rule 9.8.6(9), (10) and (11), the following tables set out details of the diversity of the individuals on the Board and the Executive Management Team at 31 December 2023.

There are ten Directors of the Board and seven members of the Executive Management Team (including four Executive Directors and the Company Secretary).

The data in the tables below was reported directly by the relevant individuals via their secure profiles on the Group's HR Information System, which requests them to record gender identity and ethnicity.

The diversity targets set by the FCA in Listing Rule 9.8.6(9) are:

FCA Diversity Target	Target met by FDM as at 31 December 2023?
At least 40% of the individuals on the Board of Directors are women	Met
At least one of the senior positions (Chair, CEO, SID, CFO) on the Board of Directors is held by a woman	Not met
At least one individual on the Board of Directors is from a minority ethnic background	Met

As at 31 December 2023, the Board has not met the target of having at least one of the senior positions on the Board of Directors held by a woman. However, Peter Whiting, the current Senior Independent Director, will be stepping down from the Board at the end of the Annual General Meeting to be held in May 2024, having served more than nine years on the Board since his appointment in June 2014. At that point, Jacqueline de Rojas will be appointed as Senior Independent Director, and the Board will then meet the targets set by Listing Rule 9.8.6(9) in full.

Corporate Governance Report continued

Further details required by the FCA's diversity disclosure requirements are set out below.

	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID & Chair)	Number in executive management	% of executive management
Men	6	60%	4	6	85.7%
Women	4	40%	–	1	14.3%
Not specified/ prefer not to say	–	0%	–	–	0%

	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID & Chair)	Number in executive management	% of executive management
White British or other White (including minority-white groups)	9	90%	4	7	100%
Mixed/ Multiple Ethnic Groups	1	10%	–	–	0%
Asian/ Asian British	–	0%	–	–	0%
Black/ African/ Caribbean/ Black British	–	0%	–	–	0%
Other ethnic group, including Arab	–	0%	–	–	0%
Not specified/ prefer not to say	–	0%	–	–	0%

Board Diversity Policy

The Board is committed to the promotion of diversity and inclusiveness of all kinds throughout the organisation. In 2023, we reported a UK median gender pay-gap of -4.3% (2022: -4.3%), and our UK mean gender pay-gap was -7.6% (2022: -4%).

We believe that by making the most of our differences of approach, and using the collective experiences, backgrounds, skillsets and knowledge of our talented and diverse employees, we will drive innovation and success and achieve more for our stakeholders. This applies equally to our Board and its Committees. The composition of our Board and its Committees is vital to their effectiveness and that, in turn, enhances good governance. Diversity at Board level enables our employees who are from traditionally under-represented groups to aspire to senior management positions. This strengthens diversity and inclusion throughout our workforce, and directly supports our strategic aim to attract, train and develop high-calibre Consultants by making FDM attractive to the widest possible group of people as a place for them to launch their careers in technology.

The Board's primary obligation is to make appointments based on objective criteria to ensure that the best individuals are appointed for every role. Within this context, the Board is committed to a policy of promoting a rounded Board and Committees which reflect a diversity of all relevant personal attributes, including skills, experience, educational and professional background, gender, race and age. In support of this policy, the Board intends:

- to consider all aspects of diversity including gender and ethnicity when reviewing the composition and balance of the Board as part of the Board's annual effectiveness evaluation;
- to ensure that the succession planning and talent management programme includes initiatives to develop the pipeline of talent, to encourage and monitor the development of a diverse range of internal high-calibre employees and to promote diversity in appointments to the senior management team who will in turn aspire to a Board position;
- wherever possible to engage executive search firms who have signed up to the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice;

- to require executive search firms to identify and present an appropriately diverse range of candidates for each vacancy;
- to develop further the level, frequency and quality of interaction between Board members (including Non-Executive Directors in particular) and those aspiring senior managers to enable them to gain more exposure to, and understanding of, the Board's work; and
- to review this policy and report on progress on an annual basis.

The application of this policy during the year was a contributing factor in an increase in the percentage of female members of the Board, from 33% to 40%. Similarly, the percentage of female members of the Audit Committee and the Remuneration Committee each increased from 33% to 50% in each case.

Appointments to the Board, succession planning and talent management

Rowena Murray joined the Board as a Non-Executive Director on 1 August 2023, and is also a member of the Audit Committee and the Remuneration Committee. Information about Rowena's background and experience can be found on page 69. When Peter Whiting steps down from the Board following the Annual General Meeting to be held in May 2024, Rowena will become Chair of the Remuneration Committee. There have been no other changes to the Board during the financial year.

Rowena Murray has considerable experience in Investment Banking and Corporate Broking, as well as working more recently with Private Equity. In making this appointment the Board considered that (i) her insight into the public markets would add a valuable dimension to its understanding of the strategies and priorities of many of the Group's clients and shareholders, and (ii) that her strong reputation for helping businesses to implement their strategies effectively to generate growth and create value would bring useful insight and experience to the Board's work.

When making new appointments, the Board operates a formal and transparent procedure for the appointment of new Directors, the primary responsibility for which is delegated to the Nomination Committee. There is more information about this procedure and the way the Nomination Committee applies it on page 97. The appointment and removal of the Company Secretary is a matter reserved for the decision of the Board.

The Board recognises its responsibility for succession planning and regularly considers the balance of skills, experience and knowledge of the Board, to ensure it remains appropriate to the business and that the Board is best placed to achieve the Group's strategic objectives. The Group's People Team has in place a Talent Management and Succession Planning programme with the following key elements:

- building effective succession by proactively managing risk and distributing key knowledge and skills more widely;
- ensuring a well-prepared pipeline of talent in advance of requirements arising, based on merit and objective criteria, identifying and resolving any gaps in the pipeline; and
- focusing on the skills and diversity of representation which the business needs to ensure sustained future growth.

The programme is designed to promote sustainable organisational performance through smooth succession and to provide investors with assurance that there is stability of talent within the FDM Group. By further developing diversity in our organisation, we ensure we can draw from a range of experiences, backgrounds and approaches which should help us to avoid "groupthink" and maximise our ability to recognise potential opportunities and threats. The programme also provides our senior managers clarity with regard to career paths, which will enable increased engagement and improved retention of key talent. The Nomination Committee will continue to monitor progress of the programme in the coming year.

Board induction and development

On appointment, each Director takes part in a tailored induction programme, designed to give him or her an understanding of the Group's business, governance and stakeholders.

Elements of the programme include:

- briefings from senior management to provide a business overview, update on current trading conditions and strategic commercial issues;
- meetings with the Company's key advisors and major shareholders, where necessary;
- meetings with employees at different FDM Skills Labs and centres;
- provision of a legal and regulatory memorandum and briefing on the duties of directors of listed companies;
- details of the Group's corporate structure, Board and Committee structures and arrangements and key policies and procedures; and
- the latest statutory financial reports and management accounts.

Corporate Governance Report continued

The Chair, in conjunction with the Company Secretary, ensures that Directors are provided with updates on changes to the legal and regulatory environment in which the Company operates. These are incorporated into the annual agenda of the Board's activities along with wider business and industry updates. The Company's principal external advisors provide updates to the Board, at least annually, on the latest developments in their respective fields, and relevant update sessions are included in the Board's meetings. The Company Secretary updates the Board as appropriate on developments in corporate governance and any relevant legal or regulatory changes. In this way, each Director keeps their skills and knowledge current so that they remain competent at fulfilling their role, both on the Board and on any Committee of which they are a member. Specific training and development needs of individual Directors are explored as part of Board evaluations (and may be requested by individual Directors directly) and are addressed by the provision of in-house training or external courses, as appropriate. Non-Executive Directors also experience development in the course of the outside roles they may hold, which contributes to their knowledge and experience in performing their work at FDM.

Evaluation of the Board and its Committees

In accordance with current best practice and the 2018 Code, the Board undertakes a rigorous and formal annual evaluation of its performance and effectiveness and that of each Director and its Committees. The process is led by the Nomination Committee, and it is the Board's policy to invite external advisors to assist with that evaluation every three years.

In January 2024 an internal evaluation of the effectiveness of the Board and its Committees during the 2023 financial year was carried out as recommended by the 2018 Code. This year the evaluation was facilitated internally by the Company Secretary, in consultation with the Chair and the Board Committee Chairs. The most recent external evaluation was conducted by Lien Consulting Limited in 2021. Further information about the evaluation can be found in the Nomination Committee Report on page 98. Overall, the evaluation concluded that the Board and its Committees functioned well, were well chaired and the position was positive. Members of the Committees had the appropriate skills, experience and a particular interest in the work of the Committee to debate issues and provide challenge to management. All of the individual Directors demonstrated the expected level of commitment to the role and contributed effectively during board discussions.

The Non-Executive Directors met without the Chair to evaluate David Lister's performance as Chair and concluded that he had operated effectively in the role.

Re-election of Directors at the 2024 AGM

The Company's Articles of Association require that existing Directors offer themselves for re-election at intervals of no more than three years. At the 2024 AGM, in compliance with Provision 18 of the 2018 Code, all Directors will retire and offer themselves for re-election.

In determining whether a Director should be proposed for re-election at the 2024 AGM, the Board took into account the Nomination Committee's advice based on the results of a review of each Director's contribution to the Board's effectiveness, which formed part of the 2023 Board evaluation. This review confirmed that all Directors continue to be effective and demonstrate commitment to their roles and so the Committee recommended their reappointment.

The Board notes that Peter Whiting (Senior Independent Director and Chair of Remuneration Committee) has served on the board for more than nine years from the date of his first appointment, and accordingly will not seek re-election at this year's AGM, which is due to be held on 14 May 2024. As stated earlier, when Peter Whiting steps down from the Board, he will be replaced by Rowena Murray as Chair of the Remuneration Committee, and Jacqueline de Rojas will take on the role of Senior Independent Director.

4. Audit, risk and internal control

Financial and business reporting

In its reporting to shareholders, the Board recognises its responsibility to present a fair, balanced and understandable assessment of the Group's position and prospects. The Board has ensured that processes are in place to achieve this and more information on the processes can be found in the Audit Committee Report on page 93. A statement of the Directors' responsibilities in relation to the financial statements is set out on pages 132.

Independence of internal and external audit functions

The Board has in place processes which are managed on its behalf by the Audit Committee, and which are intended to ensure that the services provided by the internal and external auditors remain independent and effective. Further information on these processes is set out in the Audit Committee Report on page 94.

Risk management and internal control

The Board is ultimately responsible for maintaining sound risk management and internal control systems and for reviewing their effectiveness. These systems are designed to meet the Group's needs and to manage the risks to which it is exposed, including the risks of failure to achieve business objectives and of material misstatement or loss. However, such risks cannot be eliminated. The Group's systems can only provide reasonable but not absolute assurance. They can never completely protect against factors such as unforeseeable events, human fallibility or fraud.

The Board has established a continuous process for identifying and managing the significant risks faced by the Group (in accordance with the Financial Reporting Council's 'Guidance on Risk Management Internal Control and Related Financial and Business Reporting' (September 2014)). This process has been in place for the year under review and up to the date of approval of the Annual Report. The Group's principal risks are recorded in a Group Risk Register which is updated twice a year by the management team and reviewed by the Executive Team. After each update it is reviewed by the Audit Committee and then submitted to the Board for approval. The Board's view of the Group's key risks and how the Group seeks to manage those risks is set out on pages 27-34.

The Group has in place appropriate internal control and risk management systems around financial reporting. The Group's accounting function is centralised and financial information is held on a central accounting system from which internal management reporting, budgeting and external reporting is collated.

The Board monitors the effectiveness of the Group's internal controls by receiving regular updates from the Audit Committee on the findings of Internal Audit reports, and is provided with updates on progress with commercial IT systems implementations and on any material matters arising from routine internal compliance reviews.

An outsourced Internal Audit function is in place for the Group and the scope of work undertaken during 2023 was carried out in accordance with the annual Internal Audit Plan which was discussed and approved in advance by the Audit Committee. A more detailed overview of the areas of focus and programme of work undertaken by the Internal Audit team in the year appears on page 93.

The key elements of the system of internal controls include:

- The Board meets on a regular basis and is responsible for the operational strategy, reviewing operating results, identification and mitigation of risks and communication and application of the Group's policies and procedures;
- The Group has a clear organisational structure with defined responsibilities and accountabilities;
- Regular reports are made available to the Board on key developments, financial performance against budget and prior year and operational issues in the business;
- Operational and financial controls and procedures are in place including authorisation and approval policies for financial expenditure; authorisation and approval policies for contracts and agreements; signing authorities; IT application controls; and appropriate segregation of duties and reviews by management. Further, there are additional procedures in place to address other risks to the business, including a code of conduct and covering ethics and conflicts of interest, an Anti-Fraud policy, an Anti-Slavery and Human Trafficking policy, an Anti-Bribery and Corruption policy, policies covering Environmental, Social and Governance matters, a Vetting policy and a Procurement Policy;
- Financial controls are documented in a detailed Risk Controls Matrix ("RCM"). The RCM is reviewed and tested on a continuing basis by the Finance Team and a sample of controls from the RCM are subject to testing on an annual basis by the Internal Auditors;
- The Group's finance function is centralised;
- There are appropriate protocols in place to control access to IT systems;
- The Group has implemented a portal to deliver training to all employees on key regulatory and compliance matters such as Health and Safety, Workplace Harassment and Information Security and the General Data Protection Regulation. Successful completion of the training is monitored, and employees' understanding can be refreshed as appropriate;
- An outsourced Internal Audit function is in place, working for and reporting back to the Audit Committee;
- A formal budgeting process occurs annually. The budgets and forecasts are reviewed, approved and monitored by the Board; and
- Regular meetings occur between the Executive Board and senior management team.

5. Remuneration

The Remuneration Committee is focused on ensuring that remuneration policies and practices for Executive Directors and other senior managers support the Group's strategy and promote long-term sustainable success. Targets and metrics for bonuses and long-term incentives are reviewed annually by the Committee to ensure that they incentivise the behaviours which are necessary to deliver the Group's strategy and promote long-term sustainable success. The primary aim of the strategy established by the Board is to deliver the Group's purpose (which is described in further detail on page 6). Setting executive remuneration in a way which promotes the delivery of that strategy ensures that remuneration is aligned to the Group's purpose and values.

Corporate Governance Report continued

The Board delegates responsibility for developing policy on executive and senior managers' remuneration to the Remuneration Committee to ensure that the development of the policy is formal and transparent. The Committee regularly seeks independent advice from its external remuneration advisors and keeps itself informed about market trends in executive remuneration and on remuneration-related areas which are important to the Group's shareholders. The Committee consults with key shareholders prior to making significant changes in the Remuneration Policy.

The Directors' remuneration Policy contains detailed and transparent information about the rationale behind its key provisions to enable shareholders to understand the link between the policy and delivery of the Group's long-term strategy. Each member of the Remuneration Committee exercises independent judgement and discretion when authorising remuneration outcomes, in line with the policy.

The Board as a whole takes responsibility for approving the remuneration of Non-Executive Directors.

The Directors' Remuneration Report provides more detailed information about the work of the Remuneration Committee and details of the remuneration of each Director.

Updated UK Corporate Governance Code published in January 2024

Throughout 2023 the Board monitored developments in the UK Government's proposals for new regulation on corporate governance, which began with the BEIS consultation on "Restoring Trust in Audit and Corporate Governance" in 2021. It had been proposed that audit and corporate governance reform would be delivered via new legislation, and some wide-ranging changes to the UK Corporate Governance Code. In October 2023, however, the UK Government announced that the proposed legislation had been withdrawn. The FRC then confirmed that only a small number of the original proposed changes to the 2018 Code would be taken forward (primarily the changes relating to internal controls). The new Corporate Governance Code was then published in January 2024 (the "2024 Code"). With the help of the Audit Committee, the Board is reviewing the changes set out in the 2024 Code to identify any areas where the Group's procedures may need to be updated to ensure compliance with these provisions, and believes that the Group is already well prepared to meet the recommendations of the 2024 Code.

The UK Government has restated its continued commitment to reform and bringing forward legislation to modernise further the regulation of audit, corporate reporting and governance when Parliamentary time allows. The FRC has also indicated that it will consider whether its guidance on the 2024 Code could be improved to ensure the right balance is struck between supporting effective governance and reducing unnecessary burdens on business. The Board will therefore keep all these matters under review to ensure that it operates best practice wherever appropriate.

The Corporate Governance Report was approved by the Board on 19 March 2024 and signed on its behalf by:

David Lister
Chair of the Board
19 March 2024

Audit Committee Report

On behalf of the Board, I am pleased to introduce the Audit Committee Report for the year ended 31 December 2023.

Chair's introduction

This report has been prepared in accordance with the 2018 Code and the Minimum Standard for Audit Committees and the External Audit (published by the FRC in May 2023) (the "Minimum Standard"). It provides insight into the activities the Committee has undertaken during the year.

The Committee continues to have a key governance role for the Group and oversees, on behalf of the Board and shareholders, important matters relating to financial reporting, risk management, the assurance framework and internal controls. We reviewed our terms of reference during the year to ensure that they remain aligned with the requirements of the 2018 Code and the Minimum Standard. No updates were required at that stage. Following the UK Government's withdrawal in October 2023 of the proposed secondary legislation implementing audit and corporate governance reform, and the publication of the new Corporate Governance Code in January 2024 (the "2024 Code"), it appears that the more substantial proposed reforms which had originally been expected will be more limited in scope for the time being. Nonetheless, the 2024 Code includes an important update to the provisions on internal controls and the Committee is currently reviewing the Group's procedures to identify any areas where these may need to be updated to ensure compliance with these provisions. The Committee notes that, although the proposed legislative changes were not prioritised for the current parliamentary session, the UK Government restated its continued commitment to reform and bringing forward legislation to modernise further the regulation of audit, corporate reporting and governance when Parliamentary time allows. The FRC has also indicated that it will consider whether its guidance on the 2024 Code could be improved to ensure the right balance is struck between supporting effective governance and reducing unnecessary burdens on business. The Committee will therefore keep all these matters under review and will implement the necessary changes in a way which adds value to the Committee's work and enhances assurance for our stakeholders.

Alan Kinnear
Audit Committee Chair

In recent years, the risks arising from Brexit and COVID-19 have been a major area of focus for the Committee. Although the worst impacts of those challenges have now receded, the 2023 financial year continued to be dominated by the instability arising from other threats to geopolitical and macroeconomic security. Major conflicts in Ukraine and Gaza, along with high inflation and increases in interest rates and unemployment, have caused economic uncertainties to persist in many territories, leading to a lack of market confidence and, consequently, difficult trading conditions in all parts of our business (as reported on page 9).

These factors continue to heighten the risk of recession occurring in some territories, most notably in the UK. The Committee's role in careful monitoring of the financial performance of the Group therefore remains as important as ever. During the year we obtained assurance from management and the Internal Audit function that the Group's key financial controls continued to operate as designed. The Committee also applied scrutiny to management's stress testing of the financial and business models. The Executive Team's focus on a strong balance sheet and prudent cash buffer have continued to provide assurance to the Board that the business is in a solid position to continue as a going concern despite these macroeconomic challenges. The Committee was also able to support the Board in its assessment of the viability of the Company over the longer term.

Audit Committee Report continued

In 2023, the Internal Audit plan included a detailed follow-up review of some findings identified in previous reviews. The follow-up work found that improvements had been made in many areas, with other enhancements in progress. In addition, the Internal Auditors performed work on financial controls, fraud risk, and the architecture of data flow through the Group's IT systems.

In November, the members of the Audit Committee visited FDM's Finance Team at our office in Brighton. We received comprehensive updates and assurance from our experienced finance management team on the following areas: preparation and review of the annual budget and regular reforecasts; financial controls including testing of the Risk Controls Matrix ("RCM"); controls covering the reporting of non-financial information; and finance-related systems and the status of ongoing automation projects. We also received an update from our in-house Legal Team as to how they contribute to the management of risk within the business.

Effective risk management is critical to the delivery of the Group's strategic objectives. The Board establishes the nature and extent of the risks it is prepared to take in order to achieve its strategic aims, and is responsible for ensuring that the Group's internal control and risk management systems operate effectively across our business. The Board has delegated to the Audit Committee responsibility for oversight of the measures we have in place. Having carried out a review of the Group's risk management process during the year, the Committee's overall conclusion is that the process continues to operate effectively across the Group. The Committee is reassured that our approach to reviewing potential risks, which includes discussions with a wider range of employees within the organisation, has shown that risk management is increasingly embedded in the culture of our business. The process is designed to provide us with earlier visibility of emerging risks, and has been successful in increasing the breadth of information available to us to update our assessment of risk. We keep the process and risk-management culture under review to identify any areas where further improvements can be achieved. Further information about the principal risks to our business is set out on pages 27-34.

The risk management process this year has further integrated climate-related risks and opportunities as part of our work on TCFD reporting. The enhanced governance structures which we established in 2022 around our efforts to reduce our carbon footprint have helped us to make progress in this area, and we have continued to develop our reporting of Environmental, Social and Governance matters and the controls around the data which forms an important part of that reporting.

The risk of cyberattacks and the threats to data security are ever increasing and the Committee continues to receive regular updates from the Chief Information Officer and the IT Security team. The Committee also received progress reports on the Group's key IT development and implementation projects, and on a project to audit our business continuity plans and test their effectiveness.

The Committee continues to provide appropriate challenge to the decisions and approach taken by the management team in relation to the content and disclosures within the Group financial reports and challenges management to explain the rationale and basis for key judgements and estimates before accepting them. The Committee aims to ensure that the information provided about the key judgements and estimates made is clear and helpful, and assists investors in reaching a fair assessment of FDM's financial position. The Committee has also focused on ensuring that disclosures are fair, balanced and understandable. The key management judgement areas and significant financial reporting items in respect of the financial year are disclosed in this report on page 91.

Role of the Committee

The Committee is appointed by, and reports to, the Board. The Committee's terms of reference were reviewed during the year to ensure that they continue to reflect the Committee's approach, the requirements of the 2018 Code and the Minimum Standard. No amendments were required following that review, but the Committee is in the course of considering the changes introduced by the 2024 Code (which will apply from 1 January 2025) and will keep the terms of reference under close review during the coming year to implement the necessary changes. The terms of reference are available in the Corporate Governance section of the Group's website at www.fdmgroup.com.

The key responsibilities of the Committee are to:

- Monitor the application of financial reporting and internal control principles set out in the 2018 Code, and to maintain an appropriate relationship with the Company's auditors;
- Monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, including any significant financial reporting judgements contained in them;
- Provide advice to the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;

- Review the Company's internal financial controls and the Company's internal control and risk management systems;
- Agree the scope of work for the Internal Auditors and review their reports and findings;
- Monitor and review the effectiveness of the Company's Internal Audit function;
- Review the arrangements by which the Company's staff may raise concerns in confidence about possible improprieties in matters of financial reporting or other matters, and ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;
- Monitor the effectiveness of key policies and procedures of the business which have a role in governance, compliance and the management of risk, for example the Whistleblowing Policy, Anti-Bribery Policy, Environmental and Social Policies, and Fraud Policy;
- Ensure compliance with laws, regulations, ethical and other issues;
- Make recommendations to the Board, and for approval by shareholders, on the appointment, reappointment and removal of the external auditors;
- Agree the scope of the external audit and review the reports and findings of the external auditors;
- Monitor the external auditors' independence and objectivity and the effectiveness of the external audit process;
- Oversee the engagement of the external auditors to supply non-audit services; and
- Manage the external audit tender process.

Priorities

Last year, in addition to the business-as-usual work, the Committee set itself some key priorities for 2023, progress against which is outlined below:

2023 priorities	Progress
Review the findings and recommendations of each of the Internal Audit reviews carried out during the year in accordance with the 2023 Internal Audit Plan.	The Committee received reports from the Internal Auditors on two internal audit reviews which had been commenced in 2022, and two internal audit reviews carried out in 2023. The Committee reviewed the findings of the reviews and the plans which have been put in place to implement improvements to address them. Further information on Internal Audit work during the year is on page 93.
Following up the findings and recommendations of the Internal Audit reviews carried out during 2022 in accordance with the 2023 Internal Audit Plan	The Committee requested the Internal Auditors to carry out a follow-up review to check on progress with the implementation of recommendations made following Internal Audit reviews carried out between 2019 and 2022. This review commenced in September 2023, and its findings will be reported to the Committee in the first quarter of 2024. Further information on this review can be found on page 93.
Carry out an assessment of the risk of fraud in the Group.	Building on the work done by management in 2022 in assessing fraud risk in the business, the Internal Auditors carried out their own detailed review of the risk of fraud in the Group, as part of their Internal Audit plan for the year. The findings of the review were reported to the Committee in July 2023. Further information on this review can be found on page 93. In addition, in October 2023, management updated its assessment of this risk, and produced a paper which the Committee reviewed. The Committee also reviewed and re-approved the Group's Fraud Policy. As in 2022, the external auditors will be required to apply 'The International Standard on Auditing (UK) 240 (Revised May 2022)'. This sets out the external auditors' responsibility for obtaining reasonable assurance that the financial statements taken as a whole, are free from material misstatement, whether caused by fraud or error. The October 2023 management paper on fraud risk and the work done by the Internal Auditors (referred to above) will assist the external auditors with this.

Audit Committee Report continued

2023 priorities	Progress
Review the Group's cybersecurity arrangements.	During the year, the Committee received regular updates from the Chief Information Officer and the Information Security team on their work. The Committee has been encouraged by the evident technical knowledge of the IT teams and their continued vigilance in protecting FDM. Changes have been made to IT systems to increase resilience to cybersecurity incidents. The IT Security Team has enhanced its work to increase awareness in the organisation of the risk of phishing attacks and other similar activity. During the year the team also enhanced the Group's cyber-security and business continuity plans, and plans are in preparation with management to carry out a cyber wargame scenario to test the Group's readiness to deal with the potential aftermath in the event of a successful future cyberattack. The Committee continues to monitor closely the management of these issues.
Monitor the impact of current macroeconomic pressures on the Group's business.	The Committee invited the CEO and CFO to attend its meetings regularly during 2023 to enable close monitoring of the impact of these factors on the Group's trading and financial position. Management has continued to take a prudent financial approach, maintaining a robust balance sheet and strong cash management to maximise resilience. Careful adjustment of recruitment, training, and staffing levels to align with the current market conditions has been at the forefront of management's focus, to ensure the business weathers the current market conditions and has the right levels of resource when demand increases.
Monitor regulatory change, focusing in particular on proposed changes to regulation of the statutory audit profession and of audit committees.	The Committee has carefully monitored the evolution of proposals to update the UK's audit and corporate governance framework. Under the UK Government's original proposals, the requirements for (i) an Audit and Assurance Policy, and (ii) a disclosure on the steps the Board has taken to prevent and detect material fraud, would not have been mandatory for FDM. However, the Committee developed a draft Audit and Assurance Policy to assist in drawing together the different sources from which management and the Committee obtain assurance on the integrity of FDM's reporting – including, but not limited to, the financial statements – and the handling of risk. In October 2023 the UK Government withdrew the legislation intended to implement these changes. In response to this, the FRC reduced the scope of the changes to the 2018 Code which it had originally planned, with a more limited update being published in the 2024 Code in January 2024. During this year the Committee will review the 2024 Code and will implement the required changes to ensure compliance. As the guidance is developed, our draft Audit and Assurance Policy will continue to serve as a helpful guide to our sources and levels of assurance. Over the last two years the reporting team has already made good progress in developing a system of controls over the reporting of non-financial information which will be helpful in aligning the business with requirements of the 2024 Code.
Climate change risk and environmental sustainability, and our reporting on it.	The Committee has received updates during the year on our approach to SECR, the development of matters forming part of our disclosures under the TCFD framework, and the new requirements of IFRS S1 and IFRS S2, effective from 1 January 2024. As in 2022, our TCFD disclosure this year includes analysis of risks and opportunities arising from climate change, and a climate change scenario analysis. We are fully compliant with the TCFD recommendations and our disclosure can be found on page 53. The Committee considered the requirements of the EU Corporate Sustainability Reporting Directive (CSRD). We are satisfied that the size of our operations in Europe is currently below the threshold which would bring FDM into the scope of these regulations, but we will keep the situation under review. FDM has continued working with its external sustainability consultancy to continue analysing its carbon emissions, which will now be measured half-yearly, enabling us to see more clearly the trends in our progress against our carbon reduction targets from the 2020 baseline. The Committee continues to monitor the quality of the Group's reporting on these matters.
Review the Group's financial controls framework.	The Internal Audit team carried out its annual review of Financial Controls during the year and reported that the controls tested were operating effectively. Management has adopted recommendations to the processes which will enable the documentation of control descriptions to be clarified or improved.

In addition to continuing to focus on a number of the issues referred to above, in the coming year the Committee intends to focus on the following:

- The Group's financial controls framework.
- The findings and recommendations of each of the Internal Audit reviews carried out during the year in accordance with the 2024 Internal Audit Plan, and the remaining two reviews performed under the 2023 Internal Audit Plan.
- The findings and action plan developed from the cyber wargame scenario to be conducted by management in early 2024.
- A further assessment of the risk of fraud in the Group.
- Continuing to be kept informed of IT systems developments during the year.
- Assessing the requirements of the 2024 Code which are relevant to the Committee's work, continuing to monitor any further proposals made by the UK Government to enhance the UK's audit and corporate governance framework, and implementing any resulting changes in approach, policies, procedures, and reporting.

Composition of the Committee

During the year, the members of the Committee were Alan Kinnear (Chair of the Committee), Michelle Senecal de Fonseca, Peter Whiting and Rowena Murray (who joined the Committee from 1 August 2023).

The Board is satisfied that Alan Kinnear, a chartered accountant with significant financial and audit experience in a public company environment, has the recent and relevant financial and accounting experience required by the 2018 Code. Michelle Senecal de Fonseca, Rowena Murray and Peter Whiting also have experience in financial and reporting matters through their other business experience and current external roles. The Committee as a whole has a sufficiently wide range of business experience and expertise, including significant experience and competence in the sector within which FDM operates, such that the Committee is in a position to fulfil its role effectively.

In compliance with the 2018 Code, the Committee membership is limited to independent Non-Executive Directors of the Company.

Members' experience is documented in their biographies included on pages 66-69.

The Chair of the Committee is available for discussions with shareholders, and joined the Chair of the Board in a meeting with a top-10 shareholder during the year to discuss matters relating to governance, as part of that shareholder's routine programme of stewardship and engagement.

As reported elsewhere in this Annual Report, Peter Whiting does not intend to stand for re-election to the Board at the AGM to be held in 2024, because he will, by then, have served on the Board for more than nine years from the date of his first appointment. As explained on page 78, the Board considers that Peter Whiting remains independent and that the composition of the Committee therefore remains in compliance with Provision 24 of the 2018 Code.

The Committee's agenda

The Committee has a broad agenda of business which focuses on the Group's risk assurance and audit processes through a series of scheduled meetings during the year. The agenda follows an annual plan which is set in advance in discussion with senior management, the financial reporting team, the external auditors, and the Internal Audit function. The annual plan incorporates items driven primarily by the financial calendar of the Group but also includes work on the Internal Audit programme and regulatory developments, and is adapted through the year to address any other relevant matters which may require the Committee's attention.

The Committee acts autonomously and sets its own agenda in addition to routine matters and those suggested by the main Board. In setting the agenda, the Committee keeps in mind the regulatory framework, the 2018 Code and the FRC's Guidance on Audit Committees.

The Committee met four times during the financial year with all members in attendance. During the year, the Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Group Financial Controller, Head of Commercial Finance, Group Director of Information Security, Commercial Systems Manager and Director of IT Portfolio Management attended certain meetings at the invitation of the Committee to ensure that the Committee remained fully informed of events and developments within the business. Presentations were received on legal, regulatory and climate change matters, IT security and systems projects, contributing to the Committee's role in monitoring the management of risk.

The Group's external auditors, PwC, attended all of the Committee meetings during 2023.

The Internal Auditors, KPMG LLP ("KPMG"), also attended all of the Committee meetings during the year to discuss plans for their programme of work and to present their findings. KPMG attend for the full duration of each meeting (except when the Committee discussed their effectiveness), as the Committee believes that the effectiveness of the Internal Audit function is enhanced by an understanding of other matters covered at the meetings, and of the external audit work being carried out by PwC. KPMG and PwC have direct access to the Committee Chair.

Audit Committee Report continued

On a number of occasions after the formal meetings during the year, PwC and KMPG had the opportunity to hold an informal discussion with the Committee members without any of the executive management team being present. The Committee Chair also met with PwC and KPMG on several occasions outside of the Committee.

In addition to the meetings of the Committee, the Committee Chair and other Committee members met with other members of the Finance team, senior management, and regional operating management during the year. This included a visit by the members of the Committee to the Group's office in Brighton to meet with senior members of the Finance and Legal teams. This enabled them to discuss in further detail, outside the formal setting of a Committee meeting, the finance team's work and the controls in place to mitigate risk in this area of the business. It also provided an opportunity to obtain a more detailed understanding of the development of the Group's 2024 budget and assumptions. The Legal team provided a helpful insight into their work, which is an important element in the Group's management of risk.

Activity

Principal activities during the year

The following principal activities have been carried out by the Committee during the financial year:

March 2023

- Reviewed the draft Internal Audit plan for 2023, making some adjustments to reflect the Committee's updated priorities
- Received reports from KPMG covering their reviews of:
  - FDM's policies and procedures relating to Consultant working hours and time recording; and
  - FDM's policies and procedures on the use of Social Media by the business.
- Received a presentation from PwC on their audit of the financial statements for the year ended 31 December 2022, and reviewed the Auditors' Report to the Audit Committee
- Reviewed the latest updates to the Group Risk Register
- Reviewed and recommended to the Board the approval of the Preliminary Announcement and the 2022 Annual Report. This work included: ensuring that the report is fair, balanced and understandable; reviewing the significant judgements applied in the Annual Report; reviewing disclosures and the summary of significant accounting policies; considering the appropriateness of the going concern statement and the viability statement; reviewing the Directors' statement about the performance of their statutory duties under s.172 of the Companies Act; and approving the statement of principal risks to the business as set out in the Annual Report
- Approved the Committee's agenda for the remainder of 2023

May 2023

- Approved the updated 2023 Internal Audit plan
- Received an update from KPMG on the proposed terms of reference for the Internal Audit reviews of Fraud Risk and Financial Controls to be carried out during the year
- Received an update on current systems projects, including the CRM system upgrade, HR Information system and the implementation of an application to integrate systems and create more efficient data flows across the business
- Received a presentation from the Chief Information Officer on cybersecurity and IT business continuity
- Received an update on the reporting, accounting and governance changes applicable to the Group
- Reviewed the Audit Committee's Terms of Reference and identified areas for updating
- Reviewed a draft Audit & Assurance Policy
- Reviewed the effectiveness of the external auditors
- Considered the effectiveness of the Internal Audit function

July 2023

- Received a report from KPMG on their reviews of Fraud Risk and Financial Controls
- Received a report on the review of, and updates to, the Group Risk Register
- Reviewed PwC's report to the Committee (interim review for the six months to 30 June 2023)
- Reviewed the Interim Report, including the going concern statement, the statement of principal risks and uncertainties, and other key disclosures, and recommended its approval to the Board
- Received an update from the Chief Information Office on an ongoing audit of Business Continuity plans
- Reviewed and approved the letter of engagement for the external auditors and their proposed fees for the interim review and the full year audit for the 2023 financial year

October 2023

- Reviewed and approved PwC's plan for the audit of the 2023 financial results
- Received a progress report from the Internal Auditors on the internal audit reviews currently underway
- Considered potential areas to be reviewed as part of the 2024 Internal Audit Plan
- Received an update on reporting, accounting and corporate governance changes and the processes and key themes for inclusion in the Annual Report 2023
- Reviewed steps taken by the Directors during the year to comply with s.172 of the Companies Act 2006, and matters proposed for disclosure in the s.172 Statement to be included in the Annual Report 2023
- Received a progress report on the implementation of the key IT systems projects and the management of risks within those projects
- Received an update from the Group Operations Director on preparations for testing of the Group's Business Continuity Plans
- Reviewed and approved the Group's Whistleblowing Policy, Anti-Bribery & Corruption Policy, Environmental & Sustainability Policy, Social Policy, and Fraud Policy
- Reviewed a paper from management assessing fraud risk in the business
- Considered the latest regulatory changes relevant to the Audit Committee's work
- Carried out a review of the Committee's effectiveness

In addition to the work outlined above, as a standing item on the agenda of every meeting, the Committee reviews the level of fees incurred with PwC on non-audit work to ensure compliance with the Group's policy on non-audit fees. During 2023, the only non-audit work performed by PwC has been their review and report on the Group's half-year financial statements.

Application of the Group's Accounting Policies

A summary of the Group's Accounting Policies is set out in note 3 to the Consolidated Financial Statements (which begins on page 148 of this Annual Report). The Audit Committee received a paper from the Finance team on the application of the Group's accounting policies and considers that the Consolidated Financial Statements have been prepared in accordance with the Accounting Policies and that the Accounting Policies applied are appropriate for the Group.

Significant financial reporting items

The Committee scrutinises matters it considers important by virtue of their potential impact on the Group's results or the degree of estimation or judgement involved in their application to the Consolidated Financial Statements. To this end, the Committee receives regular reports from the Chief Financial Officer and the Group's external auditors, PwC. During the year the Committee challenged management in respect of their underlying rationale and basis for key judgements and estimates before accepting them. The Committee has considered the estimate identified in note 4 to the Consolidated Financial Statements, having received drafts of the Annual Report and Accounts in sufficient time ahead of signature to enable a thorough review, and allow for the opportunity to challenge and discuss the Report's content.

Audit Committee Report continued

The main areas of focus are set out below:

Area of focus	Steps taken to address each area
Revenue The Group's Revenue is recognised based on contracted rates for each Consultant being applied to timesheets submitted by Consultants and authorised by the Group's clients. Revenue in respect of timesheets which have not yet been received is accrued at a percentage of the estimated contract value where timesheets have not been received at the cut-off date. Volume rebates are accrued in the period in which the revenue is recognised, with the value of the rebate offset against revenue. The rebates are calculated with regard to specific threshold levels of revenue recognised for certain clients in a contractual period. To the extent the volume rebates are material, amounts are disclosed, along with any significant judgements made in their estimation.	The Group's automated time recording system enables invoices to be automatically generated from timesheets submitted on the system. Processes are in place, including automated reminders being sent from the timesheet system, to ensure the number of late timesheets is minimised. The Committee discussed and reviewed revenue recognition in detail with management and PwC and remains satisfied that Group accounting policies with regard to revenue recognition have been adhered to and that estimates remain appropriate. The Committee discussed with management and the auditors the basis of the calculations supporting the volume discount accrual and the disclosures contained in the Annual Report. The value of volume rebates at 31 December 2023 is disclosed on page 167.
Share-based payments In prior years, the Company has granted awards under the FDM Performance Share Plan. No such awards were granted in 2023. Accounting for the awards which are outstanding from prior years involves estimates relating to the number of shares which will vest.	The Share-based payment charge, including any changes to the estimates relating to the number of shares that will vest, is reported monthly to the full Board, via the Board Pack. The Committee is also separately informed of the key assumptions and estimates applied in calculating the share-based payment charge at the year end. The Committee is satisfied that the assumptions and estimates applied are appropriate.
Going concern and viability The Committee has considered the going concern basis assumed within the financial statements and viability period. The underlying assumptions, the reasonableness of those assumptions and the headroom available were considered as part of the Committee's review. The review also considered the impact of a range of sensitivities on the key assumptions.	The Committee received and reviewed a paper prepared by the Finance team supporting the adoption of the going concern basis and the appropriateness of the viability period. The Committee is satisfied with the judgements in these areas, including that the risk of climate change to the business is low. The Committee challenged management's going concern analysis and was satisfied that, despite the much more challenging trading environment, there were no indicators of impairment. This work enabled the Committee to conclude on the adoption of the going concern basis. The Committee also reviewed and concurred with the reasonableness of the viability period included within the viability statement on page 34.
Climate risk and reporting To be consistent with the TCFD's recommendations, FDM is required to: • Demonstrate that climate change is incorporated into FDM's risk management processes and business strategy • Consider the risks and opportunities arising from climate change, in line with the categories outlined in the TCFD guidance	FDM has worked with external sustainability advisors to identify opportunities for the Group to work towards TCFD best practice. Based upon their recommendations, management has established a Climate-change Action Group with formal governance structures and internal reporting processes. With the external advisors, management has considered all risk and opportunity categories outlined in the TCFD guidance. Further information can be found on page 52. The Audit Committee considers that the likely impacts from climate change are not material enough to require revisions to the Group's current capital expenditure plans or meaningful for additional strategic consideration. FDM's risk management framework channels climate risk information from the bi-annual risk reviews to the Audit Committee and on to the Board.

Fair, balanced and understandable

As requested by the Board, the Committee has considered whether, in its opinion, the Annual Report and Accounts 2023 is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. In forming its opinion, the Committee considered the information it had received and the discussions that have taken place with senior managers in the business.

All members of the Committee received a full draft of the Annual Report and Accounts two weeks prior to the meeting at which it was required to provide its final opinion. The Committee reviewed the report to ensure that: it provided a balanced reflection of the Group's performance; the presentation of adjusted measurements was relevant and understandable; all material matters were considered; and there was internal consistency and there were linkages throughout, including the presentation of the estimates and significant risks.

The Committee concluded that the Annual Report and Accounts 2023, taken as a whole, was fair, balanced, and understandable, and considers that it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Committee made a recommendation to the Board to this effect. The Directors' statement of responsibilities on a fair, balanced and understandable Annual Report is given on page 133.

Internal control and risk management

The Committee is responsible for monitoring and reviewing the effectiveness of the Group's internal control and risk management systems. This is achieved by the presentation and review of management reports relating to internal control and risk management systems as well as reports from Internal Audit throughout the year. Through monitoring the effectiveness of its internal controls and risk management, the Committee maintains a sound understanding of the Group's trading performance, its key judgemental areas and management's decision-making processes.

The key elements of the Group's internal control framework and procedures are set out on page 83.

Internal audit

The Committee oversees and monitors the work of the Internal Audit function, which is wholly outsourced to KPMG. The Committee considers that it remains appropriate to outsource the Internal Audit function for the following reasons: first, outsourcing ensures the process is independent and second, it guarantees that specialist input is available when required, taking into account the international nature of FDM's business and the need for technical specialism, particularly when reviewing non-financial areas of the business.

The Internal Audit Plan for 2023 was reviewed by the Audit Committee in March 2023 and approved in May 2023. The Plan is risk-based, prioritising reviews of the areas which are identified as principal risks in the Group Risk Register, and covering all key financial, operational, and regulatory parts of the business. Specifically, in 2023, the Committee received reports on reviews of the following areas:

- Working Hours, assessing the culture and communications impacting compliance with the Group's local time-recording guidance in the UK, US and Canada;
- Social Media, including the framework and policies governing FDM's social media and online marketing activities, and assessing the robustness of the applicable controls and processes relevant to FDM's online activity and presence;
- Fraud Risk, identifying the fraud risks arising from the day to day operations of the Group, and developing a Fraud Risk Register to capture the main risks identified and the mitigations and controls in place to manage them; and
- Financial Controls.

The findings from the reviews were presented to the Audit Committee during the period. The Group's financial controls were found to be operating effectively, and no serious weaknesses were identified by the Internal Audit reviews in any of the other areas.

During the year the Internal Auditors also commenced reviews of the following areas, and will report to the Audit Committee on their findings in the first quarter of 2024:

- Data Flow Architecture; and
- A Follow-up Review to identify progress in addressing the findings of previous reviews.

The effectiveness of the Internal Audit function's work is monitored on an ongoing basis using a number of inputs, including the reports received, the Audit Committee's engagement with the Group Financial Controller who is the Group's primary point of contact with the internal auditors, and an assessment during the year of the internal auditors' performance against the KPIs identified in the Internal Audit Plan. The Audit Committee considers that the Internal Audit process is an effective tool in the overall context of the Group's risk management systems.

The Audit Committee Chair also met with the Internal Audit team in advance of every meeting without management present.

Audit Committee Report continued

External auditors

PwC is the Group's current external auditors, having first been appointed in 2013, and re-appointed in 2022 following a competitive tender process to appoint external auditors beginning with the audit in respect of the financial year ending 31 December 2023.

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 ("CMA Order")

The Company confirms that it has complied with the provisions of the CMA Order for the 2023 financial year. In 2022 the Group carried out a competitive tender process which resulted in the re-appointment of PwC as external auditors beginning with the audit in respect of the financial year ending 31 December 2023. In accordance with the CMA Order, the Company is required to put the external audit contract out to tender not later than 2033.

Auditors' independence and objectivity

Both the Committee and the Board keep the external auditors' independence under review. Since July 2016, the Committee has been monitoring the fees paid to the external auditors for non-audit work at each Committee meeting. Any non-audit work which will result in fees exceeding £5,000 must be approved in advance by the Committee Chair. More substantial work involving fees exceeding £50,000 requires the approval of the Committee as a whole. The Group receives a formal statement of independence and objectivity from PwC each year, and confirmation that PwC's partners and staff have complied with UK regulatory and professional requirements, including the Ethical Standard 2019 issued by the Financial Reporting Council. The Committee also obtains quotes in a competitive tender for all non-audit work performed, other than for the auditors' review of the half-year results.

Fees for non-audit work carried out by PwC as a percentage of audit fees for the year ended 31 December 2023 were 22% (2022: 22%) and related solely to PwC's review of our Interim Report. See note 7 to the Consolidated Financial Statements.

External audit partners are rotated every five years. The external audit partner in respect of the 2023 financial year has been Katharine Finn, who has now completed four years in the role.

The Group continues to engage KPMG, an independent accounting firm, to perform Internal Audit work.

Effectiveness of external auditors

During the year, the Committee reviewed the effectiveness and independence of the external auditors, using a questionnaire which was completed by key members of the Finance team and each member of the Committee. The questionnaire asked individuals to rate the performance of the PwC audit team in the following areas: knowledge and expertise; independence and objectivity; effectiveness of the planning process; ability to firmly challenge management; and quality of audit deliverables. The feedback from the questionnaire was then used as the basis for a more wide-ranging discussion at the meeting held in May 2023 (at which PwC were not present). The Committee reviewed the external auditors' discussions with, and reports to, the Committee over the year to examine the degree of objectivity exercised by the external auditors, the robustness of their challenge to management, their views on controls around the Group and their testing of areas which involved the exercise of judgement by the management team. Based on the feedback and their further discussions, the Committee concluded that:

- the overall audit approach, materiality threshold and areas of audit focus were appropriate to the business;
- the auditors had displayed the necessary level of challenge and objectivity to demonstrate an appropriate level of independence; and
- due attention had been given to the matters discussed during the audit tender process in 2022; and the audit team possessed the necessary quality, expertise, and experience to provide an independent and objective audit.

The findings were fed back to PwC by the Chair of the Committee.

The Committee has also reviewed PwC's UK Transparency Report 2023, and has discussed with the external auditors the FRC's most recent Audit Quality Inspection and Supervision Report relating to PwC.

Whistleblowing

The Group has in place a whistleblowing policy which enables employees to report concerns on matters affecting the Group or their employment, without fear of recrimination.

The Committee reviewed the Group's whistleblowing policy and procedures in October 2023 and is satisfied that they remain appropriate with the key aspects of the review were discussed at the next meeting of the full Board.

There were no instances of whistleblowing during the year.

Anti-bribery and corruption policy

The Group has a zero-tolerance policy to bribery and corruption. The Group's Anti-bribery and Corruption policy is issued to all employees, and training is provided to all current employees and new starters to ensure that they understand the Group's policy and the importance of compliance. The Committee reviewed the effectiveness of the policy in October 2023 and concluded that it remains an effective tool for managing the anti-bribery and corruption risks faced by the Group.

Fraud policy

The Group is committed to acting with integrity and honesty and takes all reasonable steps to mitigate the risk of fraud arising within the organisation. The reputation of FDM's business is based on the trust which our clients, shareholders, employees, and other stakeholders have in the integrity of our business.

During 2023 the Committee reviewed and re-approved the Group Fraud Policy which outlines the steps which the Group takes to reduce the opportunity for fraud by implementing and maintaining appropriate technical and organisational security measures and controls, and by such other methods as considered necessary. The Group's policy is to take prompt action in the case of any suspected fraudulent activity from any source.

Audit Committee effectiveness

An evaluation of the effectiveness of the Committee in discharging its duties was conducted internally during October 2023. The evaluation process was facilitated by the Company Secretary and was based on the completion of questionnaires (which included questions to be scored and free text questions) by members of the Committee. The questionnaire was designed to address the key elements of Audit Committee effectiveness identified in the 2018 Code, the FRC's Guidance on Board Effectiveness published in July 2020, and the FRC's Guidance on Audit.

Committees published in April 2016. The results, once summarised by the Company Secretary, were then discussed with the Committee Chair, and tabled at a meeting of the Committee for discussion. The Committee regularly reviews its terms of reference and updates them as necessary to reflect current best practice and to ensure that its approach remains in line with those terms of reference and the Financial Reporting Council's Guidance for Audit Committees.

The effectiveness of the Audit Committee was also reviewed as part of the main Board Effectiveness Evaluation which was facilitated internally this year. Further information on that review can be found on page 98.

Following these reviews, the Committee is satisfied that it continues to be effective in discharging its duties.

Alan Kinnear
Audit Committee Chair
19 March 2024

Nomination Committee Report

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2023.

Chair's introduction

The primary role of the Nomination Committee is to lead the process for appointments to the Board, to monitor its composition, diversity and performance, and to plan for orderly succession to the Board and the Group's senior management team.

The Board undertook a review of its effectiveness during 2023 and concluded that it continues to operate effectively. Of course, there are areas where can enhance our effectiveness further and we will ensure that we address the key themes arising from that review during the coming year.

Information on the activities of the Committee during the year is set out in this report.

David Lister
Chair of the Nomination Committee

Committee composition

The Committee is appointed by, and reports to, the Board. Its members during the year were as follows:

- David Lister (Committee Chair)
- Peter Whiting
- Michelle Senecal de Fonseca
- Jacqueline de Rojas

In line with provision 17 of the 2018 Code, a majority of members of the Nomination Committee are independent Non-Executive Directors.

Role of the Nomination Committee

The role of the Committee is summarised below and detailed in full in its terms of reference, a copy of which is available on the Group's website (www.fdmgroup.com).

The main responsibilities of the Committee are to:

- Review the structure, size and composition of the Board and its Committees including its balance of skills, knowledge, experience and diversity, and make recommendations to the Board with regard to any changes;
- Lead the process for identifying candidates to fill Board vacancies as and when they arise, and recommend new appointments to the Board for approval;
- Consider succession planning for Directors and other senior executives taking into account the challenges and opportunities facing the Company, and the skills and experience needed on the Board now and in the future;
- Keep under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring that FDM can continue to compete effectively in the marketplace;
- Review the results of the Board performance evaluation process which impact on Board composition; and
- Ensure that Non-Executive Directors are allocating sufficient time to their work at FDM to allow them to fulfil their duties.

Appointment of new Non-Executive Director and Board role changes

- As reported in the Statement from the Chair of the Board on page 9, Peter Whiting, our Senior Independent Director and Chair of the Remuneration Committee, has now served on the FDM Board since the Company's IPO in June 2014. In line with the 2018 Code, Peter will therefore be stepping down from the Board at this year's AGM.
- With this in mind, the Committee undertook a process to identify and appoint a new Non-Executive Director to join the Board, with the intention that the individual appointed would step into the role of Chair of the Remuneration Committee at the time of Peter's departure.
- The Committee considered carefully the qualities, experience, skills and personal attributes required for the new appointment, with particular focus on the skills and knowledge required for the Remuneration Committee Chair role. It was also particularly important to the Board to find an individual with experience of the public markets and the City, which is one of Peter's areas of expertise.
- Through their own networks of contacts, Board members were aware of a number of potential candidates for this role. Given the specific combination of qualities which the Board was looking for, the Committee decided that it was unnecessary to incur the significant cost of engaging an external search agency for the role, and the Committee therefore approached a number of the potential candidates to gauge their interest in joining the Board, identifying a shortlist of those who had currently available.
- Subsequently, following a formal process involving interviews with all members of the Board, and a recommendation from the Committee to the Board, Rowena Murray was appointed as a Non-Executive Director on 1 August 2023.
- When Peter Whiting steps down from the Board in May 2024, Rowena Murray will take on the role of Chair of Remuneration Committee, and Jacqueline de Rojas will become the Senior Independent Director.

Succession planning

- The most important ongoing responsibility of the Committee is to oversee the Company's succession plans for members of the Board and the senior management team over the short, medium and longer term, to ensure that the Board maintains the appropriate balance of skills and experience to carry out its work in the most effective way. In particular, when the opportunity arises for refreshment of the Board, the Board is mindful of the need to ensure that its membership is diverse. The Board currently meets the targets set by the FTSE Women Leaders Review (formerly the Hampton-Alexander Review) and the Parker Review, and details of the Board's diversity policy are set out on page 80.
- The Board's primary aim is to make appointments based on objective criteria that ensure that the best individuals are appointed to each Board role. We believe that a Board made up of individuals with a diverse range of personal attributes, including skills, experience, educational and professional background, gender, race and age, will contribute to diversity in the Board's thinking and approach and, in turn, will enhance the quality of decision-making.
- During the year the Committee carried out a review of the remaining tenure of our existing Non-Executive Directors, noting that the 2018 Code recommends that Non-Executive Directors who have served on the Board for more than nine years from the date of their first appointment should no longer be considered independent. The Committee noted that the timing of appointments over the last seven years means that Michelle Senecal de Fonseca (Non-Executive Director) and David Lister (Non-Executive Chair of the Board) will reach the ninth anniversary of their appointments to the Board in January 2025 and March 2025 respectively. The Committee has begun to plan the processes by which appointments will be made, and the timings of those appointments, as those individuals retire from the Board. Those processes will be driven primarily by an intention to ensure that the Board incorporates a wide range of experience and the necessary skills, enabling it to support as effectively as possible the Group's plans for growth. As the opportunity arises we will also keep in mind the Board's emphatic view that a diverse Board is an effective Board. By making the most of the Directors' differences of approach, and using the collective experiences, backgrounds, skillsets and knowledge of our talented and diverse employees, we will be able to drive innovation, growth and success and achieve more for our stakeholders. Details of the tenure of our Directors can be found in the Board of Directors section of this report on pages 66-69.
- FDM operates a Group-wide formal mentoring programme. In recent years, this has been expanded to involve the Non-Executive Directors providing mentoring to a selection of senior managers from across our territories. The programme has been successful and has been highly valued by those who have taken part. We intend to expand this senior management mentoring programme in the coming year, as well as relaunching the formal mentoring programme which is in place across the rest of the Group. The Committee will continue to monitor the progress of these projects carefully during 2023 and will review the strengths identified in the talent pipeline and actions needed to close any gaps. The Committee will focus closely on the data arising from the programme which will help to assess diversity in the Group, career progression and attrition.

Nomination Committee Report continued

2023 Board effectiveness review

Our view is that the Board evaluation is a valuable process that provides a regular mechanism by which the Board can challenge itself to identify any areas where its performance can be improved to enhance the effective and efficient conduct of Board business, for the benefit of FDM and all its stakeholders. The 2018 Code requires that FTSE 350 Companies should arrange for the evaluation of the Board to be externally facilitated at least every three years, and our last external evaluation was carried out by Caroline Lien of Lien Consulting Limited in 2021.

Our evaluation of the Board and its Committee in respect of 2023 was conducted internally. The evaluation of the main Board was facilitated by the Chair of the Board with support from the Company Secretary and was based on a set of formal questions designed to assess the performance of the Board, including the Chair and individual Directors, against the priorities identified during last year's evaluation, and a selection of other areas of particular priority to the Board. The questions were provided to all Board members in advance and then formed the basis of a formal but open and wide-ranging round-table discussion.

The results of the evaluation discussions were collated and reviewed by the Chair and the Company Secretary and an action plan was subsequently presented to the Board with which to address areas where it was considered that the Board's effectiveness could be improved, as well as recognising the strengths of the Board. The review found that some good progress had been made against the areas which last year's evaluation had identified for further work. A summary of the key action points arising from the 2023 evaluation is as follows:

- The Board intends to allow time for additional focus on medium- to long-term strategic factors, such as key technological developments of interest or concern to our clients, trends in working practices and in using technology to optimise efficiency, and enhancements to the Group's business model.
- The Board will review the content and format of the regular papers which are provided to the Board for each meeting to ensure that they provide the optimal content for the Board to consider and ask the most important questions for the Board to address.
- The Board will aim to provide more opportunities for senior managers to attend Board meetings to provide an update on key issues arising with their departments, their successes, and any challenges they are facing. As well as helping the Board to gain a better understanding of progress in the business at a more detailed level, these discussions provide members of the senior management teams with the opportunity to gain experience of presenting to the Board and to understand the Board's work which, in turn, is good for the development of talent and for succession planning generally within the business.

The Board intends to review progress against the action plan on an ongoing basis through 2024.

Each of the Board's principal Committees evaluated its own effectiveness using a similar process, either by the completion of questionnaires (using both scoring and free-text questions) by Committee members, or the circulation of a list of key questions and topics used as the basis of a formal discussion, according to the preference of each Committee Chair. The results of each Committee's evaluation were then presented to the Board.

Peter Whiting, as the Senior Independent Director, led a review of the Chair of the Board's performance in discussion with the other Non-Executive Directors.

In line with the recommendation of the Code, the Board intends to carry out an externally-facilitated review of its effectiveness during the 2024 financial year.

Independence and effectiveness

As recommended by the 2018 Code, all the current Directors will be standing for re-election at the AGM in 2024, other than Peter Whiting, who will retire from the Board at the end of the AGM. Having reviewed the independence and contribution of the Directors, the Committee confirms that the performance of each of the Directors continues to be effective and each demonstrates commitment to their roles, including independence of judgement, commitment of time for the Board and (where relevant) Committee meetings and their other duties. Accordingly, the Committee has recommended to the Board that all current Directors of the Company be proposed for re-election at the forthcoming AGM.

David Lister
Chair of the Nomination Committee
19 March 2024

Remuneration Report

On behalf of the Board, I am pleased to present our Remuneration Report for the year ended 31 December 2023.

Statement from the Chair of the Remuneration Committee

On behalf of the Board, I am pleased to present our Remuneration Report for the year ended 31 December 2023. In addition to this Statement from me, this report contains two further sections: the Annual Report on Remuneration which sets out the remuneration earned by Directors in 2023, followed by the Directors' Remuneration Policy for which shareholder approval will be sought at the 2024 AGM. A summary of how the Remuneration Committee proposes to implement the new Policy in 2024 is set out in this statement.

Peter Whiting
Chair of the Remuneration Committee

During 2023, the Committee has reviewed the Policy approved at the 2021 AGM to consider whether it remains appropriate and continues to support the delivery of FDM's strategy. We are confident that this is the case and that, overall, it provides sufficient flexibility to support our current and future needs. Our proposed approach to the new Policy is, therefore, broadly to roll forward the Policy approved in 2021. Where changes have been made, these are to reflect changes in practice or introduce additional areas of operational flexibility. No significant changes have been made and there is no increase in the variable pay opportunities which may be awarded. Early in 2024 we contacted our top ten institutional shareholders to inform them of this approach, providing a summary of the proposed rolled-forward policy and explaining the key areas where changes had been made. We offered to engage with any of those shareholders to answer any questions they might have about our proposals. We were grateful for the positive levels of engagement we received, and were pleased that all shareholders who responded indicated that they were supportive of our approach to all of these matters.

Because there are no significant differences between the Policy approved in 2021 and the new Policy, the table below summarises the key feature of both the new Policy and the Policy approved in 2021; the full new Policy is set out on pages 116-119. Following the table below I have addressed FDM's performance in 2023, the remuneration decisions for 2023, and how we propose to implement the new Policy in 2024.

Remuneration Report continued

Our new Directors' Remuneration Policy – Key Features of both the proposed new Policy and the Policy approved in 2021

Policy element	Key Features (all unchanged between the Policy approved in 2021 and the proposed new Policy)
Base salary	Salary levels are determined taking into account a range of factors. Increases are normally within the range of increases awarded to the wider workforce but scope exists to award higher increases in appropriate circumstances.
Benefits	• Benefits provided currently include car allowances and private health insurance. • Other benefits may be provided based on individual circumstances.
Retirement benefits	Defined contribution scheme or a cash allowance in lieu. Maximum company contribution (or cash allowance) not exceeding the contribution available to the majority of the workforce (currently 4%).
Annual Bonus	• Maximum bonus opportunity of 150% of base salary (although currently awards are made at the level of 120% of salary), with up to 50% earned for on-target performance. • At least 50% of the bonus is assessed against financial performance measures. • Ordinarily, up to 33% of the bonus earned is deferred into shares for two years where a bonus opportunity of more than 100% of salary is awarded. In practice, deferral has been c.16% reflecting the fact that the maximum bonus opportunity is 120% of salary.
Buy-As-You-Earn **("BAYE")**	• Broad based employee share scheme under which participants may acquire up to £12,000 of shares each year and receive additional "Matching Shares". • The BAYE operates on the same basis for the Executive Directors as for other employees, except that Executive Directors' awards are subject to malus/ clawback provisions.
Performance Share Plan **("PSP")**	• Usual maximum award of 150% of salary, with discretion to grant at up to 200% of salary. 25% vesting at threshold. • Executive Directors' awards are subject to a holding period of two years after vesting.
Shareholding requirements	• 200% of salary shareholding requirement during employment. • Two-year post-employment shareholding requirement applying to shares acquired from share plan awards granted after 1 January 2020: 200% of salary until the audit sign-off for the year in which the Director leaves; 100% of salary until the audit sign-off for the following year.
Malus and clawback	Malus and clawback provisions apply to the annual bonus, PSP and BAYE Matching Shares.

Our performance in 2023

Elsewhere in this Annual Report the Board reports on the progress which the Group has made during 2023, delivering a resilient financial performance against a backdrop of very challenging market conditions. The Group continued to adjust recruitment, training, Consultant resource, and internal staffing levels to align with these market conditions, while maintaining investment in the business to support future growth. Re-engagement with clients who have been dormant for some years has led to the signature of new Master Services Agreements which lay the foundation for potential significant new business over the coming years. The Group made good progress in its ongoing project to diversify into new client sectors outside financial services. Notwithstanding the difficult trading environment, the Group did not lose sight of its social and environmental agenda. The continued development of our accreditation programmes and certifications will help to ensure that Consultants have the best possible preparation for their careers in technology, bringing job-ready skills which are most valued by employers.

The Remuneration Committee aims to set bonus metrics for the Executive Directors which are aligned to the culture of the Group, and are capable of being cascaded down to managers throughout the organisation. Non-financial metrics forming part of the Executive Directors' bonus were initially applied to elements of the bonuses for some senior managers in 2022, and this approach was broadened during 2023. The Committee has encouraged further progress with the Group's social and environmental agenda this year, which is reflected in the Social Mobility, Employee Satisfaction and Carbon Reduction targets which now form part of the significant non-financial element of the Executive Directors' bonus opportunity. The Group has made encouraging advances in some of these areas, in particular by improving its ranking in the UK Social Mobility Foundation's Employer Index. A focus on delivering social mobility has been, and continues to be, a key element in the success of FDM's business model, and the consequent diversity of our Consultants is recognised and valued by our clients.

The Committee had regard to overall Group performance in the year when approving the Executive Directors' bonus outturns. Each Executive Director was eligible to earn a bonus of up to 120% of salary, subject to the achievement of stretching performance targets based on financial and strategic measures. Based on the performance delivered, each Executive Director earned a bonus of 27.5% of salary (22.9% of the maximum). Further information is set out later in this statement, with details of the performance against the measures then set out beginning on page 109. In approving the bonus outturns, the Committee was mindful that for each of the financial measures, the target level of performance (at which bonuses start to be earned) had not been met so that no bonus was earned by reference to these elements. Notwithstanding this, the Committee was strongly of the view that the bonuses earned by reference to the strategic measures were appropriate. In particular, the Committee had regard to the following factors.

- In line with our usual practice, we did not set a below-base level threshold target of financial performance. Although the base level targets for the financial measures were not achieved, we were comfortable that the overall financial performance of the Group in the year should not preclude the payment of the bonuses by reference to the strategic measures.
- The overall opportunity based on the strategic measures accounts for only a minority of the overall bonus opportunity.
- Part of the bonuses earned will be deferred into shares to ensure longer term alignment with the interests of shareholders.
- The overall approach is aligned with the approach taken for the wider workforce. Members of the wider workforce whose remuneration includes a bonus element based on the Group's financial performance were awarded a proportion of their bonus entitlement during 2023 on a discretionary basis, notwithstanding that the relevant financial targets had not been met. This was done in order to incentivise employees during a difficult trading year and to safeguard retention of key staff.

Remuneration Report continued

Remuneration in 2023 and implementation of the new Directors' Remuneration Policy in 2024

The table below summarises the principal decisions in 2023 in relation to Directors' Remuneration, along with the proposed implementation of the new Policy in respect of 2024.

When taking decisions in relation to the Executive Directors' remuneration, we always have regard to the remuneration arrangements for the wider workforce.

	Decisions in respect of 2023	Proposed implementation for 2024
Salary and fees		

Executive Director salaries

I explained in last year's Directors' Remuneration Report that the Executive Directors' salaries for 2023 were to be increased with effect from 1 April 2023 in line with our usual timing for salary increases across the business. The increases awarded to the Executive Directors were 5.5% compared to an average range of increases across the wider workforce of 4.4% to 6.1%. A review of the Executive Directors' salaries for 2024 is currently underway, the result of which has not yet been determined. Any increases will be applied from 1 April 2024, will be within or below the average range of increases awarded to the wider workforce, and will be confirmed in next year's report. The table below shows the 2022 and 2023 salaries for the Executive Directors.

Executive Director	2022 (Salary with effect from 1 April 2022)	2023 (Salary with effect from 1 April 2023)
Rod Flavell	£500,000	£527,500
Sheila Flavell	£342,000	£360,810
Mike McLaren	£342,000	£360,810
Andy Brown	£342,000	£360,810

Board Chair and Non-Executive Director fees

In last year's Remuneration Report, we explained that the Committee was reviewing the Chair's fee and that the Board was reviewing the fees of the Non-Executive Directors, having regard to the time commitments required for these roles and the competitive positioning of those fees. Following that review, the fees were increased with effect from 1 April 2023. In line with the approach commonly taken by other listed Companies, the Board decided that the additional fee for the Chair of the Nomination Committee would no longer be expressed as a separate fee but would be included in the overall fee for the Chair of the Board (as the two roles are currently held by the same individual and the expectation is that this will continue to be the case). The Committee (as regards the Chair) and the Board (as regard the Non-Executive Directors) are in the process of considering the fees to determine whether any further increases will be applied with effect from 1 April 2024. The table below shows the 2022 and 2023 fees for the Chair and the Non-Executive Directors.

Role	Fee with effect from 1 April 2022	Fee with effect from 1 April 2023
Chair of the Board	£170,000	£184,625[1]
Non-Executive Director basic fee	£57,000	£60,000
Nomination Committee Chair fee	£5,000	nil
Audit or Remuneration Committee Chair fee	£12,500	£13,000
Senior Independent Director fee	£12,500	£13,000
Fee for holding the position of designated Non-Executive Director for engagement with the workforce	£5,000	£7,000

1 Includes fee for the role of Chair of the Nomination Committee.

	Decisions in respect of 2023	Proposed implementation for 2024
Bonus	Each Executive Director was eligible to earn a bonus in respect of 2023 up to 120% of salary. Bonuses were subject to performance measures weighted as follows. • Adjusted Profit Before Tax: up to 40% of salary • Consultant Revenue: up to 40% of salary • Employee Engagement and Satisfaction: up to 10% of salary • Client Diversification: up to 10% of salary • Social Mobility: up to 10% of salary • Reduction in Greenhouse Gas Emissions: up to 10% of salary As I have already mentioned, each Executive Director earned a bonus of 27.5% of salary (22.9% of the maximum) by reference to the performance achieved. Details of the performance against the measures is set out beginning on page 109. The Committee considers that the outturn is reflective of the overall performance of the Group in the year and is appropriate. The bonus will be paid part in cash and part in shares deferred for two years, as set out on page 110.	The maximum bonus that may be earned for 2024 will remain 120% of salary. The bonus will be subject to performance measures weighted as follows. • Adjusted Profit Before Tax: up to 40% of salary • Consultant Revenue: up to 40% of salary • Employee Engagement and Satisfaction: up to 10% of salary • Client Diversification: up to 10% of salary • Social Mobility: up to 10% of salary • Reduction in Greenhouse Gas Emissions: up to 10% of salary The targets are commercially sensitive and further information will be disclosed in the 2024 Directors' Remuneration Report. In line with our usual practice, bonuses will be calculated by reference to the salary earned in the year, and not solely by reference to the rate of salary applying at the end of the financial year.
PSP	**PSP awards vesting by reference to performance over the period 2020 – 2023** The awards granted to the Executive Directors in 2021 under the Company's Performance Share Plan were subject to a performance condition based on earnings per share over the performance period 2021 – 2023. The threshold level of performance was not achieved and the awards lapsed; further information is given on page 111.	**Executive Directors** We propose to grant PSP awards to the Executive Directors and other members of the management team in respect of 2024. The awards will be subject to performance conditions based on FDM's earnings per share assessed over a three-year performance period commencing with FDM's 2024 financial year. Details of the performance conditions and targets will be announced at the time the awards are granted, in addition to being included in the 2024 Directors' Remuneration Report. In line with FDM's usual practice, it is proposed that each Executive Director will receive an award over the same number of shares. The number of shares will have a value not exceeding 100% of the lowest Executive Director's annual salary as at the date the award is made.

Remuneration Report continued

	Decisions in respect of 2023	Proposed implementation for 2024
PSP (continued)	**Approach to the grant of PSP awards in 2023** We reported last year that we intended to grant PSP awards in 2023 based on earnings per share performance assessed over the three-year period 2023 to 2025. As the year progressed, it became clear that setting appropriate targets for the awards was challenging given the economic environment. Therefore, with the agreement of the Executive Directors, the decision was taken not to grant PSP awards in 2023.	**Wider workforce long-term share plan awards** We operate our share plans, including the PSP, on a wide basis to broaden the scope and benefits of employee share ownership, which is fundamental to FDM's culture. Given the importance of this approach to FDM, it will continue in 2024. However, as we have grown and developed as a business and as the international spread of our workforce increases, it has become apparent that those more junior members of the workforce who participate in the PSP do not have the same visibility of the earnings-per-share-based performance targets as more senior managers, and feel less able to influence them. For those employees we propose to grant "restricted stock" awards which would vest subject to continued employment. The restricted stock awards would not be subject to any earnings-based performance condition but it is proposed that vesting will be subject to the satisfaction of one or more financial underpin conditions. The quantum of the awards granted to each individual would be reduced to reflect the higher probability of vesting. The restricted stock awards are proposed to be granted under the revised and renewed PSP, to which I refer below.

Share plan renewal

FDM's discretionary share plans (the PSP and a separate Company Share Option Plan) were adopted in June 2014 in advance of FDM's IPO. In line with usual practice, those plans expire (for the purposes of new awards) after ten years in June 2024. Therefore, at the 2024 AGM, shareholders will be asked to approve an extension to the PSP, with certain revisions to reflect the current approach to such plans. These will include the explicit ability to grant awards which are not performance-based to employees below Board level, so as to facilitate the restricted stock approach to which I refer above; the application of performance conditions to Executive Directors' awards will continue to reflect the approach in the Policy. A summary of the proposed revisions to the terms of the extended PSP will be included in the Notice of AGM.

Changes to the Remuneration Committee

As we reported in last year's Annual Report and as discussed elsewhere in this year's Annual Report, having served on the Board for over nine years since FDM's IPO, I will not seek re-election at this year's AGM, which is due to be held on 14 May 2024. I will retire from the Board at the end of the AGM, at which point the position of Chair of the Remuneration Committee will be taken up by Rowena Murray. More information in relation to Rowena's experience is included in the Board of Directors section of this Annual Report on page 69 and in the Nomination Committee Report on page 97. Rowena has been a member of the Remuneration Committee since her appointment in August 2023, and has experience of matters related to executive remuneration through her private equity roles on other boards. She has worked closely with me in relation to Remuneration Committee matters since her appointment. I know she will ensure that FDM 's executive remuneration arrangements continue to support the Group's overall strategy and are implemented in a responsible way.

The Committee and the Board remain committed to a responsible approach to executive pay and believe the Policy operated as intended during 2023. We recognise the importance of engagement with shareholders in relation to executive remuneration and Rowena Murray and I will be pleased to answer any questions you may have on our approach, including at the 2024 AGM where we will be available to discuss this report with shareholders. We hope that we continue to receive your support at the AGM.

PF Whiting

Peter Whiting
Chair of the Remuneration Committee
19 March 2024

Alignment of the Directors' Remuneration Policy with the Corporate Governance Code

In determining the new Policy, the Committee took into account the principles of clarity, simplicity, risk, predictability, proportionality, and alignment to culture, as set out in the 2018 Code.

Clarity: remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce **Simplicity:** remuneration structures should avoid complexity and their rationale and operation should be easy to understand	Our remuneration arrangements are clear and simple, and we fully disclose performance outturns and associated vestings in the Directors' Remuneration Report. We follow a standard UK listed company approach to Directors' remuneration with established incentive schemes that operate on a clear and consistent basis. We operate our share plans on a wide basis to broaden the scope and benefits of employee share ownership, which is fundamental to the Company's culture.
Risk: remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	Malus and clawback provisions apply to all Executive Director variable remuneration and reflect the Code. The Committee has discretion to override formulaic vesting outturns in order that any risks associated with targets can be mitigated. Bonus deferral, the holding period for PSP awards and the in-employment and post-employment shareholding requirements mean that Executive Directors' interests are further aligned with the longer-term interests of shareholders.
Predictability: the range of possible values of rewards to individual Directors and other limits or discretions should be identified and explained	Variable remuneration opportunities are clearly expressed as a percentage of base salary. The new Directors' Remuneration Policy clearly sets out on page 123 illustrations of the amounts that could be earned under the Policy by the Executive Directors in 2024. Discretions reserved to the Committee are set out in the Directors' Remuneration Policy.
Proportionality: the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance	Variable remuneration for Executive Directors is subject to the achievement of performance targets. The Committee has discretion to override formulaic outturns to ensure that poor performance is not rewarded, and delivery of a significant proportion of the variable remuneration in shares means that the overall reward is strongly aligned with the interests of shareholders. The application of strategic measures to part of the annual bonus means that overall reward is linked to the delivery of key strategic measures, in addition to financial performance.
Alignment to culture: incentive schemes should drive behaviours consistent with the Company's purpose, values and strategy	A high proportion of the workforce participates in an annual bonus award. The Committee aims to choose bonus metrics for the Executive Directors which are capable of being cascaded down to managers throughout the organisation. Accordingly, some of the non-financial metrics forming part of the Executive Directors' bonus were applied to elements of the bonuses for some senior managers in 2023. This means that the wider workforce remuneration is also aligned with overall performance with a consistent approach to performance assessment across the leadership team, and that members of the wider workforce are also able to benefit from their contribution to the overall success of the Group. Employee share ownership is fundamental to the Company's culture and this is reflected in the level of direct share ownership and the broad extension of our Performance Share Plan and Buy-As-You-Earn plan through the Group's workforce. In 2023 we expanded the group of senior managers for whom an element of their bonus is deferred into shares, further aligning their interests with the longer-term interests of shareholders.

Remuneration Report continued

Stakeholder engagement

The Remuneration Committee recognises the importance of engagement with our stakeholders in relation to executive remuneration.

We have an established investor relations function, the work of which is discussed in the Corporate Governance Report. Additional engagement takes place with investors during years when a new remuneration policy is to be put to shareholders for approval, or when the Committee is seeking feedback on any other more significant matters concerning executive remuneration. As explained in the statement from the Chair of the Committee at the beginning of this Directors' Remuneration Report, in early 2024 the Committee engaged with major shareholders to explain the proposed approach to the new remuneration policy to be submitted for shareholder approval at the AGM to be held in May 2024, and confirmed that the Committee would be pleased to answer any questions they may have had. In addition to this, executive remuneration is always a topic available for discussion in any of the meetings forming part of our more general programme of shareholder engagement. Feedback from investors is taken into account in finalising our approach to executive remuneration.

As in previous years, the Remuneration Committee did not formally consult with employees in relation to executive remuneration and remuneration was not raised as a priority by employees with whom the Board engaged throughout the year (including in the employee engagement sessions carried out by Jacqueline de Rojas, the Non-Executive Director with responsibility for ensuring that the voices of our employees are heard at Board level). However, as noted above, elements of the Executive Directors' bonus metrics are being cascaded down to managers in the organisation, and bonus deferral has been introduced for an increasing number of senior managers. Members of the Committee, as well as Executive Directors and the Company Secretary, engage with the relevant managers to explain the rationale for this approach, how Executive Director remuneration and wider workforce remuneration are aligned in this regard, and how these arrangements align remuneration with the interests of shareholders and the overall strategy.

Annual Report on Remuneration

Audited Section

The Audited section of this report comprises only the following sections:

- Single figure table
- Annual bonus for 2023
- Strategic Measures
- Long-term incentives vesting in respect of 2023
- Payments to former Directors
- Payments for loss of office
- Directors' shareholdings and share interests
- Performance Share Plan awards and deferred bonus shares awarded in 2023

Single figure table

The table below details the total remuneration receivable by each Director for the financial years ended 31 December 2023 and 31 December 2022. Where necessary, further explanation of the values provided is included in the notes to the table or the additional information that follows it in relation to the 2023 annual bonus.

The figures in the single figure table are derived from the following:

Salary and fees	The total salaries and fees paid in respect of the year.
Benefits	The value of benefits received in the year, comprising private medical insurance and car allowance.
Annual bonus	The value of the bonuses earned in respect of the year. For 2023, bonuses were calculated by reference to the salary earned in the year, and not solely by reference to the rate of salary applying at the end of the financial year.
Long-term incentives	The value of the Executive Directors' long-term incentives vesting by reference to performance in the relevant year.
Pension	The cash value of a salary supplement paid to the Executive Director in lieu of company pension contributions to the Company's defined contribution scheme. No Director participates in a defined benefit pension arrangement in respect of their service with FDM.

Remuneration Report continued

Single figure table continued

		Salary and fees £000	Benefits £000	Annual bonus £000	Long-term incentives £000	Pension[1] £000	Total £000	Total fixed £000	Total variable £000
Executive Directors									
Rod Flavell	**2023**	**520.6**	**19.7**	**143.2**	**–**	**18.0**	**701.5**	**558.3**	**143.2**
	2022	490.0	19.6	519.2	243.0	23.1	1,294.9	532.7	762.2
Sheila Flavell	**2023**	**356.1**	**13.9**	**97.9**	**–**	**12.3**	**480.2**	**382.3**	**97.9**
	2022	339.0	13.7	359.2	243.0	16.3	971.2	369.0	602.2
Mike McLaren	**2023**	**356.1**	**14.8**	**97.9**	**–**	**12.3**	**481.1**	**383.2**	**97.9**
	2022	337.8	14.7	357.8	243.0	16.1	969.4	368.6	600.8
Andy Brown	**2023**	**356.1**	**13.9**	**97.9**	**–**	**12.3**	**480.2**	**382.3**	**97.9**
	2022	339.0	13.8	359.2	243.0	16.3	971.3	369.1	602.2
Non-Executive Directors									
David Lister	**2023**	**182.2**	**–**	**–**	**–**	**–**	**182.2**	**182.2**	**–**
	2022	173.8	–	–	–	–	173.8	173.8	–
Peter Whiting	**2023**	**85.0**	**–**	**–**	**–**	**–**	**85.0**	**85.0**	**–**
	2022	81.3	–	–	–	–	81.3	81.3	–
Alan Kinnear	**2023**	**72.1**	**–**	**–**	**–**	**–**	**72.1**	**72.1**	**–**
	2022	68.9	–	–	–	–	68.9	68.9	–
Michelle Senecal de Fonseca	**2023**	**59.3**	**–**	**–**	**–**	**–**	**59.3**	**59.3**	**–**
	2022	56.5	–	–	–	–	56.5	56.5	–
Jacqueline de Rojas	**2023**	**65.7**	**–**	**–**	**–**	**–**	**65.7**	**65.7**	**–**
	2022	61.5	–	–	–	–	61.5	61.5	–
Rowena Murray[2]	**2023**	**25.0**	**–**	**–**	**–**	**–**	**25.0**	**25.0**	**–**
	2022	–	–	–	–	–	–	–	–

1 The payment made to each Executive Director in 2022 in lieu of company pension contributions to the Company's defined contribution scheme includes a one-off amount paid to correct an underpayment in respect of previous years. The proportion of the 2022 total for each Executive Director which relates to this element is as follows: Rod Flavell £16,708; Sheila Flavell £11,560; Andy Brown £11,560; Mike McLaren, £11,517.

2 Rowena Murray was appointed as a Non-Executive Director of the Company on 1 August 2023.

Annual bonus for 2023

As described in the Committee Chair's statement on page 103, each Executive Director earned a bonus of 27.5% of salary for 2023, out of a maximum of 120% of salary. Details of the performance against the applicable targets is set out on next page.

While the Remuneration Policy permits a payment of 20% of the maximum payable upon achieving a threshold level of performance, the Committee decided not to set such a target for any element of the available bonus.

	Weighting	Threshold (20% of maximum payable)	Base Target (50% of maximum payable)	Stretch Target (100% of maximum payable)	Actual performance	Bonus earned (percentage of maximum payable)
Adjusted profit before tax	33.33% (40% of salary)	n/a	£57.2m	£60.0m	£50.2m	0%
Consultant revenue	33.33% (40% of salary)	n/a	£360.7m	£367.8m	£334.0m	0%
Employee engagement and satisfaction	8.33% (10% of salary)	Performance for these elements was assessed by reference to the achievements delivered in the year relative to the measures, as described below.				75%
Client base diversification	8.33% (10% of salary)					100%
Social mobility	8.33% (10% of salary)					100%
Reduction in greenhouse gas emissions	8.33% (10% of salary)					0%

Strategic measures

The achievements in respect of the strategic measures are described below.

Strategic measure	Achievements
Employee engagement and satisfaction	Achievement in respect of this measure was based on responses to survey questions asked of internal staff and Consultants about recommending FDM as a place to work and providing opportunities for learning and career development. Each of the four results accounted for 2.5% of the 10% weighting achievable for this measure. The targets for each question were based on an average of the scores achieved across the responses in the survey. The target level for the average scores was achieved for three of the four questions; a more granular description of the outturn is not given as the Committee considers the details to be commercially sensitive. This resulted in a bonus achievement of 7.5% of salary (75% of the maximum bonus available for this metric).
Client base diversification	Achievement in respect of this measure was based on the number of new clients with whom Consultants were placed in sectors outside the Group's core financial services client base, with both a base target and a stretch target set. The target numbers and sector details are not disclosed as they are commercially sensitive and would give competitors insight into our strategy and plans. The number of Consultants placed with clients outside the financial services sector exceeded the stretch target; a more granular description of the outturn is not given as the Committee considers the details to be commercially sensitive. The bonus achievement for the Client-base Diversification metric was therefore 10% of salary (100% of the maximum bonus available for this metric).

Remuneration Report continued

<table>
<tr><th>Strategic measure</th><th>Achievements</th></tr>
<tr><td>Social mobility</td><td>Achievement in respect of this measure was based on an assessment by the Committee of the Group's progress in promoting social mobility amongst its employees.

The Committee reviewed a number of aspects of the Group's business which help promote social mobility. In particular, the Committee noted that the Group increased its ranking to 34 (2022: 48) in the Social Mobility Foundation's Employer Index for 2024. The Index is a leading authority on employer-led social mobility, measuring employers' performance on eight areas through which companies can make a positive impact on social mobility, and ranking the top 75. The Committee also noted that:

• the Returners (Business) programme and Ex-Forces Advanced Course, which are key drivers of social mobility across the FDM Consultant workforce, each achieved Tech Industry Gold accreditation during the year; and
• the Group's apprenticeship programme expanded to 35 apprentices, and the first four apprentices from 2020 completed the programme and graduated with first class and upper second class degrees in September 2023. They were all retained by the business and have progressed into graduate-level roles with permanent contracts.

Having considered the progress made, the Committee determined that it was appropriate to pay the Executive Directors 10% of salary, (100% of the maximum available) under this element of the bonus.</td></tr>
<tr><td>Reduction in greenhouse gas emissions</td><td>Achievement in respect of this measure was based on a target to reduce the Group's Scope 1, 2 and 3 carbon emissions per employee. Both a base target and a stretch target were set, as follows.

Base Target: Reduce the 2023 emissions (Scope 1, 2 and 3) per employee by 3% or more (as compared with the 2022 emissions (Scope 1, 2 and 3) per employee)
Stretch Target: Reduce the 2023 emissions (Scope 1, 2 and 3) per employee by 5% or more (as compared with the 2022 emissions (Scope 1, 2 and 3) per employee)

5% of the total 10% available was payable on achieving the base target, and the other 5% was payable on achieving the stretch target. The amount payable was calculated on a straight-line basis for performance between base and stretch.

Performance against this measure was that 2023 emissions (Scope 1, 2 and 3) per employee had increased by 19% on the restated 2022 emissions (increased by 44% on 2022 emissions before restatement). The restatement and the significant factors contributing to the increase in emissions per employee are set out in further detail on page 60. No bonus was therefore payable in respect of this metric.</td></tr>
</table>

Accordingly, each Executive Director earned a bonus equal to 27.5% of their salary in respect of 2023, which will be paid in cash and deferred shares as set out below.

Executive Director	Bonus earned	Bonus paid in cash	Bonus to be deferred into shares
Rod Flavell	£143,172	£119,310	£23,862
Sheila Flavell	£97,930	£81,608	£16,322
Mike McLaren	£97,930	£81,608	£16,322
Andy Brown	£97,930	£81,608	£16,322

The deferred share awards will vest after two years, are not subject to any further performance condition and may be subject to forfeiture in the event of fraud, dishonesty leading to a material misstatement of financial results, serious reputational damage, or material corporate failure or cessation of employment due to summary dismissal or resignation to join or establish a competing business.

Long-term incentive awards vesting in respect of 2023

Each Executive Director (namely Rod Flavell, Sheila Flavell, Andy Brown, Mike McLaren) was granted an award under the Company's Performance Share Plan on 21 April 2021 over 30,000 shares. Each award was subject to a performance condition based on the adjusted EPS in the final financial year of the performance period (2023) in accordance with the following table.

Adjusted EPS[1] in 2023	Percentage of the award that will vest	Performance outcome (2023 adjusted EPS)	Vesting outcome
35.7 pence	25%		
Greater than 35.7 pence but less than 38.3 pence	Determined on a straight-line basis between 25% and 100%	32.9 pence	0%
38.3 pence or more than 38.3 pence	100%		

1 The Committee has discretion to assess the performance outcome based on adjusted EPS (as defined in note 12 in the Consolidated Financial Statements).

Payment to former Directors

During the year, no payments were made to any former Director of the Company.

Payment for loss of office

During the year, no payments were made in respect of loss of office.

Directors' shareholding and share interests

The Company's formal shareholding guideline for Executive Directors is that each Executive Director should hold shares with a value equal to at least 200% of salary. The current Executive Directors have shareholdings with values significantly in excess of this guideline, reflecting the Company's historic culture of share ownership and entrepreneurialism. The interests as at 31 December 2023 were as follows:

	Ordinary shares as at 31 December 2023 Number[1]	Ordinary shares value as at 31 December 2023 £000[2]	Value (multiple of base salary[3])
Executive Directors			
Rod Flavell	7,352,313	33,710	63.9
Sheila Flavell	7,345,813	33,681	93.3
Mike McLaren	491,163	2,252	6.2
Andy Brown	4,037,739	18,513	51.3
Non-Executive Directors			
David Lister	–	–	–
Peter Whiting	10,453	48	0.6
Michelle Senecal de Fonseca	5,459	25	0.4
Alan Kinnear	–	–	–
Jacqueline de Rojas	–	–	–
Rowena Murray	–	–	–

1 Including the interests of persons closely associated with the Director, other than in the case of Rod Flavell and Sheila Flavell whose interests are reported separately, interests in shares acquired pursuant to bonus deferral arrangements, and the net of assumed tax number of shares subject to any PSP awards which are in a holding period.

2 Calculated based on the closing share price of 458.5 pence on 31 December 2023.

3 Calculated on base salary and fees as at 31 December 2023.

Remuneration Report continued

Since 31 December 2023 the holdings of Rod Flavell, Sheila Flavell and Mike McLaren in the share capital of the Company have increased as a result of their participation in the BAYE Plan, as set out in the table below. There have been no other changes in the Directors' holdings between 31 December 2023 and the date the financial statements were approved.

Executive Director	BAYE Purchased Shares acquired in January 2024	BAYE Purchased Shares acquired in February 2024	BAYE Purchased Shares acquired in March 2024
Rod Flavell	229	230	246
Sheila Flavell	229	230	246
Mike McLaren	114	115	123

Each Executive Director also holds awards under the Company's PSP as set out below. Each Executive Director holds the same awards.

Date of award	Number at 1 January 2023	Granted in 2023	Lapsed in 2023	Exercised in 2023	Number at 31 December 2023	Status
30 December 2020	29,000	–	–	–	29,000	Vested[1]
21 April 2021	30,000	–	–	–	30,000	Lapsed[2]
22 March 2022	30,000	–	–	–	30,000	Unvested and subject to performance condition[3]

1 The awards granted in 2020 vested on 14 March 2023 as described in the 2020 Directors' Remuneration Report and are subject to a two-year holding period post vesting before the vested shares can be acquired.

2 The awards granted in 2021 lapsed on 19 March 2024 as described on the previous page.

3 The awards granted in March 2022 are subject to a performance condition based wholly on the adjusted EPS at the end of a three-year performance period (2022 – 2024).

Performance Share Plan awards granted in 2023

As described in the Committee Chair's statement on page 104, no PSP awards were granted in 2023.

Approach to Directors' remuneration for 2024

Base salary and fees

The Executive Directors' salaries are currently under review by the Committee, having regard to the size and complexity of the Group's business and the competitive positioning of the salaries for each role.

The Board Chair's fee and the fees of the Non-Executive Directors are currently also under review (by the Committee, in the case of the Board Chair, and by the Board, in the case of the Non-Executive Directors).

Any changes have yet to be determined, but are proposed to take effect from 1 April 2024 and will be reported on in the 2024 Directors' Remuneration Report.

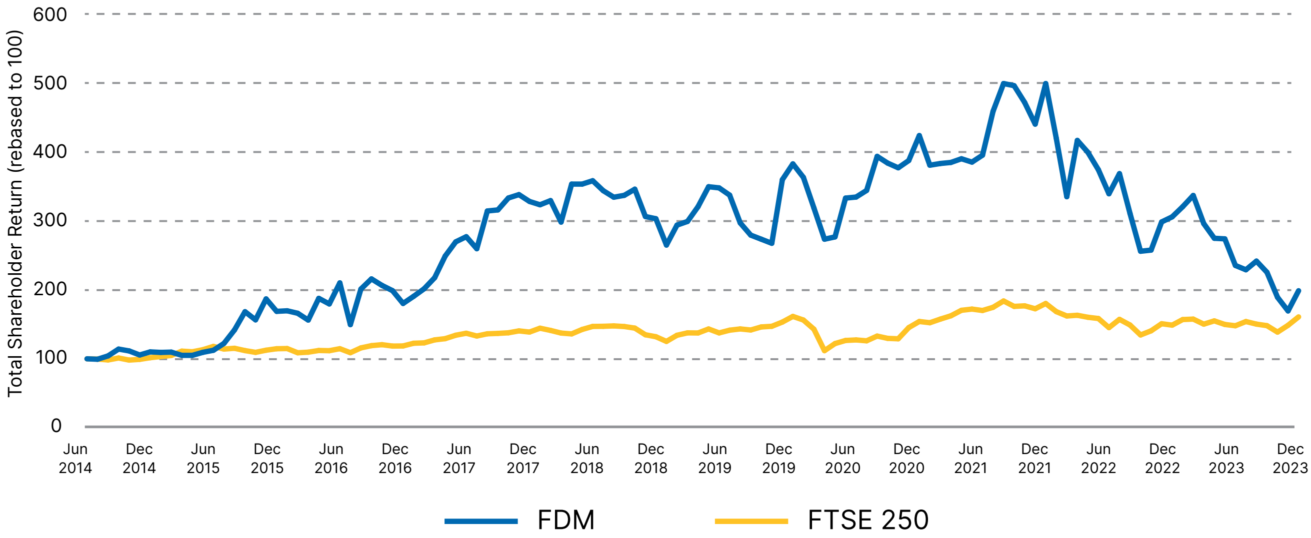
Annual bonus and long-term incentives for 2024

The maximum annual bonus opportunity for all Executive Directors for 2024 is 120% of salary, as set out in the statement from the Chair of the Committee on page 103. Information in relation to the performance measures, weightings and approach to deferral is also set out in that statement.

The Committee proposes to grant awards under the PSP in respect of 2024, as discussed in the statement from the Committee Chair.

Performance graph and historical Chief Executive Officer remuneration outcomes

The graph below shows the Company's Total Shareholder Return ("TSR") performance since the date of listing compared to the FTSE 250 Index; the FTSE 250 Index was chosen as the Company was a constituent of that index during 2023.



The table below details the total remuneration, annual bonus and LTIP vesting (as a percentage of the maximum opportunity) for the Chief Executive Officer ("CEO") for the last ten years. Note that for 2014 this is the remuneration received for the whole of 2014 and so is not directly comparable to the TSR performance chart above, which is for the period from 20 June 2014.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total remuneration (£000)	658.5	668.1	764.5	1,134.1	995.0	802.0	750.5	982.5	1,294.9	**701.5**
Annual bonus as a % of maximum opportunity	55%	82%	100%	80%	58%	50%	65%	94%	88%	**22.9%**
Long-term incentives as a % of maximum opportunity	n/a	n/a	n/a	100%	100%	100%	0%	0%	100%	**0%**

Change in Directors' remuneration in relation to the wider workforce

The table below shows the percentage change in each Director's salary/ fees, benefits and annual bonus between the financial years 2019 – 2020, 2020 – 2021, 2021 – 2022 and 2022 – 2023. Rowena Murray has been excluded from the table as she was appointed to the Board during 2023. The applicable regulations require us to show the average change in the same elements of remuneration for the employees of FDM Group (Holdings) plc on a full-time equivalent ("FTE") basis. FDM Group (Holdings) plc has no employees other than the Directors. Accordingly, in order to provide a meaningful comparison, we have shown the change based on a wider workforce comparator group which, consistent with previous years, includes all UK employees other than Consultants. Notes in relation to changes for previous years can be found in the Directors' Remuneration Report for the year in question.

Remuneration Report continued

		Wider workforce	Rod Flavell	Sheila Flavell	Mike McLaren	Andy Brown	David Lister	Peter Whiting	Alan Kinnear	Michelle Senecal de Fonseca	Jacqueline de Rojas	Rowena Murray[1]
Salary/ fees	2022 – 2023	9.6%	6.2%	5.0%	5.4%	5.0%	4.8%	4.6%	4.6%	5.0%	6.8%	n/a
	2021 – 2022	11.5%	9.8%	5.1%	6.9%	5.1%	2.2%	5.9%	5.7%	5.0%	7.0%	n/a
	2020 – 2021	9.0%	10.3%	7.4%	9.4%	7.4%	0%	9.7%	15.0%	7.6%	15.0%	n/a
	2019 – 2020	7.5%	0%	0%	0%	0%	14.2%	0%	n/a	0%	0%	n/a
Annual bonus	2022 – 2023	-33.1%	-72.4%	-72.7%	-72.6%	-72.7%	n/a	n/a	n/a	n/a	n/a	n/a
	2021 – 2022	4.2%	3.5%	-1.0%	0.7%	-1.0%	n/a	n/a	n/a	n/a	n/a	n/a
	2020 – 2021	57.8%	59.2%	55.0%	57.8%	55.0%	n/a	n/a	n/a	n/a	n/a	n/a
	2019 – 2020	-6.8%	56.6%	56.6%	56.6%	56.6%	n/a	n/a	n/a	n/a	n/a	n/a
Taxable benefits	2022 – 2023	-28.3%	0.50%	1.5%	0.7%	0.7%	n/a	n/a	n/a	n/a	n/a	n/a
	2021 – 2022	12.1%	0.0%	1.5%	-0.7%	1.5%	n/a	n/a	n/a	n/a	n/a	n/a
	2020 – 2021	-6.8%	-4.4%	0.0%	-1.3%	-0.7%	n/a	n/a	n/a	n/a	n/a	n/a
	2019 – 2020	3.5%	-0.5%	-1.5%	-1.3%	-2.1%	n/a	n/a	n/a	n/a	n/a	n/a

1 Rowena Murray was appointed to the Board with effect from 1 August 2023 and, accordingly, there is no change shown in relation to her fees.

CEO pay ratio

The following table sets out the ratio of the CEO's total remuneration in respect of the 2023 financial year (taken from the single figure table on page 108) to the 25th percentile, 50th percentile (i.e. the median) and the 75th percentile FTE of the Company's UK employees. In line with the applicable regulations, the corresponding ratios for 2018, 2019, 2020, 2021 and 2022 are also included. For consistency with the "change in CEO remuneration in relation to the wider workforce" disclosure, the table below also provides the same ratio in respect of the Company's UK FTE employees excluding Consultants. This reflects the fact that Consultants' remuneration is not subject to the same annual review process as the rest of the UK workforce.

		25th percentile pay ratio		Median pay ratio		75th percentile pay ratio	
Year	**Method**	**Including Consultants**	**Excluding Consultants**	**Including Consultants**	**Excluding Consultants**	**Including Consultants**	**Excluding Consultants**
2018	Option A	43:1	36:1	40:1	23:1	31:1	14:1
2019	Option A	32:1	27:1	29:1	19:1	21:1	13:1
2020	Option A	28:1	29:1	22:1	19:1	17:1	14:1
2021	Option A	42:1	35:1	34:1	23:1	25:1	17:1
2022	Option A	54:1	46:1	49:1	33:1	34:1	20:1
2023	**Option A**	**27:1**	**24:1**	**25:1**	**17:1**	**18:1**	**12:1**

The Company adopted "Option A" in the regulations for the purposes of calculating the pay ratios as it considers this to be the most accurate method. Remuneration for other employees for the purposes of the calculations was as at 31 December in each year. In calculating the ratio for all UK employees in the above table, the Company has determined the total FTE remuneration for all its UK employees for the financial year and has then ranked those employees based on their total FTE remuneration from low to high. The employees whose remuneration places them at the 25th, 50th (median) and 75th percentile points in this ranking have then been identified. Consultants were then excluded, and the process was repeated to calculate the ratio for all UK employees excluding Consultants.

In line with the applicable regulations, we have set out below for the same employee percentiles (and for the CEO) their total remuneration for each relevant year and the salary component of that remuneration.

Year	CEO total remuneration (salary component of total remuneration)	25th percentile employee total remuneration (salary component of total remuneration)		Median employee total remuneration (salary component of total remuneration)		75th percentile employee total remuneration (salary component of total remuneration)	
		Including Consultants	Excluding Consultants	Including Consultants	Excluding Consultants	Including Consultants	Excluding Consultants
2018	£995,000 (£395,100)	£23,015 (£19,500)	£27,627 (£25,838)	£24,722 (£19,500)	£43,596 (£41,349)	£32,157 (£23,902)	£72,100 (£48,500)
2019	£801,968 (£404,250)	£24,911 (£20,000)	£29,682 (£24,982)	£27,339 (£20,000)	£42,150 (£36,000)	£37,305 (£20,000)	£63,498 (£55,000)
2020	£750,509 (£404,250)	£27,210 (£24,750)	£26,037 (£25,638)	£34,775 (£20,000)	£39,089 (£25,000)	£44,483 (£20,000)	£53,280 (£49,115)
2021	£982,538 (£446,062)	£23,607 (£20,000)	£28,100 (£25,500)	£28,765 (£20,000)	£42,970 (£35,870)	£39,779 (£20,000)	£57,500 (£50,000)
2022	£1,294,894 (£490,000)	£23,902 (£23,417)	£28,173 (£26,173)	£26,626 (£25,636)	£39,643 (£31,333)	£37,641 (£26,250)	£63,448 (£48,006)
2023	**£701,525 (£520,625)**	**£25,886 (£25,886)**	**£29,000 (£29,000)**	**£28,585 (£28,585)**	**£42,200 (£40,000)**	**£39,538 (£39,538)**	**£60,374 (£31,000)**

A significant proportion of the Executive Directors' remuneration is performance-related. The ratios will therefore vary depending upon the extent to which performance conditions are satisfied and the Executive Directors' performance-related remuneration is earned. The changes in the ratios between 2022 and 2023 are principally attributable to the reduction in the Executive Directors' bonus outturn for 2023 compared to 2022 (a reduction from 88% of maximum to 22.9% of maximum). The Committee considers that the median ratio for 2023 is consistent with the pay, reward and progression policies for employees as a whole.

Spend on pay

The following table sets out the percentage change in dividends paid and the overall expenditure on pay (as a whole across the organisation).

	Year ended 31 December 2023 £000	Year ended 31 December 2022 £000	Percentage change
Total dividends paid	**39,320**	38,153	+3%
Overall expenditure on pay to employees	**252,389**	257,202	-2%

Shareholder approval of our Directors' Remuneration Policy and Directors' Remuneration Report

The Company's Directors' Remuneration Policy and the Company's 2022 Directors' Remuneration Report were approved at the AGMs held on 28 April 2021 and 16 May 2023 respectively. The results of the votes are set out below:

Resolution	Votes for	% of votes for	Votes against	% of votes against	Votes withheld
Approve the Directors' Remuneration Policy	90,648,379	96.49%	3,298,797	3.51%	2,678,296
Approve the Directors' Remuneration Report	85,336,883	97.04%	2,604,676	2.96%	401

Remuneration Report continued

Membership of and Advisors to the Remuneration Committee

During the financial year the Committee's membership was Peter Whiting (Chair), Michelle Senecal de Fonseca, Alan Kinnear and, with effect from 1 August 2023, Rowena Murray.

During the financial year, the Committee received independent advice from Deloitte LLP ("Deloitte"), which was appointed by the Committee, in relation to the Committee's consideration of matters relating to Directors' remuneration. Deloitte was appointed in 2014 following a formal tender process. Fees for advice provided to the Remuneration Committee during the year were £7,600. Fees were charged on a time and disbursements basis.

Deloitte is a member of the Remuneration Consultants Group and voluntarily operates under its code of conduct in its dealings with the Remuneration Committee.

Deloitte also provides advice to the Company on the operation of its employee share plans and employee benefit trust. The Committee took this work into account as part of its ongoing review of the appointment of Deloitte and, due to the nature and extent of the work performed, concluded that it did not impair Deloitte's ability to advise the Committee objectively and free from influence. Accordingly, it is the view of the Committee that the advice it receives from Deloitte is objective and independent.

The Board Chair, Chief Executive Officer and other members of the executive management attend the Committee by invitation to provide input, but no Executive Director or other member of management is present when his or her own remuneration is discussed. Details of individual attendances by Directors at the Remuneration Committee meetings during 2023 are set out on page 74.

Directors' Remuneration Policy

This part of the Report sets out the Company's Directors' Remuneration Policy, which, subject to shareholder approval at the 2024 Annual General Meeting, shall take binding effect from the close of that meeting. The new Policy has been determined by the Committee. The Company's Directors' Remuneration Policy was most recently approved at the 2021 Annual General Meeting and has applied since the date of that meeting. The new Directors' Remuneration Policy does not make significant changes to the overall remuneration structure, and continues to reflect our reward strategy of providing competitive remuneration packages that promote the long-term success of the Company. As noted in the Statement from the Chair of the Remuneration Committee on pages 99-104, there are no significant differences between the Policy approved in 2021 and the new Policy.

Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary			
Core element of fixed remuneration to reflect the individual's role and experience as part of a broadly market competitive total remuneration package, to enable the Group to recruit and maintain the required skills and expertise to enable it to achieve its strategy.	Salary levels are determined taking into account a range of factors, which may include (but are not limited to): • Underlying Group performance; • The size and scope of the Executive Director's role and responsibilities; • The Executive Director's skill, experience and performance; • Salary levels for equivalent roles at other listed companies of a similar size and/ or complexity to the Group; and • Pay and conditions elsewhere in the Group.	Whilst there is no maximum salary level, salary increases will normally be within or below the range of increases awarded to the wider workforce in percentage of salary terms. Higher salary increases may be awarded in appropriate circumstances including but not limited to: • Where an Executive Director has been promoted or has had a change in scope or responsibility; • To reflect an individual's development or performance in role (e.g. a newly appointed Executive Director being moved to align with the market over time); or • Where there has been a change in the size and/ or complexity of the business. Such increases may be implemented over such time period as the Committee deems appropriate.	Not applicable.
Benefits			
To provide benefits as part of a broadly market competitive total remuneration package.	Executive Directors receive benefits set at an appropriate level taking into account total remuneration, market practice, the benefits provided to other employees in the Group and individual circumstances. Benefits provided currently include car allowances and private health insurance. Other benefits may be provided based on individual circumstances. These may include, for example, relocation expenses and expatriate allowances.	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value of benefits is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role, the level of benefits provided for other employees in the Group and individual circumstances.	Not applicable.
Retirement benefits			
To provide an appropriate level of retirement benefit (or cash allowance equivalent) as part of a broadly market competitive total remuneration package.	Executive Directors are eligible to participate in a defined contribution pension plan. Executive Directors may take a taxable cash supplement instead of some or all contributions to a pension plan.	Company pension contribution (or cash allowance equivalent) not exceeding the contribution available to the majority of the workforce, as determined by the Committee (currently 4% in the UK).	Not applicable.

Remuneration Report continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus			
Rewards Executive Directors for achieving financial, strategic and/ or individual targets in the relevant year, to provide an incentive for achieving the Group's strategy.	Performance measures and targets are reviewed annually and pay-out levels are determined by the Committee after the year end based on performance against the targets. The Committee has discretion to amend the pay-out including in circumstances where any formulaic outcome does not reflect the Committee's assessment of overall performance or is not considered appropriate in the context of circumstances that were unexpected or unforeseen at the start of the relevant year. Ordinarily, up to 33% of the bonus earned will be deferred into an award of shares, which shall be released following the end of a two-year deferral period. The Committee may require or permit the deferral of higher levels of bonus. The Committee may pay the whole of any bonus earned in cash where the deferred amount would otherwise be below £10,000. Deferred bonus awards may take the form of a nil or nominal cost option to acquire the relevant shares following release, or as a requirement to invest the after-tax portion of the bonus into shares which must be retained until release. The Committee may award additional shares in respect of deferred amounts to reflect dividends that would have been paid on the deferred award shares over the period to their release; these dividend equivalents may assume the reinvestment of dividends into Company shares on such basis as the Committee determines. **Recovery** Recovery provisions apply as summarised below the table.	Maximum annual bonus opportunity for Executive Directors is 150% of base salary, although for 2024 the opportunity will be limited to 120% of base salary.	Performance measures and targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/ or individual targets. For financial measures, subject to the Committee's discretion to override formulaic outturns, pay-out of up to 20% of maximum for threshold performance (the minimum level of performance resulting in any payment), 50% of maximum for on-target performance and full pay-out for stretch performance. There is ordinarily straight-line vesting between each of the points. For non-financial measures, a vesting schedule may apply on a similar basis to that described above for financial measures. Alternatively, the pay-out will be determined by the Committee between 0% and 100% based on its assessment of the extent to which the measure has been achieved. At least 50% of the bonus will be assessed against key financial performance measures which may include revenue, pre-tax profit or other key financial performance metrics of the Company. Any balance of the bonus may be assessed against non-financial strategic measures and/ or individual performance.
Buy As You Earn ("BAYE") Plan			
To create staff alignment with the Group and encourage share ownership.	Participants may acquire up to £12,000 of shares in respect of a year from their after-tax remuneration ("Purchased Shares"). Provided the Purchased Shares are retained in the plan and subject, ordinarily, to continued employment, additional "Matching Shares" are awarded on the basis of a 1 for 3 match following the end of each of the first, third and fifth years following the year in respect of which the purchased shares were acquired. For example, if 900 shares are purchased by a participant in respect of 2024, they will receive an additional 300 Matching Shares following the end of each of 2025, 2027 and 2029 (giving a total of 900 Matching Shares against the 900 shares purchased in 2024). **Recovery** Recovery provisions apply to Matching Shares as summarised on page 121.	Maximum value of Purchased Shares that may be acquired in respect of any year is £12,000. The maximum ratio of Matching Shares to Purchased Shares is as described in the "Operation" column.	Not subject to performance measures, in line with typical market practice.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Performance Share Plan ("PSP")			
To incentivise Executive Directors over the longer term, and to deliver performance-related pay, with a clear line of sight for Executives and direct alignment with shareholders' interests.	Awards under the PSP will typically be granted as a conditional award or the grant of a nil or nominal cost option, in either case vesting subject to the achievement of specified performance conditions, over a period of at least three years. The Committee has discretion to adjust the formulaic vesting outturn including in circumstances where the formulaic outcome does not reflect the Committee's assessment of overall performance, or is not considered appropriate in the context of circumstances that were unexpected or unforeseen at the date of grant. Awards are granted subject to a holding period of two years beginning on the vesting date either on the basis that they will not ordinarily be released (so that the participant is entitled to acquire the shares) until the end of that period or on the basis that the participant is entitled to acquire shares following the assessment of the applicable performance condition but that (other than as regards sales to cover tax liabilities) the award is not released (so that the participant is able to dispose of those shares) until the end of the holding period. Awards under the PSP may include the right to receive additional shares to reflect dividends paid over the vesting period and/ or the holding period; these dividend equivalents may assume the reinvestment of dividends into Company shares on such basis as the Committee determines. The Committee may at its discretion structure awards as Approved Performance Share Plan ("APSP") awards comprising both a tax-favoured option with a per share exercise price equal to the market value of a share when the option is granted and a PSP award. APSP awards enable an Executive Director and the Company to benefit from tax-favoured option treatment in respect of part of the award without increasing the pre-tax value delivered to participants. APSP awards would be structured as either: (1) a tax-favoured option and a PSP award, with the vesting of the PSP award scaled back to take account of any gain made on exercise of the tax-favoured option; or (2) a tax favoured option, PSP award over a reduced number of shares and separate PSP award which is to fund the exercise price of the tax-favoured option. The provisions of this policy will apply to a tax-favoured option with any amendments necessary to take account of the applicable legislation. Other than to enable the grant of APSP awards, the Company will not grant market value options to Executive Directors. **Recovery** Recovery provisions apply as summarised below the table.	The usual maximum award level under the PSP in respect of any financial year for Executive Directors is awards over shares with a value of 150% of salary. The approach proposed to the grant of PSP awards in respect of 2024 is described on page 112. The Committee has discretion to grant awards under the PSP in respect of any financial year for Executive Directors up to a maximum of 200% of salary. The Committee may at its discretion structure awards as Approved Performance Share Plan ("APSP") awards as described in the "Operation" column. Reflecting the interaction between the tax-favoured option and the PSP award, the shares subject to the tax-favoured option are not taken into account when assessing these limits in order to avoid double counting.	Performance will be assessed against challenging performance targets. Performance will be based typically on financial measures including, but not limited to, EPS. Awards will also be subject to a financial underpin such that PSP awards will only vest if the Committee is satisfied with the overall performance of the Company. Performance measures (and their weighting where there is more than one measure) are reviewed annually to maintain appropriateness and relevance. Subject to the Committee's discretion to override formulaic outturns, for threshold performance up to 25% of the award will vest, rising to 100% of the award vesting for maximum performance, typically with straight-line vesting in between. Below threshold performance, the award will not vest.

Remuneration Report continued

Information supporting the policy table

Explanation of performance measures chosen

Performance measures for the annual bonus and PSP awards which reflect the Company's strategy are selected. Stretching performance targets are set each year by the Committee taking into account a number of different factors.

The annual bonus can be assessed against financial, strategic and/ or individual targets determined by the Committee with at least 50% subject to key financial targets. The Committee considers financial measures like profit before tax and revenue to be important performance metrics because they encourage behaviours that facilitate profitable growth and the successful future strategic development of the business. Strategic measures will be aligned to the Company's strategy in order that Executive Directors are appropriately rewarded for taking decisions which reflect the overall direction of the Group.

Long-term performance measures are chosen by the Committee to provide a robust and transparent basis on which to measure the Company's performance over the longer term and to provide alignment with the business strategy. They are selected to be aligned with the interests of shareholders and to drive business performance. Currently EPS performance is considered to be a key measure of success as it encapsulates the outcomes of many of the strategic drivers of the business, and helps align management incentives with growth in shareholder value.

The Committee retains the discretion to adjust or set different performance measures or targets where it considers it appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/ or a divestment of a Group business or a change in prevailing market conditions) and to assess performance on a fair and consistent basis from year to year.

Operation of the Company's share plans

The PSP, BAYE and any deferred bonus plan will be operated by the Committee in accordance with their rules, including the ability to adjust the number of shares subject to awards in the event of a variation of share capital, demerger, delisting, special dividend, rights issue or other event which may, in the opinion of the Committee, affect the current or future value of shares. All discretions available under the rules of any share plan will be available under this policy, except where expressly limited under this policy.

At the discretion of the Committee, awards under the PSP, BAYE and any deferred bonus plan may be settled, in whole or in part, in cash (or granted as a cash award over a notional number of shares). However, the Committee would only settle or grant an Executive Director's award in cash where the particular circumstances made that appropriate – for example in the event of a regulatory restriction on the delivery of shares, or in respect of the tax arising on the vesting or release of the award.

Shareholding guidelines

To align the interests of Executive Directors with those of shareholders, the Committee has adopted shareholding guidelines which apply in employment and after cessation of employment. The Committee retains discretion to disapply or vary these provisions in exceptional circumstances.

In employment

Executive Directors are required to retain half of any shares acquired under the PSP and any deferred bonus award (after sales to cover tax) until such time as their holding has a value equal to 200% of salary.

Shares subject to PSP awards which have vested but not been released, shares subject to released PSP awards which have not been exercised, and shares subject to deferred bonus awards count towards the guideline on a net of assumed tax basis.

After cessation of employment

Shares are subject to this requirement only if they are acquired from share plan awards (PSP, BAYE Matching Shares and deferred bonuses) granted after 1 January 2020. The Executive Director must retain: (a) until the audit sign-off of the financial statements for the year in which they leave the business, such of those shares as are subject to this requirement as have a value equal to the in-employment guideline; and (b) until the audit sign-off of the financial statements for the following year, such of those shares as have a value equal to 50% of the in-employment guideline, or in either case and if fewer, all of those shares. The vesting of relevant share awards granted from 1 January 2020 onwards will be conditional upon the Executive Director agreeing to the shares being held in a nominee arrangement to enable the effective monitoring and implementation of this policy.

Recovery

Annual bonus

For up to three years following the payment of the non-deferred part of an annual bonus award, the Committee may require the repayment of some or the entire cash award paid (or may cancel or reduce any deferred share award or require the forfeiture of shares acquired pursuant to a deferred share award) in the event of fraud, dishonesty leading to a material misstatement of financial results, serious reputational damage, or material corporate failure.

PSP and BAYE

At the discretion of the Committee, unvested PSP awards and unvested BAYE matching awards may be reduced, cancelled or have further conditions imposed in certain circumstances including (but not limited to):

- A material misstatement of the Company's audited financial results;
- A material failure of risk management by the Company or any subsidiary company within the Group;
- A material miscalculation of any performance measure;
- Serious reputational damage; or
- Material corporate failure.

For up to three years following the vesting of an award, the Committee may require the repayment (which may be affected by the cancellation or forfeiture of a vested but unreleased PSP award) of some or the entire award in the event of fraud, dishonesty leading to a material misstatement of financial results, serious reputational damage, or material corporate failure.

Early vesting of awards

PSP

In the event of a change of control of the Company or other relevant corporate event (such as a demerger, delisting, special dividend or other event which may affect the value of an award), unvested awards under the PSP may vest in accordance with the rules of the PSP and vested but unreleased awards will be released. The Committee shall determine the extent to which an unvested award vests taking into account the extent to which the relevant performance condition has been satisfied; such vesting would ordinarily be on a time pro rata basis although the Committee has discretion not to apply time prorating.

Deferred bonus arrangements

In the event of a change of control of the Company or other relevant corporate event (such as a demerger, delisting, special dividend or other event which may affect the value of an award), deferred bonus awards will vest in full.

BAYE awards

In the event of change of control of the Company or other relevant corporate event (such as a demerger, delisting, special dividend or other event which may affect the value of an award), Matching Shares related to Purchased Shares acquired in respect of a completed year will vest. Other Matching Shares will lapse, unless the Committee determines otherwise.

Cessation of employment

The treatment of PSP awards, deferred bonus awards and BAYE awards on cessation of employment is described on page 120.

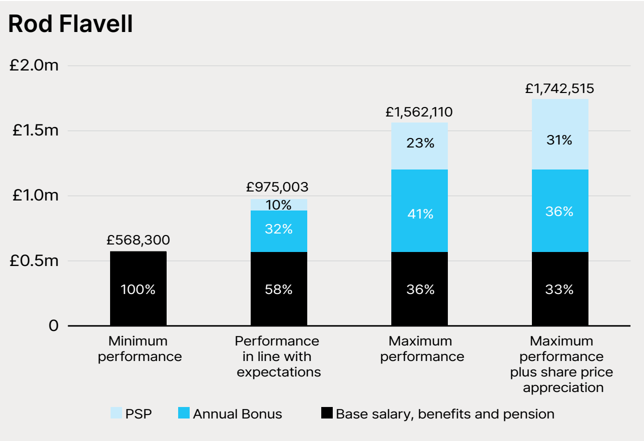
Remuneration Report continued

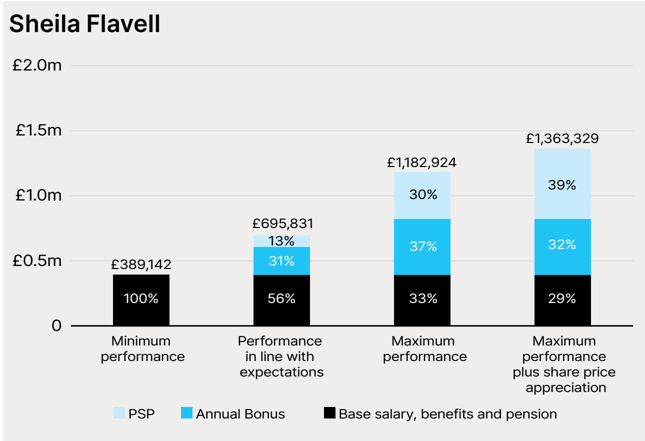
Non-Executive Directors

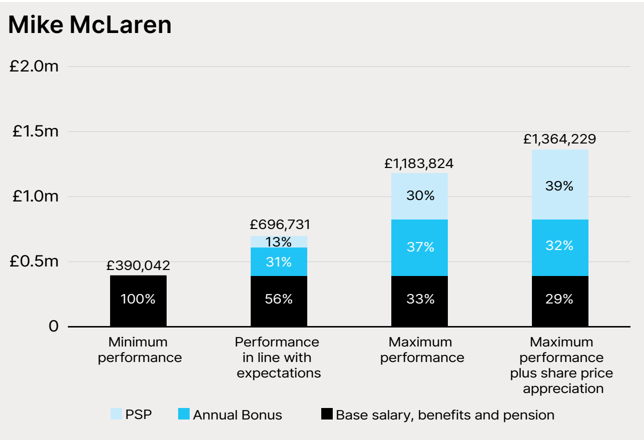
Purpose and link to strategy	Operation	Other items
To enable the Company to attract and retain Non-Executive Directors of the required calibre by offering market competitive rates	The Chair is paid a basic Chair fee which also covers the role of Chair of the Nomination Committee (for which no additional fee is paid, assuming that the two roles are held by the same individual). Non-Executive Directors receive a basic fee and additional fees for chairing of any Board committees, holding the position of Senior Independent Director, holding the position of Non-Executive Director designated for engagement with the workforce, or for other responsibilities or time commitments. The Chair's fee is determined by the Committee and the fees of the other Non-Executive Directors are determined by the Board. Fees are based on the time commitment and contribution expected for the role and the level of fees paid to Non-Executive Directors serving on the board of similar-sized UK listed companies. Overall fees paid to Non-Executive Directors will remain within the limit set by the Company's Articles of Association from time to time.	Non-Executive Directors may be eligible to be reimbursed travel and subsistence costs incurred in the performance of their duties and to receive other benefits relevant to the performance of their roles (and any tax thereon). The Non-Executive Directors do not participate in the Company's annual bonus, share plans or pension schemes or other benefit in kind arrangements.

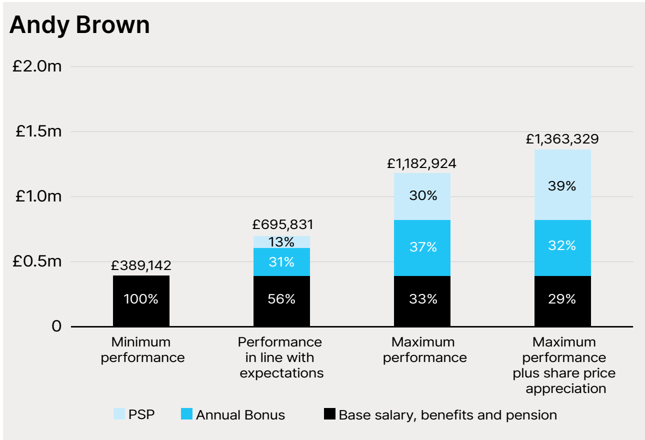
Illustration of the application of remuneration policy

The following charts set out for each Executive Director an illustration of the application for 2024 of the remuneration policy set out above. The charts show the split of remuneration between fixed pay (base salary, taxable benefits and pension), annual bonus and PSP on the basis of minimum remuneration, remuneration receivable for performance in line with the Company's expectations, maximum remuneration, and maximum remuneration assuming a 50% increase in the share price in the case of the PSP. Having regard to FDM's approach to the determination of the number of shares subject to PSP awards as discussed on page 119, these charts assume, for simplicity, a grant of 100% of the lowest Executive Director's annual salary (£360,810). No dividends or dividend equivalents are taken into account in the calculations of the values in the charts. The BAYE is not taken into account for the purposes of these illustrations as the level of benefit will depend upon the Executive Director's decision as to the acquisition of Purchased Shares.









In illustrating the potential reward, the following assumptions have been made:

	Fixed pay	Annual bonus	PSP
Minimum performance Performance below plan approved by the Board.	Fixed elements of remuneration only: Base salary applying as at 1 January 2024, as referred to on page 102 (being the latest known salary); Taxable benefits as disclosed in the single figure table on page 108 for the year ended 31 December 2023; and Pension assuming an employer contribution of 4% of salary.	No bonus.	No PSP vesting.
Performance in line with expectations Performance in line with plan approved by the Board.		50% of maximum awarded (equivalent to 60% of salary).	25% of maximum awarded (i.e. £90,203 being 25% of the lowest Executive Director's salary).
Maximum performance Performance meets stretch target approved by the Board.		100% of maximum awarded (equivalent to 120% of salary).	100% of maximum awarded (i.e. £360,810 being 100% of the lowest Executive Director's salary).
Maximum performance plus share price appreciation Performance meets stretch target approved by the Board and for the purposes of the PSP element there is an assumed 50% increase in the share price.		100% of maximum awarded (equivalent to 120% of salary).	100% of maximum awarded (i.e. £360,810 being 100% of the lowest Executive Director's salary) and an assumed 50% increase in the share price to vesting.

Remuneration Report continued

Policy for the remuneration of employees more generally

The Group aims to provide a remuneration package that is competitive in an employee's country of employment and which is appropriate to promote the long-term success of the Group. The Group intends to apply this policy fairly and consistently and does not intend to pay more than is necessary to attract and motivate staff. In respect of Executive Directors, a greater proportion of the remuneration package is "at risk" and determined by reference to performance conditions. Executive Directors and other employees are eligible to participate in the BAYE on the same basis.

Approach to recruitment remuneration

When hiring a new Executive Director, the Committee will seek to align the remuneration package with the above policy.

When determining appropriate remuneration arrangements, the Committee may include other elements of pay which it considers are appropriate and necessary to recruit and retain the individual. However, this discretion is capped and is subject to the limits referred to below:

- Base salary will be set at a level appropriate to the role and the experience of the Director being appointed. This may include agreement on future increases up to a market rate, in line with increased experience and/ or responsibilities, subject to good performance, where it is considered appropriate;
- Benefits and pension will only be provided in line with the above policy;
- The Committee will not offer non-performance related incentive payments (for example a "guaranteed sign-on bonus" or "golden hello");
- A newly appointed Executive Director will be eligible to participate in the BAYE on the same basis as other Executive Directors and employees;
- Other elements may be included in the following circumstances:
  - An interim appointment being made to fill an Executive Director role on a short-term basis;
  - If exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short-term basis;
  - If an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis; or
  - If the Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee;
- The Committee may also alter the performance measures, performance period, vesting period and holding period of the annual bonus or PSP and the proportion of any annual bonus that must be deferred, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale of any such alterations will be clearly explained in the subsequent Directors' Remuneration Report; and
- The maximum level of variable remuneration which may be granted (excluding buyout awards as referred to below) is 350% of salary, in line with the Policy table set out on pages 117-119, plus any participation in the BAYE in line with the Policy table.

The Committee may make payments or awards in respect of hiring an employee to buy out remuneration arrangements forfeited on leaving a previous employment or engagement. In doing so, the Committee will take account of relevant factors including any performance conditions attached to the forfeited arrangements and the time over which they would have vested or been paid. The Committee will generally seek to structure buyout awards or payments on a comparable basis to the remuneration arrangements forfeited. Any such payments or awards are excluded from the maximum level of variable remuneration referred to above. Buyout awards will ordinarily be granted on the basis that they are subject to forfeiture or 'clawback' in the event of departure within twelve months of joining the Company, although the Committee will retain discretion not to apply forfeiture or clawback in appropriate circumstances.

Any share awards referred to in this section will be granted as far as possible under the Company's share plans. If necessary and subject to the limits referred to above, recruitment awards may be granted outside of these plans.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue in accordance with their terms.

Fees payable to a newly appointed Chair or Non-Executive Director will be in line with the policy in place at the time of appointment.

Letters of appointment for the Directors are available for inspection by shareholders at each AGM and during normal business hours at the Company's registered office.

Service contracts

FDM's policy is that Executive Directors' service agreements should have a notice period of up to twelve months, and each Executive Director has a service contract which may be terminated by the Company or Director by giving twelve months' notice. Each Non-Executive Director has a letter of appointment with the Company which may be terminated by the Company or Director by giving three months' notice. Details of the Directors' service contracts (or letter of appointment in the case of a Non-Executive Director), notice periods and, where applicable, expiry dates are set out below:

Name	Commencement	Expiry	Notice period
Rod Flavell	16 June 2014	–	12 months
Sheila Flavell	16 June 2014	–	12 months
Mike McLaren	16 June 2014	–	12 months
Andy Brown	16 June 2014	–	12 months
Peter Whiting	16 June 2014	–	3 months
Michelle Senecal de Fonseca	15 January 2016	–	3 months
David Lister	9 March 2016	–	3 months
Jacqueline de Rojas	1 October 2019	–	3 months
Alan Kinnear	1 January 2020	–	3 months
Rowena Murray	1 August 2023	–	3 months

Payments for loss of office

The principles on which the determination of payments for loss of office will be approached are set out below:

Payment in lieu of notice

Each Executive Director's service contract contains provision for payment in lieu of notice at the discretion of the Company. Such payment would consist of basic salary plus pension and benefits only for the notice period (or the balance of the notice period if relevant) together with any accrued but untaken holiday pay entitlement. Alternatively, benefits may continue to be provided for the duration of the notice period that would otherwise have applied.

Annual bonus

This will be at the discretion of the Committee on an individual basis and the decision as to whether or not to award a bonus in full or in part will be dependent on a number of factors, including the circumstances of the individual's departure and their contribution to the business during the bonus period in question, such that a bonus will be paid only in circumstances that the Committee considers are "good leaver" circumstances. Any bonus amounts paid will be prorated for time in service during the bonus period and will be paid at the usual time (although the Committee retains discretion to pay the bonus earlier in appropriate circumstances). Where bonus deferral would otherwise apply, the Committee may permit the payment of the whole bonus for the year of departure and previous year in cash, although would only do so in circumstances that in the opinion of the Committee amount to compassionate "good leaver" circumstances.

Deferred bonus awards will continue (other than in the case of summary dismissal, or resignation to join or establish a competing business in which case they will lapse/ be forfeited) and will typically be released at the ordinary release date, although the Committee retains discretion to release the award at cessation or at some other date prior to the ordinary release date; release would be of the full award, unless the Committee were to decide to apply a time-based reduction to reflect the proportion of the deferral period served.

Remuneration Report continued

PSP

The extent to which any unvested award will vest and be released will be determined in accordance with the rules of the PSP. Unvested awards will normally lapse on cessation of employment. However, the Committee may, in its absolute discretion, determine that on cessation of employment an award that has not yet vested will vest and be released at cessation or at the normal release date (or at some other time between those dates). In either case, the extent of vesting will be determined by the Committee taking into account the extent to which the performance condition is satisfied and, unless the Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation as a proportion of the vesting period. Awards may then be exercised during such period as the Committee determines.

If an award has vested but not been released (i.e. if it is in a holding period), that award will:

- lapse/ be forfeited if cessation is due to summary dismissal; and
- be released at the ordinary release date if cessation is for any other reason.

The Committee retains discretion to release the award at cessation or at some other date prior to the ordinary release date. Awards will be released to the extent they vested by reference to the performance conditions.

If an award has vested and, where relevant, been released prior to an individual's cessation of employment, the Committee may, in its absolute discretion, allow the award to be exercised for such period as the Committee determines.

BAYE

If a participant leaves due to death, ill-health, disability or any other reason at the Committee's discretion, Matching Shares related to Purchased Shares acquired in respect of a completed year will vest at the originally anticipated vesting date, unless the Committee decides that they should vest at the date of cessation or some other time. Other Matching Shares will lapse, unless the Committee determines otherwise. Purchased Shares are not forfeited on cessation of employment for any reason.

Other payments

In appropriate circumstances, payments may also be made in respect of outplacement and legal/ other professional advisor fees. Where a buyout award is made, the leaver provisions would be determined at the time of the award. The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

Existing contractual arrangements

The Committee retains discretion to make any remuneration payment or payment for loss of office outside the policy in this report:

- Where the terms of the payment were agreed before the policy came into effect, provided that, in the case of a payment agreed after 30 April 2015 it is consistent with the Directors' Remuneration Policy applying at the date it was agreed;
- Where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company (or other person to whom the policy applies) and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company (or other such person);
- Under legacy remuneration arrangements.

For these purposes, "payments" includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Statement of consideration of employment conditions elsewhere in the Company

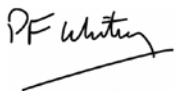
The Committee generally considers pay and employment conditions elsewhere in the Company when considering the Directors' remuneration. When considering base salary increases, the Committee reviews overall levels of base pay increases offered to other employees. Employees are not actively consulted on Directors' remuneration. Employee share ownership is fundamental to the Company's culture and is reflected in the wide participation in our share incentive plans.

Statement of consideration of shareholder views

The Committee is committed to an ongoing dialogue with shareholders and welcomes feedback on the Directors' remuneration. The Committee consulted with the Company's largest shareholders in respect of the development of this Policy (as referred to in further detail on page 106).

Approval

This Report was approved by the Board on 19 March 2024 and signed on its behalf by:



Peter Whiting
Chair of the Remuneration Committee
19 March 2024

Directors' Report

The Directors present the Directors' Report and audited Consolidated Financial Statements of FDM Group (Holdings) plc, registered number 07078823, for the year ended 31 December 2023.

Principal activities, business review and future developments

The Group is a global professional services provider with a focus on Information Technology. The Group's principal business activities involve recruiting, training and deploying its own permanent IT and business Consultants to clients, either on site or remotely. The Strategic Report on pages 2 to 63 provides a review of the Group's performance during the financial year as well as its future prospects.

Results and dividends

The Group reported a profit after tax for the year of £40.8 million (2022: £34.9 million). Results for the year are set out in the Consolidated Income Statement on page 143.

The Directors propose a final dividend of 19.0 pence per share for the year to 31 December 2023. Subject to shareholder approval, this dividend will be paid on 28 June 2024 to shareholders on the register on 7 June 2024. An interim dividend of 17.0 pence per share was declared by the Directors on 25 July 2023 and was paid on 13 October 2023 to shareholders on the register on 22 September 2023.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements unless otherwise stated, were:

David Lister	Non-Executive Chair
Roderick Flavell	Chief Executive Officer
Sheila Flavell	Chief Operating Officer
Michael McLaren	Chief Financial Officer
Andrew Brown	Chief Commercial Officer
Peter Whiting	Non-Executive Director
Michelle Senecal de Fonseca	Non-Executive Director
Jacqueline de Rojas	Non-Executive Director
Alan Kinnear	Non-Executive Director
Rowena Pinder[1]	Non-Executive Director (Appointed 1 August 2023)

1 Known professionally as Rowena Murray, and referred to by that name elsewhere in this report.

The biographies of the currently serving Directors are provided on pages 66-69.

Director share interests

Details of the interests of Directors in the shares of the Company are provided on page 111.

Director long-term incentive schemes

For the purposes of the UK Listing Authority Listing Rules section 9.8.4C R, details of the Group's long-term incentive schemes are disclosed in the Remuneration Report starting on page 99. All other information required to be disclosed by Listing Rule section 9.8.4 R is not applicable for the year under review.

Directors' indemnity and liability insurance

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Risk management objectives and policies

The Group through its operations is exposed to a number of risks. Details of the Group's financial risk management objectives and policies are set out in note 28 to the Consolidated Financial Statements. The principal risks that the Group faces are set out on pages 27 to 34 of the Strategic Report.

Controls in place over consolidation of financial results

The Group's Consolidated Financial Statements are prepared by the Group's Finance team. The team is based in one central location, where all the individual entity general ledgers are also maintained. The consolidation process involves preparation and separate reviews of the results by qualified and experienced finance staff.

Corporate governance

For details of the Corporate Governance Report see page 64. The Sustainability Report, on pages 36 to 63, includes information about the Group's employment policies and greenhouse gas emissions. The Sustainability Report also includes information on the steps taken by the Group to ensure that slavery and human trafficking are not taking place within the Group's business, in line with the Modern Slavery Act 2015.

Branches outside the UK

The Group operates branches in France, Denmark and Spain.

Substantial shareholders

As at 31 December 2023 and as at 11 March 2024, the Company had been advised, in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, of the following notifiable interests (whether directly or indirectly held) in 3% or more of its voting rights:

		As at 31 December 2023		As at 11 March 2024	
Substantial shareholder	**Direct/ indirect interest**	**Number of shares**	**% of issued share capital**	**Number of shares**	**% of issued share capital**
Rod Flavell	Direct	7,336,943	6.7%	7,337,648	6.7%
Sheila Flavell	Direct	7,330,443	6.7%	7,331,148	6.7%
abrdn Standard Life Investments	Indirect	7,312,140	6.7%	7,312,140	6.7%
Kayne Anderson Rudnick Investment Management, LLC	Direct	6,699,185	6.1%	6,699,185	6.1%
Aegon Ltd	Indirect	–	0%	5,688,180	5.2%
Invesco Ltd	Indirect	5,497,082	5.0%	5,497,082	5.0%
Artemis Investment Management LLP	Indirect	5,491,747	5.0%	5,491,747	5.0%
Majedie Asset Management	Indirect	5,435,803	5.0%	5,435,803	5.0%
Ameriprise Financial, Inc. and its group	Direct and indirect	5,314,856	4.8%	5,314,856	4.8%
BlackRock, Inc.	Indirect	5,210,213	4.8%	5,210,213	4.8%
Baillie Gifford & Co	Indirect	5,157,882	4.7%	5,157,882	4.7%
Andy Brown	Direct	4,022,369	3.7%	4,022,369	3.7%

Directors' Report continued

Political donations

The Group made no political donations in the year (2022: £nil).

Going concern

The Group's business activities, together with the factors that are likely to affect its future development, performance and position are summarised in the Strategic Report. The principal risks, uncertainties and risk management processes are also described in the Strategic Report.

The Group's positive operating cash flow and liquidity position, together with its distinctive business model and infrastructure, enable the Group to manage its business risks successfully. The Group's forecasts and projections show that it will continue to operate with adequate cash resources.

The Directors therefore have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for at least twelve months. Accordingly, the Directors continue to adopt the going concern basis for preparing the financial statements.

UK Streamlined Energy and Carbon Reporting ("SECR")

In accordance with SECR requirements, a summary of UK and worldwide energy consumption and emissions for 2023 and 2022 is presented on page 59. Details of the Group's compliance with legislation relating to greenhouse gas emissions reporting are set out on page 58 and in the Sustainability Report.

Articles of Association

The Company's Articles of Association may only be amended by special resolution of the shareholders.

Employee engagement

Information about how the Directors have engaged with employees and have regard to their interests is detailed on page 76.

We use a number of methods to consult our employees regularly so that their views can be taken into account in making decisions that are likely to affect their interests, and we encourage our staff to become involved in FDM Group's performance through our discretionary Performance Share Plan and our all-employee Buy As You Earn share plan. We have also appointed a Non-Executive Director with responsibility for engaging with matters which are important to our employees and ensuring that their voices are heard at Board level. Further information on these initiatives to engage with our employees is set out on page 48 of the Sustainability Report.

Engagement with other stakeholders

Information on the Directors' engagement with other stakeholders can be found on pages 76 to 77.

Employee information

Information on the Group's employee policies is included on page 63 in the Sustainability Report. Information on the Group's policies in respect of persons that become disabled during their employment, and the training, career development and promotion of disabled persons, is set out on page 43 in the Sustainability Report.

Capital structure
The Group's capital structure is detailed in note 22 to the Consolidated Financial Statements. During 2023 the number of ordinary shares in issue increased from 109,191,669 at 1 January 2023 to 109,611,852 at 31 December 2023.

Investment in own shares
During the AGM held on 16 May 2023, the shareholders approved that up to 10% of the Company's shares could be purchased by the Company and held as own shares, renewing the authority agreed on 24 May 2022. The authority expires at the conclusion of the Company's next Annual General Meeting after the passing of this resolution or, if earlier, 15 August 2024.

During 2018, the FDM Group Employee Benefit Trust was established to purchase shares sold by option holders upon exercise of options under the FDM Performance Share Plan. The Group accounts for its own shares held by the Trustee of the FDM Group Employee Benefit Trust as a deduction from shareholders' funds.

Change of control and other arrangements
The Group has agreements in place with certain of its banking clients that give those clients the right to terminate the contract on a change of control in the event of a successful takeover bid for the Group.

The Group has no agreements with employees or Directors that provide for compensation for loss of office or employment that occurs resulting from a takeover bid.

The Group knows of no agreements under which holders of securities in the Company may restrict votes or transfers in the Company's shares.

Each participant who holds shares in the Group's BAYE share plan is entitled, as beneficial owner of those shares, to request that the administrator of the BAYE (as nominee in respect of those shares) exercises the voting rights attaching to those shares in the manner directed by the participant.

Post balance sheet events
There are no post balance sheet events.

Related party transactions
The Group's related party transactions are detailed in note 27 to the Consolidated Financial Statements.

Independent auditors
In accordance with Section 487 of the Companies Act, a resolution for the reappointment of PricewaterhouseCoopers LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Directors' Report continued

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the FDM Group (Holdings) plc Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Directors' Report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

The Directors' Report has been approved by the Board of Directors of FDM Group (Holdings) plc on 19 March 2024 and signed on its behalf by:

Rod Flavell
Chief Executive Officer
19 March 2024

Mike McLaren
Chief Financial Officer
19 March 2024

Financial statements

Independent auditors' report to the members of FDM Group (Holdings) plc

Report on the audit of the financial statements

Opinion

In our opinion:

- FDM Group (Holdings) plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2023 (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position and the Parent Company Statement of Financial Position as at 31 December 2023; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the Parent Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 7, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The group financial statements are a consolidation of 19 reporting units
- We performed full scope audits of the UK, USA and Canadian reporting units
- We also audited property leases and the associated property, plant and equipment, in the Australian reporting unit
- Our full scope audits covered 77% of revenue and 87% of absolute profit before tax

Key audit matters

- Share option plan expenses (group and parent)

Materiality

- Overall group materiality: £2,750,000 (2022: £2,280,000) based on approximately 5% of profit before tax.
- Overall parent company materiality: £550,000 (2022: £700,000) based on approximately 1% of total assets.
- Performance materiality: £2,050,000 (2022: £1,700,000) (group) and £410,000 (2022: £525,000) (parent company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Share option plan expenses (group and parent)	
Refer to notes 3.3 (m), 4, and 25 to the Financial statements for the directors' disclosures of the related accounting policies, judgements and estimates, and page 91 ('Significant financial reporting items') within the Audit Committee Report. During 2015, the group implemented a share option plan for management and senior employees. We focussed on this area because the assumptions used in calculating the (credit) / charge recognised in the income statement are judgemental and complex, including an estimate of the number of leavers from the scheme in each period as well as an estimate of the future growth in adjusted earnings per share of the group (refer to pages 103-104 ('Annual Report on Remuneration') for details on the share option plan).	We gained an understanding from management of the key assumptions underpinning the share option valuation model. We evaluated the assumption made by management for forecast growth in adjusted earnings per share by comparing it to recent historical performance as well as reviewing budgets and forecasts approved by the Board of Directors and found it to be appropriate. We evaluated the sensitivity analysis performed by management to assess the potential impact of changes in key assumptions, noting that a significant change in the assumptions would be needed to cause a material error in the share option plan credit. We evaluated management's assumption for the number of leavers from the scheme by comparing it to historical leavers from the scheme and found it to be appropriate. We concluded that stress testing these assumptions did not have a material impact on the income statement credit. In addition: • We checked the mathematical integrity of the model and found it to be accurate. • We tested a sample of options granted to deeds of grant and leavers from the scheme to resignation letters, and we noted no material exceptions in our testing. We also considered the disclosures made in note 25 to the financial statements and determined that they are consistent with the requirements of relevant accounting standards. Based on the results of our work we found that the share option payment credit falls within a reasonable range of estimates.

Independent auditors' report to the members of FDM Group (Holdings) plc continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

The group is structured by division, with significant reporting units in the UK, USA, and Canada, and further smaller reporting units in locations across Europe, Asia, Oceania and South Africa. The group financial statements are a consolidation of 19 reporting units, comprising the group's operating businesses and centralised functions.

The accounting and financial management for all reporting units is controlled from the UK, so we as the group engagement team have performed all audit work.

We determined the type of work that needed to be performed at the reporting units to be able to conclude that sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. Accordingly, we determined that audits of the complete financial information were required for three reporting units, comprising the UK, USA and Canadian trading reporting units. We also included in our audit scope the property leases and associated Property, Plant and Equipment in the Australian reporting unit, which we performed in the UK, where the accounting is administered.

As a result, full scope audit procedures were conducted on reporting units representing 77% of revenue and 87% of absolute profit before tax.

In addition, we performed a full scope audit of the FDM Group (Holdings) plc entity.

The impact of climate risk on our audit

The impact of climate change has been an area of focus for the group, as further explained in the Strategic Report. The group is mindful of its impact on the environment and focussed on ways to reduce climate related impacts as they continue to work through their "Carbon reduction plan". The group is committed to carbon emissions targets consistent with reductions required to keep global warming down to 1.5°C, and has set out their progress against these targets within the Strategic Report. As part of our audit we have made enquiries of management to understand the process they have adopted to assess the extent of the potential impact of climate change risk on the group's financial statements. Management consider that the impact of climate change does not give rise to a material financial statement impact.

We have used our knowledge of the group to evaluate the group's risk assessment process in respect of climate change. We assessed there was no significant impact to our audit nor our Key Audit Matters. We discussed with management and the Audit Committee that the estimated financial reporting impacts of climate change will need to be frequently reassessed, as well as the ways in which disclosures in respect of climate change should evolve as the group continues to develop its response to the impact of these risks. We also considered the consistency of the disclosures in relation to climate change made in the other information within the Annual Report with both the financial statements and the knowledge we obtained from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – parent company
Overall materiality	£2,750,000 (2022: £2,280,000).	£550,000 (2022: £700,000).
How we determined it	Approximately 5% of profit before tax	Approximately 1% of total assets
Rationale for benchmark applied	Based on the benchmarks used in the annual report, profit before tax is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £2,100,000 and £2,600,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £2,050,000 (2022: £1,700,000) for the group financial statements and £410,000 (2022: £525,000) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £139,000 (group audit) (2022: £114,000) and £27,000 (parent company audit) (2022: £35,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- agreeing the underlying cash flow projections to board approved forecasts, assessing how these forecasts are compiled, and assessing the accuracy of management's forecasts;
- evaluating the key assumptions applied within management's forecasts;
- considering liquidity and available financial resources;
- assessing whether the stress testing performed by management appropriately considered the principal risks facing the business; and
- evaluating the feasibility of management's mitigating actions in the stress testing scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of FDM Group (Holdings) plc continued

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and parent company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.
- We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to local employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, tax regulation and the Listing rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the company's legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulation, and fraud;
- Review of any employment disputes or litigation to ensure there were no broader non-compliance issues with employment laws and regulations;
- Review of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Review of internal audit reports in so far that they related to the financial statements; and
- Evaluating and testing journal entries which may be indicative of fraud, for example journal entries posted with unusual account combinations.

Independent auditors' report to the members of FDM Group (Holdings) plc continued

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.
- We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 25 March 2013 to audit the financial statements for the year ended 31 December 2013 and subsequent financial periods. The period of total uninterrupted engagement is 11 years, covering the years ended 31 December 2013 to 31 December 2023.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Katharine Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 March 2024

Consolidated Income Statement

for the year ended 31 December 2023

	Note	2023 £000	2022 £000
Revenue	6	**333,975**	329,972
Cost of sales		**(177,449)**	(174,353)
Gross profit		**156,526**	155,619
Administrative expenses		**(101,500)**	(109,772)
Operating profit	7	**55,026**	45,847
Finance income	10	**1,396**	418
Finance expense	10	**(796)**	(604)
Net finance income/ (expense)		**600**	(186)
Profit before income tax		**55,626**	45,661
Taxation	11	**(14,861)**	(10,753)
Profit for the year		**40,765**	34,908

Earnings per ordinary share		2023 pence	2022 pence
Basic	12	**37.3**	32.0
Diluted	12	**37.2**	31.8

The results for the year shown above arise from continuing operations.

The notes on pages 148 to 175 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023

	2023 £000	2022 £000
Profit for the year	**40,765**	34,908
Other comprehensive (expense)/ income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on retranslation of foreign operations (net of tax)	**(1,329)**	2,148
Total other comprehensive (expense)/ income	**(1,329)**	2,148
Total comprehensive income for the year	**39,436**	37,056

The notes on pages 148 to 175 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

as at 31 December 2023

	Note	2023 £000	2022 £000
Non-current assets			
Right-of-use assets	13	**18,215**	10,073
Property, plant and equipment	14	**2,616**	3,666
Intangible assets	15	**19,571**	19,729
Deferred income tax assets	17	**552**	2,316
		40,954	35,784
Current assets			
Trade and other receivables	18	**32,613**	45,473
Income tax receivables		**3,384**	3,450
Cash and cash equivalents	19	**47,226**	45,523
		83,223	94,446
Total assets		**124,177**	130,230
Current liabilities			
Trade and other payables	20	**25,638**	32,962
Lease liabilities	13	**4,512**	4,643
Current income tax liabilities		**1,428**	1,172
		31,578	38,777
Non-current liabilities			
Lease liabilities	13	**15,669**	8,250
Provisions	21	**228**	–
Deferred income tax liability	17	**31**	–
		15,928	8,250
Total liabilities		**47,506**	47,027
Net assets		**76,671**	83,203
Equity attributable to owners of the parent			
Share capital	22	**1,096**	1,092
Share premium		**9,705**	9,705
All Other reserves	24	**1,567**	13,525
Retained earnings		**64,303**	58,881
Total equity		**76,671**	83,203

The notes on pages 148 to 175 are an integral part of these Consolidated Financial Statements.

The financial statements on pages 143 to 175 were approved by the Board of Directors on 19 March 2024 and were signed on its behalf by:

Rod Flavell
Chief Executive Officer
19 March 2024

Mike McLaren
Chief Financial Officer
19 March 2024

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Group profit before tax for the year		**55,626**	45,661
Adjustments for:			
Depreciation and amortisation	7	**5,742**	6,423
Loss on disposal of non-current assets		**155**	130
Finance income	10	**(1,396)**	(418)
Finance expense	10	**796**	604
Share-based payment (credit)/ charge (including associated social security costs)	25	**(5,340)**	6,727
Decrease/ (increase) in trade and other receivables		**11,386**	(11,334)
(Decrease)/ increase in trade and other payables		**(5,470)**	1,872
Cash flows generated from operations		**61,499**	49,665
Interest received		**1,396**	418
Income tax paid		**(12,741)**	(13,665)
Net cash inflow from operating activities		**50,154**	36,418
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(651)**	(1,204)
Net cash used in investing activities		**(651)**	(1,204)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**4**	–
Proceeds from sale of shares from EBT		**468**	484
Principal elements of lease payments	13	**(4,807)**	(5,470)
Interest elements of lease payments	13	**(718)**	(472)
Proceeds from sale of own shares		**16**	24
Payment for shares bought back		**(2,525)**	–
Finance costs paid		**(72)**	(132)
Dividends paid	23	**(39,320)**	(38,153)
Net cash used in financing activities		**(46,954)**	(43,719)
Exchange (losses)/ gains on cash and cash equivalents		**(846)**	908
Net increase/ (decrease) in cash and cash equivalents		**1,703**	(7,597)
Cash and cash equivalents at beginning of year		**45,523**	53,120
Cash and cash equivalents at end of year	19	**47,226**	45,523

The notes on pages 148 to 175 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

	Share capital £000	Share premium £000	All Other reserves (Note 24) £000	Retained earnings £000	Total equity £000
Balance at 1 January 2023	**1,092**	**9,705**	**13,525**	**58,881**	**83,203**
Profit for the year	**–**	**–**	**–**	**40,765**	**40,765**
Other comprehensive expense for the year	**–**	**–**	**(1,329)**	**–**	**(1,329)**
Total comprehensive income for the year	**–**	**–**	**(1,329)**	**40,765**	**39,436**
Share-based payments (note 25)	**–**	**–**	**(4,434)**	**–**	**(4,434)**
Transfer to retained earnings	**–**	**–**	**(4,673)**	**4,673**	**–**
Own shares sold	**–**	**–**	**1,003**	**(496)**	**507**
Own shares purchased	**–**	**–**	**(2,525)**	**–**	**(2,525)**
Recharge of net settled share options	**–**	**–**	**–**	**(200)**	**(200)**
Dividends (note 23)	**–**	**–**	**–**	**(39,320)**	**(39,320)**
Issue of new shares (note 22)	**4**	**–**	**–**	**–**	**4**
Total transactions with owners, recognised directly in equity	**4**	**–**	**(10,629)**	**(35,343)**	**(45,968)**
Balance at 31 December 2023	**1,096**	**9,705**	**1,567**	**64,303**	**76,671**

	Share capital £000	Share premium £000	All Other reserves (Note 24) £000	Retained earnings £000	Total equity £000
Balance at 1 January 2022	1,092	9,705	5,126	62,207	78,130
Profit for the year	–	–	–	34,908	34,908
Other comprehensive income for the year	–	–	2,148	–	2,148
Total comprehensive income for the year	–	–	2,148	34,908	37,056
Share-based payments (note 25)	–	–	5,844	–	5,844
Transfer to retained earnings	–	–	(454)	454	–
Own shares sold	–	–	861	(353)	508
Recharge of net settled share options	–	–	–	(182)	(182)
Dividends (note 23)	–	–	–	(38,153)	(38,153)
Total transactions with owners, recognised directly in equity	–	–	6,251	(38,234)	(31,983)
Balance at 31 December 2022	1,092	9,705	13,525	58,881	83,203

The notes on pages 148 to 175 are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1 General information

The Group is an international professional services provider focusing principally on IT, specialising in the recruitment, development and deployment of its own permanent Consultants.

The Company is limited by shares, incorporated and domiciled in the UK and registered as a public limited company in England and Wales with a Premium Listing on the London Stock Exchange. The Company's registered office is 3rd Floor, Cottons Centre, Cottons Lane, London, SE1 2QG and its registered number is 07078823.

The Consolidated Financial Statements consolidate those of the Company and its subsidiaries. Subsidiaries and their countries of incorporation are presented in note 4 to the Parent Company Financial Statements.

The Consolidated Financial Statements present the results for the year ended 31 December 2023. The Consolidated Financial Statements were approved by Rod Flavell and Mike McLaren on behalf of the Board of Directors on 19 March 2024.

2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are summarised in the Strategic Report. The principal risks and uncertainties, our assessment of the impact of climate change, and risk management processes are also described in the Strategic Report.

The Group's continued and forecast global growth, positive operating cash flow and liquidity position, together with its distinctive business model and infrastructure, enable the Group to manage its business risks. The Group's forecasts and projections show that it will continue to operate with adequate cash resources.

The Directors therefore have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for at least twelve months. Accordingly, the Directors continue to adopt the going concern basis for preparing the financial statements.

3 Accounting policies

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Consolidated Financial Statements have been prepared on a historical cost basis. The Consolidated Financial Statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated.

3.2 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries for the year ending 31 December 2023.

Subsidiaries

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Details of the subsidiaries owned by the Group are presented in Note 4 to the Parent Company Financial Statements. There are no minority interests in the subsidiaries of the Company.

3.3 Summary of significant accounting policies

a) Revenue recognition

Revenue is recognised under IFRS 15 and is measured at the fair value of the consideration received or receivable and excluding sales taxes.

Rendering of services

Revenue from the provision of Consultants to third-party clients is recognised as follows:

- The revenue is recognised in the period in which the Consultants perform the work at the contracted rates for each Consultant. Revenue is based on timesheets from our Consultants which are authorised by the Group's clients detailing the hours and service provided;
- If advance payments are made by clients, these are deferred and the income recognised in the period in which the Consultants perform the work.
- Revenue in respect of outstanding timesheets is accrued based upon estimates at the contract value; and
- Volume rebates are accrued in the period in which the revenue is recognised, with the value of the rebate offset against revenue. They are calculated with regard to specific threshold levels of revenue recognised for certain clients in a contractual period. To the extent the volume rebates are material, amounts are disclosed along with any significant judgements made in their estimation.

Sales invoices are issued following fulfilment of FDM's performance obligation, confirmed by receipt of approved timesheets. Invoices are due for payment in line with agreed credit terms.

b) Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the Company operates (its functional currency). Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

For the purpose of the Consolidated Financial Statements, the results and financial position of each entity are expressed in Pounds Sterling (£), which is the functional currency of the Parent Company and the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate prevailing at the time of the transaction. At the end of each reporting period, monetary items and goodwill denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are expressed in the Group's presentation currency using exchange rates prevailing at the end of the reporting period. Income and expense related items are translated at the average exchange rates for the period. Exchange differences arising are classified as other comprehensive income and transferred to the Group's translation reserve.

Notes to the Consolidated Financial Statements continued

3 Accounting policies continued

b) Foreign currency translation continued

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

d) Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Plant and equipment	4 years
Fixtures and fittings	4 years
Leasehold improvements	Length of lease

The assets' residual values, useful lives and methods of depreciation are reviewed each financial year end and adjusted if appropriate.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair values as at the date of acquisition.

Software and software licences

Software and software licence costs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group are recognised as intangible assets and amortised over the useful economic life of the software. Directly attributable costs that are capitalised include invoiced supplier costs and employee costs.

Goodwill

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses, and is revalued based on the prevailing foreign exchange rates at the end of the reporting period. For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units.

Goodwill is reviewed at least annually or more regularly when there is an indication of impairment. Impairment of goodwill is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying value of the cash-generating unit to which the goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

f) Trade receivables
Trade receivables are recognised initially at transaction price. They are subsequently measured at amortised cost using an expected credit loss model in line with IFRS 9 which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Shared credit risk characteristics include current and forward-looking information on macroeconomic factors affecting the sector in which the debtor operates.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

g) Cash and cash equivalents
Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

h) Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

i) Financial instruments
Non-derivative financial instruments
The Group's non-derivative financial instruments comprise trade receivables, trade payables, and cash and cash equivalents.

The Group does not have any debt.

j) Pensions and other post-employment benefits
The Group operates a number of defined contribution pension schemes. The assets of each scheme are held separately from those of the Group in an independently administered fund. The amount charged to the income statement represents the contributions payable to the schemes in respect of the accounting period.

k) Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate. Provisions are measured at management's best estimate of the expenditure required to settle the Group's liability. These estimates are reviewed each year and updated as necessary. In each circumstance either adequate provisions are established or appropriate disclosures are made in accordance with the provisions of IAS 37.

Provisions for legal claims
FDM is a people business and, in the ordinary course, we receive legal claims from time to time, most commonly employment related. Our in-house legal team deals promptly with these claims where appropriate, but we engage specialist external lawyers when it is required for us to access additional expertise or resource and we think it prudent to do so. We are confident in our employment practices and it is our policy to defend these claims and our business model robustly. We will also take a commercial approach and from time to time may choose to settle claims if we consider it pragmatic and in the Group's best interests to do so, particularly having regard to the time and effort management need to dedicate to a given claim. The Directors evaluate the possibility of an outflow of resources to determine if it is either remote, possible or probable.

Notes to the Consolidated Financial Statements continued

3 Accounting policies continued

k) Provisions continued

Provisions for dilapidations

To the extent that the Group is required to pay a termination fee or restore a property to its original conditions at the end of the lease term, we recognise a provision for dilapidations at the net present value of the forecast expenditure.

l) Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. The share premium reflects the extra paid for new shares above their nominal value.

Other reserves represent the cost of equity on settled share-based payments until such share options are exercised or lapse. Own shares reserve represents those Company shares held by the Trustee of the FDM Group Employee Benefit Trust and are a deduction from shareholders' funds (see note 26).

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The capital redemption reserve arose from the purchase by the Company in 2015 of 5,200,392 deferred shares, which had a nominal value of £0.01 each.

m) Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other reserves in equity, over the period in which the performance and/ or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised between the beginning and end of that period and is recognised in employee benefits expense. The equity-settled transactions are fair valued at the grant date and the expense recognised over the duration of the vesting period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/ or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Included within the results for the year ending 31 December 2023 is a charge relating to a portion of the Directors' bonus earned during 2023, the balance will be settled via issue of shares equal to the amount which would have been payable to them.

n) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Board of Directors. The Executive Directors have been identified as the chief operating decision maker.

o) Dividends

Dividends are recognised as a liability in the period in which they are approved such that the Company is obligated to pay the dividend.

p) Employee Benefit Trust

FDM Group (Holdings) plc has an established Employee Benefit Trust ("EBT") to which it is the sponsoring entity. Notwithstanding the legal duties of the Trustee, the Company considers that it has "de facto" control. The EBT is included in the Parent Company Financial Statements and the Consolidated Financial Statements.

No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the Company's own equity held by the EBT. For further information, see note 26.

q) Leases

Under IFRS 16 'Leases', a liability and an asset are recognised at the inception of the lease, the lease liability being the present value of future lease payments. A right-of-use asset is recognised as the same amount adjusted for any initial direct costs, lease incentives received, or lease payments made at or before the commencement date, as applicable.

The charge to the Income Statement comprises i) an interest expense on the lease liability (included within finance expense) and ii) a depreciation expense on the right-of-use asset (included within operating costs). The right-of-use asset is depreciated straight-line over the term of the lease.

The liabilities are measured at the present value of the remaining lease payments, discounted using the lessee company's estimated incremental borrowing rate at the date of lease inception. Lease payments are presented as cash flows from financing activities, split between principal and interest elements, on the Statement of Cash Flows.

For short-term leases and leases of low-value assets, the Group has chosen to recognise the associated lease payments as an expense on a straight-line basis over the lease term.

r) Government grants

Government grants are recognised at fair value when there is reasonable assurance that conditions attached to the grant will be complied with and the grant will be received. Income is offset against the expenses the grant is intended to support. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

4 Other accounting estimate

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

The following estimate is not considered to be a significant estimate as it is considered there is not a significant risk of the estimate resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

Share-based payment charge

A share-based payment charge is recognised in respect of share awards based on the Directors' best estimate of the number of shares that will vest based on the performance conditions of the awards, which comprise adjusted EPS growth and the number of employees that will leave before vesting. In estimating the number of shares likely to vest, the Directors have based their assessment of the adjusted EPS growth in the forecasts contained within the Group's three-year plan, adjusted for the impact of potential scenarios that could potentially impact EPS growth. The charge is calculated based on the fair value on the grant date using the Black-Scholes model and is expensed over the vesting period. The key assumptions in respect of the share-based payment charges are set out in note 25. The credit is as a result of a change in the vesting assumptions of the adjusted earnings per share performance, with the outstanding awards now expected not to vest. This, combined with that there were no new options awarded in 2023, has reduced the level of uncertainty over the accounting estimate that was present at prior year ends.

No individual judgements have been made that have a significant impact on the financial statements (2022: none).

Notes to the Consolidated Financial Statements continued

5 New standards and interpretations

The International Accounting Standards Board ("IASB") and IFRS IC have issued the following new standards and amendments which were effective during the year and were adopted by the Group in preparing the financial statements.

The adoption of these amendments has not had a material impact on the Group's financial statements in the year:

Effective in 2023	Effective for accounting periods beginning on or after	Endorsed by the UK Endorsement Board (UKEB)
IFRS 17, 'Insurance contracts'	1 January 2023	Yes
Amendments		
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023	Yes
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023	Yes
Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	Yes
International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)	1 January 2023	Yes

The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2023, and were not adopted in the Group's financial statements for the year and are not expected to have a material impact on the Group when adopted:

Effective after 31 December 2023	Effective for accounting periods beginning on or after	Endorsed by the UK Endorsement Board (UKEB)
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024	Yes
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024	Yes
Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024	No

6 Segmental reporting

Management has determined the operating segments based on the operating reports reviewed by the Board of Directors that are used to assess both performance and strategic decisions. Management has identified that the Executive Directors are the chief operating decision-maker in accordance with the requirements of IFRS 8 'Operating segments'.

As of 31 December 2023, the Board of Directors consider that the Group is organised on a worldwide basis into four core geographical operating segments:

1. UK;
2. North America;
3. Europe, Middle East and Africa, excluding UK ("EMEA"); and
4. Asia Pacific ("APAC").

Each geographical segment is engaged in providing services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

All segment revenue, profit before taxation, assets and liabilities are attributable to the principal activity of the Group, being a global professional services provider with a focus on IT.

For the year ended 31 December 2023

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	127,770	130,167	24,093	51,945	333,975
Depreciation and amortisation	2,420	1,324	362	1,636	5,742
Segment operating profit	28,608	21,641	2,398	2,379	55,026
Finance income[1]	1,334	260	24	11	1,629
Finance costs[1]	(401)	(55)	(61)	(512)	(1,029)
Profit before income tax	29,541	21,846	2,361	1,878	55,626
As at 31 December 2023					
Total assets	71,625	21,147	13,766	17,639	124,177
Total liabilities	(11,093)	(8,629)	(5,479)	(22,305)	(47,506)

1 Finance income and finance costs include intercompany interest which is eliminated upon consolidation.

Included in total assets above are non-current assets (excluding deferred tax) as follows:

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
31 December 2023	32,358	1,409	911	5,724	40,402

The following foreign entities, which are 100% owned subsidiaries, are material by their size at 31 December 2023:

Entity name	FDM Group Inc.	FDM Group Canada Inc.	FDM Group Australia Pty Ltd
Country of registration	USA £000	Canada £000	Australia £000
Revenue	71,884	58,283	21,665
Non-current assets (excluding deferred tax)	1,185	224	4,377

Notes to the Consolidated Financial Statements continued

6 Segmental reporting continued

For the year ended 31 December 2022

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	139,560	116,937	19,665	53,810	329,972
Depreciation and amortisation	2,599	1,698	291	1,835	6,423
Segment operating profit	25,856	14,111	2,039	3,841	45,847
Finance income[1]	515	152	2	5	674
Finance costs[1]	(196)	(59)	(86)	(519)	(860)
Profit before income tax	26,175	14,204	1,955	3,327	45,661
As at 31 December 2022					
Total assets	69,706	26,915	11,983	21,626	130,230
Total liabilities	(8,602)	(9,775)	(4,906)	(23,744)	(47,027)

1 Finance income and finance costs include intercompany interest which is eliminated upon consolidation.

Included in total assets above are non-current assets (excluding deferred tax) as follows:

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
31 December 2022	23,124	1,654	1,112	7,578	33,468

The following foreign entities, which are 100% owned subsidiaries, are material by their size at 31 December 2022 :

Entity name	**FDM Group Inc.**	**FDM Group Canada Inc.**	**FDM Group Australia Pty Ltd**
Country of registration	**USA £000**	**Canada £000**	**Australia £000**
Revenue	63,512	53,425	23,552
Non-current assets (excluding deferred tax)	890	764	5,532

Information about major clients

Clients A and B represent 10% or more of the Group's 2023 and 2022 revenues. Revenue from client A is attributed across all our operating segments, revenue from client B is attributed to North America.

	2023 £000	2022 £000
Revenue from client A	**48,960**	37,227
Revenue from client B	**21,467**	40,297

7 Operating profit

Operating profit for the year has been arrived at after charging/ (crediting):

	2023 £000	2022 £000
Net foreign exchange differences	**174**	(415)
Loss on disposal of property, plant and equipment	**148**	95
Depreciation of right-of-use assets	**4,279**	4,533
Depreciation of property, plant and equipment and amortisation of software and software licences	**1,463**	1,890
Expense relating to short-term leases	**600**	13

Auditors' remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors:

	2023 £000	2022 £000
Fees payable to the Group's auditors for the audit of the Parent Company and Consolidated Financial Statements	**103**	95
Fees payable to the Group's auditors for other services:		
– The audit of the Group's subsidiaries	**170**	160
– Audit-related assurance services- Interim review	**59**	55
	332	310

8 Staff numbers and costs

The monthly average number of persons employed by the Group (including Executive Directors) during the year, analysed by category, was as follows:

	2023 Number	2022 Number
Consultants and trainees	**5,687**	5,916
Administration	**795**	769
	6,482	6,685

The aggregate payroll costs of these persons were as follows:

	2023 £000	2022 £000
Wages and salaries	**227,644**	222,862
Social security costs	**22,166**	20,836
Other pension costs	**8,028**	7,148
Share-based payments	**(5,449)**	6,356
	252,389	257,202

Retirement benefits

The Group operates a number of defined contribution pension plans. The pension charge for the year represents contributions payable by the Group to the schemes. The pension contributions payable at 31 December 2023 were £594,000 (2022: £710,000). There were no prepaid contributions at the end of the financial year (2022: £nil).

Notes to the Consolidated Financial Statements continued

9 Directors' remuneration

Details of the Directors' (who also represent the key management personnel of the Group) remuneration in respect of the year ended 31 December 2023 and 2022 is set out below:

	2023 £000	2022 £000
Short-term employee benefits	**2,577**	3,612
Post-employment benefits	**55**	72
Share-based payments	**(755)**	977
	1,877	4,661

Included within Short-term employee benefits in 2023 is £73,000 relating to annual bonus which was deferred into shares for two years (2022: £266,000). There are no 'Other long-term benefits' or 'Termination benefits' made in the year (2022: nil). For further information on this and Directors' remuneration, see the audited sections of the Remuneration Report as defined on page 107.

10 Finance income and expense

	2023 £000	2022 £000
Bank interest	**1,396**	418
Finance income	**1,396**	418

	2023 £000	2022 £000
Interest on lease liabilities	**(718)**	(472)
Interest on provision for dilapidations	**(7)**	–
Finance fees and charges	**(71)**	(132)
Finance expense	**(796)**	(604)

11 Taxation

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	2023 £000	2022 £000
Current income tax:		
Current income tax charge	**13,352**	11,699
Adjustments in respect of prior periods	**(249)**	(592)
Total current income tax	**13,103**	11,107
Deferred tax:		
Relating to origination and reversal of temporary differences (note 17)	**1,758**	(354)
Total deferred tax	**1,758**	(354)
Total tax expense reported in the income statement	**14,861**	10,753

11 Taxation continued

The standard rate of corporation tax in the UK increased from 19% to 25% effective 1 April 2023, accordingly, the profits for 2023 are taxed at 23.5% (2022: 19%). The tax charge for the year is higher (2022: higher) than the standard rate of corporation tax in the UK. The differences are set out below:

	2023 £000	2022 £000
Profit before income tax	**55,626**	45,661
Profit before income tax multiplied by UK standard rate of corporation tax of 23.5% (2022: 19%)	**13,072**	8,676
Effect of different tax rates on overseas earnings	**1,562**	2,090
Effect of expenses not deductible for tax purposes	**99**	579
Adjustments in respect of prior periods	**(249)**	(592)
Effect of unused tax losses not recognised for deferred tax assets	**377**	–
Total tax charge	**14,861**	10,753

Factors affecting future tax charges

Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the reporting date. Therefore, at each year end, deferred tax assets and liabilities have been calculated based on the rates that have been substantively enacted by the reporting date.

On 19 July 2023, the UK Endorsement Board endorsed the amendments introducing a global minimum effective tax rate of 15%. On 15 December 2023, the Organisation for Economic Co-Operation and Development (OECD) unveiled further Administrative Guidance related to Pillar 2. We will continue to monitor, but do not expect to be impacted by Pillar 2 requirements as the Group does not currently meet the Euro 750 million consolidated revenue threshold.

12 Earnings per ordinary share

Basic earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year.

		2023	2022
Profit for the year	£000	**40,765**	34,908
Average number of ordinary shares in issue (thousands)		**109,151**	109,192
Basic earnings per share	Pence	**37.3**	32.0

Adjusted basic earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Parent Company, excluding Performance Share Plan expense (including social security costs and associated deferred tax), by the weighted average number of ordinary shares in issue during the year.

Notes to the Consolidated Financial Statements continued

12 Earnings per ordinary share continued

		2023	2022
Profit for the year (basic earnings)	£000	**40,765**	34,908
Share-based payment (credit)/ expense (including social security costs) (note 25)	£000	**(5,449)**	6,356
Tax effect of share-based payment (credit)/ expense	£000	**563**	(522)
Adjusted profit for the year	£000	**35,879**	40,742
Average number of ordinary shares in issue (thousands)		**109,151**	109,192
Adjusted basic earnings per share	Pence	**32.9**	37.3

Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one type of dilutive potential ordinary shares in the form of share options; the number of shares in issue has been adjusted to include the number of shares that would have been issued assuming the exercise of the share options.

		2023	2022
Profit for the year (basic earnings)	£000	**40,765**	34,908
Average number of ordinary shares in issue (thousands)		**109,151**	109,192
Adjustment for share options (thousands)		**329**	594
Diluted number of ordinary shares in issue (thousands)		**109,480**	109,786
Diluted earnings per share	Pence	**37.2**	31.8

13 Right-of-use assets and lease liabilities

i) Right-of-use assets

Properties	2023 £000	2022 £000
Cost		
At 1 January	**37,211**	37,006
Additions	**12,784**	2,697
Disposals	**(12,456)**	(4,217)
Effect of movements in foreign exchange	**(894)**	1,725
At 31 December	**36,645**	37,211
Accumulated depreciation		
At 1 January	**27,138**	25,375
Depreciation charge for the year	**4,279**	4,533
Disposals	**(12,450)**	(3,971)
Effect of movements in foreign exchange	**(537)**	1,201
At 31 December	**18,430**	27,138
Net book value at 31 December	**18,215**	10,073

ii) Lease liabilities

	2023 £000	2022 £000
Current lease liabilities	**4,512**	4,643
Non-current lease liabilities	**15,669**	8,250
	20,181	12,893

Movement in lease liabilities in the year	2023 £000	2022 £000
At 1 January	**12,893**	15,230
New leases	**12,563**	2,697
Interest expense	**718**	472
Cash payments	**(5,525)**	(5,942)
Termination of leases	**(6)**	(211)
Effect of movements in foreign exchange	**(462)**	647
At 31 December	**20,181**	12,893

Contractual maturities of lease liabilities:	At net present value		Not discounted	
	2023 £000	2022 £000	2023 £000	2022 £000
Less than one year	**4,512**	4,643	**4,637**	4,738
Between 1 and 2 years	**3,599**	2,964	**3,929**	3,147
Between 2 and 5 years	**7,421**	4,198	**9,090**	4,737
Over 5 years	**4,649**	1,088	**7,814**	1,398
Total lease liabilities	**20,181**	12,893	**25,470**	14,020

The total cash outflow for leases was £6,125,000 (2022: £5,955,000), which includes short-term lease payments of £600,000 (2022: £13,000). Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. All extension and termination options held are exercisable only by the Group and not by the respective lessor. Where there is reasonable certainty that an option to extend a lease will be exercised, lease liabilities have been recognised accordingly. During 2023, we exited one lease early (2022: three leases). The impact of termination of the lease liabilities was £6,000 (2022: £211,000) and the disposal of the right-of-use assets, by net book value, was £6,000 (2022: £246,000). During 2023, the business signed a new 10-year lease for our London headquarters, which resulted in a right-of-use addition of £11,297,000.

iii) Amounts recognised in the Income Statement

The Income Statement shows the following amounts relating to leases:

	2023 £000	2022 £000
Depreciation of right-of-use assets – properties	**4,279**	4,533
Loss on disposal of right-of-use asset	**–**	35
Interest expense (included in finance cost)	**718**	472
Expense relating to short-term leases	**600**	13

Notes to the Consolidated Financial Statements continued

14 Property, plant and equipment

2023	Leasehold improvements £000	Fixtures and fittings £000	Plant and equipment £000	Total £000
Cost				
At 1 January 2023	**8,583**	**1,640**	**4,372**	**14,595**
Additions	**356**	**162**	**133**	**651**
Disposals	**(2,463)**	**(575)**	**(794)**	**(3,832)**
Effect of movements in foreign exchange	**(197)**	**(32)**	**(87)**	**(316)**
At 31 December 2023	**6,279**	**1,195**	**3,624**	**11,098**
Accumulated depreciation				
At 1 January 2023	**6,395**	**1,614**	**2,920**	**10,929**
Depreciation charge for the year	**802**	**54**	**607**	**1,463**
Disposals	**(2,331)**	**(575)**	**(778)**	**(3,684)**
Effect of movements in foreign exchange	**(125)**	**(32)**	**(69)**	**(226)**
At 31 December 2023	**4,741**	**1,061**	**2,680**	**8,482**
Net book value at 31 December 2023	**1,538**	**134**	**944**	**2,616**

2022	Leasehold improvements £000	Fixtures and fittings £000	Plant and equipment £000	Total £000
Cost				
At 1 January 2022	8,266	1,706	4,161	14,133
Additions	2	7	1,195	1,204
Disposals	–	(150)	(1,162)	(1,312)
Effect of movements in foreign exchange	315	77	178	570
At 31 December 2022	8,583	1,640	4,372	14,595
Accumulated depreciation				
At 1 January 2022	5,297	1,604	3,163	10,064
Depreciation charge for the year	888	86	693	1,667
Disposals	–	(149)	(1,068)	(1,217)
Effect of movements in foreign exchange	210	73	132	415
At 31 December 2022	6,395	1,614	2,920	10,929
Net book value at 31 December 2022	2,188	26	1,452	3,666

15 Intangible assets

2023	Software and software licences £000	Goodwill £000	Total £000
Cost			
At 1 January 2023	**707**	**19,729**	**20,436**
Disposals	**(707)**	**–**	**(707)**
Effect of movements in foreign exchange	**–**	**(158)**	**(158)**
At 31 December 2023	**–**	**19,571**	**19,571**
Accumulated amortisation			
At 1 January 2023	**707**	**–**	**707**
Disposals	**(707)**	**–**	**(707)**
At 31 December 2023	**–**	**–**	**–**
Net book value at 31 December 2023	**–**	**19,571**	**19,571**

2022	Software and software licences £000	Goodwill £000	Total £000
Cost			
At 1 January 2022	697	19,374	20,071
Additions	–	–	–
Effect of movements in foreign exchange	10	355	365
At 31 December 2022	707	19,729	20,436
Accumulated amortisation			
At 1 January 2022	474	–	474
Amortisation for the year	223	–	223
Effect of movements in foreign exchange	10	–	10
At 31 December 2022	707	–	707
Net book value at 31 December 2022	–	19,729	19,729

The amortisation charge is recognised in administrative expenses in the income statement. The amortisation period of the software and software licences is four years. Goodwill is not amortised but is subject to an annual impairment test.

The goodwill has been allocated to cash generating units ("CGUs") summarised as follows:

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
Cost and NBV at 31 December 2023	**14,843**	**1,750**	**2,978**	**–**	**19,571**
Cost and NBV at 31 December 2022	14,843	1,848	3,038	–	19,729

Notes to the Consolidated Financial Statements continued

16 Impairment testing of goodwill

An overview of impairment reviews performed by CGUs is set out below. The recoverable amount of each CGU has been determined on value in use calculations using cash flow projections from financial budgets and forecasts approved by the Board covering a two-year period from the date of the relevant impairment review. In setting those budgets and forecasts the Board also considered the risks to the business (including the risk of climate change which was considered minor). The key assumptions in the projections, for all CGUs, were as follows:

- Revenue and gross margin were based on expected levels of activity under existing major contractual arrangements together with growth based upon medium-term historical growth rates and having regard to expected economic and market conditions for other clients;
- Administrative expenses were forecast to move in line with expected levels of activity in the CGU; and
- The growth rate used to extrapolate the cash flows beyond the two-year forecast period was 2% up to a period of 15 years in total.

The pre-tax (nominal) discount rates used in the calculations were as follows:

	2023 %	2022 %
UK	**11.55**	19.47
North America	**20.05**	18.75
EMEA	**11.08**	13.43

The review found that the present value of future cash flows was significantly higher than the value of goodwill. As a result of the review the Directors did not identify any impairment for the goodwill in each CGU. In considering sensitivities, no reasonable change in any of the above key assumptions would cause the recoverable amount to fall below the carrying value of the CGUs.

17 Deferred income tax assets and liabilities

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2023 £000	2022 £000
Non-current asset:		
Non-current temporary differences	**552**	2,316
Deferred tax asset	**552**	2,316

	2023 £000	2022 £000
Non-current liability:		
Non-current temporary differences	**31**	–
Deferred tax liability	**31**	–

The Directors consider the deferred tax asset is recoverable within two to five years. Deferred tax assets have been recognised in respect of timing differences associated with share-based payment expenses where it is considered probable that these assets will be recovered.

Movement in deferred tax asset during 2023:

	1 January 2023 £000	Recognised in income statement £000	Deferred tax liability £000	Recognised in other reserves £000	Exchange difference £000	31 December 2023 £000
Share-based payments	**1,971**	**(1,578)**	**–**	**(4)**	**(29)**	**360**
Right-of-use assets	**129**	**(112)**	**–**	**–**	**(3)**	**14**
Property, plant and equipment	**(29)**	**75**	**31**	**–**	**(2)**	**75**
Other	**245**	**(143)**	**–**	**–**	**1**	**103**
	2,316	**(1,758)**	**31**	**(4)**	**(33)**	**552**

Movement in deferred tax liability during 2023:

	1 January 2023 £000	Recognised in income statement £000	31 December 2023 £000
Property, plant and equipment	**–**	**(31)**	**(31)**

Movement in deferred tax asset during 2022:

	1 January 2022 £000	Recognised in income statement £000	Recognised in other reserves £000	Transferred to retained earnings £000	Exchange difference £000	31 December 2022 £000
Share-based payments	2,012	517	(594)	(8)	44	1,971
Right-of-use assets	135	(7)	–	–	1	129
Property, plant and equipment	66	(102)	–	–	7	(29)
Other	271	(54)	–	–	28	245
	2,484	354	(594)	(8)	80	2,316

The Group has unused tax losses for which no deferred tax asset has been recognised totalling £7,456,000 (2022: £5,458,000) with a potential tax benefit of £2,261,000 (2022: £1,637,000), no asset has been recognised as the losses have been generated in regions where the Group does not expect to generate profits in the short term. The losses can be carried forward indefinitely.

Notes to the Consolidated Financial Statements continued

18 Trade and other receivables

Due to their short-term nature, the Directors consider that the carrying amount of trade receivables approximates to their transaction price. The standard credit terms are 30 days.

	2023 £000	2022* £000
Trade receivables	**24,944**	34,892
Prepayments and accrued income	**6,717**	9,389
Other receivables	**952**	1,192
	32,613	45,473

* The 2022 comparative has been restated as the income tax receivable balance has been presented individually on the face of the Consolidated Statement of Financial Position.

Included within prepayments and accrued income is £2,340,000 of accrued income (2022: £3,862,000).

The expected loss rate and the aged gross trade receivables and aged loss allowance as at 31 December are as follows:

31 December 2023	Expected loss rate	Gross trade receivable £000	Loss allowance £000
Not overdue	**2%**	**21,873**	**(443)**
Not more than three months past due	**2%**	**3,562**	**(72)**
More than three months but not more than six months past due	**2%**	**25**	**(1)**
		25,460	**(516)**

31 December 2022	Expected loss rate	Gross trade receivable £000	Loss allowance £000
Not overdue	1%	31,760	(447)
Not more than three months past due	1%	3,630	(51)
		35,390	(498)

The movement in the allowance for expected credit loss is as below:

	2023 £000	2022 £000
At 1 January	**(498)**	(749)
Increase in allowance	**(18)**	–
Unused amount reversed	**–**	251
At 31 December	**(516)**	(498)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Shared credit risk characteristics include current and forward-looking information on macroeconomic factors affecting the sector in which the debtor operates and those affecting the ability of the client to settle the receivables. The Group has identified relevant factors including the GDP and the unemployment rate of the countries in which it trades, and accordingly adjusts the loss rates based on expected changes in these factors.

19 Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	**47,226**	45,523

The Group has issued guarantees in favour of the Swiss Office of Labour and Economy for CHF 150,000.

The credit quality of financial assets can be assessed by reference to external credit ratings issued by credit ratings agencies registered in the EU. Cash at bank is held with banks with the following ratings:

Cash at bank by credit rating	2023 £000	2022 £000
A	**47,202**	45,360
BB	**24**	23
BBB	**–**	140
	47,226	45,523

20 Trade and other payables

Due to their short-term nature, the Directors consider that the carrying amount of trade payables approximates to their fair value.

	2023 £000	2022 £000
Trade payables	**1,435**	2,184
Other payables	**2,147**	1,856
Other taxes and social security	**7,031**	9,309
Accruals	**15,025**	19,613
	25,638	32,962

Included within accruals are volume rebates of £2,336,000 (2022: £3,183,000) and payroll accruals of £3,182,000 (2022: £4,734,000). No significant judgements were made in the estimation of the volume rebate accrual or payroll accruals. Any volume rebates, where the rebate period is non-coterminous with the financial period, are accrued based on forecast revenue for the remainder of the rebate period. No individual client rebates were material in value in 2023 or 2022.

Notes to the Consolidated Financial Statements continued

21 Provisions

Non-current	2023 £000	2022 £000
Dilapidation provision		
At 1 January	**–**	–
Provision in year	**221**	–
Interest expense	**7**	–
At 31 December	**228**	–

The Group is required to pay a fee or to restore the leased premises to their original conditions at the end of the respective lease terms. A provision for dilapidations has been recognised for the net present value of the expenditure expected to be incurred at the end of lease. These costs have been capitalised as part of the right-of-use asset and are amortised over the term of the lease. There was one new provision in 2023, recognised when the new property lease term commenced.

22 Share capital

Authorised, called-up, allotted and fully-paid share capital

	2023 Number of shares	2023 £000	2022 Number of shares	2022 £000
Ordinary shares of £0.01 each				
At 1 January	**109,191,669**	**1,092**	109,191,669	1,092
Issued in year	**420,183**	**4**	–	–
At 31 December	**109,611,852**	**1,096**	109,191,669	1,092

Ordinary shares

All ordinary shares rank equally for all dividends and distributions that may be declared on such shares. At general meetings of the Company, each shareholder who is present (in person, by proxy or by representative) is entitled to one vote on a show of hands and, on a poll, to one vote per share.

There were no changes in the authorised, called-up, allotted and fully-paid share capital during the year.

23 Dividends

	2023 £000	2022 £000
Dividends paid		
Paid to shareholders	**39,320**	38,153

2023

An interim dividend of 17.0 pence per ordinary share was declared by the Directors on 25 July 2023 and was paid on 13 October 2023 to holders on the register on 22 September 2023; the amount paid was £18,539,000.

The Board is proposing a final dividend of 19.0 pence per share in respect of the year to 31 December 2023, for approval by shareholders at the AGM on 14 May 2024; the amount payable will be £20,724,000. Subject to shareholder approval the dividend will be paid on 28 June 2024 to shareholders on the register on 7 June 2024.

This brings the Company's total dividend for the year to 36.0 pence per share (2022: 36.0 pence per share).

The Board continues to operate its dividend policy; the Group will retain sufficient capital to fund ongoing operating requirements, maintain an appropriate level of dividend cover and sufficient funds to invest in the Group's longer-term growth.

2022

An interim dividend of 17.0 pence per ordinary share was declared by the Directors on 27 July 2022 and was paid on 30 September 2022 to holders on the register on 26 August 2022; the amount paid was £18,533,000.

The Board paid a final dividend of 19.0 pence per share on 30 June 2023, to shareholders on the register on 9 June 2023; the amount paid was £20,781,000.

24 All Other reserves

	Capital redemption reserve £000	Own shares reserve £000	Translation reserve £000	Other reserves £000	Total of All Other reserves £000
Balance at 1 January 2023	52	(1,494)	2,391	12,576	13,525
Other comprehensive expense for the year	–	–	(1,329)	–	(1,329)
Total comprehensive expense for the year	–	–	(1,329)	–	(1,329)
Share-based payments (note 25)	–	–	–	(4,434)	(4,434)
Transfer to retained earnings	–	–	–	(4,673)	(4,673)
Own shares sold	–	1,003	–	–	1,003
Own shares purchased	–	(2,525)	–	–	(2,525)
Total transactions with owners, recognised directly in equity	–	(1,522)	–	(9,107)	(10,629)
Balance at 31 December 2023	52	(3,016)	1,062	3,469	1,567

Notes to the Consolidated Financial Statements continued

24 All Other reserves continued

	Capital redemption reserve £000	Own shares reserve £000	Translation reserve £000	Other reserves £000	Total of All Other reserves £000
Balance at 1 January 2022	52	(2,355)	243	7,186	5,126
Other comprehensive income for the year	–	–	2,148	–	2,148
Total comprehensive income for the year	–	–	2,148	–	2,148
Share-based payments (note 25)	–	–	–	5,844	5,844
Transfer to retained earnings	–	–	–	(454)	(454)
Own shares sold	–	861	–	–	861
Total transactions with owners, recognised directly in equity	–	861	–	5,390	6,251
Balance at 31 December 2022	52	(1,494)	2,391	12,576	13,525

25 Share-based payments

Recognised in Income Statement	2023 £000	2022 £000
(Credit)/ expense arising from equity-settled share-based payment transaction	**(4,748)**	6,196
Social security accrued thereon	**(701)**	160
Expenses arising from bonus deferred as shares	**109**	371
(Credit)/ expense arising from equity-settled share-based payment transaction	**(5,340)**	6,727

Recognised in Equity	2023 £000	2022 £000
(Credit)/ expense arising from equity-settled share-based payment transaction	**(4,639)**	6,567
Deferred tax recognised in other reserves arising from equity-settled share-based payment transaction (note 17)	**(4)**	(594)
Transfer to retained earnings – Deferred tax	**–**	(8)
Transfer to retained earnings – Recharge	**(4,661)**	(446)
Transfer to retained earnings – Lapsed options	**(12)**	–
Currency difference on retranslation	**209**	(129)
	(9,107)	5,390

The credit arising from equity-settled share-based payment transactions in 2023 reflects the latest assessment of the forecast adjusted EPS. During 2023, the share options issued in 2020 vested, following which 421,954 options were exercised. The share options exercised were satisfied primarily via issue of shares, with 420,183 shares issued. For detail of the shares held in the FDM Group Employee Benefit Trust see note 26. A transfer of £4,661,000 was made from 'Other reserves' to 'Retained earnings' in respect of the exercise of share options during the period (2022: transfer of £446,000).

As disclosed in the Directors' Remuneration Report, the during the year the Company did not grant any nominal cost options over ordinary shares in the Company under the PSP. Awards were made in 2015 to 2022, the vesting of which is subject to the achievement of a three-year performance condition relating to earnings per share.

Options are exercisable no later than the tenth anniversary of the date of grant. The table below summarises the outstanding share options:

	2023		2022	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at 1 January	**2,395,160**	**6p**	2,211,572	8p
Granted during the year	**–**	**n/a**	923,500	1p
Forfeited during the year	**(140,865)**	**1p**	(188,000)	1p
Exercised during the year	**(421,954)**	**4p**	(7,311)	340p
Lapsed during the year	**(9,801)**	**640p**	(544,601)	1p
Outstanding at 31 December	**1,822,540**	**4p**	2,395,160	6p
Exercisable at the end of the year	**170,290**	**34p**	37,660	302p
Weighted average remaining contractual life (years)	**7.49**	**n/a**	8.24	n/a

The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2023 was 656 pence (2022: 893 pence).

The fair values of the PSP Share options made were determined using the Black-Scholes valuation model. The significant inputs to the model were as follows:

Date of grant	23 March 2022	21 April 2021	30 December 2020	17 April 2019
Share price at date of grant	**1000p**	1038p	1116p	937p
Exercise price	**1p**	1p	1p	1p
Dividend yield	**3.2%**	3.0%	2.7%	3.3%
Expected volatility	**30%**	30%	30%	28%
Risk free interest rate	**1.684%**	0%	0%	0.88%
Expected life	**4 years**	4 years	4 years	4 years
Fair value at date of grant	**880p**	921p	999p	820p

The expected volatility applied in the Black-Scholes models reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Buy As You Earn

The Group operates a Buy As You Earn Plan, participants may acquire up to £12,000 of shares each year from their after tax remuneration ("Purchased Shares"). Provided the Purchased Shares are retained in the plan and subject, ordinarily, to continued employment, additional "Matching Shares" are awarded on the basis of a 1 for 3 match following the end of each of the first, third and fifth years following the year in respect of which the purchased shares were acquired. The fair values of grants under the Buy As You Earn Plan were determined using the Black-Scholes valuation model.

Notes to the Consolidated Financial Statements continued

26 Investment in own shares

During the AGM held on 16 May 2023, the shareholders approved that up to a maximum of 10% of the Company's shares could be purchased by the Company and held as own shares, renewing the authority agreed on 24 May 2022. The authority expires at the conclusion of the Company's next Annual General Meeting after the passing of this resolution or, if earlier, at 23:59 on 15 August 2024.

Established in 2018, the FDM Group Employee Benefit Trust was used to purchase shares sold by option holders upon exercise of options under the FDM Performance Share Plan and sell shares to the members of the FDM Group Buy As You Earn Plan. The Group accounts for the Company's shares held by the Trustee of the FDM Group Employee Benefit Trust as a deduction from shareholders' funds.

The administrative costs of running the Trust have been consolidated in the results of FDM Group (Holdings) plc.

	2023	2022
Number of shares in the Company owned by the EBT	**536,914**	151,894
Nominal value of shares held	**£5,369**	£1,519
Cost price of shares held	**£3,015,942**	£1,493,907
Prevailing valuation per share	**£4.585**	£7.49
Total market value of shares	**£2,461,751**	£1,137,686
Minimum number of shares in the Company owned by EBT during the year	**129,084**	151,894
Maximum number of shares in the Company owned by EBT during the year	**565,571**	239,505

27 Related parties

During 2023, eight family members of Directors were employed by the Group (2022: eight family members), each at market rate on an arm's length basis. The total remuneration relating to these staff in aggregate was £251,000, comprising salary and bonus of £1,028,000 and share-based payment credit of £777,000 (2022: eight individuals, aggregate remuneration of £1,569,000 comprising salary and annual bonus of £1,181,000 and share-based payment expenses of £388,000).

For information on Directors' remuneration see note 9 and the audited sections of the Remuneration Report as defined on page 107.

The full registered addresses of all subsidiaries of the Parent Company are disclosed on page 181.

28 Financial risk management

The Group manages its capital to ensure the Company and all its subsidiaries will be able to continue as a going concern whilst maximising the return to shareholders.

The use of financial instruments is managed under policies and procedures approved by the Board. These are designed to reduce the financial risks faced by the Group and Company, which primarily relate to credit, interest, liquidity, capital management and foreign currency risks, which arise in the normal course of the Group's business.

There are no adjustments between the amounts presented in the Statement of Financial Position and the fair values of the assets and liabilities.

Credit risk

Credit risk is managed on a Group basis and arises from cash and cash equivalents and trade receivables. The Group provides credit to clients in the normal course of business and the amount that appears in the Consolidated Statement of Financial Position is net of an allowance for expected credit losses of £516,000 (2022: £498,000).

All material trade receivable balances relate to sales transactions with the Group's blue-chip client base. At the reporting date, although the Group had significant balances with key clients, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Credit risk is managed through agreed procedures which include managing and analysing the credit risk for new clients and managing existing clients. For new clients we obtain and review credit ratings and set credit limits based upon our past experience. £531,000 of trade receivables at 31 December 2023 (2022: £1,235,000) is owed from new clients (less than six months).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is limited as the Group had no debt therefore it has limited exposure to interest rate risk. The Group manages its interest rate risk through regular reviews of its exposure to changes in interest rates.

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves and continuously monitoring forecast and actual cash flows and where appropriate matches the maturity of financial assets and liabilities.

The Group has no debt from third parties at the year end and therefore liquidity risk is not considered a significant risk at this time due to the Group's cash balances.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor market, creditor, client and employee confidence and to sustain future investment and development of the business. The capital structure of the Group consists of equity attributable to the equity holders of the Group comprising issued share capital, other reserves and retained earnings.

The Board monitors the capital structure on a regular basis and determines the level of annual dividend. The Group is not exposed to any externally imposed capital requirements.

Fair values

There is no significant difference between the carrying amounts shown in the Consolidated Statement of Financial Position and the fair values of the Group and Company's financial instruments. For current trade and other receivables or payables with a remaining life of less than one year, the amortised cost is deemed to reflect the fair value. There are no assets or liabilities measured at fair value through profit and loss, no derivatives used for hedging, or other financial liabilities at amortised cost.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The currencies giving rise to this risk are primarily the US Dollar, Canadian Dollar, Hong Kong Dollar and Euro. The Group has both cash inflows and outflows in these currencies that create a natural hedge.

Notes to the Consolidated Financial Statements continued

28 Financial risk management continued

Cash and cash equivalents

The Group's cash and cash equivalents are denominated in the following currencies:

	2023 £000	2022 £000
Pounds Sterling	**27,550**	27,100
Euro	**6,987**	6,233
US Dollar	**3,035**	1,940
Chinese Renminbi	**2,132**	2,025
Canadian Dollar	**1,752**	3,580
Australian Dollar	**1,467**	1,983
Singapore Dollar	**1,463**	771
Polish Zloty	**1,198**	725
Hong Kong Dollar	**693**	459
South African Rand	**688**	247
Swiss Franc	**239**	325
New Zealand Dollar	**22**	135
	47,226	45,523

Trade receivables

The gross carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2023 £000	2022 £000
Pounds Sterling	**11,103**	15,932
US Dollar	**5,412**	7,560
Euro	**2,019**	1,979
Canadian Dollar	**2,029**	2,717
Hong Kong Dollar	**1,421**	1,763
Australian Dollar	**1,485**	1,972
Singapore Dollar	**1,111**	2,566
Chinese Renminbi	**256**	441
Swiss Franc	**112**	141
Polish Zloty	**440**	277
South African Rand	**72**	42
	25,460	35,390

Trade and other payables

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2023 £000	2022 £000
Pounds Sterling	**12,576**	17,690
Euro	**2,311**	2,626
US Dollar	**1,938**	2,436
Canadian Dollar	**4,565**	5,247
Australian Dollar	**2,062**	2,491
Singapore Dollar	**625**	1,366
Hong Kong Dollar	**627**	450
Swiss Franc	**50**	42
Polish Zloty	**451**	353
Chinese Renminbi	**134**	158
South African Rand	**52**	54
New Zealand Dollar	**34**	49
	25,425	32,962

Parent Company Statement of Financial Position

as at 31 December 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investments	4	**3,469**	12,572
		3,469	12,572
Current assets			
Trade and other receivables	5	**52,273**	57,709
Cash and cash equivalents	6	**201**	33
Creditors : amounts falling due within one year			
Trade and other payables	7	**(367)**	(56)
Net assets		**55,576**	70,258
Equity			
Called up share capital	8	**1,096**	1,092
Share premium account		**9,705**	9,705
Capital redemption reserve		**52**	52
Own shares reserve	9	**(3,016)**	(1,494)
Other reserves		**3,469**	12,572
Retained earnings		**44,270**	48,331
Total equity		**55,576**	70,258

The Parent Company made a profit for the year of £31,295,000 (2022: profit of £39,624,000). In accordance with section 408 of the Companies Act 2006, the Parent Company's individual profit and loss account is not included in these financial statements.

The notes on pages 178 to 184 are an integral part of the Parent Company Financial Statements (Registered Company 07078823).

These financial statements on pages 176 to 184 were approved by the Board of Directors on 19 March 2024 and were signed on its behalf by:

Rod Flavell
Chief Executive Officer
19 March 2024

Mike McLaren
Chief Financial Officer
19 March 2024

Parent Company Statement of Changes in Equity

for the year ended 31 December 2023

	Called up Share capital £000	Share premium account £000	Capital redemption reserve £000	Own shares reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2023	**1,092**	**9,705**	**52**	**(1,494)**	**12,572**	**48,331**	**70,258**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**31,295**	**31,295**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**31,295**	**31,295**
Share-based payments (note 4)	**–**	**–**	**–**	**–**	**(4,442)**	**–**	**(4,442)**
Issue of new shares (note 8)	**4**	**–**	**–**	**–**	**–**	**–**	**4**
Transfer to retained earnings (note 4)	**–**	**–**	**–**	**–**	**(4,661)**	**4,661**	**–**
Recharge of net settled share options	**–**	**–**	**–**	**–**	**–**	**(201)**	**(201)**
Own shares purchased/ sold	**–**	**–**	**–**	**(1,522)**	**–**	**(496)**	**(2,018)**
Dividends paid (note 11)	**–**	**–**	**–**	**–**	**–**	**(39,320)**	**(39,320)**
Total transaction with owners, recognised directly in equity	**4**	**–**	**–**	**(1,522)**	**(9,103)**	**(35,356)**	**(45,977)**
Balance at 31 December 2023	**1,096**	**9,705**	**52**	**(3,016)**	**3,469**	**44,270**	**55,576**

	Called up Share capital £000	Share premium account £000	Capital redemption reserve £000	Own shares reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2022	1,092	9,705	52	(2,355)	6,588	46,949	62,031
Profit for the year	–	–	–	–	–	39,624	39,624
Total comprehensive income for the year	–	–	–	–	–	39,624	39,624
Share-based payments (note 4)	–	–	–	–	6,430	–	6,430
Transfer to retained earnings (note 4)	–	–	–	–	(446)	446	–
Recharge of net settled share options	–	–	–	–	–	(182)	(182)
Own shares sold	–	–	–	861	–	(353)	508
Dividends paid (note 11)	–	–	–	–	–	(38,153)	(38,153)
Total transaction with owners, recognised directly in equity	–	–	–	861	5,984	(38,242)	(31,397)
Balance at 31 December 2022	1,092	9,705	52	(1,494)	12,572	48,331	70,258

The notes on pages 178 to 184 are an integral part of the Parent Company Financial Statements.

Notes to the Parent Company Financial Statements

1 General information

The Company is limited by shares, incorporated and domiciled in the UK and registered as a public limited company in England and Wales with a Premium Listing on the London Stock Exchange. The Company's registered office is 3rd Floor, Cottons Centre, Cottons Lane, London, SE1 2QG and its registered number is 07078823.

2 Going concern

The Directors have a reasonable expectation that with the continued support of its Subsidiaries, the Company will have adequate resources to continue in operational existence as a holding company for at least twelve months. Accordingly, the Directors continue to adopt the going concern basis for preparing the financial statements.

3 Accounting policies

The separate financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced disclosure framework' (FRS 101) and the requirements of the Companies Act 2006 as applicable to companies using FRS101.

The Company has taken the exemption under section 408 of the Companies Act 2006 not to present the parent company income statement. The profit for the year was £31,295,000 (2022: profit of £39,624,000).

The financial information has been prepared on a historical cost basis and is presented in Pounds Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated.

The following exemptions available under FRS 101 have been applied:

- The following paragraphs of IAS 1 'Presentation of financial statements'
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements)'
  - 38 B-D (additional comparative information);
  - 40 A-D (requirements for a third statement of financial position);
  - 111 (cash flow statement information); and
  - 134-136 (Capital management disclosures)
- IAS 7 'Statement of cashflows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;

As permitted by section 408(3) of the Companies Act 2006, the income statement of the Company is not presented in this Annual Report.

These separate financial statements are not intended to give a true and fair view of the profit or loss or cash flows of the Company. The Company has not published its individual cash flow statement as its liquidity, solvency and financial adaptability are dependent on the Group rather than its own cash flows.

The accounting policies of the Company are the same as those of the Group and have been applied consistently. These are set out in note 3 in the Notes to the Consolidated Financial Statements, except the adoption of FRS101 as outlined above and that the Company has no policy in respect of consolidation. Investments in subsidiaries are carried at historical cost, share options transactions flow through parent company investments as required under IFRS2.

Details of the Company's other accounting estimate, being the share-based payments, is consistent with the disclosure in note 4 to the Consolidated Financial Statements on page 153.

No individual judgements have been made that have a significant impact on the financial statements (2022: none).

4 Investments

	2023 £000	2022 £000
At 1 January	**12,572**	6,588
Additions	**–**	6,430
Disposals	**(4,442)**	–
Recharge of IFRS 2 investment	**(4,661)**	(446)
At 31 December	**3,469**	12,572

The investments balance represents costs associated with the investment in subsidiary undertakings and with the PSP.

Share-based payment

The Group operates an equity-settled share-based payment plan for the employees of subsidiaries using the Company's equity instruments. The fair value of the compensation given in respect of the share-based payment plan is recognised as a capital contribution to the Company's subsidiaries over the vesting period. The capital contribution is reduced by any payments received from subsidiaries in respect of these share-based payments. The Company currently uses a number of equity-settled share plans to grant options and shares to the Directors and employees of its subsidiaries. At 31 December 2023, the Company had 1,821,290 share options outstanding (2022: 2,395,160 shares outstanding).

During the year ended 31 December 2023, the reduction in total capital contribution arising from share-based payments was £4,442,000 (2022: increase in capital contribution of £6,430,000), the reduction in the year, presented as a disposal, arises due to reassessment of the estimated performance outcome. Payments of £4,661,000 (2022: £446,000) received from subsidiaries shown as a transfer to Retained earnings from the Other reserves. Full details of share-based payments and share plans are disclosed in note 25 to the Consolidated Financial Statements.

Investment in subsidiary undertakings

The total cost of investments in subsidiaries, is £2 (2022: £2). Astra 5.0 Limited acts as an intermediate holding company and provides human resources and marketing services to the Group. The remaining subsidiaries carry out the principal activity of the Group.

Notes to the Parent Company Financial Statements continued

4 Investments continued

The Company holds the following investments in its subsidiaries:

Company	Country of incorporation	Class of share held	Direct/ indirect	Ownership
Astra 5.0 Limited	Great Britain	Ordinary	Direct	100%
FDM Group Limited	Great Britain	Ordinary	Indirect	100%
FDM Astra Ireland Limited	Ireland	Ordinary	Indirect	100%
FDM Group Inc.	USA	Ordinary	Indirect	100%
FDM Group Canada Inc.	Canada	Ordinary	Indirect	100%
FDM Group NV	Belgium	Ordinary	Indirect	100%
FDM Group GmbH	Germany	Ordinary	Indirect	100%
FDM Switzerland GmbH	Switzerland	Ordinary	Indirect	100%
FDM Luxembourg S.A.	Luxembourg	Ordinary	Indirect	100%
FDM South Africa (PTY) Limited	South Africa	Ordinary	Indirect	100%
FDM Singapore Consulting PTE Limited	Singapore	Ordinary	Indirect	100%
FDM Technology (Shanghai) Co. Limited	China	Ordinary	Indirect	100%
FDM Group HK Limited	Hong Kong	Ordinary	Indirect	100%
FDM Group Australia Pty Ltd	Australia	Ordinary	Indirect	100%
FDM Group Austria GmbH	Austria	Ordinary	Indirect	100%
FDM Group BV	The Netherlands	Ordinary	Indirect	100%
FDM Grupa Polska	Poland	Ordinary	Indirect	100%
FDM Group New Zealand Limited	New Zealand	Ordinary	Indirect	100%

The registered address for each subsidiary of the Company as at 31 December 2023 is listed below. The principal place of business of each company is considered the same as the registered office.

Company	Registered address
Astra 5.0 Limited	3rd Floor, Cottons Centre, Cottons Lane, London SE1 2QG, UK
FDM Group Limited	3rd Floor, Cottons Centre, Cottons Lane, London SE1 2QG, UK
FDM Astra Ireland Limited	3 Dublin Landings, North Wall Quay, Dublin 1, Ireland
FDM Group Inc.	105 and 105F, 34th Floor, 199 Water Street, New York, NY, 10038, USA
FDM Group Canada Inc.	1 Place Ville Marie, 37th Floor, Montreal, QC H3B 3P4, Canada
FDM Group NV	Rue Medori 99, B-1020 Brussels, Belgium
FDM Group GmbH	6th Floor, MainzerLandstrasse 41, 60329 Frankfurt am Main, Germany
FDM Switzerland GmbH	Lavaterstrasse 40, Zurich, CH 8002, Switzerland
FDM Luxembourg S.A.	Office No. 17, 12c Rue Guillaume Kroll, L-1882, Luxembourg
FDM South Africa (PTY) Limited	9 Kinross Street, Germiston South, 1401 South Africa
FDM Singapore Consulting PTE Limited	77 Robinson Road, #13-00 Robinson 77, Singapore 068896
FDM Technology (Shanghai) Co. Limited	C33, 22/F Jing'an Kerry Centre Office Tower 3, 1228 Middle Yan An Road, Jing An, Shanghai, 200040, China
FDM Group HK Limited	6/F, The Annex, Central Plaza, 18 Harbour Road, Hong Kong
FDM Group Australia Pty Ltd	Level 21, Tower Three, International Towers, 300 Barangaroo Avenue, NSW 2000, Sydney, Australia
FDM Group Austria GmbH	Handelskai 92/Gate 2/7A, 1200 Wien, Austria
FDM Group BV	Westerdoksdijk 423, 1013 BX, Amsterdam, Nederland
FDM Grupa Polska	ul. Grzybowska nr 2 lok. 29, Warsaw, 00-131, Poland
FDM Group New Zealand Limited	Grant Thornton New Zealand Ltd, L4, 152 Fanshawe Street, Auckland, 1010, New Zealand

5 Trade and other receivables

	2023 £000	2022 £000
Amounts owed by subsidiary undertakings	**52,266**	57,549
Other receivables	**–**	147
Prepayments and accrued income	**7**	13
	52,273	57,709

All trade and other receivables are receivable in Pounds Sterling and are fully performing. The amounts owed by subsidiary undertakings are unsecured, non-interest bearing and repayable on demand. There is a regular flow of funds between FDM Group (Holdings) plc and FDM Group Limited, primarily to facilitate the payment of dividends by FDM Group (Holdings) plc to its shareholders.

Notes to the Parent Company Financial Statements continued

6 Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	**201**	33

The Company's cash is held with a financial institution with a credit rating of A at the date of signing the financial statements.

7 Trade and other payables

	2023 £000	2022 £000
Trade payables	**22**	2
Other payables	**4**	4
Accruals	**108**	49
Payables due to subsidiaries	**–**	1
Current tax liability	**233**	–
	367	56

8 Called up share capital

Authorised, called-up, allotted and fully-paid share capital

	2023 Number of shares	2023 £000	2022 Number of shares	2022 £000
Ordinary shares of £0.01 each				
At 1 January	**109,191,669**	**1,092**	109,191,669	1,092
Issued in year	**420,183**	**4**	–	–
At 31 December	**109,611,852**	**1,096**	109,191,669	1,092

Ordinary shares

All ordinary shares rank equally for all dividends and distributions that may be declared on such shares. At general meetings of the Company, each shareholder who is present (in person, by proxy or by representative) is entitled to one vote on a show of hands and, on a poll, to one vote per share.

9 Own shares reserve

During the AGM held on 16 May 2023, the shareholders approved that up to a maximum of 10% of the Company's shares could be purchased by the Company and held as own shares, renewing the authority agreed on 24 May 2022. The authority expires at the conclusion of the Company's next Annual General Meeting after the passing of this resolution or, if earlier, at 23:59 on 15 August 2024.

Established in 2018, the FDM Group Employee Benefit Trust was used to purchase shares sold by option holders upon exercise of options under the FDM Performance Share Plan and sell shares to the members of the FDM Group Buy As You Earn Plan. The Group accounts for the Company's shares held by the Trustee of the FDM Group Employee Benefit Trust as a deduction from shareholders' funds.

The administrative costs of running the Trust have been consolidated in the results of FDM Group (Holdings) plc.

	31 December 2023	31 December 2022
Number of shares in the Company owned by the EBT	**536,914**	151,894
Nominal value of shares held	**£5,369**	£1,519
Cost price of shares held	**£3,015,942**	£1,493,907
Prevailing valuation per share	**£4.585**	£7.490
Total market value of shares	**£2,461,751**	£1,137,686
Minimum number of shares in the Company owned by EBT during the year	**129,084**	151,894
Maximum number of shares in the Company owned by EBT during the year	**565,571**	239,505

10 Financial risk management

The financial risks and uncertainties the Company faces are the same as those of the Group. These are set out on pages 172 to 173.

Notes to the Parent Company Financial Statements continued

11 Dividends

	2023 £000	2022 £000
Dividends received		
Received from subsidiaries	**32,000**	40,000
Dividends paid		
Paid to shareholders	**39,320**	38,153

2023

An interim dividend of 17.0 pence per ordinary share was declared by the Directors on 27 July 2023 and was paid on 13 October 2023 to holders on the register on 22 September 2023; the amount payable was £18,539,000.

The Board is proposing a final dividend of 19.0 pence per share in respect of the year to 31 December 2023, for approval by shareholders at the AGM to be held on 14 May 2024; the amount payable will be £20,724,000. Subject to shareholder approval the dividend will be paid on 28 June 2024 to shareholders on the register on 7 June 2024.

This brings the Company's total dividend for the year to 36 pence per share (2022: 36.0 pence per share).

The Board continues to operate a progressive dividend policy; the Group will retain sufficient capital to fund ongoing operating requirements, maintain an appropriate level of dividend cover and sufficient funds to invest in the Group's longer-term growth.

2022

An interim dividend of 17.0 pence per ordinary share was declared by the Directors on 27 July 2022 and was paid on 30 September 2022 to holders on the register on 26 August 2022; the amount payable was £18,533,000.

The Board paid a final dividend of 19.0 pence per share on 30 June 2023 to shareholders on record on 9 June 2023; the amount payable was £20,781,000.

12 Directors' remuneration

Directors' remuneration was paid by FDM Group Limited in both the current and prior year and no recharge was made to the Company. For further details see note 9 to the Consolidated Financial Statements on page 158.

13 Auditors' remuneration

Auditors' remuneration of £10,000 was charged in relation to 2023 (2022: £10,000), the fees were paid by FDM Group Limited in both the current and prior year and no recharge was made to the Company.

14 Employees

The Company had no employees during the current or prior year.

Shareholder Information

Directors	David Lister Rod Flavell Sheila Flavell Mike McLaren Andy Brown Peter Whiting Michelle Senecal de Fonseca Jacqueline de Rojas Alan Kinnear Rowena Murray	Non-Executive Chair Chief Executive Officer Chief Operating Officer Chief Financial Officer Chief Commercial Officer Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director	
Company Secretary	Mark Heather		
Registered office	3rd Floor Cottons Centre Cottons Lane London SE1 2QG		
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH		
Bankers	HSBC Bank plc 8 Canada Square London E14 5HQ		
Registrars	Link Group 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL		
Stockbrokers (joint)	Investec Bank plc 30 Gresham Street London EC2V 7QP	HSBC Bank plc 8 Canada Square London E14 5HQ	Shore Capital Cassini House St James's Street London SW1A 1LD

Powering the people behind tech and innovation

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