

Empresaria



Stronger together

Empresaria Group plc
Annual report and accounts 2022

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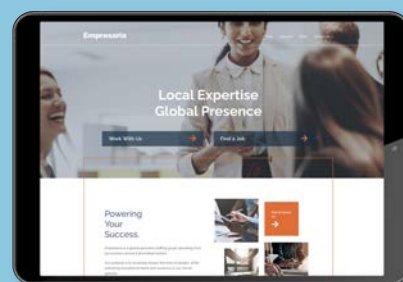
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Our purpose
is to positively
impact the
lives of people,
while delivering
exceptional
talent to our
clients globally.



For more information visit our website
www.empresaria.com

Cautionary statement

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

Highlights

Solid growth and building to deliver on our medium-term ambitions

Financial

Net fee income

£65.4m

2021: £59.5m

Adjusted net debt

£7.9m

2021: £14.0m

Adjusted profit before tax

£9.0m

2021: £8.6m

Profit before tax

£7.6m

2021: £6.0m

Adjusted, diluted earnings per share

8.8p

2021: 8.6p

Diluted earnings per share

£6.7p

2021: £4.5p

Operational

February 2022

- Empresaria awarded 3rd place in the 'Top 100 Staffing Firms to Work For in 2022'.

March 2022

- Group headcount passes 3,000 for the first time.

June 2022

- Tony Martin CBE, retires from the Board after 18 years as Chair.

September 2022

- Empresaria recognised on Staffing Industry Analysts (SIA) list of fastest growing US staffing firms.

October 2022

- Our CEO, Rhona Driggs, recognised by SIA in the 2022 list of the most influential European staffing leaders for the third consecutive year.
- Capital Markets Day to communicate roadmap to deliver ambition to double adjusted operating profit to £20m in the medium term.

November 2022

- Our CEO, Rhona Driggs, recognised in the SIA Global Power 150 Women in Staffing for the seventh consecutive year.



For definition of terms:
See glossary on page 98



Purpose led approach

Our purpose

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

Our vision

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

Our values

Innovation	Creativity, Ingenuity
Collaboration	Communication, Teamwork
Accountability	Leadership, Commitment
Responsibility	Integrity, Honesty
Excellence	Results, Discipline

Our strategy

For more information:
See page 15



Build **scale** in key markets and sectors

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

Increase **productivity** and efficiency

Targeted **investment** in growth

Our business model

For more information:
See pages 10 and 11



Multi-branded with focused sector-driven approach

Diversified by geography and sector

Range of staffing services

Empowered and supported leadership

Chair's statement

"We are building the foundations to deliver our Roadmap to £20m."



2022 performance

We are pleased to report our full-year results which have delivered solid growth in net fee income and profits. The year has been characterised by two phases. In the first half of the year, the ongoing recovery post COVID created significant opportunities for the staffing market. However, as the second half of the year progressed, the emergence of inflationary and recessionary pressures saw this growth checked.

Despite the increased economic uncertainty, we delivered year-on-year growth in net fee income in every quarter of 2022. Our diversity by sector and geography has continued to benefit the Group, with strong performances in Offshore Services, many of our businesses in APAC, Professional in the UK and our logistics operation in Germany. These outweighed the expected drop in Healthcare, challenging conditions for our temporary business in Germany, and the impact of a fall in global IT demand in the second half of the year.

People

I want to acknowledge and thank our teams across the Group for their hard work and dedication. Our results would not have been possible without their contributions.

In June, Tony Martin CBE, our Chair of 18 years, retired. Tony played an instrumental role on the Empresaria Board guiding the Group through challenging times, helping to build the business, and supporting the strategic changes that we have made in recent years. We thank him for his significant contribution over the years.

We strengthened our senior leadership team in 2021 with the appointment of regional leaders. Our leadership team has helped us to accelerate the implementation of our strategy and is laying the foundations for our future success.

I am pleased to welcome two new Non-Executive Directors to the Board. Steve Bellamy was appointed in January 2023 and Ranjit de Sousa was appointed in February 2023. Together they bring a wealth of experience to the Board and its committees.

Dividend

The Board has reviewed the dividend in line with our progressive dividend policy and for the year ended 31 December 2022 we are pleased to propose a dividend of 1.4p per share, an increase of 17% on the prior year. This increase reflects the growth in profits, and strong cash generation, in

the year and the Board's confidence in the Group's medium-term prospects. Subject to shareholder approval at the Annual General Meeting, the dividend will be paid on 15 June 2023, to shareholders on the register on 26 May 2023.

Outlook

The economic environment became more uncertain as 2022 progressed, with the post-COVID recovery giving way to inflationary and recessionary concerns. Although this uncertainty is expected to continue, we have proven our ability to successfully navigate difficult periods and take advantage of opportunities as they arise. We therefore look forward with cautious optimism and are focused on delivering on our *Roadmap to £20m*.



Penny Freer
Chair
27 March 2023

At a glance

Who we are

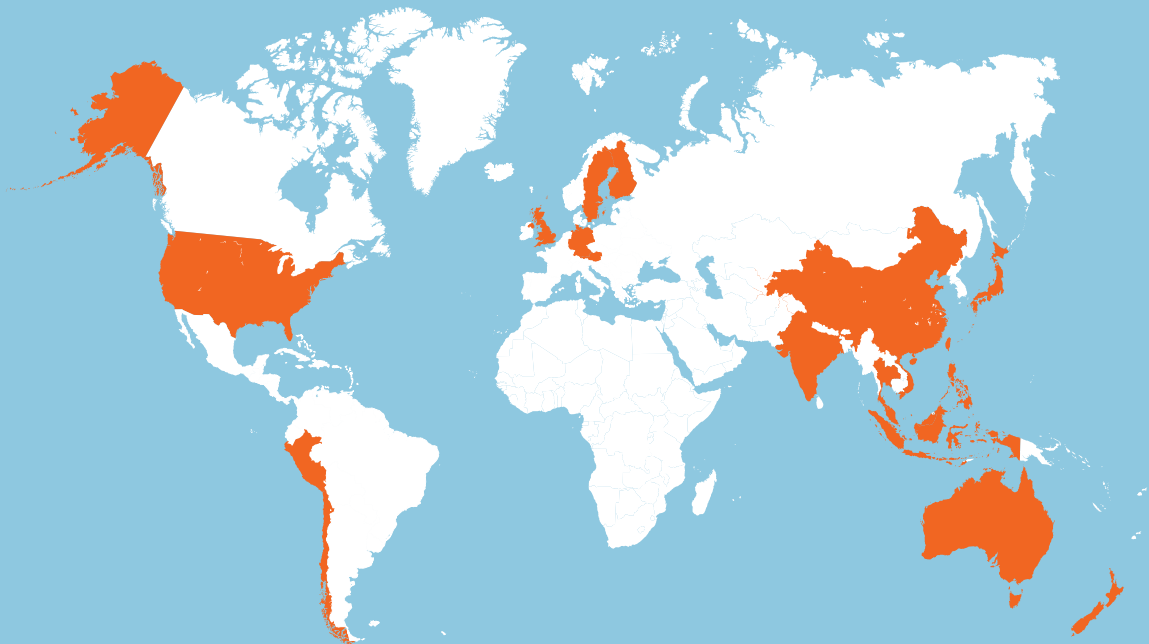
Founded in 1996, Empresaria is a global specialist staffing group operating across six diversified sectors in 19 countries and placing candidates in many more. Driven by our passion for the staffing industry, we are committed to positively impacting the lives of people, while delivering exceptional talent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

We have expertise in
6 sectors

and operate from
19 countries

across
4 regions

Our footprint



Our expertise

Our expertise covers six key sectors:



Our diversified model

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

Service type

% of net fee income



	2022	2021
Permanent	34%	34%
Temporary and contract	48%	55%
Offshore Services	18%	11%

Region

% of net fee income



	2022	2021
UK & Europe	43%	49%
APAC	24%	23%
Americas	13%	16%
Offshore Services	20%	12%

Sector

% of net fee income



	2022	2021
Professional	28%	29%
IT	19%	22%
Healthcare	5%	7%
Property, Construction & Engineering	3%	3%
Commercial	25%	27%
Offshore Services	20%	12%

Investment case

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

Roadmap to £20m

For more information:
See pages 7 and 12



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

£20m

medium-term
adjusted operating
profit ambition

Diversified operations

For more information:
See pages 18 to 22



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

**Permanent, temporary and contract,
and offshore services across**

6 sectors **19** countries **4** regions

Offshore Services differentiator

For more information:
See pages 21 and 23



Our Offshore Services offering is unique among our peers.

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

Offshore Services

75%

net fee income growth in 2022

Resilient financing structure

For more information:
See pages 24 to 27



Our strong cash flow has significantly reduced our level of adjusted net debt.

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

Adjusted net debt

£7.9m

(2021: £14.0m)

Experienced Board and management team

For more information:
See pages 36 to 37



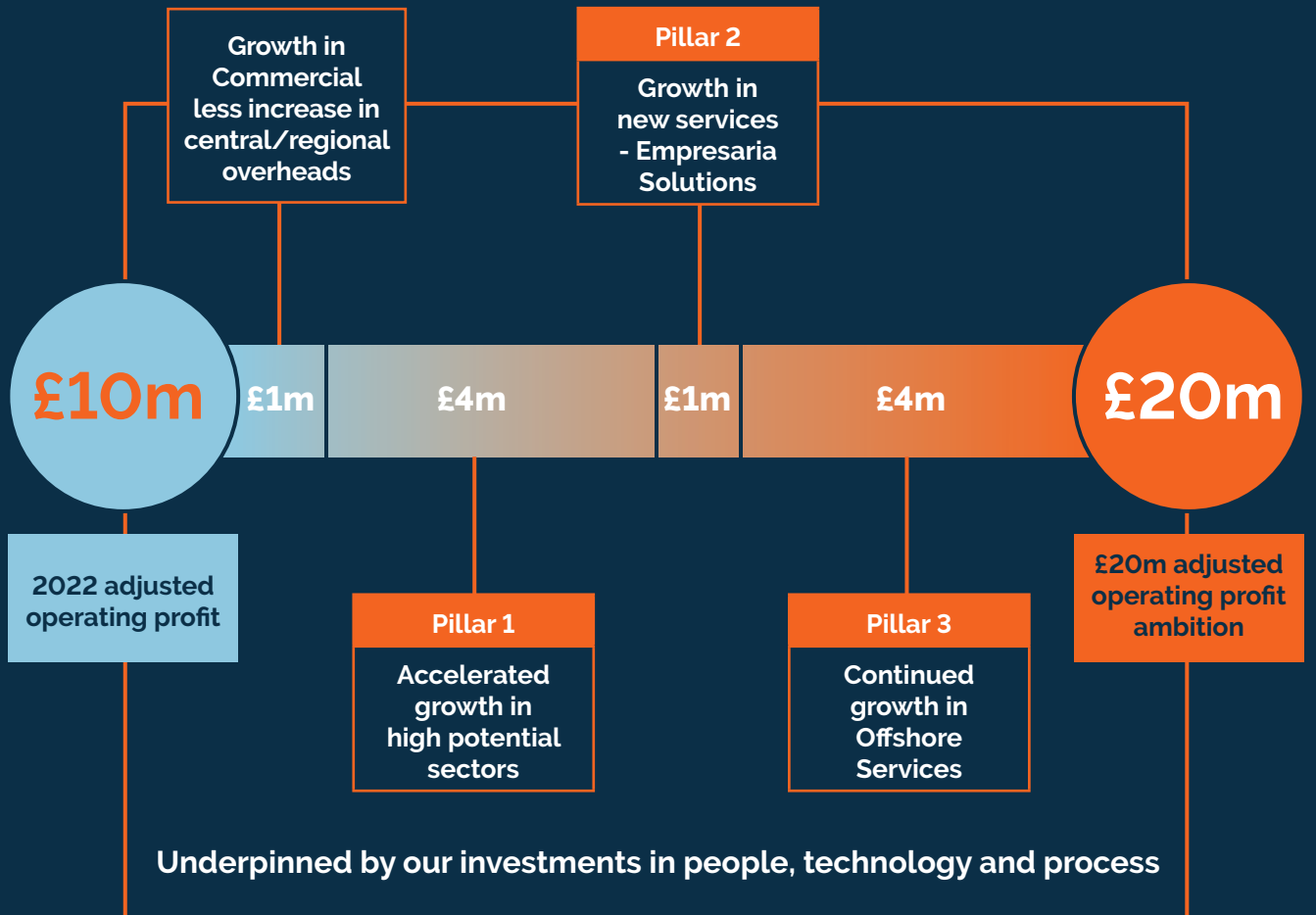
Our experienced Board and senior leadership team have a strong track record in the staffing industry.

Board staffing industry experience


>100

years

Roadmap to £20m



Our *Roadmap to £20m*, launched at a Capital Markets Day in October 2022, identifies three key pillars for growth to deliver on the Group's medium term ambition of achieving £20m adjusted operating profit.

For more information:
See CEO's Q&A on page 12 

Current market conditions

Staffing market forecasts

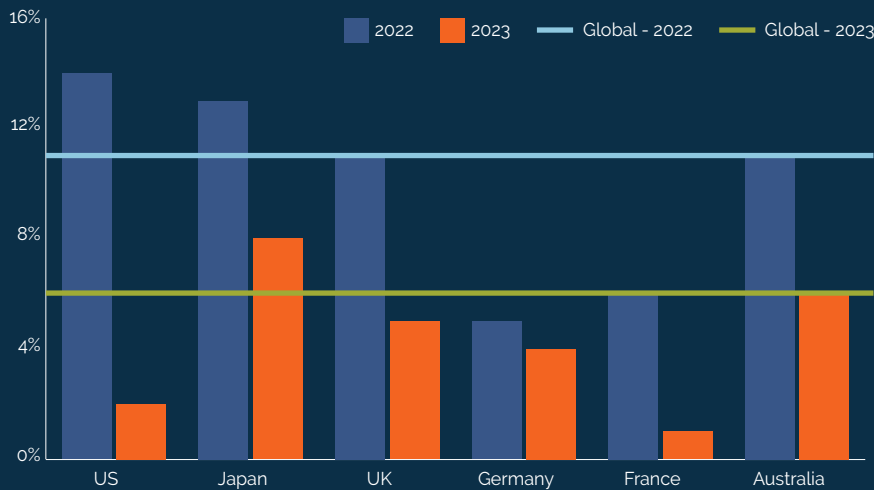
In November 2022, Staffing Industry Analysts (SIA) projected the global staffing market would grow by 11% in 2022, following significant growth of 23% in 2021. They forecast there will be more modest global growth of 6% in 2023 but suggest there will be significant variances from market to market, and sector to sector.

In our regions, within UK & Europe, UK is forecast to grow by 5%, while Germany is forecast to grow 4%. In APAC, Japan is forecast to grow 8%, Australia by 6% and five of our other markets in the region are expected to grow at double digit rates. Growth in the Americas is forecast to be more modest with the US expecting only 2% growth.

SIA identifies the top six staffing markets, which together make up 65% of the global staffing market, as US, UK, Germany, Japan, France and Australia. We have a presence in five out of six of these and these operations accounted for 59% of our net fee income in 2022. With the exception of the UK, we deliver to one or two of our sectors in these markets giving us a good opportunity to increase our penetration, such as with our planned expansion into delivering Professional in the US in 2023 leveraging our current presence in other sectors.

SIA staffing market growth forecasts

6 largest markets



Skill shortages persist amidst global economic uncertainty

The global economic outlook for 2023 is both complex and filled with contradiction. There is no doubt that there is a high level of economic and geopolitical uncertainty across the globe with increased inflation and the threat of recession looming in many of the world's largest economies. However, this has so far not translated to high unemployment, and new jobs continue to be added. In the UK, unemployment rates are still well below their pre-pandemic levels and while job vacancy growth has slowed in recent months, they remain significantly higher than pre-COVID levels. In January 2023, the US recorded its lowest unemployment since 1969 and saw a surge in job growth. Japan also saw a drop in its

unemployment rate in January 2023 from 2.5% to 2.4%, the lowest it has been since pre pandemic.

It is no surprise then that skill shortages continue to plague organisations as the supply of skilled talent fails to keep pace with demand. Increased digitalisation in almost every organisation across the globe, new categories of jobs that didn't exist 10 years ago and a failure of organisations and government to ensure continued up/re-skilling have long compounded these issues. While we have seen several highly publicised job losses amongst the tech giants in recent months this does not appear to be adding overall relief to the crippling skill shortages felt by many markets.

Our diversity by geography and sector positions us well to navigate economic uncertainty and our agility ensures we can effectively support our clients as their demands shift. Our deep sector knowledge, global candidate database and access to specialist talent communities ensures we can find talent for our clients where and when they need them.

Increased demand for Offshore Services

The recruitment sector has become increasingly competitive, with margins shrinking due to increased economic volatility and business models challenged by technology. Demand for increased productivity, streamlined delivery processes and improved cost efficiency has driven demand for Offshore Services. A survey by Staffing Industry Analysts

in the US and the UK found that 48% of recruitment agencies are using, or intend to start using, Offshore Services and of these, 52% of US firms and 44% of UK firms intend to use more of it over the next 12 months. As pioneers in this sector, we are well placed to deliver on this demand and utilise this expertise to enhance our own operating models.



Salary dissatisfaction increases job churn

With the increased costs of living across most major markets, our candidate research showed high levels of dissatisfaction with salaries. 60% of those that responded to our survey said they were dissatisfied with their salary and 87% were expecting a salary increase in the next 12 months. More than half of those who were expecting a raise were looking for more than a 10% increase on their current salary.

This dissatisfaction certainly increases employee movements and 88% of the people we surveyed were either actively looking for a role or open to new opportunities. When asked for their main motivators to move role, an uncompetitive salary was the top reason stated.

As career partners to our candidates, we are focused on positively impacting their lives by helping them navigate the world of work and finding opportunities for them to flourish.



Our business model

Our resources



People

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



Clients

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



Financial strength

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

Our approach

Multi-branded with focused sector-driven approach

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

Diversified by geography and sector

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

Range of staffing services

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

Empowered and supported leadership

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

Our values

Innovation

Collaboration

Accountability

Responsibility

Excellence





Brand reputation

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



Global network

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



Technology

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

Delivering long-term value



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

Our people

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

Our clients

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

Our communities

Our purpose is to positively impact the lives of people. We make direct social and economic contributions in the countries we operate in. We are engaged in supporting local community and charitable organisations. We also contribute to the local economy through tax payments and use of local suppliers.

Our investors

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

Delivered through our strategy

For more information: [See page 15](#)

Stakeholder engagement

For more information: [See pages 32 and 39](#)

Chief Executive's Q&A

Q&A

with CEO
Rhona Driggs

“Good financial, strategic and operational progress underpinned our overall performance.”



Rhona Driggs
Chief Executive Officer

Q

2022 saw the Group deliver some solid results; how would you characterise the performance in 2022?

A

We continued to make good financial, strategic and operational progress in 2022 which underpinned our overall performance.

Our Offshore Services operation continued to perform well and delivered a record year with significant net fee income growth of 75%. We also saw record net fee income from our operations in Japan, Indonesia, Singapore, Thailand and the Philippines and strong performances from our Professional operations in the UK and our logistics business in Germany. These stronger results helped to outweigh those in markets that had more challenging trading environments and performances.

Throughout 2022, we maintained our strategic focus and continued to invest in our growth, adding significant headcount in both our Offshore Services and APAC regions. We ended 2022 with our global headcount up 22% year-on-year.

We made good progress on our key strategic objectives following the appointment of our new regional leadership team in 2021, strengthening our foundation for success.

We have made progress in launching our enhanced Recruitment Process Outsourcing ('RPO') solutions and this has already proven successful with the delivery of several RPO projects in APAC and UK & Europe (see case study on page 13).

Our staff productivity increased 6% year-on-year following the continued rollout of our common front office technology. In addition, our ongoing shift away from a 360 recruitment model to an operating model that has dedicated sales and delivery teams has allowed us to focus our expertise in these areas and scale more effectively and leverage our Offshore Services resources.

Q

You recently outlined your plans to double adjusted operating profit in the medium term. Can you give us some additional insight into this?

A

While we expect to see organic growth across all our sectors, our *Roadmap to £20m* focuses on the three key pillars that we have identified to accelerate our growth.

Our first pillar is to build scale and accelerate growth in high potential sectors, capitalising on our core expertise in Professional, IT and Healthcare. We currently offer Professional recruitment services in just two of the six largest staffing markets globally despite having operations in five of these. We will leverage our existing footprint, client base and expertise, and expand our Professional services into US, Japan and Germany, with the US launch planned for 2023.

We will expand our IT offering by scaling existing locations, leveraging our footprint to enter new locations while focusing on increasing our temporary and contract business.

Lastly, we will focus on growing our Healthcare business in the US where it is projected that demand for healthcare workers will outpace supply by 2025.

Our second pillar will see us continue to diversify our client offering beyond the more traditional temporary and permanent recruitment services. Through Empresaria Solutions we will provide clients with regional and global services as well as additional value-added solutions like RPO.

And finally, our third pillar is continued growth in Offshore Services. We will build scale and grow our client base by strengthening our sales teams and accelerating their efforts. We will continue to look at options to diversify our offering to our staffing industry clients such as expanding our back office services and introducing new services such as outsourced marketing. We will also further expand our delivery capacity in the Philippines in order to provide our clients with an additional option outside of India and to expand our access to talent.

Case Study

Diversifying our service offering to meet our clients' needs

Regional and global clients are looking for staffing partners that can service them across multiple locations and disciplines while providing value added solutions beyond traditional staffing. We have traditionally offered our permanent and temporary recruitment services through our specialist brands making it challenging for our clients to work with us across sectors and geography.

In 2022, through our regional sales leads, we shifted our focus, taking a more customer centric approach to how we service our clients. We have developed a suite of globally consistent solutions that go beyond transactional staffing and can be delivered to our clients through a single point of contact taking the complexity out of buying our services.

Our APAC region has been quick to see success from offering a consultative approach and a bespoke set of services to their clients. Through a dedicated regional sales team we have had a strong focus on expanding our services to provide RPO (Recruitment Process Outsourcing) to our clients. Our project RPO solutions are specifically aligned to each individual client's needs, whether they want to outsource all or part of their recruitment process, and are delivered through our specialist brands with a local project manager.

Two such clients have been Brankas Financial in Indonesia and MoneyMe in the Philippines.

Brankas Financial was an existing client of ours who needed to scale their team of developers fast and were looking for a new solution to support this. Developers in Indonesia were some of the most sought after and hard to find profiles in the market at the time. We were able to deliver a project RPO solution with a dedicated team working in partnership with Brankas's internal talent team. Due to

the focused approach and our extensive experience with FinTech clients, we were able to leverage our existing network to maximise efficiency and reduce the time to hire by half compared to a typical contingency process. This was only achievable by working in true partnership and maintaining close communication throughout the project. We placed 12 highly skilled Developers within three months.

Bala Subramanian, Chief of Staff, PT. Brankas Teknologi Indonesia said of the project:

"We [needed] to accelerate our hiring needs for our engineering team... the team was quick, reliable and most importantly were flexible enough to evolve the hiring strategies as equal partners. We were able to hire a large team of engineers and could count on [them] to do the same again."

MoneyMe is a multi-award winning FinTech company that provides personal loan services in Australia. MoneyMe needed to rapidly scale their team in Manila, Philippines and approached us to support them. The initial requirement was for 20 finance and operations employees however this quickly extended to include ongoing technology roles. We created a project RPO solution with a dedicated account manager and delivery team to ensure targets were met. The dedicated RPO consultant was directly responsible for all aspects of delivery and worked in close partnership with the hiring manager. Due to the ongoing success, what was originally a three-month project has now been extended for an additional 15 months.

Chief Executive's Q&A continued



What are your investment priorities for 2023?



Looking to 2023, we will focus on actions to deliver our *Roadmap to £20m*.

In the first half of 2023 we will launch a new operation in the US focused on providing temporary, contract and permanent staffing in the Professional sector. We will seek to leverage our existing client base in the Healthcare and IT sectors where we have a proven track record of delivery, while providing our clients with more options to use our services across their businesses.

We will continue to execute on our strategy to broaden our service offering and enhance our regional and global sales capabilities under the Empresaria Solutions umbrella. We will invest in strengthening our sales and delivery teams to target areas where we see opportunities for success.

Our people are key to the success of our business. We will continue to focus on developing and retaining our talent. We will be launching our Top Talent Programme in the UK & Europe following the successful 2022 programme in APAC. This programme is aimed at engaging and developing the future leaders of our organisation.

To further drive productivity, speed to market and collaboration, we will continue to implement our core common technology platform across the Group. We will also commence the second phase of our technology roll out which is focused on increasing productivity through bolt-on technologies such as onboarding and reporting. We will complement this with increased automation capabilities to build talent communities and long-term engagement.



There is significant global economic and geopolitical uncertainty. How do you see the Group navigating this environment?



Our agility and diversification by geography and sector, improves our resilience and we have proven that we can successfully adapt to changing market conditions. The transformation of the Group in recent years has created a strong foundation to capitalise on the opportunities these changes present.

Ongoing skill shortages combined with low unemployment rates have made the staffing market more resilient than normal to the global economic uncertainty. While 2022 was dominated by strong demand for permanent employees, market forecasts suggest a shift to increased temporary recruitment as employers demand more flexibility from their workforce. We therefore expect our mix of temporary to permanent placements to adjust to reflect this, and we are well positioned to support this change.



How do you see 2023 developing for the Group?



The uncertainty in the wider economic environment resulted in a softening of demand as the second half of 2022 progressed, and this has continued with a slower start to 2023, however, across our markets, the overall number of vacancies remains above pre-COVID levels.

The strengthening of our leadership team and our progress in investing in technology, people and process, leaves us well placed to weather economic challenges and gives us confidence to stay the course in executing our strategy and delivering on our *Roadmap to £20m*.

Rhona Driggs
Chief Executive Officer
27 March 2023

Strategic objectives

Strategic objective

Build **scale** in key markets and sectors

We are focused on developing scale in key markets and sectors. We will do this by gaining additional market share with clients through cross-selling efforts, providing them with services across sectors, skillsets and regions, as well as developing new service offerings to drive additional revenue streams.

2022 progress

- Regional sales directors appointed.
- APAC IT offering expanded to the majority of locations.
- Offshores Services hub established in Philippines, 105 headcount at 31 December 2022.
- Targeted investment in sales and delivery teams with headcount increased by 8% (excluding Offshore Services).
- Record net fee income in a number of locations.

2023 priorities

- Launch of Professional sector operation in US.
- Implementation of go-to-market branding strategy.
- Launch of Empresaria Solutions to drive regional sales and wider service offerings.
- Continued expansion of Offshore Services hub in Philippines.

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

Diversifying our profit base across our business is key for us. We will do this through growing our high potential businesses and sectors, increasing our temp to perm ratio to 70:30 over time to create a more stable profit base, and ensuring all businesses in the Group deliver a minimum profit threshold.

- Increase in RPO activity levels.
- Temp to perm ratio reduced to 58:42 (excluding Offshore Services) reflecting strong growth in permanent recruitment in 2022.
- Finalised plans for Empresaria Solutions.

- Launch of Empresaria Solutions to drive regional sales and wider service offering including RPO.
- Focus on growing temporary and contract IT in the US.

Increase **productivity** and efficiency

Increasing our productivity and efficiency through the use of technology and our focused operating models will enable us to deliver to clients and candidates more quickly and effectively.

- Three more operations live on our common front office platform in 2022.
- Second phase projects for complementary technology launched with implementations planned for 2023.
- Increase in breadth of internal utilisation of Offshore Services.
- Notable increase in cross-group collaboration.
- Moved multiple UK brands into a single London office.
- Staff productivity increased by 6% (see page 17).

- Continue implementation of front office platform and focus on maximising post-implementation benefits
- Implementation of second phase of complementary technology projects including enhanced reporting and onboarding solutions.
- Continue to drive internal utilisation of our Offshore Services offering.
- Creation of delivery centre to service UK MSP clients, supported by Offshores Services.

Targeted **investment** in growth

We seek to maximise our return on investments, focusing on areas we believe will deliver the most benefit. We seek to balance investment in growth with an aim to reduce the overall level of net debt relative to the size of the Group.

- Headcount investment – see above.
- Investment in office and infrastructure to support ongoing expansion of Offshore Services.
- Ongoing investment in technology roadmap.

- Continued investment in Offshore Services to support growth.
- Continued investment in technology roadmap.
- Continue to identify growth opportunities.

Key performance indicators

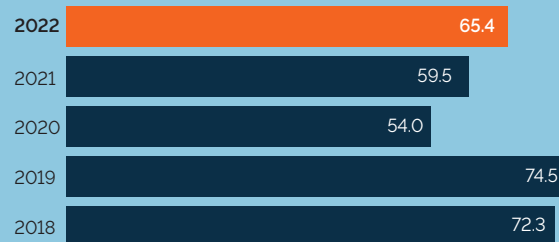
We measure progress against our objectives using the following performance measures.

Strategic objectives

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

Net fee income

£65.4m



Why and how we measure

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

How we have performed

Net fee income has increased by 10% in 2022, reflecting strong growth in Offshore Services and APAC which outweighed falls in UK & Europe and Americas.

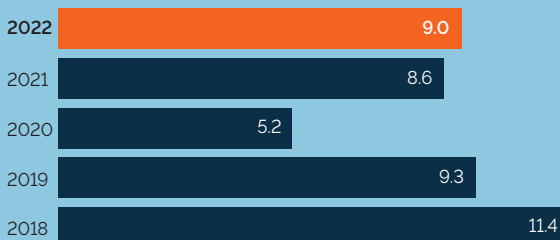
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3

4

Adjusted profit before tax

£9.0m



Why and how we measure

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

How we have performed

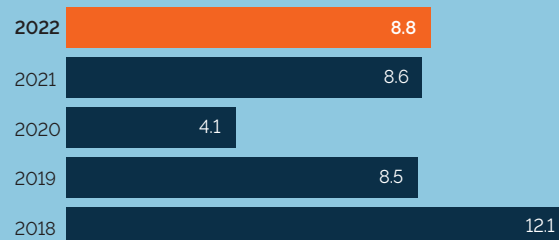
Adjusted profit before tax has increased by 5% in 2022, reflecting solid growth in net fee income and operating profits, partially offset by higher interest costs.

2

4

Adjusted, diluted earnings per share

8.8p



Why and how we measure

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

How we have performed

Adjusted, diluted earnings per share has increased by 2% in 2022, reflecting the increase in profits along with an increase in the proportion of those profits allocated to non-controlling interests.

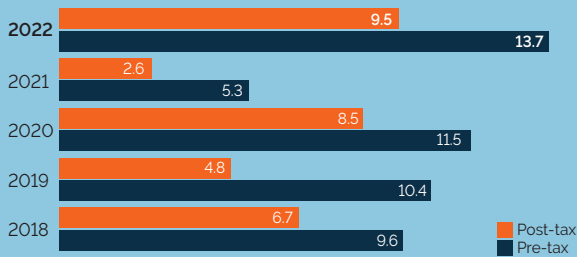
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4

Free cash flow

4

£9.5m



Why and how we measure

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

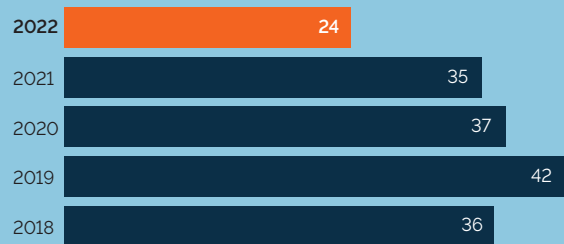
How we have performed

In 2022 free cash flow has increased, reflecting the increase in profits and a working capital inflow due to an increased proportion of revenue being generated from permanent placements.

Debt to debtors ratio

4

24%



Why and how we measure

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

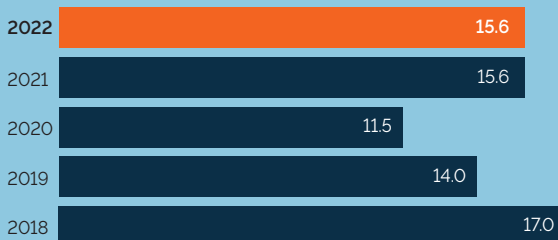
How we have performed

The Group's debt to debtors ratio has reduced significantly during the year, reflecting the significant reduction in adjusted net debt. This reduction has delivered on our aim of reducing our debt to debtors ratio to 25%.

Conversion ratio

3

15.6%



Why and how we measure

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

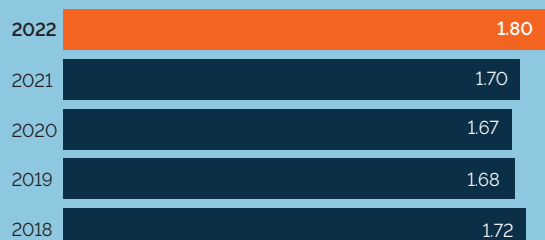
How we have performed

The conversion ratio has remained unchanged in the year, reflecting the improvement in staff productivity which offset our investment in technology. We continue to focus on efficiencies and productivity in the business with the longer-term ambition of achieving a 20% conversion ratio.

Staff productivity

3

1.80x



Why and how we measure

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

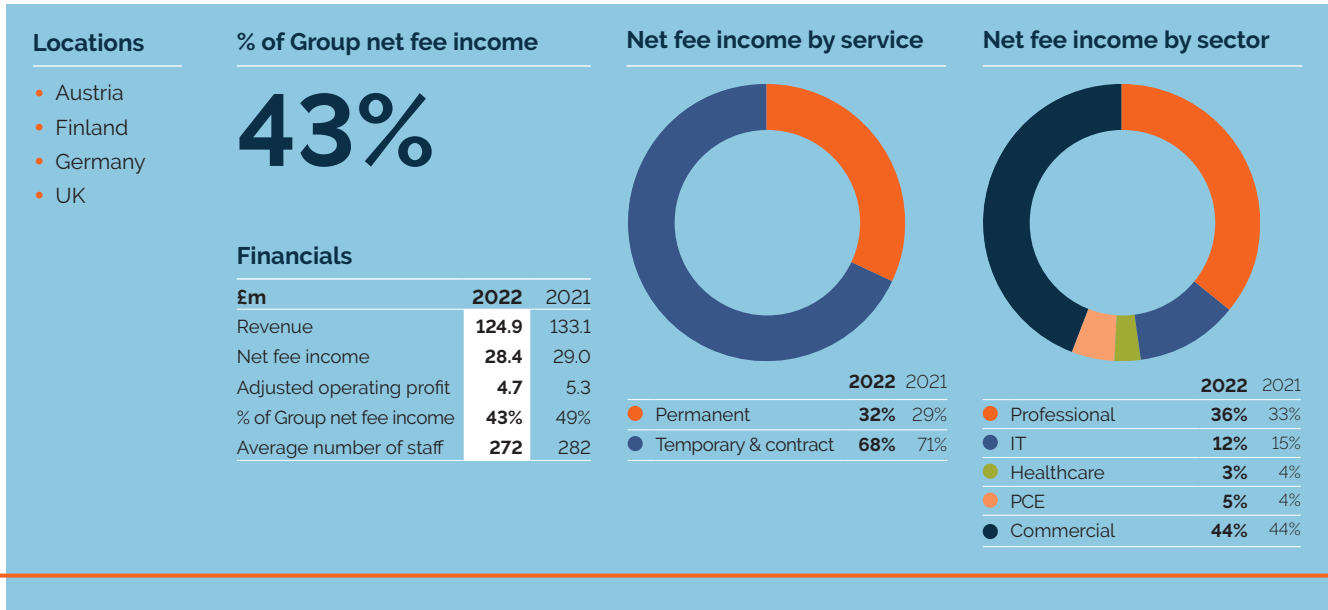
How we have performed

Staff productivity has improved by 6% from the prior year, reflecting the benefits of operational initiatives.

Operating review



UK & Europe



Julie Smith
Regional CEO, UK & Europe

The UK & Europe region saw mixed performances in 2022 with net fee income reducing by 2% (2% in constant currency) and adjusted operating profit falling by 11% (11% in constant currency). Revenue fell by 6% (6% in constant currency) reflecting the change in the temp to perm mix.

In the UK, net fee income grew by 3% year-on-year with double digit percentage growth in profit. Net fee income from the Professional sector grew 6% year-on-year, driven by permanent placement activity which increased significantly, particularly in the first half of the year. Net fee income from IT fell by 18% compared to 2021 reflecting ongoing operational challenges. Corrective actions are in place to improve this performance including accelerating the focus on growth in the UK market as the majority of activity in our UK based operation is with clients throughout mainland Europe. In the second half of the year we moved a number of brands into a single location which is driving collaboration and cross-selling as well as improving operational efficiency.

In Finland, our Healthcare business had a challenging year as net fee income fell by 35% and the business generated a loss. This performance was in part driven by significant changes in public sector healthcare in Finland, alongside the expected drop in COVID-19 related demand.

In Germany, our operations focused on the Commercial sector delivered contrasting results leaving overall net fee income and profits in line with prior year. Our logistics operation saw a good recovery with strong growth in both net fee income and profits. However, our temporary staffing business has been adversely affected by a number of factors including demand from key clients operating in the troubled automotive industry, and an ongoing increase in sickness rates due to COVID-19 which has impacted margins.

Our operation in Austria is similar to our temporary business in Germany and was impacted by the same factors outlined above. As a result, net fee income fell by over 20% and profits fell by two-thirds.

“We are making good progress in delivering the operational improvements that will lay the foundations to return the region's profits to growth.”



APAC

Locations

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

% of Group net fee income

24%

Financials

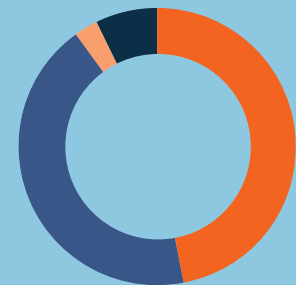
£m	2022	2021
Revenue	49.9	40.3
Net fee income	15.8	14.1
Adjusted operating profit	0.8	1.4
% of Group net fee income	24%	23%
Average number of staff	292	233

Net fee income by service



	2022	2021
Permanent	65%	61%
Temporary & contract	35%	39%

Net fee income by sector



	2022	2021
Professional	47%	45%
IT	43%	44%
Healthcare	0%	1%
PCE	3%	2%
Commercial	7%	8%

In our APAC region we saw strong growth in revenue, which was up 24% year-on-year (26% in constant currency), and in net fee income, which grew by 12% (12% in constant currency). Profits fell, reflecting investment in our regional team along with significant challenges in a couple of locations.

Japan is our largest country in the region and we are primarily focused on the IT sector. Our operations delivered solid results with single digit percentage growth in both net fee income and profit. Growth was stronger in the first half of the year and driven by permanent placement revenues which saw high demand. In the second half of the year we were impacted by a few key clients significantly reducing hiring requirements and contractor headcount. Despite the weaker close to the year, this was a record year for both net fee income and profit.

In Australia, our operation is focused on digital and creative roles within our Professional sector. Results in 2022 were extremely disappointing with net fee income down 14% year-on-year driven by a fall in temporary and contract activity. Investments in staff have not proved successful and the operation delivered a loss in the year. A significant restructuring of this operation has been undertaken at the start of 2023 in order to bring this operation back to profitability.

Vietnam and China both saw year-on-year falls in net fee income. In China this reflected the challenges of local lockdowns which continued to impact our Shanghai based operation throughout 2022. In Vietnam high staff turnover at the start of the year disrupted the strong progress made in 2021.

Elsewhere in the region a number of countries delivered record levels of net fee income with Singapore, Indonesia, Philippines and Thailand all beating their previous highs and delivering strong growth in profits. Our operations in these countries are predominantly permanent placement focused and showed strong growth across the Professional and IT sectors in the year.

Our aviation operation, which has offices in New Zealand, Singapore and Sweden, did not show any significant improvement in 2022. Aviation recovery in our core Asia market has lagged behind that in the US and Europe reflecting the continued closure of China throughout 2022 and significant restrictions on travel to Japan. As these restrictions ease in 2023 we expect to see demand improve and for this operation to move back towards profitability.



Rafael Moyano
Regional CEO, APAC

“Our strong growth in net fee income, along with record results in a number of locations, demonstrates the progress we are making in the region.”

Operating review continued



Americas

Locations

- Chile
- Peru
- USA

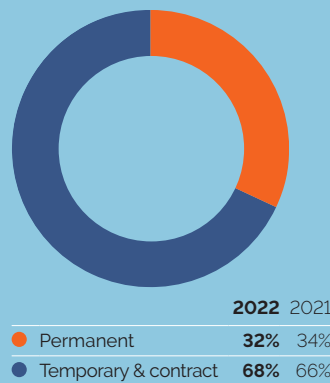
% of Group net fee income

13%

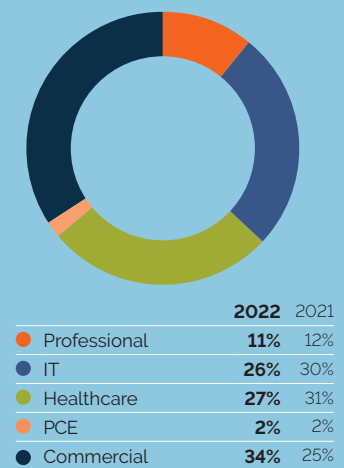
Financials

£m	2022	2021
Revenue	62.7	71.0
Net fee income	8.7	9.9
Adjusted operating profit	1.5	2.8
% of Group net fee income	13%	16%
Average number of staff	160	151

Net fee income by service



Net fee income by sector



Garrick Cooper
President, North America

In the Americas, revenue fell by 12% (16% in constant currency), net fee income fell by 12% (19% in constant currency) and profits reduced by 46% to £1.5m.

In the US, net fee income dropped by 20%, and profits by half, with reductions in both of our operations. In Healthcare we had a record year in 2021 driven by COVID-19 related demand which reduced as expected in 2022. In IT, we saw a significant impact in the second half of 2022 from a drop in demand from key clients. We are focused on diversifying our client base to create more opportunity and stability. Temporary and contract growth in IT was disappointing and is a key focus for us in the US. We are investing in our sales team in order to drive this forward in 2023.



Juan Pablo Dañobeitia
Regional Director, LATAM

In Chile, net fee income was in line with 2021 although profits fell back reflecting increases in the cost base. Our core strength lies in our outsourcing operation, focused on the Commercial sector, which has continued to grow strongly year-on-year. However, permanent and temporary recruitment activity has dropped significantly from pre-COVID levels and rebuilding these is now a key focus.

In Peru, changes to outsourcing laws and political instability have adversely impacted our operations in 2022. Despite this, net fee income grew strongly reflecting recovery from 2021 which was still being heavily impacted by COVID-19. Profits fell slightly as we invested in ensuring we have the right team and structure to rebuild the business to previous levels.

"We are investing in growing our US temporary and contract IT."



Offshore Services

Locations

- India
- Philippines

% of Group net fee income

20%

Financials

£m	2022	2021
Revenue	25.3	15.3
Net fee income	13.5	7.7
Adjusted operating profit	7.1	4.1
% of Group net fee income	20%	12%
Average number of staff	2,481	1,578

Net fee income by service



	2022	2021
Temporary & contract	3%	1%
Offshore services	97%	99%

Offshore Services delivered an extremely strong 2022 with revenue up 65% (57% in constant currency), net fee income up 75% (67% in constant currency) and adjusted operating profit up 73%. These results reflect the strong momentum and growth which built through 2021 and carried over into 2022. Average headcount in 2022 was up 57% year-on-year with headcount at 31 December 2022 27% higher than a year earlier.

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

Our Philippines hub, which we opened in January 2021, is now well established with a headcount of 105 primarily supporting our US clients. We have started to expand our capabilities and now offer services to our UK and Australian clients from this location as well.

Demand in 2022 has been extremely strong from our UK clients, particularly in the healthcare sector. As a result, the number of billable seats supporting the UK closed the year up two-thirds compared to 31 December 2021 and now

exceeds those supporting the US. Growth was from both existing and new clients with the number of clients growing by 40% in the year.

In the US, demand has been more muted. While we saw some growth in the first half of the year, the challenges in global IT have fed through to our clients that support this sector. As a result, the number of billable seats dropped back during the second half of the year and closed the year 6% down on 31 December 2021. These reductions have been driven by existing clients reducing their requirements, not from the loss of clients, and the number of clients we work with grew by 20% in the year. We expect this reduction to be temporary and that as the IT sector returns to an equilibrium we will be able to return to growth. We are also focused on diversifying our US client base to build a greater presence in other sectors such as healthcare.

While the vast majority of our net fee income is derived from recruitment and related compliance services, we are delivering finance and accounting support to an increasing number of our clients. This now accounts for 8% of our net fee income and continues to be a focus area for growth.

For a case study on Offshore Services
See page 23



Amit Somaiya
CEO, Offshore Services

"I am pleased to have delivered another record year from Offshore Services."

Operating review continued



Sector summary

Net fee income by sector



	2022	2021
Professional	28%	29%
IT	19%	22%
Healthcare	5%	7%
Property, Construction & Engineering	3%	3%
Commercial	25%	27%
Offshore Services	20%	12%

Net fee income by sector

£m	Revenue		Net fee income	
	2022	2021	2022	2021
Professional	56.5	57.5	18.7	17.3
IT	34.1	37.6	12.6	13.5
Healthcare	17.6	27.4	3.2	4.3
Property, Construction & Engineering	9.2	8.1	2.2	1.7
Commercial	120.5	114.8	16.6	16.3
Offshore Services	24.9	14.5	13.1	7.6
Intragroup eliminations	(1.5)	(1.4)	(1.0)	(1.2)
Total	261.3	258.5	65.4	59.5

The greatest growth in 2022 was from Offshore Services as described in more detail on page 21.

Professional saw good growth in net fee income (up 8%) driven by permanent placement activity across the UK and APAC. Revenue fell slightly reflecting this change in mix.

IT net fee income fell 7% with good growth in APAC, more than offset by the challenges in our UK operation and the adverse second half impact in the US as discussed in more detail on page 20.

Healthcare net fee income fell by 26% year-on-year, as expected, given the record performance in 2021 which was driven by COVID-19 related demand.

Property, Construction and Engineering saw some good recovery in net fee income which was up 29% with the largest growth coming from APAC.

Commercial net fee income grew by 2%. Our largest operations delivering to this sector are in Germany where we saw mixed performances with overall net fee income flat as described in more detail on page 18.

Case Study

Offshore Services and UK Healthcare

Our Offshore Services operations have been providing solutions to the Healthcare recruitment sector in the UK since 2008 and have a proven track record of delivery. Our clients are often looking to scale their teams fast and achieve a quick return on investment on each headcount added. Fierce competition for recruitment talent in the UK has led to increased time to hire, and the need for specialist knowledge of the healthcare sector means time to productivity can be slow. The key to our success is both in our ability to mobilise a team at pace and in our Healthcare academy which rapidly upskills the teams, ensuring that the time from hiring to productivity is dramatically reduced compared to hiring in the UK.

More than most sectors, the healthcare industry requires flexible working hours as doctors and nurses work around the clock. This is where our ability to provide a 24-hour, seven days a week service sets us apart from onshore teams and ensures that we can provide support to our clients and candidates no matter when they need it.

We recognise that our clients' requirements and challenges are unique to them, and so we are focused on offering bespoke solutions for our customers whether this is an end-to-end recruitment service, from talent mapping through to bookings and placements, or a tailor-made solution based on specific requirements. No matter what our clients' needs, we work in close alignment to make each assignment a success right from the start.

While onboarding new clients has supported our growth in 2022, a significant proportion has come from increased demand from our existing

clients. This is driven by our ability to deliver on our clients' needs time and time again, while ensuring continuous process enhancements aligned to their internal strategies.

A good example of this is a client we have partnered with since 2019, who is a leading supplier to the NHS. They originally engaged with us to enhance their candidate experience, improve their compliance and offer a more consistent and streamlined process. As a result of our success in continually delivering on the agreed KPIs we have seen our dedicated headcount increase from 11 in December 2019 to 70 in December 2021 and now 137 in December 2022. The ongoing success of this relationship reflects that it is a true partnership. We work as an extension of the UK team with shared goals and successes and are able to offer a completely seamless candidate experience.

+46%

increase in number of UK Healthcare clients during 2022

+71%

increase in number of UK Healthcare billable seats during 2022



Finance review

“Solid financial performance with a significant reduction in net debt.”



Tim Anderson
Chief Financial Officer

Revenue

£261.3m

2021: £258.4m

Net fee income

£65.4m

2021: £59.5m

Adjusted profit before tax

£9.0m

2021: £8.6m

Overview

The Group's results for 2022 reflect a solid performance with net fee income and adjusted operating profit increasing by 10%. Higher net interest costs due to the increase in base rates are reflected in a 5% increase in adjusted profit before tax and a 2% increase in adjusted, diluted earnings per share.

Our adjusted net debt has reduced significantly to £7.9 million (2021: £14.0m) and is at its lowest year end level since 2015. This reduction was driven by the profits for the year, along with a working capital inflow generated despite the increase in net fee income. We have seen an increase in permanent placement activity, which has a lower working capital requirement, but a reduction in temporary and contract revenues, which are more working capital intensive. As a result of the reduction in net debt, our debt to debtors ratio has fallen to 24%, below our 25% target level. In the current economic environment we expect the mix to shift back towards temporary and contract placements which may result in an increased working capital requirement.

Income statement

Revenue increased by 1% (nil% in constant currency) with net fee income increasing by 10% (8% in constant currency). The growth in net fee income reflects strong growth in both permanent placement (up 9% year-on-year) and offshore services (up 73% year-on-year), offset by a reduction in temporary and contract (down 5% year-on-year). This growth in net fee income is reflected in a 10% year-on-year increase in adjusted operating profit (6% increase in constant currency) with improved staff productivity offset by investments including in technology.

	2022 £m	2021 £m	% change	% change constant currency ²
Revenue	261.3	258.4	+1%	+0%
Net fee income	65.4	59.5	+10%	+8%
Operating profit	8.8	6.7	+31%	
Adjusted operating profit ¹	10.2	9.3	+10%	+6%
Profit before tax	7.6	6.0	+27%	
Adjusted profit before tax ¹	9.0	8.6	+5%	
Diluted earnings per share	6.7p	4.5p	+49%	
Adjusted, diluted earnings per share ¹	8.8p	8.6p	+2%	

1 Adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items, fair value charges on acquisition of non-controlling shares and, in the case of earnings, any related tax. See note 10 for a reconciliation between profit before tax and adjusted profit before tax.

2 The constant currency movement is calculated by translating the 2021 results at the 2022 exchange rates.

Following the appointment of regional leaders during 2021, the Group has moved to a regional reporting structure. As a result, with effect from 2022, the Group's operating segmental analysis is presented by region. 2021 financial information has been re-presented on this basis. A detailed analysis by region is provided in the operating review on pages 18 to 22. Central costs have reduced to £3.9m (2021: £4.3m) reflecting reduced costs for bonuses and share schemes.

Adjusted profit before tax has increased by 5% to £9.0m reflecting the increase in adjusted operating profit and an increased net interest cost due to the impact of higher interest rates and 2021 interest credits following the settlement of tax audits. The reported profit before tax reflects amortisation of intangible assets identified in business combinations of £1.4m. There were no charges for impairment in 2022 (2021: £1.2m) and as a result reported profit before tax increased by 27% year-on-year to £7.6m.

The total tax charge for the year is £2.8m (2021: £3.1m), resulting in an effective tax rate of 37% (2021: 52%). On an adjusted basis, the effective rate is 34% (2021: 40%). The effective tax rate is higher than the underlying tax rates due to a number of factors, including:

- expenses not deductible for tax purposes (£0.3m);
- withholding taxes, dividend taxes, and deferred tax liabilities on unremitted earnings in respect of our overseas operations (£0.3m);
- deferred tax assets not recognised for certain tax losses around the Group, (£0.4m); partially offset by
- expenses with enhanced deductions for tax purposes (£0.2m).

Adjusted, diluted earnings per share increased by 2% to 8.8p. This reflects the increase in adjusted profit before tax partially offset by an increase in the proportion of profits allocated to non-controlling interests due to the strong performance in our Offshore Services operation where there is a 28% non-controlling interest. Reported diluted earnings per share increased by 49% to 6.7p reflecting the above and the £1.2m of impairment charges in the prior year.

Balance sheet

	2022 £m	2021 £m
Goodwill and other intangible assets	40.1	39.8
Trade and other receivables	46.7	50.5
Cash and cash equivalents	22.3	21.1
Right-of-use assets	7.5	7.5
Other assets	7.2	5.0
Total assets	123.8	123.9
Trade and other payables	(33.3)	(34.8)
Borrowings	(29.6)	(34.4)
Lease liabilities	(7.9)	(7.9)
Other liabilities	(4.0)	(4.5)
Total liabilities	(74.8)	(81.6)
Net assets	49.0	42.3

Goodwill and other intangible assets arise from the investments and acquisitions the Group has made. At 31 December 2022 the balance was £40.1m (2021: £39.8m) with the movement in 2022 due to £1.6m of amortisation of intangible assets (2021: £1.6m), foreign exchange gains of £1.8m (2021: losses of £1.1m), impairment charges of £nil (2021: £1.2m) and additions of £0.1m (2021: £0.7m).

Trade and other receivables include trade receivables of £33.3m (2021: £39.5m) with the decrease from 2021 reflecting a change in mix with an increase in permanent placement revenue and a reduction in temporary and contract revenue. Average debtor days for the Group in 2022 reduced to 45 (2021: 48), with debtor days at 31 December 2022 of 43 (2021: 47). The income statement includes a charge of £nil (2021: £0.3m) in respect of impairment losses on trade receivables.

Cash and borrowings are discussed in the financing section below.

Cash flow

The Group is typically highly cash generative with an historically strong correlation between pre-tax profits and cash flows. The Group measures its free cash flow as a key performance indicator and defines this as net cash from operating activities per the cash flow statement excluding cash flows related to pilot bond liabilities (see financing section below) and after deducting payments made under lease agreements.

	2022 £m	2021 £m
Net cash inflow from operating activities per cash flow statement	14.7	7.6
Cash flows related to pilot bonds	0.1	0.3
Payments under lease agreements	(5.3)	(5.3)
Free cash flow	9.5	2.6
Taxation	4.2	2.7
Free cash flow (pre-tax)	13.7	5.3

Free cash flow in 2022 was significantly higher than 2021, with the largest driver being working capital which showed an inflow of £3.5m in 2022 compared to an outflow of £4.4m in 2021 (both excluding pilot bonds). The Group also presents a pre-tax free cash flow measure as tax payments in a global business can be volatile.

In 2022 the Group utilised its free cash flow as follows:

	2022 £m	2021 £m
Free cash flow	9.5	2.6
Purchase of shares in existing subsidiaries	(0.1)	(0.6)
Purchase of property, plant and equipment, and software	(2.1)	(1.7)
Dividends paid to owners of Empresaria Group plc	(0.6)	(0.5)
Dividends paid to non-controlling interests	(0.4)	(0.3)
Purchase of own shares in Employee Benefit Trust	(0.3)	(0.3)
Other	0.1	0.4
Decrease/(increase) in adjusted net debt	6.1	(0.4)

The purchase of shares in existing subsidiaries in the 2021 cash flow mainly related to the final payment in respect of the acquisition of shares in ConSol Partners in 2020.

Purchase of property, plant and equipment, and software of £2.1m reflects ongoing investments in the office, IT and infrastructure of our Offshore Services operation to support its growth and the ongoing investment in a common front office system. Dividends paid to our shareholders were £0.6m (2021: £0.5m) reflecting the increased dividend paid in the year. The Group has continued to purchase Empresaria shares, transferring these into the Employee Benefit Trust to satisfy future share option exercises, and these purchases totalled £0.3m in 2022 (2021: £0.3m). Dividends paid to non-controlling interests were £0.4m (2021: £0.3m).

Finance review continued

Financing

The Group's treasury function is managed centrally and the Group's financial risk management policies are set out in note 22.

	2022 £m	2021 £m
Cash and cash equivalents	22.3	21.1
Pilot bonds	(0.6)	(0.7)
Adjusted cash	21.7	20.4
Overdrafts	(17.1)	(18.2)
Invoice financing	(3.5)	(4.6)
Bank loans	(9.0)	(11.6)
Total borrowings	(29.6)	(34.4)
Adjusted net debt	(7.9)	(14.0)

Adjusted net debt at 31 December 2022 decreased significantly to £7.9m (2021: £14.0m) reflecting the cash flows discussed above. Adjusted net debt excludes cash of £0.6m (2021: £0.7m) held to match pilot bonds within our aviation business. Where required by the client, pilot bonds are taken at the start of the pilot's contract and are repayable to the pilot or the client during the course of the contract or if it ends early. There is no legal restriction over this cash, but given the requirement to repay it over a three-year period and that to hold these is a client requirement, we exclude cash equal to the amount of the bonds when calculating our adjusted net debt measure. Movements in the level of bonds have no impact on our adjusted net debt measure.

During 2022, the month-end average adjusted net debt position was £11.0m (2021: £14.8m) with a month end high of £16.1m at 28 February (2021: £19.1m at 31 May) and a month end low of £7.9m at 31 December (2021: £11.1m at 30 September).

Our debt to debtors ratio (adjusted net debt as a percentage of trade receivables) has reduced to 24% (2021: 35%) with the significant reduction in adjusted net debt partly offset by a reduction in trade receivables. This has brought us below our debt to debtors target of 25% for the first time since 2015.

Total borrowings were £29.6m (2021: £34.4m) being bank overdrafts of £17.1m (2021: £18.2m), invoice financing of £3.5m (2021: £4.6m) and bank loans of £9.0m (2021: £11.6m). The Group's borrowings are principally held to fund working capital requirements and are mainly due within one year. As at 31 December 2022, £0.5m of borrowings are shown as non-current (2021: £11.2m) with the reduction reflecting the revolving credit facility which as at 31 December 2022 was due within one year. Subsequent to the reporting date, in March 2023, this facility has been refinanced for a further 3 years (see note 18).

The Group maintains a range of facilities to manage its working capital and financing requirements. At 31 December 2022 the Group had facilities totalling £54.8m (2021: £55.5m).

	2022 £m	2021 £m
UK facilities		
Overdrafts	10.0	10.0
Revolving credit facility	15.0	15.0
Invoice financing facility	10.0	10.0
Total UK facilities	35.0	35.0
Continental Europe facilities	12.4	11.8
Asia Pacific facilities	2.3	2.4
Americas facilities	5.1	6.3
	54.8	55.5
Undrawn facilities (excluding invoice financing)	17.9	12.9

Undrawn facilities have increased significantly during the year, reflecting the strong cash flows and the reduction in adjusted net debt.

Covenants are tested on a quarterly basis in respect of the revolving credit facility and all covenants have been met during the year. The covenants, and our performance against them at 31 December 2022, are as follows:

Covenant	Target	Actual
Net debt: EBITDA	<3.0 times	0.7
Interest cover	>4.0 times	9.7
Debtor coverage	>1.75 times	7.1

Subsequent to the reporting date, in March 2023, the revolving credit facility has been refinanced. The facility continues to be for £15.0m and has a 3 year term to March 2026. For more details see note 18.

Management equity

As highlighted in previous annual reports, the Group has moved away from issuing second generation equity schemes for incoming subsidiary management and has put in place appropriate alternative incentive schemes. Existing shareholdings and commitments remain in place and continue to be reflected in these accounts.

Based on results for the year ended 31 December 2022, and using applicable valuation mechanisms in shareholders' agreements but ignoring any holding period requirements, the payment to acquire all those second generation shares not held by the Group would be approximately £0.4m were the maximum valuation multiples to apply. First generation shares are accounted for as non-controlling interests in the consolidated financial statements and in some cases do not include defined valuation mechanisms. Based on results for the year ended 31 December 2022, and using applicable valuation mechanisms in shareholders' agreements where these exist or applying these same valuation mechanisms where they do not, the payment to acquire all those first generation shares not held by the Group would be approximately £10.4m.

There is no legal obligation on the Group to acquire the shares held by management at any time. Further information is provided in note 26.

During the year the Group acquired shares from management for total consideration of £0.1m. Further details are provided in note 5.

Dividend

During the year, the Group paid a dividend of 1.2p per share in respect of the year ended 31 December 2021. For the year ended 31 December 2022, the Board is proposing a dividend of 1.4p per share, an increase of 17%. Subject to shareholder approval at the Annual General Meeting, the dividend will be paid on 15 June 2023 to shareholders on the register on 26 May 2023.

Going concern

The Board has undertaken a recent and thorough review of the Group's budget, forecasts and associated risks and sensitivities. Given the latest forecasts and early trading performance, the Group is expected to be able to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the accounts. As a result, the going concern basis continues to be appropriate in preparing the financial statements. Further details on going concern are found in note 1.



Tim Anderson
Chief Financial Officer
27 March 2023

Risks and uncertainties

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

Risk appetite

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

Risk register

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

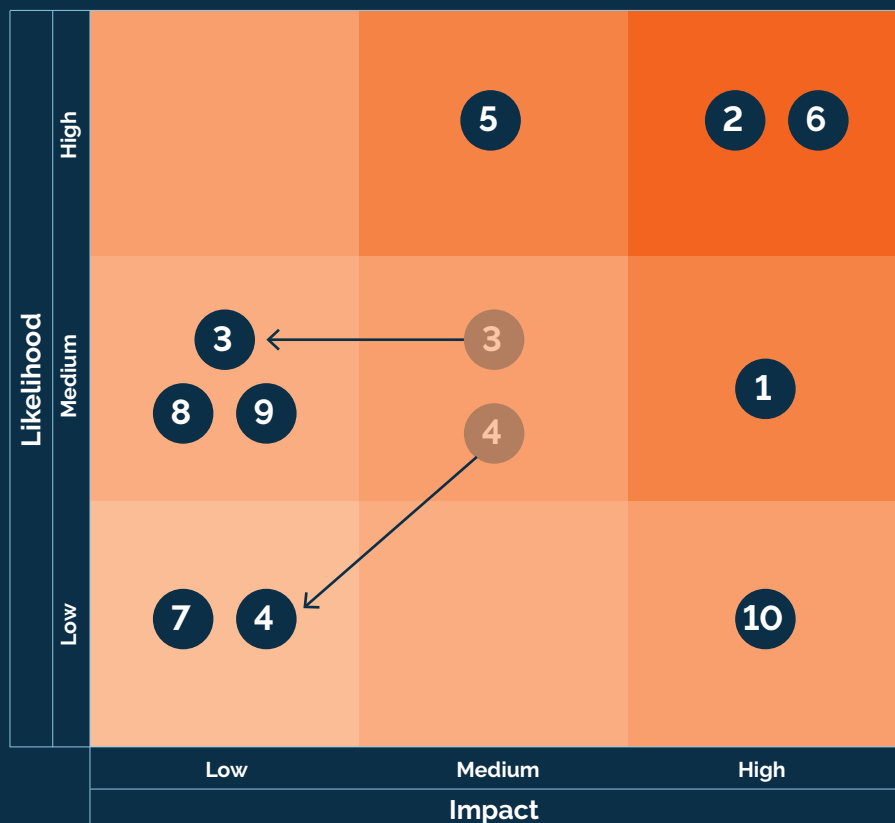
Group control environment

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

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

Risk matrix chart

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



Political and social change

1

Risks

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

Change in risk profile

In Germany, the coalition government implemented a significant increase to the minimum wage. This has an impact on our Commercial sector operations where pricing is often not margin based and so increases in labour costs are not automatically passed onto clients. We have worked with clients to manage the impact of this.

The ongoing war in Ukraine is not having a significant impact on the Group. We do not have operations in Ukraine or Russia but we have seen some impact on client supply chains, particularly in Germany in the first half of 2022, which has had a limited impact on demand. Additionally there has also been some impact on our UK based domestic services business which no longer works with sanctioned Russian clients.

In Peru, some significant changes to outsourcing regulations have increased restrictions around the services provided. We have adapted our operations to these and do not expect these to have any long-term impacts on the business.

How we mitigate the risk

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

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

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

Economic environment

2

Risks

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

Change in risk profile

The first half of 2022 continued the post-COVID economic recovery, however the second half of the year saw the emergence of inflationary and recessionary pressures with global GDP forecasts falling. Despite this we continued to see good demand from our clients, driven by skills and labour shortages which are expected to remain for the foreseeable future.

High levels of inflation look to have peaked but continue to be a factor in driving wage growth in many of our markets which creates both opportunities and challenges for us.

How we mitigate the risk

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

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

Risks and uncertainties continued

Loss of key staff

3

Risks

The Group's success relies on recruiting and retaining key staff.

The loss of a key staff member without a suitable successor in place could impact trading and profitability. The choice of the wrong manager for a business could lead to sub-optimal decision-making and losing ground to competitors or failing to operate procedures properly and so being at risk of reputational damage or penalties.

Change in risk profile 

We've embedded our regional structure, implemented during 2021, providing greater stability and a more agile and stronger structure. It improves the opportunity for career growth and reduces the risks when an individual operational leader leaves the Group.

There have been limited changes to key operational management during the year and we have seen some success in promoting from within the Group into leadership positions.

How we mitigate the risk

Our regional management structure creates career paths within the Group, improving retention and giving us greater ability to adapt if operational leaders leave.

Incentive plans are aligned with the Group's objectives with long-term incentives in place for senior leadership.

Investments poorly executed

4

Risks

There is a risk of losing value from poorly executed external investments. If an investment is overvalued the Group could pay too much for it and risk a lower return on investment in the future. A poorly executed integration could lead to lost value or lost opportunities.

Investment in existing operations, whether in new offices, changes in processes, or in technology, could, if poorly implemented, have an adverse impact with the potential to harm existing business.

Change in risk profile 

The Group has undertaken no significant external investments in 2022.

We are investing in implementing Bullhorn and associated technology as a common front-office platform across our Group. This will help improve the Group's competitiveness and is expected to deliver significant benefits. A further three locations went live in 2022, and we now have around two-thirds of the operations in the Group on Bullhorn. The internal expertise we have built in this area is further reducing the implementation risk and cost.

How we mitigate the risk

All material external investments must have Board approval with a clearly defined integration plan. Due diligence findings need to be acted upon to minimise risks identified pre-acquisition. Funding requirements must be taken into account to ensure sufficient and appropriate funding is in place. With our people-focused business model, the fit of the people is the most important factor and is the first criteria that must be met before any investment is pursued.

Any internal investments which require significant outlay or commitment are subject to Board review and authorisation either as part of the annual budgeting process or separately as appropriate. Our ongoing Bullhorn implementation is a significant investment for the Group and is being undertaken in a phased way, operation by operation, but with a single Group-wide approach, to reduce implementation risks.

Financial

5

Risks

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

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

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

Change in risk profile

The Group has remained fully compliant with all its covenants in the period and has seen its facility headroom increase significantly. Subsequent to the reporting date, in March 2023, the Group has successfully refinanced its revolving credit facility for a further three year period.

Base rates rose significantly through 2022 and although the Group's level of debt has reduced, this has led to a significant increase in the Group's interest cost, the full year effect of which will start to be felt in 2023. As well as reducing profits, this will lower the Group's interest cover which is a key banking covenant. The Group has significant headroom against these covenants and based on current forecasts expects to continue to do so.

Sterling exchange rates remain volatile and foreign currency movements have had a positive impact on the reporting of the Group's revenue, profits and net assets from overseas operations in 2022.

How we mitigate the risk

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

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

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

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

Cyber security and data protection

6

Risks

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

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

Change in risk profile

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

The Group has been working with a third-party data protection advisory service, including provision of a formal data protection officer role, which is continuing to improve the identification and reduction of any exposures and the controls and policies around this.

How we mitigate the risk

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

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

Engaging with our stakeholders

Stakeholder	How we engage
<p>Our employees</p>	<p>Retaining, developing and engaging our talent is key to the success of our business. In 2022 we undertook several training and talent development programmes aimed at nurturing the future leaders of the business.</p> <p>Staying connected and engaging our teams across the globe is a key priority for the Group. We drove global collaboration through:</p> <ul style="list-style-type: none"> • quarterly leadership events; • CEO Chats; • networking, health and wellbeing events; • training events; • Top Talent programmes; and • sharing of cultural events. <p>Diverse teams drive successful business results, and we are proud of the diversity we have at Empresaria. We carry out an annual DE&I survey to ensure we are creating an inclusive workplace where everyone can flourish.</p>
<p>Our candidates</p>	<p>Our success relies on us being able to attract and engage talent with the skill sets our clients need. Talent shortages were prevalent in many sectors and markets in 2022 and so building engaged talent communities was a key priority.</p> <p>Our aim is to create a positive experience for those who trust us with their careers, either being placed in a permanent role or a temporary assignment with one of our clients.</p> <p>Regular communication and engagement is critical, and we engage with our candidates in a number of ways: through direct contact from our consultants, through our brand websites and social media channels, through community engagement, and through our technology portals. By building strong relationships we go beyond a transactional relationship to become a long-term career partner.</p>
<p>Our clients</p>	<p>By putting our clients at the heart of everything we do we build deep, long-term relationships with our customers. Our success is built on their success, and we can only achieve this by acting as a partner and trusted adviser. In 2022, we worked in partnership with our clients to identify and deliver to their requirements and work with them to ensure the safety of our candidates.</p> <p>With our new regional sales structure, we have been able to further develop our service offering to better meet our clients' needs whether that is through regional agreements or new solutions.</p>
<p>Our communities</p>	<p>Across the Group, our operations and their teams work with local communities and charities to positively impact the lives of those who need support. Each business targets specific organisations that reflect the needs of those communities. Further details are provided on page 33.</p>
<p>Our shareholders</p>	<p>We engage with shareholders to maintain a mutual understanding of objectives and to manage expectations. Relations with shareholders and potential investors are managed principally by the Executive Directors, who are contactable both directly and via our financial PR adviser.</p> <p>The Executive Directors make regular presentations to investors, meet with shareholders to discuss and obtain their views, present to the wider investor community using the Investor Meet Company platform and communicate regularly during the year. In 2022 we held an in-person Capital Markets Day to outline the Group's medium-term ambition and introduce our regional leaders to investors.</p> <p>The annual and interim presentations made to investors, interviews with the Executive Directors and the Capital Markets Day presentation are all made available on the Company's website.</p> <p>The Company also retains a financial PR adviser, joint house brokers and equity research analysts, who each provide feedback from existing shareholders and potential investors.</p>

Environmental impact

Our industry typically has a low environmental impact, however the Group is committed to minimising this impact as much as possible. Our 2022 initiatives included: participation in recycling programmes for office waste, use of green energy providers, reliance on electronic media for marketing and communications, including providing this annual report in electronic format unless requested otherwise, and the use of video conferencing to minimise travel as far as is practical.

Contributing to communities

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

In 2022, the Group donated £10,000 to UNHCR to support those who fled their homes due to the ongoing war in Ukraine and were seeking refuge across Europe. Our teams across the Group also participated in local fundraising initiatives in support of Ukraine.

Across the globe our teams have been involved in activities that provide help, support or money to good causes in their local communities. Examples of activity across the Group in 2022 include:

- **In the UK** we took part in the 3 Peaks Challenge to raise funds for AbilityNet who improve the lives of people with disabilities and older people, by helping them to use computers and other digital technology to achieve their goals at home, at work and in education.



- **In Australia** we supported Movember, a leading charity supporting men's health as well as Guide Dogs Australia.

- **In Chile** we took part in a Telethon to raise funds for children with special needs.
- **In Germany** we made donations to youth sports and sports institutions who we have been supporters of for many years.
- **In India** we supported a number of causes through our People Possible Foundation, including:
 - **Garbage to Growth initiative:** Developing proper Garbage Collection, Segregation and Treatment for the cantonment of Ahmedabad.
 - **Health and Wellness:** Supporting the distribution of winter jackets to protect vulnerable people against the harsh weather.
- **In Indonesia** we supported the victims of the Cianjur earthquake.
- **In the Philippines** we donated to nursery students and children from the Sala Cabuyao City Laguna, Philippines community.
- **In Vietnam** we donated to the Tum Dac orphanage.

S172 statement

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

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

- the likely consequences of any decision in the long term: See strategic objectives on page 15, our business model on pages 10 and 11 and risks and uncertainties on pages 28 to 31;
 - the interests of the Group's employees: See engaging with our stakeholders on page 32;
 - the need to foster the Company's business relationships with suppliers, customers and others: See engaging with our stakeholders on page 32;
 - the impact of the Company's operations on the community and environment: See engaging with our stakeholders on pages 32 and 33;
 - the desirability of the Company maintaining a reputation for high standards of business conduct: See engaging with our stakeholders on page 32 and corporate governance statement on page 40; and
 - the need to act fairly between members of the Company: See engaging with our stakeholders on page 32 and the corporate governance statement on page 39.
- The principal decisions taken through the year are discussed in greater detail throughout the strategic report. These key decisions included:
- creation and launch of our *Roadmap to £20m* and hosting a Capital Markets Day: See Chief Executive's Q&A on page 12 and corporate governance statement on page 39;
 - appointment of Cenkos as joint broker: See corporate governance statement on page 39;
 - the structure of the board including the search for two Non-Executive Directors and the retirement of our longstanding Chair: See corporate governance statement on page 39 and Nomination Committee report on page 44; and
 - continuation of and level of the Group's share buy-back programme: See Directors' remuneration report on page 46.

Introduction to corporate governance

“A sound framework to ensure strong governance, accountability and stakeholder confidence.”



Penny Freer
Chair

I am pleased to present an update on corporate governance for the year ended 31 December 2022. Following the retirement of Tony Martin CBE as Chair of the Board, I have been honoured to serve as Interim Chair and now as Chair of the Board. A primary purpose of the Company is to deliver long term shareholder value and to achieve our sustainable growth goals, it is vital that we have in place a robust corporate governance framework. A foundation stone of this framework is the composition of our Board; ensuring that it is strong and capable, that it promotes and demonstrates our core values, that it can draw on wide pools of skills and experience and that it is receptive to new ideas and innovations and to constructive challenge.

Introduction











As Chair, my role is to lead and guide the Board so that it can discharge its duties effectively. I am responsible for promoting best practice in corporate governance and for overseeing the development, adoption, delivery and communication of an effective corporate governance model for the Company. The Board collectively develops and determines the Group's purpose, strategy and overall commercial objectives. The Board ensures that the Group adopts policies and procedures that it considers appropriate having regard to its size and activities.

The Board is committed to ensuring that a strong governance framework operates throughout the Group, recognising that good corporate governance is a vital component to support management in their delivery of the Group's strategic objectives and to operate a sustainable business for the benefit of all stakeholders. The process of identifying, developing and maintaining high standards of corporate governance is ongoing and dynamic, to reflect changes in the Group and its business, the composition of the Board and developments in corporate governance.

The QCA Code

The Board considers that the QCA corporate governance Code 2018 is most appropriate to the size of the Company, the regulatory framework that applies to AIM companies and is best aligned to the expectations of the Company's stakeholders. The Board considers that the Company does not depart from any of the principles of the QCA Code and the relevant disclosures and explanations are set out in this corporate governance statement.

The QCA's ten principles of corporate governance

QCA principles	Compliant	Further reading
Deliver growth		
1. Establish a strategy and business model which promote long-term value for shareholders.		For more information: See pages 10 to 11 and 15 
2. Seek to understand and meet shareholder needs and expectations.		For more information: See pages 32 and 39 
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.		For more information: See pages 32 and 33 
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.		For more information: See pages 28 to 31 
Maintain a dynamic management framework		
5. Maintain the board as a well-functioning, balanced team led by the chair.		For more information: See pages 34 to 41 
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.		For more information: See pages 34 to 41 
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.		For more information: See pages 40 
8. Promote a corporate culture that is based on ethical values and behaviours.		For more information: See pages 2, 10, 11, 32, 33 and 40 
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.		For more information: See pages 28 to 31 and 33 
Build trust		
10. Communicate how the company is governed and is performance by maintaining a dialogue with shareholders and other relevant stakeholders.		For more information: See pages 32, 38 and 39 

Board of Directors and Secretary



Penny Freer

Chair



Appointed: December 2005

Skills and experience:

Penny was appointed Interim Chair of the Board in June 2022 and Chair in March 2023. Penny has worked in investment banking for over 25 years. Until 2004 Penny was Head of Equity Capital Markets at Robert W Baird and from 2004 to 2005, Deputy Chair of Robert W Baird Limited. Prior to this she was Head of Small/Mid Cap Equities for Credit Lyonnais. Penny is Chair of AP Ventures LLP and holds various other board appointments.

Other key external appointments:

Chair of Crown Place VCT plc and Chair of The Henderson Smaller Companies Investment Trust plc



Rhona Driggs

Chief Executive Officer

Appointed: November 2018

Skills and experience:

Rhona was appointed as Chief Executive Officer in June 2019 having previously served as Chief Operating Officer since November 2018. Rhona has over 30 years' experience working in international companies within the staffing sector and has a proven record of delivering growth and driving innovation. She has been recognised for the past seven consecutive years as one of the Staffing Industry Analysts' 'Global Power 150, a list of the Most Influential Women in Staffing' and was recognised in 2022, for the third consecutive year, as one of Europe's Top 100 most influential leaders in staffing. Rhona's most recent role before joining Empresaria was President of Volt Global Solutions, with responsibility for the Managed Services division. Prior to that, Rhona was Executive Vice President for the commercial and technical staffing operations in North America where she ran a \$1.2 billion staffing business. She has an in-depth knowledge of the latest trends and operating models in the sector. Rhona joined the Women Business Collaborative (WBC) Advisory Council in January 2021.

Other key external appointments:

None



Tim Anderson

Chief Financial Officer

Appointed: March 2018

Skills and experience:

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


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

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

Other key external appointments:

None

Committee membership

-  Committee Chair
-  Audit Committee
-  Remuneration Committee
-  Nomination Committee



Zach Miles

Non-Executive Director



Appointed: October 2008

Skills and experience:

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

Other key external appointments:

Chair of Bright Network (UK) Limited



Steve Bellamy

Non-Executive Director



Appointed: January 2023

Skills and experience:

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

Other key external appointments:

Senior Independent Director of Caffyns PLC



Ranjit de Sousa

Non-Executive Director



Appointed: February 2023

Skills and experience:

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

Other key external appointments:

None



James Chapman

General Counsel and Company Secretary

Appointed: June 2015

Skills and experience:

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

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

Other key external appointments:

None

Corporate governance statement

The role and functioning of the Board

The Board is comprised of a Non-Executive Chair, two Executive Directors and three Non-Executive Directors. The Directors have a balance and depth of skills, experience, independence and knowledge of the Group and the staffing industry, which enables them to discharge their respective duties and responsibilities effectively.

The Board is collectively responsible for the long-term success of the Company. The Group's strategy, business model and annual budget are developed by the Chief Executive Officer and the senior management team and approved by the Board. The management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level. This strategy and business model, designed to promote long-term value for shareholders, is described in the strategic report on pages 2 to 33 and on the Company's website.

The Company is controlled through the Board, which has established Committees for Audit, Remuneration and Nominations, to which it delegates clearly defined powers. The terms of reference for the Committees are reviewed annually. During the year, the terms of reference for all the Committees were reviewed and the Board was satisfied they remain fit for purpose. Each Committee's terms of reference can be found on the Company's website.

There is a formal schedule of matters reserved for consideration by the Board, which includes responsibility for the following:

- approval of overall strategy and objectives;
- approval of the annual budget and monitoring progress towards its achievement;
- changes to the Group's principal activities;
- changes to the senior management structure;
- changes to capital structure;

- approval of annual and interim financial statements;
- approval of related party transactions;
- approval of financing arrangements and treasury policy;
- approval of material investments and disposals;
- approval of material unbudgeted expenditure; and
- approval of significant Group policies.

These reserved matters are reviewed by the Board, at least annually, to ensure they remain appropriate and complete. In December 2022, the Board considered and made changes to the schedule of matters reserved for Board approval. In tandem, the Board also reviews an approved schedule of operational matters, which are delegated to management of the operating subsidiaries. During the year, the Board reviewed the delegated authority and determined that it remained fit for purpose.

Non-Executive Directors are required to devote such time as is necessary for the proper performance of the duties of their office. The Executive Directors are full-time employees.

During the year, there was 100% eligible attendance at all meetings of the Board and Committees. The following table shows the number of meetings held during the year, the attendance of each Director and their full years in office at the forthcoming 2023 AGM:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Tenure
Tony Martin ¹ (Chair)	4/4	-	-	-	N/A
Penny Freer ² (Non-Executive Director / Chair)	9/9	5/5	4/4	1/1	17 years
Zach Miles (Non-Executive Director)	9/9	5/5	4/4	1/1	14 years
Rhona Driggs (Chief Executive Officer)	9/9	-	-	-	4 years
Tim Anderson (Chief Financial Officer)	9/9	-	-	-	5 years

¹ Resigned as a Director on 6 June 2022

² Interim Chair from 6 June 2022 and Chair from 27 March 2023

Prior to the beginning of each year, Board and Committee meetings are scheduled in line with the key financial reporting dates. A document pack, comprising a full agenda and documents to be tabled, is distributed to all relevant Directors a week prior to each meeting. Any specific actions arising during meetings are agreed by the Board or Committee (as applicable) and a follow-up procedure monitors their completion. Monthly financial and operational reviews are distributed to the Board, irrespective of whether a scheduled meeting is to take place. This assists the Board to keep informed of developments on a regular basis.

All Officers are invited to submit items for discussion for each meeting agenda and time is also allocated at each meeting to discuss any other business, which all Officers are invited by the Chair to raise.

All Non-Executive Directors participate in strategy development and decisions required to implement actions to progress towards meeting the Group's objectives. During the year, the Group's Leadership Team presented the Three Year Strategy to the Board.

The Chair is responsible for the effective running of the Board and for ensuring that all Directors play a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives. The Chief Executive Officer's primary role is to deal with the running

of the Group's business and executive management of the Group. There is a clear division of responsibilities between the Chair and Chief Executive Officer, with no one individual having unfettered powers of decision. The Company Secretary, a solicitor since 2001, advises the Board and reports directly to the Chair on corporate governance matters, supports the Chair in the effective functioning of the Board and its Committees and facilitates the receipt by the Board of high quality information in a timely manner. He also heads up the Group's in-house legal team and advises the Board on legal and governance matters, helping to make sure that Board procedures and applicable rules and regulations are observed.

The Directors are also able to take independent professional advice in the furtherance of their duties as necessary.

Engagement with shareholders

The Board seeks to engage with shareholders to maintain a mutual understanding of objectives between them and the Company and to manage their expectations. Relations with shareholders and potential investors are managed principally by the Executive Directors. We will again be holding a hybrid AGM, with shareholders able to attend and ask questions either in person or via an online platform. Shareholders and potential investors are invited to ask questions at any time by emailing companysec@empresaria.com or via the Company's financial PR by emailing empresaria@almapr.co.uk. In line with our commitment to maintaining effective communication structures for all sections of our shareholder base, the Executive Directors delivered online presentations to investors (both existing and potential shareholders), via the Investor Meet Company platform to deliver our preliminary results presentation in March 2022 and our interim results presentation in August 2022. This platform allows for questions to be submitted both before and during the live presentation. The annual and interim presentations made to investors, interviews with the Executive Directors and a description of the Company's investment case, strategic objectives and business model are all

made available on the Company's website. In October 2022, the Company hosted a Capital Markets Day at the London Stock Exchange, with the Executive Directors and the regional leadership setting out the Group's roadmap to double adjusted operating profits in the medium term. In November 2022, the Company appointed Cenkos Securities plc as the Company's joint broker to broaden investor interest in the Company. The Company also retains a financial PR adviser, a house broker and an equity research analyst, who each provide feedback from existing shareholders and potential investors.

Stakeholders and social responsibilities

The Group's business model relies on developing and maintaining strong relationships with our employees, candidates/temporary workers, clients and regulatory authorities. The Board is conscious of its responsibility towards all stakeholders and believes this is an important consideration for the long-term growth of the business. Stakeholder engagement and feedback is taken seriously throughout the Group. Regular communication is made with all the Group companies and employees. The Group places considerable value on the involvement of our employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, information available on the Company's website and Workplace from Meta. The Group uses social media to engage directly with stakeholders through various channels, including Facebook, Workplace, Twitter and LinkedIn. The Group also engages with regulators and government agencies, for example in response to consultations or proposals, both directly and through membership of worldwide trade associations.

Risk management

Risk management remains the responsibility of the Board. The Audit Committee has delegated responsibility to keep under review the adequacy and effectiveness of the Company's internal financial controls and the internal control and risk management system.

Risk management is reviewed at Board meetings as part of the formal Board process. The Board has identified and evaluated the significant risks faced by the Group in delivering the Group's strategy. The Board has agreed how each risk is to be addressed and the necessary actions to be taken. Details of the principal risks identified are set out on pages 28 to 31. The Audit Committee meets specifically to review the effectiveness of the Group's risk management and internal control systems and to review the risks identified and progress of actions taken to manage the risks. Following the review, progress and actions are reported to the Board.

Experience, skills and capabilities

Biographical details of each of the Company's Officers, detailing relevant experience, skills and capabilities, can be found on pages 36 to 37. The Nomination Committee meets at least once a year to monitor and review the structure, size and composition of the Board. It considers succession planning and makes recommendations to the Board for any appointments, to ensure that the right skills and expertise are maintained by the Company for effective management. All members of the Board participate in the recruitment of members to the Board. After a search led by the Nomination Committee, in January and February 2023 the Company announced the appointments of Steve Bellamy and Ranjit de Sousa as independent Non-Executive Directors. Steve is a Chartered Accountant with extensive experience as a Chair and Non-Executive Director with a wide range of both public and private companies across a range of industries. Ranjit has extensive experience in the staffing industry, with particular expertise in strategic and digital transformation. The Directors determine the training requirements appropriate to their role and the needs of the Group. Directors attend relevant industry conferences and workshops throughout the year. The members of the Committees refresh their skills and knowledge by attending briefings and seminars and reviewing publications provided by various professional services firms and by audit and other regulatory bodies.

Corporate governance statement continued

Board performance

Formal Executive Director performance evaluations are conducted annually in preparation for the review and approval of annual remuneration packages. Each Non-Executive Director's performance is evaluated as an outcome of the formal performance evaluations of the Committee(s) of which they are a member. Performance evaluations identify and record achievements, training requirements and areas for improvement in relation to annual objectives and performance of their respective roles, in order to consider effectiveness. Objectives for the forthcoming year are defined along with identification of how achievements will be met, target dates and details of resource constraints or issues to ensure that actions are planned and taken as a result of the evaluation process.

Following the recent changes to the membership of the Board, it is anticipated that a third-party Board effectiveness advisor, with no connection to the Company or individual Directors, will be appointed to carry out an externally facilitated evaluation of the Board.

Promotion of corporate culture

The Company actively promotes integrity in its dealings with our employees, candidates/temporary workers, clients, suppliers and shareholders, and the authorities of the countries in which our brands operate. The Board recognises that the reputations of our brands are valuable assets gained over a long period and must be protected. The Group has a number of policies, including those for dealing with bribery, gifts, hospitality, corruption, fraud, tax evasion, modern slavery and inside information. The Board requires that all Group companies and employees adhere to the Empresaria Code of Conduct.

All employees must comply with the laws and regulations of the countries in which they operate and those responsible for the management of each operating subsidiary confirm to the Board annually their compliance with these and with the Group's policies and Code of Conduct. The Group's whistleblowing policy is publicised to all employees and an established anonymous

whistleblowing system is in place. There are several methods by which employees may ask questions of and provide feedback directly to members of the Company's senior management and the Board.

Our operating subsidiaries are required to ensure that advertising and public communications avoid untruths or overstatements. They are also expected to build relationships with suppliers based on mutual trust and endeavour to pay suppliers on time and in accordance with agreed terms of business. The work of our Group-wide DE&I committee helps us shape the Group's approach to this critical area and we remain committed to ensure equal opportunities for all staff, at every level, throughout the Group.

Independence

The independence of all Non-Executive Directors is reviewed annually, with reference to their tenure, independence of character and judgement and whether any circumstances or relationships exist that could affect their judgement. The Board assesses what would be the most desirable number of Non-Executive Directors for the Board, having regard to the size of the Group, the scope of its operations and the efficient functioning of the Board and the executive management team. The Board looks at the manner in which the component parts of the Board function together, the skills and external experiences of the Non-Executive Directors, their involvement and insight in Board and Committee meetings and their ability to challenge management objectively. Having regard to all such considerations, the Board is of the view that Penny Freer and Zach Miles remain independent, notwithstanding their periods of tenure. The Company noted in its previous Annual Report that the Board believes the Company would benefit from the additional experience and capacity of a further Non-Executive Director. In June 2022 the Chair of the Board retired and the Board expanded the search to two further Non-Executive Directors. Following a search of suitable candidates, in early 2023 the Company announced the appointments of Steve Bellamy and Ranjit de Sousa as independent Non-

Executive Directors. Steve and Ranjit serve on each of the Audit, Remuneration and Nomination Committees, and Steve will Chair the Audit Committee following the forthcoming AGM.

In accordance with the Companies Act 2006 and the Company's Articles of Association, each of the Directors has a duty to avoid a situation where they have, or might have, a direct or indirect interest that conflicts, or potentially may conflict, with the Company's interests. The Company has established procedures for the disclosure by Directors of any such conflicts for the Board to consider and, if appropriate, authorise. If such a conflict exists, the relevant Director is excused from consideration of the relevant matter. All additional external responsibilities taken on by Directors during the year were considered by the Board for any actual or potential conflicts that may arise. The Board is satisfied that the independence of the Directors who have additional external responsibilities is not compromised.

Section 172 statement:
See page 33



Governance structure

Board of Directors

Chair:	Penny Freer
Executive:	Rhona Driggs, Tim Anderson
Non-Executive:	Zach Miles, Steve Bellamy, Ranjit de Sousa
Secretary:	James Chapman

Responsible for protecting and advancing stakeholders' interests, providing overall direction for the Group and maintaining a framework of delegated authorities and controls.

Audit Committee

Audit Committee report:
See pages 42 to 43 [➤](#)

Audit Committee

- Zach Miles (Chair)
- Steve Bellamy
- Ranjit de Sousa

Monitors and reviews the integrity of financial statements, oversees the relationship with the external auditor and has oversight for internal control and risk.

Nomination Committee

Nomination Committee:
See page 44 [➤](#)

Nomination Committee

- Penny Freer (Chair)
- Zach Miles
- Steve Bellamy
- Ranjit de Sousa

Monitors and reviews the structure, size and composition of the Board and considers succession planning, to ensure the right skills and expertise, independence and diversity are maintained for effective management.

Remuneration Committee

Directors' remuneration report:
See pages 45 to 47 [➤](#)

Remuneration Committee

- Zach Miles (Chair)
- Penny Freer
- Steve Bellamy
- Ranjit de Sousa

Considers and sets remuneration policy for the Board and monitors the level and structure of remuneration and incentive schemes for senior management.

Audit Committee report

"I am honoured to have served as Chair of the Committee and am pleased to support Steve Bellamy as he takes over the role of Chair at the forthcoming AGM."



Zach Miles
Chair of the Audit Committee

The independent Non-Executive Directors who served on the Committee during the year are:

	Date of appointment to the Committee	Qualification
Zach Miles (Chair)	1 October 2008	Chartered accountant
Penny Freer	2 November 2010	-

Role and composition of the Audit Committee

The Audit Committee has responsibility, on behalf of the Board, to monitor the integrity of the financial statements of the Company, review the adequacy of internal control and risk management systems, and to oversee the relationship with the external auditor. The Committee makes recommendations to the Board that it deems appropriate, on any area within its remit, including where action or improvement is needed. The terms of reference for the Committee can be found on the Company's website.

The Committee's activities are primarily scheduled around the key events in the Company's annual financial reporting cycle. In addition to financial reporting, the Committee fulfils a vital role in the Company's governance framework, providing valuable independent challenge and oversight across the Group's non-financial reporting and internal control procedures. At the start of the year, the Audit Committee oversaw the first audit carried out by the Company's new external auditor, CLA Evelyn Partners (formerly Nexia Smith & Williamson Audit Limited), who were appointed following a competitive tender process in 2021.

The Committee is appointed by the Board from the independent Non-Executive Directors of the Company, with a minimum requirement of two such Directors, one of whom should be a financially qualified member. Zach Miles is a qualified accountant, and the Board considers him to have relevant financial experience that befits his role as Chair of the Committee. Appointments are for a period of up to three years, which may be extended for further periods of up to three years, provided the Director still meets the criteria for membership of the Committee. The Board considers that the Committee has competence relevant to the sector in which the Group operates.

In June 2022, Committee member Penny Freer was appointed Interim Chair of the Board. Under the Committee's terms of reference, the Committee shall comprise at least two members and the Chair of the Board shall not be a member of the Committee. The Board determined that it was preferable for the Committee to continue to have two members, notwithstanding her appointment as Interim Chair. Penny therefore continued temporarily as a second member of the Committee until a replacement could be appointed. In January 2023, Steve Bellamy was appointed as an additional independent Non-Executive Director and

member of each of the Audit, Remuneration and Nomination Committees, enabling Penny to stand down from the Committee. Steve is also a qualified accountant with extensive operational and financial experience across a range of industries. Steve will be replacing Zach as Chair of the Committee following the forthcoming AGM, although Zach will remain a member. In February 2023, Ranjit de Sousa was also appointed as an additional independent Non-Executive Director and member of each of the Audit, Remuneration and Nomination Committees.

Meetings

The Committee is required to meet at least three times per year. During 2022, the Committee held five formal meetings, which were scheduled around the Company's financial reporting timetable. The Committee invites the Chief Financial Officer and senior representatives of the external auditor to attend all of its meetings, although it reserves the right to request any of these individuals to withdraw from the meeting. A meeting is scheduled annually for the external auditor to meet with the Committee without management present, and the external auditor and the Committee can request additional such meetings at any other time.

Audit Committee activity

Financial and business reporting:

During the year, the Committee reviewed the 2021 financial statements, the 2022 interim statement (unaudited) and carried out a going concern review.

Reviews of the financial statements included the accounting policies, significant financial reporting issues and key judgements and estimates underpinning the financial statements, including:

- going concern;
- carrying value of goodwill and other intangible assets;
- appropriateness of provision balances;
- tax accounting, including deferred tax; and
- IFRS 16 Leases.

For the going concern review, the Committee examined the assumptions supporting the Group's profit and cash flow forecasts and the sensitivities applied to those forecasts, the banking facilities available and the assessment of the Group's covenant compliance based on the forecasts. Details of the matters reviewed are included in notes 1, 3, 13 and 14 to the consolidated financial statements.

For the areas discussed, the Committee was satisfied with the assumptions made and the accounting treatments adopted.

Risk management and internal control

Risk management is the responsibility of the Board. Further details about the process followed and principal risks and uncertainties that could affect business operations can be found in the strategic report on pages 28 to 31. The Committee keeps under review the adequacy and effectiveness of the Company's internal controls and risk management systems. During the year, the Committee's focus on risk control focused on cyber security and data protection issues as the rollout of centralised technology around the Group gathered pace and increased scale.

Due to the size of the Group, and the costs involved, the Committee continues to recommend to the Board that there is no requirement for a separate internal audit function. The Company has established a framework of key financial and operational controls across all the brands with compliance monitored by the central finance team. Any exceptions are reported to the Audit Committee and resolution thereof followed up by regional management.

Every year the Committee reviews the Group's risk framework reports, to be presented to, and discussed by, the Board.

The Group's whistleblowing policy contains arrangements for the Company Secretary to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters.

All employees have access via Workplace to the Group's mandatory Code of Conduct, which sets out the minimum expected behaviours for all employees, and the specific Group policies which are applicable throughout the Group. The Code of Conduct and Group policies are under continual review and updates are issued as appropriate.

External audit

The Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The terms of reference assign responsibility to the Committee for overseeing the relationship with the external auditor. During 2022, the Committee managed the relationship with the external auditor, oversaw their first audit of the Company, the negotiation and agreement of their fees and reviewed and monitored their independence and objectivity and the effectiveness of the audit process. The Group's policy on non-audit related services prescribes the types of engagements for which the external auditor can be used and those engagements which are prohibited. For engagement for services which are non-recurring in nature, prior approval must be sought from the Committee. Note 6 includes disclosure of the auditor's remuneration for the year, including an analysis of audit services and audit related services under those headings prescribed by law. First appointed in 2021 following a competitive tender process, a resolution to reappoint CLA Evelyn Partners Limited as the Company's auditor will be proposed at the forthcoming AGM.

Assessment of the Audit Committee

Following completion of the 2022 audit processes, the Committee conducted a self-assessment of its performance. The evaluation process measured performance against its terms of reference, including:

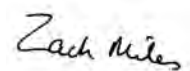
- presentation of risk register by the Chief Financial Officer;
- review and implementation of risk management processes by subsidiaries;
- ongoing, regular reviews of internal controls; and
- monitoring developments in corporate governance and compliance.

The Board concluded that the Committee has acted in accordance with its terms of reference and had ensured the independence and objectivity of the external auditor.

At the forthcoming AGM, Steve Bellamy will take over as Chair of the Committee. I am honoured to have served as Chair of the Committee and look forward to working with Steve to handover the Chair responsibilities and support him in this role.

If there are any questions about the work of the Committee, you are welcome to send them to companysec@empresaria.com.

On behalf of the Audit Committee



Zach Miles
Chair of the Audit Committee
27 March 2023

Nomination Committee report

“Following a thorough search process, we have been delighted to secure the appointments of Steve Bellamy and Ranjit de Sousa.”



Penny Freer
Chair of the Nomination Committee

The independent Non-Executive Directors who served on the Committee during the year are:

	Date of appointment to the Committee
Penny Freer (Chair)	5 November 2013
Zach Miles	5 November 2013

Role and composition of the Nomination Committee

The Nomination Committee has responsibility, on behalf of the Board, to keep under review the structure, size and composition of the Board and the leadership needs of the Group. The terms of reference for the Committee can be found on the Company’s website. The Committee is required to report to the Board on its proceedings and make recommendations it deems appropriate, on any area within its remit, including where action or improvement is needed.

The Committee is appointed by the Board from the Non-Executive Directors, with a minimum requirement of two such Directors. Appointments to the Committee are made by the Board and are for a period of up to three years, which may be extended for further periods of up to three years, provided the Director still meets the criteria for membership of the Committee. Steve Bellamy and Ranjit de Sousa became members of the Committee immediately on their appointment as independent Non-Executive Directors in January and February 2023 respectively.

Activities of the Nomination Committee

As reported in the 2021 Annual Report, the Board believed the Company would benefit from the additional experience and capacity of a further Non-Executive Director and a search had commenced to identify a suitable appointee. In June 2022, the Company announced the retirement of Tony Martin, CBE, from the Board. Having served as Chair of the Board since 2004, Tony’s contribution to the Group has been tremendous. The Board invited me to take on the role of Interim Chair, which I accepted, and the Nomination Committee expanded the search process to identify two new independent Non-Executive Directors. The Committee met frequently throughout the year on these matters and an external executive search agency was engaged to assist with the searches. On my appointment as Interim Chair of the Board, Zach Miles replaced me as Chair of the Remuneration Committee.

By the end of the year, the Committee had selected Steve Bellamy as its preferred candidate. Steve has extensive experience gained across a variety of roles working with ambitious growth companies such as ours. He will add significant value to the Board and to the Group as a whole. Steve has a finance background, qualifying as a Chartered Accountant, and from his appointment in January 2023, was able to replace me as the second member of the Audit Committee as required by the Committee’s Terms of Reference. Steve will replace Zach as Chair

of the Audit Committee at the forthcoming AGM and Zach will remain as Chair of the Remuneration Committee. In February 2023, the search for the second new appointment was concluded with the appointment of Ranjit de Sousa. Ranjit has many years of experience in the staffing industry, with particular expertise in strategic and digital transformation. All Non-Executive Directors serve on all Board Committees, with the exception that, as Chair of the Board, I no longer serve on the Audit Committee.

The Committee continues to consider the adequacy of the succession plan approved by the Board and is pleased with the progress made year on year to strengthen the quality and depth of operational leadership around the Group. The Committee takes a lead role in challenging the business’s commitment to diversity, equality and inclusion and it is pleasing to note that both the Chair of the Board of Directors and the Chief Executive Officer are female.

If there are any questions about the work of the Committee, you are welcome to send them to companysec@empresaria.com.

On behalf of the Nomination Committee

Penny Freer
Chair of the Nomination Committee
27 March 2023

Directors' remuneration report

The information provided in this part of the Directors' remuneration report is not subject to audit.

Role and composition of the Remuneration Committee

The Remuneration Committee has responsibility, on behalf of the Board, for determining the policy for Directors' remuneration and setting the remuneration for the Chair of the Board, Executive Directors, Company Secretary and certain senior management. The terms of reference for the Committee can be found on the Company's website.

The Committee is required to report to the Board on its proceedings and all matters within its duties and responsibilities.

The Committee is appointed by the Board from the independent Non-Executive Directors, with a minimum requirement of two such Directors. No Director is involved in any decisions as to their own remuneration.

The independent Non-Executive Directors who served on the Committee during the year were:

	Date of appointment to the Committee
Zach Miles (Chair)	1 October 2008
Penny Freer	13 December 2005

Meetings

In June 2022, Zach Miles replaced Penny Freer as Chair of the Committee following Penny's appointment as Interim Chair of the Board. The Committee is required to meet at least twice a year and at such times as the Chair of the Committee shall require. During 2022, the Committee held four formal meetings and maintained an active dialogue throughout the year. The Chief Financial Officer is invited to attend meetings where appropriate. Steve Bellamy and Ranjit de Sousa were appointed members of the Committee on their appointments as independent Non-Executive Directors in January and February 2023, respectively.

Remuneration practices

The Committee recommended and monitored the level and structure of remuneration for senior management as well as monitoring remuneration trends across the Group. An annual review was carried out on the ongoing appropriateness and relevance of the remuneration policy.

The basic annual salary of the executive management team is reviewed annually by the Committee. The remuneration for the Non-Executive Directors is determined by the Board within the limits set by the Articles and is based on information on fees paid in similar companies, and the skills and expected time commitment of the individual concerned and their roles on the Board's Committees. The fees are reviewed each year as part of the annual budgeting process. The fees for Non-Executive Directors were not increased for 2023.

Linking remuneration policy to business objectives

Executive remuneration packages must be competitive and are designed to attract, retain and motivate the executive management, while aligning rewards with the business objectives and performance of the Group, and the long-term interests of shareholders.

It is the Company's policy for the largest proportion of the performance-related pay of the executive management team to be linked to key performance indicators of the Company. The Company's key objectives include developing sustainable growth in earnings and profits, through a combination of organic growth and investments, which should lead to an increase in distributions to shareholders and in the share price. The key performance measures chosen linking executive remuneration to the achievement of these objectives were profits, earnings per share and share price. The remainder of the executive performance-related pay is linked to the achievement of personal objectives, which are aligned with the Board's strategy for the Group.

Directors' contracts and letters of appointment

It is the Company's policy that Executive Directors should have contracts with indefinite terms providing for a maximum of 12 months' notice. In the event of termination, the Executive Directors' contracts provide for compensation up to a maximum of the basic remuneration package for the notice period.

The details of the Executive Directors' contracts are summarised as follows:

Director	Effective date of contract	Notice period
Rhona Driggs	8 November 2018	12 months
Tim Anderson	21 March 2018	6 months

Non-Executive Directors serve under letters of appointment, which either party can terminate on three months' written notice.

The Non-Executive Directors have no right to compensation on the termination of their appointments.

Directors' remuneration report continued

Long Term Incentive Plan ('LTIP')

The Committee has responsibility for supervising the Company's LTIP and making awards ('Awards') under its terms. Awards are made in the form of nil-cost options over Ordinary Shares, to the Company's executive management team and senior leadership team. The maximum value of Ordinary Shares that could be awarded to any individual in a year is 175% of their basic salary. The Committee reviews the final audited results of the Company prior to agreeing if Awards are to be made and the extent to which Awards are to vest. Non-Executive Directors do not participate in the LTIP.

Performance targets are growth in profitability, earnings per share and share price over the relevant (typically three-year) performance period. During the year, the Awards that were granted in 2019 for vesting in March 2022, lapsed in full.

A summary of the vesting and lapsing of Awards over the past ten years is as follows:

Year of Award	Year of vesting	Awards	Awards vested	Percentage vested	Awards lapsed	Percentage lapsed
2013	2017	957,746	676,539	71%	281,207	29%
2014	2018	657,408	86,194	13%	571,214	87%
2016	2019	437,855	-	0%	437,855	100%
2017	2020	363,178	-	0%	363,178	100%
2018	2021	761,992	-	0%	761,992	100%
2019	2022	911,578	-	0%	911,578	100%
2020	2023	155,000	-	0%	155,000	100%
2022	2025	15,929	-	0%	15,929	100%

A summary of outstanding Awards (yet to vest or lapse) at 31 December 2022 is as follows:

Year of Award	Year of vesting	Awards
2020	2023	1,808,159
2021	2024	1,088,889
2022	2025	1,141,177

At 31 December 2022, there were vested unexercised options over 314,995 Ordinary Shares and unvested Awards over a maximum of 4,038,225 Ordinary Shares. Since 2020, the Company has conducted a share purchase plan where the Company transfers purchased Ordinary Shares to the Company's Employee Benefit Trust with the intention that they be used to satisfy the exercise of options vested under the LTIP to reduce the dilutive effect of issuing new Ordinary Shares. The Board's policy is to satisfy the exercise of options equally through the allotment of new Ordinary Shares and by transfer of Ordinary Shares from the Employee Benefit Trust.

Aggregate Directors' remuneration (audited information)

The total amounts for Directors' remuneration are as follows:

Year of Award	2023			2022			2021				
	Salary & fees £000	Salary & fees £000	Benefits -in-kind £000	Annual bonuses £000	Money purchase pension contributions £000	Total £000	Salary & fees £000	Benefits -in-kind £000	Annual bonuses £000	Money purchase pension contributions £000	Total £000
Executive											
Rhona Driggs ¹	385	385	22	182	-	589	304	18	91	-	413
Tim Anderson	208	200	7	165	20	392	165	5	51	17	238
Non-Executive											
Tony Martin ²	N/A	50	-	-	-	50	67	-	-	-	67
Penny Freer ³	75	66	-	-	-	66	43	-	-	-	43
Zach Miles	55	55	-	-	-	55	43	-	-	-	43
Steve Bellamy ⁴	49	-	-	-	-	-	-	-	-	-	-
Ranjit de Sousa ⁵	39	-	-	-	-	-	-	-	-	-	-
						1,152					804

1 2021 figures translated from USD to GBP at the rate of GBP 1 : USD 13757. 2022 and 2023 figures translated from USD to GBP at the rate of GBP 1 : USD 12363.

2 Resigned as a Director on 6 June 2022

3 Interim Chair of the Board from 6 June 2022 and Chair from 27 March 2023

4 Appointed 16 January 2023

5 Appointed 20 February 2023

Long-term incentives (audited information)

Details of the Awards for the executive management team who served during the year are as follows:

Name of Officer	Year of Award	Awards at 1 January 2022	Awards granted during 2022	Awards lapsed during 2022	Vested Awards (options granted)	Options exercised
Rhona Driggs	2019	261,233	-	261,233	-	-
	2020	932,401	-	-	-	-
	2021	505,051	-	-	-	-
	2022		374,209			
Tim Anderson	2019	205,000	-	205,000	-	-
	2020	500,000	-	-	-	-
	2021	333,333	-	-	-	-
	2022		252,844			
James Chapman	2019	162,586	-	162,586	-	-
	2020	375,758	-	-	-	-
	2021	250,505	-	-	-	-
	2022		164,348			

Shareholding guidelines

There are no requirements for Executive Directors or senior executives to hold shares in the Company.

Details of the shareholdings of Directors who served during the year are as follows:

	31 December 2022		31 December 2021	
	Number of Ordinary Shares	Percentage holding	Number of Ordinary Shares	Percentage holding
Tony Martin ¹	13,924,595	27.93%	13,924,595	27.93%
Penny Freer	15,000	0.03%	15,000	0.03%
Zach Miles	-	-	-	-
Rhona Driggs	85,000	0.17%	45,000	0.09%
Tim Anderson	140,000	0.28%	100,000	0.20%
Total	14,164,595	28.41%	14,084,595	28.25%

¹ Resigned as a Director on 6 June 2022

No Director had any beneficial interest in the share capital of any other Group company.

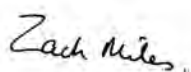
Assessment of the Remuneration Committee

The Committee conducted a self-assessment of its performance during the year. The evaluation process measured performance against its terms of reference, including:

- executive short and long term incentive plans reviewed and assessed considering current best practice, performance measures and the long-term strategic goals of the Group; and
- widening the recipients of LTIP Awards to include all members of the senior leadership team.

If there are any questions about the work of the Committee, you are welcome to send them to companysec@empresaria.com.

This report was approved by the Board of Directors on 27 March 2023 and signed on its behalf by



Zach Miles
Chair of the Remuneration Committee
27 March 2023

Directors' report

The Directors present their annual report on the affairs of Empresaria Group plc, together with the financial statements and auditor's report, for the year ended 31 December 2022. The strategic report set out on pages 2 to 33 and the corporate governance statement set out on pages 38 to 40 form part of this report.

Future developments

An indication of likely future developments in the business of the Group is included in the strategic report. In March 2023, the Group's revolving credit facility was refinanced for a three year term to March 2026. Otherwise, there have not been any significant events since the balance sheet date.

Financial risk management

Information regarding financial risk management can be found in note 22 to the consolidated financial statements.

Dividends

For the year ended 31 December 2022 the Directors recommend a final dividend of 1.4p per Ordinary Share of 5p in the Company to be paid on 15 June 2023 to shareholders on the register on 26 May 2023. A dividend of 1.2p was paid for the year ended 31 December 2021.

Share capital structure

At 31 December 2022, the Company's issued share capital was 49,853,001 Ordinary Shares with a nominal value of 5p per share; all of the issued share capital was in free issue and all issued shares are fully paid. The Company's Ordinary Shares are quoted and admitted to trading on the AIM market operated by the London Stock Exchange plc. The holders of Ordinary Shares are entitled to receive the Company's Reports and Accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. None of the Ordinary Shares carry any special rights with regards to control of the Company or distributions made by the Company. There are no known agreements relating to, or restrictions on, voting rights attached to the Ordinary Shares (other than the 48 hour cut-off for casting proxy votes prior to a general meeting). There are no restrictions on the transfer of shares, and there is no requirement to obtain approval for a share transfer. There are no known arrangements under which financial rights are held by a person other than the holder of the Ordinary Shares. There are no known limitations on the holding of Ordinary Shares.

Power of Directors

The Directors are authorised to issue and allot shares and to buy back shares subject to annual shareholder approval at the AGM. Such authorities were granted by shareholders at the 2022 AGM, and at the 2023 AGM it will be proposed that the Directors be granted new authorities to allot and buy back shares.

Repurchase of shares

On 17 June 2020, the Company announced a share buyback programme to purchase up to £25,000 per month of its own shares ('Programme'). All of the shares purchased under the Programme are held as treasury shares until they are transferred to the Empresaria Employee Benefit Trust ('EBT'), with the intention that they will be used to satisfy the exercise of options vested under the Company's Long Term Incentive Plan.

During the year ended 31 December 2022, the Company purchased 457,755 of its own Ordinary Shares, at a net cost of £297,698.86, and transferred the 457,755 Ordinary Shares from treasury to the EBT, for nil consideration. At 31 December 2022, the Company held no Ordinary Shares in treasury.

At the date of this annual report, the Company has 49,853,001 Ordinary Shares in issue, none of which are held by the Company as treasury shares, and has an unexpired authority to purchase up to a further 2,179,128 Ordinary Shares. Details of the new authority being requested at the 2023 AGM will be contained in the circular to shareholders, which will be available on the Company's website. Details of the Ordinary Shares held by the EBT are set out in note 21 to the consolidated financial statements.

Directors and their shareholdings

Details of the Directors who held office during the year, and their shareholdings at 31 December 2022, are set out in the Directors' remuneration report on page 47.

Directors' indemnities and insurance

The Company maintains Directors' and Officers' liability insurance which provides appropriate cover for any legal action brought against its Officers. The Company has also granted indemnities to each of its executive management team, being the Executive Directors and the Company Secretary, to the extent permitted by law. The qualifying third-party indemnity provisions as defined by Section 234 of the Companies Act 2006, remain in force in relation to certain losses and liabilities which the relevant individual may incur to third parties in the course of acting as officers or employees of the Company or of any associated company. Neither the insurance nor the indemnities provide cover where the relevant individual has acted fraudulently or dishonestly.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2021: £nil).

Substantial shareholdings

At 31 December 2022, the following interests in 3% or more of the issued Ordinary Share capital of the Company in the register maintained under section 113 of the Companies Act 2006 were identified:

Name of holder	No. of Ordinary Shares	Percentage of voting rights and issued share capital
A V Martin ¹	13,924,595	27.93%
H M van Heijst	6,450,000	12.94%
Kempen Capital Management	5,673,254	11.38%
Close Brothers Asset Management	5,410,753	10.85%
Beleggingsclub't Stockpaert	3,645,000	7.31%
The Ramsey Partnership Fund	2,441,000	4.90%
Ophorst van Marwijk Kooy	1,638,328	3.29%
Allianz Global Investors	1,590,000	3.19%

1 Resigned as a Director on 6 June 2022

Disabled employees

Applications for employment by disabled persons are always fully considered, having regard to the particular aptitudes of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. The Group supports disabled employees in all aspects of their training, career development and promotion.

Employee involvement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is described further in the corporate governance statement (stakeholders and social responsibilities) and in the 'engaging with our stakeholders' section on page 32.

Energy and Carbon Reporting

The Group is subject to the UK Energy and Carbon reporting regulations. All of the Group's UK subsidiaries and Parent Company are exempt based on the qualifying conditions contained in those regulations. As a result, no further disclosures are provided in this report.

Cautionary statement

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

Auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is 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 Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Following a competitive tender process, CLA Evelyn Partners Limited (formerly Nexia Smith & Williamson Audit Limited) were appointed as the Company's independent auditor for the 2021 financial year. CLA Evelyn Partners Limited have expressed their willingness to continue as auditor for the 2023 financial year and a resolution will be proposed at the forthcoming AGM.

Annual General Meeting 2023

The 2023 AGM will be held at 1:00 pm on Tuesday 23 May 2023. The AGM will again be hosted both in person and on a digital platform, providing all shareholders with a facility to attend, vote and submit questions. Instructions are detailed in the Notice of AGM which is sent out at least 20 working days before the AGM and is also made available on our website.

How to vote

Voting via proxy will be the only method available for voting at the AGM. You are encouraged to submit your proxy vote online at www.signalshares.com as early as possible. Our registrar, Link Asset Services, must receive your online proxy appointment and voting instructions by 1:00 pm on Friday 19 May 2023 at the latest to ensure your vote is counted. Further instructions on how to vote are set out in the Notice of AGM.

Approved by the Board and signed on its behalf by



James Chapman
General Counsel and Company Secretary
27 March 2023

Registered office: Old Church House, Sandy Lane, Crawley Down, Crawley, West Sussex RH10 4HS

Registered number: 03743194

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and the AIM rules and have chosen to prepare the Parent Company financial statements in accordance with Financial Reporting Standard 102 ('FRS 102'). Under company law the 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 Parent Company and of the profit or loss of the Group for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group's financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the annual report and financial statements are made available on a website. Financial statements are published on the Company's website (empresaria.com) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

This responsibility statement was approved by the Board on 27 March 2023 and is signed on its behalf by order of the Board by



Rhona Driggs
Chief Executive Officer
27 March 2023



Tim Anderson
Chief Financial Officer

Independent auditor's report to the members of Empresaria Group plc

Opinion

We have audited the financial statements of Empresaria Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, Parent Company balance sheet, Parent Company statement of changes in equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- 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 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

Of the Group's 37 material reporting components, we subjected 16 to audits for Group reporting purposes and 4 to specific audit procedures where the extent of our audit work was based on our assessment of the risk of material misstatement and of the materiality of that component. The latter were not individually significant enough to require an audit for Group reporting purposes but were still material to the Group.

The components within the scope of our work covered 90.7% of Group revenue, 96.8% of Group profit before tax, and 84.3% of Group total assets.

For the remaining 17 material components and the remaining immaterial components, we performed analysis at a group level to re-examine our assessment that there were no significant risks of material misstatement within these.

For those audits which were carried out by overseas component auditors, at both the planning and the completion stage, senior members of the Group audit team, including the Senior Statutory Auditor, participated in video and telephone conference meetings with local audit teams. At these calls and meetings, the Group audit team discussed the component auditors' risk assessments and planned audit approach. Once the audit work was completed, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor. In addition to these planned calls and meetings, the Group audit team sent detailed instructions to the component audit teams. The Group audit team reviewed the comprehensive responses to these instructions, and reviewed the audit working papers for significant components.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our 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) we identified, 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 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.

Independent auditor's report continued

Key audit matter	Description of risk	How the matter was addressed in the audit
Revenue recognition (Group) - see note 2 of the consolidated financial statements	<p>The Group's revenue relates to permanent placement, temporary and contract placement, and offshore services with revenue from permanent placements recognised on the start date of the candidate placement and revenue from temporary and contract and offshore services recognised on the basis of work performed by reference to approved timesheets and contracted rates.</p> <p>The key risk of fraud in relation to revenue recognition is attributed to cut off, specifically incorrect or missing accruals for un-invoiced or late timesheets for temporary and contract, and offshore services revenue, or delayed invoices/ credit notes for placements. This impacts whether all revenue and accrued revenue that should have been accounted for, and only such revenue, has in fact been accounted for in the year.</p>	<p>Our audit work included, but was not restricted to the following:</p> <ul style="list-style-type: none"> • We reviewed the Group's accounting policy for revenue recognition and assessed whether it was in line with International Financial Reporting Standards ('IFRS'). • walkthrough design and implementation of controls over revenue recognition which have been designed by the Group to help prevent and detect fraud and errors in revenue recognition; • review of whether accounting for revenue is compliant with the financial reporting standards with regards to principal versus agent; • detailed testing of a sample of revenue transactions to contract terms, to ensure that revenue had been recognised in accordance with the Group's accounting policies; • substantive cut-off testing to determine if revenue is recognised in the correct period, including reviewing credit notes issued post year end; and • substantive completeness testing of completeness of clawback provisions, if necessary, around permanent placements.
Impairment of goodwill and other intangible assets (Group) and impairment of investments (Parent Company) - see note 14 of the consolidated financial statements and note 6 of the parent company's financial statements	<p>The Group has significant goodwill and other intangible asset balances and the Parent Company has significant investments in subsidiaries.</p> <p>Accounting standards require management to perform an impairment review annually to consider possible impairment in goodwill and consider whether there are any indicators of impairment impacting other intangible assets or investments.</p> <p>Management's assessment of the carrying value requires judgement in assessing forecast future cash flows, growth rates and discount rates. The assessment of the carrying value of these balances and consequently any required impairment is sensitive to these estimates.</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> • we challenged the assumptions used in the impairment model for goodwill, other intangible assets, investments in subsidiaries and amounts owed by Group undertakings; • assessed the appropriateness of the impairment review methodology, assumptions concerning growth rates and inputs to the discount rate against available market data with the assistance of experts; • compared previously forecast revenue growth rates and gross profit margins with those achieved in previous years; • compared current forecast revenue growth rates and gross profit margins with those achieved in previous years; and • review sensitivity analysis to calculate the minimum growth rates needed to avoid an asset impairment and compare them to those achieved in previous years.

Our application of materiality

The materiality for the Group financial statements as a whole ('Group FS materiality') was set at £665k. This has been determined with reference to the benchmark of the Group's profit before tax, which we consider to be one of the principal considerations for members of the Company in assessing the Group's performance. Group FS materiality represents 9% of the Group's profit before tax and 7.4% of the Group's adjusted profit before tax.

The materiality for the Parent Company financial statements as a whole ('Parent FS materiality') was set at £432k. This has been capped at performance materiality for the Group financial statements, calculated as explained below.

Performance materiality for the Group financial statements was set at £432k, being 65% of Group FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds Group FS materiality. We judged this level to be appropriate based on our understanding of the Group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering experience from previous audits. The level of 65% was set to reflect that there are some areas of judgement and estimation in the financial statements.

Performance materiality for the Parent Company financial statements was set at £346k, being 80% of Parent FS materiality. The level of 80% was set to reflect that there are few areas of judgement and estimation in the financial statements.

Conclusions relating to going concern

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.

Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- challenging the assumptions used in the detailed budgets and forecasts prepared by management for the financial years ending 2023 and 2024;
- considering historical trading performance by comparing recent growth rates of both revenue and operating profit across the Group's geographical and market segments;
- assessing the appropriateness of the assumptions concerning growth rates and macro-economic assumptions;
- comparing the forecast results to those actually achieved in the 2023 financial period so far;
- reviewing bank statements to monitor the cash position of the Group post year end, and obtaining an understanding of significant expected cash outflows (such as capital expenditure) in the forthcoming 12-month period;
- considering the Group's funding position and requirements;
- reviewing and challenging management's calculations suggesting the Group is able to comply with all loan facility covenants in the 12 months from approval of the financial statements; and
- considering the sensitivity of the assumptions and reassessing headroom after sensitivity.

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 and Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report and accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 50, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

Auditor's 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 auditor's 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.

Independent auditor's report continued

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.

We obtained a general understanding of the Group's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations; the Group's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the Group's industry and regulations. We obtained this understanding for significant components through discussions with Group management, component management and component auditors.

We understand that the Group complies with the framework through:

- promoting corporate culture through the use of the Group's Code of Conduct, which all Group companies must adhere to;
- updating operating procedures, manuals and internal controls as legal and regulatory requirements change; and
- for significant components, the Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Group's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Group:

- The Companies Act 2006, IFRS (Group) and FRS 102 (Parent Company) in respect of preparation and presentation of the financial statements;
- AIM regulations and Market Abuse Regulations; and
- Requirements from UK and overseas tax legislation (including IR35 and minimum wage).

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- We have reviewed a sample of legal and professional invoices;
- Made inquiries with management as to any legal or regulatory issues during the year;
- We have reviewed board minutes for evidence of non-compliance; and
- We have obtained representation from management that they have disclosed to us all known instances of non-compliance or suspected non-compliance with laws and regulations.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were the risk of manipulation of the financial statements through manual journal entries, incorrect recognition of revenue and accounting estimates such as impairment, expected credit loss and lease assumptions under IFRS 16. These areas were communicated to the other members of the engagement team who were not present at the discussion.

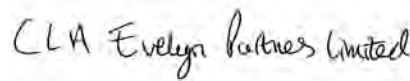
The procedures we carried out to gain evidence in the above areas included:

- testing a sample of revenue transactions to underlying documentation;
- testing a sample of manual journal entries, selected through applying specific risk assessments based on the Group's processes and controls surrounding manual journal entries; and
- challenging management regarding the assumptions used in the estimates identified above, and comparison to market data and post-year-end data as appropriate.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Jacques
Senior Statutory Auditor,
for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants
45 Gresham Street
London
EC2V 7BG
United Kingdom
27 March 2023

Consolidated income statement

for the year ended 31 December 2022

	Note	2022 £m	2021 £m
Revenue	4	261.3	258.4
Cost of sales		(195.9)	(198.9)
Net fee income	4	65.4	59.5
Administrative costs (including £nil (2021: £0.3m) in respect of trade receivables impairment losses)		(55.2)	(50.2)
Adjusted operating profit	4	10.2	9.3
Impairment of goodwill	13	–	(0.9)
Impairment of other intangible assets	14	–	(0.3)
Amortisation of intangible assets identified in business combinations	14	(1.4)	(1.4)
Operating profit	4,6	8.8	6.7
Finance income	8	0.3	0.3
Finance costs	8	(1.5)	(1.0)
Net finance costs	8	(1.2)	(0.7)
Profit before tax		7.6	6.0
Taxation	9	(2.8)	(3.1)
Profit for the year		4.8	2.9
Attributable to:			
Owners of Empresaria Group plc		3.4	2.3
Non-controlling interests		1.4	0.6
		4.8	2.9
<hr/>			
		Pence	Pence
Earnings per share			
Basic	11	6.9	4.6
Diluted	11	6.7	4.5

Details of adjusted earnings per share are shown in note 11.

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	2022 £m	2021 £m
Profit for the year	4.8	2.9
Other comprehensive income		
Items that may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign operations	2.6	(1.7)
Items that will not be reclassified to the income statement:		
Exchange differences on translation of non-controlling interests in foreign operations	0.3	(0.6)
Other comprehensive income/(loss) for the year	2.9	(2.3)
Total comprehensive income for the year	7.7	0.6
Attributable to:		
Owners of Empresaria Group plc	6.0	0.6
Non-controlling interests	1.7	-
	7.7	0.6

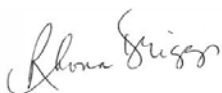
Consolidated balance sheet

as at 31 December 2022

	Note	2022 £m	2021 £m
Non-current assets			
Property, plant and equipment	12	2.8	1.6
Right-of-use assets	23	7.5	7.5
Goodwill	13	31.9	30.5
Other intangible assets	14	8.2	9.3
Deferred tax assets	20	4.4	3.4
		54.8	52.3
Current assets			
Trade and other receivables	16	46.7	50.5
Cash and cash equivalents		22.3	21.1
		69.0	71.6
Total assets		123.8	123.9
Current liabilities			
Trade and other payables	17	33.3	34.8
Current tax liabilities		1.5	1.9
Borrowings	18	29.1	23.2
Lease liabilities	23	5.3	4.6
		69.2	64.5
Non-current liabilities			
Borrowings	18	0.5	11.2
Lease liabilities	23	2.6	3.3
Deferred tax liabilities	20	2.5	2.6
		5.6	17.1
Total liabilities		74.8	81.6
Net assets		49.0	42.3
Equity			
Share capital	21	2.5	2.5
Share premium account		22.4	22.4
Merger reserve		0.9	0.9
Retranslation reserve		5.1	2.5
Equity reserve		(10.2)	(10.2)
Other reserves		(0.3)	(0.6)
Retained earnings		22.4	19.9
Equity attributable to owners of Empresaria Group plc		42.8	37.4
Non-controlling interests		6.2	4.9
Total equity		49.0	42.3

These consolidated financial statements of Empresaria Group plc, registered number 03743194, were approved by the Board of Directors and authorised for issue on 27 March 2023.

Signed on behalf of the Board of Directors



Rhona Driggs
Chief Executive Officer



Tim Anderson
Chief Financial Officer

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Equity attributable to owners of Empresaria Group plc							Total £m	Non- con- trolling interests £m	Total equity £m
	Share capital £m	Share premium account £m	Merger reserve £m	Retrans- lation reserve £m	Equity reserve £m	Other reserves £m	Retained earnings £m			
At 31 December 2020	2.4	22.4	0.9	4.2	(10.2)	(0.6)	18.1	37.2	5.2	42.4
Profit for the year	-	-	-	-	-	-	2.3	2.3	0.6	2.9
Exchange differences on translation of foreign operations	-	-	-	(1.7)	-	-	-	(1.7)	(0.6)	(2.3)
Total comprehensive income for the year	-	-	-	(1.7)	-	-	2.3	0.6	-	0.6
Dividend paid to owners of Empresaria Group plc (see note 24)	-	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(0.3)	(0.3)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Exercise of share options	0.1	-	-	-	-	(0.3)	0.3	0.1	-	0.1
Share-based payments (see note 27)	-	-	-	-	-	0.3	-	0.3	-	0.3
At 31 December 2021	2.5	22.4	0.9	2.5	(10.2)	(0.6)	19.9	37.4	4.9	42.3
Profit for the year	-	-	-	-	-	-	3.4	3.4	1.4	4.8
Exchange differences on translation of foreign operations	-	-	-	2.6	-	-	-	2.6	0.3	2.9
Total comprehensive income for the year	-	-	-	2.6	-	-	3.4	6.0	1.7	7.7
Dividend paid to owners of Empresaria Group plc (see note 24)	-	-	-	-	-	-	(0.6)	(0.6)	-	(0.6)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Share-based payments (see note 27)	-	-	-	-	-	0.3	-	0.3	-	0.3
At 31 December 2022	2.5	22.4	0.9	5.1	(10.2)	(0.3)	22.4	42.8	6.2	49.0

Consolidated cash flow statement

for the year ended 31 December 2022

	Note	2022 £m	2021 £m
Profit for the year		4.8	2.9
Adjustments for:			
Depreciation of property, plant and equipment, and software amortisation	12,14	1.1	1.0
Depreciation of right-of-use assets	23	5.4	5.3
Impairment of goodwill	13	-	0.9
Impairment of other intangible assets	14	-	0.3
Amortisation of intangible assets identified in business combinations	14	1.4	1.4
Share-based payments		0.3	0.3
Net finance costs	8	1.2	0.7
Taxation	9	2.8	3.1
		17.0	15.9
Decrease/(increase) in trade and other receivables		6.9	(8.2)
(Decrease)/increase in trade and other payables (including pilot bonds outflow of £0.1m (2021: outflow of £0.3m))		(3.5)	3.5
Cash generated from operations		20.4	11.2
Interest paid		(1.5)	(0.9)
Income taxes paid		(4.2)	(2.7)
Net cash inflow from operating activities		14.7	7.6
Cash flows from investing activities			
Purchase of property, plant and equipment, and software		(2.1)	(1.7)
Finance income		0.3	0.3
Net cash outflow from investing activities		(1.8)	(1.4)
Cash flows from financing activities			
Decrease in overdrafts		(1.8)	(3.3)
Proceeds from bank loans		-	5.5
Repayment of bank loans		(2.7)	(0.2)
Decrease in invoice financing		(1.2)	-
Payment of obligations under leases		(5.3)	(5.3)
Purchase of shares in existing subsidiaries		(0.1)	(0.6)
Purchase of own shares in Employee Benefit Trust		(0.3)	(0.3)
Dividends paid to owners of Empresaria Group plc		(0.6)	(0.5)
Dividends paid to non-controlling interests		(0.4)	(0.3)
Net cash outflow from financing activities		(12.4)	(5.0)
Net increase in cash and cash equivalents		0.5	1.2
Foreign exchange movements		0.7	(0.9)
Cash and cash equivalents at beginning of the year		21.1	20.8
Cash and cash equivalents at end of the year		22.3	21.1
		2022 £m	2021 £m
Bank overdrafts at beginning of the year		(18.2)	(22.1)
Decrease in the year		1.8	3.3
Foreign exchange movements		(0.7)	0.6
Bank overdrafts at end of the year	18	(17.1)	(18.2)
Cash, cash equivalents and bank overdrafts at end of the year		5.2	2.9

Notes to the consolidated financial statements

1 Basis of preparation and general information

Empresaria Group plc (the 'Company') is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Old Church House, Sandy Lane, Crawley Down, Crawley, West Sussex, RH10 4HS. Its company registration number is 03743194.

The consolidated financial statements are for the year ended 31 December 2022. The financial statements have been prepared in accordance with UK-adopted International Accounting Standards, and therefore the Group financial statements comply with AIM rules.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities at fair value. The measurement bases and principal accounting policies of the Group are set out below.

These consolidated financial statements are presented in Pounds Sterling (£), rounded to £0.1m, because that is the presentational currency of the Group. Foreign operations are included in accordance with the policies set out in note 2.

Changes in accounting policies

Adoption of new and revised standards and interpretations

In the current year, the following new and revised standards have been adopted:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 16 Leases

Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 16 Leases	Lease Liability in a Sale and Leaseback

The Group does not expect these to have a significant impact on the consolidated financial statements. This list excludes any standards or amendments which are expected to have no relevance to the Group.

Going concern

The Group's activities are funded by a combination of long-term equity capital and bank facilities, primarily a revolving credit facility, invoice financing and overdrafts. The Board has reviewed the Group's profit and cash flow projections and applied a significant downside scenario to the underlying assumptions in order to stress-test the Group's financial position. This scenario assumes a progressive fall off such that adjusted operating profit for 2023 falls back to 2020 levels, a fall of around 30% from 2022. While the Directors consider this scenario to be possible, they believe it is more pessimistic than a reasonable worst-case scenario, given current market forecasts and current trading.

These projections demonstrate that the Group expects to meet its obligations as they fall due through the use of existing facilities and to continue to meet its covenant requirements. At 31 December 2022 the Group had undrawn facilities (excluding invoice financing) of £17.9m. The revolving credit facility was refinanced after the reporting date in March 2023 and the new facility has a term until March 2026. The Group's main overdraft facilities are with our primary banker and based on informal discussions the Board has had with its lenders, we have no reason to believe that these or equivalent facilities will not continue to be available to the Group for the foreseeable future.

As a result, the Directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

2 Summary of significant accounting policies

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries, including the Empresaria Employee Benefit Trust ('EBT'), from the date on which the Group obtains control and cease to be consolidated from the date on which the Group no longer has control.

Control is achieved when the Group has all of the following:

- power over the investee;
- exposure, or has rights, to variable return from its involvement with the investee; and
- the ability to use its power to affect its returns.

Intra-group transactions and profits are eliminated fully on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination, taking into account any restrictions on non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred. Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is a maximum of one year. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are recognised in the income statement. Consideration linked to post-combination employee services is identified separately from the business combination. Payment for these services is accounted for as post-acquisition remuneration separately from the acquisition accounting.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except for deferred tax assets and liabilities or assets related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively.

Any non-controlling interest at acquisition is assessed as the proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Management equity

In applying the Group's management equity philosophy, subsidiary management may be offered the opportunity to acquire shares in the subsidiary that they are responsible for, at market value. There are no services supplied by any employee in relation to this purchase of the shares in the subsidiary. After an agreed period, management may offer to sell the shares back to the Company. The Company does not have any obligation to acquire these shares.

If amounts are paid for non-controlling interests in a subsidiary that exceed the fair value of the equity acquired, this excess amount is charged to the income statement.

Notes to the consolidated financial statements continued

Goodwill

Goodwill arising on a business combination is recognised as an asset at the date that control is acquired and is stated after separating out identifiable intangible assets.

Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Goodwill is not amortised but is tested at least annually for impairment. Goodwill is allocated to groups of cash-generating units as appropriate. If the recoverable amount of the cash-generating units is less than the carrying amount of the units, the impairment loss is first allocated against goodwill and then to the other assets of the units on a pro rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable goodwill is included in the calculation of profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS (1 January 2006) has been retained at the previous UK GAAP carrying amount.

Intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably.

Intangible assets acquired separately

Intangible assets that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with any changes being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (regarded as their cost). They are subsequently reported at cost less accumulated amortisation and accumulated impairment on the same basis as intangible assets acquired separately.

Amortisation is charged to the income statement and calculated using the straight-line method over its estimated useful life as follows:

Customer relations	up to 15 years
Trademarks	up to 15 years
Software	up to five years

Exceptional items

Exceptional items are those items that in the Directors' view are required to be separately disclosed by virtue of their size, nature or incidence. Adjusted operating profit, adjusted profit before tax and adjusted earnings are considered to be key measures in understanding the Group's financial performance and exclude exceptional items.

Property, plant and equipment

Property, plant and equipment is stated at historical cost, net of accumulated depreciation and any recognised impairment loss.

Depreciation is calculated using the straight-line method to write off the cost or valuation of the assets less their residual values over their useful lives as follows:

Leasehold property	over the term of the lease up to a maximum of ten years
Fixtures, fittings and equipment	up to five years
Motor vehicles	up to five years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with any changes accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in administrative costs in the income statement.

Impairment (excluding goodwill)

The carrying amounts of the Group's tangible and intangible assets are reviewed at the end of each reporting period for any indication of impairment. An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that it does not exceed the carrying amount that would have existed had no impairment loss been recognised. The reversal of the impairment loss is recognised in profit or loss.

In respect of financial assets, other than those at fair value through profit or loss, a loss allowance for expected credit losses is determined at the end of each reporting period. Details of the expected credit loss model can be found in note 22.

Borrowing costs

Interest costs are recognised as an expense in the period in which they are incurred. Facility arrangement fees incurred in respect of borrowings are amortised over the term of the agreement.

Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within the balance sheet in current liabilities as borrowings except where there is a right of offset in which case they are netted against the relevant cash balances.

Invoice financing

The Group's operating activities in the UK are part-funded by invoice financing facilities. The debt provider has full recourse to the Group for any irrecoverable debt; these debts are presented within current borrowings and the asset due from the client in current assets in the Group's balance sheet. Movements in the invoice finance balance are shown within financing activities in the Group's cash flow statement.

Interest charges on invoice finance are included in finance costs and service charges are included in administrative costs in the Group's income statement.

Financial assets

Financial assets are divided into the following categories:

- financial assets at fair value through profit or loss; and
- amortised cost.

The Group does not have material derivative financial instruments.

Fair value through profit or loss

Forward currency contracts and contingent consideration are held in the balance sheet at fair value with changes in the fair value being recorded through the income statement and are classified as financial instruments at fair value through profit or loss.

Amortised cost

Assets accounted for at amortised cost are initially recorded at fair value and subsequently measured at amortised cost. For trade receivables, amortised cost includes an allowance for expected credit losses. This is assessed by grouping assets into categories with similar risk profiles and applying a provision matrix to each of these which is assessed by reference to past default experience and various other sources of actual and forecast economic information. Trade receivables are only written off once the potential of collection is considered to be nil and any local requirements such as around sales taxes are met.

Financial liabilities

The Group's financial liabilities include borrowings and trade and other payables (including finance lease liabilities). They are recognised initially at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument.

All interest-related charges and, if applicable, changes in the instrument's fair value that are reported in the profit or loss are included in the income statement line items finance costs or finance income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables are initially stated at fair value and subsequently measured at amortised cost.

Notes to the consolidated financial statements continued

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of services provided in the ordinary course of the Group's activities. Revenue is shown net of value added tax, trade discounts, rebates and other sales-related taxes.

Permanent placement revenue is recognised at the point when the candidate commences employment. Temporary and contract revenue is recognised over time on the basis of actual work performed in the relevant period based on timesheets submitted. Revenue from offshore services is recognised over time as the services are delivered.

In situations where the Group is the principal in the transaction, the transactions are recorded gross in the income statement. When the Group acts as an agent, revenues are reported on a net basis.

In certain circumstances a client may be entitled to a replacement hire or refund if a candidate that has been placed leaves the role within a certain time period. Revenue is recognised based on the most likely amount of revenue to be received, taking account of all available information including historical, current and forecast.

Net fee income

Net fee income represents revenue less the remuneration cost of temporary workers. For permanent placements, net fees are equal to revenue. For offshore services, net fee income represents revenue less costs of staff directly providing those services.

Employee benefits

Retirement benefit costs

Payments made to defined contribution retirement benefit schemes are charged to the income statement as they fall due.

Share-based payments

The Group issues equity-settled share-based payments to senior management, which are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The fair value of the options granted is measured using a Monte Carlo simulation model and Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The Group acquires shares and transfers these to an Employee Benefit Trust ('EBT') to partly meet the obligation to provide shares when employees exercise their options or awards. Costs of running the EBT are charged to the income statement. Shares held by the EBT are deducted from other reserves. A transfer is made between other reserves and retained earnings when the share options are exercised.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for short-term leases for office equipment (lease term of 12 months or less) and leases of low value assets (less than £5,000). For those leases the Group has opted to recognise a lease expense on a straight-line basis.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease.

When the Group revises its estimate of the term of any lease (for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term, which are discounted using a revised discount rate. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the revised remaining lease term.

Government grants

A government grant is recognised only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and that the grant will be received. The grant is recognised net against the costs that they are intended to compensate.

Forward contract for foreign currencies

Forward currency contracts are stated at fair value, with any gain or losses arising on remeasurement recognised in profit or loss.

Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised on an undiscounted basis for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

Foreign currencies

(i) Functional and presentational currency

Items included in the individual financial statements of each Group company are measured using the individual currency of the primary economic environment in which that subsidiary operates (its 'functional currency'). The consolidated financial statements are presented in Pounds Sterling, which is the Company's functional and presentational currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognised initially in other comprehensive income. These exchange differences are reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

Notes to the consolidated financial statements continued

(iii) Group companies

The results and financial position of Group companies (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity within the retranslation reserve.

(iv) Net investments in foreign operations

Any gain or loss on retranslation of intercompany amounts considered to be part of a net investment, is recognised in equity in the foreign currency translation reserve.

Equity

Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium account represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Merger reserve relates to premiums arising on shares issued subject to the provisions of section 612 Merger relief of the Companies Act 2006.
- Retranslation reserve represents the exchange differences arising from the translation of the financial statements of foreign subsidiaries.
- Equity reserve represents movement in equity due to acquisition of non-controlling interests under IFRS 3 Business Combinations.
- Other reserves represents the share-based payment reserve of £1.0m (2021: £0.6m) and exchange differences on intercompany long-term receivables amounting to £(1.3)m (2021: £(1.2)m) which are treated as a net investment in foreign operations.
- Retained earnings represents accumulated profits less distributions and income/expense recognised in equity from incorporation.
- Non-controlling interest represents equity in a subsidiary not attributable, directly or indirectly, to the Group.

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities. These estimates and judgements are continually evaluated and are based on historical experience and other relevant factors. Actual results may differ from these estimates.

Critical judgements in applying the Group's policies

The following are the critical judgements that the Directors have made in applying the Group's accounting policies:

Leases

Under IFRS 16 Leases the key area of judgement is lease length, including whether or not break clauses are expected to be exercised, and the identification of the appropriate discount rate. Disclosures related to leases are provided in note 23.

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the reporting date are discussed below:

Impairment of goodwill

The Group tests goodwill for impairment at least annually. The recoverable amount is determined based on value-in-use calculations. This method requires the estimation of future cash flows and the assessment of a suitable discount rate in order to calculate their present value. Details of the impairment review calculation and sensitivities are set out in note 13.

4 Segment and revenue analysis

From 1 January 2022, following the appointment of regional leaders in 2021, information reported to the Group's Executive Committee, considered to be the chief operating decision maker of the Group for the purpose of resource allocation and assessment of segment performance, is based on the Group's four regions. The segmental information is therefore now presented by region, which represents a change from the prior year which was reported by operating sector. Prior period information is re-presented by region.

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

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

	2022			2021		
	Revenue £m	Net fee income £m	Adjusted operating profit £m	Revenue £m	Net fee income £m	Adjusted operating profit £m
UK & Europe	124.9	28.4	4.7	133.1	29.0	5.3
APAC	49.9	15.8	0.8	40.3	14.1	1.4
Americas	62.7	8.7	1.5	71.0	9.9	2.8
Offshore Services	25.3	13.5	7.1	15.3	7.7	4.1
Central costs	-	-	(3.9)	-	-	(4.3)
Intragroup eliminations	(1.5)	(1.0)	-	(1.3)	(1.2)	-
	261.3	65.4	10.2	258.4	59.5	9.3

All revenue is from transactions with external clients with the exception of Offshore Services where £24.2m (2021: £14.2m) relates to external clients and £1.1m (2021: £1.1m) relates to transactions with other regions, and APAC, where £49.5m (2021: £40.1m) relates to external clients and £0.4m (2021: £0.2m) relates to transactions with other regions.

Revenue of UK & Europe includes £67.0m (2021: £70.9m) from Germany and £41.8m (2021: £44.0m) from UK.

In the current year and prior year no individual client exceeded 10% of the Group's revenue.

In 2021, impairment of goodwill of £0.9m and impairment of other intangible assets of £0.3m was recognised in the APAC region.

The analysis of the Group's revenue and net fee income by client destination is set out below:

	2022		2021	
	Revenue £m	Net fee income £m	Revenue £m	Net fee income £m
UK & Europe	137.6	32.7	140.0	30.7
APAC	41.9	15.8	34.9	13.8
Americas	79.6	17.3	81.7	15.9
India	0.3	0.4	0.3	0.1
Africa	3.4	0.2	2.8	0.2
Intragroup eliminations	(1.5)	(1.0)	(1.3)	(1.2)
	261.3	65.4	258.4	59.5

Notes to the consolidated financial statements continued

The following segmental analysis by region and service type has been provided in line with the requirements of IFRS 15:

	2022				2021			
	Permanent £m	Temporary and contract £m	Offshore services £m	Total £m	Permanent £m	Temporary and contract £m	Offshore services £m	Total £m
Revenue								
UK & Europe	9.1	115.8	–	124.9	8.3	124.8	–	133.1
APAC	10.3	39.6	–	49.9	9.0	31.3	–	40.3
Americas	2.9	59.8	–	62.7	3.5	67.5	–	71.0
Offshore Services	–	0.4	24.9	25.3	–	0.4	14.9	15.3
Intragroup eliminations	–	(0.5)	(1.0)	(1.5)	(0.1)	(0.1)	(1.1)	(1.3)
	22.3	215.1	23.9	261.3	20.7	223.9	13.8	258.4

	2022				2021			
	Permanent £m	Temporary and contract £m	Offshore services £m	Total £m	Permanent £m	Temporary and contract £m	Offshore services £m	Total £m
Net fee income								
UK & Europe	9.1	19.3	–	28.4	8.3	20.7	–	29.0
APAC	10.3	5.5	–	15.8	8.6	5.5	–	14.1
Americas	2.8	5.9	–	8.7	3.4	6.5	–	9.9
Offshore Services	–	0.4	13.1	13.5	–	0.1	7.6	7.7
Intragroup eliminations	–	–	(1.0)	(1.0)	(0.1)	–	(1.1)	(1.2)
	22.2	31.1	12.1	65.4	20.2	32.8	6.5	59.5

5 Shares acquired and sold in existing subsidiaries

2022

In 2022, a number of small shareholdings were acquired from management during the year, principally on their exit from the Group, for consideration totalling £86,000. These shareholdings were accounted for as non-controlling interests and therefore have been reflected as a movement in non-controlling interests of £14,000 and the remaining £72,000 was recorded in the equity reserve.

A number of small shareholdings were sold to management for a total consideration of £23,000 under commitments made under the Group's previous second generation equity plan (see note 26). These shares are not accounted for as non-controlling interests and the £23,000 was recorded in the equity reserve.

2021

A shareholding was acquired from management during the year for £18,000. This shareholding was not accounted for as a non-controlling interest and the £18,000 cost has been recognised in the income statement as fair value charge on acquisition of non-controlling shares in line with the accounting policy set out in note 2.

On 1 January 2021, the Group disposed of its 100% investment in BWP Holdco Limited for a consideration equal to its net book value of £33,000. No gain or loss has been recorded during the year. The Company did not contribute to the Group's profit during the year or to its net operating cash flows.

6 Operating profit

Operating profit is stated after charging/(crediting):

	2022 £m	2021 £m
Depreciation of property, plant and equipment	0.9	0.8
Depreciation of right-of-use assets	5.4	5.3
Amortisation of intangible assets identified in business combinations	1.4	1.4
Amortisation of software	0.2	0.2
Impairment of goodwill and other intangible assets	–	1.2
Net foreign exchange (gain)/loss	(0.4)	0.2
Share-based payments	0.3	0.3
Impairment of trade receivables	–	0.3
Auditor's remuneration	0.4	0.4

The analysis of auditor's remuneration is as follows:

	2022 £000	2021 £000
Fees payable to the Company's auditor and its associates for:		
The audit of the parent company and the consolidated financial statements	139	115
The audit of subsidiary financial statements pursuant to legislation	72	235
Other audit services	53	50
Fees payable to other auditors		
The audit of subsidiary financial statements pursuant to legislation	143	7
Other audit services	29	–
	436	407

The company's auditor, CLA Evelyn Partners Limited, was formerly a member of the Nexia network. Following their departure from this network in 2022, fees payable to members to the Nexia network have been classified as fees payable to other auditors.

7 Directors and employees

	2022 £m	2021 £m
Staff costs		
Wages and salaries	39.0	36.7
Social security costs	4.4	3.3
Pension costs	0.9	0.9
Share-based payments	0.3	0.3
	44.6	41.2

Staff costs include amounts included within cost of sales of £8.2m (2021: £6.1m).

Details of Directors' remuneration are given on pages 45 to 47.

	2022 No.	2021 No.
Average monthly number of persons employed – sales and administration	3,233	2,268
Number of persons employed as at 31 December – sales and administration	3,314	2,725

Notes to the consolidated financial statements continued

8 Finance income and costs

	2022 £m	2021 £m
Finance income		
Bank interest receivable	0.3	0.3
	0.3	0.3
Finance costs		
Invoice financing	(0.1)	(0.1)
Bank loans and overdrafts	(1.1)	(0.7)
Interest on lease liabilities	(0.3)	(0.3)
Interest on tax payments	-	0.1
	(1.5)	(1.0)
Net finance costs	(1.2)	(0.7)

9 Taxation

(a) The tax expense for the year is as follows:

	2022 £m	2021 £m
Current tax		
Current year income tax expense	3.9	3.7
Adjustments in respect of prior years	(0.1)	(0.1)
Total current tax expense	3.8	3.6
Deferred tax		
Deferred tax credit – on origination and reversal of temporary differences	(1.0)	(0.5)
Total income tax expense in the income statement	2.8	3.1

(b) Factors affecting the income tax expense for the year

The table below explains the differences between the expected income tax expense and the Group's actual income tax expense for the year. The expected income tax expense is assessed by applying the local tax rates to the profits in each business and aggregating these amounts.

	2022 £m	2021 £m
Profit before taxation	7.6	6.0
Tax at the relevant local rates	2.1	1.8
Effects of:		
Expenses not deductible for tax purposes	0.3	0.4
Expenses with enhanced deduction for tax purposes	(0.2)	-
Impairment of goodwill not deductible for tax purposes	-	0.3
Impact of change in tax rate on deferred tax liabilities	-	0.2
Impact of change in tax rate on deferred tax assets	-	(0.1)
Current year losses not recognised for tax purposes	0.4	0.4
Prior year losses recognised for tax purposes	-	(0.2)
Overseas withholding tax suffered	0.2	0.2
Deferred tax on unremitted overseas earnings	0.1	0.2
Adjustments in respect of prior years	(0.1)	(0.1)
Tax expense	2.8	3.1

The movements in deferred tax are explained in note 20.

No tax was recognised in other comprehensive income (2021: £nil).

10 Reconciliation of adjusted profit before tax to profit before tax

	2022 £m	2021 £m
Profit before tax	7.6	6.0
Impairment of goodwill	–	0.9
Impairment of other intangible assets	–	0.3
Amortisation of intangible assets identified in business combinations	1.4	1.4
Adjusted profit before tax	9.0	8.6

11 Earnings per share

Basic earnings per share is assessed by dividing the earnings attributable to the owners of Empresaria Group plc by the weighted average number of shares in issue during the year. Diluted earnings per share is calculated as for basic earnings per share but adjusting the weighted average number of shares for the diluting impact of shares that could potentially be issued. For 2022 and 2021 these are all related to share options and further details can be found in note 27 and the Directors' remuneration report on pages 45 to 47. Reconciliations between basic and diluted measures are given below.

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

	2022 £m	2021 £m
Earnings attributable to owners of Empresaria Group plc	3.4	2.3
Adjustments:		
Impairment of goodwill	–	0.9
Impairment of other intangible assets	–	0.3
Amortisation of intangible assets identified in business combinations	1.4	1.4
Tax on the above	(0.3)	(0.3)
Non-controlling interests in respect of the above	–	(0.2)
Adjusted earnings	4.5	4.4

Number of shares	Millions	Millions
Weighted average number of shares – basic	49.4	49.8
Dilution effect of share options	1.5	1.6
Weighted average number of shares – diluted	50.9	51.4

Earnings per share	Pence	Pence
Basic	6.9	4.6
Dilution effect of share options	(0.2)	(0.1)
Diluted	6.7	4.5

Adjusted earnings per share	Pence	Pence
Basic	9.1	8.8
Dilution effect of share options	(0.3)	(0.2)
Diluted	8.8	8.6

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

Notes to the consolidated financial statements continued

12 Property, plant and equipment

2022	Leasehold improvements £m	Fixtures, fittings and equipment £m	Motor vehicles £m	Total £m
Cost				
At 1 January	1.4	6.5	0.2	8.1
Additions	0.3	1.7	-	2.0
Disposals	-	(0.6)	-	(0.6)
Foreign exchange movements	-	0.2	-	0.2
At 31 December	1.7	7.8	0.2	9.7
Accumulated depreciation				
At 1 January	1.0	5.3	0.2	6.5
Charge for the year	0.2	0.7	-	0.9
Disposals	-	(0.6)	-	(0.6)
Foreign exchange movements	-	0.1	-	0.1
At 31 December	1.2	5.5	0.2	6.9
Net book value				
At 31 December 2021	0.4	1.2	-	1.6
At 31 December 2022	0.5	2.3	-	2.8
2021	Leasehold improvements £m	Fixtures, fittings and equipment £m	Motor vehicles £m	Total £m
Cost				
At 1 January	1.6	5.5	0.2	7.3
Additions	-	1.1	-	1.1
Disposals	(0.1)	-	-	(0.1)
Foreign exchange movements	(0.1)	(0.1)	-	(0.2)
At 31 December	1.4	6.5	0.2	8.1
Accumulated depreciation				
At 1 January	0.8	4.8	0.1	5.7
Charge for the year	0.3	0.5	-	0.8
Disposals	(0.1)	-	-	(0.1)
Foreign exchange movements	-	-	0.1	0.1
At 31 December	1.0	5.3	0.2	6.5
Net book value				
At 31 December 2020	0.8	0.7	0.1	1.6
At 31 December 2021	0.4	1.2	-	1.6

13 Goodwill

	2022 £m	2021 £m
At 1 January	30.5	32.5
Impairment charge	–	(0.9)
Foreign exchange movements	1.4	(1.1)
At 31 December	31.9	30.5

Goodwill is reviewed and tested for impairment on an annual basis or more frequently if there is an indication that goodwill might be impaired. Goodwill has been tested for impairment by comparing the carrying amount of the group of cash-generating units ('CGUs') the goodwill has been allocated to, with the recoverable amount of those CGUs. The recoverable amount of each group of CGUs is considered to be its value in use. The key assumptions in assessing value in use are as follows:

Operating profit and pre-tax cash flows

The operating profit and pre-tax cash flows are based on the 2023 budgets approved by the Group's Board. These budgets are extrapolated using short-term growth rate forecasts over four years and long-term growth rates and margins that are consistent with the business plans approved by the Group's Board. These cash flows are discounted to present value to assess the value in use.

Discount rates

The pre-tax, country-specific rates used to discount the forecast cash flows range from 13.0% to 18.9% (2021: 10.4% to 18.4%) reflecting current local market assessments of the time value of money and the risks specific to the relevant business. These discount rates reflect the estimated industry weighted average cost of capital in each market and are based on the Group's weighted average cost of capital adjusted for local factors.

Pre-tax discount rates used by region are as follows:

UK & Europe:	13.0% to 18.0% (2021: 10.4% to 12.7%)
APAC:	13.8% to 18.9% (2021: 11.6% to 17.6%)
Americas:	13.3% to 16.0% (2021: 12.9% to 18.4%)
Offshore Services:	15.8% (2021: 17.3%)

Growth rates

The growth rates used to extrapolate beyond the most recent budgets and forecasts and to determine terminal values are based upon IMF GDP growth forecasts for the specific market. Longer-term growth rates ranged from 0.4% to 6.2%. GDP growth is a key driver of our business and is therefore an appropriate assumption in developing long-term forecasts.

Long-term growth rates used by region are as follows:

UK & Europe:	1.3% to 1.5% (2021: 1.1% to 1.5%)
APAC:	0.4% to 5.1% (2021: 0.5% to 5.2%)
Americas:	1.9% to 3.0% (2021: 1.7% to 3.2%)
Offshore Services:	6.2% (2021: 6.0%)

In 2022 no impairment of goodwill has been recognised.

In 2021, an impairment charge of £0.6m was recognised in respect of a business in the APAC region. This business supplies the aviation industry which had not recovered from the severe impact of COVID-19 as quickly as was previously anticipated. As a result, an impairment review was carried out at 30 June 2021 and an impairment charge booked. Before the impairment charge was recognised, the carrying value of the goodwill was £2.0m and the recoverable amount, based on value in use, was assessed as £1.4m. A further impairment review was carried out on this operation at 31 December 2021 and no additional impairment was identified. An impairment charge of £0.3m was also recognised in respect of another business in the APAC region.

As part of the impairment review, reasonably possible changes in the growth rate and discount rate assumptions have been considered to assess the impact on the recoverable amount of each business. Were the long-term growth rate to reduce to nil an impairment charge of £0.2m (2021: £nil) would be recorded in respect £0.1m for one business in our APAC region and £0.1m for one business in our Americas region. If the discount rate were to increase by 2% an impairment charge of £0.2m (2021: £nil) would be recorded in respect £0.1m for one business in our APAC region and £0.1m for one business in our Americas region.

Notes to the consolidated financial statements continued

The carrying amount of goodwill by region is as follows:

	2022 £m	2021 £m
UK & Europe	24.0	23.2
APAC	2.8	2.8
Americas	4.6	4.0
Offshore Services	0.5	0.5
	31.9	30.5

Included within the above are significant goodwill balances as set out in the table below along with the relevant discount rate and growth rate assumptions:

	2022			2021		
	Goodwill £m	Discount rate %	Growth rate %	Goodwill £m	Discount rate %	Growth rate %
Headway	13.0	13.1	1.3	12.3	10.4	1.1
ConSol Partners	4.2	15.0	1.5	4.2	11.2	1.5

14 Other intangible assets

2022	Intangible assets identified in business combinations				
	Customer relationships £m	Trade name & marks £m	Sub total £m	Software £m	Total £m
Cost					
At 1 January	13.9	8.8	22.7	1.8	24.5
Additions	–	–	–	0.1	0.1
Foreign exchange movements	1.0	0.5	1.5	0.1	1.6
At 31 December	14.9	9.3	24.2	2.0	26.2
Accumulated amortisation					
At 1 January	10.2	3.9	14.1	1.1	15.2
Charge for the year	0.9	0.5	1.4	0.2	1.6
Foreign exchange movements	0.8	0.3	1.1	0.1	1.2
At 31 December	11.9	4.7	16.6	1.4	18.0
Net book value					
At 31 December 2021	3.7	4.9	8.6	0.7	9.3
At 31 December 2022	3.0	4.6	7.6	0.6	8.2

As required under IFRS, the Group reviewed its assets for indications of impairment as at 31 December 2022. Following this review, no impairment charges have been reflected.

2021	Intangible assets identified in business combinations				Total £m
	Customer relationships £m	Trade name & marks £m	Sub total £m	Software £m	
Cost					
At 1 January	14.4	9.0	23.4	1.2	24.6
Additions	-	-	-	0.7	0.7
Foreign exchange movements	(0.5)	(0.2)	(0.7)	(0.1)	(0.8)
At 31 December	13.9	8.8	22.7	1.8	24.5
Accumulated amortisation					
At 1 January	9.7	3.5	13.2	0.9	14.1
Charge for the year	0.9	0.5	1.4	0.2	1.6
Impairment	0.1	0.2	0.3	-	0.3
Foreign exchange movements	(0.5)	(0.3)	(0.8)	-	(0.8)
At 31 December	10.2	3.9	14.1	1.1	15.2
Net book value					
At 31 December 2020	4.7	5.5	10.2	0.3	10.5
At 31 December 2021	3.7	4.9	8.6	0.7	9.3

As required under IFRS, the Group reviewed its assets for indications of impairment as at 31 December 2021.

As a result of those impairment reviews, an impairment charge of £0.3m was booked in respect of an operation in our Professional sector in the APAC region, which supplies the aviation industry. This industry was hit hard by COVID-19 and the recovery was slower than we previously anticipated.

15 Subsidiaries

A list of the Group's subsidiaries, including the name, country of incorporation and proportion of ownership interest, is given in note 6 to the Company's financial statements.

The following consolidated UK subsidiary companies are exempt from an annual audit under section 479A of the Companies Act 2006 and the Company has provided a guarantee under section 479C of the Companies Act 2006. This guarantees all outstanding liabilities to which the subsidiary is subject to as at 31 December 2022 until they are settled in full. The guarantee is enforceable against the Company by any person to whom the subsidiary is liable in respect of those liabilities.

Name of subsidiary	Company number	Type of subsidiary
Ball & Hoolahan Limited	02174109	Active Trading
ConSol Partners (Holdings) Limited	09338986	Holding Non-Trading
ConSol Partners Europe Limited	13498660	Active Non-Trading
CP101 Limited	13498839	Active Non-Trading
Empresaria 2021 Limited (formerly Beresford Wilson & Partners Limited)	09995863	Active Non-Trading
Empresaria Americas Finco Limited	09917053	Holding Non-Trading
Empresaria Americas Limited	08926961	Holding Non-Trading
Empresaria Asia Limited	07384224	Holding Non-Trading
Empresaria China Holdings Limited	05150663	Holding Non-Trading
Empresaria GiT Holdings Limited	05669458	Holding Non-Trading
Empresaria GiT Limited	05669176	Holding Non-Trading
Empresaria Healthcare Europe Limited	13697746	Holding Non-Trading
Empresaria Healthcare Holdings Limited	13696636	Holding Non-Trading
Empresaria Indonesia Holdings Limited	10362003	Holding Non-Trading
Empresaria Limited (formerly Empresaria Services Limited)	09946765	Active Trading
Empresaria Malaysia Holdings Limited	08701593	Holding Non-Trading
Empresaria Mexico Holdings Limited	08929375	Holding Non-Trading
Empresaria North America Limited	09799784	Holding Non-Trading

Notes to the consolidated financial statements continued

Name of subsidiary	Company number	Type of subsidiary
Empresaria NZ Finco Limited	10804049	Holding Non-Trading
Empresaria NZ Limited	10164295	Holding Non-Trading
Empresaria Peru Holdings Limited	09949926	Active Non-Trading
Empresaria Philippines Holdings Limited	08584315	Holding Non-Trading
Empresaria T&I Holdings Limited	08772122	Holding Non-Trading
Empresaria T&I Limited	10432476	Holding Non-Trading
Empresaria Technology (Holdings) Limited	10322758	Holding Non-Trading
Empresaria Thailand Holdings Limited	07839625	Holding Non-Trading
Empresaria Vietnam Holdings Limited	10485853	Holding Non-Trading
EMR1000 Limited	04154134	Active Non-Trading
Interim Management International Limited	04067140	Holding Non-Trading
Mansion House Recruitment Limited	03276279	Active Non-Trading
McCall Limited	04605123	Active Trading
Oval (888) Limited	04819545	Active Non-Trading
Team Resourcing Limited	03693098	Active Trading
The Recruitment Business Limited	03322411	Active Trading
The Recruitment Business Holdings Limited	07593863	Holding Non-Trading

Material non-controlling interests

Summarised consolidated financial information in respect of Interactive Manpower Solutions Private Limited ('IMS') is set out below.

Summarised income statement

	2022 £m	2021 £m
Revenue	26.1	15.6
Profit for the year	5.3	2.9

Summarised balance sheet

	2022 £m	2021 £m
Current assets	15.5	11.5
Non-current assets	4.4	1.5
Current liabilities	(8.2)	(4.8)
Net assets	11.7	8.2

Dividends of £0.4m (2021: £0.3m) were paid to non-controlling interests during the year.

16 Trade and other receivables

	2022 £m	2021 £m
Current		
Gross trade receivables	34.1	40.4
Less provision for impairment of trade receivables	(0.8)	(0.9)
Trade receivables	33.3	39.5
Prepayments	2.4	1.7
Accrued income	7.4	5.0
Corporation tax receivable	0.9	0.9
Other receivables	2.7	3.4
	46.7	50.5

Trade receivables include £20.1m (2021: £21.6m) on which security has been given under bank facilities.

All amounts are due within one year. The carrying value of trade and other receivables is considered to be their fair value.

Further analysis on trade receivables is set out in note 22.

17 Trade and other payables

	2022 £m	2021 £m
Current		
Trade payables	2.4	2.0
Other tax and social security	5.1	7.1
Pilot bonds	0.6	0.7
Client deposits	0.4	0.5
Temporary recruitment worker wages	3.4	3.3
Other payables	1.6	1.2
Accruals	19.8	20.0
	33.3	34.8

All amounts are payable within one year with the exception of pilot bonds as discussed below. The carrying value of trade and other payables is considered to be their fair value.

Pilot bonds represent unrestricted funds held by our aviation business at the request of clients that are repayable to the pilot over the course of a contract, typically between three and five years. If the pilot terminates their contract early, the outstanding bond is payable to the client. For this reason the bonds are shown as a current liability. As at 31 December 2022, if the bonds were to be repaid in line with existing contracts, £0.3m (2021: £0.3m) would be repayable in more than one year.

18 Borrowings

	2022 £m	2021 £m
Current		
Bank overdrafts	17.1	18.2
Invoice financing	3.5	4.6
Bank loans	8.5	0.4
	29.1	23.2
Non-current		
Bank loans	0.5	11.2
	0.5	11.2
Borrowings	29.6	34.4

Notes to the consolidated financial statements continued

The following key bank facilities are in place at 31 December 2022:

	Currency	Maturity	Interest rate	Facility limit		Outstanding	
				2022 £m	2021 £m	2022 £m	2021 £m
Bank overdrafts							
UK ¹	GBP ²	On demand with annual review	1% above applicable currency base rates	10.0	10.0	6.3	6.9
Germany	EUR	On demand with annual review	EURIBOR + 3.0%	11.5	10.9	8.7	8.4
USA	USD	On demand with annual review	LIBOR + 2%	1.7	1.5	-	1.5
New Zealand	NZD	On demand with annual review	New Zealand Base Lending Rate + 2%	0.5	0.5	-	-
Invoice financing							
UK	GBP	On demand with annual review	UK base rate + 1.82%	10.0	10.0	2.0	3.0
Chile	CLP	On demand with annual review	Weighted average rate 15.7% (2021: 5.5%)	2.9	4.2	1.5	1.6
Bank loans							
UK – Revolving Credit Facility	GBP	2023	SONIA + 2% to 3%	15.0	15.0	8.0	10.5
Japan	JPY	2025-2028	Weighted average rate 0.6% (2021: 0.5%)	0.7	0.9	0.7	0.9

1 The UK overdraft is a net overdraft arrangement across a number of UK entities. For facility utilisation purposes these amounts are presented net in the table above, but for accounting purposes cash and overdrawn balances are presented gross in the balance sheet. The utilisation amount in the table is net of £19m of cash shown within cash and cash equivalents in the balance sheet (2021: £1.2m).

2 The UK overdraft can be drawn in a number of different currencies with the overall facility limit expressed in GBP.

The UK revolving credit facility is secured by a first fixed charge over all book and other debts given by the Company and certain of its UK, German and New Zealand subsidiaries. It is also subject to financial covenants and these are disclosed in the finance review on page 26. The UK invoice financing facility is also secured by a fixed and floating charge over trade receivables.

The UK revolving credit facility was refinanced in March 2023 for three years with the same facility limit of £15.0m. The interest rate margin continues to vary based on the Group's net debt to EBITDA ratio and ranges from 2.0% to 2.75%.

19 Net debt

a) Net debt

	2022 £m	2021 £m
Cash and cash equivalents	22.3	21.1
Borrowings	(29.6)	(34.4)
Net debt	(7.3)	(13.3)

b) Adjusted net debt

	2022 £m	2021 £m
Cash and cash equivalents	22.3	21.1
Less cash held in respect of pilot bonds	(0.6)	(0.7)
Adjusted cash	21.7	20.4
Borrowings	(29.6)	(34.4)
Adjusted net debt	(7.9)	(14.0)

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

c) Movement in adjusted net debt

	2022 £m	2021 £m
At 1 January	(14.0)	(13.6)
Net increase in cash and cash equivalents per consolidated cash flow statement	0.5	1.2
Decrease/(increase) in overdrafts and loans	4.5	(2.0)
Decrease in invoice financing	1.2	-
Foreign exchange movements	(0.2)	0.1
Adjusted for decrease in cash held in respect of pilot bonds	0.1	0.3
At 31 December	(7.9)	(14.0)

d) Movement in borrowings

	2022 £m	2021 £m
Borrowings at 1 January	(34.4)	(33.4)
Cash flow movements:		
Decrease in overdrafts	1.8	3.3
Proceeds from bank loans	-	(5.5)
Repayment of bank loans	2.7	0.2
Decrease in invoice financing	1.2	-
Non-cash movements:		
Foreign exchange movements	(0.9)	1.0
Borrowings at 31 December	(29.6)	(34.4)

20 Deferred tax

	Holiday pay £m	Retirement provision £m	Tax losses £m	Other temporary differences £m	Total 2022 £m	Total 2021 £m
Deferred tax assets						
At 1 January	0.3	0.1	1.4	1.6	3.4	2.8
Recognised in the income statement	-	0.1	0.8	-	0.9	0.6
Foreign exchange movements	-	-	-	0.1	0.1	-
At 31 December	0.3	0.2	2.2	1.7	4.4	3.4

	Intangible assets £m	Unremitted overseas earnings £m	Other temporary differences £m	Total 2022 £m	Total 2021 £m
Deferred tax liabilities					
At 1 January	(2.0)	(0.5)	(0.1)	(2.6)	(2.4)
Recognised in the income statement	0.2	(0.1)	-	0.1	(0.1)
Foreign exchange movements	-	-	-	-	(0.1)
At 31 December	(1.8)	(0.6)	(0.1)	(2.5)	(2.6)

At the balance sheet date, the Group has unused tax losses of £16.2m (2021: £12.4m) available for offset against future taxable profits. A deferred tax asset has been recognised in respect of £8.7m (2021: £6.8m) of such losses. No deferred tax asset has been recognised in respect of the remaining £7.5m (2021: £5.6m) as it is not considered probable that there will be future taxable profits available against which these losses could be offset. Of these, £6.3m have no expiry date, £1.0m expires in 2026 and 2027, while £0.2m expires in 2029 and 2030.

No deferred tax liability is recognised on temporary differences of £17.3m (2021: £13.1m) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is considered probable that they will not reverse in the foreseeable future. The potential tax impact of these temporary differences is £1.6m (2021: £1.2m) assuming all unremitted earnings were remitted in full in the year.

A deferred tax liability of £0.6m (2021: £0.5m) has been recognised in respect of the unremitted earnings of overseas subsidiaries amounting to £8.0m (2021: £6.4m) as it is probable that these earnings will be remitted and the tax cost incurred.

Notes to the consolidated financial statements continued

21 Share capital and shares held by Employee Benefit Trust

Share capital

	2022		2021	
	Number of shares	£m	Number of shares	£m
Issued, allotted and fully paid				
Ordinary Shares of 5p each	49,853,001	2.5	49,853,001	2.5

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

Shares held by Employee Benefit Trust

	2022 Number of shares	2021 Number of shares
Allotted and fully paid		
Ordinary Shares of 5p each	1,017,528	559,773

The Trustees have waived their rights to dividends on the shares held by the Empresaria Employee Benefit Trust.

22 Financial risk management

The Group is exposed to a variety of financial risks arising from its operations, being principally credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk.

The Group's treasury function is managed centrally and the policies for managing each of these risks and their impact on the results of the year are summarised below.

The principal financial assets of the Group are cash and cash equivalents, and trade and other receivables. The principal financial liabilities are borrowings, and trade and other payables that arise directly from operations.

Fair value

The carrying value of all financial instruments equates to fair value.

Credit risk

Credit risk is the risk of financial loss if a client or counterparty fails to meet an obligation under a contract. Credit risk arises primarily from trade receivables but also from the Group's other financial assets including cash deposits.

Classes of financial assets – carrying amounts

	2022 £m	2021 £m
Cash and cash equivalents	22.3	21.1
Trade and other receivables ¹	43.4	47.9

1 Trade and other receivables are held at amortised cost and exclude prepayments and corporation tax receivable amounting to £3.3m (2021: £2.6m) and presents the maximum exposure to credit risk for trade and other receivables.

The Group's credit risk on its cash balances is managed by limiting exposure to banks with a credit rating lower than BBB and through adhering to authorised limits for all counterparties.

The Group manages its exposure to trade receivables through its credit policy. New clients are assessed through a review process including obtaining credit ratings and reviewing available financial and other information. Ongoing risk exposure is mitigated through the credit control process, setting credit limits and regular review of clients and trade receivable balances.

The amounts presented in the balance sheet are net of allowances for impairment. An allowance for impairment is made based on the expected credit loss. The Group has no significant concentration of risk, with exposure spread over a large number of third parties and clients. A provision of £0.8m (2021: £0.9m) has been recorded.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar ageing and credit risk assessed by giving regard to factors such as market and sector. The Group also considers forward-looking factors, including known credit issues and changes in market risks, and reflects these as necessary.

The expected loss rates are based on the Group's historical credit losses experienced over the five-year period prior to the balance sheet date and adjusted as appropriate for current and forward-looking information on macroeconomic factors affecting the Group's clients in the countries where the Group operates.

At 31 December 2022 the lifetime expected loss provision for trade receivables was as follows:

	Current	Overdue by up to 30 days	Overdue by up to 60 days	Overdue by up to 90 days	Overdue by more than 90 days	Total
Average expected loss rate (%)	1.0%	4.1%	6.1%	8.2%	10.2%	
Gross carrying amount (£m)	28.8	2.1	1.3	1.0	0.9	34.1
Loss provision (£m)	0.3	0.1	0.1	0.1	0.2	0.8

Included within the loss provision at 31 December 2022 was a specific loss provision of £0.1m in respect of certain debtor balances with specific credit risk profiles.

At 31 December 2021 the lifetime expected loss provision for trade receivables was as follows:

	Current	Overdue by up to 30 days	Overdue by up to 60 days	Overdue by up to 90 days	Overdue by more than 90 days	Total
Average expected loss rate (%)	1.0%	3.9%	5.8%	7.8%	9.7%	
Gross carrying amount (£m)	31.4	5.2	1.4	0.7	1.7	40.4
Loss provision (£m)	0.3	0.2	0.1	0.1	0.2	0.9

Included within the loss provision on current debts due at 31 December 2021 was a specific loss provision of £0.1m in respect of certain debtor balances with specific credit risk profiles.

The movement in the provision for impairment of trade receivables during the year was as follows:

	2022 £m	2021 £m
Balance at 1 January	0.9	0.9
Impairment loss recognised	–	0.3
Impairment loss utilised	(0.1)	(0.3)
Balance at 31 December	0.8	0.9

Market risk

(a) Foreign exchange risk

The majority of the Group's transactions are carried out in the local currency of the respective country the business is operating in. However, the Group does undertake transactions denominated in foreign currencies and consequently exposures to exchange rate fluctuation arise. In many cases this exposure is mitigated by incurring costs in the same currency.

To mitigate the Group's exposure to foreign currency risk, non-local currency cash flows are monitored and, if applicable, forward exchange contracts are entered into in accordance with the Group's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

As at 31 December 2022 there were a small number of forward currency contracts in place. The amount covered by these at 31 December 2022 was £1.0m (2021: 0.6m). These are recorded in the balance sheet at fair value, which at 31 December 2022 was £nil (2021: £nil).

During the year the Group has recognised a net foreign exchange gain of £0.4m (2021: loss of £0.2m) in the consolidated income statement.

Notes to the consolidated financial statements continued

The carrying amounts of the Group's significant monetary assets and liabilities held in currencies other than a business's functional currency at 31 December are set out in the table below along with sensitivity analysis showing the approximate impact of a 10% weakening of the foreign currency against the relevant functional currency as at 31 December. The analysis assumes that all other variables remain constant.

	Foreign currency monetary items		Sensitivity analysis impact of non-functional currency foreign exchange exposure		
	Assets £m	Liabilities £m	Sensitivity	Profit and loss £m	Equity £m
2022					
US Dollars	6.8	2.8	US Dollars (10%)	(0.3)	(0.3)
Euro	2.2	1.4	Euro (10%)	(0.1)	(0.1)
	Foreign currency monetary items		Sensitivity analysis impact of non-functional currency foreign exchange exposure		
	Assets £m	Liabilities £m	Sensitivity	Profit and loss £m	Equity £m
2021					
US Dollars	5.5	(4.4)	US Dollars (10%)	(0.1)	(0.1)
Euro	2.7	(1.6)	Euro (10%)	(0.1)	(0.1)

A 10% strengthening of the above currencies against relevant functional currency at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

In management's opinion, the sensitivity analysis presented does not completely represent the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

The Group also has currency exposure on the translation of overseas subsidiaries' results into Pounds Sterling. The Group does not actively hedge this exposure although there is an element of natural hedge by having operations in different countries. The amount of currency retranslation gain recognised in equity was £2.6m (2021: loss of £1.7m).

(b) Interest rate risk

Interest rate risk comprises both cash flow and fair value risks. Fair value risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in interest rates. The Group is not exposed to fair value risks as it has no financial instruments that are revalued to fair value at the balance sheet date. Cash flow risk arises on the future cash flows of a financial instrument. The Group is exposed to cash flow risk on its variable rate borrowings. The Group manages its interest rate risk through a combination of cash pooling, shareholder funding and borrowing, and management monitors movements in interest rates to determine the most advantageous debt profile for the Group. The Group's policy is for the majority of its debt to be at variable rates as this is expected to better match interest costs with the economic cycle as staffing is typically a cyclical business.

At 31 December 2022, the Group is exposed to changes in market interest rates through its borrowings, which are subject to variable interest rates. For further information see note 18.

	2022	2021
Effective interest rate on borrowings in the year	5.6%	2.6%

An increase of 100 basis points in interest rates would have decreased equity and the income statement by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2022 £m	2021 £m
Net result for the year	(0.3)	(0.3)
Equity	(0.3)	(0.3)

Liquidity risk

Liquidity risk is managed to ensure that the Group is able to meet its payment obligations as they fall due. The Group's funding strategy is to ensure a mix of financing methods offering flexibility and cost effectiveness to match the requirements of the Group. The Group monitors its liquidity risk on an ongoing basis with regular cash flow forecasts. In order to ensure continuity of funding, the Group seeks to arrange funding ahead of business requirements and maintain sufficient undrawn committed borrowing facilities. Details of the Group's borrowings are provided in note 18.

As at 31 December 2022, the Group's financial liabilities have contractual maturities as follows:

	Current				Non-current		Total	
	within 6 months		6 to 12 months		1 to 5 years		2022 £m	2021 £m
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m		
Borrowings	29.0	23.0	0.1	0.2	0.5	11.2	29.6	34.4
Trade and other payables ¹	28.2	27.7	-	-	-	-	28.2	27.7
Forward currency contracts payments	1.0	0.6	-	-	-	-	1.0	0.6
Forward currency contracts receipts	(1.0)	(0.6)	-	-	-	-	(1.0)	(0.6)
Lease liabilities	2.6	2.6	2.9	2.4	2.9	3.4	8.4	8.4
Total	59.8	53.3	3.0	2.6	3.4	14.6	66.2	70.5

1 Trade and other payables exclude other tax and social security of £5.1m (2021: £7.1m). Pilot bonds have been included as due within six months in line with the disclosure in note 17.

Lease liabilities in the table reflect the gross cash flows, which differ from the carrying value at the balance sheet date. All bank loans are on floating interest rates.

At the year end the Group had £17.9m (2021: £12.9m) of undrawn bank facilities (excluding invoice financing).

Capital structure

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the balance between debt and equity. The capital structure of the Group consists of net debt, which includes borrowings and cash and cash equivalents (see note 19) and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in note 21 and in the consolidated statement of changes in equity.

The Board reviews the capital structure of the Group on an ongoing basis, considering the cost of capital and the risks associated with each class of capital. The Board closely monitors the level of borrowings, its debt to debtors ratio and compliance with any covenants on its borrowings. Further details on covenants are given in the finance review on page 26.

Debt to debtors ratio

	2022 £m	2021 £m
Adjusted net debt (see note 19)	7.9	14.0
Trade receivables	33.3	39.5
Debt to debtors ratio	24%	35%

23 Leases

The Group's leases are predominantly property leases. These include leases for the offices from which the businesses across the Group operate and these have terms of typically one to five years. Additionally, in Germany, accommodation is provided to temporary workers with lease lengths typically estimated at between zero and two years.

The movements in the carrying value of right-of-use assets is provided below.

2022	Property £m	Other £m	Total £m
Cost			
At 1 January	17.0	2.2	19.2
Additions and modifications	4.9	0.5	5.4
Disposals	(3.3)	(0.8)	(4.1)
Foreign exchange movements	0.8	0.2	1.0
At 31 December 2022	19.4	2.1	21.5

Notes to the consolidated financial statements continued

2022	Property £m	Other £m	Total £m
Accumulated depreciation			
At 1 January	10.5	1.2	11.7
Depreciation	4.7	0.7	5.4
Disposals	(3.0)	(0.8)	(3.8)
Foreign exchange movements	0.6	0.1	0.7
At 31 December 2022	12.8	1.2	14.0
Net book value			
At 31 December 2021	6.5	1.0	7.5
At 31 December 2022	6.6	0.9	7.5

2021	Property £m	Other £m	Total £m
Cost			
At 1 January	17.0	2.2	19.2
Additions and modifications	4.3	0.5	4.8
Disposals	(3.5)	(0.5)	(4.0)
Foreign exchange movements	(0.8)	-	(0.8)
At 31 December 2021	17.0	2.2	19.2

Accumulated depreciation			
At 1 January	9.1	1.1	10.2
Depreciation	4.6	0.7	5.3
Disposals	(2.8)	(0.5)	(3.3)
Foreign exchange movements	(0.4)	(0.1)	(0.5)
At 31 December 2021	10.5	1.2	11.7

Net book value			
At 31 December 2020	7.9	1.1	9.0
At 31 December 2021	6.5	1.0	7.5

The maturity analysis of lease liabilities is provided in note 22.

Additional disclosures required under IFRS 16 Leases are provided in the table below:

	2022 £m	2021 £m
Depreciation of right-of-use assets	5.4	5.3
Interest on lease obligations	0.3	0.3
Cash outflow for leases	5.6	5.6
Additions to right-of-use assets	5.4	4.8

24 Dividends

	2022 £m	2021 £m
Amount recognised as distribution to equity holders in the year:		
Final dividend for the year ended 31 December 2021 of 1.2p (2020: 1.0p) per share	0.6	0.5
Proposed final dividend for the year ended 31 December 2022 of 1.4p (2021: 1.2p) per share	0.7	0.6

The proposed final dividend for the year ended 31 December 2022 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

25 Profit of the Company

As permitted by Section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of these financial statements. The Company's loss for the financial year was £2.5m (2021: profit of £2.9m).

26 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. These transactions include franchise fees, interest charges and revenue, which amounted to £2.9m (2021: £3.4m), £1.1m (2021: £1.3m) and £1.5m (2021: £1.3m), respectively.

Remuneration of key management personnel

The Group delegates operational decision-making and day-to-day running of the operating companies to the subsidiary management, however, key strategic decisions must be approved by the Company. Therefore, overall authority and responsibility for planning, directing and controlling the entities of the Group sit with the Company's Board of Directors, who are considered the key management personnel.

The remuneration of key management personnel is set out below in aggregate for each of the categories specified in IAS 24. Further information about the remuneration of individual Directors is provided in the Directors' remuneration report on pages 45 to 47.

	2022 £m	2021 £m
Short-term employee benefits	0.9	0.8
Post-employment benefits (contributions to defined contribution pension schemes)	–	–
Share-based payments	0.3	0.3
	1.2	1.1

Directors' transactions

Dividends totalling £169,255 (2021: £140,846) were paid in the year in respect of Ordinary Shares held by the Company's Directors.

Transactions with subsidiary directors

The Group was originally built on a management equity philosophy, with key management holding a meaningful stake in the business they were responsible for. Although the Group has moved away from offering this to new management, existing shareholdings remain in place and continue to be reflected in these accounts. The model typically operated as follows:

Acquisition of shares

At least 51% of shares are held by Empresaria with the balance being held by management, either having been retained when Empresaria initially invested, or subsequently acquired by them at fair value. Shares retained by management upon initial investment typically have no material changes to their rights and are termed first generation shares. Shares subsequently sold to management, either because first generation shares have been acquired by Empresaria or issued to incentivise the next tier of management, are termed second generation shares. Second generation shares are acquired by management at a fair value which is made more affordable by setting a profit threshold level such that these shares only create value once that threshold is exceeded. Second generation shares typically have restrictions such as limited or no entitlement to dividends.

Holding period

Shares can be offered for sale after a specified holding period, typically four or five years. Shares cannot all be sold in one year, requiring a minimum of two or three years for full disposal. While management can choose to offer their shares for sale, the decision to purchase these is solely at the discretion of Empresaria and there are no put or call options in place. Empresaria's decision to buy shares is based on each specific situation, with consideration given to management succession plans, recent trading performance and the potential of the business in the next few years.

Valuation

In most cases the valuation basis is agreed up front and documented in the shareholders' agreements. The valuation is typically based on the average profit after tax for the previous three years using Empresaria's trading multiple (share price divided by adjusted EPS) less 0.5 with a cap of 10, to ensure that it is earnings accretive to Empresaria's shareholders.

In 2022 the Group has had the following transactions in subsidiary shares with directors of subsidiaries:

Notes to the consolidated financial statements continued

Purchased by the Group

Company	% of shares	Aggregate consideration £000	Seller
headwaypersonal GmbH	10.0%	–	M Delwel
Interactive Manpower Solutions Private Limited	0.1%	58	Polad Traders Pvt Ltd
McCall Limited	8.0%	9	J O'Neill
McCall Limited	8.0%	9	N Bancroft
Rishworth Holdco Limited	7.0%	10	Zajatwa International Ltd

Sold by the Group

Company	% of shares	Aggregate consideration £000	Purchaser
Empresaria Philippines Holdings Limited	20.0%	23	M Viladot
Empresaria Vietnam Holdings Limited	15.0%	–	L Laurel
Empresaria Vietnam Holdings Limited	5.0%	–	J Tolmie

27 Share-based payments

The Group operates a Long Term Incentive Plan ('LTIP') for Executive Directors and senior executives. The scheme is equity settled with the granting of nil cost options and is subject to performance conditions. Further details of the LTIP are provided in the Directors' remuneration report. The expense is recognised in the income statement based on the fair value of the equity instrument awarded as determined at the grant date. The expense is recognised on a straight-line basis over the vesting period based on estimates of the number of shares that are expected to vest.

In 2022 a charge to the income statement of £0.3m (2021: charge of £0.3m) was recognised. Movements in the number of options outstanding are as follows:

	2022 Number of share options thousands	2021 Number of share options thousands
Outstanding as at 1 January	4,124	5,620
Lapsed during the year	(928)	(917)
Granted during the year	1,157	1,089
Exercised during the year	–	(1,668)
Outstanding as at 31 December	4,353	4,124
Vested and exercisable as at 31 December	315	315

The options outstanding as at 31 December 2022 had a weighted average remaining contractual life of 5.3 years (2021: 5.0 years).

The fair value of options granted during the year is estimated using a Black-Scholes model for the element with an earnings per share performance condition and a Monte Carlo model for the element with a total shareholder return performance condition. Details of the performance conditions can be found in the Directors' remuneration report on pages 45 to 47.

The inputs into these models for the principal awards made in the year were as follows:

	Award in 2022	Award in 2021
Share price at date of grant	77.5p	81.0p
Exercise price	nil	nil
Expected volatility	38.8%	39.5%
Expected life	3.0 years	2.6 years
Risk-free rate	1.5%	0.21%
Expected dividend yields	1.45%	1.77%
Vesting dates	March 2025	March 2024
Fair value assessed per share	62.7p	69.0p

The expected volatility is determined from the daily log normal distributions of the Company share price over a period equal to the expected holding period calculated back from the date of grant. The risk-free rate was the zero coupon bond yield derived from UK government bonds at the date of grant, with a life equal to the expected holding period.

Parent Company balance sheet

	Note	2022 £m	2021 £m
Non-current assets			
Tangible assets	5	-	-
Investments in subsidiaries	6	47.1	49.3
		47.1	49.3
Current assets and liabilities			
Debtors	7	9.3	12.3
Creditors: amounts falling due within one year	8	(23.9)	(15.5)
Net current liabilities		(14.6)	(3.2)
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	9	-	(10.5)
Net assets		32.5	35.6
Capital and reserves			
Called-up share capital	10	2.5	2.5
Share premium account		22.4	22.4
Merger reserve		0.9	0.9
Other reserves		1.0	0.7
Equity reserve		(0.2)	(0.2)
Profit and loss account		5.9	9.3
Shareholders' funds		32.5	35.6

The loss for the financial year ended 31 December 2022 was £2.5m (2021: profit of £2.9m).

These financial statements of Empresaria Group plc (Company registration number 03743194) were approved by the Board of Directors and authorised for issue on 27 March 2023.

Signed on behalf of the Board of Directors



Rhona Driggs
Chief Executive Officer



Tim Anderson
Chief Financial Officer

Parent Company statement of changes in equity

	Called-up share capital £m	Share premium account £m	Merger reserve £m	Other reserves £m	Equity reserve £m	Profit and loss account £m	Total shareholders' funds £m
At 1 January 2021	2.4	22.4	0.9	0.7	(0.2)	6.9	33.1
Profit for the financial year and total comprehensive income	-	-	-	-	-	2.9	2.9
Dividends paid on equity shares	-	-	-	-	-	(0.5)	(0.5)
Share-based payments	-	-	-	0.3	-	-	0.3
Purchases of own shares by Employee Benefit Trust	-	-	-	-	-	(0.3)	(0.3)
Exercise of share options	0.1	-	-	(0.3)	-	0.3	0.1
At 31 December 2021	2.5	22.4	0.9	0.7	(0.2)	9.3	35.6
Loss for the financial year and total comprehensive income	-	-	-	-	-	(2.5)	(2.5)
Dividends paid on equity shares	-	-	-	-	-	(0.6)	(0.6)
Share-based payments	-	-	-	0.3	-	-	0.3
Purchases of own shares by Employee Benefit Trust	-	-	-	-	-	(0.3)	(0.3)
At 31 December 2022	2.5	22.4	0.9	1.0	(0.2)	5.9	32.5

Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium account represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Merger reserve relates to premiums arising on shares issued subject to the provisions of section 612 Merger relief of the Companies Act 2006.
- Equity reserve represents amounts recognised in relation to historic expired options over a subsidiary company.
- Other reserves primarily represents movements in relation to share-based payments.
- Retained earnings represents accumulated profits less distributions and income/expense recognised in equity from incorporation.

Notes to the Parent Company financial statements

1 Basis of preparation, general information and summary of significant accounting policies

(a) Basis of preparation and general information

The financial statements are for the year ended 31 December 2022. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ('FRS 102') issued by the Financial Reporting Council.

These financial statements are presented in Pounds Sterling (£) as the functional and presentational currency.

The accounting policies have been applied consistently throughout the period for the purposes of preparation of these financial statements.

The Company has taken advantage of a disclosure exemption and has elected not to present a cash flow statement.

(b) Summary of significant accounting policies

Going concern

These accounts are prepared on the going concern basis. Details of the assessment of going concern are given in note 1 to the Group accounts.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is calculated using the straight-line method to write off the cost of the assets over their useful lives as follows:

Fixtures, fittings and equipment: between one and five years.

Investments in subsidiaries

Investments are stated at cost less provision for any impairment in value.

Leases

Leases that result in the Company receiving substantially all of the risks and rewards of ownership of an asset are treated as finance leases. An asset held under a finance lease is recorded in the balance sheet as a tangible fixed asset and depreciated over the shorter of its estimated useful life and the lease term. Future instalments net of interest charges are included within liabilities. Minimum lease payments are apportioned between the interest charge element, which is allocated to each period to produce a constant periodic rate of interest on the remaining liability and charged to the profit and loss account, and the principal element which reduces the outstanding liability.

Rental costs arising from operating leases are charged on a straight-line basis over the period of the lease. Where an incentive is received to enter into an operating lease, such incentive is treated as a liability and recognised as a reduction to the rental expense on a straight-line basis over the period of the lease.

Financial instruments

Short-term debtors and creditors are measured at transaction price, less any impairment. Loans receivable and other financial liabilities, including amounts due from and to subsidiary undertakings, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Pension costs

Payments made to defined contribution retirement benefit schemes are charged to the profit and loss account as they fall due.

2 Profit for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own income statement for the year. The Company reported a loss after tax for the financial year ended 31 December 2022 of £2.5m (2021: profit of £2.9m).

Notes to the Parent Company financial statements continued

3 Directors and employees

	2022 £m	2021 £m
Staff costs		
Wages and salaries	1.9	2.4
Social security costs	0.2	0.3
Other pension costs	0.2	0.2
Share-based payments	0.3	0.3
	2.6	3.2
	2022 Number	2021 Number
Average monthly number of persons employed (including Directors)	16	19

Details of Directors' remuneration are given on pages 45 to 47.

4 Dividends

During 2022 Empresaria Group plc paid a dividend of 1.2p per Ordinary Share (2021: 1.0p). This amounted to £0.6m to its equity shareholders (2021: £0.5m). See note 24 of the Group accounts for information on proposed dividends for the year ended 31 December 2022.

5 Tangible assets

The following table shows the significant additions and disposals of property, plant and equipment.

	Fixtures, fittings and equipment £m
Cost	
At 1 January 2022	0.5
Additions	–
31 December 2022	0.5
Accumulated depreciation	
At 1 January 2022	(0.5)
Charge for the year	–
At 31 December 2022	(0.5)
Net book value	
At 31 December 2021	–
At 31 December 2022	–

6 Investments in subsidiaries

	Shares in subsidiary undertakings £m
Cost	
At 1 January 2022	61.5
Additions	0.1
At 31 December 2022	61.6
Impairment	
At 1 January 2022	12.2
Impairment charge	2.3
At 31 December 2022	14.5
Net book value	
At 31 December 2021	49.3
As 31 December 2022	47.1

During the year an impairment charge of £0.8m was recognised in relation to the investment in Empresaria NZ Limited and £1.5m was recognised in relation to the investment in The Recruitment Business Holdings Limited following an assessment of the recoverable amount at the year end.

Investments comprise the following subsidiary companies:

Company	Class of share held	2022 Effective % holding	2021 Effective % holding
Registered office: Old Church House, Sandy Lane, Crawley Down, West Sussex, RH10 4HS UK			
Ball and Hoolahan Limited	Ordinary	100	100
Become Recruitment Limited	Ordinary	100	100
ConSol Partners (Holdings) Limited	Ordinary	100	100
ConSol Partners Europe Limited	Ordinary	100	100
ConSol Partners Limited	Ordinary	100	100
CP101 Limited	Ordinary	100	100
Empresaria 2021 Limited (formerly Beresford Wilson and Partners Limited)	Ordinary	100	100
Empresaria Americas Finco Limited	Ordinary	100	100
Empresaria Americas Limited ¹	Ordinary	100	100
Empresaria Asia Limited ¹	Ordinary	100	100
Empresaria China Holdings Limited	'A' Ordinary	90	90
Empresaria GIT Holdings Limited ¹	Ordinary	100	100
Empresaria GIT Limited	Ordinary	100	100
Empresaria Healthcare Europe Limited ¹	Ordinary	100	100
Empresaria Healthcare Holdings Limited ¹	Ordinary	100	100
Empresaria Indonesia Holdings Limited	Ordinary	100	100
Empresaria Limited (formerly Empresaria Services Limited) ¹	Ordinary	100	100
Empresaria Malaysia Holdings Limited	Ordinary	100	100
Empresaria Mexico Holdings Limited	'A' Ordinary	100	100
Empresaria North America Limited	'A' Ordinary	88	88
Empresaria NZ Finco Limited	Ordinary	100	100
Empresaria NZ Limited ¹	Ordinary	100	100
Empresaria Peru Holdings Limited	Ordinary	100	100
Empresaria Philippines Holdings Limited	'A' Ordinary	80	100
Empresaria T&I Holdings Limited ¹	Ordinary	100	100
Empresaria T&I Limited	Ordinary	100	100

Notes to the Parent Company financial statements continued

Company	Class of share held	2022 Effective % holding	2021 Effective % holding
Empresaria Technology (Holdings) Limited ¹	Ordinary	100	100
Empresaria Thailand Holdings Limited	'A' Ordinary	80	80
Empresaria Vietnam Holdings Limited	'A' Ordinary	80	100
EMR1000 Limited ¹	Ordinary	100	100
FastTrack Management Services Limited ¹	Ordinary	100	100
Global Crew UK Limited	Ordinary	83	83
Greycoat Placements Limited ¹	'A' Ordinary	90	90
Interim Management International Limited ¹	Ordinary	100	100
LMA Recruitment Limited ¹	'A' and 'C' Ordinary	94	94
Mansion House Recruitment Limited	Ordinary	94	94
McCall Limited ¹	'A' Ordinary	98	82
Oval (888) Limited ¹	Ordinary	100	100
Teamsales Recruitment Limited (formerly 4ward Talent Limited)	Ordinary	100	100
Team Resourcing Limited (formerly Teamsales Limited) ¹	'A' Ordinary	97	97
The Recruitment Business Holdings Limited ¹	Ordinary	100	100
The Recruitment Business Limited	Ordinary	100	100
Registered office: Stanley & Williamson, Level 1 34 Burton Street, Kirribilli NSW 2061, Australia			
The Recruitment Business Pty Limited	Ordinary	100	100
Registered office: Durisolstraße 1/WDZ II, 4600 Wels, Austria			
headwayaustria GesmbH	Ordinary	100	100
Registered office: Ave. Isidora Goyenechea 3250, 13th Floor, Santiago, District of Las Condes, Chile			
Empresaria Group Chile Limitada ¹	Ordinary	100	100
Registered office: Alcade Jorge Monckeberg 77, Santiago, Chile			
A-Consulting Limitada	Ordinary	56	56
Alternativa Empresa De Servicios Transitorios Limitada	Ordinary	56	56
Instituto De Capacitacion Complementaria De La Empresa Limitada	Ordinary	56	56
Marketing y Promociones S.A.	Ordinary	56	56
Registered office: Cerro El Plomo #5420, Oficina 703, 7th Floor, Las Condes, Santiago, 7560742			
Monroe Chile S.A.	Ordinary	55	55
Registered office: Room 16F02, No. 828-838, Zhangyang Road, Pudong New Area, Shanghai, China			
Monroe Consulting Group China	Ordinary	90	90
Registered office: Hämeenkatu 30 C 32 20700 Turku, Finland			
Medikumppani Oy ¹	Ordinary	100	100
Registered office: Brokenheimer Anlarge 2, 60322, Frankfurt am Main, Germany			
ConSol Partners GmbH	Ordinary	100	100

Company	Class of share held	2022 Effective % holding	2021 Effective % holding
Registered office: Dekan-Wagner-Str. 4a, 84032 Altdorf, Germany			
headwaylogistic administration GmbH	Series A and Series B	84	84
headwayindustrie GmbH	Ordinary	84	84
Registered office: Herner Strasse 35, D-45657 Recklinghausen, Germany			
headwaylogistic GmbH	Ordinary	84	84
Registered office: Mendelstrasse 4, 84030 Ergolding, Germany			
Empresaria Holding Deutschland GmbH ¹	Ordinary	100	100
headwaypersonal GmbH	Series A and Series B	100	90
Registered office: Rooms 2702-3, 27th Floor Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong			
The Recruitment Business Limited	Ordinary	100	100
Registered office: Unit 1002, Unicorn Trade Centre, 127-131 Des Voeux Road Central, Hong Kong			
LMA Recruitment (HK) Limited	Ordinary	100	100
Registered office: Ground Floor, 001 Raghupati Niketan, Opp. Ishita Apartments, Navrangpura, Ahmedabad, Gujarat, 380 009, India			
Interactive Manpower Solutions Private Limited ¹	Ordinary	72	72
IMS Workforce Solutions Private Limited	Ordinary	72	72
IMS Oneworld Private Limited	Ordinary	72	72
IMS Payroll Solutions Private Limited	Ordinary	72	72
Registered office: South Quarter Building, Tower C, Level 10, Jl. RA. Kartini, Kav. 8, Cilandak, Jakarta, SELATAN 12430, Indonesia			
PT. Monroe Consulting Group	'A' Ordinary	100	100
Registered office: Daiwa Daikanyama Building, 8-7 Daikanyamacho, Shibuya-ku, Tokyo, Japan			
FINES K.K.	Ordinary	51	51
FINES Tokyo K.K.	Ordinary	51	51
FINES Osaka K.K.	Ordinary	-	51
Registered office: 8-27 Toranomom 3-chome, Minato-ku, Tokyo, Japan			
Skillhouse Staffing Solutions K.K.	Ordinary	90	90
Registered office: 14A Jalan Tun Mohd Fuad, Taman Tun Dr Ismail, 60000, Kuala Lumpur, Wilayah Persektuan, Malaysia			
Agensi Pekerjaan Monroe Consulting Group Malaysia Sdn. Bhd.	Ordinary	100	100
Registered office: Insurgentes 1796 4to Piso, Colonia Florida, DF 01030, Mexico			
Monroe Consulting Mexico, S.A. de C.V.	Class I and Class II Ordinary	100	100
Registered office: De Cuserstraat 93, tweede en derde verdieping, 1081 CN, Amsterdam, Netherlands			
Global Crew Netherlands B.V.	Ordinary	90	83

Notes to the Parent Company financial statements continued

Company	Class of share held	2022 Effective % holding	2021 Effective % holding
Registered office: GVW Accountants Limited, Level 1, 109 Carlton Gore Road, Newmarket, 1023 New Zealand			
Global Resources Asia Limited	Ordinary	90	83
Rishworth Holdco Limited	Ordinary	90	83
Rishworth Aviation Asia Limited	Ordinary	90	83
Rishworth Aviation Asia Pacific Limited	Ordinary	90	83
Rishworth Aviation Europe Limited	Ordinary	90	83
Rishworth Aviation Limited	Ordinary	90	83
Rishworth Aviation International Limited	Ordinary	90	83
Rishworth Aviation Services Limited	Ordinary	90	83
Rishworth Solutions Limited	Ordinary	90	83
Registered office: Gilligan Sheppard Limited, Level 4 Smith & Caughey Building, 253 Queen Street, Auckland, 1010 New Zealand			
The Recruitment Business Limited	Ordinary	100	100
Registered office: Unit 605 Richville Corporate Tower, 1107 Alabang-Zapote Road, Madrigal Business Park, Alabang, Muntinlupa C, 1780, Philippines			
HR Philippines Holdings, Inc.	Ordinary	100	100
Registered office: High Street South Corporate Plaza, Tower 1, Unit 906 – 908, Bonifacio Global City, Manila, 1634, Philippines			
Monroe Consulting Philippines, Inc.	Ordinary	100	100
Registered office: 10 Anson Road #05-01/15, International Plaza, 079903, Singapore			
Global Crew Asia Pte Ltd	Ordinary	83	83
Global Resources Aviation Singapore PTE Ltd	Ordinary	83	83
Registered office: Level 28 Clifford Centre, 24 Raffles Place, Singapore 048621, Singapore			
LMA Recruitment Singapore Pte. Limited	'A' and 'B' Ordinary	70	70
Registered office: Postova 3, 811 06, Bratislava, Slovakia			
Gate1234 s.r.o.	Ordinary	100	100
Registered office: Global Redovisning, Rehnsgatan 5, 11357, Stockholm, Sweden			
Rishworth Aviation AB	Ordinary	90	83
Registered office: 28th Floor, Lake Rajada Office Complex Bldg, 193/119 Ratchadapisek Rd, Klongtoey, Bangkok, 10110, Thailand			
Monroe Holdings (Thailand) Company Limited	Ordinary	80	80
Monroe Recruitment Consulting Group Company Limited	Ordinary	80	80
Registered office: 1409 3rd Street Promenade, Suite A, Santa Monica, CA 90401, USA			
ConSol Partners LLC	Ordinary	100	100
Registered office: 251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware 19808-1674, USA			
Empresaria Americas Services Inc	Common Stock	100	100
Empresaria USA Inc.	Common Stock	88	88

Company	Class of share held	2022 Effective % holding	2021 Effective % holding
Registered office: 8 The Green Ste B, Dover, Kent, DE 19901, USA			
IMS Oneworld Inc.	Ordinary	72	72
Registered office: 8500 Normandale Lake Blvd. Suite 350, Bloomington, MN 55437-3805, USA			
IMS Payroll Solutions Inc.	Ordinary	72	72
Registered office: 477 Main Street, Stoneham, MA 02180, USA			
Medical Recruitment Strategies, LLC	'A' and 'B' Ordinary	88	88
Pharmaceutical Strategies, LLC	'A' and 'B' Ordinary	88	88
Recruitment Strategies Group, LLC	'A' and 'B' Ordinary	88	88
Registered office: SFC Building, Floor 4, No.9, Dinh Tien Hoang Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam			
Monroe Consulting Group Vietnam Limited Liability Company	Ordinary	80	100
Registered office: Av. Alfredo Benavides No 1551, Office No 901, District of Miraflores, province and dept of Lima, Peru			
Grupo Solimano S.A.C.	Ordinary	60	60
People Intermediacion S.A.C.	Ordinary	60	60
People Outsourcing S.A.C.	Ordinary	60	60
Solimano Asociados S.A.C.	Ordinary	60	60
Talentos, Servicios & Ingenieria S.A.C.	Ordinary	60	60

1 These companies are directly held by Empresaria Group plc. The remaining investments are indirectly held. The percentage shown is as at 31 December.

The nature of each investment is the provision of staffing services and each entity operates in its country of incorporation.

7 Debtors

	2022 £m	2021 £m
Amounts owed by subsidiary undertakings	6.3	9.3
Other debtors	0.3	0.3
Corporation tax	0.4	0.6
Deferred tax asset	1.5	1.2
Prepayments and accrued income	0.8	0.9
	9.3	12.3

£0.5m (2021: £0.7m) of the deferred tax asset is expected to be recoverable after more than one year.

8 Creditors: amounts falling due within one year

	2022 £m	2021 £m
Bank overdraft and loans due within one year	13.7	5.0
Trade creditors	0.4	0.2
Amounts owed to subsidiary undertakings	7.9	8.1
Other creditors	0.1	0.5
Accruals	1.8	1.7
	23.9	15.5

Notes to the Parent Company financial statements continued

9 Creditors: amounts falling due after more than one year

	2022 £m	2021 £m
Bank loans	-	10.5

At 31 December 2022, the UK revolving credit facility of £15.0m (2021: £15.0m), expiring in September 2023, had a balance of £8.0m (2021: £10.5m). This facility is based on the SONIA (Sterling Over Night Index Average) interest rate. The margin on the facility is based on the Group's net debt to EBITDA ratio and ranges from 2.0% to 3.0%. This facility was refinanced after the reporting date in March 2023 as detailed in note 18 of the Group accounts.

The interest rate on the UK bank overdraft was fixed during the year at 1.0% above applicable currency base rates.

	2022 £m	2021 £m
Bank loans		
Repayable within one year	8.0	-
Repayable between one and two years	-	10.5
	8.0	10.5

10 Called up share capital

	Number of shares	2022 £m	Number of shares	2021 £m
Issued, allotted and fully paid				
Ordinary Shares of 5p each	49,853,001	2.5	49,853,001	2.5

Please see note 21 of the Group accounts for details on the share capital.

11 Contingent liabilities

The Company is part of a bank overdraft arrangement that operates across a number of subsidiaries of the Company. This facility gives the Company greater access to readily available cash resources. Cross guarantees exist between the companies within this facility. The total amount owed by the Group under this arrangement as at 31 December 2022 was £6.3m (2021: £6.9m).

12 Related party transactions

Please see note 26 of the Group accounts for details on related party transactions.

Officers and professional advisers

Directors

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

Secretary

James Chapman

Registered office

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RH10 4HS

Company registration number

03743194

Nominated Adviser & Joint Broker

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Independent auditor

CLA Evelyn Partners Limited
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EC2V 7BG

Registrars

Link Group
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29 Wellington Street
Leeds
West Yorkshire
LS1 4DL

Glossary

Adjusted earnings per share

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

Adjusted net debt

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

Adjusted operating profit

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

Adjusted profit before tax

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

Change in constant currency

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

Conversion ratio

Adjusted operating profit as a percentage of net fee income.

Debt to debtors ratio

Adjusted net debt as a percentage of trade receivables.

Free cash flow

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

Free cash (pre-tax)

Free cash flow excluding cash outflows on income taxes.

Managed Service Provider ('MSP')

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

Net fee income

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

Offshore Services

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

Pilot bonds

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

Roadmap to £20m

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

RPO

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

SIA

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

Staff productivity

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

Vendor Management System ('VMS')

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



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