22 August 2023

Empresaria Group plc ("Empresaria" or the "Group")

Unaudited interim results for the six months ended 30 June 2023

Challenging market conditions impacting results

Empresaria Group plc (AIM: EMR), the global specialist staffing group, announces its unaudited interim results for the six months ended 30 June 2023.

Overview of the half year

	2023	2022	% change	% change (constant currency)[2]
Revenue	£125.7m	£129.8m	-3%	-6%
Net fee income	£29.7m	£32.6m	-9%	-10%
Adjusted operating profit[1]	£1.3m	£4.5m	-71%	-71%
Operating profit	£0.6m	£3.8m	-84%	
Adjusted profit before tax[1]	£0.5m	£4.0m	-88%	
(Loss)/profit before tax	£(0.2)m	£3.3m	-106%	
Adjusted, diluted (loss)/earnings per share[1]	(0.8)p	3.7p	-122%	
Diluted (loss)/earnings per share	(2.0)p	2.7p	-174%	

- Challenging market conditions from H2 2022 continued into 2023 impacting net fee income
  - Reduced by 9% year-on-year to £29.7m against a strong comparator
  - Offshore services up 15%
  - Permanent placement down 24%
  - Temporary and contract down 8%
- Adjusted operating profit down 71% to £1.3m year-on-year reflecting a higher cost base at the start of 2023 following 2022 investment and inflationary pressures
- Measures to manage cost base taken in Q2 2023, with benefit due to be seen in H2 2023
- Adjusted, diluted loss per share of 0.8p reflecting the strong contribution from Offshore Services where there is 28% non-controlling interest
- Adjusted net debt increased slightly to £8.7m (31 December 2022: £7.9m) with headroom increased to £18.4m
- Adjusted profit before tax for the full year expected to be in line with current market expectations

1 Adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, exceptional items, fair value charge on acquisition of non-controlling shares and, in the case of earnings, any related tax.
2 The constant currency movement is calculated by translating the 2022 results at the 2023 exchange rates.

Chief Executive Officer, Rhona Driggs, commented:

"The challenging market conditions that developed during the second half of 2022 remained through the first half of 2023. The market has yet to show any significant or sustained signs of improvement as client and candidate confidence remains at lower levels across the majority of our markets and sectors.

Our cost base at the start of 2023 was elevated compared to the first half of 2022 reflecting inflationary pressures and targeted investments we made in headcount during 2022 in response to client demand in the first half of that year. As a result, the fall in net fee income has had a material impact on our profits. We have taken action to make appropriate reductions to our cost base which will benefit the second half of the year and we will continue cost control measures until we see sustained signs of improvement.

While we are disappointed with the start to 2023, we are making progress on our key strategic actions to deliver growth. Given current market conditions we continue to review our operational and investment priorities to ensure the Group is best placed to realise our medium-term ambition."

Investor presentation

In line with Empresaria's commitment to ensuring appropriate communication structures are in place for all shareholders, management will deliver an online presentation, available to all existing and potential shareholders, on the interim results for the six months ended 30 June 2023 via the Investor Meet Company platform on Tuesday 22 August 2023 at 4:30pm UK time.

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

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

Investors can sign up for free via: https://www.investormeetcompany.com/empresaria-group-plc/register-investor. Those who have already registered and requested to meet the Company will be automatically invited.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the UK version of the EU Market Abuse Regulation (2014/596) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time.

- Ends –

Enquiries:

Empresaria Group plc Rhona Driggs, Chief Executive Officer Tim Anderson, Chief Financial Officer	via Alma PR
Singer Capital Markets (Nominated Adviser and Joint Broker) Shaun Dobson / James Moat	020 7496 3000
Cenkos Securities plc (Joint Broker) Katy Birkin / Charlie Combe (Corporate Finance) Michael Johnson / Jasper Berry (Sales)	020 7397 8900
Alma PR (Financial PR) Sam Modlin Rebecca Sanders-Hewett Hilary Buchanan	020 3405 0205 empresaria@almapr.com

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

<u>Notes for editors:</u>

- Empresaria Group plc is a global specialist staffing group. We are driven by our purpose to positively impact the lives of people, while delivering exceptional talent to our clients globally. We offer temporary and contract recruitment, permanent recruitment and offshore services across six sectors: Professional, IT, Healthcare, Property, Construction & Engineering, Commercial and Offshore Services.

- Empresaria is structured in four regions (UK & Europe, APAC, Americas and Offshore Services) and operates from locations across the world including the four largest staffing markets of the US, Japan, UK and Germany along with a strong presence elsewhere in Asia Pacific and Latin America.

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

Cautionary statement regarding forward-looking statements

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

Finance and operating review

The Group has been impacted by challenging market conditions in the six months ended 30 June 2023 with net fee income falling by 9% to £29.7m and adjusted operating profit reducing by 71% to £1.3m. This performance has been driven by a number of factors as set out below.

Challenging market conditions

The softening of demand and slowing of hiring decisions seen across the Group's businesses in the second half of 2022 have continued into 2023. These difficult market conditions have been experienced across the Group, but particularly in the US where both IT and Healthcare have seen significant declines. The greatest impact has been on permanent recruitment, with net fee income down 24% year-on-year, with the greatest falls in the US and UK. Temporary and contract was down 8% and, although this has been more resilient, we have not seen the improvements we expected to see in this market.

Managing our cost base

In 2022, the Group made targeted investments in its teams in order to meet customer demand in the first half of that year. This, combined with inflationary impacts, meant that the Group started 2023 with a higher cost based than in the first half of 2022. As market conditions developed and the ongoing impact became clear, the Group implemented a number of targeted measures to manage this cost base. As a result, headcount as at 30 June 2023, excluding our offshore services operation, has reduced by 5% from 31 December 2022, and the full benefit of these actions will be seen in the second half of the year. We will maintain cost control measures while ensuring that we have the resources in place to maximise opportunities as and when market confidence returns.

Continued strength in Offshore Services

Our Offshore Services operation delivered year-on-year net fee income growth of 15% against the first half of 2022. Our sales to US clients, the majority of which support the IT sector, have been impacted by the wider market conditions in the US and the fall in client demand seen in the second half of 2022 has continued into 2023. Growth in sales to our UK clients, the majority of which are in Healthcare, remains strong and we have not seen the same challenges in UK Healthcare as have been seen in the US. As a result, adjusted operating profit has increased by 6% year-on-year and headcount has grown by 4% in the period. We continue to see strong growth opportunities and are investing in the future of this business, including in the infrastructure to support ongoing growth.

Continuing to deliver on strategic initiatives

Despite overall market conditions we continue to be focussed on delivering on our strategic initiatives. We have now officially launched our Professional operation in the US, under our lead Professional brand, LMA Recruitment. As part of this launch, we took the opportunity to refresh the positioning and identity of this brand which will also benefit operations elsewhere in the Group. In line with our strategy, we are focussed on leveraging our existing US client base and are already seeing some good early success from this.

Our other key strategic priority for 2023 is Empresaria Solutions, focussed on delivering a wider breadth of services to our clients as well as leveraging our expertise in delivering to MSP clients, across multiple disciplines and locations. We are continuing to make progress on developing this solution and expect a soft launch by the end of the year.

Outlook

The first half of 2023 has been challenging and we expect the current market conditions to continue to impact through the rest of the year. Underlying drivers, such as relatively low levels of unemployment and skills shortages, remain across our markets, and we expect these to underpin and accelerate recovery as and when confidence returns.

Regional Performance

Net fee income by region:

£'m	6 months ended 30 June 2023	6 months ended 30 June 2022	% change	% change (constant currency)
UK & Europe	12.6	14.5	-13%	-15%
APAC	7.3	7.9	-8%	-8%
Americas	3.4	4.6	-26%	-31%
Offshore Services	7.0	6.1	+15%	+17%
Intragroup eliminations	(0.6)	(0.5)		
Total	29.7	32.6	-9%	-10%

Performance in each of the regions is analysed below.

UK & Europe

£'m	6 months ended 30 June 2023	6 months ended 30 June 2022	% change	% change (constant currency)
Revenue	58.7	63.2	-7%	-10%
Net fee income	12.6	14.5	-13%	-15%
Adjusted operating profit	0.9	2.0	-55%	-55%
% of Group net fee income	42%	44%		

In UK & Europe revenue was down 7%, with net fee income down 13% reflecting a greater decline in permanent placements compared to temporary and contract. Adjusted operating profit was down 55%.

The UK saw the weakest results with net fee income down 25%, driven by reductions in permanent hiring. The impact was across all of our UK operations with our Professional and IT sectors seeing the most significant reductions in demand.

The performance in Germany was more solid with net fee income down just 1% reflecting year-on-year growth in our logistics business which partially offset reductions elsewhere.

APAC

£'m	6 months ended 30 June 2023	6 months ended 30 June 2022	% change	% change (constant currency)
Revenue	26.0	23.0	+13%	+15%
Net fee income	7.3	7.9	-8%	-8%
Adjusted operating (loss)/profit	(0.6)	0.5	-220%	-220%
% of Group net fee income	24%	24%		

In APAC, revenues increased by 13% reflecting revenue growth in our aviation business. However, this is lower margin business and net fee income for the region was down 8% reflecting performances elsewhere. There were pockets of net fee income growth with aviation, China and Philippines all showing strong year-on-year increases. However, in Japan IT demand fell sharply at the start of the year and in Thailand political uncertainty has significantly impacted client confidence while Singapore also performed poorly during the first half of the year. Our performance in Australia continues to be of concern with net fee income down significantly on the prior year and stringent actions have been taken on cost to stabilise the business.

Overall, the region has made a loss in the first half of the year reflecting results in Australia, Singapore and ongoing losses in aviation. We believe that the right actions are in place to address these and bring those operations back to profitability.

Americas

£'m	6 months ended 30 June 2023	6 months ended 30 June 2022	% change	% change (constant currency)
Revenue	28.4	32.7	-13%	-19%
Net fee income	3.4	4.6	-26%	-31%
Adjusted operating (loss)/profit	(0.3)	0.8	-138%	-133%
% of Group net fee income	11%	14%		

In the Americas, revenue was down 13%, with a sharp drop in permanent hiring reflected in a 26% reduction in net fee income. The region generated an adjusted operating loss, driven by the performance in the US.

In the US we operate primarily in the Healthcare and IT sectors, both of which experienced sharp declines in demand in the period. In IT, we were impacted by a combination of the general decline in permanent IT demand, alongside the collapse of Silicon Valley Bank which impacted a large number of our clients. Healthcare has also dropped significantly from the high levels during COVID, with demand, particularly for travel nurses, dropping significantly and pay rates, which had been at elevated levels, also falling.

In LATAM, we delivered solid increases in both net fee income and adjusted operating profit with demand for our retail outsourcing services remaining strong.

Offshore Services

£'m	6 months ended 30 June 2023	6 months ended 30 June 2022	% change	% change (constant currency)
Revenue	13.2	11.7	+13%	+16%
Net fee income	7.0	6.1	+15%	+17%
Adjusted operating profit	3.7	3.5	+6%	+9%
% of Group net fee income	23%	18%		

Offshore Services delivered solid growth with revenue up 13% and net fee income up 15%. Investment in infrastructure is reflected in the 6% growth in adjusted operating profit.

The first half of 2023 has continued in the same vein as the second half of 2022 with sales to our UK Healthcare clients remaining the main driver of growth with the number of billable seats increasing by 17% compared to 31 December 2022. Sales to our US clients, who mainly operate in the IT sector, have continued to be impacted by weak demand resulting in an 11% fall in billable seat numbers compared to 31 December 2022. We have continued to invest in the infrastructure of the business to ensure it remains well positioned for future growth.

Financing

Net finance costs have increased significantly to £0.8m (2022: £0.5m) reflecting higher interest rates across the Group's facilities offset by lower average levels of borrowings and the benefit of actions taken to improve cash efficiency.

Net cash inflow from operating activities was £4.6m (2022: £7.3m), while free cash flow, which excludes movements related to pilot bonds and includes cash outflows on leases, was an inflow of £2.0m (2022: £4.8m).

Capital expenditure in the first half of 2023 was £0.9m (2022: £0.8m) and mainly reflected infrastructure investment to support growth in Offshore Services. The Group's dividend to its shareholders resulted in a £0.7m outflow (2022: £0.6m), dividends to non-controlling interests were £0.4m (2022: £0.4m), while a cash outflow of £0.1m (2022: £0.2m) is shown for Empresaria shares purchased and transferred into the Employee Benefit Trust.

Adjusted net debt (which excludes £0.5m cash held in respect of pilot bonds and does not include lease liabilities recognised under IFRS 16) was £8.7m as at 30 June 2023, an increase of £0.8m from 31 December 2022. Average month end adjusted net debt was £7.9m during the period (six months ended 30 June 2022: £12.9m).

As at 30 June 2023, the Group had financing facilities totalling £54.0m (31 December 2022: £54.8m). Excluding invoice financing, undrawn facilities have increased to £18.4m (31 December 2022: £17.9m) reflecting the small increase in the overall net debt position being more than offset by improvements in cash management.

The Group's revolving credit facility covenants are tested on a quarterly basis. The covenants, and our performance against them as at 30 June 2023, are as follows:

Measure	**Target**	**Actual**
Net debt to EBITDA	< 2.5 times	0.6 times
Interest cover	> 4.0 times	6.6 times

Dividend

In line with prior years, the Board is not recommending the payment of an interim dividend for 2023 (2022: nil).

22 August 2023

Condensed consolidated income statement
Six months ended 30 June 2023

	Notes	**6 months ended 30 June 2023 Unaudited £m**	6 months ended 30 June 2022 Unaudited £m	Year ended 31 December 2022 £m
Revenue	3	**125.7**	129.8	261.3
Cost of sales		**(96.0)**	(97.2)	(195.9)
Net fee income	3	**29.7**	32.6	65.4
Administrative costs		**(28.4)**	(28.1)	(55.2)
Adjusted operating profit	3	**1.3**	4.5	10.2
Fair value charge on acquisition of non-controlling shares		**(0.1)**	-	-
Amortisation of intangible assets identified in business combinations		**(0.6)**	(0.7)	(1.4)
Operating profit		**0.6**	3.8	8.8
Finance income	4	**0.2**	0.1	0.3
Finance costs	4	**(1.0)**	(0.6)	(1.5)
Net finance costs	4	**(0.8)**	(0.5)	(1.2)
(Loss)/profit before tax		**(0.2)**	3.3	7.6
Taxation	6	**(0.1)**	(1.3)	(2.8)
(Loss)/profit for the period		**(0.3)**	2.0	4.8
Attributable to:				
Owners of Empresaria Group plc		**(1.0)**	1.4	3.4
Non-controlling interests		**0.7**	0.6	1.4
		(0.3)	2.0	4.8
		Pence Unaudited	Pence Unaudited	Pence
Earnings per share				
Basic	7	**(2.0)**	2.8	6.9
Diluted	7	**(2.0)**	2.7	6.7

Details of adjusted earnings per share are shown in note 7.

Condensed consolidated statement of comprehensive income
Six months ended 30 June 2023

	6 months ended 30 June 2023 Unaudited £m	6 months ended 30 June 2022 Unaudited £m	Year ended 31 December 2022 £m
(Loss)/profit for the period	**(0.3)**	2.0	4.8
Other comprehensive income			
Items that may be reclassified subsequently to the income statement:			
Exchange differences on translation of foreign operations	**(2.0)**	2.2	2.6
Items that will not be reclassified to the income statement:			
Exchange differences on translation of non-controlling interests in foreign operations	**(0.2)**	0.2	0.3
Other comprehensive (loss)/income for the period	**(2.2)**	2.4	2.9
Total comprehensive (loss)/income for the period	**(2.5)**	4.4	7.7
Attributable to:			
Owners of Empresaria Group plc	**(3.0)**	3.6	6.0
Non-controlling interests	**0.5**	0.8	1.7
	(2.5)	4.4	7.7

Condensed consolidated balance sheet
As at 30 June 2023

	Notes	**30 June 2023 Unaudited £m**	30 June 2022 Unaudited £m	31 December 2022 £m
Non-current assets				
Property, plant and equipment		**2.8**	2.2	2.8
Right-of-use assets		**5.2**	6.7	7.5
Goodwill		**31.1**	31.3	31.9
Other intangible assets		**7.5**	8.7	8.2
Deferred tax assets		**5.2**	4.2	4.4
		51.8	53.1	54.8
Current assets				
Trade and other receivables	10	**44.4**	48.8	46.7
Cash and cash equivalents	9	**19.6**	23.1	22.3
		64.0	71.9	69.0
Total assets		**115.8**	125.0	123.8
Current liabilities				
Trade and other payables	11	**33.2**	35.0	33.3
Current tax liabilities		**1.2**	1.6	1.5
Borrowings	8	**18.8**	22.7	29.1
Lease liabilities		**2.2**	3.3	5.3
		55.4	62.6	69.2
Non-current liabilities				
Borrowings	8	**9.0**	10.5	0.5
Lease liabilities		**3.4**	3.7	2.6
Deferred tax liabilities		**2.5**	2.5	2.5
		14.9	16.7	5.6
Total liabilities		**70.3**	79.3	74.8
Net assets		**45.5**	45.7	49.0
Equity				
Share capital		**2.5**	2.5	2.5
Share premium account		**22.4**	22.4	22.4
Merger reserve		**0.9**	0.9	0.9
Retranslation reserve		**2.9**	4.7	5.1
Equity reserve		**(10.2)**	(10.2)	(10.2)
Other reserves		**0.1**	(0.4)	(0.3)
Retained earnings		**20.6**	20.5	22.4
Equity attributable to owners of Empresaria Group plc		**39.2**	40.4	42.8
Non-controlling interests		**6.3**	5.3	6.2
Total equity		**45.5**	45.7	49.0

Condensed consolidated statement of changes in equity
Six months ended 30 June 2023

	Equity attributable to owners of Empresaria Group plc									
	Share capital	Share premium account	Merger reserve	Retranslation reserve	Equity reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 31 December 2021	2.5	22.4	0.9	2.5	(10.2)	(0.6)	19.9	37.4	4.9	42.3
Profit for the period	-	-	-	-	-	-	1.4	1.4	0.6	2.0
Exchange differences on translation of foreign operations	-	-	-	2.2	-	-	-	2.2	0.2	2.4
Total comprehensive income for the period	-	-	-	2.2	-	-	1.4	3.6	0.8	4.4
Dividend paid to owners of Empresaria Group plc	-	-	-	-	-	-	(0.6)	(0.6)	-	(0.6)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Share-based payments	-	-	-	-	-	0.2	-	0.2	-	0.2
At 30 June 2022 (Unaudited)	2.5	22.4	0.9	4.7	(10.2)	(0.4)	20.5	40.4	5.3	45.7
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	-	-	-	-	-	-	(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	-	-	-	-	-	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
(Loss)/profit for the period	-	-	-	-	-	-	(1.0)	(1.0)	0.7	(0.3)
Exchange differences on translation of foreign operations	-	-	-	(2.2)	-	0.2	-	(2.0)	(0.2)	(2.2)
Total comprehensive (loss)/income for the period	-	-	-	(2.2)	-	0.2	(1.0)	(3.0)	0.5	(2.5)
Dividend paid to owners of Empresaria Group plc	-	-	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Share-based payments	-	-	-	-	-	0.2	-	0.2	-	0.2
At 30 June 2023 (Unaudited)	**2.5**	**22.4**	**0.9**	**2.9**	**(10.2)**	**0.1**	**20.6**	**39.2**	**6.3**	45.5

Condensed consolidated cash flow statement
Six months ended 30 June 2023

	6 months ended 30 June 2023 Unaudited £m	6 months ended 30 June 2022 Unaudited £m	Year ended 31 December 2022 £m
(Loss)/profit for the period	**(0.3)**	2.0	4.8
Adjustments for:			
Depreciation and software amortisation	**0.7**	0.5	1.1
Depreciation of right-of-use assets	**2.7**	2.6	5.4
Fair value charge on acquisition of non-controlling shares	**0.1**	-	-
Amortisation of intangible assets identified in business combinations	**0.6**	0.7	1.4
Share-based payments	**0.2**	0.2	0.3
Net finance costs	**0.8**	0.5	1.2
Taxation	**0.1**	1.3	2.8
	4.9	7.8	17.0
Decrease in trade and other receivables	**0.6**	1.9	6.9
Increase in trade and other payables (including pilot bonds outflow of £0.1m (30 June 2022: £nil, 31 December 2022: £0.1m))	**1.1**	0.2	(3.5)
Cash generated from operations	**6.6**	9.9	20.4
Interest paid	**(1.0)**	(0.5)	(1.5)
Income taxes paid	**(1.0)**	(2.1)	(4.2)
Net cash inflow from operating activities	**4.6**	7.3	14.7
Cash flows from investing activities			
Purchase of property, plant and equipment, and software	**(0.9)**	(0.8)	(2.1)
Finance income	**0.2**	0.1	0.3
Net cash outflow from investing activities	**(0.7)**	(0.7)	(1.8)
Cash flows from financing activities			
Decrease in overdrafts	**(2.0)**	(0.8)	(1.8)
Proceeds from bank loans	**0.7**	-	-
Repayment of bank loans	**-**	(0.7)	(2.7)
Decrease in invoice financing	**(0.2)**	(0.1)	(1.2)
Payment of obligations under leases	**(2.7)**	(2.5)	(5.3)
Purchase of shares in existing subsidiaries	**(0.1)**	-	(0.1)
Purchase of own shares in Employee Benefit Trust	**(0.1)**	(0.2)	(0.3)
Dividends paid to owners of Empresaria Group plc	**(0.7)**	(0.6)	(0.6)
Dividends paid to non-controlling interests	**(0.4)**	(0.4)	(0.4)
Net cash outflow from financing activities	**(5.5)**	(5.3)	(12.4)
Net (decrease)/increase in cash and cash equivalents	**(1.6)**	1.3	0.5
Foreign exchange movements	**(1.1)**	0.7	0.7
Cash and cash equivalents at beginning of the period	**22.3**	21.1	21.1
Cash and cash equivalents at end of the period	**19.6**	23.1	22.3
Bank overdrafts at beginning of the period	**(17.1)**	(18.2)	(18.2)
Decrease in the period	**2.0**	0.8	1.8
Foreign exchange movements	**0.2**	(0.3)	(0.7)
Bank overdrafts at end of the period	**(14.9)**	(17.7)	(17.1)
Cash, cash equivalents and bank overdrafts at period end	**4.7**	5.4	5.2

Notes to the interim financial statements
Six months ended 30 June 2023

1 Basis of preparation and general information

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

The condensed set of financial statements have been prepared using accounting policies consistent with UK-adopted International Accounting Standards. The same accounting policies, presentation and methods of computation are followed in this condensed set of financial statements as applied in the Group's latest annual audited financial statements. The Group does not anticipate any change in these accounting policies for the year ended 31 December 2023. While the financial information included in these interim financial statements has been prepared in accordance with UK-adopted International Accounting Standards applicable to interim periods, these interim financial statements do not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

The information for the year ended 31 December 2022 has been derived from audited statutory accounts for the year ended 31 December 2022. The information for the year ended 31 December 2022 included herein does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The interim financial information for 2023 and 2022 has been neither audited nor reviewed.

Going concern

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

The terms of the Group's principal overdraft facilities are reviewed on an annual basis, and based on informal discussions the Board has had with its lenders, has no reason to believe that sufficient facilities will not continue to be available to the Group for the foreseeable future. As a result, the going concern basis continues to be appropriate in preparing the financial statements.

2 Accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of income, expense, assets and liabilities. The significant estimates and judgements made by management were consistent with those applied to the consolidated financial statements for the year ended 31 December 2022.

Notes to the interim financial statements
Six months ended 30 June 2023

3 Segment analysis

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

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 business by region is set out below:

Six months to 30 June 2023	Revenue	Net fee income	Adjusted operating profit/(loss)
	£m	£m	£m
UK & Europe	58.7	12.6	0.9
APAC	26.0	7.3	(0.6)
Americas	28.4	3.4	(0.3)
Offshore Services	13.2	7.0	3.7
Central costs	-	-	(2.4)
Intragroup eliminations	(0.6)	(0.6)	-
	125.7	29.7	1.3

Six months to 30 June 2022	Revenue	Net fee income	Adjusted operating profit/(loss)
	£m	£m	£m
UK & Europe	63.2	14.5	2.0
APAC	23.0	7.9	0.5
Americas	32.7	4.6	0.8
Offshore Services	11.7	6.1	3.5
Central costs	-	-	(2.3)
Intragroup eliminations	(0.8)	(0.5)	-
	129.8	32.6	4.5

Year ended 31 December 2022	Revenue	Net fee income	Adjusted operating profit/(loss)
	£m	£m	£m
UK & Europe	124.9	28.4	4.7
APAC	49.9	15.8	0.8
Americas	62.7	8.7	1.5
Offshore Services	25.3	13.5	7.1
Central costs	-	-	(3.9)
Intragroup eliminations	(1.5)	(1.0)	-
	261.3	65.4	10.2

Notes to the interim financial statements
Six months ended 30 June 2023

4 Finance income and costs

	6 months ended 30 June 2023 Unaudited £m	6 months ended 30 June 2022 Unaudited £m	Year ended 31 December 2022 £m
Finance income			
Bank interest receivable	**0.2**	0.1	0.3
	0.2	0.1	0.3
Finance costs			
Invoice financing	**(0.1)**	-	(0.1)
Bank loans and overdrafts	**(0.7)**	(0.4)	(1.1)
Interest on lease liabilities	**(0.2)**	(0.2)	(0.3)
	(1.0)	(0.6)	(1.5)
Net finance costs	**(0.8)**	(0.5)	(1.2)

5 Reconciliation of profit before tax to adjusted profit before tax

	6 months ended 30 June 2023 Unaudited £m	6 months ended 30 June 2022 Unaudited £m	Year ended 31 December 2022 £m
(Loss)/profit before tax	**(0.2)**	3.3	7.6
Fair value charge on acquisition of non-controlling shares	**0.1**	-	-
Amortisation of intangible assets identified in business combinations	**0.6**	0.7	1.4
Adjusted profit before tax	**0.5**	4.0	9.0

6 Taxation

The tax charge for the six month period is £0.1m (6 months ended 30 June 2022: £1.3m, year ended 31 December 2022: £2.8m). On an adjusted basis (excluding adjusting items as set out in note 5 and their tax effect), the effective tax rate is 40% (6 months ended 30 June 2022: 38%). The tax charge for the period is assessed using the best estimate of the effective tax rates expected to be applicable for the full year, applied to the pre-tax income of the six month period.

Notes to the interim financial statements
Six months ended 30 June 2023

7 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 2023 and 2022 these are all related to share options. Reconciliations between basic and diluted measures are given below.

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

	6 months ended 30 June 2023 Unaudited	6 months ended 30 June 2022 Unaudited	Year ended 31 December 2022
	£m	£m	£m
Earnings			
Earnings attributable to owners of Empresaria Group plc	**(1.0)**	1.4	3.4
Adjustments:			
Fair value charge on acquisition of non-controlling shares	**0.1**	-	-
Amortisation of intangible assets identified in business combinations	**0.6**	0.7	1.4
Tax on the above	**(0.1)**	(0.2)	(0.3)
Adjusted earnings	**(0.4)**	1.9	4.5
Number of shares	**Millions**	Millions	Millions
Weighted average number of shares – basic	**49.5**	49.5	49.4
Dilution effect of share options	**1.4**	1.9	1.5
Weighted average number of shares – diluted	**50.9**	51.4	50.9
Earnings per share	**Pence**	Pence	Pence
Basic	**(2.0)**	2.8	6.9
Dilution effect of share options	**-**	(0.1)	(0.2)
Diluted	**(2.0)**	2.7	6.7
Adjusted earnings per share	**Pence**	Pence	Pence
Basic	**(0.8)**	3.8	9.1
Dilution effect of share options	**-**	(0.1)	(0.3)
Diluted	**(0.8)**	3.7	8.8

For the six months ended 30 June 2023, all share options are anti-dilutive for the purpose of assessing diluted earnings per share in accordance with IAS 33 Earnings Per Share. As a result, diluted earnings per share and basic earnings per share are equal.

The weighted average number of shares (basic) has been calculated as the weighted average number of shares in issue during the year plus the weighted average 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.

8 Borrowings

	30 June 2023 Unaudited £m	30 June 2022 Unaudited £m	31 December 2022 £m
Current			
Bank overdrafts	**14.9**	17.7	17.1
Invoice financing	**3.4**	4.5	3.5
Bank loans	**0.5**	0.5	8.5
	18.8	22.7	29.1
Non-current			
Bank loans	**9.0**	10.5	0.5
	9.0	10.5	0.5
Borrowings	**27.8**	33.2	29.6

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 subsidiaries. It is also subject to financial covenants and these are disclosed in the finance and operating review. The UK invoice financing facility is also secured by a fixed and floating charge over trade receivables.

Notes to the interim financial statements
Six months ended 30 June 2023

9 Adjusted net debt

a) Adjusted net debt	**30 June 2023 Unaudited £m**	30 June 2022 Unaudited £m	31 December 2022 £m
Cash and cash equivalents	**19.6**	23.1	22.3
Less cash held in respect of pilot bonds	**(0.5)**	(0.7)	(0.6)
Adjusted cash	**19.1**	22.4	21.7
Borrowings	**(27.8)**	(33.2)	(29.6)
Adjusted net debt	**(8.7)**	(10.8)	(7.9)

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

b) Movement in adjusted net debt	**6 months ended 30 June 2023 Unaudited £m**	6 months ended 30 June 2022 Unaudited £m	Year ended 31 December 2022 £m
At 1 January	**(7.9)**	(14.0)	(14.0)
Net (decrease)/increase in cash and cash equivalents per consolidated cash flow statement	**(1.6)**	1.3	0.5
Net decrease in overdrafts and loans	**1.3**	1.5	4.5
Decrease in invoice financing	**0.2**	0.1	1.2
Foreign exchange movements	**(0.8)**	0.3	(0.2)
Adjusted for decrease in cash held in respect of pilot bonds	**0.1**	-	0.1
	(8.7)	(10.8)	(7.9)

10 Trade and other receivables

	30 June 2023 Unaudited £m	30 June 2022 Unaudited £m	31 December 2022 £m
Gross trade receivables	**32.0**	36.2	34.1
Less provision for impairment of trade receivables	**(0.7)**	(1.1)	(0.8)
Trade receivables	**31.3**	35.1	33.3
Prepayments	**3.5**	2.4	2.4
Accrued income	**6.3**	7.3	7.4
Corporation tax receivable	**0.7**	1.1	0.9
Other receivables	**2.6**	2.9	2.7
	44.4	48.8	46.7

11 Trade and other payables

	30 June 2023 Unaudited £m	30 June 2022 Unaudited £m	31 December 2022 £m
Current			
Trade payables	**2.4**	2.4	2.4
Other tax and social security	**5.5**	6.1	5.1
Pilot bonds	**0.5**	0.7	0.6
Client deposits	**0.3**	0.4	0.4
Other payables	**5.2**	5.3	5.0
Accruals	**19.3**	20.1	19.8
	33.2	35.0	33.3

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