

25 April 2024

Dillistone Group Plc
("Dillistone", the "Company" or the "Group")
Final Results
& Investor Presentation

Dillistone Group Plc, the AIM quoted supplier of software for the international recruitment industry, is pleased to announce its audited final results for the 12 months ended 31 December 2023 ("FY2023").

Highlights:

- Adjusted operating profit increased by 241% to £0.220m, first adjusted operating profit since 2018.
- EBITDA increased 38% to £1.314m (FY2022: £0.949m)
- EDITDA margin increased to 23.5% (FY2022: 16.7%)
- Loss before tax improved 77% to £0.104m (FY2022: £0.453m)
- Recurring revenues represented 89% (FY2022: 89%) of Group revenue, equating to 100% of administration expenses (excluding depreciation and amortisation).
- Revenue decreased by 2% to £5.595m (FY2022: £5.699m) reflecting challenging market conditions.
- EPS returned to breakeven position at 0.01p (FY2022: (0.93p)).
- Net cash from operating activities £1.063m (FY2022: £1.189m).
- CBIL debt reduced by £0.300m.
- Net debt increased to £1.169m (FY2022: £1.017m)

Commenting on the results and prospects, Giles Fearnley, Non-Executive Chairman, said:

"I am pleased to report the Group has returned to operating profitability in FY2023 for the first time since 2018.

"In a challenging market, the Group has delivered profit performance in line with expectations, paid down debt and continued to invest for the future.

"We have made a solid start to the year, with all products performing broadly in line with expectations in the first quarter. The Board is confident of making further progress in 2024."

Investor Presentation: 3pm on Tuesday 30 April 2024

Jason Starr, Chief Executive, and Ian Mackin, Finance Director, will hold an investor presentation to review the results and prospects at 3pm on Tuesday 30 April 2024.

The presentation will be hosted through the digital platform Investor Meet Company. Investors can sign up to Investor Meet Company and add to meet Dillistone Group Plc via the following link <https://www.investormeetcompany.com/dillistone-group-plc/register-investor>. For those investors who have already registered and added to meet the Company, they will automatically be invited.

Questions can be submitted pre-event to dillistone@walbrookpr.com or in real time during the presentation via the "Ask a Question" function.

Annual Report and Accounts - The final results announcement can be downloaded from the Company's website (www.dillistonegroup.com). Copies of the Annual Report and Accounts (in addition to the notice of the Annual General Meeting) will be sent to shareholders by 18 May 2024 for approval at the Annual General Meeting to be held on 12 June 2024.

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

The person responsible for arranging the release of this announcement on behalf of the Company is Ian Mackin, Finance Director of the Company.

Enquiries:

Dillistone Group Plc

Giles Fearnley
Jason Starr
Ian Mackin

Chairman
Chief Executive Officer
Finance Director

Via Walbrook PR

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Notes to Editors:

Dillistone Group Plc is a leader in the supply and support of software and services to the recruitment industry. Dillistone operates through the Ikiru People (www.IkiruPeople.com) brand.

The Group develops, markets and supports the Talentis, FileFinder, Infinity, Mid-Office, ISV and GatedTalent products.

Dillistone was admitted to AIM, a market operated by the London Stock Exchange plc, in June 2006.

Learn about our products:

Talentis Software: <https://www.talentis.global/recruitment-software/>

Voyager Software: <https://www.voyagersoftware.com>

GatedTalent Services: <https://www.talentis.global/optimization-services/>

CHAIRMAN'S STATEMENT

I am pleased to report the Group has returned to operating profitability in 2023 for the first time for a number of years.

In a challenging market, the Group has delivered profit performance in line with expectations while paying down debt and continuing to invest for the future.

The underlying business results continue to improve. The Group moved into profit at an operating level, adjusted EBITDA increased 38%, loss before tax was reduced by 77% and earnings per share reached breakeven. We have delivered on our turnaround and present profit results in line with market expectations.

For the purposes of obtaining true comparatives, we focus on measures which are adjusted to remove items of Government support, acquisition related or exceptional items, to better understand the underlying business.

The adjusted operating profit before acquisition related, furlough and other items improved by 241% to £0.220m (FY2022: (£0.156m)). This marks the first adjusted operating profit since 2018.

Net cash from operating activities dipped slightly to £1,063m (FY2022: £1.189m) with a similar level of reduction in the change in cash and cash equivalents at (£0.441m) (FY2022: (£0.362m)).

During the year the Group paid down £300k of debt.

Dividends

The Group is not recommending a final dividend in respect of the year to 31 December 2023 (2022: nil).

Staff

In a challenging year for our markets, to deliver a successful outcome is creditable, and I would like to, once again, thank all involved for their efforts, commitment and determination to deliver first class products and services to the sectors we serve.

Corporate governance

It is the Board's duty to ensure that the Group is managed for the long-term benefit of all stakeholders.

Outlook

Our Group generates revenue primarily from the recruitment sector, and this is a market that remains soft. We assume that the environment will remain challenging, but we have made a solid start to the year, with all products performing broadly in line with expectations in the first quarter. With our recurring revenues covering our overheads and our ability to deliver our products far more efficiently than in recent years, the Board is confident of making further progress in 2024.

Giles Fearnley
Non-Executive Chairman

CEO's Review

Dillistone Group Plc is a global leader in the supply of technology to the recruitment sector worldwide, working with executive search, contingent recruiting and in-house staffing teams in over 1,000 organisations.

We split our products into two groups – products primarily targeting contingency recruiters (largely, but not exclusively, in the United Kingdom) and products targeting executive search firms and in-house executive search teams across the globe.

Contingency recruitment products:

Our products serving this sector are:

- Infinity, which is an established recruitment CRM used primarily by agencies in the UK, but also with users in Europe and Australia. It enables recruitment businesses to manage prospects, clients, candidates and jobs in one place and offers deep integration to Office365 and other recruitment industry complementary solutions. It is one of the few solutions in the UK market with extensive functionality for permanent, contract and temporary jobs all in one system;
- ISV.Online, which is an online skills testing product used by both recruitment agencies and corporate organisations and has a strong international footprint. It allows recruiters and HR professionals to assess individuals using our extensive portfolio of tests or to create their own unique tests to meet their requirements; and
- Mid-Office, which is a comprehensive pay & bill solution that allows recruitment businesses and back office service providers to process timesheets and bridges the gap between paying workers and invoicing clients. It can be used on a standalone basis or integrated with other recruitment systems including our Infinity product.

Contingency review:

- Despite market conditions, the recurring revenue associated with this part of our business was stable, generating a combined £3.460m in recurring revenue, (FY2022 £3.441m).
- In Q1 2023, we announced a contract with a well-known leading UK based contingency recruiter. This contract featured a significant amount of custom work and the scope of this work grew over the course of the year. As a result, while we anticipated that it would be fully live within the year, the platform is now expected to go live in 2024. A significant proportion of the non-recurring revenue associated with the custom development work was realised within the year in review.
- Summer 2023 saw us launch our Mid-Office cloud offering. This offers new and existing clients the ability to use our Mid Office product without the need for internal servers. We are seeing encouraging early adoption of this offering,

During Q1, we have delivered further enhancements to our range of contingency products, including the development and successful use of a psychometric testing service as an enhancement to our ISV platform. The first client to use this product was one of the best-known recruiting firms in the UK, operating on behalf of a globally known automotive company.

Executive Search products:

Our primary products in the Executive Search sector are:

- Talentis, which is our latest product targeting executive recruiters and is used for both candidate research and sourcing and as an executive recruiting CRM;
- FileFinder, which is an established CRM product with thousands of users worldwide; and
- GatedTalent, which is a service that helps recruiters source candidates and candidates find jobs.

Executive search review:

Our executive search products have suffered a challenging few years. However we are pleased to report that while we have further work to do in this sector, our performance is stabilising. Despite continued challenging market conditions, following a 24% fall in 2021 and a 10% fall in 2022, revenue fell by a lower 5% in 2023, totalling £2.135m compared to £2.258m in 2022.

The Board believes that Talentis will become the main revenue driver for the executive search division in the fullness of time. Initially positioned primarily as a research tool, we have continued to add CRM functionality and, since late Q4 2023, we have been actively positioning the platform as a viable upgrade option for FileFinder customers. As part of that process, the GatedTalent platform has since Q1 2024 no longer been supported by FileFinder and, instead, key GatedTalent functionality has been integrated with Talentis with the legacy GatedTalent platform being turned off.

While FileFinder and GatedTalent revenue fell in 2023, Talentis revenue grew. The Board believes that positioning Talentis as the natural successor to FileFinder will help to retain customers within the Group.

During Q1 2024, we have continued to enhance our executive search products, with the primary focus being on Talentis. Despite the challenging market conditions, Talentis revenues have grown in the quarter.

Cost savings and EBITDA Margin step-change.

During 2023, we made significant strides in improving margins within the business, reflecting our investment in improving our internal systems and architecture. This allows us to deliver products and services more efficiently and, with the downturn in our market, we were able to reduce our personnel related and office overheads while continuing to provide what we consider to be industry leading levels of service. The majority of the financial benefit of these moves will be felt from FY2024 onwards.

Nevertheless, due in part to these measures, we were able to reduce our cost base by £0.400m in FY23 enabling the adjusted EBITDA margin to reach 23.5%.

This is a step change from the margins obtained between 2017 and 2022, when the average margin was 16.8%. Excluding the Covid-19 support received from Government, the average historical margin over the same period was 14.9%.

KPIs and financial performance

The Group's operational performance has improved significantly in recent years, with FY2023 marking our return to operating profit. The success measure for each of the KPIs used by management is year on year improvement.

| | FY23 £'000 | FY22 £'000 | % Move |
|--------------------------------------|---------------|---------------|--------|
| Total revenue | 5,595 | 5,699 | (2%) |
| Recurring revenue | 4,974 | 5,051 | (2%) |
| Adjusted EBITDA * | 1,314 | 949 | 38% |
| Cash from operating activities | 1,063 | 1,189 | (11%) |
| Adjusted profit/(loss) before tax ** | 65 | (290) | 122% |

* EBITDA adjusted for exceptional items

** Adjusted profit / (loss) before tax is statutory profit before acquisition related intangible amortisation, reorganization and other costs. See note 2 and note 5.

Strategy

The Group's strategy is to grow the business organically. This strategy is made possible through our commitment to product development, which generates the future revenue of the business. In 2023, product development equated to 17.2% of revenues (FY2022: 17.4%) and we continue to invest in our products going forward.

The Group's objectives are principally to:

- Ensure our products meet the needs of the recruitment sector through continual investment and development;
- Be a leading player in all the markets we serve;
- Develop our staff; and
- Increase our profitability and deliver increased shareholder value year on year.

Financial Review

Summary

The Group saw a return to operating profitability in the year.

- First operating profit since 2016
- Improvement of £0.376m in operating profit before acquisition, reorganisation and other items results in first such profit since 2018
- Adjusted EBITDA increased by 38%
- EBITDA margin up to 23.5% from 16.7% in FY2022
- Loss before tax down by 77%
- EPS returned to breakeven position
- CBIL loan reduced by £0.300m in year
- Net debt increased to £1.169m (FY2022: £1.017m)

The above was achieved whilst maintaining the level of investment in our products and paying down the CBIL loan.

Revenue

Group revenue decreased by 2% to £5.595m from £5.699m in FY2022.

| Revenue by type | FY 2023 | FY 2022 | % |
|-----------------------|---------|---------|---------|
| | £'000 | £'000 | Change |
| Recurring revenue | 4,974 | 5,051 | (1.5%) |
| Non-recurring revenue | 497 | 488 | 1.8% |
| Third party revenue | 124 | 160 | (22.5%) |
| | 5,595 | 5,699 | (1.8%) |
| Recurring revenue % | 89% | 89% | - |

The total annual contract value (TACV), which is a forward looking measure of recurring revenue expectations for the next 12 months, has fallen to £4.451m (FY2022: £4.995m).

Gross profit margin

The gross margin increased to 89% from 86%. Going forward, the management team is focused on maintaining gross margin levels, particularly during challenging economic conditions.

Adjusted EBITDA*

The adjusted EBITDA* increased by 38% to £1.314m from £0.949m in FY2022. This resulted in a higher EBITDA margin of 23.5%, compared to 16.7% in FY2022. This was a result of the Group's agility in responding to market conditions, as a result of the investment we have made in systems over recent years.

** Refers to segment EBITDA in note 3*

Operating profit/(loss) and profit/(loss) before tax

The operating position, before acquisition related, reorganisation and other items (adjusted operating profit) improved greatly to deliver a profit of £0.220m from (£0.156m) in FY2022. This is the Group's first such profit since 2018.

Inclusive of acquisition related, reorganisation and other items, the Group made an operating profit of £0.051m compared to an operating loss of (£0.319m) in FY2022. This is the first profit at an operating level since 2016.

The loss before tax decreased to (£0.104m) from (£0.453m) in FY2022 representing a decrease in loss of 77%. This led to a small profit after tax of £0.003m (FY2022: (0.183m)).

This set of profit figures demonstrates the progress made in recent years.

Taxation

The net tax credit for the year was £0.107m (FY 2022: £0.270m).

Balance sheet

The Group's net assets decreased slightly to £3.217m (FY 2022: £3.223m).

Trade and other receivables decreased slightly to £0.559m (FY 2022: £0.608m). Trade and other payables also decreased to £2.019m (FY2022: £2.341m).

The Group capitalised £0.963m in development costs in the year (FY 2022: £1.007m) as the business continued its commitment to developing its products. Amortisation of development costs was £0.994m (FY 2022: £0.980m).

The Group continues to pay down its debt. The repayment of the Government CBIL loan which is fully repayable by June 2026 is now well underway.

As a result, the CBIL loan balance at 31 December 2023 was £0.750m (2022: £1.050m). The Group also has a convertible loan to current and former Directors of £0.400m (2022: £0.400m), which will not be repaid until the CBIL loan has been repaid.

Due to the activation of a break clause on office space, lease liabilities were adjusted down by £0.475m. In 2024, a new lease was entered into for a reduced office space with liabilities of £0.218m on signing.

Cashflow

Net cash from normalised operating activities decreased 10% to £1.063m (FY2022: £1.189m). Net change in cash decreased to (£0.441m) (FY2022: (£0.362m)). The Group finished the year with a utilisation less than 10% of the current bank facility at (£0.019m) (2022: cash and cash equivalents £0.433m).

Summarised cashflow

| | FY 2023 | FY 2022 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Adjusted net cash from normalised operating activities | 1,063 | 1,189 |
| Investing Activities – net | (972) | (1,022) |
| Financial Activities - net | (532) | (529) |
| Net change in cash and cash equivalents | (441) | (362) |
| Cash and cash equivalents at beginning of year | 433 | 764 |
| Effect of foreign exchange rate changes | (11) | 31 |
| Cash and cash equivalents at 31 st December | (19) | 433 |

Jason Starr
Chief Executive Officer

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

| | Note | 2023 £'000 | 2022 £'000 |
|---|----------|---------------|---------------|
| Revenue | 3 | 5,595 | 5,699 |
| Cost of sales | | (601) | (816) |
| Gross profit | | 4,994 | 4,883 |
| Administrative expenses | | (4,943) | (5,202) |
| Operating profit / loss | 6 | 51 | (319) |
| Adjusted operating profit / (loss) before acquisition related, reorganisation and other items | 2 | 220 | (156) |
| Acquisition related, reorganisation and other items | 5 | (169) | (163) |
| Operating profit / (loss) | | 51 | (319) |
| Financial cost | 8 | (155) | (134) |
| (Loss) before tax | | (104) | (453) |
| Tax income | 9 | 107 | 270 |
| Profit / (loss) for the year | | 3 | (183) |
| Other comprehensive income/(loss) | | | |
| Items that will be reclassified subsequently to profit and loss: | | | |
| Currency translation differences | | (3) | 7 |
| Total comprehensive profit / (loss) for the year | | - | (176) |
| Earnings per share | | | |
| Basic | 10 | 0.01p | (0.93p) |
| Diluted | 10 | 0.01p | (0.93p) |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

| | Share capital £'000 | Share premium £'000 | Merger reserve £'000 | Convertible loan reserve £'000 | Retained earnings £'000 | Share options £'000 | Foreign exchange £'000 | Total £'000 |
|--|---------------------------|---------------------------|----------------------------|---|-------------------------------|---------------------------|------------------------------|----------------|
| Balance at 1 January 2022 | 983 | 1,631 | 365 | 14 | 262 | 64 | 63 | 3,382 |
| Comprehensive income | | | | | | | | |
| Loss for the year | - | - | - | - | (183) | - | - | (183) |
| Other comprehensive income | | | | | | | | |
| Exchange differences on translation of overseas operations | - | - | - | - | - | - | 7 | 7 |
| Total comprehensive loss | - | - | - | - | (183) | - | 7 | (176) |
| Transactions with owners | | | | | | | | |
| Share option charge | - | - | - | - | 14 | 3 | - | 17 |
| <i>Total transactions with owners</i> | - | - | - | - | 14 | 3 | - | 17 |
| Balance at 31 December 2022 | 983 | 1,631 | 365 | 14 | 93 | 67 | 70 | 3,223 |
| Comprehensive income | | | | | | | | |
| Profit for the year | - | - | - | - | 3 | - | - | 3 |
| Other comprehensive income | | | | | | | | |
| Exchange differences on translation of overseas operations | - | - | - | - | - | - | (3) | (3) |
| Total comprehensive loss | - | - | - | - | 3 | - | (3) | - |
| Transactions with owners | | | | | | | | |
| Share option charge | - | - | - | - | 4 | (10) | - | (6) |
| <i>Total transactions with owners</i> | - | - | - | - | 4 | (10) | - | (6) |
| Balance at 31 December 2023 | 983 | 1,631 | 365 | 14 | 100 | 57 | 67 | 3,217 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

| | Group | |
|--|--------------|--------------|
| | 2023 | 2022 |
| | £'000 | £'000 |
| ASSETS | | |
| Non-current assets | | |
| Goodwill | 3,415 | 3,415 |
| Other intangible assets | 2,822 | 2,990 |
| Property, plant and equipment | 20 | 25 |
| Right of use assets | 15 | 498 |
| Investments | - | - |
| Total non-current assets | 6,272 | 6,928 |
| Current assets | | |
| Trade and other receivables | 559 | 608 |
| Current tax receivable | - | 72 |
| Cash and cash equivalents | - | 433 |
| Total current assets | 559 | 1,113 |
| Total assets | 6,831 | 8,041 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Share capital | 983 | 983 |
| Share premium | 1,631 | 1,631 |
| Merger reserve | 365 | 365 |
| Convertible loan reserve | 14 | 14 |
| Retained earnings | 100 | 93 |
| Share option reserve | 57 | 67 |
| Foreign exchange reserve | 67 | 70 |
| Total equity | 3,217 | 3,223 |
| Liabilities | | |
| Non-current liabilities | | |
| Trade and other payables | 170 | 241 |
| Lease liabilities | 3 | 483 |
| Borrowings | 850 | 1,150 |
| Deferred tax liability | 244 | 226 |
| Total non-current liabilities | 1,267 | 2,100 |
| Current liabilities | | |
| Trade and other payables | 2,019 | 2,341 |
| Lease liabilities | 5 | 77 |
| Borrowings | 319 | 300 |
| Current tax payable | 4 | - |
| Total current liabilities | 2,347 | 2,718 |
| Total liabilities | 3,614 | 4,818 |
| Total liabilities and equity | 6,831 | 8,041 |

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

| | For the year ended 31 December 2023 £'000 | For the year ended 31 December 2023 £'000 | For the year ended 31 December 2022 £'000 | For the year ended 31 December 2022 £'000 |
|---|--|--|--|--|
| Operating activities | | | | |
| Loss before tax | (104) | | (453) | |
| Adjustment for | | | | |
| Financial cost | 155 | | 134 | |
| Depreciation and amortisation | 1,230 | | 1,268 | |
| Share option expense | (6) | | 17 | |
| Lease Termination | (77) | | - | |
| Foreign exchange adjustments arising from operations | 8 | | (24) | |
| Operating cash flows before movement in working capital | 1,206 | | 942 | |
| | | | | |
| Decrease in receivables | 49 | | 20 | |
| Decrease in payables | (393) | | (16) | |
| Taxation refunded | 201 | | 243 | |
| Net cash generated from operating activities | | 1,063 | | 1,189 |
| Investing activities | | | | |
| Purchases of property, plant and equipment | (9) | | (15) | |
| Investment in development costs | (963) | | (1,007) | |
| Net cash used in investing activities | | (972) | | (1,022) |
| Financing activities | | | | |
| Interest paid | (155) | | (134) | |
| Bank loan repayments made | (300) | | (300) | |
| Lease payments made | (77) | | (95) | |
| Net cash (used in)/generated from financing activities | | (532) | | (529) |
| Net (decrease)/increase in cash and cash equivalents | | (441) | | (362) |
| Cash and cash equivalents at beginning of the year | | 433 | | 764 |
| Effect of foreign exchange rate changes | | (11) | | 31 |
| Cash and cash equivalents at end of year | | (19) | | 433 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. Publication of non-statutory accounts

In accordance with section 435 of the Companies Act 2006, the Directors advise that the financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2023 or 2022, but is derived from these financial statements. The financial statements for the year ended 31 December 2022 have been audited and filed with the Registrar of Companies. The financial statements for the year ended 31 December 2023 have been prepared in accordance with UK-adopted international accounting standards, IFRIC Interpretations and the Companies Act 2006. The financial statements for the year ended 31 December 2022 have been audited and will be filed with the Registrar of Companies following the Company's Annual General Meeting. The Independent Auditors Report on the Group's statutory financial statements for the years ended 31 December 2023 and 2022 were unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation

The preliminary announcement is extracted from the consolidated financial statements of the Group. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets or liabilities are eliminated in full.

The Group's business activities and financial position, together with the factors likely to affect its future development, performance and position, are set out in the CEO's Review and Financial Review on pages 7 to 12. Together with the financial statements and notes which detail the results for the year, net current liability position and cash flows for the year ended 31 December 2023. The Group prepare 3 year budgets and cash flow forecasts to ensure that the Group can meet its liabilities as they fall due.

The Group meets its day to day working capital requirements through its cash balances and bank facilities.

It has in place a £1.5m CBIL loan, secured in June 2020, repayable over 6 years with capital repayments commencing from July 2021. The Group has the ability to take a holiday from the capital repayments on the CBIL loan for a period of 6 months on request. Compliance with the current CBIL covenant has been considered and based on management expectations and actions, that could practically be taken, the directors do not consider any reasonable risk to arise from this.

The Group secured an extended overdraft facility in March 2024 and undertook a series of cost restructuring encompassing personal related and office overheads during 2023. The majority of the financial benefit of these moves will be felt from FY2024 onwards.

As at the date of this report, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

3. Accounting policies

This preliminary announcement has been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2022.

4. Reconciliation of adjusted profits to consolidated statement of comprehensive income

| | Note | Adjusted profits 2023 | Acquisition related, reorganisation and other costs 2023* | 2023 | Adjusted profits 2022 | Acquisition related reorganisation and other costs 2022* | 2022 |
|--|------|--------------------------|--|---------|--------------------------|---|---------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | | 5,595 | - | 5,595 | 5,699 | - | 5,699 |
| Cost of sales | | (601) | - | (601) | (816) | - | (816) |
| Gross profit | | 4,994 | - | 4,994 | 4,883 | - | 4,883 |
| Administrative expenses | | (4,774) | (169) | (4,943) | (5,039) | (163) | (5,202) |
| Operating (loss) | | 220 | (169) | 51 | (156) | (163) | (319) |
| Financial income | | - | - | - | - | - | - |
| Financial cost | | (155) | - | (155) | (134) | - | (134) |
| (Loss) before tax | | 65 | (169) | (104) | (290) | (163) | (453) |
| Tax income | | 81 | 26 | 107 | 239 | 31 | 270 |
| Profit/(loss) for the year | | 146 | (143) | 3 | (51) | (132) | (183) |
| Other comprehensive loss net of tax: | | | | | | | |
| Currency translation differences | | (3) | - | (3) | 7 | - | 7 |
| Total comprehensive profit/(loss) for the year net of tax | | 143 | (143) | - | (44) | (132) | (176) |
| Earnings per share | | | | | | | |
| Basic | 10 | 0.74p | - | 0.01p | (0.26p) | - | (0.93p) |
| Diluted | 10 | 0.74p | - | 0.01p | (0.26p) | - | (0.93p) |

* See note 9

5. Segment reporting

| Divisional segments | Ikiru | Central | Total | Ikiru | Central | Total |
|--|---------|---------|---------|---------|---------|---------|
| | People | | | People | | |
| | 2023 | | | 2022 | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Segment revenue | 5,595 | - | 5,595 | 5,699 | - | 5,699 |
| Segment EBITDA | 1,250 | 64 | 1,314 | 905 | 44 | 949 |
| Depreciation and amortisation expense | (1,094) | - | (1,094) | (1,105) | - | (1,105) |
| Segment result before reorganisation and other costs | 156 | 64 | 220 | (200) | 44 | (156) |
| Reorganisation and other costs | (32) | - | (32) | - | - | - |
| Segment result | 124 | 64 | 188 | (200) | 44 | (156) |
| Acquisition related amortisation | - | (137) | (137) | - | (163) | (163) |
| Operating (loss) | 124 | (73) | 51 | (200) | (119) | (319) |
| Loan interest/ lease interest | (26) | (129) | (155) | (31) | (103) | (134) |
| Loss before tax | | | (104) | | | (453) |
| Additions of non-current assets | 972 | | 972 | 1,022 | | 1,022 |

Revenue by Business Segment

The following table provides an analysis of the Group's revenue by product area for the 12 months of the financial year.

| | 2023 | 2022 |
|----------------------|-------|-------|
| | £'000 | £'000 |
| Recurring income | 4,974 | 5,051 |
| Non-recurring income | 497 | 488 |
| Third party revenues | 124 | 160 |
| | 5,595 | 5,699 |

In the table above 'Recurring income' represents all income recognised over time, whereas 'Non-recurring income' and 'Third party revenues' represent all income recognised at a point in time.

Recurring income includes all support services, SaaS and hosting income and revenue on perpetual licenses with mandatory support contracts deferred under IFRS 15. Non-recurring income includes sales of new licences which do not require a support contract, and income derived from installing licences including training, installation and data translation. Third party revenues arise from the sale of third party software.

It is not possible to allocate assets and additions between recurring, non-recurring income and third party revenue. No customer represented more than 10% of revenue of the Group in 2023 or 2022.

Revenue by Business Sector

The following table provides an analysis of the Group's revenue by market sector.

| | 2023 | 2022 |
|------------------|-------|-------|
| | £'000 | £'000 |
| Contingent | 3,460 | 3,441 |
| Executive Search | 2,135 | 2,258 |
| | 5,595 | 5,699 |

6. Geographical analysis

The following table provides an estimated of the Group's revenue by geographic market based on the Customers' country. This is provided for information only as the Board does not review the performance of the business from a geographical viewpoint.

| Revenue | 2023 | 2022 |
|----------------|--------------|--------------|
| | £'000 | £'000 |
| UK | 4,175 | 4,148 |
| Europe | 583 | 663 |
| Americas | 496 | 518 |
| Australia | 147 | 147 |
| ROW | 194 | 223 |
| | 5,595 | 5,699 |

Non-current assets by geographical location

| | 2023 | 2022 |
|-----------|--------------|--------------|
| | £'000 | £'000 |
| UK | 6,271 | 6,927 |
| US | - | - |
| Australia | 1 | 1 |
| | 6,272 | 6,928 |

7. Acquisition related, reorganisation and other costs

| | 2023 | 2022 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Included within administrative expenses: | | |
| Reorganisation and other costs | 168 | - |
| Lease Termination | (77) | - |
| US government grant (Employee Retention Program) | (59) | - |
| Amortisation of acquisition intangibles | 137 | 163 |
| | 169 | 163 |

Reorganisation and other costs include severance payments and loss of office payments.

8. Tax income

| | 2023 | 2022 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Current tax | (53) | (139) |
| Prior year adjustment – current tax | (72) | (146) |
| Total current tax | (125) | (285) |
| Deferred tax | (6) | (23) |
| Prior year adjustment – deferred tax | 56 | 69 |
| Deferred tax rate change from 19% to 25% in 2021 | (6) | - |
| Deferred tax re acquisition intangibles | (26) | (31) |
| Total deferred tax | 18 | 15 |
| Tax (income) for the year | (107) | (270) |

Factors affecting the tax credit for the year

| | | |
|---|-------|-------|
| Loss before tax | (104) | (453) |
| UK rate of taxation | 19.0% | 19.0% |
| Loss before tax multiplied by the UK rate of taxation | (86) | (20) |
| Effects of: | | |
| Overseas tax rates | - | - |
| Impact of deferred tax not provided | (8) | 17 |
| Enhanced R&D relief | (110) | (174) |
| Disallowed expenses | 11 | 6 |
| Deferred tax rate change from 19% to 25% in 2021 | - | - |
| Rate difference between CT rate and deferred tax rate | (8) | (5) |
| Rate difference between CT rate and rate of R&D repayment | 49 | 43 |
| Prior year adjustments | (16) | (76) |
| Tax (income) | (107) | (270) |

9. Earnings per share

| | 2023 | 2023 | 2022 | 2022 |
|--|------------------------------|-------------|------------------------------|-------------|
| | Using adjusted profit | | Using adjusted profit | |
| Profit/(loss) attributable to ordinary shareholders (note 2) | £146,000 | £3,000 | (£51,000) | (£183,000) |
| Weighted average number of shares | 19,668,021 | 19,668,021 | 19,668,021 | 19,668,021 |
| Basic profit/(loss) per share | 0.74 p | 0.01 p | (0.26 p) | (0.93 p) |
| Weighted average number of shares after dilution | 19,668,021 | 19,668,021 | 19,668,021 | 19,668,021 |
| Fully diluted profit/(loss) per share | 0.74 p | 0.01 p | (0.26 p) | (0.93 p) |

Reconciliation of basic to diluted average number of shares:

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Weighted average number of shares (basic) | 19,668,021 | 19,668,021 |
| Effect of dilutive potential ordinary shares – employee share plans | - | - |
| <u>Weighted average number of shares after dilution</u> | <u>19,668,021</u> | <u>19,668,021</u> |

There are 1,646,500 (2022: 476,510) share options not included in the above calculations, as they are underwater or have been forfeited.

The impact of the convertible loan notes in the period is not dilutive, as the EPS of the convertible loan notes is greater than the basic EPS, and therefore does not impact the calculation of the fully diluted earnings per share.