

FDM Group (Holdings) plc

Preliminary Results

FDM Group (Holdings) plc (“the Company”) and its subsidiaries (together “the Group” or “FDM”), today announces its results for the year ended 31 December 2022.

	31 December 2022	31 December 2021	% change
Revenue	£330.0m	£267.4m	+23%
Adjusted operating profit ¹	£52.2m	£47.3m	+10%
Profit before tax	£45.7m	£41.4m	+10%
Adjusted profit before tax ¹	£52.0m	£46.7m	+11%
Basic earnings per share	32.0p	29.1p	+10%
Adjusted basic earnings per share ¹	37.3p	33.2p	+12%
Cash flow generated from operations	£49.7m	£52.1m	-5%
Cash conversion ²	108.3%	124.1%	-13%
Adjusted cash conversion ¹	95.1%	110.3%	-14%
Cash position at period end	£45.5m	£53.1m	-14%
Dividend per share	36.0p	33.0p	+9%

- Good performance by FDM in 2022, in line with the Board’s expectations.
- Consultants assigned to clients at week 52³ stood at 4,905 (2021: 4,033), up 22% against the prior year.
- North America delivered excellent growth, with both US and Canada performing well; Consultant headcount grew by 48%.
- Good progress in APAC, where FDM is gaining the critical mass to take advantage of the upfront investment committed over recent years; Consultant headcount grew by 15%.
- The UK delivered an 8% increase in Consultant headcount; more challenging market conditions later in the year, following the September mini-budget and subsequent changes in government.
- Global Consultant utilisation rate⁴ was 97.5%, in line with the prior year (97.3%).
- Global Consultant training completions during the year were 3,179 (2021: 2,410), up 32% and the highest in FDM’s history.
- We secured 74 new clients globally (2021: 78), of which 59% were outside the financial services sector, with good progress made in the energy and utilities, insurance and commercial and professional services sectors.
- We made a number of significant investments during the year in recruitment, training and other mid to long-term programmes which will help underpin the future growth of the business.
- Group revenue increased 23% against the prior year (up 19% on a constant currency basis); adjusted operating profit¹ increased by 10% to £52.2 million (2021: £47.3 million).
- We maintain our robust balance sheet, with £45.5 million of cash at year end (2021: £53.1 million) and no debt.
- Cash conversion of 108.3% (2021: 124.1%), is in line with the Board’s expectations and reflects the continued close management of working capital.
- We propose a Final Dividend of 19.0 pence per share, following an interim dividend of 17.0 pence per share declared in July 2022, which would give a total dividend for the year of 36.0 pence per share (2021: 33.0 pence per share).
- We are committed to reducing our carbon footprint; annual Scope 1, 2 and 3 greenhouse gas emissions per employee were 0.48 tCO₂e (2021: 0.49 tCO₂e).
- 2023 has started positively, with encouraging levels of client engagement against an uncertain macro-economic backdrop.

¹ Adjusted operating profit and adjusted profit before tax are calculated before Performance Share Plan expenses (including social security costs) of £6,356,000 (2021: £5,261,000). Adjusted basic earnings per share are calculated before the impact of Performance Share Plan

expenses (including social security costs and associated deferred tax). The adjusted cash conversion is calculated by dividing cash flow generated from operations by adjusted operating profit.

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

³ Week 52 in 2022 commenced on 19 December 2022 (2021: week 52 commenced on 20 December 2021).

⁴ Utilisation is calculated as the ratio of cost of utilised Consultants to the total Consultant payroll cost.

Rod Flavell, Chief Executive Officer, said:

“We delivered a good performance in 2022, with strong growth in Consultant numbers and accelerated investment in recruitment, training and other programmes that will help to underpin the future of the Group.

The early months of 2023 have seen continued macro-economic uncertainty in many of the regions in which we operate. Against this background, I am pleased that we continue to see encouraging levels of client engagement and that we continue our client-led expansion with the recent openings of offices in Tampa, Florida; Melbourne, Australia; and Limerick, Ireland.

In all of the geographies in which we operate there remain structural and systemic skills-shortages, which we are well placed to assist our clients in overcoming.

Our scalable and flexible business model and diversified portfolio of clients, sectors and operating regions mean that we are appropriately positioned to weather current global uncertainties and to continue to deliver long-term growth for all of our stakeholders.”

Enquiries

For further information:

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Forward-looking statements

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

We are FDM

FDM Group (Holdings) plc ("the Company" or "FDM") and its subsidiaries (together "the Group" or "FDM") form a global professional services provider with a focus on IT. Our mission is to bring people and technology together, creating and inspiring exciting careers that shape our digital future.

The Group's principal business activities involve recruiting, training and deploying its own permanent IT and business Consultants to clients, either on site or remotely. FDM specialises in a range of technical and business disciplines including Development, Testing, IT Service Management, Project Management Office, Data Engineering, Cloud Computing, Risk, Regulation and Compliance, Business Analysis, Business Intelligence, Cybersecurity, AI (Artificial Intelligence), Machine Learning and Robotic Process Automation.

The FDM Careers Programme bridges the gap for graduates, ex-Forces, returners to work and apprentices, providing the training and experience required to make a success of launching or relaunching their careers. We have dedicated training centres and/ or sales operations located in London, Leeds, Glasgow, Limerick, New York NY, Arlington VA, Charlotte NC, Austin TX, Tampa FL, Toronto, Montreal, Frankfurt, Kraków, Singapore, Hong Kong, Shanghai, Sydney and Melbourne. We also operate in Luxembourg, the Netherlands, Switzerland, Austria, Spain, South Africa, and New Zealand.

The physical and mental wellbeing of our people and stakeholders is central to who we are and what we do. As such, our outreach programmes for our Consultants and in-house staff have grown and broadened during 2022, becoming key to our support and care for all of our people globally.

FDM is a collective of around 7,000 people, with a multitude of differing backgrounds, life experiences and cultures. We are a strong advocate of diversity, equity and inclusion in the workplace and the strength of our brand arises from the talent within.

INTRODUCTION

The Group performed well in 2022, with strong levels of trading from all our principal regions and high levels of client demand. North America in particular delivered good growth, with pleasing contributions from both the US and Canada. We made good progress in APAC, where we are now gaining the critical mass to take advantage of our upfront investment over recent years.

The Group delivered an adjusted profit before tax¹ of £52.0 million (2021: £46.7 million). The balance sheet remains robust with closing cash balances of £45.5 million (2021: £53.1 million) and no debt. The Group made dividend payments during the year of £38.2 million (2021: £46.8 million).

During the year we continued with our plan of accelerating and enhancing investment in recruitment of both Consultants and internal staff, and in our complementary development programmes. These initiatives reflect the high level of client demand during the year and will help underpin the future growth of our business. 3,179 Consultants were trained during the year (2021: 2,410 training completions), the highest in the Group's history.

We ended the year with 4,905 Consultants placed with clients (2021: 4,033), recorded revenue of £330.0 million (2021: £267.4 million) and delivered an adjusted operating profit¹ of £52.2 million (2021: £47.3 million).

We maintain a strong focus on cash management and collection, ending the year with £45.5 million of cash (2021: £53.1 million) and no debt.

¹ The adjusted operating profit and adjusted profit before tax is calculated before Performance Share Plan expenses (including social security costs).

Our strategy

FDM's strategy is straightforward: to deliver customer-led, sustainable and profitable growth on a consistent basis through our well-established and proven business model. This model has enabled us to deliver a strong performance in the year by working to fulfil our four key strategic objectives: attract, train, and develop high-calibre Consultants; invest in leading-edge training capabilities; grow and diversify our client base; and expand and consolidate our geographic presence through sustainable and efficient means.

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

Strategic objectives

Attract, train and develop high-calibre Consultants

Recruitment was a key area of focus during the year as we responded to high levels of client demand across all our regions. The overall number of recruitment events decreased as we changed the mix of events to attend more face-to-face and fewer virtual events in 2022. Face-to-face events are more personal to potential candidates and more impactful. We generated a marked increase in the number of applications across all our operating locations, most notably in the UK, with applicants seeking the benefits of FDM's market-leading, flexible training. We believe our training and deployment offering differentiates us from our competitors and is more attractive than ever to candidates. We use recruitment and assessment processes which are designed to spot a candidate's full potential. This helps us to build an inclusive workforce and to increase social mobility by opening doors to careers in tech with our blue-chip clients for individuals from the broadest range of backgrounds.

Our new global applicant tracking system, Eploy, was rolled out in 2022, enabling us to process applications more efficiently while offering a much improved user experience.

We delivered a record year of training completions. In total, there were 3,179 training completions in 2022, an increase of 32% on the previous year (2021: 2,410).

Our Group-wide spend on paid training in 2022 totalled over £21.5 million (2021: £12.5 million), an investment that will help underpin our targets for 2023 and beyond. In response to the higher inflationary operating conditions, we increased salary packages for Consultants across all regions.

We continue to invest in our Ex-Forces and Returners programmes, which remain an important source of talent for the business, and increased our investment in our apprenticeships and school leavers programmes, to further diversify our talent pipeline.

Invest in leading-edge training capabilities

During the year we continued to advance our Academy Transformation Programme, as detailed in our Annual Report 2021, and enhanced our hybrid training model as we work to identify the best training delivery solution for the post pandemic world of work.

We are focussed on optimising both the appeal of our training programmes to candidates and of our Consultants to clients. For example, through our partnership with TechSkills, we have now achieved Tech Industry Gold standard accreditation for eight programmes, through which a total of 548 trainees attained their certification in 2022. Accreditation provides to candidates and clients external validation of FDM's programme content, delivery, approach and assessment.

During the year many of our trainers enhanced their qualifications by gaining industry certifications such as AWS Cloud Practitioner, Agile Scrum Master, SAFe Scrum, and certifications in Google Cloud. We also have trainer certifications with CompTIA CTT+ Certified Technical Trainer, Scrum.org PSM, IIBA ECBA&CBAP and ITIL. These certifications demonstrate that we can offer high quality training in the technologies which are of key importance to our clients.

Grow and diversify our client base

We continue to deliver the highest level of service to our clients and have worked closely with them to meet their requirements. We secured 74 new clients in the year (2021: 78), of which 38 were in the UK, 14 in North America, 14 in APAC and 8 in EMEA. Of these new clients, 59% were secured from outside the financial services sector, as we made good progress in the energy and utilities, insurance and commercial and professional services sectors. The number of new clients does not include those clients re-engaging with us during 2022, post pandemic.

Expand and consolidate our geographic presence through sustainable and efficient means

Our North America operations increased headcount by 48% to 1,618 (2021: 1,095) with excellent growth delivered in both the US and Canada. The UK increased headcount by 8% to 1,958 (2021: 1,806) with a very strong performance in the first half of 2022 followed by a slower second half, reflecting political and economic uncertainties. APAC Consultant headcount increased to 1,011 compared to 880 in 2021, an increase of 15%. EMEA closed with 318 Consultants deployed, up 26% compared to 252 in 2021 with strong activity levels in our newer location, Poland.

We will continue to grow our international footprint in 2023 and to consolidate our operations in our existing territories.

Our service offerings

We continually enhance our service offerings in response to our clients' current and future requirements, developing a partner-led consultancy that provides clients with scalable and sustainable support. Extensive collaboration with clients has led to the co-creation of programmes to provide better solutions to complex challenges, such as a multi-year global internal audit programme for a banking client and a specialist test team

supporting the rollout of a complex global platform for a media client. We have seen the first deployment of both “Robotic Process Automation As A Service” and “Business Analysis As A Service” specialist Data and Business Analysis teams to public sector customers undertaking significant transformation programmes. Each Consulting project is now underpinned by experienced Delivery Consultants who provide a management capability to reduce the burden on our clients. Having successfully deployed significant numbers of Consultants to work on KYC (Know Your Customer) projects with our clients in the banking sector, we have built on our experience to begin working with clients with similar requirements in the charity, insurance and consultancy sectors.

In 2022 we continued strengthening our strategic alliances with some of the world’s most innovative organisations to fuel the growth of our client services and ensure that we are at the forefront of technological advancements. This further adds to the support we now provide to clients, particularly with technologies that are increasingly in demand and with hard-to-source-skills.

Our strategic alliances ecosystem includes:

- **Microsoft** – Workforce Development & Learn Career Connected Partner
- **Salesforce** – Workforce Development & Trailhead Academy Authorised Learning Partner
- **ServiceNow** – Placement & Authorised Training Partner
- **AWS** – AWS Approved Training Partner & AWS reStart Collaboration
- **Appian** – Education Partner
- **nCino** – Workforce Development Partner

GROUP RESULTS

Summary income statement

	Year ending 31 December 2022	Year ending 31 December 2021	% change
Revenue	£330.0m	£267.4m	+23%
Adjusted operating profit ¹	£52.2m	£47.3m	+10%
Operating profit	£45.8m	£42.0m	+9%
Adjusted profit before tax ¹	£52.0m	£46.7m	+11%
Profit before tax	£45.7m	£41.4m	+10%
Adjusted basic EPS ¹	37.3p	33.2p	+12%
Basic EPS	32.0p	29.1p	+10%

Overview

The Group delivered a good performance in 2022. Revenue increased to £330.0 million, up 23% (2021: £267.4 million), adjusted operating profit¹ increased by 10% to £52.2 million (2021: £47.3 million), with adjusted basic earnings per share¹ up 12%, to 37.3 pence (2021: 33.2 pence). On a constant-currency basis² revenue increased by 19%, or £52.3 million, with £7.7 million of the £10.3 million exchange differences relating to the North American operations. We ended the year with a robust balance sheet, including cash balances of £45.5 million (2021: £53.1 million), having converted 108% of our operating profit into operating cash flow. We remain well positioned for future growth with a proven and agile business model that allows us to respond rapidly and effectively to market fluctuations.

Consultants assigned to clients at week 52 of 2022 increased by 22%, totalling 4,905 (week 52 of 2021: 4,033). At week 52 of 2022 our Ex-Forces Programme accounted for 211 Consultants deployed worldwide (week 52 of 2021: 196). Our Returners Programme had 220 Consultants deployed at week 52 of 2022 (week 52 of 2021: 156). The Consultant utilisation rate settled at 97.5% (2021: 97.3%).

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

	Year ending 31 December 2022 Revenue £m	Year ending 31 December 2021 Revenue £m	2022 Consultants assigned to clients at week 52 ³	2021 Consultants assigned to clients at week 52 ³
UK	139.6	121.8	1,958	1,806

North America	116.9	81.4	1,618	1,095
EMEA	19.7	25.0	318	252
APAC	53.8	39.2	1,011	880
	330.0	267.4	4,905	4,033

Adjusted Group operating profit margin decreased to 15.8% (2021: 17.7%) with administrative expenses increasing to £109.8 million (2021: £84.7 million). The decrease in adjusted operating margin is due primarily to the costs associated with record levels of paid training in the period (including the impact of the first full year of paid training costs for the UK), investments in our Train the Trainer programme, our Sales Development Programme; and upgrades to a number of our IT systems.

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

² The constant-currency basis is calculated by translating current year and prior year reported amounts into comparable amounts using the 2022 average exchange rate for each currency. The presentation of the constant-currency basis provides a better understanding of the Group's trading performance by removing the impact on revenue of movements in foreign exchange.

³ Week 52 in 2022 commenced on 19 December 2022 (2021: week 52 commenced on 20 December 2021).

Adjusting items

The Group presents adjusted results, in addition to the statutory results, as the Directors consider that they provide a useful indication of underlying trading performance. The adjusted results are stated before Performance Share Plan expenses including associated taxes which totalled £6,356,000 (2021: £5,261,000). The Directors believe that excluding these costs provides a more meaningful comparison of the trading performance. These expenses are based on estimates relating to a vesting which occurs up to three years in advance and the assumptions underpinning those estimates can change from year to year.

Net finance expense

The finance expense costs include lease liability interest of £0.5 million (2021: £0.6 million). The Group has no debt.

Taxation

The Group's total tax charge for the year was £10.8 million, equivalent to an effective tax rate of 23.5%, on profit before tax of £45.7 million (2021: effective tax rate of 23.2% based on a tax charge of £9.6 million and a profit before tax of £41.4 million). The effective tax rate in 2022 is higher than the underlying UK tax rate of 19% primarily due to Group profits earned in higher tax jurisdictions. The effective tax rate reflects the Group's geographical mix of profits and the impact of items considered to be non-taxable or non-deductible for tax purposes, with the increase year-on-year primarily due to changes in these factors.

Earnings per share

Basic earnings per share increased in the year to 32.0 pence (2021: 29.1 pence), whilst adjusted basic earnings per share were 37.3 pence (2021: 33.2 pence). Diluted earnings per share were 31.8 pence (2021: 28.8 pence).

Dividend

During the year, the Group paid two dividends totalling £38.2 million, representing in aggregate 35.0 pence per share.

At the AGM held on 24 May 2022, a final dividend of 18.0 pence per share for 2021 was approved by shareholders and was paid on 10 June 2022. On 27 July 2022, an interim dividend of 17.0 pence per share for 2022 was declared and was paid on 30 September 2022.

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

The Board has set a minimum consistent cash buffer at a Group level and will always consider the ongoing needs for the funding of organic growth across the business and the distributable reserves available to the Group when considering dividend levels. As at 31 December 2022, the Company had distributable reserves of £59.4 million. This statement does not form part of the audited financial statements and the distributable reserves figure of £59.4 million is therefore not audited by PwC or otherwise.

Cash flow and Statement of Financial Position

The Group's cash balance decreased to £45.5 million (2021: £53.1 million). Cash conversion was 108.3% (2021: 124.1%) reflecting good working capital management and is in line with our normal parameters. Dividends paid in the year totalled £38.2 million (2021: £46.8 million, including the deferred 2019 Final Dividend of £16.3 million arising from the pandemic). Net capital expenditure was £1.2 million (2021: £0.4 million) and tax paid was £13.7 million (2021: £10.6 million).

SEGMENTAL PERFORMANCE

UK

UK Consultant headcount at week 52 of 2022 was 1,958, an increase of 152 (8%) on the prior year (2021: 1,806). Revenue increased by 15% to £139.6 million (2021: £121.8 million); this increase was higher than the 8% increase in Consultant headcount at week 52 due to the phasing of headcount, more challenging market conditions later in the year following uncertainty arising from September's mini-budget and the subsequent changes in UK government, which impacted certain customers' decision-making. During the year we added 38 new clients compared with the 33 that we added in 2021.

The tenure profile of our Consultants has now rebalanced to more normal levels, with the proportion of Consultants who have completed their first two years with FDM having been unusually high through the pandemic. We ended the year with 46% (2021: 49%) within their first year, 36% (2021: 19%) within their second year and 18% (2021: 33%, 2020: 41%) having completed more than two years.

Adjusted operating profit¹ increased 7% to £30.3 million (2021: £28.4 million). Training completions were broadly in line with the prior year as we trained 1,063 Consultants (2021: 1,035). In July 2021 we introduced paid training, paying trainees from their first day in training, in line with our operations elsewhere in the world. The full year cost of trainee wages pre-deployment was £7.2 million in 2022 (2021: £3.8 million).

North America

North America experienced strong growth in Consultant headcount closing the year on 1,618, an increase of 523 (48%) on the prior year (2021: 1,095). Revenue increased by 44% to £116.9 million (2021: £81.4 million). We saw strong Consultant growth in both Canada and the US, with the initiatives we introduced to help us meet growing demand proving successful.

Adjusted operating profit¹ increased by 18% to £15.4 million (2021: £13.1 million), less than the increase in headcount and revenue, a reflection of our upfront investment in training and salaries to deliver the Consultant headcount growth. During the year we trained a record 1,319 Consultants, almost double the number we trained in 2021 (661).

EMEA

EMEA Consultant headcount at week 52 of 2022 was 318, an increase of 66 (26%) on the prior year (2021: 252). Revenue decreased by 21% to £19.7 million (2021: £25.0 million) and adjusted operating profit¹ decreased by 32% to £2.3 million (2021: £3.4 million). The reduction in revenue and operating profit reflects the phasing of Consultant headcount and the regional mix of Consultant placements. In 2021, headcount decreased towards the end of the year, whereas in 2022 headcount increased towards the end of the year. The mix of locations has changed; in 2022, we saw strong growth in Poland and South Africa, two markets with lower sell-rates; whilst in 2021 we completed a large project delivery in Luxembourg. Training completions were 223, an increase of 26 (13%) on prior year (2021: 197).

APAC

APAC Consultant headcount exceeded 1,000, closing the year on 1,011, an increase of 131 (15%) on the prior year (2021: 880). Revenue increased by 37% to £53.8 million (2021: £39.2 million) and adjusted operating profit¹ increased by 75% to £4.2 million (2021: £2.4 million) as the region benefited from strong headcount growth. During the year we hit milestones in two of the regions, with Australia surpassing 400 Consultants and Singapore surpassing 300 Consultants. Across the region, we continued to grow our client base, adding 14 new clients in the year (2021: 17). During the year we trained 574 Consultants, an increase of 57 (11%) on the prior year (2021: 517).

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

THE BOARD

There have been no changes to the Board or any of its Committees since the publication of our last Annual Report.

OUR PEOPLE AND OTHER STAKEHOLDERS

FDM is a people business, and I am very proud of the passion and commitment demonstrated by our people across all of our operating regions. Our results reflect their dedication, hard work and commitment.

Our people strategy has been designed to enable FDM to maintain its position as a high-performing and impactful global organisation with a clear orientation towards sustainability, scalability, commercial efficiency and flexibility. Our people strategy aims to ensure we deliver the following measures: successful deployments; an inclusive culture; a proactive business whereby we are constantly reviewing the needs of our people and clients; quality and clarity of purpose, ensuring all our employees embody and promote our values; and recognised leadership.

We remain committed to embracing diversity, equity and inclusion in the workplace. I am pleased to report that in 2022 we established a new Consultant Experience team whose purpose is to deliver a desirable, inclusive and engaging experience to all our Consultants whilst focussing on career enhancement. This initiative will help ensure our Consultants continue to progress, develop and have a positive experience throughout their time at FDM.

The Board extends its thanks to every FDM employee for the quality of their work during 2022, which has enabled us to continue to deliver for all our stakeholders.

THE ENVIRONMENT

During the year we published our Carbon Reduction Plan, which aims to reduce our carbon footprint in all appropriate areas whilst building carbon efficiencies into our ways of working. We have committed to:

- reduce our absolute Scope 1 and 2 greenhouse gas emissions by 50% by 2030 from a 2020 base year; and
- reduce Scope 3 greenhouse gas emissions by 62% per employee within the same timeframe.

In June 2022, SBTi validated that these targets conform with the SBTi Criteria and Recommendations (version 4.2). The SBTi's Target Validation Team has determined that our targets are in line with seeking to keep a rise in global temperature to below 1.5°C.

CURRENT TRADING AND OUTLOOK

The early months of 2023 have seen continued macro-economic uncertainty in many of the regions in which we operate. Against this background, I am pleased that we continue to see good levels of client engagement and that we continue our client-led expansion with the recent openings of offices in Tampa, Florida; Melbourne, Australia; and Limerick, Ireland.

In all of the geographies in which we operate there remain structural and systemic skills-shortages which we are well placed to assist our clients in overcoming. Our scalable and flexible business model and diversified portfolio of clients, sectors and operating regions mean that we are appropriately positioned to weather current global uncertainties and to continue to deliver long-term growth for all of our stakeholders.

Consolidated Income Statement

for the year ended 31 December 2022

	Note	2022 £000	2021 £000
Revenue	3	329,972	267,356
Cost of sales		(174,353)	(140,641)
Gross profit		155,619	126,715
Administrative expenses		(109,772)	(84,700)
Operating profit	4	45,847	42,015
Finance income	5	418	58
Finance expense	5	(604)	(650)
Net finance expense		(186)	(592)
Profit before income tax		45,661	41,423
Taxation	6	(10,753)	(9,594)
Profit for the year		34,908	31,829
Earnings per ordinary share			
		2022 pence	2021 pence
Basic	7	32.0	29.1
Diluted	7	31.8	28.8

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	2022	2021
	£000	£000
Profit for the year	34,908	31,829
Other comprehensive income/ (expense)		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on retranslation of foreign operations (net of tax)	2,148	(47)
Total other comprehensive income/ (expense)	2,148	(47)
Total comprehensive income for the year	37,056	31,782

Consolidated Statement of Financial Position

as at 31 December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Right-of-use assets		10,073	11,631
Property, plant and equipment		3,666	4,069
Intangible assets		19,729	19,597
Deferred income tax assets		2,316	2,484
		<u>35,784</u>	<u>37,781</u>
Current assets			
Trade and other receivables	8	48,923	35,841
Cash and cash equivalents	9	45,523	53,120
		<u>94,446</u>	<u>88,961</u>
Total assets		<u>130,230</u>	<u>126,742</u>
Current liabilities			
Trade and other payables	10	32,962	31,235
Lease liabilities		4,643	5,413
Current income tax liabilities		1,172	2,147
		<u>38,777</u>	<u>38,795</u>
Non-current liabilities			
Lease liabilities		8,250	9,817
Total liabilities		<u>47,027</u>	<u>48,612</u>
Net assets		<u>83,203</u>	<u>78,130</u>
Equity attributable to owners of the parent			
Share capital	11	1,092	1,092
Share premium		9,705	9,705
All Other reserves		13,525	5,126
Retained earnings		58,881	62,207
Total equity		<u>83,203</u>	<u>78,130</u>

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Group profit before tax for the year		45,661	41,423
<i>Adjustments for:</i>			
Depreciation and amortisation	4	6,423	6,160
Loss on disposal of non-current assets		130	2
Finance income	5	(418)	(58)
Finance expense	5	604	650
Share-based payment charge (including associated social security costs)		6,727	5,622
Increase in trade and other receivables		(11,334)	(5,123)
Increase in trade and other payables		1,872	3,471
		<hr/>	<hr/>
Cash flows generated from operations		49,665	52,147
Interest received		418	58
Income tax paid		(13,665)	(10,606)
		<hr/>	<hr/>
Net cash inflow from operating activities		36,418	41,599
		<hr/>	<hr/>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,204)	(368)
		<hr/>	<hr/>
Net cash used in investing activities		(1,204)	(368)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from sale of shares from EBT		484	450
Principal elements of lease payments		(5,470)	(5,294)
Interest elements of lease payments		(472)	(564)
Proceeds from sale of own shares		24	50
Finance costs paid		(132)	(85)
Dividends paid	12	(38,153)	(46,820)
		<hr/>	<hr/>
Net cash used in financing activities		(43,719)	(52,263)
		<hr/>	<hr/>
Exchange gains/ (losses) on cash and cash equivalents		908	(573)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(7,597)	(11,605)
Cash and cash equivalents at beginning of year		53,120	64,725
		<hr/>	<hr/>
Cash and cash equivalents at end of year	9	45,523	53,120
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital £000	Share premium £000	All Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2022	1,092	9,705	5,126	62,207	78,130
Profit for the year	-	-	-	34,908	34,908
Other comprehensive income for the year	-	-	2,148	-	2,148
Total comprehensive income for the year	-	-	2,148	34,908	37,056
Share-based payments	-	-	5,844	-	5,844
Transfer to retained earnings	-	-	(454)	454	-
Own shares sold	-	-	861	(353)	508
Recharge of net settled share options	-	-	-	(182)	(182)
Dividends (note 12)	-	-	-	(38,153)	(38,153)
Total transactions with owners, recognised directly in equity	-	-	6,251	(38,234)	(31,983)
Balance at 31 December 2022	1,092	9,705	13,525	58,881	83,203
	Share capital £000	Share premium £000	All Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021	1,092	9,705	(57)	77,224	87,964
Profit for the year	-	-	-	31,829	31,829
Other comprehensive expense for the year	-	-	(47)	-	(47)
Total comprehensive income for the year	-	-	(47)	31,829	31,782
Share-based payments	-	-	5,320	-	5,320
Transfer to retained earnings	-	-	(1,530)	1,530	-
Own shares sold	-	-	1,440	(938)	502
Recharge of net settled share options	-	-	-	(618)	(618)
Dividends (note 12)	-	-	-	(46,820)	(46,820)
Total transactions with owners, recognised directly in equity	-	-	5,230	(46,846)	(41,616)
Balance at 31 December 2021	1,092	9,705	5,126	62,207	78,130

Notes to the Consolidated Financial Statements

1. General information

The Group is an international professional services provider focussing principally on IT, specialising in the recruitment, training and deployment of its own permanent IT and business Consultants.

The Company is limited by shares, incorporated and domiciled in the UK and registered as a public limited company in England and Wales with a Premium Listing on the London Stock Exchange. The Company's registered office is 3rd Floor, Cottons Centre, Cottons Lane, London, SE1 2QG and its registered number is 07078823.

2. Basis of preparation

The financial information set out in this preliminary announcement does not constitute statutory accounts for the years ended 31 December 2022 and 31 December 2021, for the purpose of the Companies Act 2006, but is derived from those accounts. The audited statutory accounts for 2021 have been delivered to the Registrar of Companies and those for 2022 were approved for issue on 14 March 2023. The Group's auditor reported on the Annual Report and Accounts for the year ended 31 December 2022 on 14 March 2023. Their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with UK-adopted International Financial Reporting Standards, this announcement does not itself contain sufficient information to comply with UK-adopted International Financial Reporting Standards. The accounting policies applied in preparing this financial information are consistent with the Group's financial statements for the year ended 31 December 2021 with the exception of the following standards and amendments which were effective from 1 January 2022 and were adopted by the Group in preparing the financial statements. The adoption of these standards and amendments has not had a material impact on the Group's financial statements in the year:

- Amendment to Annual Improvements to IFRS Standards 2018–2021
- Amendment to Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37 1 January 2022
- Amendment to Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16
- Amendment to Reference to the Conceptual Framework (Amendments to IFRS 3)

3. Segmental reporting

Management has determined the operating segments based on the operating reports reviewed by the Board of Directors that are used to assess both performance and strategic decisions. Management has identified that the Executive Directors are the chief operating decision-maker in accordance with the requirements of IFRS 8 'Operating segments'.

As of 31 December 2022, the Board of Directors consider that the Group is organised on a worldwide basis into four core geographical operating segments:

- (1) UK;
- (2) North America;
- (3) Europe, Middle East and Africa, excluding UK ("EMEA"); and
- (4) Asia Pacific ("APAC").

Each geographical segment is engaged in providing services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

All segment revenue, profit before taxation, assets and liabilities are attributable to the principal activity of the Group, being a global professional services provider with a focus on IT.

For the year ended 31 December 2022

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	139,560	116,937	19,665	53,810	329,972
Depreciation and amortisation	2,599	1,698	291	1,835	6,423
Segment operating profit	25,856	14,111	2,039	3,841	45,847
Finance income ¹	515	152	2	5	674
Finance costs ¹	(196)	(59)	(86)	(519)	(860)
Profit before income tax	26,175	14,204	1,955	3,327	45,661
As at 31 December 2022					
Total assets	69,706	26,915	11,983	21,626	130,230
Total liabilities	(8,602)	(9,775)	(4,906)	(23,744)	(47,027)

¹ Finance income and finance costs include intercompany interest which is eliminated upon consolidation

Included in total assets above are non-current assets (excluding deferred tax) as follows:

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
31 December 2022	23,124	1,654	1,112	7,578	33,468

For the year ended 31 December 2021

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	121,846	81,387	24,963	39,160	267,356
Depreciation and amortisation	2,489	1,714	241	1,716	6,160
Segment operating profit	24,570	12,215	3,237	1,993	42,015
Finance income ¹	159	174	-	4	337
Finance costs ¹	(231)	(60)	(88)	(550)	(929)
Profit before income tax	24,498	12,329	3,149	1,447	41,423
As at 31 December 2021					
Total assets	75,995	21,038	11,937	17,772	126,742
Total liabilities	(13,053)	(8,669)	(6,193)	(20,697)	(48,612)

¹ Finance income and finance costs include intercompany interest which is eliminated upon consolidation

Included in total assets above are non-current assets (excluding deferred tax) as follows:

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
31 December 2021	24,839	2,144	1,030	7,284	35,297

Information about major customers

Customers A and B represent 10% or more of the Group's 2022 and 2021 revenues. Revenue from customer A is attributed across all four operating segments, revenue from customer B is attributed to North America.

	2022 £000	2021 £000
Revenue from customer A	40,297	35,942
Revenue from customer B	37,227	16,010

4 Operating profit

Operating profit for the year has been arrived at after (crediting)/ charging:

	2022 £000	2021 £000
Net foreign exchange differences	(415)	39
Loss on disposal of property, plant and equipment	95	-
Depreciation of right-of-use assets	4,533	4,294
Depreciation of property, plant and equipment and amortisation of software and software licences	1,890	1,866
Expense relating to short-term leases	13	78

5 Finance income and expense

	2022 £000	2021 £000
Bank interest	418	58
Finance income	418	58
	2022 £000	2021 £000
Interest on lease liabilities	(472)	(564)
Finance fees and charges	(132)	(86)
Finance expense	(604)	(650)

6 Taxation

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	2022 £000	2021 £000
Current income tax:		
Current income tax charge	11,699	9,904

Adjustments in respect of prior periods	(592)	(418)
	<hr/>	<hr/>
Total current income tax	11,107	9,486
Deferred tax:		
Relating to origination and reversal of temporary differences	(354)	108
	<hr/>	<hr/>
Total deferred tax	(354)	108
	<hr/>	<hr/>
Total tax expense reported in the income statement	10,753	9,594
	<hr/> <hr/>	<hr/> <hr/>

The standard rate of corporation tax in the UK is 19% (2021: 19%). Accordingly, the profits for 2021 and 2022 are taxed at 19%. The tax charge for the year is higher (2021: higher) than the standard rate of corporation tax in the UK. The differences are set out below:

	2022	2021
	£000	£000
Profit before income tax	45,661	41,423
	<hr/> <hr/>	<hr/> <hr/>
Profit before income tax multiplied by UK standard rate of corporation tax of 19% (2021: 19%)	8,676	7,870
Effect of different tax rates on overseas earnings	2,090	1,695
Effect of expenses not deductible for tax purposes	579	143
Adjustments in respect of prior periods	(592)	(418)
Effect of unused tax losses not recognised for deferred tax assets	-	304
	<hr/>	<hr/>
Total tax charge	10,753	9,594
	<hr/> <hr/>	<hr/> <hr/>

7 Earnings per ordinary share

Basic earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year.

		2022	2021
Profit for the year	£000	34,908	31,829
Average number of ordinary shares in issue (thousands)		109,192	109,192
		<hr/> <hr/>	<hr/> <hr/>
Basic earnings per share	Pence	32.0	29.1
		<hr/> <hr/>	<hr/> <hr/>

Adjusted basic earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Parent Company, excluding Performance Share Plan expense (including social security costs and associated deferred tax), by the weighted average number of ordinary shares in issue during the year.

		2022	2021
Profit for the year (basic earnings)	£000	34,908	31,829
Share-based payment expense (including social security costs)	£000	6,356	5,261
Tax effect of share-based payment expense	£000	(522)	(837)
		<hr/>	<hr/>
Adjusted profit for the year	£000	40,742	36,253
		<hr/> <hr/>	<hr/> <hr/>
Average number of ordinary shares in issue (thousands)		109,192	109,192
		<hr/> <hr/>	<hr/> <hr/>
Adjusted basic earnings per share	Pence	37.3	33.2

Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one type of dilutive potential ordinary shares in the form of share options; the number of shares in issue has been adjusted to include the number of shares that would have been issued assuming the exercise of the share options.

		2022	2021
Profit for the year (basic earnings)	£000	34,908	31,829
Average number of ordinary shares in issue (thousands)		109,192	109,192
Adjustment for share options (thousands)		594	1,386
Diluted number of ordinary shares in issue (thousands)		109,786	110,578
Diluted earnings per share	Pence	31.8	28.8

8 Trade and other receivables

Due to their short-term nature, the Directors consider that the carrying amount of trade receivables approximates to their fair value. The standard credit terms are 30 days.

	2022	2021
	£000	£000
Trade receivables	34,892	26,727
Prepayments and accrued income	9,389	5,650
Tax receivables	3,450	1,997
Other receivables	1,192	1,467
	48,923	35,841

Included within prepayments and accrued income is £3,862,000 of accrued income (2021: £2,883,000).

9 Cash and cash equivalents

	2022	2021
	£000	£000
Cash at bank and in hand	45,523	53,120

10 Trade and other payables

Due to their short-term nature, the Directors consider that the carrying amount of trade payables approximates to their fair value.

	2022	2021
	£000	£000
Trade payables	2,184	1,113
Other payables	1,856	1,725
Other taxes and social security	9,309	8,444
Accruals	19,613	19,953
	32,962	31,235

11 Share capital

Authorised, called-up, allotted and fully-paid share capital

	2022 Number of shares	2022 £000	2021 Number of shares	2021 £000
<i>Ordinary shares of £0.01 each</i> At 1 January and 31 December	109,191,669	1,092	109,191,669	1,092

Ordinary shares

All ordinary shares rank equally for all dividends and distributions that may be declared on such shares. At general meetings of the Company, each shareholder who is present (in person, by proxy or by representative) is entitled to one vote on a show of hands and, on a poll, to one vote per share.

There were no changes in the authorised, called-up, allotted and fully-paid share capital during the year.

12 Dividends

	2022 £000	2021 £000
Dividends paid		
Paid to shareholders	38,153	46,820

2022

An interim dividend of 17.0 pence per ordinary share was declared by the Directors on 27 July 2022 and was paid on 30 September 2022 to holders of record on 26 August 2022, the amount payable was £18,533,000.

The Board is proposing a final dividend of 19.0 pence per share in respect of the year to 31 December 2022, for approval by shareholders at the AGM on 16 May 2023, the amount payable will be £20,746,000. Subject to shareholder approval the dividend will be paid on 30 June 2023 to shareholders of record on 9 June 2023.

This brings the Company's total dividend for the year to 36.0 pence per share (2021: 33.0 pence per share).

The Board continues to operate a progressive dividend policy; the Group will retain sufficient capital to fund ongoing operating requirements, maintain an appropriate level of dividend cover and sufficient funds to invest in the Group's longer-term growth.

2021

An interim dividend of 15.0 pence per ordinary share was declared by the Directors on 27 July 2021 and was paid on 3 September 2021 to holders of record on 6 August 2021, the amount payable was £16,327,000.

The Board paid a final dividend of 18.0 pence per share on 10 June 2022, to shareholders on record on 20 May 2022, the amount payable was £19,620,000.