30 March 2023

Gattaca plc

("Gattaca" or "the Group")

Interim Results for the six months ended 31 January 2023

Evolution of strategy

Gattaca plc ("Gattaca" or the "Group"), the specialist STEM staffing business, today announces its financial results for the six months ended 31 January 2023.

Financial Highlights

	2023 H1		2022 H1			
	Continuing reported	Continuing underlying[2]	Continuing reported	Continuing underlying	Continuing reported	Continuing underlying
	£m	£m	£m	£m	%	%
Revenue	194.7	194.7	202.2	202.2	-4%	-4%
Net Fee Income (NFI)[1]	22.7	22.7	21.6	21.6	5%	5%
EBITDA	1.4	1.7	(1.2)	0.9	n/a	91%
Profit / (Loss) before tax	0.8	0.9	(2.5)	(0.3)	n/a	n/a
Profit / (Loss) after tax	0.6	0.7	(2.4)	(0.2)	n/a	n/a
Discontinued operations	(0.2)	n/a	(0.6)	n/a	n/a	n/a
Reported profit / (loss) after tax	0.4	n/a	(3.1)	n/a	n/a	n/a
Basic earnings per share	1.7p	2.1p	(7.5)p	(0.8)p		
Diluted earnings per share	1.7p	2.0p	(7.5)p	(0.8)p		
Interim dividend	0p	n/a	0p	n/a		
Net cash / (debt)	20.9	n/a	(0.1)	n/a		

Highlights

- Group NFI of £22.7 million, up 5% year-on-year
  - UK NFI up 6% at £21.4 million (2022 H1: £20.3 million)
  - Energy, Defence and Infrastructure, representing 59% of Group NFI, delivered strong growth
  - Contract NFI, which grew by 2% year-on-year, represents 67% of Group NFI (2022 H1: 70%, FY22: 71%)
  - Contract vs Perm split in 2023 H1 was as expected with changing client mix; ratio will rebalance towards Contract as contract market recovers
  - Permanent NFI up 13% year-on-year, representing 33% of Group NFI (2022 H1: 30%)
- Early results from our increased external focus with two major client account wins in 2023 H1
- Group underlying profit before tax of £0.9m (2022 H1: loss before tax £(0.3)m), reflecting focus on productivity improvements and cost management
- NFI productivity per sales head improved by 20%, with enhanced performance management, total sales headcount in period down 11% versus 31 July 2022.
- Group net cash of £20.9 million (31 July 2022: £12.3 million)
- No interim dividend (2022 H1: nil pence); the Board remains committed to reviewing dividends at the year end

Strategic update

Continued focus on developing the four identified strategic priorities:

- External focus
  - Implemented client and candidate service feedback surveys, with average NPS of 8.5 and 8.9 respectively
  - Improved yield by increasing average contingent perm fee by 6%, and average contract timesheet value by 9%
  - Implemented two major client accounts in 2023 H1
  - Reduced fulfilment headcount, increased sales effort, linked to major account service changes and market dynamics
  - Launched plans to simplify Brand Architecture, due to Go Live in Q4
- Culture
  - Completed two quarters of our new Performance Scorecard process
  - Integrated attrition reduction targets into our FY23 LTIP share option grant
  - Engagement score improved to 8.1 at 2023 H1, up from 7.6 at FY22
  - Attrition at 31 January 2023 of 40% and improving into H2; many regretted leavers returned to the business since new management appointed
- Operational performance
  - Successfully implemented nine automations, positively impacting customer experience, engagement, operational efficiency and data quality
  - Exited low margin work, resulting in an increase in +0.7 pp in Contract margin
  - Increased sales productivity due to enhanced group wide management information, growing average NFI per sales head 20%, and 14% per total head
  - Appointed a Head of Business Improvement leading a team driving positive change in how we operate
- Cost rebalancing
  - Continued focus on reducing third party costs, UK footprint from six buildings down to four, increasing collaboration and reducing cost
  - Implemented new automation and sales enablement technologies
  - Began the move toward a ‘single pay’ arrangement, with the majority of our contractor base expected to have migrated in 2023 H2, the first step to simplifying the corporate structure to drive down costs
  - Moved almost 70% of our manual time sheeting contractors to online timesheet submission, reducing administrative burden and increasing accuracy

Work on these strategic priorities will continue through 2023 H2 and onwards into FY24 as we focus on building back to sustained growth.

Outlook

Looking forward there remains a high level of macro-economic uncertainty; however, we continue to see good levels of vacancies in the STEM markets that we support, which, when combined with talent shortages, drives demand. The shift in demand towards contract labour is in line with our focus and traditional strength of providing contract resource.

The development of our strategic priorities will continue to strengthen the platform from which we grow in the future.

Matthew Wragg, Chief Executive Officer said:

“I am pleased that we have continued to progress during the first half of the year. As we continue to build to our full potential, the improvements in culture, staff retention and productivity are signs that we are on the right track to be a stronger business.

We continue to remain conscious of the macro-economic environment, which will have naturally slowed our speed of recovery, the markets that we operate in and the skillsets that we provide demonstrate the right long-term fundamentals.”

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

The following footnotes apply, unless where otherwise indicated, throughout these Interim Results:

1. NFI is calculated as revenue less contractor payroll costs

2. Continuing underlying results exclude the NFI and (losses) before taxation of discontinued operations (2023 H1: £(0.2)m, 2022 H1: £(0.7)m), non-underlying items within administrative expenses primarily related to restructuring costs (2023 H1: £0.2m, 2022 H1: nil), amortisation of acquired intangibles (2023 H1: £0.0m, 2022 H1: £0.3m), impairment of acquired intangibles (2023 H1: nil, 2022 H1: £2.0m), and exchange gains from revaluation of foreign assets and liabilities (2023 H1: £0.2m, 2022 H1: £0.1m).

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Operational Performance

Net Fee Income (NFI) £m	2023 H1	Restated[1] 2022 H1	Change
Infrastructure	7.2	6.7	7%
Defence	4.2	3.2	31%
Mobility	2.2	2.2	n/a
Energy	2.1	1.8	17%
Technology, Media & Telecoms	1.2	2.2	-45%
Gattaca Projects[1]	1.0	0.6	67%
Other[1]	3.5	3.6	-3%
Total UK	**21.4**	**20.3**	**5%**
International	1.3	1.3	n/a
Continuing Total Group NFI	**22.7**	**21.6**	**5%**

1. The Gattaca Projects operating segment meets the quantitative thresholds to be reported separately for the first time in the 6-month period to 31 January 2023. In line with the requirements of IFRS 8, comparative periods have been restated to present the Gattaca Projects segment separately from the "Other" segment in which it had previously been presented.

Infrastructure

Infrastructure NFI grew by 7% year-on-year, with robust growth in the Transportation and Water and Utilities sub-divisions, despite significant underperformance in the Rail site sub-division and one major permanent recruitment program. The demand for permanent candidates seen in FY22 has lessened slightly in 2023 H1 in line with wider market trends, and contractor demand has started to increase towards the end of 2023 H1. Trends in skills that are highest in-demand are for Project Managers, Highways and Infrastructure Engineers and Transport Planners, aligning to the current phase of public sector works ongoing in the UK. Within the water market AMP7 spend has moved into its delivery phase, delivering an increase of on-site work and contractor requirements; AMP8 awards are starting to be announced. The Government commitment to infrastructure programs is welcomed and Gattaca continues to be well-placed, delivering resource into the private sector companies who are actively working on the large regional and national projects such as HS2, highway schemes and the SDF framework, all of which have a healthy demand for talent.

Defence

Defence NFI grew by 31% year-on-year, pushed up by continuing high demand for permanent talent, with contract labour needs also robust. Resource demand in the UK Defence sector has increased by 15% over 2023 H1, on top of the increases seen in salaries and pay rates. Recent Budget announcements from the UK Government show commitment to £11bn of Defence spend over the next five years, an increase in previous levels of investment. The market is well recognised for stability during economic fluctuations and Gattaca's access to the major UK market is strong, serving over half of the UK MoD top 100 suppliers, across engineering, technology, manufacturing, and IT skills, with demand specifically for systems, software, and cyber security talent.

Mobility

NFI in our Mobility market for 2023 H1 was flat against last half-year, despite a strong 2022 H2. As the Aerospace sub-division continues to recover and sees significantly increased build demand from the major OEMS, the demand for quality, manufacturing and production skills remains high. We are also seeing the need for software, power electronics and systems engineering skills remaining high across the Automotive sub-division as clients in the sector continue to catch up on post-pandemic production backlogs. We have been successful with several permanent RPO programs in this market, which means our permanent demand has outweighed that of contract. Investment into the market remains strong, reflective of the elevated level of project work across the market; we are confident Gattaca's presence in this sector will continue to rebuild alongside.

Energy

Energy NFI was up 17% year-on-year, primarily driven by pressures on global energy production creating opportunity in the UK market, sector investment focus is increasing on green energy and the use of technology. Gattaca is well positioned to capture market opportunities in renewables, transmission and distribution, nuclear and oil and gas markets. In particular, demand continues to be focused on skills in project management, controls and design engineers driven by the investment in programs.

Technology, Media & Telecoms (TMT)

TMT NFI has decreased by 45% year-on-year, against a strong 2022 H1; this decline was largely driven by reduced demand across a large European RPO and MSP contract. The demand for experienced labour remains competitive; the much-publicised news of major technology companies reducing their workforces has not impacted this need in the UK but has brought more candidates to the market where there were previously shortages. Contract demand has increased, and market focus remains around skills in digital transformation, development, cloud, and security.

Gattaca Projects

Gattaca Projects NFI has grown by 67% year-on-year, although a large portion of this is in relation to contract accounting on a long-term project which is nearing the end of its delivery phase. Gattaca continues to invest in the subcontracting market as we see solid opportunity growth for us. We will continue to commit additional resource in this team as the pipeline of work grows, and our capability increases.

UK Other

NFI across the aggregation of our other smaller markets was down 3% year-on-year. Barclay Meade, our professional services brand, was up 5% year-on-year driven by continued strong permanent market conditions and sustained increases in salaries for head office skills in STEM companies. Demand for professional skill sets across accounting and finance, procurement, HR, and sales continues to be high in the permanent recruitment market with candidate shortages still a challenge. Trading in our Consumer, Manufacturing & Retail (CMR) was behind due to sharp downturns in production at some large blue-collar contract clients. Within the general training and education market we have actively taken the decision to reduce focus on the low margin skills that Alderwood has been providing, to focus more effort on our core markets and skills.

International

International NFI was down 3% year-on-year, primarily driven by the end of a large RPO permanent deal in the US technology sector. In the wider market, demand in North America is outstripping that in the UK and Europe, with Gattaca putting an increased focus on growing its contracting workforce across STEM skills. Skill trends in technology include cyber security, technology sales, software development and 'big data', alongside more traditional engineering skills across energy transmission and distribution, infrastructure, and EPC. Gattaca has now aligned the cost base in North America to focus on business development in technology skills and the Energy market.

Group contractor and permanent fee mix

Contract fees accounted for 67% of continuing underlying NFI in 2023 H1 (2022 H1: 70%, FY22: 71%). During the period, the contract base was flat with approximately 5,150 contractors.

Permanent fees accounted for 33% of continuing underlying NFI in 2023 H1 (2022 H1: 30%, FY22: 29%). In 2023 H1, we saw a sustained demand for permanent hires in our contingent and solutions business across almost all our sectors, a trend which has continued from FY22, with an increase of 11% across our contingent placement fee. Aligned to the wider recruitment sector, we have observed marginal lengthening of lead times and some hesitation on offers as clients and candidates became nervous of a potential UK recession in early 2023.

People

Gattaca's headcount at 31 January 2023 was 497, a decrease of 43, or 8%, from 31 January 2022. This decrease was partly due to the loss of two large resource intensive clients and performance management actions undertaken in the sales and fulfilment divisions. The ratio of sales to support staff was 69:31 at 31 January 2023, compared to a ratio of 73:27 at 31 January 2022. The Group are committed to grow sales staff above 75%.

Financial Overview

Revenue for the period was £194.7 million (2022 H1: £202.2 million, FY22: £403.3 million), down 4% year-on-year. NFI of £22.7 million (2022 H1: £21.6 million, FY22: £44.1 million) represented a 5% year-on-year increase. Contract NFI margin of 8.1% (2022 H1: 7.7%, FY22: 7.8%) was up 0.4 percentage points compared with the same period in the prior year; this was driven by a reduction in low-margin business, strategic pricing initiatives and achievement of certain milestones on long-term contracts within Gattaca Projects.

Continuing underlying profit before tax for the period amounted to £0.9 million (2022 H1: loss before tax £(0.3) million, FY22: profit before tax £0.3 million). On a continuing underlying basis, the effective tax rate was 29% (2022 H1: 5%). The Group's continuing underlying effective tax rate reported at 31 July 2022 was 60%.

Basic underlying earnings per share from continuing operations were 2.1 pence (2022 H1: (0.8) pence) and adjusted underlying diluted earnings per share from continuing operations were 2.0 pence (2022 H1: (0.8) pence).

Administrative costs

Underlying administrative costs of £21.8 million (2022 H1: £21.7 million, FY22: £43.6 million) increased by 0.3% during the period, as the 5% wages increase implemented on 1 August 2022 was offset by other third-party cost savings, such as reductions in property leases, insurances and advisor fees.

A breakdown of the increase in administrative costs is shown below:

	£m
2022 H1 continuing underlying administrative costs	**21.7**
Sales staff costs	0.4
Commissions, bonuses and incentives	0.2
Group Support staff costs	0.1
Travel and entertaining	0.2
Online advertising	0.2
Trade receivables and accrued income expected credit loss allowance credit	(0.5)
Sales ledger credits	(0.4)
Dilapidations provisions	0.4
Depreciation charges	(0.3)
Other admin costs (including Legal & Professional Fees and other provisions)	(0.2)
2023 H1 continuing underlying administrative costs	**21.8**

Non-underlying costs and discontinued operations

The continuing non-underlying costs in 2023 H1 of £0.3 million (2022 H1: £2.4 million, FY22: £5.6 million), relate predominantly to employee restructuring costs. In the comparative 6-month period to 31 January 2022, costs of £2.0 million arose from impairment of goodwill held in relating to the 'Infrastructure - RSL Rail' CGU (Cash Generating Unit); no impairment of goodwill and intangible assets was recorded in 2023 H1.

The loss from discontinued operations for the period arises from ongoing closure costs in connection with the Group's recruitment operations in South Africa, Mexico and Asia which were either sold or closed in prior periods. Loss before tax in 2023 H1 for all discontinued operations was £0.2 million (2022 H1: loss of £0.7 million, FY22: loss of £0.4 million).

Financing costs

Net finance income of £0.2 million (2022 H1: net finance costs of £0.1 million, FY22: net finance income of £0.3 million) reflected lower utilisation of the working capital facility and favourable foreign exchange gains (treated as non-underlying) compared to prior period.

Debtors, cash flow, net cash / (debt) and financing

Net cash at 31 January 2023 was £20.9 million (31 July 2022: £12.3 million; 31 January 2022: net debt of £(0.1) million).

The Group's trade and other receivables balance was £47.7 million at 31 January 2023 (31 July 2022: £54.8 million), of which debtor and accrued income balances were £44.0 million, a £7.7 million reduction over the 6-month period from 31 July 2022. The Group's days sales outstanding ('DSO') over this period (on a weekly based countback method) increased by 7 days from 51 to 58 days at 31 January 2023, although still 4 days lower than the DSO position at 31 January 2022. The DSO position at 31 July 22 is considered to have been near optimal levels; there is consistently a seasonal increase in DSO following the Christmas and New Year period.

Capital expenditure in the period amounted to £0.1 million (2022 H1: £0.1 million, FY22: £0.4 million).

As at 31 January 2023, the Group had a working capital facility of £60 million (31 July 2022: £60m, 31 January 2022: £75m). This facility includes both recourse and non-recourse elements. Under the terms of the non-recourse facility, the trade receivables are assigned to and owned by HSBC and so have been derecognised from the Group's statement of financial position. In addition, the non-recourse working capital facility does not meet the definition of loans and borrowings under IFRS. The utilisation of this facility at 31 January 2023 was £0.3 million in credit on recourse and £(7.0) million borrowing on non-recourse.

Dividend

The Board is mindful of the importance of dividends to shareholders. The Board has not proposed an interim dividend for 2023. The Board remains committed to reviewing dividends at the year end.

Risks

The Board considers strategic, financial, and operational risks and identifies actions to mitigate those risks. Key risks and their mitigations were disclosed on pages 51 to 54 of the Annual Report for the year ended 31 July 2022.

We continue to manage several potential risks and uncertainties including contingent liabilities as noted in the interim accounts - many of which are common to other similar businesses - which could have a material impact on our longer-term performance.

Outlook

Looking forward there remains a high level of macro-economic uncertainty, however we continue to see talent shortages and good levels of vacancies in the STEM markets that we support. The shift in demand towards contract labour is in line with our traditional strength of providing contract resource.

The development of our strategic priorities will continue to strengthen the platform from which we grow in the future.

Condensed Consolidated Income Statement
For the period ended 31 January 2023

	Note	**6 months to 31/01/2023** ***unaudited*** **£'000**	**6 months to 31/01/2022** ***unaudited*** **£'000**	**12 months to 31/07/2022** **£'000**
Continuing operations				
Revenue	2	**194,742**	202,199	403,346
Cost of sales		**(172,009)**	(180,593)	(359,206)
Gross profit	2	**22,733**	21,606	44,140
Administrative expenses		**(22,122)**	(24,068)	(49,244)
Profit/(loss) from continuing operations	2	**611**	(2,462)	(5,104)
Finance income		**242**	73	570
Finance cost		**(61)**	(153)	(253)
Profit/(loss) before taxation		**792**	(2,542)	(4,787)
Taxation	5	**(242)**	120	460
Profit/(loss) after taxation from continuing operations		**550**	(2,422)	(4,327)
Discontinued operations				
Loss for the period from discontinued operations (attributable to equity holders of the Company)	6	**(199)**	(643)	(346)
Profit/(loss) for the period		**351**	(3,065)	(4,673)

Profits/(losses) for the periods to 31 January 2023, 31 January 2022 and the year for 31 July 2022 are wholly attributable to equity holders of the parent.

Total earnings per ordinary share	Note	**6 months to 31/01/2023** ***unaudited*** **pence**	**6 months to 31/01/2022** ***unaudited*** **pence**	**12 months to 31/07/2022** **pence**
Basic earnings/(loss) per share	7	**1.1**	(9.5)	(14.5)
Diluted earnings/(loss) per share	7	**1.1**	(9.5)	(14.5)

Reconciliation to adjusted profit measure
Underlying profit is the Group's key adjusted profit measure; profit from continuing operations is adjusted to exclude non-underlying income and expenditure as defined in the Group's accounting policy, amortisation and impairment of goodwill and acquired intangibles, impairment of leased right-of-use assets and net foreign exchange gains or losses.

	Note	**6 months to 31/01/2023** ***unaudited*** **£'000**	**6 months to 31/01/2022** ***unaudited*** **£'000**	**12 months to 31/07/2022** **£'000**
Profit/(loss) from continuing operations		**611**	(2,462)	(5,104)
Add				
Depreciation of property, plant and equipment, depreciation of leased right-of-use assets and amortisation of software and software licences	4	**734**	995	2,210
Non-underlying items included within administrative expenses	4	**300**	90	558
Amortisation and impairment of goodwill and acquired intangibles and impairment of leased right-of-use assets	4	**35**	2,264	5,051
Underlying EBITDA		**1,680**	887	2,715
Less				
Depreciation of property, plant and equipment, leased right-of-use assets and amortisation of software and software licenses		**(734)**	(995)	(2,210)
Net finance costs excluding foreign exchange gains and losses		**(10)**	(153)	(249)
Underlying profit/(loss) before taxation		**936**	(261)	256
Underlying taxation		**(271)**	14	(154)
Underlying profit/(loss) after taxation from continuing operations		**665**	(247)	102

Condensed Consolidated Statement of Comprehensive Income
For the period ended 31 January 2023

	6 months to 31/01/2023 *unaudited* £'000	6 months to 31/01/2022 *unaudited* £'000	12 months to 31/07/2022 £'000
Profit/(loss) for the period	**351**	(3,065)	(4,673)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	**(285)**	(85)	72
Other comprehensive (loss)/income for the period	**(285)**	(85)	72
Total comprehensive income/(loss) for the period attributable to equity holders of the parent	**66**	(3,150)	(4,601)

	6 months to 31/01/23 *unaudited* £'000	6 months to 31/01/22 *unaudited* £'000	12 months to 31/07/22 £'000
Attributable to:			
Continuing operations	**250**	(2,391)	(4,024)
Discontinued operations	**(184)**	(759)	(577)
Total comprehensive income/(loss) for the period attributable to equity holders of the parent	**66**	(3,150)	(4,601)

Condensed Consolidated Statement of Financial Position
As at 31 January 2023

	Note	31/01/2023 *unaudited* £'000	31/01/2022 *unaudited* £'000	31/07/2022 £'000
Non-current assets				
Goodwill and intangible assets		**2,007**	3,980	2,072
Property, plant and equipment		**1,243**	1,465	1,359
Right-of-use assets		**2,391**	5,069	3,065
Investments		**-**	-	-
Deferred tax assets		**474**	470	604
Total non-current assets		**6,115**	10,984	7,100
Current assets				
Trade and other receivables	8	**47,721**	63,652	54,767
Corporation tax receivables		**1,133**	1,226	1,263
Cash and cash equivalents		**24,304**	13,731	17,768
Total current assets		**73,158**	78,609	73,798
Total assets		**79,273**	89,593	80,898
Non-current liabilities				
Deferred tax liabilities		**(9)**	(21)	(25)
Provisions	9	**(661)**	(1,248)	(517)
Lease liabilities		**(1,886)**	(3,421)	(2,490)
Total non-current liabilities		**(2,556)**	(4,690)	(3,032)
Current liabilities				
Trade and other payables		**(43,843)**	(42,115)	(43,406)
Provisions	9	**(951)**	(900)	(1,187)
Current tax liabilities		**(336)**	(169)	(340)
Lease liabilities		**(1,175)**	(1,477)	(1,135)
Bank loans and borrowings		**(342)**	(8,890)	(1,801)
Total current liabilities		**(46,647)**	(53,551)	(47,869)
Total liabilities		**(49,203)**	(58,241)	(50,901)
Net assets		**30,070**	31,352	29,997
Equity				
Share capital	10	**323**	323	323
Share premium		**8,706**	8,706	8,706
Merger reserve		**224**	28,750	224
Share-based payment reserve		**348**	389	350
Translation reserve		**852**	930	1,137
Treasury shares reserve		**(214)**	(105)	(147)
Retained earnings		**19,831**	(7,641)	19,404
Total equity		**30,070**	31,352	29,997

The accompanying notes form part of these interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For the period ended 31 January 2023

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Translation reserve £'000	Treasury shares reserve £'000	Retained earnings £'000	Total £'000
Total equity at 1 August 2021	323	8,706	28,750	454	134	(37)	(3,223)	35,107
Loss for the period	-	-	-	-	-	-	(3,065)	(3,065)
Other comprehensive loss	-	-	-	-	(85)	-	-	(85)
Total comprehensive loss	-	-	-	-	(85)	-	(3,065)	(3,150)
Dividends paid in the period	-	-	-	-	-	-	(484)	(484)
Deferred tax movement in respect of share options	-	-	-	-	-	-	(66)	(66)
Share-based payments charge	-	-	-	13	-	-	-	13
Share-based payments reserve transfer	-	-	-	(78)	-	-	78	-
Translation reserves movements on disposal of foreign operations	-	-	-	-	881	-	(881)	-
Purchase of treasury shares	-	-	-	-	-	(68)	-	(68)
Transactions with owners	-	-	-	(65)	881	(68)	(1,353)	(605)
Total equity at 31 January 2022 *unaudited*	323	8,706	28,750	389	930	(105)	(7,641)	31,352
Total equity at 1 August 2021	323	8,706	28,750	454	134	(37)	(3,223)	35,107
Loss for the year	-	-	-	-	-	-	(4,673)	(4,673)
Other comprehensive income	-	-	-	-	72	-	-	72
Total comprehensive loss	-	-	-	-	72	-	(4,673)	(4,601)
Dividends paid in the year	-	-	-	-	-	-	(484)	(484)
Deferred tax movement in respect of share options	-	-	-	-	-	-	(60)	(60)
Share-based payments charge	-	-	-	145	-	-	-	145
Share-based payments reserve transfer	-	-	-	(249)	-	-	249	-
Purchase of treasury shares	-	-	-	-	-	(110)	-	(110)
Translation reserve movements on disposal of foreign operations	-	-	-	-	931	-	(931)	-
Transfer of merger reserve[1]	-	-	(28,526)	-	-	-	28,526	-
Transactions with owners	-	-	(28,526)	(104)	931	(110)	27,300	(509)
Total equity at 31 July 2022	323	8,706	224	350	1,137	(147)	19,404	29,997
Total equity at 1 August 2022	**323**	**8,706**	**224**	**350**	**1,137**	**(147)**	**19,404**	**29,997**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**351**	**351**
Other comprehensive income	**-**	**-**	**-**	**-**	**(285)**	**-**	**-**	**(285)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(285)**	**-**	**351**	**66**
Deferred tax movement in respect of share options	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Share-based payments charge	**-**	**-**	**-**	**75**	**-**	**-**	**-**	**75**
Share-based payments reserve transfer	**-**	**-**	**-**	**(77)**	**-**	**-**	**77**	**-**
Purchase of treasury shares	**-**	**-**	**-**	**-**	**-**	**(67)**	**-**	**(67)**
Transactions with owners	**-**	**-**	**-**	**(2)**	**-**	**(67)**	**76**	**7**
Total equity at 31 January 2023 *unaudited*	**323**	**8,706**	**224**	**348**	**852**	**(214)**	**19,831**	**30,070**

[1] A merger reserve was created in 2015 in Gattaca plc under section 612 of the Companies Act 2006, relating to the acquisition of Networkers International plc. Gattaca plc's investment in Networkers International plc was subsequently transferred to a subsidiary undertaking in exchange for consideration of an intercompany receivable. The asset to which the merger reserve relates, being the goodwill and acquired intangible assets recognised on consolidation as part of the acquisition, was impaired in 2018, 2019 and 2021. Additionally, the intercompany receivable was settled in 2020 in exchange for qualifying consideration of offset with an intercompany payable. As a result, the full merger reserve of £28,526,000 became realised across these years. A choice has now been made to transfer the realised merger reserve to retained earnings in the year ended 31 July 2022 to present all distributable reserves in one place.

Condensed Consolidated Cash Flow Statement
For the period ended 31 January 2023

	Note	6 months to 31/01/2023 *unaudited* £'000	6 months to 31/01/2022 *unaudited* £'000	12 months to 31/07/2022 £'000
Cash flows from operating activities				
Profit/(loss) after taxation		**351**	(3,065)	(4,673)
Adjustments for:				
Depreciation of property, plant and equipment and amortisation of intangible assets		**284**	563	1,078
Depreciation of leased right-of-use assets		**485**	728	1,552
Loss from sale of subsidiary, associate or investment		**-**	55	82
Loss on disposal of property, plant and equipment		**14**	12	33
Loss on disposal of software and software licences		**8**	-	12
Impairment of goodwill and acquired intangibles		**-**	2,000	3,780
Impairment of right-of-use assets		**-**	-	852
Profit on reassessment of lease term		**-**	-	(27)
Interest income		**(52)**	(132)	(4)
Interest costs		**61**	160	253
Taxation expense/(credit) recognised in the income statement		**237**	(153)	(467)
Decrease in trade and other receivables		**7,268**	617	9,368
Increase/(decrease) in trade and other payables		**434**	(14,005)	(12,715)
(Decrease)/increase in provisions		**(88)**	408	(54)
Share-based payment charge		**75**	13	145
Foreign exchange (losses)/gains		**(200)**	-	31
Cash generated by/(used in) operations		**8,877**	(12,799)	(754)
Interest paid		**(23)**	(96)	(138)
Interest on lease liabilities		**(38)**	(64)	(115)
Interest received		**52**	-	4
Income taxes repaid/(paid)		**5**	(493)	(200)
Cash generated by/(used in) operating activities		**8,873**	(13,452)	(1,203)
Cash flows from investing activities				
Purchase of property, plant and equipment		**(129)**	(102)	(370)
Purchase of intangible assets		**-**	-	(29)
Cash used in investing activities		**(129)**	(102)	(399)
Cash flows from financing activities				
Lease liability principal repayment		**(614)**	(970)	(1,924)
Purchase of treasury shares		**(67)**	(68)	(110)
Working capital facility repaid		**(1,459)**	(458)	(7,547)
Dividends paid		**-**	(484)	(484)
Cash used in financing activities		**(2,140)**	(1,980)	(10,065)
Effects of exchange rates on cash and cash equivalents		**(68)**	27	197
Increase/(decrease) in cash and cash equivalents		**6,536**	(15,507)	(11,470)
Cash and cash equivalents at beginning of period		**17,768**	29,238	29,238
Cash and cash equivalents at end of period	11	**24,304**	13,731	17,768

Net decrease in cash and cash equivalents for discontinued operations was £253,000 (6 months to 31 January 2022: decrease of £1,156,000, year to 31 July 2022: decrease of £742,000).

NOTES

Forming part of the condensed consolidated interim financial statements

1 Basis of preparation and significant accounting policies

1.1 General information

Gattaca plc ('the Company') and its subsidiaries (together 'the Group') is a human capital resources business providing contract and permanent recruitment services in the private and public sectors. The Company is a public limited company, which is listed on the Alternative Investment Market (AIM) and is incorporated and domiciled in England, United Kingdom. The Company's address is: 1450 Parkway, Solent Business Park Whiteley, Fareham, Hampshire, PO15 7AF. The registration number is 04426322.

1.2 Basis of preparation

These unaudited condensed consolidated interim financial statements are for the six months ended 31 January 2023 and do not constitute statutory accounts as defined by section 435 of the Companies Act 2006. The interim financial statements have been prepared in accordance with the AIM rules and IAS 34, 'Interim Financial Reporting'. Whilst the financial information included in the interim financial statements has been prepared in accordance with UK-adopted International Accounting Standards, the interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 July 2022 which have been filed with the Registrar of Companies. The statutory financial statements for the year ended 31 July 2022 received an unqualified report from the auditors and did not contain a statement under section 498 of the Companies Act 2006.

The accounting policies applied in the interim financial statements are consistent with those used in the preparation of the Group's consolidated financial statements for the year ended 31 July 2022, as described in the latest Annual Report and Accounts. No alterations have been made to the Group's accounting policies as a result of adopting new standards, amendments and interpretations which became effective in the period, as these were either not material or not relevant to the Group.

1.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report of the Group's Annual Report and Accounts for the year ended 31 July 2022. The financial position of the Group, its cash flows and liquidity position mirror those of our ultimate parent company and can be found in the Chief Financial Officer's Report of the 2022 Annual Report for Gattaca plc.

The Group has maintained mitigating actions to enhance working capital availability, including increases to the payment terms of certain types of contractors. These actions have created a permanent working capital benefit and reduce our working capital requirements during growth. There is sufficient headroom on our working capital facilities to absorb a level of customer payment term extensions, but we would also manage supply to the customer if payment within an appropriate period was not being made. Whilst there is no evidence that it would occur, a significant deterioration in average payment terms has the potential to impact the Group's liquidity.

The Directors have prepared detailed cash flow forecasts to July 2025, covering a period of 29 months from the date of approval of these interim financial statements. This base case is drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Group operates. This conservative base case assumes a steady growth in the Group's contract and permanent NFI year-on-year.

A key assumption in preparing the cash flow forecasts is the continued availability of Group's invoice financing facility throughout the forecast period. The current £60m facility has no contractual renewal date; the Directors remain confident that the facility will remain available.

The output of the base case forecasting process has been used to perform sensitivity analysis on the Group's cash flows to model the potential effects should principal risks actually occur either individually or in unison. The sensitivity analysis modelled scenarios with significantly lower NFI growth rates and significantly increased operating cost inflation. The Group has modelled the impact of a severe but plausible scenario including nil growth in contract and permanent NFI across FY23 to FY25 and operating cost inflation of 5%-10%.

After making appropriate enquiries and considering the uncertainties described above, the Directors have a reasonable expectation at the time of approving these interim financial statements that the Group has adequate resources to continue in operational existence for the foreseeable future. Following careful consideration the Directors do not consider there to be a material uncertainty with regard to going concern and consider it is appropriate to adopt the going concern basis in preparing these interim financial statements.

1.4 Accounting estimates and judgements

Preparation of the interim financial statements requires the Directors to make assumptions and estimates that affect the application of accounting policies. The key assumptions and sources of estimation uncertainty identified by the Directors were consistent with those identified in the Group's Annual Report and Accounts for the year ended 31 July 2022. The Directors are of the opinion that there are no critical accounting judgements.

2 Segmental Information

An operating segment, as defined by IFRS 8 'Operating segments', is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The Group determines and presents operating segments based on the information that is provided internally to the chief operating decision maker, which has been identified as the Board of Directors of Gattaca plc.

6 months to 31 January 2023 *unaudited*

All amounts in £'000	Mobility	Energy	Defence	Technology, Media & Telecoms	Infra-structure	Gattaca Projects	Inter-national[1]	Other	Continuing underlying operations
Revenue (Note 3)	**21,295**	**20,978**	**38,921**	**13,983**	**74,668**	**2,564**	**3,839**	**18,494**	**194,742**
Gross profit	**2,230**	**2,123**	**4,186**	**1,249**	**7,205**	**1,029**	**1,290**	**3,421**	**22,733**
Operating contribution	**1,077**	**1,440**	**2,372**	**189**	**2,906**	**648**	**(473)**	**937**	**9,096**
Depreciation, impairment and amortisation	**(80)**	**(79)**	**(147)**	**(53)**	**(281)**	**(10)**	**(14)**	**(70)**	**(734)**
Central overheads	**(768)**	**(355)**	**(1,097)**	**(629)**	**(2,350)**	**(185)**	**(744)**	**(1,288)**	**(7,416)**
Profit/(loss) from operations	**229**	**1,006**	**1,128**	**(493)**	**275**	**453**	**(1,231)**	**(421)**	**946**
Finance (cost)/income, net									**(10)**
Profit/(loss) before tax									**936**

All amounts in £'000	Continuing underlying operations	Non-recurring items and amortisation of acquired intangibles	Discontinued	Total Group
Revenue (Note 3)	**194,742**	**-**	**-**	**194,742**
Gross profit	**22,733**	**-**	**-**	**22,733**
Operating contribution	**9,096**	**-**	**-**	**9,096**
Depreciation, impairment and amortisation	**(734)**	**(35)**	**-**	**(769)**
Central overheads	**(7,416)**	**(300)**	**(208)**	**(7,924)**
Profit/(loss) from operations	**946**	**(335)**	**(208)**	**403**
Finance (cost)/income, net	**(10)**	**191**	**4**	**185**
Profit/(loss) before tax	**936**	**(144)**	**(204)**	**588**

6 months to 31 January 2022 *unaudited*

All amounts in £'000	Mobility	Energy	Defence	Technology, Media & Telecoms	Infra-structure	Restated[2] Gattaca Projects	Inter-national[1]	Restated[2] Other	Continuing underlying operations
Revenue (Note 3)	24,095	19,152	32,325	21,951	72,011	1,972	3,896	26,797	202,199
Gross profit	2,231	1,777	3,179	2,211	6,743	622	1,335	3,508	21,606
Operating contribution	1,163	953	1,478	1,290	1,974	174	(246)	1,429	8,215
Depreciation, impairment and amortisation	(118)	(94)	(159)	(108)	(355)	(10)	(19)	(132)	(995)
Central overheads	(600)	(410)	(1,349)	(490)	(2,361)	(169)	(803)	(1,146)	(7,328)
Profit/(loss) from operations	445	449	(30)	692	(742)	(5)	(1,068)	151	(108)
Finance (cost)/income, net									(153)
Loss before tax									(261)

All amounts in £'000	Continuing underlying operations	Non-recurring items and amortisation of acquired intangibles	Restated[3] Discontinued	Total Group
Revenue (Note 3)	202,199	-	763	202,962
Gross profit	21,606	-	238	21,844
Operating contribution	8,215	-	(569)	7,646
Depreciation, impairment and amortisation	(995)	(2,264)	(32)	(3,291)
Central overheads	(7,328)	(90)	(127)	(7,545)
Profit/(loss) from operations	(108)	(2,354)	(728)	(3,190)
Finance (cost)/income, net	(153)	73	52	(28)
Loss before tax	(261)	(2,281)	(676)	(3,218)

12 months to 31 July 2022

All amounts in £'000	Mobility	Energy	Defence	Technology, Media & Telecoms	Infra-structure	Restated[2] Gattaca Projects	Inter-national[1]	Restated[2] Other	Continuing underlying operations
Revenue (Note 3)	47,766	40,779	69,811	41,660	140,422	5,317	7,969	49,622	403,346
Gross profit	4,571	3,884	6,720	4,246	13,561	1,313	2,779	7,066	44,140
Operating contribution restated[4]	2,151	2,175	3,278	1,838	5,634	725	(581)	1,828	17,048
Depreciation, impairment and amortisation restated[4]	(262)	(223)	(383)	(228)	(769)	(29)	(44)	(272)	(2,210)
Central overheads	(1,128)	(774)	(2,753)	(992)	(4,418)	(329)	(1,609)	(2,330)	(14,333)
Profit/(loss) from operations	761	1,178	142	618	447	367	(2,234)	(774)	505
Finance (cost)/income, net									(249)
Profit/(loss) before tax									256

All amounts in £'000	Continuing underlying operations	Non-recurring items and amortisation of acquired intangibles	Discontinued	Total Group
Revenue (Note 3)	403,346	-	781	404,127
Gross profit	44,140	-	238	44,378
Operating contribution restated[4]	17,048	-	(440)	16,608
Depreciation, impairment and amortisation restated[4]	(2,210)	(5,051)	(31)	(7,292)
Central overheads	(14,333)	(558)	(100)	(14,991)
Profit/(loss) from operations	505	(5,609)	(571)	(5,675)
Finance (cost)/income, net	(249)	566	218	535
Profit/(loss) before tax	256	(5,043)	(353)	(5,140)

A segmental analysis of total assets has not been included as this information is not available to the Board; the majority of assets are centrally held and are not allocated across the reportable segments.

[1]International revenue and gross profit is generated from the location of the commission earning sales consultant, opposed to the domicile of the respective subsidiary by which they are employed.
[2]The Gattaca Projects operating segment meets the quantitative thresholds to be reported separately for the first time in the 6-month period to 31 January 2023. In line with the requirements of IFRS 8, comparative periods have been restated to present the Gattaca Projects segment separately from the "Other" segment in which it had previously been presented.
[3]Discontinued operations for the 6 months ended 31 January 2022 have been restated to include the results of the Group's South African recruitment operations, sold on 14 December 2021 as part of the management buy-out agreement announced in July 2021.
[4]Operating contribution and depreciation, impairment and amortisation has been restated for the year ended 31 July 2022 to present depreciation on right-of-use assets in the depreciation line.

Geographical information

	Total Group revenue			Non-current assets		
All amounts in £'000	6 months to 31/01/2023 *unaudited*	Restated[5] 6 months to 31/01/2022 *unaudited*	12 months to 31/07/2022	6 months to 31/01/2023 *unaudited*	6 months to 31/01/2022 *unaudited*	12 months to 31/07/2022
UK	**189,401**	196,434	390,861	**5,856**	10,592	6,726
Rest of Europe	**404**	274	662	**1**	1	1
Middle East and Africa	**-**	763	781	**34**	16	59
Americas	**4,937**	5,491	11,823	**224**	375	314
Total	**194,742**	202,962	404,127	**6,115**	10,984	7,100

Revenue and non-current assets are allocated to the geographic market based on the domicile of the respective subsidiary.

[5]Geographical information for the 6-month period to 31 January 2022 is restated to report total group revenue, where previously revenue from continuing operations was presented.

3 Revenue from Contracts with Customers

Revenue from contracts with customers is disaggregated by major service line and operating segment, as well as timing of revenue recognition as follows:

Major service lines – continuing underlying operations

6 months to 31 January 2023 *unaudited*	Mobility £'000	Energy £'000	Defence £'000	Technology, Media & Telecoms £'000	Infra-structure £'000	Gattaca Projects £'000	Inter-national £'000	Other £'000	Continuing underlying operations £'000
Temporary placements	**20,349**	**20,764**	**37,241**	**13,571**	**73,248**	**1,125**	**3,004**	**16,582**	**185,884**
Permanent placements	**813**	**182**	**1,537**	**428**	**1,203**	**-**	**672**	**1,881**	**6,716**
Other	**133**	**32**	**143**	**(16)**	**217**	**1,439**	**163**	**31**	**2,142**
Total	**21,295**	**20,978**	**38,921**	**13,983**	**74,668**	**2,564**	**3,839**	**18,494**	**194,742**

6 months to 31 January 2022 *unaudited*	Mobility £'000	Energy £'000	Defence £'000	Technology, Media & Telecoms £'000	Infra-structure £'000	Restated[1] Gattaca Projects £'000	Inter-national £'000	Restated[1] Other £'000	Continuing underlying operations £'000
Temporary placements	23,423	19,034	31,236	21,475	70,848	819	2,797	24,859	194,491
Permanent placements	672	118	1,089	476	1,163	-	1,099	1,938	6,555
Other	-	-	-	-	-	1,153	-	-	1,153
Total	24,095	19,152	32,325	21,951	72,011	1,972	3,896	26,797	202,199

12 months to 31 July 2022	Mobility £'000	Energy £'000	Defence £'000	Technology, Media & Telecoms £'000	Infra-structure £'000	Restated[1] Gattaca Projects £'000	Inter-national £'000	Restated[1] Other £'000	Continuing underlying operations £'000
Temporary placements	46,249	40,612	67,652	40,493	138,027	2,814	5,863	45,914	387,624
Permanent placements	1,483	158	1,909	1,115	2,363	-	2,106	3,652	12,786
Other	34	9	250	52	32	2,503	-	56	2,936
Total	47,766	40,779	69,811	41,660	140,422	5,317	7,969	49,622	403,346

Timing of revenue recognition – continuing underlying operations

6 months to 31 January 2023 *unaudited*	Mobility £'000	Energy £'000	Defence £'000	Technology, Media & Telecoms	Infra-structure £'000	Gattaca Projects £'000	Inter-national £'000	Other £'000	Continuing underlying operations
Point in time	**21,295**	**20,978**	**38,921**	**13,983**	**74,668**	**1,125**	**3,839**	**18,494**	**193,303**
Over time	**-**	**-**	**-**	**-**	**-**	**1,439**	**-**	**-**	**1,439**
Total	**21,295**	**20,978**	**38,921**	**13,983**	**74,668**	**2,564**	**3,839**	**18,494**	**194,742**

6 months to 31 January 2022 *unaudited*	Mobility £'000	Energy £'000	Defence £'000	Technology, Media & Telecoms £'000	Infra-structure £'000	Restated[1] Gattaca Projects £'000	Inter-national £'000	Restated[1] Other £'000	Continuing underlying operations £'000
Point in time	24,095	19,152	32,325	21,951	72,011	819	3,896	26,797	201,046
Over time	-	-	-	-	-	1,153	-	-	1,153
Total	24,095	19,152	32,325	21,951	72,011	1,972	3,896	26,797	202,199

12 months to 31 July 2022	Mobility £'000	Energy £'000	Defence £'000	Technology, Media & Telecoms £'000	Infra-structure £'000	Restated[1] Gattaca Projects £'000	Inter-national £'000	Restated[1] Other £'000	Continuing underlying operations £'000
Point in time	47,766	40,779	69,811	41,660	140,422	2,814	7,969	49,622	400,843
Over time	-	-	-	-	-	2,503	-	-	2,503
Total	47,766	40,779	69,811	41,660	140,422	5,317	7,969	49,622	403,346

No single customer contributed more than 10% of the Group's revenues (6 months to 31 January 2022 and year ended 31 July 2022: none).

[1]The Gattaca Projects operating segment meets the quantitative thresholds to be reported separately for the first time in the 6-month period to 31 January 2023. In line with the requirements of IFRS 8, comparative periods have been restated to present the Gattaca Projects segment separately from the "Other" segment in which it had previously been presented.

4 Profit from Total Operations

	6 months to 31/01/2023 *unaudited* £'000	6 months to 31/01/2022 *unaudited* £'000	12 months to 31/07/2022 £'000
Profit from total operations is stated after charging/(crediting):			
Depreciation of property, plant and equipment	**228**	209	570
Depreciation of leased right-of-use assets	**485**	692	1,552
Amortisation of acquired intangibles	**35**	264	420
Amortisation of software and software licences	**21**	94	88
Impairment of goodwill and acquired intangibles	**-**	2,000	3,780
Impairment of leased right-of-use assets	**-**	-	852
Net impairment (release)/loss on trade receivables and accrued income	**(228)**	172	(295)
Non-recourse working capital bank facility charges	**243**	149	323
Release of sales ledger credits[1]	**(396)**	-	-
Share-based payment charges	**75**	(17)	114

[1]The Group holds unclaimed sales ledger credits on the balance sheet that arise in the course of normal trading operations due to the high volume of timesheet invoices and customer receipts. Following a review of credit control procedures, the Group has reinstated its policy of releasing any unclaimed sales ledger credits to the income statement after all reasonable steps have been taken to return funds to the customer and two years have elapsed since receipt of the funds.

Non-underlying items included within administrative expenses were as follows:

Continuing operations	6 months to 31/01/2023 *unaudited* £'000	6 months to 31/01/2022 *unaudited* £'000	12 months to 31/07/2022 £'000
Restructuring costs[2]	**172**	-	405
Costs associated with exiting properties[3]	**128**	90	153
Impairment of goodwill, acquired intangibles and right-of-use leased assets	**-**	2,000	4,632
Non-underlying items included in profit from continuing operations	**300**	2,090	5,190
Discontinuing operations	**£'000**	**£'000**	**£'000**
Advisory fees[4]	**1**	27	33
Costs relating to discontinuation of group undertakings[5]	**207**	100	5
Costs associated with properties previously exited	**-**	-	57
Non-underlying items included in loss from discontinued operations	**208**	127	95
Total non-underlying items	**508**	2,217	5,285

[2]Restructuring costs of £154,000 (6 months to 31 January 2022: £nil and year ended 31 July 2022: £nil) were recognised as a result of personnel re-organisations throughout the business. Restructuring costs of £18,000 (6 months to 31 January 2022: £nil and year ended 31 July 2022: £405,000) were recognised as a result of changes in the Board.

[3]Costs have been recognised in relation to the exit of a number of UK office buildings that are no longer in use by the business.

[4]Legal fees incurred in each period relating to the Group's co-operation with certain voluntary enquiries from the US Department of Justice, as discussed in further detail in Note 13.

[5]Ongoing costs relating to closure of entities affected by the closure of the contract Telecoms Infrastructure business in 2018 as well as the closure of the Group's operations in Mexico and South Africa, including staff termination costs and impairment of certain working capital balances in prior periods.

5 Taxation

Analysis of charge in the period for continuing operations	6 months to 31/01/2023 *unaudited* £'000	6 months to 31/01/2022 *unaudited* £'000	12 months to 31/07/2022 £'000
Profit/(loss) before tax for continuing operations	**792**	(2,542)	(4,787)
Profit before tax multiplied by the standard rate of corporate tax in the UK of 21.0% (31 January 2022: 19.0%, 31 July 2022: 19.0%)	**166**	(483)	(909)
Expenses not deductible for tax purposes	**26**	-	15
Income not taxable	**(28)**	(10)	-
Effect of goodwill impairment loss	**-**	360	502
Effect of share-based payments	**(1)**	12	60
Irrecoverable withholding tax	**1**	2	3
Changes in tax rate	**13**	(25)	(84)
Overseas losses not recognised as deferred tax assets	**97**	21	156
Difference between UK and overseas tax rates	**2**	3	(9)
Adjustment to tax charge in respect of previous periods	**(34)**	-	(194)
Total taxation charge/(credit) for the period for continuing operations	**242**	(120)	(460)
Total taxation credit for the period for discontinued operations	**(5)**	(33)	(7)

The forecast average annual tax rate for continuing operations for the year to 31 July 2023 used to estimate the tax charge for the period to 31 January 2023 is 30.8% (period to 31 January 2022: forecast average annual tax rate of 4.7%, year to 31 July 2022: actual tax rate of 9.6%). The increase in the effective tax rate for the period to 31 January 2023 is primarily driven by an increase in overseas losses not recognised as deferred tax assets. A lower tax recovery was recognised in the period to 31 January 2022 due to the effect of the goodwill impairment in the period.

6 Discontinued Operations

The loss from discontinued operations for the period arises from ongoing closure costs in connection with the Group's recruitment operations in South Africa, Mexico and Asia which were either sold or closed in prior periods**.**

Financial performance

	6 months to 31/01/2023 *unaudited* £'000	Restated[2] 6 months to 31/01/2022 *unaudited* £'000	12 months to 31/07/22 £'000
Revenue	-	763	781
Cost of sales	**-**	(525)	(543)
Gross profit	**-**	238	238
Administrative expenses[1]	**(208)**	(966)	(809)
Loss from operations	**(208)**	(728)	(571)
Finance income	**-**	59	-
Finance costs	**-**	(7)	-
Exchange gain	**4**	-	218
Loss before taxation	**(204)**	(676)	(353)
Taxation	**5**	33	7
Loss for the period after taxation from discontinued operations	**(199)**	(643)	(346)
Exchange differences on translation of discontinued operations	15	(116)	(231)
Other comprehensive loss from discontinued operations	**(184)**	(759)	(577)

[1]Included in administrative expenses are £208,000 (6 months to 31 January 2022: £127,000, year ended 31 July 2022: £95,000) of non-underlying items, as detailed in Note 4.

[2]The financial performance of discontinued operations for the 6 months to 31 January 2022 is restated to correctly present results of the Group's South African recruitment operations, sold on 14 December 2021 as part of the management buy-out agreement announced in July 2021.

Cash flows from discontinued operations

	6 months to 31/01/2023 *unaudited* £'000	6 months to 31/01/2022 *unaudited* £'000	12 months to 31/07/22 £'000
Net cash outflow from operating activities	**(116)**	(990)	(650)
Net cash outflow from investing activities	**-**	(45)	-
Net cash outflow from financing activities	**-**	(68)	(92)
Effect of exchange rates on cash and cash equivalents	**(137)**	(53)	-
Net decrease in cash generated by discontinued operations	**(253)**	(1,156)	(742)

7 Earnings Per Share

Earnings per share (EPS) has been calculated by dividing the consolidated profit or loss after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share has been calculated on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares has been added to the denominator. The Group's potential ordinary shares, being the Long Term Plan Options, are deemed outstanding and included in the dilution assessment when, at the reporting date, they would be issuable had the performance period ended at that date.

The effect of potential ordinary shares are reflected in diluted EPS only when they are dilutive. Potential ordinary shares are considered to be dilutive when the monetary value of the subscription rights attached to the outstanding share options is less than the average market share price of the Company's shares during the period. Furthermore, potential ordinary shares are only considered dilutive when their inclusion in the calculation would decrease earnings per share, or increase loss per share, in accordance with IAS 33. There are no changes to the profit numerator as a result of the dilution calculation.

The earnings per share information has been calculated as follows:

		6 months to 31/01/2023 *unaudited*	6 months to 31/01/2022 *unaudited*	12 months to 31/07/2022
Total earnings		**£'000**	**£'000**	**£'000**
Total profit/(loss) attributable to ordinary share holders		**351**	(3,065)	(4,673)
Number of shares		**000's**	**000's**	**000's**
Basic weighted average number of ordinary shares in		**32,294**	32,290	32,290
Dilutive potential ordinary shares		**348**	-	210
Diluted weighted average number of shares		**32,642**	32,290	32,500
Total earnings per share		**pence**	**Pence**	**pence**
Earnings/(loss) per ordinary share	- Basic	**1.1**	(9.5)	(14.5)
	- Diluted	**1.1**	(9.5)	(14.5)
Earnings for continuing operations		**£'000**	**£'000**	
Total profit/(loss) for period		**550**	(2,422)	(4,327)
Total earnings per share for continuing operations		**pence**	**pence**	**pence**
Earnings/(loss) per ordinary share from continuing operations	- Basic	**1.7**	(7.5)	(13.4)
	- Diluted	**1.7**	(7.5)	(13.4)
Earnings for discontinuing operations		**£'000**	**£'000**	**£'000**
Total loss for the period		**(199)**	(643)	(346)
Total earnings per share for discontinuing operations		**pence**	**pence**	**pence**
Loss per ordinary share from discontinuing operations	- Basic	**(0.6)**	(2.0)	(1.1)
	- Diluted	**(0.6)**	(2.0)	(1.1)
Earnings from continuing underlying operations		**£'000**	**£'000**	**£'000**
Total profit/(loss) for the period		**665**	(247)	102
Total earnings per share for continuing underlying		**pence**	**pence**	**pence**
Earnings/(loss) per ordinary share for continuing underlying operations	- Basic	**2.1**	(0.8)	0.3
	- Diluted	**2.0**	(0.8)	0.3

8 Trade and Other Receivables

	31/01/2023 *unaudited* £'000	31/01/2022 *unaudited* £'000	31/07/2022 £'000
Trade receivables from contracts with customers, net of loss allowance	**28,589**	39,933	36,367
Other receivables	**2,195**	2,292	1,701
Finance lease receivables	**160**	-	-
Prepayments	**1,376**	1,648	1,372
Accrued income	**15,401**	19,779	15,327
Total	**47,721**	63,652	54,767

The Directors consider that the carrying amount of trade and other receivables approximates to the fair value.

Other receivables at 31 January 2023 includes £130,000 (31 January 2022: £134,000) of deferred consideration which is due within one year (31 January 2022: due after more than one year).

Finance lease receivables are recognised in connection with the sublease of UK office space to a third party entered into during the period. At 31 January 2023, £28,000 was due after more than one year.

Accrued income relates to the Group's right to consideration for temporary and permanent placement made but not billed at the year end. These transfer to trade receivables once billing occurs.

Impairment of trade receivables from contracts with customers

	31/01/2023 *unaudited* £'000	31/01/2022 *unaudited* £'000	31/07/2022 £'000
Trade receivables from contracts with customers, gross amounts	**30,247**	42,591	38,444
Loss allowance	**(1,658)**	(2,658)	(2,077)
Trade receivables from contracts with customers, net of loss allowance	**28,589**	39,933	36,367

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally settled within 30-60 days and are therefore all classified as current.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics by geographical region or customer industry.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before the relevant period end and the corresponding historical credit losses experienced within this period. The historic loss rates are adjusted to reflect any relevant current and forward-looking information expected to affect the ability of customers to settle the receivables. Additionally, external economic forecasts and scenario analysis has been taken into account along with other macro-economic factors when assessing the credit risk profiles for specific industries and geographies.

The loss allowance for trade receivables was determined as follows:

31 January 2023 *unaudited*	Current	More than 30 days past due	More than 60 days past due	More than 90 days due	Total
Weighted expected loss rate (%)	**3.8%**	**5.5%**	**5.5%**	**61.2%**	
Gross carrying amount – trade receivables (£'000)	**28,283**	**659**	**457**	**848**	**30,247**
Loss allowance (£'000)	**1,078**	**36**	**25**	**519**	**1,658**

31 January 2022 *unaudited*	Current	More than 30 days past due	More than 60 days past due	More than 90 days due	Total
Weighted expected loss rate (%)	3.8%	4.7%	5.7%	53.8%	
Gross carrying amount – trade receivables (£'000)	37,945	2,300	351	1,995	42,591
Loss allowance (£'000)	1,456	109	20	1,073	2,658

31 July 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days due	Total
Weighted expected loss rate (%)	4.0%	7.9%	15.9%	48.0%	
Gross carrying amount – trade receivables (£'000)	35,817	1,241	327	1,059	38,444
Loss allowance (£'000)	1,418	99	52	508	2,077

The loss allowance for trade receivables at the period end reconciles to the opening loss allowance as follows:

	6 months to 31/01/2023 *unaudited* £'000	**6 months to 31/01/2022 *unaudited* £'000**	**12 months to 31/07/2022 £'000**
Opening loss allowance	**2,077**	3,449	3,449
(Decrease)/increase in loss allowance recognised in profit and loss during the period	**(290)**	5	136
Receivable written off during the period as uncollectable	**(129)**	(796)	(1,508)
Closing loss allowance	**1,658**	2,658	2,077

Impairment of accrued income

	31/01/2023 *unaudited* £'000	**31/01/2022 *unaudited* £'000**	**31/07/2022 £'000**
Gross accrued income	**15,980**	20,621	16,009
Loss allowance	**(579)**	(842)	(682)
Accrued income, net of loss allowance	**15,401**	19,779	15,327

The loss allowance for accrued income was determined as follows:

31 January 2023 *unaudited*	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days due**	**Total**
Weighted expected loss rate (%)	**2.6%**	**2.5%**	**2.5%**	**33.1%**	
Gross carrying amount – accrued income (£'000)	**14,318**	**867**	**239**	**556**	**15,980**
Loss allowance (£'000)	**367**	**22**	**6**	**184**	**579**

31 January 2022 *unaudited*	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days due**	**Total**
Weighted expected loss rate (%)	2.5%	2.5%	2.5%	32.1%	
Gross carrying amount – accrued income (£'000)	17,932	903	690	1,096	20,621
Loss allowance (£'000)	450	23	17	352	842

31 July 2022	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days due**	**Total**
Weighted expected loss rate (%)	2.5%	2.5%	2.5%	30.6%	
Gross carrying amount – accrued income (£'000)	13,269	1,090	649	1,001	16,009
Loss allowance (£'000)	333	27	16	306	682

The loss allowance for accrued income at the period end reconciles to the opening loss allowance as follows:

	6 months to 31/01/2023 *unaudited* £'000	**6 months to 31/01/2022 *unaudited* £'000**	**12 months to 31/07/2022 £'000**
Opening loss allowance	**682**	1,065	1,065
Amounts utilised in the period	**-**	(350)	-
(Decrease)/increase in loss allowance recognised in profit and loss during the period	**(103)**	127	(383)
Closing loss allowance	**579**	842	682

9 Provisions

6 months to 31 January 2023 *unaudited*	**Dilapidations £'000**	**Other Provisions £'000**	**Total £'000**
Balance at 1 August	**880**	**824**	**1,704**
Provisions made	**154**	**141**	**295**
Provisions utilised	**(353)**	**(30)**	**(383)**
Provisions released	**(1)**	**-**	**(1)**
Effect of movements in exchange rates	**(1)**	**(2)**	**(3)**
Balance at period end	**679**	**933**	**1,612**

31 January 2023 *unaudited*	**Dilapidations £'000**	**Other Provisions £'000**	**Total £'000**
Non-current	**661**	**-**	**661**
Current	**18**	**933**	**951**
Total	**679**	**933**	**1,612**

6 months to 31 January 2022 *unaudited*	**Dilapidations £'000**	**Other Provisions £'000**	**Total £'000**
Balance at 1 August	1,680	53	1,733
Provisions made	7	681	688
Provisions utilised	-	(40)	(40)
Provisions released	(223)	(13)	(236)
Effect of movements in exchange rates	3	-	3
Balance at period end	1,467	681	2,148

31 January 2022 *unaudited*	**Dilapidations £'000**	**Other Provisions £'000**	**Total £'000**
Non-current	1,024	224	1,248
Current	443	457	900
Total	1,467	681	2,148

12 months to 31 July 2022	**Dilapidations £'000**	**Other Provisions £'000**	**Total £'000**
Balance at 1 August	1,680	53	1,733
Provisions made	18	824	842
Provisions utilised	(145)	(40)	(185)
Provisions released	(698)	(13)	(711)
Effect of movements in exchange rates	25	-	25
Balance at period end	880	824	1,704

31 July 2022	**Dilapidations £'000**	**Other Provisions £'000**	**Total £'000**
Non-current	517	-	517
Current	363	824	1,187
Total	880	824	1,704

Dilapidation provisions are held in respect of the Group's office properties where lease obligations include contractual obligations to return the property to its original condition at the end of the lease term, ranging between one and six years. During the period the Group agreed dilapidations settlements over two of its UK office properties which were exited in the previous period.

Other provisions have been recognised in respect of restructuring activities relating to discontinuation of overseas operations and claims for certain legal matters. Other provisions held as at 31 January 2023, 31 January 2022 and 31 July 2022 are primarily in respect of claims for certain legal matters.

10 Share capital

Authorised share capital	31/01/2023 *unaudited* £'000	31/01/2022 *unaudited* £'000	31/07/2022 £'000
40,000,000 ordinary shares of £0.01 each	**400**	400	400

Allotted, called up, and fully paid	31/01/2023 *unaudited* £'000	31/01/2022 *unaudited* £'000	31/07/2022 £'000
32,303,612 Ordinary shares of £0.01 each (31 January 2022 and 31 July 2022: 32,290,400)	**323**	323	323

The movement in the number of shares in issue is shown below:

	'000
In issue at 1 August 2022	32,290
Exercise of LTIP share options	14
In issue at 31 January 2023	32,304

The Company has one class of ordinary shares. Each share is entitled to one vote in the event of a poll at a general meeting of the Company. Each share is entitled to participate in dividend distributions.

Share options
During the period, the Group granted share options under the Long-Term Incentive Plan ("LTIP") for Executive Directors and senior management. 864,130 share options with an exercise price of £0.01 each were granted on 6 December 2022 to members of staff to be held over a three-year vesting period and are subject to various performance conditions. All share options have a life of 10 years from grant date and are equity settled on exercise.

11 Net Cash/(Debt)

Net cash/(debt) is the total amount of cash and cash equivalents less interest-bearing loans and borrowings, including lease liabilities.

Net cash flows include the net drawdown of loans and borrowings and cash interest paid relating to loans and borrowings.

31 January 2023 *unaudited*	01/08/2022 £'000	Net cash flows £'000	Non-cash movements £'000	31/01/2023 £'000
Cash and cash equivalents	**17,768**	**6,604**	**(68)**	**24,304**
Working capital facilities	**(1,801)**	**1,459**	**-**	**(342)**
Lease liabilities	**(3,625)**	**614**	**(50)**	**(3,061)**
Total net cash	**12,342**	**8,677**	**(118)**	**20,901**

31 January 2022 *unaudited*	01/08/2021 £'000	Net cash flows £'000	Non-cash movements £'000	31/01/2022 £'000
Cash and cash equivalents	29,238	(15,507)	-	13,731
Working capital facilities	(9,348)	458	-	(8,890)
Lease liabilities	(5,761)	1,034	(171)	(4,898)
Total net cash/(debt)	14,129	(14,015)	(171)	(57)

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31 July 2022	01/08/2021 £'000	Net cash flows £'000	Non-cash movements £'000	31/07/2022 £'000
Cash and cash equivalents	29,238	(11,667)	197	17,768
Working capital facilities	(9,348)	7,547	-	(1,801)
Lease liabilities	(5,761)	2,038	98	(3,625)
Total net cash	14,129	(2,082)	295	12,342

Restricted cash
Included in cash and cash equivalents is the following restricted cash which meets the definition of cash and cash equivalents but is not available for use by the Group:

	31/01/2023 *unaudited* **£'000**	**31/01/2022** *unaudited* **£'000**	**31/07/2022** **£'000**
Balances arising from the Group's non-recourse working capital arrangements	**1,173**	902	615
Cash on deposit in accounts controlled by the Group but not available for immediate drawdown	**1,370**	1,271	1,662
Total restricted cash	**2,543**	2,173	2,277

12 Transactions with Related Parties

There were no related party transactions during the period with entities outside of the Group (6 months to 31 January 2022: none, year ended 31 July 2022: none) and no related party balances at 31 January 2023 (31 January 2022: none, 31 July 2022: none).

13 Contingent Liabilities

We continue our cooperation with the United States Department of Justice and in the 6 month period to 31 January 2023 have incurred £1,000 (6 months to 31 January 2022: £27,000, and year to 31 July 2022: £33,000) in advisory fees on this matter. The Group is not currently in a position to know what the outcome of these enquiries may be and therefore we are unable to quantify the likely outcome for the Group.

14 Statement of Directors' Responsibilities

The Directors' confirm that these condensed interim financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and that the interim management report includes a fair view of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.