20 August 2024

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

Unaudited interim results for the six months ended 30 June 2024

Encouraging resilience in temporary and contract despite ongoing challenging market conditions

Empresaria Group plc (AIM: EMR), the global specialist staffing group, announces its unaudited interim results for the six months ended 30 June 2024.

Overview of the half year

	H1 2024	H1 2023	% change	% change (CC LFL)[2]
Revenue	£121.8m	£125.7m	-3%	+4%
Net fee income	£25.3m	£29.7m	-15%	-9%
Adjusted operating profit[1]	£1.0m	£1.3m	-23%	-8%
Operating (loss)/profit	£(3.6)m	£0.6m		
Adjusted profit before tax[1]	£0.2m	£0.5m	-60%	
Loss before tax	£(4.4)m	£(0.2)m		
Adjusted, diluted loss per share[1]	(1.2)p	(0.8)p	-50%	

- Challenging market conditions continued throughout the first half of 2024 which impacted net fee income:
  - Overall reduction of 9% CC LFL to £25.3m
  - Permanent placement reduced by 21% CC LFL
  - Temporary and contract reduced by 1% CC LFL
  - Offshore Services reduced by 10% CC
- Adjusted operating profit down 8% CC LFL, with reported figure down 23% to £1.0m, reflecting the impact of the reduction in net fee income, offset by the ongoing benefits of our continued focus on costs which delivered year-on-year reductions of £2.3m CC LFL
- Adjusted, diluted loss per share of 1.2p reflecting the reduction in profit and the allocation of earnings to non-controlling interests
- Adjusted net debt increased to £13.5m (31 December 2022: £11.1m) with headroom of £10.5m
- Full year adjusted results are expected to be broadly in line with current market expectations[3] although market conditions remain challenging

1 Adjusted to exclude amortisation of intangible assets identified in business combinations, impairment of goodwill and other intangible assets, loss on sale of subsidiaries, exceptional items, fair value charge on acquisition of non-controlling shares and, in the case of earnings, any related tax.
2 CC LFL – Constant currency and excluding exited operations. Calculated by translating the 2023 results at the 2024 exchange rates and excluding the results of exited operations in Vietnam, China and Finland from both years.
3 The company understands that market consensus for adjusted profit before tax is £4.3m and for adjusted EPS is 1.65p

Chief Executive Officer, Rhona Driggs, commented:

"Challenging conditions have continued to impact recruitment demand in the first half of 2024. Permanent recruitment continues to see the greatest impact while our temporary and contract business remained broadly stable, showing more resilient year-on-year net fee income performance.

We continue to prioritise our strategic initiatives and have made significant progress in building a more scalable and resilient business while reducing complexity across the Group. Our focus remains on positioning the business to capture new growth opportunities, strengthening our sales capabilities, maximising our cross-selling efforts and diversifying our service offering, while maintaining rigorous cost control.

I am confident in our ability to navigate the current environment effectively and optimistic about our ability to rebound quickly when the market improves."

Investor presentation

In line with Empresaria's commitment to ensuring appropriate communication structures are in place for all shareholders, management will deliver an online presentation, available to all existing and potential shareholders, on the interim results for the six months ended 30 June 2024 via the Investor Meet Company platform on Tuesday 20 August 2024 at 12:00pm UK time.

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

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

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

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

- Ends –

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

Notes for editors:

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

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

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

Cautionary statement regarding forward-looking statements

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

Finance and operating review

For the six months ended 30 June 2024, net fee income was down 15% on prior year on a reported basis and 9% down in constant currency and excluding exited operations ("CC LFL"). Adjusted operating profit was £1.0m, down £0.3m from prior year (down 8% CC LFL) reflecting the benefits of cost actions taken in 2023 and ongoing tight control over costs.

Challenging market conditions remain

The industry-wide weakness in demand and slow hiring decisions that we experienced in late 2022 and throughout 2023 has continued through the first half of 2024. This impacted results across the Group with all of our regions showing a year-on-year reduction in net fee income. Permanent recruitment has been most heavily impacted with net fee income down 21% CC LFL (reported figure down 27%). Temporary and contract showed resilience with net fee income down 1% CC LFL (reported figure down 8%), while in Offshore Services, which delivered a record year in 2023, net fee income reduced by 10% CC (reported figure down 14%).

Our IT sector continues to be most significantly impacted reducing from 17% of our total net fee income in the first half of 2023 to 13% in the first half of 2024. We are seeing this reduction across all of our regions and while the US and UK were hardest hit for much of 2023, Asia has also been significantly impacted in 2024.

Within our Professional sector we have seen mixed results. Our aviation operation has delivered solid growth as we diversify out of our traditional pilot contracting offering, while others have seen net fee income decline in line with the wider market.

Our Commercial operations in Germany and South America, where many of our clients operate in the supermarket industry supply chain, have performed solidly during the period and continue to be a strong profit generator for the Group. Our Commercial operation in Germany was significantly impacted by a bad debt provision of £3.0m (excluding recoverable sales taxes) with a single client which is described in more detail in the regional commentary below and has been treated as an exceptional item in the interim results.

Managing our cost base

We continue to maintain tight control of our cost base, with administrative costs for the first half of 2024 down £2.3m CC LFL on the prior year, largely reflecting the run rate benefit of actions taken in 2023. We are making limited investments in our sales teams and protecting our core consultant base to ensure we are well positioned for market recovery. We continue to keep costs under tight control, but do not anticipate making any significant headcount reductions unless the market deteriorates further.

Continuing to deliver on strategic initiatives

We announced in March our intention to exit four of our smaller operations in markets or sub-sectors where we do not plan to invest as part of our focus on scaling our core sectors of Professional, IT and Healthcare, and reducing the complexity of the Group. In the first half of 2024 we sold our loss-making Healthcare operation in Finland and closed our Professional operation in China. We expect to complete the remaining two exits in the second half of the year.

We have streamlined our operating structures, including the consolidation of management structures to create greater sales and cost synergies and have completed the move to a more scalable and efficient model in our core sectors with dedicated sales and delivery teams. In addition, we have rolled out enhancements to our common front office technology platform that are targeted at improving productivity across the Group.

Outlook

We expect weak hiring trends to continue in the second half of 2024 although we believe we have seen the bottom of the market and are starting to see some cautious positive movement in demand in some areas. Our focus is on positioning the business to capture new growth opportunities and market share while keeping tight controls on costs and are confident in our ability to rebound quickly when the market improves.

Full year adjusted results for 2024 are expected to be broadly in line with current market expectations although market conditions remain challenging.

Regional Performance

Net fee income by region:

£m	6 months ended 30 June 2024	6 months ended 30 June 2023	% change	% change (CC LFL)
UK & Europe	11.6	12.6	-8%	-5%
APAC	5.5	7.3	-25%	-12%
Americas	2.6	3.4	-24%	-16%
Offshore Services	6.1	7.0	-13%	-9%
Intragroup eliminations	(0.5)	(0.6)		
Total	25.3	29.7	-15%	-9%

Performance in each of our regions is analysed below.

UK & Europe

£m	6 months ended 30 June 2024	6 months ended 30 June 2023	% change	% change (CC LFL)
Revenue	58.3	58.7	-1%	+3%
Net fee income	11.6	12.6	-8%	-5%
Adjusted operating profit	1.3	0.9	+44%	+30%
% of Group net fee income	46%	42%		

In UK & Europe, revenue was down 1% on a reported basis, but up 3% CC LFL, with net fee income down 8% on a reported basis and down 5% CC LFL. These results reflect a greater fall in permanent placements compared to a more resilient performance in temporary and contract. Adjusted operating profit was up 44% primarily due to reductions in costs.

The UK continues to see subdued demand, particularly in our IT and Professional operations, and this is reflected in a 2% fall in revenue and a 9% drop in net fee income. Permanent placement is the main driver of these reductions while temporary and contract has been more resilient.

In Germany and Austria, net fee income was in line with prior year as growth in our logistics business offset reductions elsewhere. In January, we brought our operations in Germany and Austria under a single leader as part of our strategy to simplify our operating structures and to improve cross-sell and create synergies across these businesses.

During the period the Group sold its loss-making Healthcare operation in Finland and the results of this operation are excluded in the CC LFL measures presented.

In July 2024, weLOG, a significant client of our operations in Germany, went into provisional self-administration. We remain in discussions with weLOG regarding the recoverability of outstanding amounts, which at 30 June 2024 totalled £3.0m (net of recoverable sales taxes) with a further £0.2m (net of recoverable sales taxes) in July 2024. Under IAS 10 (Events after the Reporting Period) this is considered to be an adjusting post balance sheet event, and so, in the absence of any definitive information on recoverability, a provision for the full amount has been reflected in these interims and is presented in the income statement as an exceptional item.

APAC

£m	6 months ended 30 June 2024	6 months ended 30 June 2023	% change	% change (CC LFL)
Revenue	23.8	26.0	-8%	+1%
Net fee income	5.5	7.3	-25%	-12%
Adjusted operating loss	(0.4)	(0.6)	+33%	+57%
% of Group net fee income	21%	24%		

In APAC, revenues reduced by 8% on a reported basis but increased by 1% CC LFL with net fee income down 25% on a reported basis and down 12% CC LFL. The operating loss reduced from prior year predominantly due to cost actions.

Revenues and net fee income fell across the region reflecting the challenging market conditions. The most notable exception to this was our aviation operation which delivered net fee income growth of more than 20% in constant currency reflecting success in diversifying revenue streams outside of our core pilot leasing offering and into engineering and permanent placement. Elsewhere, our IT sector was the most significantly impacted with falls in both permanent, and temporary and contract net fee income. Japan was most significantly impacted, with net fee income down more than 20% in constant currency, while reductions were also seen in Singapore and the Philippines.

The region continued to deliver an operating loss, although this was reduced from prior year reflecting cost actions that offset net fee income reductions as well as significant reductions in losses reported in aviation and Australia.

During the year we closed our small Professional operation in China and these results are excluded from the CC LFL measures presented.

Americas

£m	6 months ended 30 June 2024	6 months ended 30 June 2023	% change	% change (CC LFL)
Revenue	27.1	28.4	-5%	8%
Net fee income	2.6	3.4	-24%	-16%
Adjusted operating loss	(0.4)	(0.3)	-33%	+0%
% of Group net fee income	10%	11%		

In the Americas, revenue was down 5% on a reported basis, but up 8% in constant currency, while net fee income was down 24% on a reported basis and down 16% in constant currency. The reported operating loss increased slightly on last year due to currency movements.

Results for the period are driven by our US operations which saw a 50% year-on-year drop in net fee income resulting in an increased loss for the period. The IT sector continues to be extremely challenging in the US and we are yet to see any sustained signs of improvement. Costs have been cut as far as practical to limit losses while protecting the ability to recover. In Healthcare we saw positive momentum as H1 progressed and have a solid pipeline for H2.

Our Commercial operations in South America showed strong growth in net fee income of more than 10% in constant currency. Due to currency movements the reported net fee income showed a small fall but reported profits increased year on year.

Offshore Services

£m	6 months ended 30 June 2024	6 months ended 30 June 2023	% change	% change (CC LFL)
Revenue	13.1	13.2	-1%	+3%
Net fee income	6.1	7.0	-13%	-9%
Adjusted operating profit	2.6	3.7	-30%	-28%
% of Group net fee income	23%	23%		

Offshore Services delivered a fall in reported revenue of 1% (up 3% in constant currency) with reported net fee income down 13% (down 9% in constant currency). Revenue reflects some low margin temporary and contract business which was not present in the prior year. Excluding this, revenue in the core offshore services offering was down 6%.

Offshore Services showed strong resilience last year, delivering record net fee income despite market challenges as they benefited from the full year effect of the strong growth they delivered in 2022. At the end of 2023 and the start of 2024, UK Healthcare demand fell significantly in response to the NHS targeting reductions in agency spend. Demand has stabilised in both the UK and US but remains muted reflecting the wider conditions for the recruitment industry where the vast majority of our clients operate. We see opportunities to diversify our client base, particularly in our accounting and finance offering, to help offset this exposure. The results reflect some additional pressure on margins with inflationary rises in the cost base and greater challenges in passing these increases on to clients in the current economic environment.

Financing

Net finance costs for the period were £0.8m (2023: £0.8m) with the impact of higher interest rates and higher average levels of net debt in the period offset by improved cash efficiency.

Net cash inflow from operating activities was nil (2023: £4.6m), reflecting trading for the period and the impact of an exceptional bad debt provision recognised in the period which was partially offset by a net working capital inflow across the Group.

The Group sold its Finland based Healthcare operation in the first half of 2024 resulting in a £0.4m cash inflow. Capital expenditure was £0.4m (2023: £0.9m) significantly reduced from the prior year which included infrastructure investment to support growth in Offshore Services. The Group’s dividend to its shareholders resulted in a £0.5m outflow (2023: £0.7m) and dividends to non-controlling interests were £0.3m (2023: £0.4m).

The Group has a programme of purchasing shares and transferring these into the Employee Benefit Trust in order to build shares for the part-settlement of share options in order to reduce the dilutive impact on exercise. As there are currently no outstanding, vested share options and the Employee Benefit Trust holds 0.8m shares, no purchases were made in the period (2023: £0.1m).

Adjusted net debt (which excludes £0.2m cash held in respect of pilot bonds and does not include lease liabilities recognised under IFRS 16) was £13.5m as at 30 June 2024, an increase of £2.4m from 31 December 2023. Average month end adjusted net debt during the period was £10.9m (six months ended 30 June 2023: £7.9m).

As at 30 June 2024, the Group had financing facilities totalling £42.1m (31 December 2023: £50.8m). Excluding invoice financing, undrawn facilities reduced to £10.5m (31 December 2023: £17.8m) reflecting the higher level of net debt alongside an improvement in cash management enabling certain facility limits to be reduced.

The Group's revolving credit facility covenants are tested on a quarterly basis. The covenants, and our performance against them as at 30 June 2024, are as follows:

Measure	**Target**	**Actual**
Net debt to EBITDA	< 2.5 times	1.7 times
Interest cover	> 4.0 times	5.3 times

Dividend

In line with prior years, the Board is not recommending the payment of an interim dividend for 2024 (2023: nil).

20 August 2024

Condensed consolidated income statement
Six months ended 30 June 2024

	Notes	**6 months ended 30 June 2024 Unaudited £m**	6 months ended 30 June 2023 Unaudited £m	Year ended 31 December 2023 £m
Revenue	3	**121.8**	125.7	250.3
Cost of sales		**(96.5)**	(96.0)	(192.8)
Net fee income	3	**25.3**	29.7	57.5
Administrative costs[1]		**(24.3)**	(28.4)	(52.4)
Adjusted operating profit	3	**1.0**	1.3	5.1
Exceptional items[1]	5	**(3.5)**	-	(0.6)
Loss on sale of subsidiary		**(0.2)**	-	-
Fair value charge on acquisition of non-controlling shares		**(0.4)**	(0.1)	(0.1)
Impairment of goodwill		**-**	-	(1.5)
Amortisation of intangible assets identified in business combinations		**(0.5)**	(0.6)	(1.2)
Operating (loss)/profit		**(3.6)**	0.6	1.7
Finance income	4	**0.4**	0.2	0.6
Finance costs	4	**(1.2)**	(1.0)	(2.2)
Net finance costs	4	**(0.8)**	(0.8)	(1.6)
(Loss)/profit before tax		**(4.4)**	(0.2)	0.1
Taxation	7	**0.9**	(0.1)	(1.4)
Loss for the period		**(3.5)**	(0.3)	(1.3)
Attributable to:				
Owners of Empresaria Group plc		**(4.1)**	(1.0)	(2.9)
Non-controlling interests		**0.6**	0.7	1.6
		(3.5)	(0.3)	(1.3)
		Pence Unaudited	**Pence Unaudited**	Pence
Earnings per share				
Basic	8	**(8.4)**	(2.0)	5.9
Diluted	8	**(8.4)**	(2.0)	5.9

Details of adjusted earnings per share are shown in note 8.

1 The income statement includes costs in respect of the impairment of trade receivables totalling £3.0m (2023: £0.3m) of which £nil is included with administrative costs (2023: £0.3m) and £3.0m is within exceptional items (2023: nil).

Condensed consolidated statement of comprehensive income
Six months ended 30 June 2024

	6 months ended 30 June 2024 Unaudited £m	6 months ended 30 June 2023 Unaudited £m	Year ended 31 December 2023 £m
Loss for the period	**(3.5)**	(0.3)	(1.3)
Other comprehensive income			
Items that may be reclassified subsequently to the income statement:			
Exchange differences on translation of foreign operations	**(0.5)**	(2.0)	(2.2)
Items that will not be reclassified to the income statement:			
Exchange differences on translation of non-controlling interests in foreign operations	**(0.1)**	(0.2)	(0.4)
Other comprehensive loss for the period	**(0.6)**	(2.2)	(2.6)
Total comprehensive loss for the period	**(4.1)**	(2.5)	(3.9)
Attributable to:			
Owners of Empresaria Group plc	**(4.6)**	(3.0)	(5.1)
Non-controlling interests	**0.5**	0.5	1.2
	(4.1)	(2.5)	(3.9)

Condensed consolidated balance sheet
As at 30 June 2024

	Notes	**30 June 2024 Unaudited £m**	30 June 2023 Unaudited £m	31 December 2023 £m
Non-current assets				
Property, plant and equipment		**2.0**	2.8	2.4
Right-of-use assets		**4.7**	5.2	6.4
Goodwill		**28.9**	31.1	29.7
Other intangible assets		**6.3**	7.5	6.9
Deferred tax assets		**6.1**	5.2	5.7
		48.0	51.8	51.1
Current assets				
Trade and other receivables	11	**41.6**	44.4	44.7
Cash and cash equivalents	10	**16.5**	19.6	17.1
		58.1	64.0	61.8
Total assets		**106.1**	115.8	112.9
Current liabilities				
Trade and other payables	12	**29.8**	33.2	31.5
Current tax liabilities		**0.9**	1.2	1.3
Borrowings	9	**19.7**	18.8	18.7
Lease liabilities		**2.6**	2.2	4.3
		53.0	55.4	55.8
Non-current liabilities				
Borrowings	9	**10.1**	9.0	9.2
Lease liabilities		**2.6**	3.4	2.6
Deferred tax liabilities		**2.3**	2.5	2.4
		15.0	14.9	14.2
Total liabilities		**68.0**	70.3	70.0
Net assets		**38.1**	45.5	42.9
Equity				
Share capital		**2.5**	2.5	2.5
Share premium account		**22.4**	22.4	22.4
Merger reserve		**0.9**	0.9	0.9
Retranslation reserve		**1.0**	1.8	1.6
Equity reserve		**(10.2)**	(10.2)	(10.2)
Retained earnings		**14.8**	21.8	19.2
Equity attributable to owners of Empresaria Group plc		**31.4**	39.2	36.4
Non-controlling interests		**6.7**	6.3	6.5
Total equity		**38.1**	45.5	42.9

Condensed consolidated statement of changes in equity
Six months ended 30 June 2024

	Equity attributable to owners of Empresaria Group plc								
	Share capital	Share premium account	Merger reserve	Equity reserve	Retranslation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 31 December 2022	2.5	22.4	0.9	(10.2)	3.8	23.4	42.8	6.2	49.0
(Loss)/profit for the period	-	-	-	-	-	(1.0)	(1.0)	0.7	(0.3)
Exchange differences on translation of foreign operations	-	-	-	-	(2.0)	-	(2.0)	(0.2)	(2.2)
Total comprehensive income for the period	-	-	-	-	(2.0)	(1.0)	(3.0)	0.5	(2.5)
Dividend paid to owners of Empresaria Group plc	-	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(0.4)	(0.4)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Share-based payments	-	-	-	-	-	0.2	0.2	-	0.2
At 30 June 2023 (Unaudited)	**2.5**	**22.4**	**0.9**	**(10.2)**	**1.8**	**21.8**	**39.2**	**6.3**	45.5
At 31 December 2022	2.5	22.4	0.9	(10.2)	3.8	23.4	42.8	6.2	49.0
(Loss)/profit for the year	-	-	-	-	-	(2.9)	(2.9)	1.6	(1.3)
Exchange differences on translation of foreign operations	-	-	-	-	(2.2)	-	(2.2)	(0.4)	(2.6)
Total comprehensive income for the year	-	-	-	-	(2.2)	(2.9)	(5.1)	1.2	(3.9)
Dividend paid to owners of Empresaria Group plc	-	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(0.9)	(0.9)
Purchase of own shares in Employee Benefit Trust	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Share-based payments	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)
At 31 December 2023	2.5	22.4	0.9	(10.2)	1.6	19.2	36.4	6.5	42.9
(Loss)/profit for the period	-	-	-	-	-	(4.1)	(4.1)	0.6	(3.5)
Exchange differences on translation of foreign operations	-	-	-	-	(0.6)	0.1	(0.5)	(0.1)	(0.6)
Total comprehensive (loss)/income for the period	-	-	-	-	(0.6)	(4.0)	(4.6)	0.5	(4.1)
Dividend paid to owners of Empresaria Group plc	-	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(0.3)	(0.3)
Share-based payments	-	-	-	-	-	0.1	0.1	-	0.1
At 30 June 2024 (Unaudited)	**2.5**	**22.4**	**0.9**	**(10.2)**	**1.0**	**14.8**	**31.4**	**6.7**	**38.1**

Condensed consolidated cash flow statement
Six months ended 30 June 2024

	6 months ended 30 June 2024 Unaudited £m	6 months ended 30 June 2023 Unaudited £m	Year ended 31 December 2023 £m
Loss for the period	**(3.5)**	(0.3)	(1.3)
Adjustments for:			
Depreciation and software amortisation	**0.7**	0.7	1.5
Depreciation of right-of-use assets	**2.3**	2.7	5.4
Loss on sale of subsidiary	**0.2**	-	-
Fair value charge on acquisition of non-controlling shares	**0.2**	0.1	0.1
Impairment of goodwill	**-**	-	1.5
Amortisation of intangible assets identified in business combinations	**0.5**	0.6	1.2
Share-based payments	**0.1**	0.2	(0.3)
Net finance costs	**0.8**	0.8	1.6
Taxation	**(0.9)**	0.1	1.4
	0.4	4.9	11.1
Decrease in trade and other receivables	**2.0**	0.6	0.2
(Decrease)/increase in trade and other payables (including pilot bonds outflow of £0.1m (30 June 2023: £0.1m, 31 December 2023: £0.3m))	**(0.7)**	1.1	(0.4)
Cash generated from operations	**1.7**	6.6	10.9
Interest paid	**(1.1)**	(1.0)	(2.2)
Income taxes paid	**(0.6)**	(1.0)	(3.2)
Net cash inflow from operating activities	**-**	4.6	5.5
Cash flows from investing activities			
Cash received on sale of subsidiary	**0.4**	-	-
Purchase of property, plant and equipment, and software	**(0.4)**	(0.9)	(1.4)
Finance income	**0.4**	0.2	0.6
Net cash inflow/(outflow) from investing activities	**0.4**	(0.7)	(0.8)
Cash flows from financing activities			
Increase/(decrease) in overdrafts	**1.2**	(2.0)	(1.7)
Proceeds from bank loans	**1.0**	0.7	1.0
Repayment of bank loans	**(0.1)**	-	(0.4)
Increase/(decrease) in invoice financing	**0.1**	(0.2)	(0.3)
Payment of obligations under leases	**(2.1)**	(2.7)	(5.4)
Purchase of shares in existing subsidiaries	**(0.2)**	(0.1)	(0.1)
Purchase of own shares in Employee Benefit Trust	**-**	(0.1)	(0.3)
Dividends paid to owners of Empresaria Group plc	**(0.5)**	(0.7)	(0.7)
Dividends paid to non-controlling interests	**(0.3)**	(0.4)	(0.9)
Net cash outflow from financing activities	**(0.9)**	(5.5)	(8.8)
Net decrease in cash and cash equivalents	**(0.5)**	(1.6)	(4.1)
Foreign exchange movements	**(0.1)**	(1.1)	(1.1)
Cash and cash equivalents at beginning of the period	**17.1**	22.3	22.3
Cash and cash equivalents at end of the period	**16.5**	19.6	17.1
Bank overdrafts at beginning of the period	**(15.2)**	(17.1)	(17.1)
(Increase)/decrease in the period	**(1.2)**	2.0	1.7
Foreign exchange movements	**0.1**	0.2	0.2
Bank overdrafts at end of the period	**(16.3)**	(14.9)	(15.2)
Cash, cash equivalents and bank overdrafts at period end	**0.2**	4.7	1.9

Notes to the interim financial statements
Six months ended 30 June 2024

1 Basis of preparation and general information

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

The condensed set of financial statements have been prepared using accounting policies consistent with UK-adopted International Accounting Standards. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements. The Group does not anticipate any change in these accounting policies for the year ended 31 December 2024. While the financial information included in these interim financial statements has been prepared in accordance with UK-adopted International Accounting Standards applicable to interim periods, these interim financial statements do not contain sufficient information to constitute an interim financial report as defined in IAS 34.

The information for the year ended 31 December 2023 has been derived from audited statutory accounts for that year. The information for the year ended 31 December 2023 included herein does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year have been delivered to the Registrar of Companies. The auditors report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The interim financial information for 2024 and 2023 has been neither audited nor reviewed.

Going concern

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

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

2 Accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of income, expense, assets and liabilities. The significant estimates and judgements made by management were consistent with those applied to the consolidated financial statements for the year ended 31 December 2023.

Notes to the interim financial statements
Six months ended 30 June 2024

3 Segment analysis

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

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

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

Six months to 30 June 2024	Revenue £m	Net fee income £m	Adjusted operating profit/(loss) £m
UK & Europe	58.3	11.6	1.3
APAC	23.8	5.5	(0.4)
Americas	27.1	2.6	(0.4)
Offshore Services	13.1	6.1	2.6
Central costs	-	-	(2.1)
Intragroup eliminations	(0.5)	(0.5)	-
	121.8	25.3	1.0

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

Year ended 31 December 2023	Revenue £m	Net fee income £m	Adjusted operating profit/(loss) £m
UK & Europe	116.8	24.9	3.0
APAC	51.9	13.6	(0.8)
Americas	55.9	6.1	(0.9)
Offshore Services	26.9	14.0	7.5
Central costs	-	-	(3.7)
Intragroup eliminations	(1.2)	(1.1)	-
	250.3	57.5	5.1

Notes to the interim financial statements
Six months ended 30 June 2024

4 Finance income and costs

	6 months ended 30 June 2024 Unaudited £m	6 months ended 30 June 2023 Unaudited £m	Year ended 31 December 2023 £m
Finance income			
Bank interest receivable	**0.4**	0.2	0.6
	0.4	0.2	0.6
Finance costs			
Invoice financing	**(0.1)**	(0.1)	(0.3)
Bank loans and overdrafts	**(0.9)**	(0.7)	(1.6)
Interest on lease liabilities	**(0.2)**	(0.2)	(0.3)
	(1.2)	(1.0)	(2.2)
Net finance costs	**(0.8)**	(0.8)	(1.6)

5 Exceptional items

	6 months ended 30 June 2024 Unaudited £m	6 months ended 30 June 2023 Unaudited £m	Year ended 31 December 2023 £m
Closure of operations	**(0.3)**	-	(0.3)
Impairment of trade receivables	**(3.0)**	-	-
Restructure of senior management	**(0.2)**	-	(0.3)
	(3.5)	-	(0.6)

Closure of operations includes the Group’s exit from Vietnam in 2023 and China in 2024.

Notes to the interim financial statements
Six months ended 30 June 2024

6 Reconciliation of profit before tax to adjusted profit before tax

	6 months ended 30 June 2024 Unaudited £m	6 months ended 30 June 2023 Unaudited £m	Year ended 31 December 2023 £m
(Loss)/profit before tax	**(4.4)**	(0.2)	0.1
Add back:			
Exceptional items	**3.5**	-	0.6
Loss on sale of subsidiary	**0.2**	-	-
Fair value charge on acquisition of non-controlling shares	**0.4**	0.1	0.1
Impairment of goodwill	**-**	-	1.5
Amortisation of intangible assets identified in business combinations	**0.5**	0.6	1.2
Adjusted profit before tax	**0.2**	0.5	3.5

7 Taxation

The tax credit for the six month period is £0.9m (6 months ended 30 June 2023: £0.1m charge, year ended 31 December 2023: £1.4m charge). On an adjusted basis (excluding adjusting items as set out in note 6 and their tax effect), the tax charge for the six month period is £0.2m. The tax charge for the period is assessed using the best estimate of the effective tax rates expected to be applicable for the full year, applied to the pre-tax income of the six month period plus irrecoverable withholding taxes incurred in the six month period.

8 Earnings per share

Basic earnings per share is assessed by dividing the earnings attributable to the owners of Empresaria Group plc by the weighted average number of shares in issue during the year. Diluted earnings per share is calculated as for basic earnings per share but adjusting the weighted average number of shares for the diluting impact of shares that could potentially be issued. For 2024 and 2023 these are all related to share options. Reconciliations between basic and diluted measures are given below.

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

	6 months ended 30 June 2024 Unaudited	6 months ended 30 June 2023 Unaudited	Year ended 31 December 2023
	£m	£m	£m
Earnings			
Earnings attributable to owners of Empresaria Group plc	**(4.1)**	(1.0)	(2.9)
Adjustments:			
Loss of sales of business	**0.2**	-	-
Exceptional items	**3.5**	-	0.6
Fair value charge on acquisition of non-controlling shares	**0.4**	0.1	0.1
Impairment of goodwill	**-**	-	1.5
Amortisation of intangible assets identified in business combinations	**0.5**	0.6	1.2
Tax on the above	**(1.1)**	(0.1)	(0.2)
Adjusted earnings	**(0.6)**	(0.4)	(0.3)
Number of shares	**Millions**	Millions	Millions
Weighted average number of shares – basic	**49.1**	49.5	49.1
Dilution effect of share options	**0.8**	1.4	0.7
Weighted average number of shares – diluted	**49.9**	50.9	49.8
Earnings per share	**Pence**	Pence	Pence
Basic	**(8.4)**	(2.0)	(5.9)
Dilution effect of share options	**-**	-	-
Diluted	**(8.4)**	(2.0)	(5.9)
Adjusted earnings per share	**Pence**	Pence	Pence
Basic	**(1.2)**	(0.8)	0.6
Dilution effect of share options	**-**	-	-
Diluted	**(1.2)**	(0.8)	0.6

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

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

Notes to the interim financial statements
Six months ended 30 June 2024

9 Borrowings

	30 June 2024 Unaudited £m	30 June 2023 Unaudited £m	31 December 2023 £m
Current			
Bank overdrafts	**16.3**	14.9	15.2
Invoice financing	**3.2**	3.4	3.2
Bank loans	**0.2**	0.5	0.3
	19.7	18.8	18.7
Non-current			
Bank loans	**10.1**	9.0	9.2
	10.1	9.0	9.2
Borrowings	**29.8**	27.8	27.9

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

10 Adjusted net debt

a) Adjusted net debt	**30 June 2024 Unaudited £m**	30 June 2023 Unaudited £m	31 December 2023 £m
Cash and cash equivalents	**16.5**	19.6	17.1
Less cash held in respect of pilot bonds	**(0.2)**	(0.5)	(0.3)
Adjusted cash	**16.3**	19.1	16.8
Borrowings	**(29.8)**	(27.8)	(27.9)
Adjusted net debt	**(13.5)**	(8.7)	(11.1)

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

b) Movement in adjusted net debt	**6 months ended 30 June 2024 Unaudited £m**	6 months ended 30 June 2023 Unaudited £m	Year ended 31 December 2023 £m
At 1 January	**(11.1)**	(7.9)	(7.9)
Net decrease in cash and cash equivalents per consolidated cash flow statement	**(0.5)**	(1.6)	(4.1)
Net (increase)/decrease in overdrafts and loans	**(2.1)**	1.3	1.1
(Increase)/decrease in invoice financing	**(0.1)**	0.2	0.3
Foreign exchange movements	**0.2**	(0.8)	(0.8)
Decrease in cash held in respect of pilot bonds	**0.1**	0.1	0.3
At period end	**(13.5)**	(8.7)	(11.1)

Notes to the interim financial statements
Six months ended 30 June 2024

11 Trade and other receivables

	30 June 2024 Unaudited £m	30 June 2023 Unaudited £m	31 December 2023 £m
Gross trade receivables	**33.1**	32.0	31.8
Less provision for impairment of trade receivables	**(4.3)**	(0.7)	(0.8)
Trade receivables	**28.8**	31.3	31.0
Prepayments	**1.9**	3.5	2.0
Accrued income	**6.8**	6.3	7.5
Corporation tax receivable	**1.6**	0.7	1.2
Other receivables	**2.5**	2.6	3.0
	41.6	44.4	44.7

The provision for impairment of trade receivables at 30 June 2024 includes £3.6m (including recoverable sales taxes of £0.6m) for an individual client trade debtor in Germany. The net exposure of £3.0m has been reflected as an exceptional cost in the income statement. More detail is provided in the finance and operating review.

12 Trade and other payables

	30 June 2024 Unaudited £m	30 June 2023 Unaudited £m	31 December 2023 £m
Current			
Trade payables	**2.2**	2.4	2.0
Other tax and social security	**5.2**	5.5	5.7
Pilot bonds	**0.2**	0.5	0.3
Client deposits	**0.4**	0.3	0.3
Other payables	**5.3**	5.2	5.2
Accruals	**16.5**	19.3	18.0
	29.8	33.2	31.5

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