FDM Group (Holdings) plc

Interim Report
for the six months ended 30 June 2024

Contents

Highlights

	30 June 2024	30 June 2023	% change
Revenue	£140.2m	£179.9m	-22%
Adjusted operating profit[1]	£17.4m	£25.5m	-32%
Profit before tax	£15.5m	£29.8m	-48%
Adjusted profit before tax[1]	£17.7m	£26.0m	-32%
Basic earnings per share	10.3p	19.7p	-48%
Adjusted basic earnings per share[1]	11.7p	16.8p	-30%
Cash flows generated from operations	£15.9m	£24.3m	-35%
Cash conversion[2]	104%	83%	+25%
Adjusted cash conversion[2]	103%	95%	+8%
Cash position at period end	£36.9m	£38.1m	-3%
Share-based payment expense/ (credit)	£0.1m	(£3.8m)	n/a
Exceptional administrative expenses	£2.1m	-	n/a
Effective income tax rate	27.5%	27.5%	-
Interim dividend per share	10.0p	17.0p	-41%

- A resilient performance in the first half of 2024 against ongoing challenging market conditions, in line with the Board's expectations.
- Revenue decreased by 22% to £140.2 million (2023: £179.9 million) and profit before tax decreased by 48% to £15.5 million (2023: £29.8 million).
- Consultants assigned to clients at week 26[3] were 25% lower than the corresponding period at 3,469 (week 26 2023: 4,602, week 52 2023: 3,892). The split by region was: UK 1,284 (week 26 2023: 1,743); North America 1,162 (week 26 2023: 1,563); EMEA 326 (week 26 2023: 359); and APAC 697 (week 26 2023: 937).
- Consultant utilisation rate[4] for the six months to 30 June 2024 decreased to 91.5% (2023: 93.4%). Throughout the period steps were taken to align, as far as practicable, available resource to market demand. Consultant recruitment and the number of Consultants in our Skills Lab (previously known as our Academy) reduced and coaching completions (previously called training completions) in the first half were 466 (first half 2023: 911).
- We remain focused on managing our cost base. In the first half we incurred exceptional costs of £2.1 million (2023: £nil) as we better aligned our internal staff and undeployed Consultants with current market dynamics. The annualised internal staff cost saving is over £4 million. The number of internal employees at 30 June 2024 was 594 (30 June 2023: 802).
- Successful launch of a new Consultant coaching methodology, to enable us to respond better to clients' needs.
- We secured 29 new clients globally (2023: 26), 18 of which were outside the financial services sector.
- We maintain a robust balance sheet, with £36.9 million cash at 30 June 2024 (2023: £38.1 million) and no debt.
- Cash conversion was 104% during the first six months of 2024 (2023: 83%). Adjusted cash conversion[2] was 103% (2023: 95%).
- On 30 July 2024, the Board declared an interim dividend of 10.0 pence per ordinary share (2023: 17.0 pence), which will be payable on 1 November 2024 to shareholders on the register on 11 October 2024.

[1] The adjusted operating profit and adjusted profit before tax are calculated before; i) Share Plan expenses of £0.1 million (2023: credit of £3.8 million); and ii) exceptional costs of £2.1 million (2023: £nil) as we better aligned our internal staff and undeployed Consultants with Consultant headcount. The adjusted basic earnings per share is calculated before the impact of; i) Share Plan expenses (including associated deferred tax); and ii) exceptional costs of £2.1 million (2023: £nil).
[2] Cash conversion is calculated by dividing cash flows generated from operations by operating profit. The adjusted cash conversion is calculated by dividing cash flows generated from operations by operating profit adjusted for Share Plan expenses of £0.1 million (2023: credit of £3.8 million).
[3] Week 26 in 2024 commenced on 24 June 2024 (2023: week 26 commenced on 26 June 2023).
[4] The business uses the metric 'Consultant utilisation' to monitor all deployed Consultants. Utilisation rate is calculated as the ratio of the cost of deployed Consultants to the total Consultant payroll cost.

Rod Flavell, Chief Executive Officer, commented:

"The Group traded in line with the Board's expectations during the first half of the year. The softer trading conditions which we reported in our AGM Trading Statement on 14 May 2024 persist, with clients continuing to defer decisions.

While we continue to manage the level of unallocated Consultants and our internal cost base in the light of market conditions, we remain committed to maintaining appropriate levels of resource and capacity to meet clients' needs as and when markets improve.

The mix of tenure of Consultants deployed with clients has changed over recent periods, such that we now have an increased proportion of Consultants remaining with FDM beyond two years. This has delivered a progressive slowing in headcount decline across each of our territories. We anticipate that this trend, taken with sustained levels of encouraging client engagement, should see a more stable backdrop for the Group in the second half of this financial year as we begin to increase the number of recruits to our Skills Labs.

We have a robust balance sheet and experienced Board and management, and are focused on delivering against our objectives, both short and medium term. The Board anticipates that the Group's financial performance for the full year will be in line with its current expectations."

Forward-looking statements

This Interim Report contains statements which constitute "forward-looking statements". Although the Group believes that the expectations reflected in these forward-looking statements are reasonable at the time they are made, it can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. Subject to any requirement under the Disclosure Guidance and Transparency Rules or other applicable legislation, regulation or rules, the Group does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Neither shareholders nor prospective shareholders should place undue reliance on forward-looking statements, which speak only as of the date of this Interim Report.

We are FDM

FDM Group (Holdings) plc ("the Company" or "FDM") and its subsidiaries (together "the Group" or "FDM") form a global professional services provider with a focus on IT.

We are a global consultancy powering the people behind tech and innovation. For over 30 years we have helped our clients stay ahead of the latest tech trends and thrive in a rapidly changing world.

Our business model is focused on coaching and deploying passionate, energetic and self-motivated Consultants equipped with skills across five Practices:

- Software Engineering;
- Change & Transformation;
- Data & Analytics;
- IT Operations; and
- Risk, Regulation & Compliance ("RRC").

These five core areas of specialism include multiple interconnected sprints within our Skills Labs, building a versatile and adaptable Consultant workforce.

Our purpose

We aim to deliver client-led, sustainable, profitable growth on a consistent basis, through our well-established Consultant model:

- **Identify talented individuals –** through our programmes: Graduates, Ex-Forces, Returners and Apprentices.
- **Develop individuals through our Skills Labs –** where our Consultants access expertise, up-skilling and re-skilling as part of their continual learning and career development.
- **Grow our client presence profitably –** we look to create new opportunities to deploy our Consultants amongst our developing client base and into other markets and territories.
- **Identify and fill our clients' skills gaps –** we focus on understanding and anticipating our clients' requirements and market trends, to ensure that we can add value in the areas where our clients need it most, provide opportunities to our Consultants, and deliver sustainable profitable growth for our shareholders.
- **Create a long-term sustainable global business –** we aim to have a beneficial impact on the communities in which we operate. We are aware of our responsibility towards our clients, our suppliers, and all of our other stakeholders, whilst working to minimise our impact on the environment.
- **Engage, retain, recognise and energise internal employees –** to support, enhance and grow the business to deliver our Consultant model.

Awards

Awards received during the period included:

- British Ex-Forces in Business Awards: Rod Flavell won Advocate of the Year (Individual) 2024
- Great British Employers of Veterans Top 50 List 2024 (ranked 13th)
- Scottish Ex-Forces in Business Awards 2024: Employer of the Year – Finalist
- RateMyPlacement's Best 50 Small to Medium-sized Employer Schemes 2024/ 2025
- RippleMatch's Campus Forward Award: Large Early Career Program 2024 (USA)
- VETS Indexes 4 Star employer (USA)
- Prosple Top 100 Graduate Employer (Australia)
- Grad Connection's Top 100 (Australia)

Interim Management Review

Overview

Against a background of continued challenging global market conditions, the Group delivered a resilient performance for the first half of 2024, in line with Board expectations. Revenue for the six-month period ending 30 June 2024 was 22% lower (21% lower on a constant currency basis) at £140.2 million (2023: £179.9 million) and we delivered adjusted profit before tax for the first half of £17.7 million, down 32% on the equivalent period in 2023 of £26.0 million.

The number of Consultants placed with clients at week 26 was 3,469, 25% lower than week 26 2023 and 11% lower than week 52 2023. To ensure our available resource is aligned with client demand, levels of experienced Consultant resource, Consultant recruitment and the numbers of Consultants in our Skills Lab (previously known as our Academy) were closely managed during the first half, resulting in a reduction in recruitment and coaching completions in comparison with the period to 30 June 2023 and an increase in the proportion of Consultants remaining with FDM beyond two years.

We continue our focus on managing the Group's cost base. During the first half, the Group incurred exceptional costs of £2.1 million (2023: £nil), as a result of the Group taking measures to align better the number of undeployed Consultants and internal staff with current market dynamics while allowing for the Group to respond to increased demand as and when it returns.

The Group's balance sheet remains robust with cash balances at 30 June 2024 of £36.9 million (30 June 2023: £38.1 million). The Group has no debt.

Strategy

FDM's strategy remains to deliver customer-led, sustainable, profitable growth on a consistent basis through our established and proven business model, helping clients to stay ahead of the latest tech trends and unlocking opportunities to help them thrive in a rapidly changing world. Our business model has been developed to ensure the successful delivery of our strategy.

(i) Attract and develop talented Consultants

With challenging market conditions continuing, our levels of Consultant recruitment remain under close scrutiny to ensure that our available resource aligns, as far as practicable, with client demand across our operating locations. A key strength of our business model is that it allows us to flex recruitment and coaching and react quickly to changing levels of client demand, while at the same time continuing to invest in our workforce so that we are well positioned to capitalise on opportunities when conditions improve. We delivered a reduced 466 coaching completions in the first half of the year (2023: 911).

The strength of our University Partner relationships and our Ex-Forces and Returners Programmes will enable us to increase recruitment and training when market conditions and client demand improve. We continued to generate high numbers of applications across all our operating locations with applicants seeking the benefits of FDM's market-leading, flexible coaching. We have an excellent pipeline of assessed candidates, looking to join our Skills Labs as and when we see an uptick in market demand.

(ii) Invest in state-of-the-art Skills Labs to provide expert training

The first half of the year saw a major change in the delivery of our training, with the launch of the new FDM Practices methodology. This methodology, which is outlined below, enhances our ability to respond to clients' needs as they look for more specific, detailed and nuanced skillsets within each job role.

In conjunction with the implementation of the Practices, we have moved away from the more traditional methods of training to a dynamic, skills-based, experiential model which is central to our new Skills Lab. Consultants are subject to continuous assessment as they complete core and specialised sprints (designed with the knowledge of client requirements) which are led by our highly-skilled coaches within our Pods.

We are confident that the FDM Practices methodology will enable our Consultants to develop into experienced professionals with skills across multiple capabilities, delivering maximum value to our clients as they seek to stay ahead of the latest tech trends.

FDM Practices

Software Engineering

Our Software Engineers are skilled in using the latest tech and methods to create, test and maintain software that is strong, scalable, and tailored to clients' needs.

Change & Transformation

Our Change and Transformation specialists learn to guide organisations through significant changes, mastering project management, problem-solving and agile methods to ensure success.

Data & Analytics

Our Data and Analytics specialists excel at finding valuable insights in data, using advanced tools such as business intelligence and machine learning, helping clients to make smart decisions and stay competitive.

IT Operations

Our IT Operations specialists are focused on keeping complex IT systems running smoothly and securely, mastering tasks such as system administration, network management, and cybersecurity.

Risk, Regulation & Compliance

Our RRC specialists develop skills in managing risk and ensuring compliance with rules and standards, protecting organisations' reputation and trust with stakeholders.

(iii) Grow and diversify our client base

We continue to deliver the highest level of service to our clients and work closely with them to meet their requirements. Client diversification remains a key part of our strategy and we secured 29 new clients in the period (2023: 26), of which 14 were in the UK, 5 in North America, 4 in EMEA and 6 in APAC. Of these new clients, 18 were secured from outside the financial services sector (2023: 18 outside the financial services sector).

(iv) Expand and consolidate our geographic presence through sustainable and efficient means

The expansion and consolidation of our geographic presence remains a key growth driver for the Group. While the move to remote delivery of our Skills Lab coaching allows us to reduce the size and cost of our physical footprint worldwide (at the same time enabling us to reduce our greenhouse gas emissions from the use of physical premises), we retain a strong management and sales presence across all our main operating regions, as we focus on delivering sustainable growth across the Group.

Our Markets

UK

Revenue for the six-month period to 30 June 2024 decreased by 23% to £54.0 million (2023: £69.7 million). Consultants deployed at week 26 were 1,284, a decrease of 26% from 1,743 at week 26 2023 (week 52 2023: 1,411). Adjusted operating profit decreased by 36% to £7.8 million (2023: £12.2 million).

Uncertainty in the market continued into the first half of 2024 and the mix of our Consultant population shifted towards more experienced resource as clients managed reduced budgets which restricted them from both taking on new Consultants and internalising our Consultants as permanent hires. Our experienced Consultants have higher sell rates and this contributed towards the reduction in revenue being less than the reduction in headcount.

During the period we incurred £1.3 million of exceptional costs associated with the measures taken to align better the number of benched Consultants and internal staff with current market dynamics. These additional costs contributed towards operating profit decreasing by more than the reduction in headcount. We also carried a higher than normal number of undeployed Consultants into the period and adjusted our training schedules to reflect this, resulting in fewer coaching completions (2024: 129; 2023: 259).

We gained 14 new clients in the period (2023: 14).

North America

Revenue for the six-month period to 30 June 2024 decreased by 24% to £53.9 million (2023: £70.6 million). Consultants deployed at week 26 were 1,162, a decrease of 26% from 1,563 at week 26 2023 (week 52 2023: 1,322). Adjusted operating profit decreased by 17% to £8.7 million (2023: £10.5 million).

As in the UK, uncertainty in the market continued in 2024 and resulted in reduced demand for new Consultants and our Consultant mix becoming more experienced as clients lacked the budget to internalise the Consultants as their permanent staff. The shift in tenure mix contributed towards the reduction in revenue being less than the reduction in headcount.

During the period we incurred £0.5 million of exceptional costs associated with the measures taken to align better the number of benched Consultants and internal staff with current market dynamics. These measures were taken early in the year and, compared with the prior period, we ran with a lower number of benched Consultants, and reduced the number of Consultants we coached to 133 (2023: 299). The savings in these costs resulted in operating profit decreasing by less than the reduction in headcount.

During the period we gained 5 new clients (2023: 5).

EMEA (Europe, Middle East and Africa, excluding UK)

Revenue for the six-month period to 30 June 2024 decreased by 10% to £11.0 million (2023: £12.2 million). Consultants deployed at week 26 were 326, a decrease of 9% from 359 at week 26 2023 (week 52 2023: 327). Adjusted operating profit decreased by 85% to £0.2 million (2023: £1.3 million).

EMEA Consultant headcount was somewhat less impacted by market uncertainty than the other regions, with growth in Germany and Ireland offsetting a reduction in headcount in Poland and the Netherlands. During the period we carried a higher than typical number of undeployed Consultants which contributed towards adjusted operating profit decreasing by more than headcount. We incurred £0.1 million of exceptional costs associated with the measures taken to align better the number of benched Consultants and internal staff with current market dynamics.

In the six months, we coached 57 Consultants (2023: 143) and gained 4 new clients (2023: 4).

APAC (Asia Pacific)

Revenue for the six-month period to 30 June 2024 decreased by 22% to £21.3 million (2023: £27.4 million). Consultants deployed at week 26 were 697, a decrease of 26% from 937 at week 26 2023 (week 52 2023: 832). Adjusted operating profit decreased by 53% to £0.7 million (2023: £1.5 million).

Across APAC we experienced similar market conditions to the UK and North America. We adjusted our training schedules to reflect reduced demand and during the period we coached 147 Consultants (2023: 210). We incurred £0.2 million of exceptional costs associated with the measures taken to align better the number of benched Consultants and internal staff with current market dynamics.

We opened 6 new clients in the period (2023: 3).

Financial Review

Summary income statement

	Six months to 30 June 2024	Six months to 30 June 2023	% change
Revenue	£140.2m	£179.9m	-22%
Exceptional administrative expenses	£2.1m	-	n/a
Adjusted operating profit [1]	£17.4m	£25.5m	-32%
Operating profit	£15.3m	£29.3m	-48%
Adjusted profit before tax [1]	£17.7m	£26.0m	-32%
Profit before tax	£15.5m	£29.8m	-48%
Adjusted basic EPS[1]	11.7p	16.8p	-30%
Basic EPS	10.3p	19.7p	-48%

Overview

Revenue was 22% lower at £140.2 million (2023: £179.9 million) (21% lower on a constant currency basis[2]), while adjusted operating profit[1] decreased by 32% to £17.4 million (2023: £25.5 million).

Consultants assigned to clients at week 26 2024 totalled 3,469, a decrease of 25% from 4,602 at week 26 2023 and a decrease of 11% from 3,892 at week 52 2023. Our Returners Programme had 204 deployed at week 26 2024 (week 26 2023: 239; week 52 2023: 219) and our Ex-Forces Programme accounted for 146 Consultants deployed worldwide (week 26 2023: 201; week 52 2023: 163).

The Consultant utilisation rate decreased to 91.5% (2023: 93.4%) due to higher than normal numbers of undeployed Consultants across the period.

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

	Six months to 30 June 2024 Revenue £m	Six months to 30 June 2023 Revenue £m	Year to 31 December 2023 Revenue £m	2024 Consultants assigned to clients at week 26[2]	2023 Consultants assigned to clients at week 26[2]	2023 Consultants assigned to clients at week 52[2]
UK	**54.0**	69.7	127.8	**1,284**	1,743	1,411
North America	**53.9**	70.6	130.2	**1,162**	1,563	1,322
EMEA	**11.0**	12.2	24.1	**326**	359	327
APAC	**21.3**	27.4	51.9	**697**	937	832
	140.2	179.9	334.0	**3,469**	4,602	3,892

Administrative expenses decreased to £46.8 million (2023: £54.3 million). Included within administrative expenses are £2.1 million of exceptional costs, as we continued our focus on the management of our cost base. The annualised internal staff cost saving is over £4 million. Adjusted Group operating margin[1] decreased to 12.4% (2023: 14.2%) reflecting the higher proportion of experienced Consultants remaining with FDM beyond two years and the cost of carrying a higher than normal number of undeployed Consultants.

[1] The adjusted operating profit and adjusted profit before tax are calculated before; i) Share Plan expenses of £0.1 million (2023: credit of £3.8 million); and ii) exceptional costs of £2.1 million (2023: £nil) as we better aligned our internal staff and undeployed Consultants with Consultant headcount. The adjusted basic earnings per share is calculated before the impact of; i) Share Plan expenses (including associated deferred tax); and ii) exceptional costs of £2.1 million (2023: £nil).

[2] The constant-currency basis is calculated by translating current period and prior period reported amounts into comparable amounts using the 2024 average exchange rate for each currency. The presentation of the constant-currency basis provides a better understanding of the Group's trading performance by removing the impact on revenue of movements in foreign exchange.

[3] Week 26 in 2024 commenced on 24 June 2024 (2023: week 26 commenced on 26 June 2023 and week 52 commenced on 25 December 2023).

Adjusting items

The Group presents adjusted results, in addition to the statutory results, as the Directors consider that they provide a useful indication of underlying trading performance and cash generation. The adjusted results are stated before; i) share-based payment credit/ expense including associated taxes and social security costs; and ii) exceptional administrative expenses relating to terminating the employment of internal staff and undeployed Consultants.

Share-based payment

The share-based payment charge is based on estimates relating to a vesting which may occur up to three years after the date of grant and the assumptions underpinning those estimates can change from year to year. An expense of £0.1 million was recognised in the six months to 30 June 2024 relating to the share-based payments including social security costs, all of which was in respect of the Buy As You Earn ('BAYE') Plan (2023: credit of £3.8 million, including expenses of £0.2 million in respect of the BAYE Plan).

The credit recognised in 2023 arose as a result of a change in the adjusted earnings per share performance vesting assumptions with the outstanding awards anticipated to vest at a lower quantum. Details of the share-based payments are set out in note 14 to the Condensed Consolidated Interim Financial Statements.

Exceptional administrative expenses

During the first half, the Group incurred exceptional administrative expenses of £2.1 million (2023: £nil), as a result of the Group taking measures to align better the number of undeployed Consultants and internal staff with current market dynamics while allowing for the Group to respond to increased demand as and when it returns.

Net finance income/ (expense)

Interest on cash balances of £0.8 million (2023: £0.7 million) was recognised as finance income in the period. Finance expense includes lease liability interest of £0.6 million (2023: £0.2 million). The Group continues to have no debt.

Taxation

The Group's total tax charge for the half year was £4.3 million, equivalent to an effective tax rate of 27.5%, on profit before tax of £15.5 million (2023: effective rate of 27.5% based on a tax charge of £8.2 million and a profit before tax of £29.8 million). The effective rate is higher than the underlying UK tax rate of 25% primarily due to Group profits earned in higher tax jurisdictions.

Earnings per share

Basic earnings per share decreased in the period to 10.3 pence (2023: 19.7 pence), while adjusted basic earnings per share was 11.7 pence (2023: 16.8 pence). Diluted earnings per share was 10.3 pence (2023: 19.7 pence).

Dividend

On 30 July 2024, the Directors declared an interim dividend of 10.0 pence per ordinary share (2023: 17.0 pence) which will be payable on 1 November 2024 to shareholders on the register on 11 October 2024.

The Group continues to operate its dividend policy, to retain sufficient capital to fund ongoing operating requirements, while maintaining an appropriate level of dividend cover and sufficient funds to invest in the Group's longer-term growth.

Cash flow and Statement of Financial Position

The Group's cash balance was £36.9 million as at 30 June 2024 (2023: £38.1 million).

Dividends paid in the half year totalled £20.7 million (2023: £20.8 million). Net capital expenditure was £0.1 million (2023: £0.6 million) and tax paid was £3.8 million (2023: £7.1 million).

The Group delivered a robust working capital performance. Cash conversion for the period was 104% (2023: 83%) and adjusted cash conversion was 103% (2023: 95%).

Days sales outstanding at the period end were in line with Group targets, as they were in the prior period.

Related party transactions

Details of related party transactions are included in note 16 of the Condensed Interim Financial Statements.

Principal risks facing the business

The Group faces a number of risks and uncertainties which could have a material impact upon its performance. The principal risks and uncertainties faced by the Group are set out in the Annual Report and Accounts for the year ended 31 December 2023 on pages 28 to 35.

Economic uncertainty

A combination of factors, including geopolitical stress, continues to contribute to an uncertain macro-economic environment and a dampening of confidence in the global banking and finance sector against a backdrop of lower global growth rates. This uncertainty remains the Group's principal risk.

Uncertain conditions affect the spending decisions of clients, causing them to delay the commencement of projects. This, in turn, slows down the rate at which the Group's Consultants are onboarded, making it more challenging for FDM to balance the supply and demand of resource (which is one of the Group's other principal risks).

While certain scenarios are outside the Group's control, we believe that FDM's business model is flexible, and the agile resource represented by our Consultants can be attractive to clients during times of economic, political and social uncertainty. The Board will continue to review the measures which it has in place to identify and react to changes in macro-economic conditions, and takes appropriate measures to adjust recruitment and coaching to ensure alignment of supply with the demand for Consultants. These mitigations, together with FDM's strong cash and financial position, give the Board confidence that FDM can continue to respond appropriately to ameliorate the effect of any adverse economic conditions which may arise.

Cyber security

The UK government and the UK's National Cyber Security Centre continue to warn that the cyber security threat to the UK's infrastructure and UK companies remains heightened. This risk remains an area of high focus for the Board, and we continue to enhance our cyber security and information safeguarding capabilities.

Climate change and other Environmental, Social and Governance ("ESG") risks

The Board considers that the risk of the direct physical effects of climate change impairing the Group's ability to continue its business activities is low. The Group's operating model is agile and adaptable, and the Board is confident that the Group is able to continue operating effectively if any of its centres become unavailable because of climate-related impacts such as fire or flood.

We are aware that our clients in some sectors could be adversely affected by future climate change and there is a risk that this could affect our business indirectly as clients' spending decisions are constrained by such challenges. We look to mitigate this risk by diversifying the sectors and geographies in which we operate.

FDM remains a constituent of the FTSE4Good Index Series and is a leader in the field of corporate social responsibility and good governance. FDM is a strong advocate of diversity, equity, inclusion and social mobility in the workplace. Further information about our work in this area is contained in our Sustainability Report on pages 36 to 63 of our Annual Report and Accounts for the year ended 31 December 2023.

The Board

In line with the Board's plans announced in our Annual Report for the year ended 31 December 2023, Peter Whiting (Senior Independent Director and Chair of the Remuneration Committee) retired from the Board with effect from 14 May 2024, having served more than nine years since his appointment. On the same date, Jacqueline de Rojas (Non-Executive Director) was appointed as Senior Independent Director, and Rowena Murray (Non-Executive Director) was appointed Chair of the Remuneration Committee.

There have been no other changes to the composition of the Board or its Committees during the period.

Summary and outlook

The Group traded in line with the Board's expectations during the first half of the year. The softer trading conditions which we reported in our AGM Trading Statement on 14 May 2024 persist, with clients continuing to defer decisions.

While we continue to manage the level of unallocated Consultants and our internal cost base in the light of market conditions, we remain committed to maintaining appropriate levels of resource and capacity to meet clients' needs as and when markets improve.

The mix of tenure of Consultants deployed with clients has changed over recent periods, such that we now have an increased proportion of Consultants remaining with FDM beyond two years. This has delivered a progressive slowing in headcount decline across each of our territories. We anticipate that this trend, taken with sustained levels of encouraging client engagement, should see a more stable backdrop for the Group in the second half of this financial year as we begin to increase the number of recruits to our Skills Labs.

We have a robust balance sheet and experienced Board and management, and are focused on delivering against our objectives, both short and medium term. The Board anticipates that the Group's financial performance for the full year will be in line with its current expectations.

By order of the Board

Rod Flavell	**Mike McLaren**
Chief Executive Officer	Chief Financial Officer

30 July 2024

Condensed Consolidated Income Statement

for the six months ended 30 June 2024

	Note	**Six months to 30 June 2024 (Unaudited) £000**	Six months to 30 June 2023 (Unaudited) £000	Year ended 31 December 2023 (Audited) £000
Revenue	6	**140,187**	179,888	333,975
Cost of sales		**(78,138)**	(96,278)	(177,449)
Gross profit		**62,049**	83,610	156,526
Administrative expenses		**(46,759)**	(54,307)	(101,500)
which includes:				
Exceptional items	7	**(2,064)**	-	-
Operating profit		**15,290**	29,303	55,026
Finance income		**847**	709	1,396
Finance expense		**(626)**	(243)	(796)
Net finance income		**221**	466	600
Profit before income tax		**15,511**	29,769	55,626
Taxation	8	**(4,266)**	(8,187)	(14,861)
Profit for the period		**11,245**	21,582	40,765
Earnings per ordinary share				
		pence	pence	pence
Basic	10	**10.3**	19.7	37.3
Diluted	10	**10.3**	19.7	37.2

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2024

	Six months to 30 June 2024 (Unaudited) £000	Six months to 30 June 2023 (Unaudited) £000	Year ended 31 December 2023 (Audited) £000
Profit for the period	**11,245**	21,582	40,765
Other comprehensive expense			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on retranslation of foreign operations (net of tax)	**(60)**	(1,203)	(1,329)
Total other comprehensive expense	**(60)**	(1,203)	(1,329)
Total comprehensive income for the period	**11,185**	20,379	39,436

Condensed Consolidated Statement of Financial Position

as at 30 June 2024

	Note	**30 June 2024 (Unaudited) £000**	30 June 2023 (Unaudited) £000	31 December 2023 (Audited) £000
Non-current assets				
Right-of-use assets		**17,337**	7,897	18,215
Property, plant and equipment		**2,191**	3,399	2,616
Intangible assets		**19,512**	19,552	19,571
Deferred income tax assets		**366**	951	552
		39,406	31,799	40,954
Current assets				
Trade and other receivables	11	**36,434**	48,291	32,613
Income tax receivable		**3,190**	5,048	3,384
Cash and cash equivalents	12	**36,942**	38,074	47,226
		76,566	91,413	83,223
Total assets		**115,972**	123,212	124,177
Current liabilities				
Trade and other payables	13	**27,344**	31,535	25,638
Lease liabilities		**4,257**	3,504	4,512
Current income tax liabilities		**1,572**	2,467	1,428
		33,173	37,506	31,578
Non-current liabilities				
Lease liabilities		**15,097**	6,412	15,669
Provisions		**381**	-	228
Deferred income tax liability		**-**	-	31
		15,478	6,412	15,928
Total liabilities		**48,651**	43,918	47,506
Net assets		**67,321**	79,294	76,671
Equity attributable to owners of the parent				
Share capital		**1,096**	1,095	1,096
Share premium		**9,705**	9,705	9,705
Capital redemption reserve		**52**	52	52
Own shares reserve		**(2,605)**	(1,366)	(3,016)
Translation reserve		**1,002**	1,188	1,062
Other reserves		**3,023**	5,564	3,469
Retained earnings		**55,048**	63,056	64,303
Total equity		**67,321**	79,294	76,671

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2024

	Note	**Six months to 30 June 2024 (Unaudited) £000**	Six months to 30 June 2023 (Unaudited) £000	Year ended 31 December 2023 (Audited) £000
Cash flows from operating activities				
Profit before income tax for the period		**15,511**	29,769	55,626
Adjustments for:				
Depreciation and amortisation		**2,759**	2,952	5,742
(Profit)/ loss on disposal of non-current assets		**(167)**	19	155
Finance income		**(847)**	(709)	(1,396)
Finance expense		**626**	243	796
Share-based payment expense/ (credit) (including associated social security costs)		**99**	(3,701)	(5,340)
(Increase)/ decrease in trade and other receivables		**(3,799)**	(4,792)	11,386
Increase/ (decrease) in trade and other payables		**1,685**	567	(5,470)
Cash flows generated from operations		**15,867**	24,348	61,499
Interest received		**847**	709	1,396
Income tax paid		**(3,782)**	(7,127)	(12,741)
Net cash flow from operating activities		**12,932**	17,930	50,154
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(56)**	(581)	(651)
Net cash used in investing activities		**(56)**	(581)	(651)
Cash flows from financing activities				
Proceeds from issue of ordinary shares		**-**	3	4
Proceeds from sale of own shares		**-**	16	16
Proceeds from sale of shares from EBT		**171**	254	468
Payment for shares bought back		**-**	(500)	(2,525)
Principal elements of lease payments		**(1,895)**	(2,844)	(4,807)
Interest elements of lease payments		**(605)**	(222)	(718)
Finance expenses paid		**(21)**	(20)	(72)
Dividends paid	9	**(20,749)**	(20,794)	(39,320)
Net cash used in financing activities		**(23,099)**	(24,107)	(46,954)
Exchange losses on cash and cash equivalents		**(61)**	(691)	(846)
Net (decrease)/ increase in cash and cash equivalents		**(10,284)**	(7,449)	1,703
Cash and cash equivalents at beginning of period		**47,226**	45,523	45,523
Cash and cash equivalents at end of period	12	**36,942**	38,074	47,226

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2024

	Share capital £000	Share premium £000	Capital redemption reserve £000	Own shares reserve £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2024 (Audited)	**1,096**	**9,705**	**52**	**(3,016)**	**1,062**	**3,469**	**64,303**	**76,671**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**11,245**	**11,245**
Other comprehensive expense for the period	**-**	**-**	**-**	**-**	**(60)**	**-**	**-**	**(60)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(60)**	**-**	**11,245**	**11,185**
Share-based payments (note 14)	**-**	**-**	**-**	**-**	**-**	**108**	**-**	**108**
Transfer to retained earnings	**-**	**-**	**-**	**-**	**-**	**(554)**	**554**	**-**
Own shares sold (note 15)	**-**	**-**	**-**	**266**	**-**	**-**	**(95)**	**171**
Recharge of net settled share options	**-**	**-**	**-**	**145**	**-**	**-**	**(210)**	**(65)**
Dividends (note 9)	**-**	**-**	**-**	**-**	**-**	**-**	**(20,749)**	**(20,749)**
Total transactions with owners, recognised directly in equity	**-**	**-**	**-**	**411**	**-**	**(446)**	**(20,500)**	**(20,535)**
Balance at 30 June 2024 (Unaudited)	**1,096**	**9,705**	**52**	**(2,605)**	**1,002**	**3,023**	**55,048**	**67,321**

Condensed Consolidated Statement of Changes in Equity *(continued)*

for the six months ended 30 June 2023

	Share capital £000	Share premium £000	Capital redemption reserve £000	Own shares reserve £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2023 (Audited)	1,092	9,705	52	(1,494)	2,391	12,576	58,881	83,203
Profit for the period	-	-	-	-	-	-	21,582	21,582
Other comprehensive expense for the period	-	-	-	-	(1,203)	-	-	(1,203)
Total comprehensive income for the period	-	-	-	-	(1,203)	-	21,582	20,379
Share-based payments (note 14)	-	-	-	-	-	(3,091)	-	(3,091)
Transfer to retained earnings	-	-	-	-	-	(3,921)	3,921	-
Own shares sold (note 15)	-	-	-	128	-	-	(360)	(232)
Recharge of net settled share options	-	-	-	-	-	-	(174)	(174)
Dividends (note 9)	-	-	-	-	-	-	(20,794)	(20,794)
Issue of new shares	3	-	-	-	-	-	-	3
Total transactions with owners, recognised directly in equity	3	-	-	128	-	(7,012)	(17,407)	(24,288)
Balance at 30 June 2023 (Unaudited)	1,095	9,705	52	(1,366)	1,188	5,564	63,056	79,294

Condensed Consolidated Statement of Changes in Equity *(continued)*

for the year ended 31 December 2023

	Share capital £000	Share premium £000	Capital redemption reserve £000	Own shares reserve £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2023 (Audited)	1,092	9,705	52	(1,494)	2,391	12,576	58,881	83,203
Profit for the year	-	-	-	-	-	-	40,765	40,765
Other comprehensive expense for the year	-	-	-	-	(1,329)	-	-	(1,329)
Total comprehensive income for the year	-	-	-	-	(1,329)	-	40,765	39,436
Share-based payments (note 14)	-	-	-	-	-	(4,434)	-	(4,434)
Transfer to retained earnings	-	-	-	-	-	(4,673)	4,673	-
Own shares sold (note 15)	-	-	-	1,003	-	-	(496)	507
Own shares purchased	-	-	-	(2,525)	-	-	-	(2,525)
Recharge of net settled share options	-	-	-	-	-	-	(200)	(200)
Dividends (note 9)	-	-	-	-	-	-	(39,320)	(39,320)
Issue of new shares	4	-	-	-	-	-	-	4
Total transactions with owners, recognised directly in equity	4	-	-	(1,522)	-	(9,107)	(35,343)	(45,968)
Balance at 31 December 2023 (Audited)	1,096	9,705	52	(3,016)	1,062	3,469	64,303	76,671

Notes to the Condensed Consolidated Interim Financial Statements

1 General information

The Group is a global professional services provider focusing principally on IT, specialising in the recruitment, development and deployment of its own permanent Consultants.

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

These Condensed Interim Financial Statements were approved for issue by the Board of Directors of the Group on 30 July 2024. They have not been audited, but have been subject to an independent review by PricewaterhouseCoopers LLP, whose independent report is included on pages 31 and 32.

These Condensed Interim Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The Annual Report and Accounts for the year ended 31 December 2023 was approved by the Board of Directors of the Group on 19 March 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

2 Basis of preparation

This Condensed Consolidated Interim Financial Report for the half-year reporting period ended 30 June 2024 has been prepared in accordance with the UK-adopted International Accounting Standard 34, "Interim Financial Reporting" and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax, which is determined in the Interim Financial Statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

The following amendments to accounting standards, that became applicable for annual reporting periods commencing on or after 1 January 2024, have been considered and did not have a material impact on the Group:

a) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
b) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
c) Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)

Exceptional items

The separate reporting of exceptional items helps to provide a better understanding of the Group's underlying business performance. The Group exercises judgement in assessing whether items should be classified as exceptional items. Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide a better understanding of the financial performance of the Group. They are items of expense or income that are material and one-off in nature and are shown separately due to the significance of their nature or amount.

Notes to the Condensed Consolidated Interim Financial Statements *(continued)*

2 Basis of preparation *(continued)*

Going concern basis

The Group's business activities, operating cash flows and liquidity position, together with its distinctive business model, have enabled it to manage its business risks. The Group's forecasts and projections show that it will continue to operate with adequate cash resources and within the current working capital facilities for at least twelve months from the date of approval of these Condensed Interim Financial Statements.

Having reassessed the principal risks, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

3 Significant accounting policies

These Condensed Interim Financial Statements have been prepared in accordance with the accounting policies, methods of computation and presentation adopted in the financial statements for the year ended 31 December 2023.

4 Other accounting estimate

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods. The estimates and assumptions applied in the Condensed Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's Annual Report for the year ended 31 December 2023, with the exception of changes in estimates that are required in determining the provision for income taxes, which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

No individual judgements have been made that have a significant impact on the financial statements.

The following estimate is not considered to be a significant estimate as it is considered there is not a significant risk of the estimate resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

Share-based payment charge

A share-based payment charge is recognised in respect of share awards based on the Directors' best estimate of the number of shares that will vest based on the performance conditions of the awards, which comprise adjusted EPS growth and the number of employees that will leave before vesting. In estimating the number of shares likely to vest, the Directors have based their assessment of the adjusted EPS growth in the forecasts contained within the Group's three-year plan, adjusted for the impact of potential scenarios that could potentially impact EPS growth. The charge is calculated based on the fair value on the grant date using the Black-Scholes model and is expensed over the vesting period.

5 Seasonality

The Group is not significantly impacted by seasonality trends. A lower number of working days in the first half of the year is approximately offset by increased annual leave in the second half of the year, our lowest number of billable days occurs in December each year.

Notes to the Condensed Consolidated Interim Financial Statements *(continued)*

6 Segmental reporting

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

At 30 June 2024, the Board of Directors consider that the Group is organised into four core geographical operating segments:

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

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

All segment revenue, profit before income tax, assets and liabilities are attributable to the Group's sole revenue-generating stream, being a global professional services provider with a focus on IT.

Segmental reporting for the six months ended 30 June 2024 (Unaudited)

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	54,003	53,854	11,001	21,329	140,187
Depreciation and amortisation	(1,088)	(700)	(185)	(786)	(2,759)
Exceptional administrative expenses (see note 7)	(1,264)	(527)	(55)	(218)	(2,064)
Segment operating profit	6,456	8,180	157	497	15,290
Finance income[1]	811	143	16	4	974
Finance expense[1]	(423)	(76)	(27)	(227)	(753)
Profit before income tax	6,844	8,247	146	274	15,511
Total assets	59,497	24,913	14,411	17,151	115,972
Total liabilities	(12,397)	(9,849)	(7,508)	(18,897)	(48,651)

[1] *Finance income and finance expense include intercompany interest which is eliminated upon consolidation.*

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

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
30 June 2024	31,158	2,290	717	4,875	39,040

Notes to the Condensed Consolidated Interim Financial Statements *(continued)*

6 Segmental reporting *(continued)*

Segmental reporting for the six months ended 30 June 2023 (Unaudited)

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	69,714	70,583	12,241	27,350	179,888
Depreciation and amortisation	(1,186)	(745)	(182)	(839)	(2,952)
Segment operating profit	14,600	11,354	1,491	1,858	29,303
Finance income[1]	696	127	3	4	830
Finance expense[1]	(41)	(35)	(22)	(266)	(364)
Profit before income tax	15,255	11,446	1,472	1,596	29,769
Total assets	66,299	25,562	11,775	19,576	123,212
Total liabilities	(9,442)	(9,188)	(4,448)	(20,840)	(43,918)

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

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
30 June 2023	22,611	961	970	6,306	30,848

Segmental reporting for the year ended 31 December 2023 (Audited)

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	127,770	130,167	24,093	51,945	333,975
Depreciation and amortisation	(2,420)	(1,324)	(362)	(1,636)	(5,742)
Segment operating profit	28,608	21,641	2,398	2,379	55,026
Finance income[1]	1,334	260	24	11	1,629
Finance expense[1]	(401)	(55)	(61)	(512)	(1,029)
Profit before income tax	29,541	21,846	2,361	1,878	55,626
Total assets	71,625	21,147	13,766	17,639	124,177
Total liabilities	(11,093)	(8,629)	(5,479)	(22,305)	(47,506)

Notes to the Condensed Consolidated Interim Financial Statements *(continued)*

6 Segmental reporting *(continued)*

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

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
31 December 2023	32,358	1,409	911	5,724	40,402

7 Exceptional administrative expenses

During the period, the Group incurred exceptional costs of £2.1 million (2023: £nil) as we better aligned our internal staff and undeployed Consultants with Consultant headcount.

8 Taxation

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 30 June 2024 is 27.5% (the estimated tax rate for the six months ended 30 June 2023 was 27.5%).

9 Dividends

2024
An interim dividend of 10.0 pence per ordinary share was declared by the Directors on 30 July 2024 and will be paid on 1 November 2024 to holders of record on 11 October 2024, the total amount payable will be £10,918,000.

A final dividend of 19.0 pence per share in respect of the year to 31 December 2023 was approved by shareholders at the AGM on 14 May 2024 and paid on 28 June 2024 to shareholders of record on 7 June 2024, the total amount paid was £20,749,000.

2023
An interim dividend of 17.0 pence per ordinary share was declared by the Directors on 25 July 2023 and was paid on 13 October 2023 to holders of record on 22 September 2023, the amount paid was £18,539,000.

In respect of the year to 31 December 2022, a final dividend of 19.0 pence per share was paid on 30 June 2023, to shareholders of record on 9 June 2023, the total amount paid was £20,794,000.

Notes to the Condensed Consolidated Interim Financial Statements *(continued)*

10 Earnings per ordinary share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the period.

		Six months to 30 June 2024 (Unaudited)	Six months to 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
Profit for the period	£000	**11,245**	21,582	40,765
Average number of ordinary shares in issue (thousands)	Number	**109,164**	109,317	109,151
Basic earnings per share	Pence	**10.3**	19.7	37.3

Adjusted basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent company, excluding (i) Performance Share Plan expense (including social security costs and associated deferred tax) and (ii) exceptional costs relating to terminating the employment of internal staff and undeployed Consultants (including associated tax) by the weighted average number of ordinary shares in issue during the period.

		Six months to 30 June 2024 (Unaudited)	Six months to 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
Profit for the period (basic earnings)	£000	**11,245**	21,582	40,765
Share-based payment expense/ (credit) (including social security costs) (see note 14)	£000	**91**	(3,796)	(5,449)
Tax effect of share-based payment (expense)/ credit	£000	**(17)**	616	563
Exceptional costs (see note 7)	£000	**2,064**	-	-
Tax effect of exceptional costs	£000	**(568)**	-	-
Adjusted profit for the period	£000	**12,815**	18,402	35,879
Average number of ordinary shares in issue (thousands)	Number	**109,164**	109,317	109,151
Adjusted basic earnings per share	Pence	**11.7**	16.8	32.9

Notes to the Condensed Consolidated Interim Financial Statements *(continued)*

10 Earnings per ordinary share *(continued)*

Diluted earnings per share

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

		Six months to 30 June 2024 (Unaudited)	Six months to 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
Profit for the period (basic earnings)	£000	**11,245**	21,582	40,765
Average number of ordinary shares in issue (thousands)	Number	**109,164**	109,317	109,151
Adjustment for employee share plan awards (thousands)	Number	**195**	371	329
Diluted number of ordinary shares in issue (thousands)	Number	**109,359**	109,688	109,480
Diluted earnings per share	Pence	**10.3**	19.7	37.2

11 Trade and other receivables

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

	30 June 2024 (Unaudited) £000	30 June 2023* (Unaudited) £000	31 December 2023 (Audited) £000
Trade receivables	**28,445**	37,975	24,944
Prepayments and accrued income	**6,850**	9,393	6,717
Other receivables	**1,139**	923	952
	36,434	48,291	32,613

*The 30 June 2023 comparative has been restated as the income tax receivable balance has been presented individually on the face of the Consolidated Statement of Financial Position.

Included within prepayments and accrued income is £2,388,000 of accrued income (June 2023: £3,742,000; December 2023: £2,340,000).

Notes to the Condensed Consolidated Interim Financial Statements *(continued)*

12 Cash and cash equivalents

	30 June 2024 (Unaudited) £000	30 June 2023 (Unaudited) £000	31 December 2023 (Audited) £000
Cash at bank and in hand	**36,942**	38,074	47,226

13 Trade and other payables

	30 June 2024 (Unaudited) £000	30 June 2023 (Unaudited) £000	31 December 2023 (Audited) £000
Trade payables	**3,200**	2,088	1,435
Other payables	**1,843**	1,908	2,147
Other taxes and social security	**6,724**	9,679	7,031
Accruals	**15,577**	17,860	15,025
	27,344	31,535	25,638

Included within accruals are volume rebates of £2,231,000 (June 2023: £2,890,000; December 2023: £2,336,000) and payroll accruals of £3,191,000 (June 2023: £4,409,000; December 2023: £3,182,000). No significant judgements were made in the estimation of the volume rebate accrual. Any volume rebates, where the rebate period is non-coterminous with the financial period, are accrued based on forecast revenue for the remainder of the rebate period. No individual client rebates were material in value in 2024 or 2023.

14 Share-based payments

During the six-month period ended 30 June 2024, the Group recognised a share-based payment expense of £108,000 and associated social security credit of £17,000 (both of which relate to the BAYE Plan (2023: share-based payment credit of £3,261,000 and associated social security credit of £535,000, including an expense of £165,000 relating to the BAYE Plan). The credit arising from equity-settled share-based payment transactions in 2023 reflected the latest assessment of the forecast adjusted earnings per share.

Notes to the Condensed Consolidated Interim Financial Statements *(continued)*

15 Investment in own shares

During 2018 the FDM Group Employee Benefit Trust was established to purchase shares sold by option holders upon exercise of options under the FDM Performance Share Plan. The Group accounts for its own shares held by the Trustee of the FDM Group Employee Benefit Trust as a deduction from shareholders' funds. During the period own shares held were used to satisfy the requirements of the Group's share plans.

16 Related party transactions

Seven family members of Directors are employed by the Group, each at market rate on an arm's length basis. The total remuneration relating to these staff in aggregate was £398,000, comprising salary and bonus of £398,000 and share-based payment expense of £nil (2023: eight individuals, aggregate remuneration of £166,000, comprising salary and bonus of £496,000 and share-based payment credit of £330,000).

17 Key management personnel

The key management personnel comprise the Directors of the Group. The compensation of key management is set out below:

	Six months to 30 June 2024 (Unaudited)	Six months to 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
	£000	£000	£000
Short-term employee benefits	**1,479**	1,199	2,577
Post-employment benefits	**28**	27	55
Share-based payments credit	**-**	(859)	(755)
	1,507	367	1,877

18 Financial instruments

There are no material differences between the fair value of the financial assets and liabilities included within the following categories in the Condensed Consolidated Statement of Financial Position and their carrying value:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

19 Post balance sheet event

On 4 July 2024, management signed a ten-year lease agreement for a new office in Brighton. The net present value of the lease liability is £1.3 million. The lease on the current Brighton office ends in September 2024.

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 the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review 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.

Directors who held office during the period:

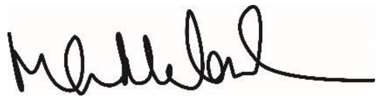
Rod Flavell	Chief Executive Officer
Sheila Flavell	Chief Operating Officer
Mike McLaren	Chief Financial Officer
Andy Brown	Chief Commercial Officer
David Lister	Non-Executive Chairman
Alan Kinnear	Non-Executive Director
Jacqueline de Rojas	Non-Executive Director
Michelle Senecal de Fonseca	Non-Executive Director
Rowena Murray	Non-Executive Director
Peter Whiting	Non-Executive Director (retired 14 May 2024)

The Executive Directors of FDM were listed in the Annual Report and Accounts of the Company for the year ended 31 December 2023 and remained the same in the six months to 30 June 2024.

By order of the Board

Rod Flavell

Chief Executive Officer



Mike McLaren

Chief Financial Officer

30 July 2024

Independent review report to FDM Group (Holdings) plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed FDM Group (Holdings) plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Report of FDM Group (Holdings) plc for the six month period ended 30 June 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 30 June 2024;
- the Condensed Consolidated Income statements for the period then ended;
- the Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report of FDM Group (Holdings) plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim Report, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
30 July 2024

Powering the people behind tech and innovation

fdmgroup.com

FDM Group (Holdings) plc
3rd Floor, Cottons Centre,
Cottons Lane, London SE1 2QG
Tel: +44 (0) 20 3056 8240
Email: enquiries@fdmgroup.com