21 August 2023

Impellam Group plc

("Impellam", the "Group" or the "Company")

INTERIM RESULTS TO 30 JUNE 2023

Impellam (AIM: IPEL) announces its unaudited interim results for the 26 weeks ended 30 June 2023.

Gross profit growth in a challenging market

	H1 2023[1]	H1 2022[1]	Actual Inc/(Dec)	Like-for-like[2] Inc/(Dec)
Revenue (£ millions)	£1,028.1	£933.7	10.1%	9.1%
Gross profit (£ millions)	£97.6	£95.7	2.0%	0.1%
EBITDA [3]	£11.0	£11.9	(7.6%)	(13.1%)
Operating profit (before amortisation) (£ millions) [4]	£8.3	£9.3	(10.8%)	(17.4%)
Operating profit (before amortisation) conversion (%) [5]	8.5%	9.7%	(1.2ppts)	
Operating profit (£ millions)	£4.9	£6.0	(18.3%)	(25.3%)
Continuing adjusted basic EPS [6]	9.6p	7.6p	26.3%	
Continuing basic EPS	4.3p	1.9p	126.3%	
Net cash (£ millions) pre IFRS 16[7]	£56.1	£18.0		
Net cash (£ millions) post IFRS 16	£47.1	£3.7		

(1) The amounts presented in the table above and the text below are for continuing operations excluding the Healthcare (Medacs Global Group in the UK, Ireland and APAC) and Regional Specialist Staffing (Blue Arrow, Chadwick Nott, Career Teachers and Tate in the UK) businesses, being the discontinued operation. The presentation of discontinued operations is set out in note 7. 2022 financial statements are restated for discontinued operations (see note 7) and revenue adjustment (see note 2)

(2) % change measured at constant exchange rates

(3) EBITDA (Earnings before interest depreciation and amortisation) pre IFRS 16 is used as the basis for banking covenant calculations

(4) Operating profit before amortisation of acquired intangible assets (see note 2)

(5) Calculated as operating profit before amortisation of acquired intangible assets / gross profit

(6) Basic EPS before amortisation of acquired intangible assets (see note 5)

(7) Net debt pre IFRS 16 is used as the basis for banking covenant calculations

Group highlights

- Group revenue increase of 10.1%, (9.1%[2]), with trading up in the UK & Europe (10.9%[2]) and Asia PAC (34.7%[2]) with a slight decline in North America (-1.4%[2]). Global Managed Services has shown stronger growth of 13.1%[2] with STEM growth of 5.3%[2].
- Group gross profit increase of 2.0%, (0.1%[2]), with temporary and contingent margin growth of 6.8%[2] and permanent placement margin (including Recruitment Process Outsourcing (RPO)) decline of 54.6%[2], measured against very strong comparatives in H1 2022 . This decline reflects the global market uncertainty impacting both client and candidate confidence.
- EBITDA[3] of £11.0m (H1 2022: £11.9m[1]) a 13.1%[2] decrease due in part to £0.6m of one-off separation costs in the period associated with the disposal of the businesses outlined below. Excluding these one-off costs the decrease would be 8.3%[2] which is a result of the reduced level of permanent placements in the STEM portfolio which drove lower conversion of gross profit to profit in the period. These main factors also lead to a 17.4%[2] decrease in operating profit[4] to £8.3m (H1 2022: £9.3m[1]).
- Cash remains tightly controlled with Pre IFRS 16 net cash of £56.1m, a £25.8m improvement in the 6 months (December 2022: £30.3m net cash). This is partly driven by the net proceeds in the period of £72.7m from the disposal of Healthcare and Regional Staffing businesses offset by £60m of dividend payments. Net cash after IFRS 16 of £47.1m (December 2022: £20.4m net cash).
- The sale of the Healthcare (Medacs Global Group in the UK, Ireland and APAC) and Regional Specialist Staffing (Blue Arrow, Chadwick Nott, Career Teachers and Tate in the UK) business to Twenty20 Capital completed in March 2023 for cash consideration of £104.3m on a debt-free, cash-free, normalised working capital basis. The increase from the £85.0m agreed sale price is due to increases in the disposed working capital and cash. The transaction has resulted in a loss on disposal of £12.8m after the allocation of £55.7m of goodwill and intangibles.
- Separation of the disposed businesses is tracking to plan with completion expected in Q4 2023. Costs of £0.6m associated with the separation have been incurred in the period. The Group anticipates cost savings in H2 and beyond as we align to our new business model.
- Special dividends of £60.0m paid in 2023 to date, of which £25.0m was declared in 2022.
- The Company continues to work with Lord Ashcroft in relation to his notification referred to in the 12 April 2022 announcement made by the Company that he wanted to explore opportunities to sell his shareholding, which resulted in the commencement of an offer period under the Takeover Code. On 4 July 2023, following media speculation, the directors confirmed that the Company is in discussions with HeadFirst Global ("HeadFirst") in relation to a possible offer by HeadFirst for the entire issued and to be issued ordinary share capital of the Company. Discussions are ongoing and a further update will be provided in due course.

Regional highlights

- UK & Europe revenue up 10.9%[2] to £803.0m and gross profit down 3.1%[2] to £52.6m. Adjusted operating profit[3] down 27.5%[2] to £6.2m.
    - Global Managed Services resilient to the macro-economic conditions with gross profit growth of 21.6%[2].
    - STEM portfolio impacted by market confidence in the technology sector and reduced client and candidate confidence levels from the macro-economic uncertainty, off-set by strong performance in

defence and aviation. Temp fees decreased by 6.6%(2) whilst permanent recruitment declined by 33.1%(2) particularly within the financial services RPO accounts.

  - Operating profit declined by 27.5%(2) due to reduced gross profit and £0.6m of separation costs in relation to the business disposal. Future cost savings are expected, with efficiencies delivered as we move to our new operating model.

- North America revenue down 1.4%(2) to £197.0m and gross profit up 1.2%(2) to £39.6m. Adjusted operating profit(3) down 9.7%(2) to £2.8m.
  - Global Managed Services impacted by the financial liquidity issues within the financial services sector and a reduction in hiring volumes.
  - STEM portfolio affected by reduced permanent hiring in the technology market, offset by gains in the Engineering and Science businesses with the portfolio delivering 6.8%(2) gross profit growth.

- APAC revenue up 37.4%(2) to £28.1m and gross profit up 34.0%(2) to £5.4m. Adjusted operating profit(3) up 264.0%(2) to £1.0m.
  - Global Managed Services continues to grow gross profit across both the traditional and digital platforms and has benefited from significant customer expansion.

Julia Robertson, Chief Executive Officer, commented:

"Our H1 trading has delivered a robust result against the backdrop of muted client and candidate confidence which resulted in declines in permanent placement against strong prior year comparators. These declines however were more than offset by temporary placement growth.

The disposal of our Healthcare and Regional Specialist Staffing portfolios has allowed us to return a further £60m to shareholders in H1 whilst improving our overall cash position. With the disposal complete, we have entered a new strategic phase as an integrated workforce solutions group focused on Managed Services and high value, specialist STEM talent. We see great opportunity in these growth segments. During H1 we have undertaken activity to refine our market facing strategy whilst completing activity to separate from the disposed businesses. The separation activities are tracking to plan. Whilst costs have been incurred to separate the businesses we have seized the opportunity to bring our group together in a new, streamlined and resilient customer centric operating model, which will drive future efficiencies in our delivery.

1,353 colleagues left the Group during H1 as part of the disposal of Healthcare and Regional Specialist Staffing and our headcount was 1,783 on 30 June 2023

On 4 July 2023, following media speculation, we confirmed that the Company is in discussions with HeadFirst Global ("HeadFirst") in relation to a possible offer by HeadFirst for the entire issued and to be issued ordinary share capital of the Company our discussions are ongoing, and a further update will be provided in due course."

UK & Europe

The UK & Europe region delivered a resilient result in challenging market conditions which particularly affected the technology market (Lorien) and permanent recruitment, leading to an overall gross profit decline of 3.1%(1,2) to £52.6m (H1 2022: £54.2m(1)). However, Global Managed Services (Guidant and Comensura) out-performed and delivered an increase in gross profit of 21.6%(2). The region saw a £3.6m reduction in permanent recruitment fees which due to the strong conversion to operating profit led to the decrease in adjusted operating profit of 27.5%(1,2) to £6.2m (H 2022: £7.8m(1)). The separation of the disposed business is tracking to plan and expected to complete in Q4. Associated costs of the separation amounted to £0.6m in the period and there is a tightly governed programme which will deliver savings in H2 and beyond.

North America (NA)

The North America region gross profit increased by 1.2%[2] to £39.6m, driven by the engineering and science brands in STEM (Bartech Staffing and SRG) offsetting challenging market conditions in technology (Lorien) and the finance sector impacting Global Managed Services. Temporary recruitment fees increased in STEM by 20.1%[2], more than offsetting the decline in permanent recruitment fees. However, the change in business mix drove a lower conversion and a reduction in adjusted operating profit of 9.7%[2] to £2.8m (H1 2022: £3.1m).

Asia Pacific (APAC)

The APAC region has performed strongly in 2023 with gross profit increasing by 34.0%[1,2] to £5.4m (H1 2022: £4.1m[1]) with strong growth across the Global Managed Services portfolio (Comensura and Guidant) on both traditional and digital platforms. As a consequence of gross profit growth, adjusted operating profit increased by 264.0%[1.2] to £1.0m (H1 2022: £0.3m[1]).

Cash flow, net debt and net assets

The Group generated £26.0m (H1 2022: £26.2m) of net cash from operations over the first half of the year. Days Sales Outstanding, being total trade receivables divided by average daily invoiced sales, remained stable at 34.0 days, down 0.8 days from 34.8 days at the end of FY2022. As a result of these positive cash inflows and the £72.7m cash received (net of disposal costs) from the sale of the RSS and Healthcare Business and after the special dividends of £60.0m were paid, net cash (pre IFRS 16) stood at £56.1m, which was a £25.8m improvement from the £30.3m net cash reported at 30 December 2022. Net cash after IFRS 16 adjustments stood at £47.1m, a £26.7m improvement from the net cash of £20.4m at 30 December 2022.

The Group has outstanding letters of credit drawn against its US borrowing facilities amounting to £2.1m (30 December 2022: £2.7m).

We continue to model scenarios to ensure the Group has sufficient liquidity over the period ahead. With our current level of net cash (pre IFRS 16) of £56.1m, our £132.5 million facility and strong relationship with our lenders we do not envisage the need for any additional financial support within the scenarios we have modelled.

Share Buyback and Dividend

Approval was gained at the 2022 AGM whereby a maximum of £0.5m of Ordinary Shares (by market value) can be purchased per calendar month until the 2023 AGM. Under this programme a total of 266,876 shares were purchased at a value £1.8m, of which £0.4m was purchased during 2022.

At the 2023 AGM approval was given to continue the programme until the 2024 AGM.

On 22 December 2022 the Board announced a second special dividend of 55.4p per share, amounting to £25m, which was paid on the 27 January 2023.

On 3 March 2023 the Board announced a further special dividend in connection with the sale of the RSS and Healthcare businesses of 77.8p per share, amounting to £35m which was paid on the 6 April 2023.

See note 8 Dividend and capital reduction.

Trading outlook

Our newly focused integrated workforce solutions and STEM talent business has shown resilience in H1 against the backdrop of extremely challenging market conditions. Given the opportunities that the persisting global talent shortage present we are well placed for growth when customer and candidate confidence return. Our optimism is further buoyed by the number of workforce solutions implementations going live in H2. As we complete our separation from the disposed business we are identifying opportunities in our new operating model to deliver better outcomes for our customers and efficiency savings which will drive further improvements in our underlying performance in H2 and beyond.

Financial results for the twenty-six weeks to 30 June 2023

The table below sets out the results for the Group by region for the first half of 2023.

Unaudited	Revenue			Gross profit			Operating profit		
£'million	H1 2023	H1 2022[(1)]	Like-for-like change[(2)]	H1 2023	H1 2022[(1)]	Like-for-like change[(2)]	H1 2023	H1 2022[(1)]	Like-for-like change[(2)]
UK & Europe[(1)]	803.0	722.6	10.9%	52.6	54.2	(3.1%)	6.2	7.8	(27.5%)
Gross profit %				6.6%	7.5%				
North America[(1)]	197.0	190.4	(1.4%)	39.6	37.4	1.2%	2.8	3.1	(9.7%)
Gross profit %				20.1%	19.6%				
Asia Pacific[(1)]	28.1	20.7	37.4%	5.4	4.1	34.0%	1.0	0.3	264.0%
Gross profit %				19.2%	19.8%				
Total	1,028.1	933.7	9.1%	97.6	95.7	0.1%	10.0	11.2	(16.0%)
Corporate costs							(1.7)	(1.9)	(10.5%)
Operating profit[(3)]							**8.3**	**9.3**	(17.4%)
Amortisation of acquired intangible assets							(3.4)	(3.3)	
Operating profit							**4.9**	**6.0**	**(25.3%)**

1. *2022 financial statements restated for discontinued operations (see note 7) and revenue adjustment (see note 2)*
2. *% change measured at constant exchange rates*
3. *Before amortisation of acquired intangibles*

Financial results for the twenty-six weeks to 30 June 2023

The table below sets out the results for the Group by segment for the first half of 2023.

Unaudited	Revenue			Gross profit		
£'million	H1 2023	H1 2022[1]	Like-for-like change[2]	H1 2023	H1 2022[1]	Like-for-like change[2]
Global Managed Services	526.9	462.6	13.1%	48.2	42.7	10.4%
Gross profit %				9.1%	9.1%	
STEM	514.8	482.8	5.3%	49.4	53.0	(8.5%)
Gross profit %				9.6%	11.0%	
Inter-segment revenues[3]	(13.6)	(11.7)	16.2%	-	-	-
Total	1,028.1	933.7	9.1%	97.6	95.7	0.1%

1. *2022 financial statements restated for discontinued operations (see note 7) and revenue adjustment (see note 2)*
2. *% change measured at constant exchange rates*
3. *Elimination of inter-segment sales which are all within the UK & Europe region*

Consolidated income statement

For the twenty-six weeks ended 30 June 2023

	Notes	26 weeks 30 June 2023 £m Unaudited	Restated 26 weeks 1 July 2022 £m Unaudited
Revenue	2	1,028.1	933.7
Cost of sales		(930.5)	(838.0)
Gross profit	2	97.6	95.7
Administrative expenses		(92.7)	(89.7)
Operating profit	2	4.9	6.0
Operating profit before amortisation		8.3	9.3
Amortisation of acquired intangible assets		(3.4)	(3.3)
Operating profit		4.9	6.0
Finance income		0.6	-
Finance expense	3	(2.8)	(2.3)
Profit before taxation		**2.7**	**3.7**
Taxation	4	(0.8)	(2.9)
Profit from continuing operations		**1.9**	**0.8**
Profit on discontinued operations, net of tax	7	(10.4)	9.3
(Loss)/profit for the period		**(8.5)**	**10.1**
(Loss)/profit for the period attributable to:			
Equity holders of the Parent Company		(8.4)	10.1
Non-controlling interests		(0.1)	-
		(8.5)	**10.1**
Earnings per share for equity holders of the parent Company			
Basic & diluted - continuing	5	4.3p	1.9p
Basic & diluted - discontinued	5	5.5p	20.6p
Basic & diluted – total	5	9.8p	22.5p

Consolidated statement of comprehensive income

For the twenty-six weeks ended 30 June 2023

	26 weeks 30 June 2023 £m Unaudited	Restated 26 weeks 1 July 2022 £m Unaudited
(Loss)/profit for the period	(8.5)	10.1
Other comprehensive income:		
Foreign currency translation differences – foreign operations	(4.3)	11.5
Total comprehensive income for the period, net of tax, attributable to owners of the parent Company	(12.8)	21.6

Consolidated balance sheet

As at 30 June 2023

	Notes	30 June 2023 £m Unaudited	30 December 2022 £m Audited
Non-current assets			
Property, plant and equipment		2.7	3.4
Right-of-use assets		7.8	9.1
Goodwill		105.5	109.5
Other intangible assets		43.7	49.8
Financial assets		0.9	1.0
Deferred tax assets		2.7	3.2
Trade and other receivables		1.6	0.7
		164.9	176.7
Current assets			
Trade and other receivables		645.7	636.8
Tax receivable		2.5	4.0
Asset held for sale		-	171.2
Cash and cash equivalents	6	106.2	112.4
		754.4	924.4
Total assets		919.3	1,101.1
Current liabilities			
Lease liabilities	6	2.7	3.0
Trade and other payables		689.3	677.7
Tax payable		0.3	0.4
Liabilities held for sale		-	87.1
Provisions		1.9	2.0
		694.2	770.2
Net current assets		60.2	154.2
Non-current liabilities			
Long-term borrowings	6	50.1	77.8
Lease liabilities	6	7.4	6.9
Provisions		1.5	1.7
Deferred tax liabilities		5.1	7.7
		64.1	94.1
Total liabilities		758.3	864.3
Net assets		161.0	236.8
Equity			
Issued share capital		0.4	0.5
Share premium account		30.1	30.1
		30.5	30.6
Other reserves		125.1	130.9
Retained earnings		5.2	75.0
Total equity attributable to owners of the parent Company		160.8	236.5
Non-controlling interest		0.2	0.3
Total equity		161.0	236.8

Consolidated statement of changes in equity

For the twenty-six weeks ended 30 June 2023

Unaudited	Total share capital and share premium £ m	Other reserves £ m	Retained earnings £ m	**Total equity attributable to equity owners of the parent £ m**	Non-controlling interest £ m	**Total equity £ m**
31 December 2022	30.6	130.9	75.0	**236.5**	0.3	**236.8**
Loss for the period	-	-	(8.4)	**(8.4)**	(0.1)	**(8.5)**
Transfer to discontinued operations	-	(1.6)	-	**(1.6)**	-	**(1.6)**
Other comprehensive income from foreign currency translation	-	(4.3)	-	**(4.3)**	-	**(4.3)**
Total comprehensive income in the period	-	(5.9)	(8.4)	**(14.3)**	(0.1)	**(14.4)**
Transactions with owners, recorded directly in equity						
Dividends paid	-	-	(60.0)	**(60.0)**	-	**(60.0)**
Purchase and cancellation of own shares	(0.1)	0.1	(1.4)	**(1.4)**	-	**(1.4)**
30 June 2023	30.5	125.1	5.2	**160.8**	0.2	**161.0**

Consolidated cash flow statement

For the twenty-six weeks ended 30 June 2023

	26 weeks 30 June 2023 £m Unaudited	Restated 26 weeks 1 July 2022 £m Unaudited
Cash flows from operating activities		
Profit before taxation – continuing operations	2.7	3.7
Profit before taxation – discontinued operations	(9.7)	6.9
Adjustments for:		
Depreciation and amortisation	8.0	11.3
Loss on disposal of discontinued operations	12.8	-
Net interest charge	2.2	2.4
	16.0	24.3
Increase in trade and other receivables	(19.7)	(91.7)
Increase in trade and other payables	31.7	98.4
Decrease in provisions	(0.2)	(0.6)
Cash generated by operations	27.8	30.4
Taxation paid	(1.8)	(4.2)
Net cash generated by operating activities	26.0	26.2
Cash flows from investing activities		
Cash flow from discontinued operations – net of cash	72.7	13.3
Purchase of property, plant and equipment	(0.3)	(2.0)
Purchase of intangible assets	(1.7)	(4.3)
Increase in other financial assets	0.6	0.7
Net cash utilised on investing activities	71.3	7.7
Cash flows from financing activities		
Drawdown of short-term borrowings	200.0	98.7
Repayment of short-term borrowings	(227.7)	(96.8)
(Decrease)/increase in overdraft	(4.3)	1.0
Dividends paid	(60.0)	-
Purchase and cancellation of own shares	(1.4)	(0.8)
Finance expense paid	(2.8)	(2.2)
Repayment of lease liabilities	(1.9)	(2.9)
Net cash (outflow) from financing activities	(98.1)	(3.0)
Net increase / (decrease) in cash and equivalents	(0.8)	30.9
Opening cash and cash equivalents	112.4	90.9
Foreign exchange gain / (loss) on cash and cash equivalents	(5.4)	4.9
Closing cash and cash equivalents	106.2	126.7

Notes to the interim financial statements

1 Basis of preparation

I. Statement of compliance

The interim financial statements presented in this financial report have been prepared in accordance with International Financial Reporting Standards (IFRS) and the IFRS Interpretations Committee (IFRIC) interpretations that are expected to be applicable to the consolidated financial statements for the period ending 5 January 2024. As permitted, this interim report has been prepared in accordance with the AIM Rules for Companies and does not seek to comply with IAS 34 “Interim Financial Reporting”.

II. Statutory information

The financial information for the 26 weeks to 30 June 2023 does not constitute the statutory accounts of the Group for the relevant period within the meaning of section 434 of the Companies Act 2006.

The published annual report and accounts of Impellam Group plc for the period ended 30 December 2022 were reported on by the auditors without qualification. The published annual report and accounts did not contain any statement under section 498 of the Companies Act 2006 and have been delivered to the Registrar of Companies.

The interim financial statements have been prepared on a going concern basis. In coming to their conclusion the Directors have considered the Group’s profit and cash flow plans for the coming period, together with outline projections for 2024 and 2025. The Group had a net cash position of £56.1m (excluding IFRS 16 lease liabilities) and has a further £82.4m available to drawdown on the Group’s revolving credit facility. The amount of borrowing required to fund the Group’s activities is determined based on these projections, together with expected returns to shareholders and planned capital expenditure. Also considered is the projection of compliance with the financial covenants implied by these plans. In addition, these figures are tested for sensitivity to possible changes to the economic environments in which the Group operates. The Group has no operations in Ukraine or surrounding regions and therefore there is no direct impact on the Group’s trading, however, any indirect impact such as a worsening in economic conditions, would represent such a sensitivity. The Directors continue to monitor the economic conditions for any signs of a possible downturn that may adversely impact trading. From the recent experience gained from managing adverse trading conditions, the Directors are confident that if there were an economic downturn the Company would be able to take appropriate mitigating actions to continue to trade for the foreseeable future. The impact on Group liquidity and covenants of each of these sensitivities is then considered together with the likelihood of each of these occurring either individually or in combination. Given this analysis, the Directors have determined that there are no likely downside scenarios which would cause the Group a concern.

III. Accounting policies

The accounting policies used in this report are with those applied at 30 December 2022.

No other new and/or revised IFRS and IFRIC publications that come into force in the period have any material impact on the accounting policies, financial position or performance of the Group.

2 Segmental information

In line with internal reporting the primary segment is presented by region. In addition, as a secondary segment we presented our business segments of Global Managed Services, STEM, Regional Specialist Services and Healthcare within this report.

Twenty-six weeks ended 30 June 2023 - unaudited

	Revenue £ m	Gross profit £ m	**Adjusted operating profit £ m**
UK & Europe	**803.0**	52.6	**6.2**
North America	**197.0**	39.6	**2.8**
Asia Pacific	**28.1**	5.4	**1.0**
Operating regions	**1,028.1**	97.6	**10.0**

Twenty-six weeks ended 1 July 2022 – unaudited

Restated	**Revenue £ m**	Gross profit £ m	**Adjusted operating profit £ m**
UK & Europe	722.6	54.2	**7.8**
North America	190.4	37.4	**3.1**
Asia Pacific	20.7	4.1	**0.3**
Operating segments	933.7	95.7	**11.2**

Unaudited	26 weeks 30 June 2023 £ m	Restated 26 weeks 1 July 2022 £ m
Segment adjusted operating profit	10.0	11.2
Corporate costs	(1.7)	(1.9)
Operating profit before amortisation	**8.3**	**9.3**
Amortisation of acquired intangibles	(3.4)	(3.3)
Operating profit	**4.9**	**6.0**
Finance income	0.6	-
Finance expense	(2.8)	(2.3)
Taxation charge	(0.8)	(2.9)
Profit for the period from continuing activities	**1.9**	**0.8**

Twenty-six weeks ended 30 June 2023 - unaudited

	Revenue £ m	Gross profit £ m
Global Managed Services	**526.9**	48.2
STEM	**514.8**	49.4
Inter-segment revenues	**(13.6)**	-
Operating segments	**1,028.1**	97.6

Twenty-six weeks ended 1 July 2022 – unaudited

Restated	**Revenue £ m**	Gross profit £ m
Global Managed Services	**462.6**	42.7
STEM	**482.8**	53.0
Inter-segment revenues	**(11.7)**	-
Operating segments	**933.7**	95.7

The prior period results have been restated to remove the trade from discontinued operations (see note 7) and a £5.1m reduction in revenue for fees which need to be accounted for against revenue under the agency basis of revenue recognition.

The above table reconciles the adjusted operating profit to the standard profit measure under International Financial Reporting Standards (Operating Profit). This is the Alternative Profit Measure used when discussing the performance of the Group. The Directors believe that adjusted operating profit is the most appropriate approach for ascertaining the underlying trading performance and trends as it reflects the measures used internally by senior management for all discussions of performance, including Directors' remuneration. All discussions within the Group on segmental and individual brand performance refer to adjusted operating profit. Corporate costs represent costs associated with being a listed company with a wide portfolio of brands and therefore are not allocated to the segments.

Adjusted operating profit is not defined by IFRS and therefore may not be directly comparable with other companies' alternative profit measures. It is not intended to be a substitute, or superior to, IFRS measurements of profit.

3 Finance expense - unaudited

Finance expense	26 weeks 30 June 2023 £m	26 weeks 1 July 2022 £m
Revolving credit facilities	2.6	2.0
Interest on lease liabilities	0.2	0.1
Other interest expense	-	0.2
Income statement	2.8	2.3

4 Taxation – unaudited

Income tax expense is recognised based on management's best estimate of the effective annual income tax rate expected for the full financial year which has been estimated as 25.0% (2022: 34.4%) on a continuing basis. The 2022 full year Effective Tax Rate ("ETR"), excluding prior year adjustments, was 23.8% (14.5% including prior year adjustments). An increase in the full year 2023 ETR is expected given the main rate of corporation tax in the UK increased to 25% from 1 April 2023. The UK ETR on continuing operations for the current period is 26.1% driven by non-deductible expenses, largely estimated legal and professional fees in line with previous years.

The prior year adjustments in 2022 largely related to one-off amendments to either current tax (change in tax treatment of bad debt provisions) and deferred tax (ensuring the correct deferred tax rate was applied to each jurisdiction), and therefore when making a sensible year on year comparison of the ETR one would exclude these.

5 Earnings per share - unaudited

Basic earnings per share amounts are calculated by dividing the profit or loss for the period attributable to the owners of the Company by the weighted average number of Ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated on the same basis but after adjusting the denominator for the effects of dilutive options. The only potentially dilutive shares arise from the share options issued by the Group under its share-based compensation plans. There were no options outstanding at either 30 June 2023 or 1 July 2022. The weighted average number of shares in 2023 is 44,966,787 (2022: 45,195,505).

	26 weeks 30 June 2023 £m	Restated 26 weeks 1 July 2022 £m
Continuing profit for the period	1.9	0.8
Discontinued profit for the period	2.4	9.3
Total profit for the period	4.3	10.1
Acquired intangibles amortisation (net of tax) – continuing	2.4	2.6
Acquired intangibles amortisation (net of tax) – discontinued	-	1.1
Total adjusted profit	6.7	13.8
Continuing adjusted profit	4.3	3.4
Discontinued adjusted profit	2.4	10.4
Weighted average number of shares	44,966,787	45,195,505

Basic and diluted EPS	26 weeks 30 June 2023 Pence	Restated 26 weeks 1 July 2022 Pence
Continuing earnings per share	4.3	1.9
Discontinued earnings per share	5.5	20.6
Total earnings per share	9.8	22.5
Acquired intangibles amortisation (net of tax) – continuing	5.3	5.7
Acquired intangibles amortisation (net of tax) – discontinued	-	2.6
Total adjusted earnings per share	15.1	30.8
Continuing adjusted earnings per share	9.6	7.6
Discontinued adjusted earnings per share	5.5	23.2

6 Additional cash flow information - unaudited

Unaudited	30 December 2022 £ m	Cash flow £ m	Interest charged £ m	Interest paid £ m	Drawdown £ m	Foreign exchange £ m	30 June 2023 £ m
Cash and cash equivalents	112.4	(0.8)	0.6	(0.6)	-	(5.4)	106.2
Bank overdraft	(4.3)	4.3	-	-	-	-	-
Revolving credit	(77.8)	27.7	(2.6)	2.6	-	-	(50.1)
Lease debtors	-	-	-	-	1.1	-	1.1
Lease liabilities	(9.9)	1.7	(0.2)	0.2	(2.0)	0.1	(10.1)
Net cash	20.4	32.9	(2.2)	2.2	(0.9)	(5.3)	47.1

The bank overdraft is included in trade and other payables on the balance sheet.

7 Discontinued operations

On 30 January 2023 the Group announced the sale of the business and assets of its Regional Specialist Staffing businesses in the UK (Tate, Blue Arrow Group, Chadwick Nott, Career Teachers) and its Healthcare Staffing business in the UK, Ireland and APAC (Medacs Global Group) to Twenty20 Capital for cash consideration of £85m on a debt-free, cash-free, normalised working capital basis (the "Disposal"). This consideration was based on an agreed nil cash position and target net working capital of £30.8 million on the date of disposal with a £ for £ adjustment to consideration if the final positions were above or below this amount. The transaction was completed on 3 March 2023.

On 24 January 2022 the Group announced the sale of the business and assets of Corestaff, the US-based Light Industrial brand, to swipejobs Inc., a US private digital staffing company and recognised a gain on disposal of £3.2m (see 2022 financial statements for more information).

Profit from the Disposal

	£m
Cash consideration received	104.3
Cash disposed of	(29.2)
Expenses relating to disposal	(2.4)
Net cash inflow on disposal of discontinued operation	72.7
Deferred consideration due	6.6
Total consideration	79.3
Net assets disposed (other than cash):	
Tangible fixed assets	(2.8)
Right of use asset	(3.3)
Goodwill	(25.2)
Other intangible assets	(30.5)
Deferred tax assets	(1.7)
Financial assets	(0.1)
Trade and other receivables	(105.6)
Lease receivables	(1.1)
Trade and other payables	60.0
Lease liabilities	4.3
Deferred tax liabilities	6.8
Provisions	5.5

	(93.7)
Pre-tax loss on disposal of discontinued operation	(14.4)
Transfer from foreign exchange reserve	1.6
Loss on disposal of discontinued operation	(12.8)

Profit and loss relating to discontinued operations

	26 weeks 30 June 2023 £m	26 weeks 1 July 2022 £m
Turnover	104.2	293.5
Cost of Sale	(84.6)	(239.9)
Gross Profit	*19.6*	*53.6*
Admin expenses	(16.5)	(46.6)
Operating profit	*3.1*	*7.0*
Interest	-	(0.1)
Profit before tax	*3.1*	*6.9*
Taxation	(0.7)	(0.8)
Profit from discontinued operations	**2.4**	**6.1**
Post tax loss on Disposal	(12.8)	-
Total (loss)/profit from the Disposal	**(10.4)**	**6.1**
Gain from disposal of Corestaff	**-**	**3.2**
Total (loss)/profit from discontinued operations	**(10.4)**	**9.3**

Cash flows relating to discontinued operations

	26 weeks 30 June 2023 £m Unaudited	26 weeks 1 July 2022 £m Unaudited
Net cash generated by operating activities	5.1	4.2
Net cash generated on investing activities	(0.3)	(0.8)
Net cash outflow from financing activities	-	(0.2)
Net cash flows for discontinued operations	4.8	3.2

Effect of the Disposal on the financial position of the Group

	At disposal £m
Tangible fixed assets	2.8
Right of use asset	3.3
Goodwill	25.2
Other intangible assets	30.5
Deferred tax assets	1.7
Financial assets	0.1
Trade and other receivables	105.6
Lease receivables	1.1
Trade and other payables	(60.0)
Lease liabilities	(4.3)

Deferred tax liabilities	(6.8)
Provisions	(5.5)
Net assets and liabilities	(93.7)

8 Dividend and capital reduction

	26 weeks 30 June 2023 £m Unaudited	26 weeks 1 July 2022 £m Unaudited
Special dividend paid 27 January 2023 at 55.4p per share	25.0	-
Special dividend paid 6 April 2023 at 77.8p per share	35.0	-
Paid in period	60.0	-

As reported in the annual report the Board became aware of an administrative oversight concerning technical compliance with the Companies Act 2006 ("CA 2006") in respect of the special dividend paid on 27 January 2023 (the "Dividend") and share buybacks effected by the company following this date (the "Post January 2023 Share buybacks"). The amount of the Dividend was £25m and the total amount of the Post January 2023 Share buybacks was approximately £0.6m representing 94,822 shares. At the Annual General Meeting held on the 27 June 2023 all resolutions were passed to rectify the oversight and to put affected parties in the position they were intended to be in. Following the passing of these resolutions the Dividend was rectified. On the 18 July 2023 the High Court of Justice in England and Wales made an order confirming the Capital Reduction (the "Court Order") and as such the Post January 2023 Share buybacks was rectified. In addition, the Court Order ordered the cancellation of GBP 30,121,328 of the share premium account of the Company and accordingly, this capital reduction has now become effective in accordance with the terms of the Court Order.

Alternative Performance Measures

Certain discussions and analyses set out in this Preliminary Announcement include measures which are not defined by generally accepted accounting principles such as IFRS. We believe this information, along with comparable IFRS measurements, is useful to investors because it provides a basis for measuring our operating performance on a comparable basis. Our management uses these financial measures, along with the most directly comparable IFRS financial measures, in evaluating our operating performance and value creation. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Non-IFRS financial measures as reported by us may not be comparable with similarly titled amounts reported by other companies.

Adjusted EBITDA

Definition: The Group calculates adjusted EBITDA as operating profit before interest, tax, depreciation and amortisation and excludes IFRS 16 adjustments.

Closest equivalent IFRS measure: Operating profit.

Rationale for adjustment: The Group continues to measure EBITDA which is used for banking covenants and internal performance measures. It is also used externally for valuation purposes.

Reconciliation of adjusted EBITDA to operating profit:

	26 weeks 30 June 2023 £m	Restated 26 weeks 1 July 2022 £m
Adjusted EBITDA	**11.0**	**11.9**
Add back rent	1.7	2.2
EBITDA excl IFRS 16	**12.7**	**14.1**
IFRS 16 depreciation	(1.4)	(1.7)
Depreciation and amortisation of software	(3.0)	(3.1)
Adjusted operating profit	**8.3**	**9.3**
Amortisation of brand value and customer relationships	(3.4)	(3.3)
Operating profit	**4.9**	**6.0**

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Prior to publication the information communicated in this announcement was deemed by the Company to constitute inside information for the purposes of article 7 of the Market Abuse Regulations (EU) No 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations No 2019/310 ('MAR'). With the publication of this announcement, this information is now considered to be in the public domain.

In accordance with Rule 26.1 of the Takeover Code, a copy of this announcement will be available, subject to certain restrictions relating to persons resident in restricted jurisdictions, on Impellam's website at https://investors.impellam.com/ by no later than 12 noon (London time) on the business day following the date of this announcement. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Note to Editors:

Impellam is a connected group providing global workforce and specialist recruitment solutions. Our 2000 people and market leading brands work across a broad spectrum of industries and job categories throughout North America, the UK and Europe and Asia Pac.

Our award-winning Global Managed Services provide a diverse range of digitally enabled, multi-disciplinary workforce solutions to organisations around the world. We are upper quadrant industry leaders in Managed Service Provision and Services Procurement, and the seventh largest Managed Service Provider in the world with over £4bn SUM[1] (Spend under Management).

Our STEM businesses are specialists in recruiting and engaging talent in the key growth markets of technology, digital, data analytics, science, clinical and engineering and work with clients across all sectors and sizes delivering services that span Managed Services (MSP) Recruitment Process Outsourcing (RPO), Statement of Work (SOW) and specialist recruitment.

Led by our Virtuosos, our capabilities are underpinned by proprietary digital technology and unique partnerships with market-leading software providers, enabling us to transform and future-proof our services.

We believe in the power of work. Through the power of work, we build better businesses and help people lead more fulfilling lives.

For more information about Impellam Group please visit: www.impellam.com

1 By SUM (confirmed by Staffing Industry Analysts). Spend Under Management (SUM) is the total amount of client expenditure which our Managed Services brands manage on behalf of their clients. This equates to revenue earned where Impellam acts as principal plus gross billings to customers where Impellam acts as agent (2021 published numbers). Management use this measure as it reflects the total value of the client spend to the Group and not just the revenue generated

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