

For use with Guidant Global-Europe Limited  
registration number 07130856



# Annual Report and Accounts 2022



## The Company

# Impellam is a connected group providing global workforce and specialist recruitment solutions

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### Alternative Performance Measures

Words with the symbol  $\Delta$  are defined in the Alternative Performance Measures section of the Annual Report on page 129.

Our 2,000 people and market-leading brands work across a broad spectrum of industries and job categories throughout North America, UK & Europe and APAC.

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

Our STEM businesses are specialists in recruiting and engaging talent in the key growth markets of technology, digital, data, science, clinical and engineering. We 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.

## Our vision

To be the world's most trusted workforce and specialist recruitment solutions group, trusted by our people, our customers and our investors in equal measure.

## Our mission

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



For more information visit  
[www.impellam.com](http://www.impellam.com)

<sup>1</sup> By revenue (2021 published numbers).

## Progress and performance

### Headlines

Impellam delivered strong financial results in 2022 and our strategic progress has accelerated as a result of the divestment of traditional businesses in our Regional Specialist Staffing and Healthcare portfolios setting Impellam up for sustainable growth.

Full-year performance for the total Group led to record highs in revenue of £2.53bn (2021: £2.26bn) and gross profit of £314.8m (2021: £267.0m). Adjusted operating profit<sup>A</sup> was up 41.6% to £41.4m (2021: £29.3m).

Special dividends of £50m were declared in 2022 (110.8 pence per share) with £25m paid in the year. A further Special dividend of £35m (77.8 pence per share) was declared in March 2023 following the completion of the sale of the Healthcare and Regional Specialist Staffing businesses. Going forward this allows the Group to return to a dividend policy. As previously announced, it is the Company's intention, subject to the Group's trading performance, to recommence the payment of annual dividends, starting in January 2024 of £25m. This represents a 9% forward yield on closing share price on 28 March 2023.

All onward financial information, unless otherwise stated, is based on the continuing operations of the Group.

Group revenue was up 23.2% (20.5%\*) on the prior year at £1.95bn (2021: £1.58bn) and gross profit was up 27.3% (19.8%\*) to £204.9m (2021: £161.0m). Adjusted operating profit<sup>A</sup> up 38.3% (27.9%\*) to £27.8m (2021: £20.1m).

### Strategic

- To accelerate progress with our long-term strategy to focus on high-value growth opportunities across our UK & Europe, North America and APAC regions, in January 2023 we entered into an agreement to sell 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). This transaction completed on 3 March 2023 for cash consideration of £85m on a debt-free, cash, normalised working capital basis. This followed the sale in February 2022 of Corestaff in North America to swipejobs Inc.
- Continuing operations are our digitally-enabled Managed Services (Guidant Global, Comensura and Flexy in the UK & Europe, North America and APAC) and our talent-rich STEM businesses (Lorien, SRG, Carbon60 and Bartech in the UK & Europe and North America).
- We are now a more focused and agile business, well positioned for growth globally across attractive Managed Services and STEM markets.
- Throughout the year, we continued to make key investments in people, technology and customer centricity.

### Financial

- Exceptional performance across the Group delivered a 38.3% (27.9%\*) increase in adjusted operating profit<sup>A</sup>.
- Strong revenue and gross profit growth across all regions with APAC delivering a record increase of 31.6% (30.8%\*) in gross profit, UK & Europe up 26.2% (25.7%\*) and North America up 28.3% (14.6%\*).
- Net cash (pre IFRS 16) of £30.3m compared to net debt<sup>A</sup> of £(15.0)m in 2021 (includes net sale proceeds from Corestaff of £15.4m and final repayments of Covid-19 related support of £9.1m as well as a £25m special dividend paid in December 2022).

#### Group revenue\_£m

**£2,528.3m**



#### Group gross profit\_£m

**£314.8m**



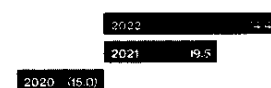
#### Group adjusted operating profit<sup>A</sup>\_£m

**£41.4m**



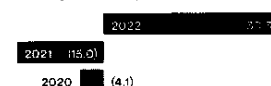
#### Group operating profit/(loss)\_£m

**£34.4m**



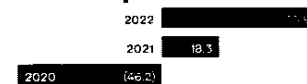
#### Group net cash/(debt) (pre IFRS 16)<sup>A</sup>\_£m

**£30.3m**



#### Basic earnings per share\_p

**55.9p**



#### Continuing Group results

##### Continuing revenue\_£m

**£1,947.4m**



##### Continuing gross profit\_£m

**£204.9m**



##### Continuing adjusted operating profit<sup>A</sup>\_£m

**£27.8m**



##### Continuing operating profit/(loss)\_£m

**£21.0m**



\* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate.

For more information  
Glossary: page\_131

## Impellam at a glance

# Our operating segments

We organise our portfolio of workforce and specialist recruitment solutions businesses both regionally and by specialist operating segments.

### Continued operations:



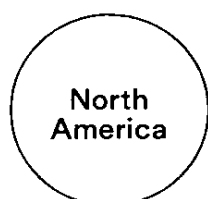
#### Global Managed Services

Impellam Group's award-winning Global Managed Service brands take care of the whole staffing process, working with household names from around the world to provide innovative and specialist workforce solutions.

Our portfolio includes the Guidant Global, Comensura and Flexy brands, who are recognised, top-quadrant industry leaders in Managed Service Provision and Statement of Work, with combined spend under management of over £4bn.

#### Continuing operations

Revenue\_£m      Gross profit\_£m



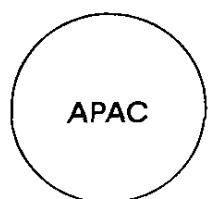
North  
America

**£394.1m**      **£81.7m**  
2021: £358.3m      2021: £63.7m  
2020: £329.7m      2020: £60.3m



UK &  
Europe

**£1,506.2m**      **£112.8m**  
2021: £1,205.8m      2021: £89.4m  
2020: £1,089.6m      2020: £70.0m



APAC

**£47.1m**      **£10.4m**  
2021: £16.2m      2021: £7.9m  
2020: £6.4m      2020: £6.4m

## Discontinued operations:



### STEM

Impellam Group's STEM businesses have a wealth of specialist experience providing MSP, RPO, contract, permanent and SOW workforce solutions. Our STEM brands are Carbon60, SRG and Lorien in the UK & Europe. Together, they are the largest STEM group in the UK. In North America, our STEM brands are Bartech, Lorien and SRG.

They work collaboratively to provide workforce and specialist recruitment solutions, and to create a community of the very best of STEM talent, including IT, digital and data specialists, scientists, clinicians and engineers. Impellam's STEM businesses innovate and solve some of the world's toughest problems by believing in the power of work to create a better future.



### Regional Specialist Staffing

Our Regional Specialist Staffing (RSS) businesses in the UK leverage our deep heritage, sector expertise and extensive network of specialist candidates, to provide expert recruitment services and fulfilled, engaged workers for our customers.

Our dedicated teams build better businesses by providing people for permanent, temporary, contract and fixed-price work; from the supply of warehouse workers to secretaries, call centre operatives, lawyers, drivers, teachers, chefs, HR and marketing professionals.

The RSS brands are Blue Arrow, Tate, Career Teachers and Chadwick Nott.



### Healthcare

Medacs Global Group (MGG) is a leading international healthcare workforce solutions provider operating under a variety of brands including Medacs Healthcare, Global Medics and Litmus Workforce Solutions. MGG provides healthcare staffing, managed services, staff bank, occupational health, insourcing, social care and home care services.

Within its healthcare brands, MGG delivers locum, temporary and permanent doctors, nurses, allied health professionals and care workers. It is the largest provider of locum doctors to the NHS in the UK and to the HSE in Ireland and is the largest supplier of specialist healthcare managed services outside of the US.

With operations across the UK, Ireland, the Middle East, India, Australia and New Zealand, MGG enables customers to deliver outstanding care globally.



## Chairman's statement

# Record results in an exceptional year

The Group has delivered record results in an exceptional year. Adjusted operating profits<sup>a</sup> were up significantly across all segments and in all regions as we responded to talent scarcity and a buoyant labour market. This was achieved against a backdrop of political and economic uncertainty, the war in Ukraine and resulting rising energy costs contributing to a cost-of-living crisis, particularly in the UK. Our agile response to the global skills shortage, the 'great resignation' and post pandemic bounce back in the jobs market resulted in new customer wins and increased levels of customer retention as we collaborated across our brands.

In April 2022, I informed the Board that I wanted to explore opportunities to dispose of my shareholding in the Group and have worked constructively with the Company to ensure the interests of all shareholders were properly considered. The sale of Corestaff in North America in February 2022, followed by the disposal of our Regional Specialist Staffing (RSS) and Healthcare brands in Q1 2023 will enable the Group to focus on the fast-growing Managed Services and Science, Technology and Engineering markets (STEM) where our specialist expertise and track record positions us for high growth in these attractive market sectors. This is a bold step for Impellam, and I know the Executive team have the experience and drive to ensure its success and to use it as a springboard to accelerate the Group's long-term strategy.

There have been no changes to the Board during the year, providing a stable foundation to support the Group during this period of transformation and I thank the Board for their contributions through the year.

I am pleased that we announced two special dividends in 2022, which will return £50m to our shareholders. The Group announced a further special dividend of £35m following the disposal of the RSS and Healthcare brands in early 2023. Going forward this allows the Group to return to a dividend policy.

It's been a fast-paced year and our people have risen to the challenges and opportunities, building close working relationships with their colleagues and customers. I would like to thank each and every one of them for their hard work, commitment, and ability to respond positively to a changing environment.

**Lord Ashcroft KCMG PC**  
Chairman  
27 April 2023



Profits are up significantly across all segments and in all regions.”

# A Bold Promise

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## Our strategic objective

Virtuosity makes the difference and will drive market-beating value creation.

## Our strategic advantage

We believe we retain customers, people and investors for longer than our competitors because we're trusted to do what we say we are going to do. We work collaboratively across our diverse portfolio with a shared vision, mission, style and language that we call 'Virtuosity'. This enables us to deliver differentiated, integrated solutions to our customers, and to find good work for our people.

## Our strategic scope

### Customers

We work with customers who value engaged, fulfilled and purposeful people, and who allow us to take our share of the economic value we create as we help them build a better business.

### Offering

We are a leading global workforce and specialist recruitment solutions group enabled by market-leading brands working across a broad spectrum of industries and job categories.

### Geography

Our offering is delivered through diverse brands and services across North America, UK & Europe and APAC. To further support our mission, and to find exciting opportunities for our people, we also invest in, and operate with, specific clients in other regions.

### Integration

We have a unique, differentiated and collaborative model. This integrates both our regional and specialist segments into a full end-to-end workforce solutions platform for our customers' permanent, contingent, managed services, RPO and Statement of Work (SOW) spend. Our work is important, and we get it done.



For more information visit  
[www.impellam.com](http://www.impellam.com)

## Group Chief Executive Officer's review

# Strong growth and a bold strategic move

### Overview

2022 was a defining year for Impellam. Not only did we deliver strong and consistent operational performance and financial growth but we also responded to our majority shareholder's intent to explore options around his shareholding. We entered into negotiations that were substantially concluded in December 2022 and saw the Group complete the disposal of its Regional Specialist Staffing and Healthcare businesses on 3 March 2023. This followed the sale of Corestaff, our North America Specialist Staffing business, to swipejobs Inc. in February 2022.

This bold strategic move enhances the investment case for Impellam's connected and collaborative, digitally-enabled businesses. Our continuing operations are now focused on the key growth markets of multidisciplinary workforce solutions in the UK & Europe, North America and Asia Pacific and the specialist talent verticals of Science, Technology and Engineering.

The year began with optimism and confidence delivering gross profit growth across all our regions when compared to 2021. This growth was achieved despite a backdrop of political and economic upheaval caused by the combined factors of the global pandemic, the war in Ukraine, the impact of Brexit and the fast-emerging cost-of-living crisis, particularly in the UK. Despite these headwinds, the labour market remained tight driven by global skills and talent shortages, the 'great resignation', the early retirement of over 50s, high attrition and a booming post Covid-19 job market creating a positive trading environment for all our businesses.

As a result, our continuing operations delivered gross profit of £204.9m and operating profit growth of 53.3% (60.3%\*). Including discontinued operations we generated £69.1m of operating cashflows and were able to declare dividends of £50m to shareholders.

### Impact of investment

We capitalised on the increased demand for our services by continuing to invest in people, technology and customer centricity.

We developed our service offerings to respond quickly and decisively to meet our customers' evolving needs, with our key investments in 2022 underpinning our core principle that Virtuosity is our strategic advantage.

### People and Virtuosity

Our customers consistently tell us that they love what we do, but even more importantly they love how we do it. That's Virtuosity. Our people are really close to our customers and that means we take the utmost care of them. We hire, develop and nurture our people to become Virtuosos, so that in turn they support our customers to build better businesses.

During 2022 more than 268 colleagues joined our Group as customer demand increased. We expanded our teams in key growth markets with a 20.3% increase in headcount in our UK and North America STEM businesses and a 8.3% increase in our GMS businesses across the world, supporting exciting new customer wins. Alongside this expansion in headcount, we also increased our productivity with gross profit per FTE rising from £100.2k in 2021 to £112.3k in 2022.

We supported our people's performance and wellbeing, enabling them to work flexibly between our offices, their homes and customer sites. We worked hard to get the balance right between providing collaboration technology and ensuring they received maximum benefit from in-person teamwork. Understanding that managers make the difference to engagement, we also focused on reigniting the beautiful basics of thoughtful people management. We made it a priority that all our people enjoyed quality time with their manager to explore how the things that mattered most to them personally aligned to the goals and ambitions of our business.

\* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate.

*We have a diverse and talented global workforce who are connected and who collaborate more than ever before to make sure there is never a reason for a customer to leave Impellam. We are keen to make sure that our people enjoy a fulfilling career with us, and as we grow our goal is to create compelling opportunities across our global business. In 2022, more than 50 colleagues embarked on exciting new careers in a different part of the Group.*

At Impellam, we listen to our people. Our Virtuoso Alliance continued to influence our strategy. Across two cohorts, 22 Virtuosos made a significant contribution to our performance and development strategy, our refreshed Impellam brand and proposition, our EVP, our blended working strategy and our response to shifting candidate market dynamics.

Similarly, our people shout loudly about the things that matter to them and I am proud of the great strides we took in 2022 in equity, diversity and inclusion (ED&I). We launched our Unity council globally and we had highly active Business Resource Groups helping us understand and celebrate our differences as we came together for particularly memorable events for International Women's Day, Pride, Mental Fitness Month and Disability Awareness.

As we say goodbye to almost 1,300 colleagues leaving the Group for their new home following the divestment of our Regional Specialist Staffing and Healthcare businesses, I would like to thank all Impellam colleagues for the wonderful part they have played in making our Company special and delivering such impressive operational and financial results in 2022.

## Customer centricity

Our Virtuoso strategy means that our people are close to their customers and their voice is heard directly by the Executive team. We have a non-hierarchical organisation structure with few layers between our customers and me, ensuring that decisions are always made with customers front of mind.

Our customers have trusted us to find their contingent and permanent talent in a candidate short market. Following the combined effect of the profound disruption in our markets across the world outlined in my introduction, there has been a huge increase in demand across all our vertical market specialisms and within our 271 managed service and RPO customers.

In particular rapid global digitisation led to a buoyant market for those with tech, digital and analytical skills and we also saw increased demand for engineers, scientists and clinicians, as organisations began to invest again, all coming together to create the future through the power of work.

In 2021, we established our Customer Office (CO) with the intention that there should never be a reason for a customer to leave Impellam. The CO celebrated its first anniversary in July 2022 with an impressive 100% account retention and an increase in the lifetime value<sup>1</sup> of our CO customers of 5.6%. Our customer focused Centre of Excellence (CoE) brought new capabilities to our clients and important efficiencies to our business. The CoE managed 55 discrete projects to launch, enhance or expand customer relationships. The CoE Analytics team developed new intelligence dashboards for use across the customer portfolio while the Talent Marketing team's highly successful campaigns resulted in up to 2,000 hires per individual customer. Our VMS team collaborated closely with our technology channel partners and was subsequently recognised through our Guidant Global brand as SAP Fieldglass MSP partner of the year. We automated many key business processes, eliminating thousands of hours of manual work annually.

<sup>1</sup> Life Time Value (LTV)<sup>1</sup> is defined as average margin per client x average length of contract

## Group Chief Executive Officer's review continued

As a Company, we came together in 2022 to secure and share 2,450 new client wins across our regions.

We also expanded our work within existing customers through strong collaboration and service diversification leading to a significant increase in customer spend, alongside deepening those relationships leading to a 9.2% rise in customer retention compared to 2021.

We trained and led our people to price confidently reflecting our premium position in a buoyant market and were delighted that our customers continued to value our people so highly.

We ended the year by launching our refreshed Impellam branding. We are building a consistent and cohesive customer narrative and proposition, confident of our belief in the power of work and our combined and connected ability to deliver market-leading workforce and specialist recruitment solutions in the UK & Europe, APAC and North America.

### Technology and digital

Our investments in digital technology are focused on our strategic objective to free up our Virtuosos to do their best work whilst enabling collaborative teamwork across our diverse global workforce, wherever they are based. In 2022 we enhanced our overall digital experience, achieving our target to be 65% digital by the end of the year.

During the year, we completed the implementation of Bullhorn CRM and RSM in our UK STEM businesses. We now operate on a common platform across the front and back office, leading to an enhanced customer and candidate experience, increased collaboration and improved productivity and efficiency. Going forward, we will invest in selected additional digital technology to enhance operational productivity and increase the profit-per-consultant.

In our Managed Services businesses, our investment in digitising service delivery has been a key contributor to increasing our productivity. Our investment in an Integration Platform as a Service (IPaaS) has enabled us to bring together the core functionality and benefits of multiple applications, both proprietary and third party, improving customer and user experience while removing manual data entry and workflows.

In addition, the deployment of Robotic Process Automation (RPA) tools has enabled the automation of a significant number of repetitive tasks allowing our Virtuosos to focus on higher value activities while increasing our access to large volumes of meaningful data. Using sophisticated reporting tools, we can now benchmark our recruiters against market data showing clear evidence that our productivity metrics are ahead of the programmes run by our competitors and in-house teams.

We also made significant investments in technology platforms to drive customer and candidate relationship management and applicant tracking. Our priority is to drive initiatives that free up time for our Virtuosos so they can focus on building trust and delivering on their promises to clients and candidates.

We continued to invest in customer-facing digital solutions and during 2022 we launched our first fully-integrated platform solution, leveraging our proprietary technologies EVO and Flexy as well as our newly launched payroll app. We are proud of this solution and intend to introduce it to more of our managed service customers in 2023, and to support new services such as Direct Sourcing.

The divestment of our RSS and Healthcare businesses means that we will now move away from legacy systems and will operate entirely in the Cloud using either software-as-a-service applications, or Microsoft Azure facilities. This transaction removes complexity from the overall Group technology estate by removing multiple overlapping legacy applications; simplifying physical infrastructure and reducing manpower costs to support diverse systems.

## Outlook

Our strategic realignment following the disposal of our RSS and Healthcare businesses in March 2023 enables us to focus our investments and the efforts of our Virtuosos on high growth and attractive markets where we have greater visibility of future revenue with improved conversion of gross profit to adjusted operating profit<sup>4</sup>.

The disposal also enables us to streamline operations whilst increasing collaboration and removes significant complexity from our technology, property estate and our back-office processes.

Trading in 2023 began above our expectations, albeit we have noted some hesitancy during Q1 on permanent hiring, particularly amongst professional and financial services clients. Pipelines remain strong but we will continue to remain vigilant, given the political and economic headwinds of inflationary pressure and interest rate rises, continuing events in Ukraine and ongoing talent shortages across all our regions.

We are confident that the strategic moves we have made will continue to enhance the investment case for Impellam and will return significant value to shareholders.

### Julia Robertson

Group Chief Executive Officer

27 April 2023

“

We are confident that the strategic moves we have made will continue to enhance the investment case for Impellam.”

## Our integrated, collaborative business model

### Our mission

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

### Our vision

To be the world's most trusted workforce and specialist recruitment solutions group, trusted by our people, our customers and *our investors in equal measure.*

### Our key differentiators

#### Our culture of Virtuosity

We are united by one purpose, one culture, one driving force. We call it Virtuosity. It's why we're *different. It's our determination to do even more* and to always be ambitious and brave for our customers and candidates.

Our customers see our Virtuosity every day in our innovation and creativity. We are close to our customers, and because we care, we forge strong, meaningful and trusted partnerships.

They see it in our authenticity, in the way we keep our promises and in how we break down the barriers to unleash people's potential. None of this would be possible without a culture based on trust. That's why we have an ambitious vision to be the world's most trusted workforce and specialist recruitment solutions group, trusted by our people, our customers and our investors in equal measure.

We trust our Virtuosos and give them the freedom and autonomy to do the right thing, to adapt and see the possible in the impossible. We make sure people make the difference.

By keeping our promises, we retain our clients, candidates and our people for longer and reap the benefits of that longevity. We never want to give a client reason to leave Impellam.

#### The Beautiful Basics

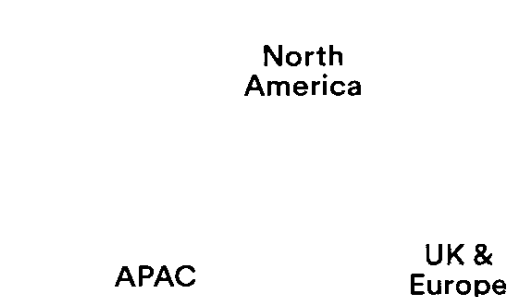
We make sure that 'the Beautiful Basics' are in place and deeply embedded across our collaborative portfolio. 'Beautiful Basics' are caring for the smaller details, as well as the bigger ones. Doing the common, uncommonly well. They are the difference Impellam's people make through our day-to-day actions to deliver on our promises.

#### Entrepreneurial Virtuoso leaders

All our businesses share a culture of Virtuosity which embeds a collaborative Group-wide culture, based on trusted behaviours, delivered by entrepreneurial Virtuoso leaders who can drive our competitive advantage and deliver on our promises to all our stakeholders.

### To deliver exceptional service to our customers through:

#### Our regions



### Our operating segments\*

\* Including discontinued operations.

## Our culture of Virtuosity

## To create value for our stakeholders



### Clients

We are close to our customers, and because we care, we forge strong, meaningful and trusted partnerships to find people for good work and help them build better businesses. We retain them, continuing to listen and partner with them to extend the scope and tenure of our services, and in doing so, open up more opportunities for organic growth.



### Candidates

From the outset, we listen to our candidates and find them good work that fulfils them and matches their aptitudes, skills and aspirations. We reward our candidates fairly, retain them by treating them well, and by finding them work that interests and develops them. In turn, this encourages them to refer more people and good work to us.



### Colleagues

We employ people who care about our mission and our craft, and we develop them, so they have the right skills and experience to do their job by being Virtuosos in their field. We free up our Virtuosos and give them more influence so they in turn develop a culture of Virtuosity across the Company. Ultimately, we trust them to stay close to their customers and candidates, to make the right decisions, collaborate and deliver on their promises.



### Investors

We take care to create relationships with investors and we build on the trust we create by delivering sustainable earnings.



### Suppliers

We build strong partnerships of mutual trust with our suppliers, many of whom are also our clients. Our long-term relationships with our suppliers enable us to fill more jobs for our clients, and by building an engaged recruitment supply chain, which is passionate about finding the right candidates with the right skills, we can reduce the cost of recruitment; reduce the time to hire; provide timely market insight and drive innovation.



For more information visit  
[www.impellam.com](http://www.impellam.com)

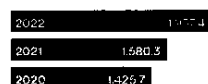
## Key performance indicators

We monitor our performance against our strategic priorities by using key performance indicators (KPIs). Our KPIs include a set of financial and non-financial measures and are discussed further in the CEO and CFO reviews.

### Financial KPIs (continuing operations)

**Group revenue**  
\_£m

**£1,947.4m**



**Measurement explained**

Revenue generated from sales of contract workers, permanent placement fees and other income generated from provision of staffing services.

**Rationale**

Indicates the volume of business generated in the year.

**Group gross profit**  
\_£m

**£204.9m**



**Measurement explained**

Revenue less cost of sales, predominately the sum of contract gross profit and fees for the placement of permanent candidates, less any directly attributable adjustments or rebates.

**Rationale**

Indicates the profitability of revenue before operating costs year.

**Group adjusted operating profit<sup>Δ</sup>**  
\_£m

**£27.8m**



**Measurement explained**

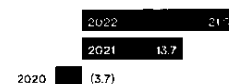
Underlying profitability of the Group before interest and taxes with adjustments for impairments and amortisations of acquired intangibles and impairment of right-of-use leased assets.

**Rationale**

Demonstrates the profitability of the Group and how efficient it is at managing its controllable cost base.

**Group operating profit**  
\_£m

**£21.0m**



**Measurement explained**

Profitability of the Group before tax and finance costs.

**Rationale**

Demonstrates the profitability of the Group.

**Conversion ratio – adjusted operating profit<sup>Δ</sup>**  
\_%

**13.6%**



**Measurement explained**

Adjusted operating profit<sup>Δ</sup> expressed as a percentage of gross profit.

**Rationale**

Indicates the efficiency of fee earners in generating gross profit and the Group's ability to control central costs.

**Group net cash/(debt)<sup>Δ</sup>**  
**(Pre-IFRS 16)\_£m**

**£30.3m**



**Measurement explained**

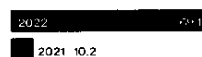
Total Group debt excluding lease liabilities, less any cash and cash equivalents, after capitalised financing costs.

**Rationale**

Net debt<sup>Δ</sup> is a key element of the Group's capital structure.

**Group net cash generated from operations**  
\_£m

**£69.1m**



**Measurement explained**

The amount of cash generated from operating activities (including discontinued operations) and after tax paid.

**Rationale**

Demonstrates how efficient the Group is in converting operating activities to cash and therefore the ability to manage its capital.

**Adjusted EPS**  
\_pence

**44.3p**



**Measurement explained**

The amount of adjusted operating profit<sup>Δ</sup> per one share in the Group; calculated as the adjusted operating profit<sup>Δ</sup> attributable to the Group's shareholders, divided by the average number of shares in issue throughout the year.

**Rationale**

A strong indication as to the underlying profitability of a company for its shareholders.

## Operational KPIs (continuing operations)

International  
mix\_%

44.9%

**Measurement explained**

Total gross profit from business operations outside of the UK and Europe, expressed as a percentage of Group gross profit.

**Rationale**

Geographic diversification spreads risk and reduces reliance on any one economy.

Gross profit  
mix\_%

47.4%

**Measurement explained**

Total gross profit generated from Managed Services businesses expressed as a percentage of Group gross profit.

**Rationale**

Gross profit from Managed Services provides visibility of income and generates long-term relationships with our clients and aligns to our strategic priorities.

Client retention –  
Top 50 clients\_%

100%

**Measurement explained**

The percentage of the top 50 clients in 2021 who we continued to supply in 2022 and have not left during the year.

**Rationale**

Client retention links to improved profitability and efficiencies in service delivery alongside improved quality of service.

Average gross  
profit per FTE  
\_£000

£115.8

**Measurement explained**

Total gross profit divided by the average number of full-time equivalents in the Group.

**Rationale**

Indicator of staff productivity and efficiency, with growth demonstrating improved efficiency or a higher percentage of fee earners at full capacity.

Gross profit per  
£ staff cost

£1.47

**Measurement explained**

Total gross profit divided by the annual staff costs.

**Rationale**

Indicator of staff productivity and reflecting the operational efficiency of the business as a whole.

Group adjusted  
EBITDA<sup>A</sup>\_£m

£34.2m

**Measurement explained**

Operating profit of the Group before interest, tax, depreciation and amortisation and excludes IFRS 16 adjustments, separately disclosed items and share-based payments.

**Rationale**

The Group continues to measure EBITDA<sup>A</sup> which is used for banking covenants and internal performance measures. It is also used externally for valuation purposes.

For more information  
Glossary: page\_131

## Performance reviews

# North America



Following the sale of the Regional Specialist Staffing brand (Corestaff) early in 2022, our North America business is now focused on our Global Managed Services (GMS) and STEM operating segments delivered by our Guidant Global brand in GMS and our SRG, Lorien and Bartech brands for STEM.

### Overview

The region delivered strong gross profit growth during 2022 and made good strategic progress. Following a strategic review, Corestaff, our light industrial business, was sold to swipejobs Inc, a US private digital staffing platform in early 2022, leaving us with a streamlined portfolio focused on key growth markets. This included moving into broader IT and energy verticals and higher value life sciences work in our STEM business, yielding positive results. Our GMS segment continued its steady progress, underpinned by seven notable new customer wins as customers sought full workforce management solutions to combat significant talent shortages across most sectors.

### Financial performance (continuing operations)

Revenue for the year increased by 1.5% to £394.1m. Gross profit rose by 14.6% to £81.7m (2021: £63.7m) underpinned by a significant increase in gross profit to 20.7% from 17.8% as average pay rates rose, our pricing improved and our investments in productivity delivered gains in the way we operate.

Adjusted operating profit<sup>A</sup> rose by 3.2% to £10.6m, demonstrating the positive impact of the consolidation of the North America business following the sale of Corestaff.

North America	2022 £m	2021 £m	% change LFL*
Revenue	<b>394.1</b>	358.3	(1.5)%
Gross profit	<b>81.7</b>	63.7	14.6%
Admin expenses	<b>(71.1)</b>	(55.1)	
Adjusted operating profit <sup>A</sup>	<b>10.6</b>	8.6	3.2%
Gross profit %	<b>20.7%</b>	17.8%	
Adjusted operating profit <sup>A</sup> conversion ratio %	<b>13.0%</b>	13.5%	

\* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate.

“

The region delivered strong gross profit growth during 2022 and made good strategic progress.”

**£81.7m**

Gross profit for North America in 2022.

### Market dynamics

The global workforce solutions market experienced significant growth, with global spend under management increasing by circa 30% to circa US\$200bn during 2022. In North America, the workforce solutions outsourcing market experienced double-digit growth year on year due to the rejuvenation in the Contingent Workforce Management (CWM)/Managed Service Program (MSP) market. The region remains the largest segment of the global CWM market, accounting for 53% of global spend under management or US\$104bn. Currently 12-15% of deals have an element of Services Procurement with increasing traction and further impetus for growth.

This growth was fuelled in part by the economic contraction of 2020, which accelerated the search for more efficient business models. As companies increasingly recognise the competitive advantage driven by a diverse and engaged employee and non-employee workforce, they are now seeking more sophisticated workforce solutions to assist organisational innovation and business transformation.

Workforce solutions providers are expected to continue to evolve their services to deliver more advanced strategic talent sourcing strategies and solutions on a global scale. This will include direct sourcing, advanced automation and digitisation, intelligence-driven talent analytics, advisory services and expanding SoW capabilities. These innovations will enable workforce solutions providers to add value and support organisations in the wake of the ongoing talent supply-demand gap, which is expected to persist despite economic volatility.

Talent scarcity continues to be a major challenge for our customers, particularly in STEM sectors. Covid-19 accelerated investment in IT, transforming digital channels and supporting remote working and whilst many firms have retained hybrid working, customers are increasingly recognising that employees can work from anywhere, making Impellam's broad pool of talent a differentiator.

Despite some well-publicised redundancy programmes from the major global tech organisations, skilled candidates are still hard to find and with many in-house recruitment teams laid-off, outsourced recruitment solutions remain an important option for organisations across all industry sectors. Unemployment rates remain low and combined with wage inflation, candidates are still changing jobs more frequently than before the pandemic.

## Performance reviews continued

# North America continued

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### Portfolio review

#### GMS

GMS continued to benefit from the post Covid-19 bounce back, delivering a robust performance in 2022, with a 7.9% increase in gross profit. This reflected six new business wins in a wide range of industry sectors including Indorama and Builder's First Source.

Customer retention remained exceptionally high at 93%, with a number of customers extending or expanding the scope of their contracts. Secured at the end of 2022, the global Recruitment Outsourcing Programme (RPO) for Travelport is now live in multiple countries delivering revenue in all three of our regions.

Teamwork between the STEM brands and our GMS business, Guidant Global, also continued to gain pace with specialist IT, Life Sciences and Engineering staffing provision integrated into the delivery of many MSP contracts in our US client base as we capitalised on the strength of combining our brands. IT resourcing is now an important part of the extensive relationship with a long-standing customer and a government technology supplier, Maximus.

Whilst we minimised increases to our headcount, we continue to build on significant corporate investment in our IT and digital infrastructure to ensure we improve productivity as we grow. Key to this is the Program Growth Intelligence (PGI) Dashboard, which is driving continuous improvement and optimising operational performance across our GMS portfolio.

#### STEM

Investment in our STEM portfolio last year delivered results in 2022 driving gross profit up by 24.7%. A focus on higher-quality business enabled us to optimise pricing and increase average gross profit margins by 1.9pps to 16.2% across the portfolio.

To support this growth, we increased our headcount by 33% and added to our geographic footprint, opening a new Denver location, alongside expanding our remote worker hubs in California and Texas.

Our Life Sciences business met its strategic objective to diversify into new market segments and reduce its focus on clinical trials. The launch of the new Quality, Regulation and Compliance (QRC) specialism at the end of 2021 has gained traction fast with growth set to continue in 2023. It now represents over 50% of the brand's gross profit and has driven our average Life Sciences gross profit margins up by 2.8pps to 24.3%.

Our IT business strengthened its position, with our investment in the Salesforce and mobile app development market segments paying dividends, as we secured multiple new client contracts and created a strong platform in a sector where there is high demand and short supply of candidates. We also expanded our service lines and signed two new RPO customers whilst steadily building our direct-hire recruitment business, increasing revenue by over 100% when compared with last year.

Our Engineering business remains focused primarily on the nascent Electric Vehicle market, whilst we develop a presence in the renewable energy sector.

### Looking forward

The key factors driving demand this year – talent shortages and rising pay rates – are set to continue so our ability to develop innovative solutions to support customers remains critical. This will create opportunities for Impellam's omni-channel sourcing approach and integrated workforce solutions combining vertical STEM skills under our horizontal GMS service. We will continue to invest in expertise to advance our RPO and Services Procurement capabilities, seeking to address emerging opportunities for Direct Sourcing and upskilling our Virtuosos to deliver a consultative approach, giving proactive advice to valued customers.

# UK & Europe



Following the sale of Regional Staffing Specialist (RSS) and our Healthcare business in the UK and Ireland in early 2023, the UK and Europe remains our largest operating region. Our focus going forward will be on our GMS segment which includes Guidant Global, Comensura and Flexy and our STEM business which includes Lorien, SRG and Carbon60.

## Overview

The region delivered an impressive performance, with a boom in the job market and skills shortages driving up revenue, margins and adjusted operating profits<sup>Δ</sup>. We saw growth in all brands, significant new business wins and increased customer retention. In recent years, Impellam's strategic focus has been on our high value digitally-enabled GMS and STEM businesses and the recent divestment of RSS and MGG will allow us to further develop our leading position in these attractive markets in the UK & Europe.

## Financial performance (continuing operations)

Revenue rose 25.1% to £1,506.2m reflecting higher volumes in both temporary and permanent recruitment and contributing to a substantial increase in gross profit of 25.7% to £112.8m. Combined with productivity increases driving higher gross profit per FTE, this delivered adjusted operating profits<sup>Δ</sup> of £20.5m (2021: £17.4m), up 15.7% on 2021.

UK & Europe	2022 £m	2021 £m	% change LFL*
Revenue	<b>1,506.2</b>	1,205.8	25.1%
Gross profit	<b>112.8</b>	89.4	25.7%
Admin expenses	<b>(92.3)</b>	(72.0)	
Adjusted operating profit <sup>Δ</sup>	<b>20.5</b>	17.4	15.7%
Gross profit %	<b>7.5%</b>	7.4%	
Adjusted operating profit <sup>Δ</sup> conversion ratio %	<b>18.2%</b>	19.4%	

# £1,506.2m

Revenue for UK & Europe in 2022.

\* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate.

## Performance reviews continued

# UK & Europe continued

### Market dynamics

Post-pandemic we saw a significant rebound in demand for both permanent and temporary staff across all our brands and markets. This reflected major pressures on employers in the private sector facing 'the great resignation' and high attrition as employees took advantage of a buoyant labour market. Hospitality and logistics sectors saw shortages of staff and drivers continue. As a result, pay rates are rising and clients are increasing incentives to attract candidates, focusing on developing distinctive employer brands, ED&I strategies and sustainability agendas. Rising energy costs and soaring inflation resulted in a cost-of-living crisis and, with public sector pay settlements under pressure, disruption across the public sector brought widespread strikes and mounting vacancies.

This combination of market factors, along with a smaller working population post Covid-19, has resulted in increasing customer demand for specialist recruitment and workforce solutions in many of Impellam's key target markets, such as the IT and Engineering sectors, which represent the UK's second and third largest markets generating revenues of £10.8bn annually, and where Impellam has a strong market presence through its STEM brands.

### Portfolio review

#### GMS

Our GMS business, built on our Guidant Global and Comensura brands, delivered a robust 21% increase in gross profit, benefiting from the service expansion opportunities created by the breadth of customers across the Impellam portfolio in the UK and winning new contracts with existing clients of other brands.

Headcount increased by 43 as we extended our portfolio across both private and public sector organisations, with a number of notable new business wins including University College London (UCL) and EV Metals.

Our focus on building long-term client relationships is evidenced by our exceptional customer retention and expansion record.



Growth in all brands, significant new business wins and increased customer retention.”

Our ability to provide an integrated service across our brands led to a significant expansion of the MSP programme in SSE where we built on the success of the original contract and introduced our technology sourcing capability into their IT division.

Building on an exceptional year in 2021, revenue from SOW projects increased in 2022 as new customers were added, bringing the monthly average to over 220 projects. The services provided under a Statement of Work are billed based on a fixed price deliverable or for hitting specific milestones, and we continue to invest in this high-growth proposition.

Sustained growth in Ireland continued, with strong margin increases as this agile team were able to respond fast as demand bounced back.

We continued to digitise our service delivery and investment in technology such as Flexy yielded significant margin growth. Flexy is now a consumer-grade application making it easy for candidates looking for flexible work patterns to find hours that suit them for retail or warehouse work.

Direct Sourcing is increasingly an integral part of an overall talent acquisition strategy for UK organisations. Our new contracts with UCL and EV Metals are good examples of this trend and we expect to see this accelerate in 2023. It enables forward thinking enterprises to showcase their Employer Brand to attract talent and drive their ED&I objectives as well as delivering targeted results. Our work with a major aircraft company on their diversity objective to hire female aircraft fitters delivered high numbers of female applicants and one in every five aircraft fitter hirer since February 2022 is female.

## STEM

Our market-leading scientific, technology and engineering brands – Lorien, SRG and Carbon60 – have all delivered strong results with significant gross profit growth of 27.6% driven by all three brands. 2022 has seen both new client wins and contract extensions supported by increased collaboration across brands.

Growth in STEM permanent contracts was particularly notable with a 50% year-on-year increase, including several permanent hiring projects for existing MSP customers. Supported by our ongoing investment in our RPO service proposition, this enabled us to deliver high-volume contracts in technology and life sciences with our digital and technology business securing 181 new customers during the year.

In support of our goals that there should never be a reason for a customer to leave Impellam our STEM brands retained 100% of all RPO and MSP clients.

In the year, 150 colleagues joined our STEM brands to drive our growth and we continued to invest in our Lorien Academy, offering a six-week training programme to develop the skills needed to become a successful technology recruiter. During 2022, 46 people successfully completed the Academy programme and now enjoy careers with us. This will help ensure we remain well positioned to help our customers meet the continued competition for talent in STEM sectors.

\* Working Futures data.

## Performance reviews continued

# UK & Europe continued

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### Looking forward

We expect our STEM and GMS businesses to go from strength to strength as we respond to talent scarcity and benefit from cross-selling and collaboration opportunities. This collaboration has yielded positive results this year and we see this as key to deepening and expanding our customer relationships in the future. Our more focused portfolio in the UK & Europe leaves us a leaner, more agile organisation with greater capacity to invest in customers, people and technology.

Our investments in STEM coupled with market dynamics mean our industry-leading brands have significant opportunities ahead. Our STEM businesses have a wealth of specialist experience and by bringing together the skill sets of IT and digital specialists, scientists, data specialists, clinicians and engineers, they can provide the innovative solutions customers require in the fast-changing world of work.

### Discontinued operations

#### RSS

The RSS portfolio experienced 16.0% growth in gross profit as a result of a buoyant post-pandemic market. As well as new client wins across the portfolio, all RSS businesses performed well with permanent hiring performing particularly well when compared to prior year. Blue Arrow saw a strong overall performance with significant new customer wins and the business was well-positioned for the return of the catering market. The Tate Service Delivery Centre, that focuses on large national accounts, continued to grow with Tate Professional delivering higher margin business across HR, marketing and finance. Career Teachers was reappointed to the CSS framework for schools, while Chadwick Nott bolstered its team of recruiters and benefited from the salary wars in a competitive talent market.

#### Healthcare

The Healthcare portfolio experienced a particularly high demand for nursing and care staff, alongside a challenging shortage of candidates.

Insourcing, which involves supplying an end-to-end service, delivered on the hospital premises, to help the NHS reduce its long waiting lists for elective procedures, proved to be a successful investment for MGG. In its first full year the insourcing business supported more than 3,500 operations for people on NHS waiting lists for more than two years. There were also extensions for the Covid-19 UK Test and Trace programme and the vaccination programme that ran for much of 2022.

# Asia Pacific



Following the sale of our Healthcare business, Medacs Global Group (MGG) in March 2023, our continuing APAC operation will be focused on our Global Managed Services and digital specialisms, building on the strength of our Guidant Global, Comensura and Flexy brands.

## Overview

Through 2022, the APAC market experienced a significant bounce back in demand and benefited from international borders reopening with candidate mobility possible once again. This resulted in significant revenue and gross profit growth with all brands delivering strong financial and operational progress. Our focus in APAC is to maintain this momentum in our GMS and digital businesses and to broaden our service capabilities in Statement of Work, Services Procurement and RPO whilst building a STEM proposition.

## Financial performance (continuing operations)

The region recorded revenue of £47.1m and gross profit of £10.4m up 30.8%\* on the prior year. Flexy delivered an unprecedented increase in gross profit, up 228% to £1.4m, albeit from a small base. This advance in gross profit delivered adjusted operating profit<sup>Δ</sup> of £2.0m, up a healthy 23.1% on the previous year.

APAC	2022 £m	2021 £m	% change LFL*
Revenue	<b>47.1</b>	16.2	168.8%
Gross profit	<b>10.4</b>	7.9	30.8%
Admin expenses	<b>(8.4)</b>	(6.3)	
Adjusted operating profit <sup>Δ</sup>	<b>2.0</b>	1.6	23.1%
Gross profit %	<b>22.1%</b>	46.7%	
Adjusted operating profit <sup>Δ</sup> conversion ration %	<b>19.2%</b>	20.3%	

# £47.1m

Revenue for APAC in 2022.

\* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate.

## Performance reviews continued

# Asia Pacific continued

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### Market dynamics

2022 represented a year of unprecedented employment growth across Australia and New Zealand. The return-to-work post Covid-19 lockdowns along with a significant drop in immigration throughout the pandemic resulted in a 48-year record high level of employment in Australia.

Consequently, there is an increasingly tight labour market particularly pronounced in healthcare, construction, hospitality and technology. Solid employment growth is projected to continue through 2023 which, along with a return of immigration, will continue to accelerate wage growth. Higher inflation is expected to dampen demand going forward but this will take time to filter through to the buoyant labour market.

Although spending is predicted to slow throughout 2023 as interest rates continue to rise to tackle inflation, a positive GDP growth rate of 4% is expected. Migration will continue to recover with net overseas migration cushioning any slowdown in the labour market.

This tight labour market presents a strong opportunity for our managed services and digital businesses as customers seek alternative methods to reach untapped talent pools.

“

Flexy delivered an unprecedented increase in gross profit.”

## Portfolio review

### GMS

New business wins and expansion of existing customer contracts delivered a strong 2022 for our GMS businesses. A strong finish in the final quarter across our major private and public sector customers means we are well positioned to maintain this momentum into 2023.

Our core public sector customer base provides stable returns on long-term contracts supplying Neutral Vendor supply chain management across contingent labour agency providers. During 2022, we secured a major new contract with City of Canterbury Bankstown, one of the largest councils in Australia which is already one of our top five revenue generators.

Infrastructure projects that were on hold are now coming back on stream, driving demand for contingent labour across our public sector contracts. As we maintained our headcount during Covid-19, we were able to respond immediately and are now benefitting from the return to business as usual.

Our entry into the private sector last year continued to generate strong returns, with revenue up 168% over the previous year as the largest contract in the region, signed late 2021, became operational. This contract with a global mining company has now rolled out across Australia, North America, Canada and Singapore and is set to extend into another major division. It covers engineering and technology resources and in line with the Group focus on STEM, these skills are increasingly part of our major MSP contracts.

### Digital

Our digital direct sourcing and payroll business, Flexy, has maintained its fast-paced trajectory, supporting our MSP customers with payroll provision and enabling them to solve their temporary labour challenges by offering candidates more flexible working patterns. Over 40 councils now use Flexy and we won our first customer in the retail sector when a trial to provide pre-Christmas temporary labour in Sydney was extended for all temporary resources across Australia. 2022 also saw the provision of our EVO vendor management software on a standalone basis. Normally sold as part of an MSP, this is the first time we have provided SAAS to a new Government customer in Australia.

### Looking forward

We anticipate a softer economic slowdown regionally than the rest of the world with the pronounced candidate shortage and high employment rates resisting some of the impact from inflationary pressures. As net migration returns to pre-pandemic levels, we see demand continuing albeit at a slower rate than 2022. We are now a smaller, more focused organisation, with our Managed Services businesses well placed for growth in our core geography of Australia and New Zealand and expansion potential across Asia as our private sector base extends. We have a good foundation from which to build our STEM revenues, both within MSP contracts and as standalone services. Digital solutions remain an important asset to both reduce costs and improve customer service alongside the opportunity to sell these independently to both the public and private sectors.

### Discontinued operations

#### Healthcare

The Healthcare business made good strides in 2022 and delivered strong growth in the region as a result of simplification, streamlining and a return to pre-pandemic activity levels. As internal borders opened up, doctors were able to travel again and we benefitted from the pent-up demand for surgery in particular.

## Chief Financial Officer's review

# A strong financial performance across the Group

### Introduction

Revenue from continuing operations for the year was up 23.2% (20.5%\*) and gross profit increased by 27.3% (19.8%\*), reflecting the buoyant labour market across our regions and high demand for temporary and permanent staff.

To support this growth, we invested in customer-facing staff, adding 268 to our headcount during the year. Our staff productivity (gross profit divided by FTE heads) was higher than in previous years and this, together with tightly controlled costs, meant that adjusted operating profit<sup>A</sup> from continuing operations increased by 38.3% to £27.8m (2021: £20.1m). Operating profit after the amortisation of acquired intangibles was £21.0m (2021: £13.7m).

The difference between adjusted operating profit<sup>A</sup> and operating profit is reconciled on page 129 and relates to the amortisation of acquired intangibles.

### Discontinued operations

We completed the sale of Corestaff in the US to swipejobs Inc. in February 2022, and in January 2023 we announced the sale of our UK Regional Specialist Staffing businesses (Blue Arrow, Tate, Chadwick Nott and Career Teachers) and the UK, Ireland and APAC Healthcare business (MGG) to Twenty20 Capital for a cash consideration of £85.0m on a debt-free, cash-free normalised working capital basis. This sale completed on 3 March 2023. All financials, unless otherwise stated, are based on the continuing operations of the Group.

### Government support

Following support received in 2020 for Covid-19 the Group repaid £3.3m of deferred VAT payments and US\$8m (£5.8m) of federal tax deferred under the CARES initiative. There are no further payments due under these schemes.

### Foreign exchange

Currency movements against Sterling positively impacted our reported performance, largely due to the strengthening of US Dollar against Sterling. Over the course of the year to December 2022, the total impact of exchange movements on gross profit and adjusted operating profit<sup>A</sup> were £8.2m favourable and £1.1m favourable, respectively. Fluctuations in the rates of the Group's key operating currencies versus Sterling continue to represent a sensitivity for the reported performance of our business. By way of illustration, each 1 cent movement in annual exchange rates of the US Dollar impacts gross profit by £0.6m per annum and adjusted operating profit<sup>A</sup> by £0.1m per annum. The exchange rate between the US Dollar and Sterling over the year ended 30 December 2022 averaged US\$1.2372 (2021: US\$1.3757) and closed at US\$1.2077 (2021: US\$ 1.3536). As the Group expands further in overseas territories the impact of changes in exchange rates will increase.

### Capital investment

Capital expenditure on tangible and intangible fixed assets in the period was £11.3m (2021: £5.8m), as we continued our investment in our core systems to further digitalise the business with roll outs of new front office systems, new bill and pay systems and new finance systems. The deployment will continue in 2023, though revisions will take into account the disposed businesses and associated separation plans. As well as some general IT equipment refreshes, we also continued investment in our proprietary vendor management systems (VMS) and the development of our digital platform, Flexy.

The net repayment of finance leases amounted to £5.5m (2021: £7.2m).

\* Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate

## Interest and debt

Net cash generated from operations (including discontinued operations) during the period was £69.1m (2021: £10.2m). During the year final deferred tax payments of £9.1m (2021: £38.9m) were made. Excluding the impact of these tax deferrals, cash generated from operations was £78.2m (2021: £49.1m). Excluding deferred taxes, the conversion of adjusted operating profit<sup>4</sup> to net cash generated is 248.7% (2021: 167.6%). Cash generation from operations was enhanced by an improvement in Days Sales Outstanding (DSO) which stood at 34.8 days (2021: 35.4 days) at the end of 2022.

In addition to the strong operating cash flows £15.4m of cash proceeds (net of disposal expenses) were received following the disposal of Coretaff in February 2022.

Finance expenses for the Group, including discontinued operations, were higher than the prior year at £5.2m (2021: £4.3m). Lease interest was lower at £0.4m (2021: £0.6m) and interest cost on financing facilities increased to £4.5m (2021: £3.5m) as a result of interest rates rises. At the balance sheet date net cash<sup>4</sup>, excluding the adjustments for IFRS 16, was £30.3m compared to £(15.0)m net debt in 2021, an increase of £45.2m.

The net cash flow from operations was primarily utilised as follows:

- Special dividend £25m
- Investment in fixed assets and software development: £11.3m
- Net lease repayment: £5.5m
- Share buybacks: £1.2m
- Net interest paid on borrowings and leases: £4.9m

The Group's operations are financed by retained earnings and bank borrowings. The Group manages working capital requirements through a £182.5m global revolving credit facility (RCF) approved in December 2021. This £182.5m RCF has an accordion element of an additional £40m which is available for three years with options to extend for a further two years. Rates of interest for the RCF are based on SOFRA/SONIA plus a margin calculated on the net debt<sup>4</sup> to adjusted EBITDA<sup>4</sup> leverage. The RCF also includes a letter of credit facility which amounted to £2.7m (2021: £3.0m) at the end of 2022.

### Net cash generated\_£m

**£69.1m**

(2021: £10.2m)

### Net cash\_£m<sup>4</sup>

**£30.3m**

(2021: £(15.0)m)



For more information  
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## Chief Financial Officer's review continued

The Group takes advantage of a number of non-recourse supplier finance arrangements organised by clients of the Group to allow for the acceleration of payment of the Group's receivables. At the end of 2022, we did not utilise these arrangements (2021: £8.2m).

These agreements accrue interest at between 0.65% and 1.75% over SONIA applied to the number of days the drawdown takes place before the due date. During 2022, the Group paid less than £0.1m in other interest (2021: less than £0.1m).

Following the completion of the sale of the RSS and Healthcare businesses in March 2023 the RCF was reduced to £132.5m and the accordion reduced to £30m.

A significant priority for the Group remains the focus on the conversion of operating profit into sustained positive cash flow by controlling working capital. The Group measures three covenants as required by the facility – interest cover, adjusted leverage ratio (defined as net debt<sup>4</sup> less loan notes and restricted cash to adjusted EBITDA<sup>5</sup>) and debtor cover. All covenants were met during the year. Borrowing levels are controlled by the Group Finance department, which manages treasury risk in accordance with policies set by the Board.

The Group's financial liabilities are denominated primarily in Sterling. Exposure to currency risk at a transactional level is generally minimal, with most transactions being carried out in local currency.

### Taxation

The tax charge (including discontinued operations) in the period of £4.1m (2021: £7.1m) represents an effective tax rate of 14.5% (2021: 45.8%) and arises on the Group's activities in the UK and overseas. The higher effective tax rate is driven by adjustments in respect of previous periods, primarily arising from transfer pricing adjustments and a legacy US deferred tax disclosure position. The lower effective tax rate is driven by prior year adjustments to deferred tax on overseas intangibles to calculate the opening deferred tax position at the local rate. Excluding adjustments in respect of previous periods, the effective tax rate is 23.8%.

The Group's contribution to the UK Treasury in the period amounted to £347.4m (2021: £331.9m) and consisted of VAT, income tax, national insurance and corporation tax.

Of this amount, employer's national insurance, apprenticeship levy, irrecoverable VAT and corporation tax totalling £46.9m (2021: £37.7m) was a cost to the business.

### Earnings per share

Continuing basic earnings per share increased to 32.6p (2021: 7.3p) as underlying profit after tax from continuing operations increased by £11.4m. Total Group (including discontinued operations) basic earnings per share increased to 55.9p (2021: 18.3p) with underlying profit after tax increasing by £16.9m.

The weighted average number of shares in 2022 was 45.1m, 0.2m lower than 2021 due to the ongoing share buyback programme. Continuing adjusted earnings per share increased to 44.3p (2021: 18.2p) and reflects the underlying performance of the business, excluding impairment and amortisation of acquired intangibles and their respective taxation impact.

### Capital management

The Group's capital base (note 29) is primarily used to finance its working capital requirement, the key component of which is trade receivables. Trade receivables in the staffing and support services sectors are managed according to a range of DSO targets. Terms of trade are monitored, and the extended payment terms require senior finance approval. In some of the Group's Managed Services businesses, the amounts payable to third party suppliers are not due until shortly after the receipt of the client receivable. As noted above, the Group has committed facilities that ensure there is sufficient liquidity to meet ongoing business requirements. The primary objectives of the Group's capital management are to ensure that it maintains a good credit rating in order to support its business, maximise shareholder value and to safeguard the Group's ability to continue as a going concern.

### Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In coming to their conclusion, the Directors have considered the Group's profit and cash flow plans for the coming period. 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. This is then compared to the bank lending facilities currently committed and expected to be available to the Group.

Following the sale of the RSS and Healthcare business in 2023 the continuing requirements of the Group has been assessed in line with revised profit and cash flow plans and bank lending facilities.

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 impact on Group liquidity and covenants of each of these sensitivities is then evaluated together with the likelihood of each of these occurring either individually or in combination.

On a regular basis, and at least quarterly, the Board reviews updated projections of future borrowing requirements, facility usage and resulting headroom, together with projected covenant compliance; these are based upon the latest actual results and borrowing position supplemented by regularly updated profit forecasts. Based on the above, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

### Dividends and share buyback

Approval was gained at the 2021 AGM to commence an updated programme authorising the Board to purchase up to a maximum of 4,560,363 shares, representing 10% of the issued Ordinary share capital of the Company (as at 17 May 2021) until the earliest of the 2022 AGM or 30 June 2022. Under this programme a total of 188,255 shares were purchased at a value of £0.8m in 2022.

An updated programme was approved at the 2022 AGM authorising the purchase of a maximum of £0.5m of Ordinary shares (by market value) per calendar month until the 2023 AGM. Under this programme a total of 65,360 shares were purchased at a value £0.4m in 2022. A further 106,597 shares have been purchased in 2023 at a value of £0.7m.

On the 8 November 2022 the Board announced a special dividend of 55.4p per share, amounting to £25m, which was paid on 9 December 2022. On 22 December 2022 the Board announced a second special dividend of 55.4p per share, amounting to £25m, which was paid on 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 to be paid on 6 April 2023.

See note 33 Post Balance Sheet Events – Important Information.

### Insurance

The Group maintains a comprehensive insurance programme with several reputable third-party underwriters. Insurance is brokered at a Group level. The Group's insurance policies are reviewed and updated annually to ensure that there is adequate cover for insurable risks and that the terms of those policies are optimised.

### Outlook




We experienced positive trading conditions in 2022 supported by the investments made in revenue generating headcount in 2021 and through 2022 whilst maintaining our focus on cost management. Operational cash flow was strong with further improvements in DSO which enabled an underlying reduction in borrowings and facility levels. This positive cash flow also facilitated returns to shareholders with special dividends totalling £50m paid or proposed during the year. The strategic disposal of the RSS and Healthcare businesses in March 2022 and the cash received, net of a further distribution of shareholders of £35m, will further bolster this position.

### Tim Briant

Group Chief Financial Officer  
27 April 2023

## Principal risks

We recognise that effective risk management is fundamental to delivery of the Group's strategic objectives. Each business segment considers strategic, operational and financial risks on a regular basis, evaluates existing controls and identifies further actions required to mitigate risks. Risks that are considered significant at Group level are set out below.

Threat	Mitigation	Status
<b>Strategic risks</b>		
<p><b>Economic environment</b></p> <p>Global and regional economic conditions can be affected by numerous factors, including political change or unrest, pandemic disease and weather events.</p> <p>Economic uncertainty continues in most nations due to the Ukrainian conflict and political instability in other countries which is clearly a significant risk to our ability to maintain and grow gross profit, either through reduced requirements for temporary staff, by discouraging clients to hire permanent staff, or by encouraging clients to adopt lower cost delivery options.</p> <p>As a result of the pandemic and the conflict in Ukraine, we are now seeing rising inflation and interest rates which will cause more uncertainty for clients and candidates.</p>	<p>Geographical diversity and the Group's mixed portfolio of Managed Services and STEM businesses mitigate the potential impacts of economic changes in specific regions. Risk is further mitigated by the diversity of sectors in which the Group's clients operate and close management of operating costs across all brands and functions.</p> <p>Wage inflation will be incorporated into our billing rates, pricing strategy and governance where it is not already included in the contract.</p> <p>We have completed our refinancing to December 2024. This provides a level of fixed interest rate costs over this period.</p>	H 
<p><b>Political environment</b></p> <p>During the pandemic regional governments applied varying financial stimuli. Countries are now reducing these through fiscal easing and tax rises.</p> <p>There is also increased political uncertainty in Eastern Europe, particularly with the current conflict in Ukraine which could have wider consequences for Western Europe.</p> <p>In the public sector, ongoing financial constraints may limit growth and/or create pressure on margins on existing business.</p>	<p>Management continues to monitor the situation and client contracts allow all state-related pay increases to be charged on.</p> <p>The Group continues to monitor political-related exposures and developments, and communicate with clients, employed staff and candidates where applicable. The Group has no operations in Ukraine or surrounding regions so there is no direct impact on our trading at this time.</p> <p>Our diverse portfolio allows us to pivot our services to support public sector demands.</p>	M 
<p><b>Attracting and retaining talent</b></p> <p>Any constraints on the Group's ability to attract and retain key talent in an increasingly competitive market could result in loss or weakening of client relationships, lack of appropriate leadership and/or erosion of the Group's talent base, impacting achievement of financial and other objectives.</p> <p>Wage inflation is increasing for both colleagues and candidates and we must ensure the business operates in line with market expectations.</p> <p>Planned business transformation initiatives will create a need for new skill sets in the Group in the medium term. Factors such as Brexit and changes to UK immigration rules may impact on the availability of talent more generally.</p>	<p>In 2021, to support investment in our people, we developed an ambitious three-year People Strategy. Significant leadership appointments were made in the areas of culture, equity, diversity and inclusion (ED&amp;I), talent acquisition and development and reward and recognition.</p> <p>The Group's high-retention business model ensures that brands and central functions are focused on talent management and development, performance review and succession planning.</p> <p>Leadership development programmes are in place and the Group's culture of Virtuosity encourages talent development and progression.</p> <p>The Group's ED&amp;I policy is outlined on page 35.</p>	M 

**Risk trend**

H: High risk

M: Medium risk

L: Low risk



⬆ Increased compared to 2020

◀ Stable compared to 2020

⬇ Decreased compared to 2020

Threat	Mitigation	Status
<b>Customer concentration</b> General decline in a particular industry sector, loss of a key customer or a significant reduction in business volume on a key account could result in reduced revenue and/or increased pressure on gross profit.	Management, enabled by the Group's Customer Office, reviews market conditions and sales and account management pipelines on an ongoing basis. 'Top customer' reporting includes analysis by sector and geography, highlighting any emerging exposures.  Management also hold regular meetings with key customers to discuss sales pipelines, current service performance and opportunities to add new service lines or extend existing services. All clients are assessed and credit checked prior to trading, and we hold credit insurance across the Group.	H ⬇
<b>Delivery of strategic projects</b> The Group is committed to investing in a range of strategic transformation projects, such as Digital Core Systems that will drive revenue growth and/or improve operational efficiency. Failure to operate rigorous control and oversight of such projects may result in returns on such investment being lower than expected.	Strategic projects, each owned by a senior leader directly accountable to the Group CEO, are managed using a bespoke IT platform that monitors progress against commitments.  A Group Project Management Office (PMO) oversees and governs our key strategic projects.	M ⬇
<b>Disruptive technology</b> Use of digital technologies in the recruitment market is expanding rapidly and disrupting 'traditional' people-based processes. This trend is expected to accelerate as new technologies are developed and enable new ways of working.  The relevance of relationships between candidates, clients and recruitment agencies are continually changing and any failure by the Group to adapt its business model appropriately could lead to competitive disadvantage.	The Group actively monitors and assesses emerging technologies through both IT and Origin, our innovation hub. The Origin team works closely with the Virtuoso Alliance, IT and across regions. Origin runs pilots and experiments and partners with new service providers. Now under single, global leadership, Digital & Innovation brings together our customer-facing technology solutions under one compelling proposition. We continue to invest in proprietary technology and third-party partnerships.  The Group began implementing the strategic IT Roadmap during 2021, with key deliverables due in 2022 and through 2023. The 'Digital Core' is a substantive rolling replacement for some of our sales, operational and finance systems.  We completed the first phase of this programme during 2021, with initial deployment to business users in Q4, followed by a roll-out programme during 2022 which will continue into 2023. The implementation of new systems in the UK STEM business was completed in 2022. We also moved many of our existing systems to the cloud and exited a large on-premises data centre saving property and technology costs. The Roadmap will now be refined to incorporate the disposal of the RSS and Healthcare businesses.	M ⬇

## Principal risks continued

Threat	Mitigation	Status
<b>Operational risks</b>		
<p><b>Technology systems</b></p> <p>The Group is reliant on many different technology systems that may have limited useful life in a fast-changing business environment. The legacy nature of some systems may also hinder optimisation of end-to-end business processes.</p> <p>Systems may also be vulnerable to factors beyond the Group's control, e.g. power failures or internet connectivity outages.</p>	<p>The Group has a stable systems infrastructure and an ongoing IT investment programme. Core systems are replicated across two geographically separate data centres and regular monitoring of systems performance is undertaken.</p> <p>In 2021 the Group introduced an IT Governance process which continues to operate. The business disposals during 2022 and 2023 will reduce the number of technology systems and reduce the systems landscape.</p>	H 
<p><b>Cyber and information security</b></p> <p>The risk of external cyber-attacks continues to increase. A successful attack could result in loss of sensitive data, business disruption and/or damage to the Group's reputation.</p> <p>The ongoing political situation in Eastern Europe has increased this risk to NATO member countries.</p>	<p>A programme to enhance security of the Group's systems against cyber-attack has been implemented. Ongoing monitoring is in place and regular exercises are undertaken. The Group is ISO27001 and Cyber Essentials Plus accredited.</p> <p>GDPR was implemented across the relevant parts of the Group in 2018 and annual training courses have to be completed by all staff to ensure compliance with GDPR and cyber policies.</p>	H 
<p><b>Business continuity</b></p> <p>A major disruptive event, such as a fire, severe weather or the Covid-19 pandemic affecting one or more of the Group's operating locations, could lead to loss of business and/or adverse impacts on staff and assets.</p>	<p>Comprehensive systems and operational business continuity plans are in place and tested on a regular basis. These are updated at least annually.</p> <p>Following the Covid-19 pandemic, the Group has had three years of working in a hybrid remote environment which has demonstrated the resilience of the business and ability to implement its business continuity plans.</p> <p>The business disposals during 2022 and 2023 will reduce the complexity of the business and potential for systems and operational disruption.</p>	M 
<p><b>Service and contractual complexity</b></p> <p>In certain markets, the Group's clients are becoming increasingly sophisticated in their procurement and buying activity.</p> <p>Competitive tendering activity and commercial contracts are becoming increasingly complex, with longer lead times in decision-making. This necessitates constant development of the Group's service offer, the sophistication of our selling activities and the management of tendering processes.</p> <p>Complexity and changing client requirements also present challenges around measuring and monitoring service delivery and compliance with contract SLAs.</p>	<p>The Group has a standardised contract review process in place involving operational, commercial and legal oversight.</p> <p>The Group also continues to invest in specialist resource to support business development, implementation and service delivery activities.</p>	H 

Threat	Mitigation	Status
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## Regulatory, compliance and financial risks

### Regulatory environment

Regulatory changes can lead to increased costs and workload, particularly where they relate to candidates' rights, eligibility to work or corporate reporting, e.g. payment practices, diversity.

The extension of Off Payroll Working regulations to the private sector in the UK in April 2021 has caused some short-term disruption as both clients and contractors adapted.

In the US, the application and interpretation of the Fair Labour Standards Act (FLSA) results in the potential risk of claims.

In the UK there are risks associated with the application of National Minimum Wage (NMW) as well as regulations associated with operating in the Healthcare sector.

Expansion into new geographies in support of clients' needs brings exposure to unfamiliar regulatory environments.

Legal, Finance and Compliance functions at both Group and brand levels monitor risks and compliance, taking appropriate action where necessary.

Appropriate policies and codes of conduct are in place across the Group and regular training is provided to colleagues.

Process and system changes required to ensure effective management of Off Payroll Working changes have been identified and have been implemented.

External professional advice is sought where insufficient knowledge exists within the Group.

The business disposals in 2022 and 2023 will reduce levels of complexity and risks of non-compliance, particularly associated with the National Minimum Wage and Healthcare regulations.



### Cash and liquidity management

Poor cash and liquidity management along with rising interest rates may result in pressure on the Group's credit facilities and/or operational cash flow issues.

The Group has a central Treasury function in place with regular forecasting, reporting and review procedures.

The Group also maintains a revolving credit facility with a syndicate of banks to provide additional flexibility in its funding arrangements. This was renewed at the end of 2021 for a further three years to December 2024 with the option to extend for a further two years.

A Group Credit Policy sets out the policies and procedures that must be implemented across the Group to mitigate credit risk.



### Financial control

A failure of financial control could lead to a material loss to the business.

The Group operates several shared services arrangements where transaction processing and management accounting are independent of operations.

A clearly defined schedule of delegated authority limits for various types of decisions and transactions is in place and appropriate segregation of duties is maintained in all finance processes.

Key business processes are subject to periodic internal audit review with clearly defined action plans established to address any control weaknesses.



## Stakeholder engagement and our S172 statement

### Introduction

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision-making. We believe we have a history of collaborative, informative stakeholder engagement, and make decisions based on long-term success, whilst maintaining governance structures and processes that support good decision-making

This section articulates how the Directors have acted to promote the success of the Group for the benefit of its stakeholders. In meeting this responsibility, the Directors have had regard, amongst other matters, to:

- a. the likely consequences of any decisions in the long term;
- b. the interests of the Group's colleagues;
- c. the need to foster the Group's business relationships with suppliers, customers, candidates and others;
- d. the impact of the Group's operations on the community and environment;
- e. the Group's reputation for high standards of business conduct; and
- f. the need to act fairly between members of the Group.

### Stakeholder engagement

Impellam's stakeholders are clients, candidates, colleagues, suppliers, investors and lenders and the Board recognises the need to regularly engage with its stakeholders as it makes decisions. We develop and encourage long-term relationships with our stakeholders based upon Impellam's vision 'to be the world's most trusted workforce and specialist recruitment solutions group – trusted by our people, our clients and our investors in equal measure'.

As part of this vision, our stakeholders' interests are at the forefront when the Board of Directors set the strategic priorities of the Group. The strategic priorities: Enabling our Virtuosos; Transforming our Portfolio; and Improving Resilience – include consideration of the key stakeholder groups and how we engage with them.

In addition to regular stakeholder engagement, as the Board of Directors, our intention is to consider our operational impacts on the community and environment, and our wider societal responsibilities, in particular, how we impact the regions we serve. We support our communities by finding them good work, supporting local corporate social responsibility initiatives, and ensuring our impact on the environment is minimal, as demonstrated by our ISO 14001 accreditation.

### Principal decisions in 2022

The Board considered the interests of, and the impact on, all stakeholders when making a number of key decisions during the year.

#### Sale of Corestaff

On 24 January 2022 we announced the sale of Corestaff, our US-based Light Industrial business to swipejobs Inc., a US private digital staffing business.

#### Stakeholder considerations:

##### Colleagues

By combining market-leading technology with the deep heritage and staffing know-how of the Corestaff teams, the transaction allows Corestaff to expand its service offering and reach in a highly competitive market. For remaining colleagues the business is focused on the strategic growth areas of STEM and GMS.

##### Clients, candidates and suppliers

The transaction will give enhanced geographic reach which will benefit our clients, candidates and suppliers and continue to deliver effective services and results.

##### Investors and lenders

The proceeds of the sale will be used to pay down net debt<sup>a</sup> and return value to our shareholders and manage our lender requirements.

Our business in North America can focus on our digitally enabled, high-value STEM and Global Managed Services markets.

#### Outcome

Due to the scale and limited geographic footprint of Corestaff in North America, we consider our colleagues and clients will benefit from enhanced geographic reach for their light industrial staffing requirements coupled with an accelerated digital transformation enabled by the sale.

## Sale of regional specialist staffing and healthcare businesses

On 30 January 2023 we announced the agreement to sell our Regional Specialist Staffing businesses in the UK (Blue Arrow, Tate, Chadwick Nott, Career Teachers) and our Healthcare Staffing business in the UK, Ireland and APAC (Medacs Global Group) to Twenty20 Capital, one of Europe's largest specialist investment funds focused in the human capital services sector. The sale completed on 3 March 2023.

### Stakeholder considerations:

#### Colleagues

Colleagues will benefit from being part of a more focused global workforce and specialist recruitment group business with opportunities to invest in people and technology, customer solutions and ways of working suited to the sectors within which they operate.

#### Clients, candidates and suppliers

The ongoing, more focused portfolio will enhance interaction with clients, candidates and suppliers and allow further investments in technology and people which will enhance our STEM and Global Managed Services offering.

#### Investors and lenders

The proceeds of the sale will be used to return value to our shareholders as dividend payments and pay down net debt<sup>1</sup> to manage our lender requirements and reinvest in the business.

#### Outcome

The remaining Group will benefit from being more focused on key growth markets and verticals creating increased agility and efficiency to deliver higher margins and return on capital. The Group is now a digitally enabled and collaborative workforce solutions and specialist recruitment group dedicated to Managed Services and STEM.

## Special dividend

During the year two special dividends were declared which will return £50m to shareholders. This follows a five-year period where no dividends have been declared or paid.

### Stakeholder considerations:

#### Colleagues

The financial performance of the Group is key to colleague retention and ongoing investment and the special dividend recognises our commitment to deliver to our people, customers and investors.

#### Clients, candidates and suppliers

Whilst not having a direct impact on this group the declaration of a dividend should build market confidence for all our stakeholders as a strong reflection of the financial stability of the Group.

#### Investors and lenders

The declaration of a special dividend returns value directly to the shareholders, providing them and the market with confidence in the Group's ability to return value on investments. The lenders have reduced exposure due to the reduction in the revolving credit facility which reflects the smaller size of the Group.

#### Outcome

The first dividend (£25m) was paid in November 2022, with the second (£25m) paid in January 2023. A further special dividend of £35m was declared with the announcement of the sale of RSS and MGG and will be due for payment in March 2023.

## Stakeholder engagement and our S172 statement continued

Stakeholder group	Why they are important	How we engage
<b>Clients</b>	We work with our clients to find people for good work to help them build better businesses. We retain them, continuing to understand their evolving requirements.	We review client satisfaction and our performance either quarterly, biannually, or annually. This is supported by feedback via face-to-face meetings, Net Promoter Scores and surveys.
<b>Colleagues</b>	Our colleagues are fundamental to the delivery of our vision, mission, strategic and financial promises to our stakeholders.	Our mechanisms for engaging with colleagues include: a shadow board, the Virtuoso Alliance, colleague councils across the Group, surveys, Net Promoter Scores and Best Companies' surveys, our communication and collaboration platform, Workplace, town hall meetings and our global newsletter, Strategy in Action.
<b>Candidates</b>	Through the power of work our mission as a business is to 'build better businesses and help people lead more fulfilling lives' which includes the people we provide good work for, through to our customers.	We engage with our candidates through face-to-face and virtual meetings and by using Net Promoter Scores, real-time feedback and surveys, via our websites and apps that digitise the job-seeking process.
<b>Suppliers</b>	We depend on a complex network of partners to meet our needs – whether they are supplying stationery or finding people for our customer programmes. We place the highest expectations on our supply chain and, in turn, we treat them as real partners.	All suppliers are expected to abide by our Supplier Code of Conduct. In 2020, we introduced audits of key suppliers not only to measure their progress against the Code of Conduct but also to give them coaching and guidance, where necessary, in achieving the standards we expect.
<b>Investors and lenders</b>	Access to capital through the capital markets and our lenders is important to the long-term success of our business.	The Board has regular meetings with our institutional investors and lenders to explain the Company's strategy, progress and plans, and to share how we are addressing market challenges.  The Annual General Meeting is open to all investors.  Shareholders can view relevant information about Impellam in the Investors section of <a href="https://www.impellam.com">impellam.com</a> .

## Responsible business report

# Responsible Business

Our commitment to sustainability underpins our responsibility to build long-term value for all our stakeholders, supported by sound policies, good governance and positive actions.

## People and culture

### Colleague engagement and communications

All 2,000 Impellam people across the world are connected by Workplace, an internal social network. Workplace combines the structure of a traditional intranet with the capabilities of Enterprise-wide Social Networking software: a place to organise and disseminate information securely, and where our people can connect, communicate and collaborate. Our Group CEO holds quarterly strategy briefings with all our people and connects with them on a regular basis through Workplace, using video and written updates, wellbeing check-ins, a monthly newsletter, live Q&A sessions, and other multimedia to provide strategic information and financial updates. Our managers hold regular one-to-one meetings with their people in addition to team meetings, wider business-area conferences and town halls to facilitate sharing of information, consultation, and two-way communication, supported by tools like OpenBlend, a coaching platform.

The Virtuoso Alliance (our shadow board) operates alongside the Leadership Team to provide opinions, ideas, insight and observations on the world in which we operate. Its 12 members make sure our Group CEO and the Leadership Team remain connected to our colleagues and, in turn, our customers and candidates. The Impellam communications model and associated technology means we can connect with our colleagues quickly, wherever they are. The platform and communication strategy facilitates faster knowledge sharing, communication and collaboration. This dynamic approach to communications is key to our strategy and culture of enabling our Virtuoso to achieve our vision of becoming the world's most trusted staffing company.

## Equality, diversity and inclusion (ED&I)

We actively encourage diversity in the workplace and have a wide and varied colleague base with a variety of social and ethnic groups represented at all levels of the business. We believe that breaking down the barriers that have traditionally restricted access to the labour market will encourage job opportunities for all. Our Business Resource Groups (BRG) and Unity Council include representation from our key regions: North America, APAC, and UK & Europe. Under the direction and leadership of our Group CEO the BRGs bring together ED&I leadership and governance balanced with Group-wide, regional and brand-specific actions. Our strategy is based on data, qualitative intelligence from a global survey, participation from regional committees and aims to make Impellam a more diverse and inclusive business wherever we operate. We continue to be recognised for our ED&I efforts receiving several accolades in the year. In 2022, Guidant Global was ranked as the top EMEA talent solutions provider for diversity and inclusion (D&I) in the TALiNT Partners Talent Solutions Power List as well as being named Disability Confident Leader.

## Training

We provide our people with a multi-faceted and agile development pathway to enable high performance and increase retention of our people and customers alike. Our approach to sustainable development is through fostering a culture of curiosity. We offer a blend of digital 'on demand' learning complemented by live digital coaching and in-person resources. The 'Initiate and 'Enhance' learning collections encourage people to be freed from old habits, unlock their potential, and thrive through change. In 2022, we refreshed our leadership development programme and launched the 'Inspire Collection'. As a result, 65% of our managers have embarked on this personalised learning journey focusing on the key areas of Virtuoso leadership – emotional intelligence, coaching and leading change.

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# 2,000

Impellam people across the world.

## Responsible business report continued

### Our culture of Virtuosity

At the heart of our integrated, collaborative business model is a virtuous circle of making and keeping promises, engendering trust and loyalty. By keeping our promises, we retain clients, candidates, colleagues and investors for longer, and reap the benefits of that longevity. Our culture of Virtuosity is created by passionate people who are committed and driven to find better ways to deliver the right solutions. We make sure that the 'Beautiful Basics' are in place and deeply embedded in all of our businesses, all of the time, and we invest to sustain and enhance our business, underpinned by innovation in our combined portfolio of services.

### Modern slavery

As part of the Group's mission to find people fulfilling work, we strongly oppose modern slavery in all its forms and will try to prevent it by any means that we can. We expect anyone who has any suspicions of modern slavery in our business or our supply chain to raise their concerns without delay. In line with the Modern Slavery Act 2015, we annually review internal and external measures to ensure we are doing what we can to prevent slavery and human trafficking in our businesses and in our supply chains. Our policy is available on our website at [www.impellam.com](http://www.impellam.com).

### Health and safety

We are committed to meeting all the requirements of relevant health and safety legislation. Formal policies are in place throughout the Group and they are regularly reviewed and updated to reflect changes in legislation and best practice. The Group requires all colleagues to comply with these.

### Anti-bribery

We have a commitment to carrying out business fairly, honestly and openly. We also have zero tolerance towards bribery. Our Bribery Policy is in place to provide relevant guidance and information to all our people in compliance with the law relating to bribery and corruption, in particular the Bribery Act 2010 ('the Act'). We are determined to maintain our reputation as a business that will not tolerate fraudulent or corrupt dealings – whether they are attempted against us from outside, from within our own workforce, or towards our clients or suppliers.

### Community

Impellam brands individually work with charities that support local communities and come together as a group when a big impact is needed.

Following the invasion of Ukraine, Impellam people quickly mobilised a cross-brand taskforce to help displaced Ukrainian people find jobs in the UK. A digital campaign was quickly launched, complete with a chatbot in Ukrainian, and a Ukrainian national was brought into the team to provide additional support to those arriving in the UK with CV writing and interviews. Many people have been supported to navigate job seeking in a new country. All profit from placing refugees, combined with an employee donation match scheme, has generated £27k for the International Red Cross.

Other community support initiatives have included inspiring the next generation of STEM talent with school visits, mock interviews and learning to code, work with HMP Drake Hall on inmate rehabilitation, taking part in Impellam-sponsored Pride marches and cleaning beaches in the UK and Australia.

Impellam people have an additional day of paid leave that they can use specifically for volunteering. They have used this time to raise money for charities through running, swimming, cycling and walking, as well as making donations to foodbanks around the UK to help with the cost-of-living crisis.

A colleague from Guidant Global beat his own world-record finishing time for completing the London Marathon in a non-racing wheelchair, raising money for WhizzKids.

### Environment

Although we are a service-based organisation with no manufacturing facilities and limited transportation requirements, we are still committed to following environmental best practices in the day-to-day conduct of our business. This includes the use of sustainable and/or recyclable materials when available. A regular review of the potential impacts on the various businesses is undertaken and parts of the Group have achieved accreditation to ISO 14001 in relation to their environment management systems.

### 2022 energy and carbon reporting

This year we have calculated our environmental impact across Scope 1, 2 and 3 (selected categories) emission sources for the UK only. Our emissions are presented on a location basis (using the UK grid emissions intensity) and our emissions are 894,249 kgCO<sub>2</sub>e (2021: 969,569 kgCO<sub>2</sub>e), which is an average impact of 442 kgCO<sub>2</sub>e per £m revenue (2021: 582 kgCO<sub>2</sub>e per £m). We have calculated the emission intensity metrics on both a revenue and colleague basis, which we will monitor to track performance in our subsequent environmental disclosures. The methodology used to calculate the Greenhouse Gas (GHG) emissions is in accordance with the UK Government GHG Conversion Factors for Company Reporting (2022).

## Energy and carbon action

Our focus in the past year has been to extend and encourage working behaviours that are less impactful, which has resulted in us being able to continue to rationalise our property footprint which continues to decrease as leases expire. Where the need for a physical location remains, we have looked to share spaces across multiple operating businesses and increasingly utilise serviced offices and workspaces. Most businesses have also reduced the amount of time they're physically in the offices, which itself drives reductions in energy consumption.

Whilst not directly affecting the Scope 2 emissions reporting, the Group completed its first full financial year of purchasing 100% renewable electricity generated only through wind, solar and hydro for all of its UK operations.

The business has also had in place an electric vehicle salary sacrifice scheme available to all UK employees and to support this initiative have invested in and installed nine EV Charging Points at the UK Head Office.

Finally, the Group intends to fulfil its promise of achieving Carbon Neutrality and we will be offsetting our carbon emissions as stated above utilising the PAS2060 framework which will be published on our website in due course.

The business remains committed to achieving Net Zero by 2050 and work will continue on the development and delivery of a Net Zero strategy this year. The Group will also continue to implement and formalise new processes in preparation for our first TCFD reporting cycle in 2024, as well as participating and reporting under the third phase of the Energy Savings Opportunity Scheme (ESOS) throughout the year. The business will continue its process of removing all company provided vehicles with the aim of having no owned or leased vehicles by the end of 2023 and will continue to offer the EV scheme to all employees.

## Emissions and energy usage

Emission source		2022	2021
Scope 1 (kgCO <sub>2</sub> e)	Company and leased vehicles	198,801	99,656
	Gas combustion	185,295	237,835
<b>Total Scope 1 (kgCO<sub>2</sub>e)</b>		<b>384,096</b>	<b>337,491</b>
Scope 2 (kgCO <sub>2</sub> e)	Electricity	283,044	576,976
Scope 3 (kgCO <sub>2</sub> e)	Colleague cars	227,109	55,102
<b>Total kgCO<sub>2</sub>e</b>		<b>894,249</b>	<b>969,569</b>
<b>Total energy usage (kWh)</b>		<b>4,299,344</b>	<b>4,631,709</b>
Normaliser	kgCO <sub>2</sub> e per £m revenue	442	582

## Task Force on Climate-related Financial Disclosures (TCFD)

TCFD reporting is important to effective ESG and climate risk management. It will also help us to meet the growing stakeholder demand to understand how climate change could affect Impellam as well as the effects our operations have on the climate.

In 2022 we continue the initial steps on the roadmap to TCFD reporting and will include the required TCFD disclosures when Impellam falls in scope for the financial year 2023. The Group will continue to monitor the significance of climate-related risks (including existing and emerging regulatory requirements), implement mitigating activities, and disclose in line with materiality to the Group. At present, these risks are not considered to have a material impact for the Group.

This Strategic report from pages 1 to 37 was approved by the Board on 27 April 2023 and signed on its behalf by:



**Tim Briant**  
Company Secretary

800 The Boulevard,  
Capability Green,  
Luton,  
Bedfordshire  
LU1 3BA

The primary responsibility of the Chair is to lead the Board effectively and this includes overseeing the adoption, delivery and communication of the Company's corporate governance model.

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## Corporate governance

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For more information visit  
[www.impellam.com](http://www.impellam.com)

## Governance report

# Corporate governance

The Chair ensures that the Board as a whole plays a full and constructive part in the development and determination of the Company's strategy and overall commercial objectives.

The Board has overall responsibility for Corporate governance within the Group and this is underpinned by a framework aligned to the Company's objectives, strategy and business model and to the principal risks and uncertainties faced by the Company. The full Board retains certain matters for

its own review and decision-making while other responsibilities are delegated to sub-Committees of the Board, namely the Audit Committee and the Remuneration Committee. As a company whose shares are traded on the AIM market of the London Stock Exchange, the Company complies with the Quoted Companies Alliance ('QCA') Corporate Governance Code ('the Code') and its Statement of Compliance with the Code can be found on the Company website [www.investors.impellam.com/corporate-governance/](http://www.investors.impellam.com/corporate-governance/)

### Audit Committee

- Oversees the Group's internal risk and controls strategy, including whistleblowing arrangements
- Reviews the Annual Report and interim financial statements prior to submission to the full Board
- Reviews reports from the external auditor
- Reviews the Group's risk register
- Approves financial policies
- Sets and reviews the activities of internal audit



Audit Committee  
page\_46

### Board of Directors

- Monitors and reviews the strategy and its development, the financial and operational performance of the Company and risk management
- Monitors and reviews internal and external factors that affect the Company
- Sets standards, values and policies.
- Ensures the Company is meeting its objectives and has the correct resources in place
- Approves financial policies
- Reports to shareholders
- Oversees internal controls
- Responsible for corporate governance

### Remuneration Committee

- Sets, reviews and recommends to the Board remuneration for Directors and other senior executives, and sets overall remuneration strategy and policy for the Group



Remuneration Committee  
page\_48

### Strategy and Development Team (VUCA)

- Devises the Group strategy and financial plan for approval by the Board
- Approves the strategic and financial plans of the sub-brands and Divisions and monitors the implementation and delivery of those plans
- VUCA (Volatile, Uncertain, Complexity, Ambiguity) focuses on Impellam's overriding strategic and financial promises for the mid-long term and the challenges and opportunities the team sees to achieve the promises

### Senior Leadership Team

- Responsible for the day-to-day management of the Group and its operations
- Implementation of the strategy and financial plan

### Virtuoso Team (Virtuoso Alliance)

- Provides advice, guidance and a fresh perspective to the Group CEO, our Executive Team and Board on our strategic priorities and their impact on the business, our customers, the industry and the wider world of work

### Investment Committee

- Reviews and monitors strategic investments and makes investment decisions

## Board of Directors

### Lord Ashcroft KCMG PC

Non-Executive Chairman

Appointed: December 2014

Lord Ashcroft is an international businessman, philanthropist, author and pollster. His many, varied business interests include significant investments and participation in both public and private companies in the UK, US and the Caribbean. He was appointed Non-Executive Chairman of the Company in December 2014. In 2012, he was appointed a member of the Privy Council and was made the Prime Minister's Special Representative for Veterans' Transition, working with all departments to ensure military personnel receive the support they need when making the transition to civilian life. He stepped down from this role in 2018. Lord Ashcroft supports a wide range of charities, including those dealing with crime prevention and education. He is the founder and Chairman of Trustees of both Crimestoppers and the Ashcroft Technology Academy, a former Patron of the Forces in Mind Trust Research Centre, Vice Patron of the Intelligence Corps Museum, a Trustee of the Cleveland Clinic in the US and a Life Governor of the Royal Humane Society. He resigned from the House of Lords in 2015 to concentrate on other areas of his work. He is a former Trustee and President of the West India Committee, a former Trustee of Imperial War Museums and former Chancellor of Anglia Ruskin University (which awarded him an Honorary Doctorate in 1999). In 2016, Lord Ashcroft was made Knight Grand Cross of the Most Sacred Order of the Holy Trinity (Ethiopia) and a Fellow of the Royal Canadian Geographical Society. In 2017, he was made a Senior Fellow of the International Strategic Studies Association and in the same year he became an Honorary Belize Rotarian. In 2021 he was promoted to Grand Collar of the Most Sacred Order of the Holy Trinity (Ethiopia). He has written 26 books, mainly on politics and bravery, and is widely respected for his political polling.

### Julia Robertson

Group Chief Executive Officer

Appointed: April 2013

Julia Robertson was appointed as Group Chief Executive Officer in April 2013 having previously been responsible for the Group's IUK operations between 2008 and 2013. Julia's career in recruitment spans some four decades, always driven by the burning belief that there has to be a 'better way'. This belief has guided her through her entire career which has included founding her own recruitment business in 1986 which was sold to the Group alongside Tate in 2000, and also serving as Chief Executive of the Institute of Employment Consultants (now known as the REC), the professional body for the UK recruitment industry.

### Tim Briant

Chief Financial Officer and  
Group Company Secretary

Appointed: February 2020

Tim Briant joined the Group on 1 October 2019 and was appointed to the Board on 3 February 2020 as the Group Chief Financial Officer. Tim is a Chartered Accountant and has over ten years' experience working within the recruitment sector within listed and private equity backed global recruitment companies. Tim spent over ten years at Adecco in a number of finance roles, eventually becoming CFO of Adecco UK and Ireland. Prior to this Tim worked for Spring Group plc, a listed recruitment company, where he was Group Financial Controller and Company Secretary and played a key role in its acquisition by Adecco. Prior to this Tim worked at KPMG in audit and transaction services. Tim has a strong background in mergers and acquisitions and business integration having been involved in the disposal and subsequent integration of Spring Group plc to Adecco and the acquisition and integration of Penna plc by Adecco.

Tim Briant was appointed as Company Secretary on 3 March 2023.

### Mike Ettling

Independent Non-Executive Director

Appointed: September 2013



Mike Ettling was appointed a Non-Executive Director of the Company in September 2013. With strong sector and non-executive experience, Mike was President of SAP-Success factors globally. He has had an extensive executive career in global technology businesses including at NGA HR, Unisys, Synstar and EDS and was formerly a Non-Executive Director of Backoffice Associates LLC, a US PE-backed data business, and also formerly a Non-Executive Director of Telkom BCX Ltd, a South African IT and telecommunications business. Mike is currently CEO of Unit4, a world leader in enterprise applications for services and people organisations. He is also a Non-Executive Director of NCC Group PLC, a London listed cyber security business.

## Key to Committee membership

- ☒ Audit Committee      ☐ Chair of Audit Committee  
☒ Remuneration Committee      ☐ Chair of Remuneration Committee

**Angela Entwistle**

Non-Executive Director

Appointed: September 2012



Angela Entwistle was appointed a Non-Executive Director of the Company in September 2012. Angela is a Corporate Communications Specialist working with companies in the private sector. She is Chair of Total Politics, a media, events and training company focused on politics, government and public policy which also owns Biteback Publishing Limited, Britain's leading publisher of political and current affairs titles and Conservative Home, Britain's leading independent conservative news, comment, analysis and campaigns blog. She is a Non-Executive Director of Carlisle Support Services, one of the leading suppliers of value-added solutions across the public and private sectors in the UK and Ireland and a Non-Executive Director of Merit Group plc, a data and intelligence business. Angela was Corporate Communications Director of ADT Limited, an international business services company and the world's leader in electronic security solutions, from 1986 to 1997. Angela is significantly involved in a number of charities including acting as Trustee and Deputy Chair of Crimestoppers, the only UK charity dedicated to solving crimes, and Trustee of Prospect Education (Technology) Trust Limited, the umbrella charity of the Ashcroft Technology Academy. Angela is not considered to be independent due to her links with the major shareholder.

**Michael Laurie**

Independent Non-Executive Director

Appointed: July 2014



Michael Laurie was appointed a Non-Executive Director of the Company in July 2014. He is also Non-Executive Chairman of SUSD Limited, a property development company that promotes sustainable architecture. Michael was an army officer for 34 years. He held the role of Major General at the Ministry of Defence until 2003, when he became the CEO of the Crimestoppers Trust, retiring from that position in 2013.

**Baroness Tina Stowell of Beeston MBE PC**

Independent Non-Executive Director

Appointed: October 2017

Tina Stowell has held a number of senior positions in media and government throughout her career. Since 2011, she has been a member of the House of Lords and was Leader of the House from 2014 to 2016. Before entering the House of Lords, she worked at the BBC between 2001 and 2010 and was Head of Corporate Affairs. She is a Non-Executive Director of ABTA and was Chairman of the Charity Commission for England and Wales until February 2021.

**Rebecca Watson**

Group Company Secretary and General Counsel and Portfolio CEO





Appointed: May 2008; Resigned: March 2023







Rebecca Watson was appointed as Group Company Secretary and General Counsel of the Company in May 2008. She spent the previous five years as Company Secretary and General Counsel for The Corporate Services Group Plc, having joined the Group in 1998 as Company Solicitor. In addition, in July 2018 she was appointed Portfolio CEO responsible for the Regional Specialist Staffing brands within the Group. Prior to this, she was in a private practice, acting for a range of corporate clients. She has been a qualified solicitor since 1993.

Rebecca resigned as Group Company Secretary on 3 March 2023.

## Corporate governance statement continued

# QCA Code Compliance

QCA principle	Explanation	Further reading
<b>Deliver growth</b>		
<b>1</b>	Establish a strategy and business model which promote long-term value for shareholders.	By providing staffing solutions and support to both clients and candidates across a wide spectrum of markets, we provide good work for our candidates and people for our clients.
		 For more information <b>page_10</b>
<b>2</b>	Seek to understand and meet shareholder needs and expectations.	The CEO and CFO communicate regularly with shareholders, investors and analysts. The full Board is available at the Annual General Meeting ('AGM') to communicate with shareholders.
		 For more information <b>www.investors.impellam.com/corporate-governance/</b>
<b>3</b>	Take into account wider stakeholder and social responsibilities and their implications for long-term success.	In addition to our shareholders, our clients, candidates, contractors, suppliers and colleagues are our most important stakeholders. We engage with these communities via regular communications in our day-to-day activities, and via formal feedback requests.
		 For more information <b>page_34</b>
<b>4</b>	Embed effective risk management, considering both opportunities and threats, throughout the organisation.	Ultimate responsibility for risk management rests with the Board, but day-to-day management of risk is delivered through the way we do business and our culture.
		 For more information <b>pages_28 to 31</b>

QCA principle	Explanation	Further reading
<b>Maintain a dynamic management framework</b>		
<b>5</b>	Maintain the Board as a well-functioning, balanced team led by the Chair.	The Board has two established Committees for Audit and Remuneration. The composition and experience of the Board is reviewed regularly.  For more information <b>pages_46 to 49</b>
<b>6</b>	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	The Board is satisfied that its current composition includes an appropriate balance of skills, experience and capabilities.  For more information <b>pages_40 and 41</b>
<b>7</b>	<i>Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.</i>	<i>The Board regularly considers the effectiveness and relevance of its contributions, any learning and development needs and the level of scrutiny of the Senior Management Team.</i>  For more information <b>pages_44 and 45</b>
<b>8</b>	Promote a corporate culture that is based on ethical values and behaviours.	Our internal social network (Workplace) sets out our corporate values and behaviours, which are reinforced via training and performance management.  For more information <b>page_35</b>
<b>9</b>	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	The Board is responsible for the Group's overall strategic direction and management, and for the establishment and maintenance of a framework of delegated authorities and controls to ensure the efficient and effective management of the Group's operations.  For more information <b>page_39</b>
<b>Build trust</b>		
<b>10</b>	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	The Investors section of our website includes our results, presentations and communications to shareholders. We release the results of general meetings through a regulatory news service and also on the Regulatory News section of our website.  For more information <b>www.investors.impellam.com/</b>

## Corporate governance statement continued

# Governance report

The Board of Directors currently comprises the Non-Executive Chairman, two Executive Directors and four other Non-Executive Directors. The Board is responsible for overseeing the management of the Group's strategy and its businesses, reviewing trading performance, ensuring adequate funding, maintaining a system of internal controls and risk assessment, ensuring good Corporate governance and reporting to shareholders. The Board meets when required and at least eight times per annum, either in person or virtually. The annual minimum time commitment is nine days for the Non-Executive Directors based on eight Board meetings per annum and the AGM. They are also required to spend appropriate preparation time ahead of each meeting. The Executive Directors are full-time colleagues. During the period ended 30 December 2022, the Board met on eight occasions. Relevant high-quality information, consisting of detailed reports and presentations, is circulated to the Directors in advance of meetings by the Company Secretary. The number of scheduled Board meetings and Committee meetings attended as a member by each Director during the period are set out below:

	Board	Audit Committee	Remuneration Committee
Lord Ashcroft	7 (8)	n/a	n/a
Julia Robertson	8 (8)	n/a	n/a
Tim Briant	8 (8)	3 (3)	n/a
Angela Entwistle	8 (8)	n/a	1 (1)
Mike Ettling	8 (8)	3 (3)	n/a
Michael Laurie	8 (8)	3 (3)	1 (1)
Baroness Stowell	8 (8)	n/a	n/a

Figures in brackets indicate the maximum number of meetings the individual could attend in the period.

The Non-Executive Chairman and Angela Entwistle are not considered to be independent due to their links with the Company's major shareholder. All the other Non-Executive Directors are considered to be independent. Mike Ettling has served as a Non-Executive Director for more than nine years and the Board do not consider his long service as an impairment to his independence.

The role of the Chairman is to lead the Board and ensure its effective operation. In chairing the Board, the Chairman is responsible for setting the agenda, style and tone of the Board discussions and ensuring that all Directors receive clear, accurate and timely information. The Chairman is responsible for ensuring effective communications with shareholders. On appointment, the Directors receive relevant information about the Group; the role of the Board and the matters reserved for its decision-making; membership of the principal Board

Committees and the powers delegated to those Committees; the Group's Corporate governance policies and procedures and the latest financial information. Throughout their period in office, the Directors are regularly updated on the Group's business and the environment in which it operates.

All Directors receive regular and timely information on the Group's operational and financial performance and any legal or governance requirements of the Group and those which affect them as Directors.

The Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer and are able to take professional advice in the furtherance of their duties at the Company's expense, where required. The Board is satisfied that, between the Directors, it has an executive and appropriate balance of skills and experience, including in the areas of HR, technology, finance, communications, media and government.

The Board seeks advice from external sources on matters as they arise in the business, including legal and accounting advice. During the year legal and regulatory advice was taken in connection with the business disposals. There is an appropriate gender balance with the Board consisting of four male and three female members.

The biographies of all Directors appear on the Company investor website: [www.investors.impellam.com](http://www.investors.impellam.com). The Company Secretary acts as the secretary to the Board and its Committees, provides legal and governance support to the Board as a whole and Directors individually, and ensures the Group complies with all relevant legal, regulatory and governance requirements. The Chairman assesses the individual contribution of each of the members of the Board to ensure a well-balanced and committed team.

The Board has carried out an annual assessment of its performance to ensure its members collectively function in an efficient and productive manner.

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision-making. Within our Section 172 report we set out how the Directors have addressed key decisions that are consistent with the Company's objectives, strategy and the overall culture. We believe we have a history of collaborative, informative stakeholder engagement and decision-making based on long-term success, and we maintain governance structures and processes that support good decision-making. This Section 172 report articulates how the Directors have acted to promote the success of the Group for the benefit of its stakeholders.

In meeting this responsibility, the Directors have had regard, amongst other matters, to:

- the likely consequences of any decisions in the long term;
- the interests of the Group's colleagues;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and environment;
- the Group's reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

Results of the AGM appear on the Company investor website: [www.investors.impellam.com](http://www.investors.impellam.com) with between 99.67% and 100% of votes cast being for the resolutions.

### Board tenure as at March 2023 (or date of resignation)

Lord Ashcroft KCMG PC	8 years, 3 months
Julia Robertson	9 years, 11 months
Tim Briant	3 years, 1 month
Angela Entwistle	10 years, 6 months
Mike Ettling	9 years, 6 months
Michael Laurie	8 years, 8 months
Baroness Tina Stowell	5 years, 5 months
Rebecca Watson – Company Secretary (resigned 3 March 2023)	14 years, 10 months

### Re-election of Directors at the 2023 AGM

In accordance with the Company's Articles of Association and the principles of the Code, all Directors of the Company will offer themselves for re-election by shareholders at the 2023 AGM. The Board is satisfied that each Director is qualified for re-election by the quality of their skills, experience and commitment to the Board.

### The Board and its Committees

#### Board evaluation

The performance of the Board, its Committees and individual Directors were reviewed at the Board meetings in April 2022. The Board recognises the importance of the evaluation to help the Board continuously improve its and the Company's performance and to address any areas where necessary. In its evaluation the Board considers a number of areas including the balance of the membership, its effectiveness as a team, strategy and purpose and stakeholder engagement. Objectives going forward are agreed and a review of succession planning undertaken. No recommendations were made following the review. The roles of the Chairman and Chief Executive are separate, with a clear division of responsibilities between them. This separation of roles enhances the independent oversight of executive management by the Board and more closely aligns

the Board with shareholders. It also means that no one individual within the Company has unfettered powers of decision-making.

### Internal control

The Board has responsibility for the Group's overall system of internal controls and for reviewing their effectiveness. They recognise that the system is designed to manage and mitigate, rather than eliminate, the risk of failure to achieve business objectives. It can provide only reasonable and not absolute assurance against material financial misstatement or loss. The Board has established an organisational structure with clear *Terms of Reference* that must be adhered to by all subsidiaries. There is a programme of regular review by the Board and executive management, which provides assurance that the control environment is operating as intended. A key element of this review is strategic business planning and subsequent performance monitoring. Each business has defined financial performance plans that are agreed by the Board at the beginning of each financial period to meet Company objectives. These plans contain measurable performance targets, which are continuously monitored to identify shortfalls, so that corrective actions can be taken. In addition, the Company and its subsidiaries maintain risk registers that are updated regularly.

The Group risk register is reviewed by the Audit Committee whilst reviewing generally the effectiveness of the Company's internal control system. The Group Financial Controller is also responsible for reporting to the Audit Committee on internal audit, utilising internal and external expertise. The Group operates in 'The Virtuoso Way', which embeds a consistent Company-wide culture, based on trusted behaviours, delivered by entrepreneurial Virtuoso leaders, who can drive competitive advantage and deliver on the Group's commitments. The Board is committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies. Key examples of such standards and policies include the 'Code of Business Conduct'. The Company 'Code of Business Conduct' demonstrates its commitment to maintaining the high levels of ethical standards and behaviours, wherever it operates in the world.

### Dialogue with shareholders

The Company remains committed to listening to and communicating openly with its shareholders to ensure that its vision, mission, strategy, business model and performance are clearly understood. The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the Annual General Meeting ('AGM') and one-to-one meetings with large existing or potential new shareholders. The Non-Executive Directors will attend the AGM and are available to answer any questions relevant to the Committees they chair. The Board receives regular updates on the views of shareholders through briefings and reports from the Group Chief Executive Officer, Chief Financial Officer and Company Secretary. Corporate information, including all Company announcements, is available to shareholders, investors and the public on the Company's website [www.investors.impellam.com](http://www.investors.impellam.com).

## Corporate governance statement continued

# Audit Committee

The Board has an Audit Committee whose responsibilities include oversight of the Group's internal risk and controls strategy, including establishing whistleblowing arrangements, reviewing interim and Annual Reports and financial statements prior to their submission to the full Board and reviewing reports from the external auditor and internal audit. The Audit Committee makes whatever recommendations to the Board it deems appropriate, on any area within its remit, including where action or improvement is needed.

### Committee members

---

Mike Ettling (Chair)  
Michael Laurie

### Meetings attended

---

Mike Ettling	3/3
Michael Laurie	3/3

### Meetings

The Committee operates under written Terms of Reference, and during the period ended 30 December 2022 it met on three occasions. The Audit Committee invites the Chief Financial Officer to all of its meetings and senior representatives of the external auditor are routinely invited to Committee meetings, although it reserves the right to request any of these individuals to withdraw from the meeting. The Audit Committee comprises two Non-Executive Directors: Mike Ettling (Chair) and Michael Laurie.

### Financial and business reporting

During the year, the Audit Committee has reviewed the 2021 and 2022 financial statements, the 2022 interim statement (unaudited) and carried out a going concern review. Reviews of the financial statements included the accounting policies, significant financial reporting issues and key judgements and estimates underpinning the financial statements. For the areas discussed, the Committee was satisfied with the assumptions made and the accounting treatments adopted.

### Risk management and internal control

Risk management is the responsibility of the Board. Further details about the process followed and principal risks and uncertainties that could affect business operations can be found in the Strategic report on pages 1 to 37. The Audit Committee keeps the adequacy and effectiveness of the Company's internal controls and risk management systems under review. A summary of the internal controls for Group companies is presented to the Audit Committee, including updates on the resolution of any control weaknesses identified. The internal controls are reviewed by the Group Finance function.

Every year the Audit Committee reviews the Group's risk framework reports, to be presented to and discussed by the Board. The Group's whistleblowing policy contains arrangements for the Company Secretary to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters.

The Group has a mandatory Code of Conduct, which sets out the minimum expected behaviours for all colleagues.

### External audit

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The Terms of Reference assign responsibility to the Audit Committee for overseeing the relationship with the external auditor. During 2022, the Audit Committee managed the relationship with the external auditor, reviewed and monitored their independence and objectivity and the effectiveness of the audit process. The Group's policy on non-audit related services prescribes the types of engagements for which the external auditor can be used and those engagements which are prohibited. For engagement for services which are non-recurring in nature, prior approval must be sought from the Audit Committee. Note 4 to the consolidated financial statements includes disclosure of the auditor's remuneration for the year.

### Assessment of the Audit Committee

The Board conducted an assessment of the Audit Committee's performance at the April 2022 meeting. The Chair of the Audit Committee will be available at the 2023 Annual General Meeting to answer any questions about the work of the Audit Committee.

## Corporate governance statement continued

# Remuneration Committee

The Board has a Remuneration Committee that is responsible for making recommendations to the Board on Directors' remuneration. It also reviews recommendations from the Group Chief Executive Officer on other senior executives' remuneration, including performance-related remuneration.

The Committee operates under written Terms of Reference, and during the period ended 30 December 2022 it met once. The Remuneration Committee comprises two Non-Executive Directors: Angela Entwistle (Chair) and Michael Laurie.

### Committee members

Angela Entwistle (Chair)  
Michael Laurie

### Meetings attended

Angela Entwistle 1/1  
Michael Laurie 1/1

### Remuneration practices

The Remuneration Committee recommends and monitors the level and structure of remuneration for senior management as well as monitoring remuneration trends across the Group, and periodically reviews the ongoing appropriateness and relevance of the remuneration policy. No review was conducted during the year.

### Assessment of the Remuneration Committee

The Board conducted an assessment of the performance of the Remuneration Committee at the April 2022 meeting. The Chair of the Remuneration Committee will be available at the 2023 Annual General Meeting to answer any questions about the work of the Remuneration Committee.

### Remuneration policy for the Executive Directors

Remuneration packages are designed to attract, retain, motivate and reward Executive Directors, whilst aligning rewards with the business objectives and performance of the Group and the interests of shareholders.

### Link between business objectives and remuneration policy

It is the Group's policy for performance-related pay of Executive Directors to be linked to key performance indicators of the Group. The Group's key objectives include developing sustainable growth in earnings and profits through a combination of organic growth, investments and increase in share price. The key performance measures chosen in 2022 to link executive remuneration to the achievement of these objectives were profits and a cash-related target.

### Directors' contracts and letters of appointment

It is the Group's policy that Executive Directors should have contracts with indefinite terms providing for a maximum of 12 months' notice by the employing Group, Company or the individual. In the event of termination, the Executive Directors' contracts provide for compensation up to a maximum of the basic remuneration package for the notice period.

The details of the Executive Directors' contracts are summarised as follows:

The Effective date of contract and Notice period for Julia Robertson were 5 April 2013 with 12 months' notice from either party. The Effective date of contract and Notice period for Tim Briant were 1 October 2019 with six months' notice from either party. Non-Executive Directors serve under letters of appointment, which either party can terminate on three months' written notice. The Non-Executive Directors have no right to compensation on the termination of their appointments.

### Annual fees of Directors

The basic annual salary of each Executive Director and senior management is reviewed annually by the Remuneration Committee. The remuneration for the Non-Executive Directors is determined by the Board within the limits set by the Articles and is based on information on fees paid in similar companies and the skills and expected time commitment of the individual concerned. The fees are reviewed each year as part of the annual budgeting process. The Non-Executive Directors receive additional remuneration for chairing Committees. Aggregate Directors' remuneration is set out in note 5.

### Annual bonus

The Remuneration Committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid to the Executive Directors. Based on the Remuneration Committee's assessment of the performance against those targets, it was determined that there was £1.0m bonus payment for delivery of the financial targets, of which £0.4m is deferred and made in three equal payments over three years.

### Shareholding guidelines

There are no requirements for Executive Directors or senior executives to hold shares in the Company. Details of the shareholdings of Directors who served during the year are set out on page 51.

# Directors' report

The Directors present their Annual Report on the affairs of the Group and the Company, together with the audited consolidated financial statements and auditor's reports, for the period ended 30 December 2022.

## Principal activities

The principal activities of the Group comprise the provision of staffing solutions, human capital management and outsourced people-related services in the UK & Europe, APAC and North America. The principal activity of the Company is that of a holding company that provides strategic planning and management services to its portfolio of subsidiaries.

## Results and dividends

The audited consolidated financial statements for the period ended 30 December 2022 are set out on pages 64 to 128. The Group profit for the period was £25.2m (year ended 31 December 2021: £8.3m). At the 2021 AGM approval was given to commence an updated programme whereby the Board can purchase up to a maximum of 4,560,363 shares, being 10% of the issued Ordinary share capital of the Company (as at 17 May 2021) until the earliest of the 2022 AGM or 30 June 2022. Under this programme £0.8m shares were purchased in 2022.

An updated programme was approved 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 £0.4m shares were purchased during 2022.

On 8 November 2022 the Board announced a special dividend of 55.4p per share, amounting to £25m, to be paid 9 December 2022. On 22 December 2022 the Board announced a second special dividend of 55.4p per share, amounting to £25m, to be paid on 27 January 2023.

## Future developments

The Group's future developments are outlined within the Strategic report. Key areas are covered within the 'Strategic report', 'Strategic priorities' and 'Looking forward' sections of the Chief Executive Officer's review and within the 'Outlook' section of the Chief Financial Officer's review.

## Capital structure

The Company 'Impellam Group plc' has no limit to its authorised share capital. At 30 December 2022, there were 45,057,654 (2021: 45,311,269) allotted, fully-paid shares of 1p in issue.

## Post balance sheet events

Between the end of the year and 30 March 2023, a further 106,597 Ordinary shares of 1p each have been repurchased in the market for total consideration of £0.7m.

The Board has become 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. The Group's historic reported trading results and financial condition, and ability to pay future dividends are entirely unaffected by this matter. The CA 2006 requires the amount of any dividend distribution and share repurchases to be justified by reference to relevant accounts which show the requisite level of distributable reserves. If a company's last annual accounts do not show the necessary reserves, then the company must prepare interim accounts and, in the case of a public company, file those interim accounts with the Registrar of Companies prior to the payment of the relevant dividend or share repurchase. The Company's last annual accounts did not show the necessary reserves, interim accounts should have been prepared and filed with the Registrar of Companies prior to the payment of the Dividend and the Post January 2023 Share buybacks, but were not. This therefore has the consequent effect on the Dividend and the Post January 2023 Share buybacks.

Due to this administrative oversight the Company has been advised that, as a consequence of the Dividend having been paid otherwise than in accordance with the 2006 Act, the Dividend is technically unlawful and that the Company may have claims against past and present shareholders who were recipients of the Dividend and against persons who were Directors of the Company at the time of the payment of the Dividend. In addition, the Company has been advised that the purported purchase and cancellation of the Post January 2023 Share buybacks is void. The Ordinary shares of the Company purportedly subject to the Post January 2023 Share buybacks remain technically in issue but the voting rights which attach to them are not capable of being exercised by any person. The Company intends to take action to resolve this matter as soon as practicable.

The Board notes, however, that the Company has no intention of bringing any such claims or to seek the return of funds and that the Group's historic reported trading results and financial condition and ability to pay future dividends and to continue its previously announced buyback programme are entirely unaffected by this matter.

The Company will post to shareholders an explanatory circular in due course and convene a general meeting, at which resolutions authorising various rectifying actions will be proposed which will, if passed and once such actions are completed, put all potentially affected parties, so far as possible, in the position in which they were always intended to be.

On 30 January 2023 the Group announced the sale 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, one of Europe's largest specialist investment funds focused in the human capital services sector, for cash consideration of £85m on a debt-free, cash-free, normalised working capital basis. The disposal was completed on 3 March 2023.

## Political donations

The Group has made no political donations during the current or prior years.

## Major shareholdings

As at 23 January 2023, the Company had been notified of the following disclosable interests representing 3% or more of the issued Ordinary share capital of the Company:

Lombard Trust	57.14%
Hendrik M. Van Heijst	14.39%
Lord Ashcroft	5.05%
Ophorst van Marwijk Kooy	4.60%
Schroder Investment Management Limited	3.82%

## Directors

The Directors who held office during the period and up to the date of signing these financial statements were:

### Executive Directors

Julia Robertson	Group Chief Executive Officer	Appointed April 2013
Tim Briant	Chief Financial Officer	Appointed February 2020

### Non-Executive Directors

Lord Ashcroft KCMG PC	Non-Executive Chairman	Appointed December 2014
Angela Entwistle	Non-Executive Director	Appointed September 2012
Mike Ettling	Independent Non-Executive Director	Appointed September 2013
Michael Laurie	Independent Non-Executive Director	Appointed July 2014
Baroness Tina Stowell	Independent Non-Executive Director	Appointed October 2017

To read all of our Directors' biographies, see pages 40 and 41.

## Directors shareholdings

As at 23 February 2023 the following Directors held shares in the Company:

Lord Ashcroft (Non-Executive Chairman)	2,273,755
Julia Robertson (Group Chief Executive Officer)	153,910
Angela Entwistle (Non-Executive Director)	13,800
Mike Ettling (Non-Executive Director)	10,860

## Directors' report continued

### Control

The Group has identified Lord Ashcroft as the ultimate controlling party as he has influence over more than 50%, but less than 75%, of both the shares and voting rights of Impellam Group plc and together with being Chairman of Impellam Group plc has significant influence over the Group.

### Financial risk management

The Group's objectives and policies relating to financial risk management are fully explained in note 29 on pages 114 to 117.

### Principal risks

The Board's assessment of the principal risks and uncertainties, the Group's policy and its mitigations are detailed on pages 28 to 31.

### Engagement with colleagues and other stakeholders

The Directors have given much focus as to how they engage and build relationships with colleagues, suppliers, customers and other stakeholders; and how these stakeholders' interests are considered when making significant decisions. The Group's engagement with colleagues and other stakeholders is explained in the Stakeholder engagement and Responsible business sections of the Strategic report, on pages 32 to 37.

We actively encourage diversity in the workplace and have a wide and varied colleague base with a variety of social and ethnic groups represented at all levels of the business. We believe that breaking down the barriers that have traditionally restricted access to the labour market will encourage job opportunities for all. We see it as our responsibility both to understand and to address the root causes of gender pay gaps.

We are pleased that Impellam is leading by example by appointing and promoting women into senior roles. We are one of only a small number of AIM-listed companies to be led by a woman, and, in addition, 43% of our Board members and 44% of our senior Leadership Team are women. With this in mind, we work hard to help our clients and suppliers achieve their diversity objectives.

The Group is committed to providing all our colleagues with a work environment free of discrimination related to sex, race, colour, orientation, religion, age, ethnicity, national origin, disability or any other inappropriate basis. Applications for employment by people with disabilities are considered, like all others, bearing in mind the aptitudes of the candidate concerned.

In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that appropriate adjustments are made. It is our policy that the training, career development and promotion of people with disabilities should, as far as possible, be the same as for all other colleagues.

### Strategic report

Information in respect of the Group's approach to Colleague engagement & Communications (including in respect of modern slavery), Health & safety, Anti-Bribery, Community and Environment including energy and carbon reporting are not shown within the Directors' report because they are presented within the Responsible business section of the Strategic report on pages 35 and 36.

### Annual General Meeting

The Notice of AGM, to be held at 3.00pm on Wednesday 28 June 2023 at 107-112 Leadenhall Street, London, EC3A 4AF, is contained in a separate circular to shareholders. It is being mailed or otherwise provided to shareholders, after the publication of the Annual Report. The notice of meeting sets out the resolutions to be proposed at the AGM and gives details of the voting record date and proxy appointment deadline for that meeting.

### Directors' indemnity provisions

During the year and to the date of these accounts, the Company had in force an indemnity provision in favour of one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

### Disclosure of information to auditor

In the case of each Director in office at the date the Directors' report is approved and in accordance with Section 418 of the Companies Act 2006:


- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Reappointment of auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the reappointment of BDO LLP as auditor of the Company is expected to be proposed at the Annual General Meeting being held on 28 June 2023.

### Directors' report

This report was approved by the Board on 27 April 2023 and is signed on its behalf by:



**Tim Briant**  
Company Secretary

# Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with UK-adopted International accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM. In preparing these financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with UK-adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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## Financial statements

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[www.impellam.com](http://www.impellam.com)

# Independent auditor's report to the members of Impellam Group plc

## Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 December 2022 and of the Group's profit for the 52-week period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Impellam Group Plc ('the Parent Company') and its subsidiaries ('the Group') for the 52-week period ended 30 December 2023 which comprise:

	Composition	Financial reporting framework
Group	<ul style="list-style-type: none"> <li>• Consolidated Income Statement</li> <li>• Consolidated Statement of Comprehensive Income</li> <li>• Consolidated Balance Sheet</li> <li>• Consolidated Statement of Changes in Equity</li> <li>• Consolidated Cash Flow Statement</li> <li>• Notes to the consolidated financial statements</li> <li>• Alternative performance measures</li> </ul>	<ul style="list-style-type: none"> <li>• Applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006</li> </ul>
Parent Company	<ul style="list-style-type: none"> <li>• Company Balance Sheet</li> <li>• <i>Company Statement of Changes in Equity</i></li> <li>• Notes to the Company financial statements</li> </ul>	<ul style="list-style-type: none"> <li>• Applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)</li> </ul>

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions relating to going concern

Conclusion	<ul style="list-style-type: none"> <li>• In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> <li>• Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.</li> </ul>
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## Independent auditor's report to the members of Impellam Group plc continued

Approach	<p>Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:</p> <ul style="list-style-type: none"> <li>• Reviewing and challenging, through enquiry and consideration of historical performance, key assumptions applied by the Directors in preparation of cash flow forecasts, including growth assumptions and movements in headcount and base costs, and the Group's ability to meet working capital requirements over the going concern period.</li> <li>• Reviewing the Directors' stress tested forecasts, including the impact of the 'downside' scenarios on covenant and cash 'headroom' and consideration of the likelihood of occurrence and feasible actions to increase headroom.</li> <li>• A check was performed on the mathematical accuracy of the forecasts produced.</li> <li>• Review of the Group's financing agreement effective 17 December 2021 and its key terms and covenants.</li> <li>• Evaluation of the Directors' future plans for the Group and checking these are appropriately modelled within the forecasts.</li> </ul> <p>Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue</p> <p>Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.</p>
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### Overview

Coverage <sup>1</sup>	<ul style="list-style-type: none"><li>• 77% (2021: 88%) of Net fee income</li><li>• 69% (2021: 73%) of Group absolute* adjusted operating profit</li><li>• 72% (2021: 70%) of Group absolute* profit before tax</li><li>• 82% (2021: 79%) of Group revenue</li><li>• 85% (2021: 82%) of Group gross assets</li></ul> <p>* Absolute refers to the cumulative value of figures regardless of whether it is a positive or negative value</p>									
Key audit matters	<table><tr><th>Key audit matter</th><th>2022</th><th>2021</th></tr><tr><td>Risk of fraud or cut-off error in revenue recognition on temporary contractor revenue and complex accounting on managed service contracts</td><td>✓</td><td>✓</td></tr><tr><td>Compliance with employment laws and regulations</td><td>✓</td><td>✓</td></tr></table>	Key audit matter	2022	2021	Risk of fraud or cut-off error in revenue recognition on temporary contractor revenue and complex accounting on managed service contracts	✓	✓	Compliance with employment laws and regulations	✓	✓
Key audit matter	2022	2021								
Risk of fraud or cut-off error in revenue recognition on temporary contractor revenue and complex accounting on managed service contracts	✓	✓								
Compliance with employment laws and regulations	✓	✓								
Materiality	<p>Group financial statements as a whole</p> <p>£3.8m (2021: £1.45m) based on 1.2% of net fee income (Gross profit) (2021: 5.0% of the average of adjusted operating profit).</p>									

<sup>1</sup> These are areas which have been subject to a full scope audit.

### An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We designed an audit strategy to obtain the required audit assurance for each component for the purposes of our Group audit opinion (ISA 600 (UK)). Components were scoped in to address aggregation risk and to ensure sufficient coverage was obtained of Group balances on which to base our audit opinion. The percentage coverage of key financial statement areas by our audit procedures is summarised graphically below and then detailed in the following table.

Significant components	<ul style="list-style-type: none"> <li>• We identified eight significant components, which were subject to full scope audit procedures.</li> <li>• Three of the full scope audits of significant components were performed by component auditors, under the direction and supervision of the Senior Statutory Auditor; who issued detailed instructions, reviewed component audit files and attended local audit close meetings. All significant components were audited by BDO LLP utilising the Group audit team and UK component auditors, other than one component, which was audited by a BDO member firm in the US.</li> </ul>
Specified audit procedures	<ul style="list-style-type: none"> <li>• Specified audit procedures were performed to address the risk of material misstatement arising from key balances in non-significant components, with testing performed on all material balances within these components.</li> <li>• All testing was performed by BDO LLP, other than for the components in Australia, which were performed by a BDO member firm in Australia. All testing was under the direction and supervision of the Senior Statutory Auditor via detailed instructions and via review of selected working papers on significant risk areas.</li> <li>• This specific scope testing was performed on components that contribute 14% (2021: 8%) of Net fee income, 24% (2021: 21%) of the Group Absolute Adjusted Operating Profit, 21% (2021: 25%) of the Group Absolute Profit before Tax, 10% (2021: 16%) of the Group revenue and 11% (2021: 15%) of Group Gross Assets.</li> </ul>
Remaining components	<ul style="list-style-type: none"> <li>• All other components, not included in the above, were scoped in for analytical review procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.</li> </ul>
Parent Company and consolidation	<ul style="list-style-type: none"> <li>• The Parent Company is located in the UK and was audited by the Group audit team. The Parent Company is treated as a significant component for the Group.</li> <li>• The Group audit team have performed testing of the consolidation and related consolidation adjustments posted in preparation of the Group financial statements.</li> </ul>

## Independent auditor's report to the members of Impellam Group plc continued

### Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

We assessed the competence and independence of the component auditors. Direction and supervision over their work performed was also provided by the Group audit team through group audit instructions. We attended the component auditors' planning and completion meetings. The Group audit team reviewed the work of the component auditors in order to gain comfort over the audit of the significant components, specified audit procedures on specific scope entities, and reviews over the remaining insignificant components.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Description	How we addressed the key audit matter in the audit
<b>Risk of fraud or cut-off error in revenue recognition on temporary contractor revenue and complex accounting on managed service contracts</b>  The accounting policy and related disclosures are shown in notes 2, 3 and 16	<ul style="list-style-type: none"> <li>• The risk of fraudulent revenue recognition arises from revenue in relation to temporary contractors and permanent placements. Management applies judgements and estimates concerning the completeness, accuracy and cut-off of revenue around the period end, therefore a risk of material misstatement exists either through error or in order to meet financial targets or performance related bonuses.</li> <li>• The risk of erroneous revenue recognition arises from complex accounting on rebates related to managed service contracts. Accounting and potential understatement of these rebate agreements could result in a material error within the revenue stated for the period.</li> <li>• This results in the cut-off of temporary revenue and complex accounting on Managed Service Contracts being assessed as a significant risk of material misstatement and a key audit matter.</li> </ul>	<b>Temporary contractor revenue</b> <ul style="list-style-type: none"> <li>• To address the risk around cut-off of revenue, on a sample basis, revenue around the period end was tested against underlying supporting documentation, such as engagement letters, timecards, payments to temporary workers and monies received from the clients to check revenue was recognised in the correct period.</li> <li>• We recalculated late timecard accrued revenue and cost based on timecards submitted after period end that relate to services provided in the period with historical trends.</li> <li>• The completeness of revenue was tested by sampling timecards around period end and tracing them to the revenue and accrued income and checking they have been recognised in the correct period.</li> <li>• A sample of credit notes raised after the period end that relate to the FY22 period were reviewed in order to assess the validity of the sales invoices raised in the financial period.</li> </ul> <b>Complex accounting on Managed Service Contracts</b> <ul style="list-style-type: none"> <li>• Revenue recognition on a sample of Managed Services Contracts was assessed for compliance with IFRS 15 Revenue from Contracts with Customers recognition requirements, with a specific focus on the principal v agent treatment of the whole arrangement or specific service elements therein.</li> <li>• The period end rebate liability was further analysed against the prior period's rebate liability in order to understand key movements in rebates and form an expectation on the liability position at the period end.</li> <li>• A sample of rebates were recalculated using the terms of the supplier contracts and/or correspondences and volume of placements obtained from the information held on the audited entity's system.</li> </ul> <b>Key observations</b> From the work performed, we did not identify any evidence that temporary or managed service revenue has not been recognised in the correct period or at the correct value.  The judgements and estimates applied were consistent with our expectations.

Key audit matter	Description	How we addressed the key audit matter in the audit
<b>Compliance with employment laws and regulations</b>  The accounting policy and related disclosures are shown in notes 2 and 21	<ul style="list-style-type: none"> <li>• The Group is subject to both local and international legal and regulatory requirements that vary between the different industries and jurisdictions that the Group operates. The Group has an in-house legal team who assist management in the determination of its financial obligations.</li> <li>• The Group has recorded a number of balances in relation to its ongoing obligations to comply with the regulatory and legal environment – varying levels of judgement are required to estimate the impact of these on the financial statements.</li> <li>• The key areas of compliance relate to workers' rights, such as PAYE underpayment, national minimum wage, Fair Labour Standards Act (USA) and holiday pay.</li> <li>• Provisions have been made for the expected cost of settling these matters, these are inherently judgemental.</li> <li>• Any non-compliance may result in fines, unrecorded liabilities and reputational damage to the Group.</li> <li>• The compliance with employment laws and regulations has been assessed as a significant risk of material misstatements and related disclosures and a key audit matter.</li> </ul>	<ul style="list-style-type: none"> <li>• We held meetings with the Group's legal counsel to understand areas of non-compliance with laws or regulation and the progress of any significant ongoing legal areas.</li> <li>• We obtained confirmation from external counsel concerning any potential claims or areas of non-compliance.</li> <li>• The outcome of prior period claims has been evaluated against the current period provisions settlements to gain assurance over the historical reliability and completeness of the liability.</li> <li>• We assessed by brand, the Group's policies and practices in relation to holiday pay, in the context of relevant legal requirements. We reviewed the basis and appropriateness of holiday pay accruals and level of payout by sampling contractors and employees to underlying contracts and system generated reports.</li> <li>• We assessed the Group's control environment around national minimum wage compliance and made enquires to assess areas of <i>potential exposure, inspecting and assessing correspondence and management's expert assessment of exposure.</i></li> <li>• We assessed the appropriateness of the disclosures covering provisions, estimates and judgements within the financial statements from our work performed.</li> </ul> <p><b>Key observations</b></p> <p>We did not identify, either from external or internal sources, any material compliance issues not already included in the provisions.</p> <p>Based on the work performed, we did not identify any inappropriate judgements or estimates made by management, all provisions fell within our range of potential outcomes.</p> <p>We did not identify any disclosure deficiencies in relation to notes 2 and 21 that describes the degree of inherent uncertainty in the assumptions and estimates used in assessing the value of associated non-compliance provisions.</p>

## Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

## Independent auditor's report to the members of Impellam Group plc continued

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

### Group materiality

	2022	2021
Materiality	£3.8m	£1.45m
Basis	1.2% of Net Fee Income (Gross profit)	5.0% of Adjusted Operating Profit <sup>2</sup>
Rationale	During the period, we have reconsidered the most appropriate benchmark on which to set materiality and this has resulted in a change to the benchmark. We consider Net Fee Income (Gross profit) to be the most appropriate benchmark as it is less volatile than Adjusted Operating Profit, in a low margin/high volume business such as the Group, and it is also a key measure of trading activities for stakeholders. In setting our materiality percentage of Net Fee Income, we have benchmarked against recruitment company peers, using a variety of income statement metrics, to derive an appropriate materiality metric and value.	
Performance Materiality	£2,660k	£1,015k
Measure	70% of Materiality	70% of Materiality
Application	Based on history of adjustments and an assessment of the aggregated risk.	

<sup>2</sup> (See page 129 for definition)

### Parent Company materiality

	2022	2021
Materiality	£2.09m	£1.38m
Basis	95% Group materiality	
Rationale	Calculated as a percentage of the Group materiality given the assessment of the aggregation risk.	
Performance Materiality	£1,460k	£964k
Measure	70% of Materiality	70% of Materiality
Application	Based on history of adjustments and an assessment of the aggregated risk.	

### Component materiality

We set materiality for each component of the Group based on a percentage of between 10% (2021: 12%) and 95% (2021: 95%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Significant component materiality ranged from £377k (2021: £170k) to £1.19m (2021: £1.38m). In the audit of each significant component, we further applied performance materiality levels of 70% (2021: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

### Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £190k (2021: £58k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Other companies act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> <li>the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and</li> <li>the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li> </ul> <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> <li>adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>the Parent Company financial statements are not in agreement with the accounting records and returns; or</li> <li>certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>we have not received all the information and explanations we require for our audit.</li> </ul>

## Responsibilities of directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company'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 the Parent Company or to cease operations, or have no realistic alternative but to do so.

## Independent auditor's report to the members of Impellam Group plc continued

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance and those responsible for legal and compliance procedures; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the reporting framework (UK adopted international accounting standards, UK GAAP and the Companies Act 2006), labour regulations and tax laws in key territories which the Group operates.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

For further details, please see the Key Audit Matter titled "Compliance with employment laws and regulations" earlier in this report.

#### Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, those charged with governance and the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be compliance with employment laws and regulations and revenue recognition on temporary contractor revenue and complex contract accounting on managed service contracts as set out in the key audit matters section.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Testing compliance with employment laws and regulations;
- Assessing significant estimates made by management for bias; and
- Key areas of estimation uncertainty or judgement, for example; recoverability of trade receivables, valuation of accrued income at period-end, revenue recognition on temporary contractor revenue and complex contract accounting on managed service contracts.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Mark Cardiff (Senior Statutory Auditor)**  
**For and on behalf of BDO LLP, Statutory Auditor**

London, UK  
27 April 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Consolidated income statement

For the 52 weeks ended 30 December 2022

	Notes	30 December 2022 £m	Re-presented (note 10) 31 December 2021 £m
<b>Revenue</b>	3	<b>1,947.4</b>	1,580.3
Cost of sales		(1,742.5)	(1,419.3)
<b>Gross profit</b>		<b>204.9</b>	161.0
Administrative expenses		(183.9)	(147.3)
<b>Operating profit</b>	3 & 4	<b>21.0</b>	13.7
Operating profit before impairments, amortisation of brand value and customer relationships	3	<b>27.8</b>	20.1
Amortisation of brand value and customer relationships	14	(6.8)	(6.4)
Operating profit	3 & 4	<b>21.0</b>	13.7
Finance income	6	<b>0.1</b>	0.2
Finance expense	7	(5.0)	(4.1)
<b>Profit before tax</b>		<b>16.1</b>	9.8
Tax charge	8	(1.4)	(6.5)
Profit from continuing operations		<b>14.7</b>	3.3
Profit from discontinued operations, net of tax	10	<b>10.5</b>	5.0
Profit for the period		<b>25.2</b>	8.3
Profit for the period attributable to:			
Equity holders of the Parent Company		<b>25.0</b>	8.2
Non-controlling interest	26	<b>0.2</b>	0.1
		<b>25.2</b>	8.3
<b>Earnings per share</b>	9		
Total profit attributable to equity holders of the Parent Company:			
– basic		<b>55.9p</b>	18.3p
– diluted		<b>55.9p</b>	18.3p
<b>Earnings per share</b>	9		
Continuing profit attributable to equity holders of the Parent Company:			
– basic		<b>32.6p</b>	7.3p
– diluted		<b>32.6p</b>	7.3p

## Consolidated statement of comprehensive income

For the 52 weeks ended 30 December 2022


	Notes	30 December 2022 £m	31 December 2021 £m
<b>Profit for the period</b>		<b>25.2</b>	8.3
<b>Other comprehensive income:</b>			
<i>Items that may be subsequently reclassified into income:</i>			
Foreign currency translation differences – foreign operations	25	<b>14.0</b>	(1.4)
Reduction in non-controlling interests	26	–	(0.3)
<b>Total comprehensive income for the period, net of tax</b>		<b>39.2</b>	6.6
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Parent Company		<b>39.0</b>	6.6
Non-controlling interest	26	<b>0.2</b>	–
		<b>39.2</b>	6.6

## Consolidated balance sheet

As at 30 December 2022

	Notes	30 December 2022 £m	31 December 2021 £m
<b>Non-current assets</b>			
Property, plant and equipment	11	3.4	4.2
Right-of-use assets	12	9.1	15.9
Goodwill	13	109.5	128.9
Other intangible assets	14	49.8	85.3
Financial assets	15	1.0	1.7
Deferred tax assets	22	3.2	8.3
Trade and other receivables	16	0.7	0.9
		<b>176.7</b>	<b>245.2</b>
<b>Current assets</b>			
Trade and other receivables	16	636.8	605.5
Tax receivable		4.0	0.9
Assets held for sale	10	171.2	–
Cash and cash equivalents	17	112.4	90.9
		<b>924.4</b>	<b>697.3</b>
<b>Total assets</b>		<b>1,101.1</b>	<b>942.5</b>
<b>Current liabilities</b>			
Short-term borrowings	19	–	0.1
Lease liabilities	12	3.0	5.1
Trade and other payables	18	677.7	568.7
Tax payable		0.4	0.7
Liabilities held for sale	10	87.1	–
Provisions	21	2.0	8.3
		<b>770.2</b>	<b>582.9</b>
<b>Net current assets</b>		<b>154.2</b>	<b>114.4</b>
<b>Non-current liabilities</b>			
Long-term borrowings	20	77.8	101.9
Lease liabilities	12	6.9	11.4
Provisions	21	1.7	3.8
Deferred tax liabilities	22	7.7	18.7
		<b>94.1</b>	<b>135.8</b>
<b>Total liabilities</b>		<b>864.3</b>	<b>718.7</b>
<b>Net assets</b>		<b>236.8</b>	<b>223.8</b>
<b>Equity</b>			
Issued share capital	23	0.5	0.5
Share premium account	23	30.1	30.1
		<b>30.6</b>	<b>30.6</b>
Other reserves	25	130.9	116.9
Retained earnings		75.0	76.2
<b>Total equity attributable to equity holders of the Parent Company</b>		<b>236.5</b>	<b>223.7</b>
<b>Non-controlling interest</b>	26	<b>0.3</b>	<b>0.1</b>
<b>Total equity</b>		<b>236.8</b>	<b>223.8</b>

The consolidated financial statements of Impellam Group plc (registered number: 06511961) on pages 64 to 119 were approved by the Board on 27 April 2023.



**Tim Briant**  
Chief Financial Officer

## Consolidated statement of changes in equity

For the 52 weeks ended 30 December 2022

	Total share capital and share premium (note 23) £m	Other reserves (note 25) £m	Retained earnings £m	Total equity attributable to equity owners of the Parent £m	Non controlling interest (note 26) £m	Total equity £m
<b>2 January 2021</b>	30.6	118.3	70.2	219.1	(0.3)	218.8
Profit for the period	–	–	8.2	8.2	0.1	8.3
Other comprehensive income from reducing the NCI component (note 26)	–	–	(0.3)	(0.3)	0.3	–
Other comprehensive income from foreign currency translation (note 25)	–	(1.4)	–	(1.4)	–	(1.4)
<b>Total comprehensive income in period</b>	–	(1.4)	7.9	6.5	0.4	6.9
<i>Transactions with owners, recorded directly in equity</i>						
Purchase and cancellation of own shares (note 23)	–	–	(1.9)	(1.9)	–	(1.9)
<b>31 December 2021</b>	30.6	116.9	76.2	223.7	0.1	223.8
<b>1 January 2022</b>	<b>30.6</b>	<b>116.9</b>	<b>76.2</b>	<b>223.7</b>	<b>0.1</b>	<b>223.8</b>
Profit for the period	–	–	25.0	25.0	0.2	25.2
Other comprehensive income from foreign currency translation (note 25)	–	14.0	–	14.0	–	14.0
<b>Total comprehensive income in period</b>	–	14.0	25.0	39.0	0.2	39.2
<i>Transactions with owners, recorded directly in equity</i>						
Dividends (note 24)	–	–	(25.0)	(25.0)	–	(25.0)
Purchase and cancellation of own shares (note 23)	–	–	(1.2)	(1.2)	–	(1.2)
<b>30 December 2022</b>	<b>30.6</b>	<b>130.9</b>	<b>75.0</b>	<b>236.5</b>	<b>0.3</b>	<b>236.8</b>

## Consolidated cash flow statement

For the 52 weeks ended 30 December 2022

	Notes	30 December 2022 £m	Re-presented 31 December 2021 £m
<b>Cash flows from operating activities</b>			
Profit before tax – continuing operations		16.1	9.8
Profit before tax – discontinued operations		13.2	5.6
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	11	2.6	2.4
Amortisation of right-of-use assets	12	5.5	7.0
Amortisation of other intangible assets	14	14.9	15.1
Impairment of asset held for sale	10	1.9	–
Loss/(profit) on disposal of property, plant and equipment	4	0.2	(0.2)
Gain on disposal of discontinued operations	10	(4.6)	–
Finance income	6	(0.1)	(0.2)
Finance expense	7	5.2	4.3
		54.9	43.8
(Increase) in trade and other receivables		(111.7)	(46.0)
Increase in trade and other payables		136.3	12.1
(Decrease)/increase in provisions	21	(3.0)	2.0
<b>Cash from operations</b>		<b>76.5</b>	<b>11.9</b>
Tax paid		(7.4)	(1.7)
<b>Net cash from operating activities</b>		<b>69.1</b>	<b>10.2</b>
<b>Cash flows from investing activities</b>			
Cash flow from disposal of operations, net of cash	10	15.4	–
Purchase of property, plant and equipment	11	(3.3)	(1.5)
Purchase of intangible assets	14	(8.0)	(4.3)
Receipt from lease debtors	28	–	1.7
Decrease in other financial assets	15	0.7	–
Interest received	6	0.1	0.2
<b>Net cash inflow/(utilised) on investing activities</b>		<b>4.9</b>	<b>(3.9)</b>
<b>Cash flows from financing activities</b>			
Drawdown of short-term borrowings	28	151.2	292.0
Repayment of short-term borrowings	28	(175.3)	(308.7)
Increase in overdraft	28	0.4	1.0
Dividends paid	24	(25.0)	–
Purchase and cancellation of own shares	23	(1.2)	(1.9)
Interest paid on lease liabilities		(0.4)	(0.6)
Interest paid on borrowings		(4.5)	(3.5)
Repayment of lease liabilities	28	(5.5)	(8.9)
<b>Net cash (outflow) from financing activities</b>		<b>(60.3)</b>	<b>(30.6)</b>
Net increase/(decrease) in cash and cash equivalents		13.7	(24.3)
Opening cash and cash equivalents		90.9	117.9
Effect of foreign exchange rate movements	28	7.8	(2.7)
<b>Closing cash and cash equivalents</b>	17	<b>112.4</b>	<b>90.9</b>

# Notes to the consolidated financial statements

For the 52 weeks ended 30 December 2022

## 1. Corporate information

The financial statements of Impellam Group plc and all of its subsidiaries ('the Group') for the 52 weeks ended 30 December 2022 were authorised for issue by the Board of Directors on 14 April 2022 and the balance sheet was signed on behalf of the Board by Tim Briant.

The Group provides staffing solutions, human capital management and outsourced people-related services from offices located in the UK, Ireland, North America, mainland Europe, Australia and New Zealand.

Impellam Group plc ('the Company') is a public limited company incorporated and registered in England and Wales and domiciled in the UK under the Companies Act 2006 with a listing on the London Stock Exchange, trading on AIM.

Its registered office is located at:  
800 The Boulevard  
Capability Green  
Luton  
Bedfordshire LU1 3BA  
United Kingdom

## 2. Summary of significant accounting policies

### Basis of preparation and going concern

The consolidated financial statements have been prepared on a going concern basis in accordance with UK adopted international accounting standards. 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. At the end of the period the Group had a net cash position of £30.3m (excluding IFRS 16 lease liabilities) and has a further £105.0m available to drawdown on the Group's revolving credit facility (see note 29). Following the sale of the Regional Specialist Staffing and Healthcare businesses in March 2023 the Group's revolving credit facility was reduced by £50m to £132.5m in line with the revised projections of the Group's activities. 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 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.

The financial statements have been prepared on the historical cost basis except where otherwise identified and as modified for the revaluation of certain financial assets at fair value through the income statement. The principal accounting policies adopted are set out below. The financial statements are presented in Pound Sterling and all values are rounded to the nearest £0.1 million except where otherwise indicated. Foreign operations are included in accordance with note 2(C) below.

Any references to 2022 in these statements refer to the 52-week financial period ended 30 December 2022. Any references to 2021 in these statements refer to the 52-week financial period ended 31 December 2021.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 30 December 2022. The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company. Each company, including the Parent, uses locally applicable generally accepted accounting practice ('GAAP') for the preparation of their individual financial statements. Adjustments are made to bring these into line with the IFRS policies adopted by the Group, as required. Subsidiaries are consolidated from the date on which the Group obtains control using the acquisition method and cease to be consolidated from the date on which the Group ceases its control. Accounting policies have been applied consistently.

A component of the Group's business is classified as a discontinued operation if the operations and cash flows of the component can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group and if the component either has been or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 2. Summary of significant accounting policies continued

When an operation is classified as a discontinued operation the consolidated income statement is re-presented as if the operation has been classified as such from the start of the comparative year.

#### A) Changes in accounting policies and disclosures

New standards, amendments and interpretations effective in financial year 2022

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16 Leases
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual improvements to IFRS Standards 2018-2020

The above amendment has not materially impacted the Group's results. The Group adopted Covid-19-related Rent Concessions – Amendments to IFRS 16 in the period ended 1 January 2021.

Standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and interpretations to existing standards have been published that are mandatory for the Group's future accounting and effective for the Group as follows, which are all effective for periods starting on or after 30 December 2022 or later periods:

- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- IFRS 17 Insurance contracts
- Disclosure of Accounting Policies – Amendment to IAS1 and IFRS Practice Statement 2
- Lease Liabilities in a Sale and Leaseback – Amendment to IFRS 16
- Non-current Liabilities with Covenants (Amendments to IAS 1)

The above standards and interpretations are not expected to materially impact the Group's results.

#### B) Significant accounting judgements and estimates

In applying the Group's accounting policies, the following judgements and estimates have been made that may have a significant effect on the amounts recognised in the financial statements in the current or future years:

##### i) Judgements

###### *Agent versus principal*

The Group assesses whether it is acting as agent or principal depending on whether the client has a direct relationship with the Group, whether the Group has the primary responsibility for providing the services and whether the Group contracts directly with either the worker placed or any other recruitment agency. Account is also made of the degree of latitude the Group has in establishing the charging rates with all parties.

Where the Group provides a Managed Service, in which it acts as agent for the client (which is mainly Managed Services contracts), the amount of revenue recognised is limited to the management fee receivable for that service after making provision for any losses foreseen, volume rebates and amounts payable under gain-share arrangements rather than the full amount invoiced. Trade receivables and payables related to these sales are recorded at full invoice value.

###### *Lease end dates*

IFRS 16 Leases requires a lessee to determine whether it is reasonably certain: to exercise an option to extend the term of the lease; to exercise an option to purchase the underlying asset at the end of the lease; or not to exercise an option to terminate the lease early. The Group makes this assessment to derive an expected lease term, which may not be the same as the contractual term of the lease. This has led to a level of judgement over the leases in our portfolio on the expected lease termination date. Depending on the circumstances of the individual lease, the Group has taken either the break date (for those circumstances where the Group is reasonably certain to exercise the break), the actual lease end date or an estimate of how long the Group will stay in a property for those leases which have been held over at the end of the year.

*Ageing of borrowing*

The Group has signed up to a revolving credit facility which is committed until at least December 2024 (note 29). Borrowings made under this facility are over a set period, which is usually less than a year, but are available to be renewed as and when they fall due. The Group assesses if any element of this borrowing would be due in less than one year based upon optimal cash holding positions and planned repayments of the debt, in total, over the coming 12 months.

*Deferred tax asset recoverability*

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

*Software*

Capitalised software costs are amortised from when the relevant software is ready and available for use. This requires judgement over when software has exited the testing phase and is normally determined by how many of the planned users have been migrated to the new platform. All costs relating to the 'research' phase of the software development cycle, together with costs not separately identifiable and attributable to particular program development, are expensed directly to administrative expenses in the income statement in the period in which they are incurred. Some software can be treated as 'Software as a service' and so expensed as the service is provided rather than capitalised on spend and amortised over the useful economic life. The Group assesses the treatment of such software on a case-by-case basis with reference to facts including whether the right to transfer the software to another platform or to control the method of operation is within the control of the Group.

*Post year end disposal of Regional Staffing Services and Healthcare divisions*

On 30 January 2023 the Group announced the disposal of the Regional Staffing Services and Healthcare divisions to Twenty20 Capital and consider this to be an asset held for sale and a discontinued operation at the end of the period (note 10). Under IFRS 5, there are certain criteria that are required to be met to allow a subsidiary to be considered to be Held for Sale. The Directors have considered the criteria in IFRS 5 and have noted that these had been met at the period end and that the sale was determined to be highly probable at 16 December 2022 and exercised significant judgement over the determination of this date. As such, the Directors have considered that the transaction did meet the criteria of Held for Sale at the end of the financial period. The timing of the held for sale determination had not been made earlier in the period as discussions had been continuing to complete the transaction and it was only on 16 December 2022 that sufficient progress had been made across the majority of points that the Directors considered that the deal could be described as highly probable and was the date by which it was expected that the sale would complete within one year and without any significant changes or the plan being withdrawn. Had this determination been made at the start of October 2022, which was the start of the purchaser's due diligence process and so the earliest date considered for this determination, then under IFRS 5 certain accounting entries would have not been made, including up to £1.5m of depreciation and amortisation which would have not been recognised.

*ii) Estimates**Impairment of goodwill and other intangible assets*

The Group determines whether goodwill and other intangible assets are permanently impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount of the cash-generating unit to which the assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details of the carrying value and impairment review, including sensitivities, are given in notes 13 and 14.

*Allocation of goodwill to disposed divisions*

Some of the divisions that have been either disposed of during the period or after the period end are part of larger cash-generating units, at which level goodwill is allocated. As such, the Group has had to estimate the amount of goodwill which has been disposed of as part of this transaction. This estimation has been done by using profit ratios which the Directors believe give the best approximation to the cash flows of the disposed divisions.

*Legal provision*

The Group measures and recognises provisions related to pending litigation or other outstanding claims subject to negotiated settlement, mediation and arbitration. A significant level of estimation is required to quantify the possible ranges of financial settlement. Due to the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision (see note 21).

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 2. Summary of significant accounting policies continued

#### *Lease interest rates*

The Group has estimated the interest rates implicit in the lease when calculating the lease liability and related right-of-use asset under IFRS 16 Leases. Unless stipulated clearly when taking on the liability, the Group uses an incremental borrowing rate calculation to determine the relevant rate. Consideration is taken over the term of the lease, the credit risk of the acquirer and any specific risks relating to the assets acquired by an individual lease.

#### *C) Currencies and foreign currency translation*

The functional and presentational currency of the Company and its UK subsidiaries is Pound Sterling. Foreign operations are located mainly in North America, Europe, Australia and New Zealand, which use their local currencies as their functional currencies.

On consolidation, at the reporting date, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at rates ruling on the balance sheet date. Income and expense items are translated at average exchange rates monthly during the reporting period, as this is considered a reasonable approximation to actual translated rates.

The exchange differences arising from this retranslation are recognised in the Consolidated Statement of Other Comprehensive Income and accumulated to a foreign currency translation reserve in equity.

Transactions in foreign currencies are initially recorded in the functional currency using the rate of exchange ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, therefore forming part of the net investment in the foreign operation, and the tax charges and credits attributable to the exchange differences on these balances, are dealt with in the statement of comprehensive income and accumulated to a foreign currency translation reserve in equity.

#### *D) Property, plant and equipment*

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Freehold property:	over 50 years
Short leasehold property improvements:	over the term of the lease
Furniture, fixtures and fittings:	between three and ten years or to the end of the lease, whichever is shorter at the start of the asset's life
Computer equipment:	between two and five years

The residual value and estimated useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the item) is included in the income statement in the period the item is derecognised.

#### *E) Goodwill*

Goodwill acquired in a business combination represents the excess of the consideration paid (at the date of exchange) over the fair value of the identifiable assets, liabilities and contingent liabilities acquired on the date of acquisition.

Acquisition-related costs are expensed to the income statement as incurred.

Goodwill is recognised as an asset in the consolidated balance sheet of the Group and is recorded at cost less any accumulated impairment losses. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment charge is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (business segments) that is expected to benefit from the combination. Each group of cash-generating units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

#### **F) Other intangible assets**

Other intangible assets represent the carrying value of brands and client relationships, identified on business combinations, and of computer software and licences. Carrying value is equal to cost less accumulated amortisation and impairment or, in the case of assets acquired through business combinations, fair value at date of acquisition less accumulated amortisation and impairment.

##### *Brand values*

Brands are defined as having finite useful lives and the costs are amortised on a straight-line basis over the estimated useful lives of each of the assets (ranging between three and twenty years). The expense is taken to the income statement through the 'depreciation and amortisation' line within administrative expenses.

##### *Client relationships*

Client relationships are defined as having finite useful lives and the costs are amortised on a straight-line basis over the estimated useful lives of each of the assets (ten years). The expense is taken to the income statement through the 'depreciation and amortisation' line within administrative expenses.

##### *Software*

Externally acquired computer software and licences are capitalised at the costs incurred to acquire and bring into use the specific software. Internally generated computer software programs are capitalised to the extent that costs can be separately identified and attributed to particular software programs, measured reliably, and where the asset developed can be shown to generate future economic benefits and the Group intends to and has the technical ability and sufficient resources to complete development. Computer software and licences are defined as having finite useful lives and the costs are amortised on a straight-line basis over the estimated useful lives of each of the assets, considered to be between three and five years. The expense is taken to the income statement through the 'depreciation and amortisation' line within administrative expenses.

Some software can be treated as 'Software as a service' and so expensed as the service is provided rather than capitalised on spend and amortised over the useful economic life. The Group assesses the treatment of such software on a case-by-case basis with reference to facts including whether the right to transfer the software to another platform or to control the method of operation is within the control of the Group.

All costs relating to the 'research' phase of the software development cycle, together with costs not separately identifiable and attributable to particular program development, are expensed directly to administrative expenses in the income statement in the period in which they are incurred.

##### *Impairment*

All intangible assets are also reviewed for impairment whenever there is an indication that the carrying amount may be impaired, or where the asset is not yet available for use. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

#### **G) Implementation costs**

Costs directly attributable to the implementation of a contract and which can be separately identified and measured reliably are capitalised when income from that contract is virtually certain and where they relate directly to the specific contract and are directly incremental to the implementation. These costs are included within trade and other receivables on the balance sheet so long as the estimated future cash flows from the contract are not less than the capitalised amount. These capitalised costs are amortised over the life of the contract on a straight-line basis. If the contract becomes loss-making, any unamortised costs are written off immediately.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 2. Summary of significant accounting policies continued

#### H) Financial assets

Financial assets are classified as 'financial assets at fair value through the income statement', 'financial assets at fair value through other comprehensive income', or as 'financial assets at amortised cost', as appropriate. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial period end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through the income statement, directly attributable transaction costs.

#### Investments

The Group's investments are classified as held at fair value through the income statement. They are further classified as non-current unless management expects to dispose of the investment within 12 months of the balance sheet date.

These investments relate to the deferred compensation plan detailed in note 2(P) below, where the employee's entitlement is limited to the market value of the fund. On this basis, the use of fair value through the income statement is permitted because it eliminates a measurement inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on a different basis. Subsequent to initial recognition these investments are held at fair value; the fair values are based upon bid prices ruling at the balance sheet date. Fair value adjustments are recognised through the income statement.

#### I) Other non-current financial assets

Other non-current financial assets represent security deposits with non-financial institutions that have no fixed date of repayment and that are not expected to be repaid within the next 12 months. On initial recognition these assets are held at cost and subsequently at amortised cost.

#### Impairment

The Group assesses at each balance sheet date whether a financial asset is impaired by reference to any known evidence indicating that the Group may not be able to collect all amounts due in full.

#### J) Trade and other receivables

Trade receivables, which have various terms, are non-interest-bearing and are recognised and carried at fair value and subsequently measured at amortised cost, being the original invoice amount less an allowance for uncollectible amounts, credit notes and expected credit losses.

Supplier Finance Arrangements (SFA) are utilised by the Group. These arrangements, organised by clients of the Group, are non-recourse and irrevocable as the trade receivable has been sold to the relevant bank providing the SFA. The designated trade receivable is duly derecognised in accordance with IFRS 9, with the associated cash payment debited to the Group's cash position. The utilisation charge for drawing down on the SFA is included in interest costs and is recognised from the drawdown date to the contractual payment term of the relevant trade receivable subject to the arrangement. Any other trade receivables related to those clients, which have not been utilised for the SFA, remain within trade receivables and will be paid when due under the client payment terms. The cashflows arising from the derecognition of trade receivables under the SFA arrangements are treated as 'movements in trade and other receivables' and therefore form part of 'cash from operations'.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss provision is based on the Group's expectation of future credit losses over the current receivables balance. These expectations are based upon known issues affecting specific debtors as well as general forward-looking information on factors affecting the Group's customers as a whole, as well as an awareness of the economic conditions in the countries where the Group operates. These risk factors are considered both on initial recognition of the receivable and as part of the ongoing assessment. If there has been a significant increase in the credit risk since the initial recognition then an increased loss provision is recognised.

Trade and other receivables also include contract assets which primarily arise either as costs incurred when implementing a new contract or where services have been provided but the amount incurred and margin earned has yet to be invoiced to the client due to timing of the completion of the performance obligation and are considered contract assets for disclosures required under IFRS 15 revenue from contracts with customers.

**K) Cash and cash equivalents**

Cash and short-term deposits in the consolidated balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above. BACs and similar electronic cash transfers are recognised on a settlement basis. Bank overdrafts are used as a form of short term financing arrangement for the Group and are shown within trade and other payables on the consolidated balance sheet and disclosed as a financing activity on the consolidated statements of cash flows.

**L) Trade and other payables**

Trade and other payables are classified as financial liabilities and measured at amortised cost which approximates to the fair value. The balances are not interest-bearing.

**M) Taxes*****Current tax***

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

***Deferred tax***

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised on an undiscounted basis for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax liabilities are not recognised on unremitted earnings from subsidiaries where the Group can control the timing of the reversal and the temporary difference is not expected to reverse in the foreseeable future.

***Sales taxes***

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods or services or assets is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 2. Summary of significant accounting policies continued

#### N) Provisions

Provisions, such as those over property or ongoing legal cases, are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense in the income statement.

As part of the normal course of business the Group is exposed to various claims. Provisions are made for amounts that satisfy the recognition criteria in IAS 37 and accordingly are not recognised when the likelihood of any claim being settled and the associated settlement amount cannot be estimated.

#### O) Financial liabilities

Financial liabilities are classified on initial recognition as either 'financial liabilities at fair value through the income statement' or 'at amortised cost'. All Group borrowings have initially been recognised as 'at amortised cost' and measured at fair value of the consideration received less directly attributable issue costs.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation, using the effective interest rate method of any difference between the initially recognised amount and the maturity amount. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

#### P) Employee benefits

##### *Short-term benefits – bonus arrangements*

The Group operates a number of annual bonus arrangements for Directors and employees. The cost of these arrangements is recognised in the income statement when the entity has an obligation to make such payments as a result of the achievement of Board-approved performance targets and when a reliable estimate of this obligation can be made.

##### *Defined contribution pension obligations*

The Group provides pension arrangements for its UK-based Directors and employees through defined contribution schemes administered by third party providers. The Group has no further payment obligations once the contributions have been made. Contribution costs are expensed to the income statement as they become due.

##### *Other post-employment obligations*

In the US, the Group operates a deferred compensation plan for certain key employees. The plan allows the employee to defer receipt of a portion of their emoluments together with, in some cases, a contribution from the Group. The deferred amounts plus the Group contribution are paid into an external trust fund. Employees' entitlement is limited to the market value of the fund; therefore, both the investment and the liability to the employee are marked to market on an annual basis, with movements passing through the administrative expenses line (salaries and wages) in the income statement.

#### Q) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low-value assets and leases with an expected full term of 12 months or less.

Lease liabilities are measured at the present value of the unpaid contractual payments over the recognised lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease and initial direct costs incurred. Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at a revised discount rate that is implicit in the lease for the remainder of the lease term. The carrying value of lease liabilities is similarly revised if any variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification. If the renegotiation results in one or more additional assets being leased for an amount similar to the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy. In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure the carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Right-of-use assets are reviewed regularly to ensure that the useful economic life of the asset is still appropriate based on the usage of the asset. Where the asset has reduced in value the Group considers the situation on an asset-by-asset basis and either treats the reduction as an acceleration of depreciation or as an impairment under IAS 36 Impairment of Assets. An acceleration of depreciation occurs in those cases where there is no opportunity or intention to utilise the asset before the end of the lease. An impairment is recognised in those few cases where the current value-in-use of the asset is significantly less than the carrying amount and there is no intention or opportunity known of that mitigates this impairment.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease.

Where the Group acts as a lessor by sub-letting specific leases, each such lease is classed either as a finance lease, if the sub-let transfers substantially all the risks and rewards of the underlying asset to the lessee, or an operating lease, if not. The Group endeavours to ensure that any sub-lease covers the full remaining term of the lease.

Where the Group recognises an asset from a finance lease, such asset replaces the right-of-use asset arising from the head lease and is recorded as a receivable called net investment in the lease. Subsequent to initial measurement, the net investment in the lease increases as a result of interest charged at a constant rate on the balance outstanding and is reduced for lease payments made. These assets are reviewed for recoverability using the simplified arrangements under the expected credit loss model creating a lifetime expected credit loss provision.

Where the Group recognises an operating lease, lease payments received are treated as income on a straight-line basis.

## R) Revenue

Revenue derived from temporary staffing services is recognised and accrued by reference to hours worked (representing the service provided) in accordance with submitted authorised timesheets and pre-agreed charge rates (which include an element of salary and related costs) which are together used to determine the transaction price. This applies both when there is a direct supply as well as when there is supply of a managed service to the client, as the timing of performance obligations and the raising of invoices can vary. Timesheets are submitted mainly on a weekly basis, with a limited number being submitted either daily or monthly, so any variable aspect of contract assets is limited due to the financial period finishing at the end of a week.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 2. Summary of significant accounting policies continued

The Group assesses whether it is acting as agent or principal depending on whether the client has a direct relationship with the Group, whether the Group has the primary responsibility for providing the services and whether the Group has control of or holds the inventory risk over the worker placed.

Where the Group acts as a principal in the supply, revenue is recognised as the gross amount due, net of applicable sales taxes, rebates and discounts and after eliminating sales made within the Group. Where the Group provides a service in which it acts as agent for the client, the amount of revenue recognised is limited to the management fee receivable for that service after making provision for any losses foreseen, volume rebates and any other amounts payable rather than the full amount invoiced. Trade receivables and payables related to these sales are recorded at full invoice value. The Group does conduct business on both a principal and an agent basis and each new contract is reviewed to identify the most appropriate basis. Most segments within the Group act as principals as they have the primary relationship with the worker placed and can control when and where they are placed. The examples of the agent-basis relationship are all found in the Global Managed Services segment. These contracts have secondary relationships with the workers placed and act more as intermediaries for providing services regarding administering and processing rather than sourcing the individual workers. The contractual obligations around the pricing of both the billing of clients and payments to suppliers in these cases highlight the lack of control over the specific service provided and so reinforces the recognition of revenue on an agent basis. All revenue recognised on an agent basis is recognised at a point in time.

Revenue derived from permanent placements is recognised and accrued when the employment of the individual commences with provision made for potential refunds which can be payable if the placement is terminated within a set period ranging from 14 to 100 days. Revenue recognised from a permanent placement uses a transaction price typically based on a percentage of the candidate's remuneration package and is recognised when the candidate commences work with the client, which is the only performance obligation and point at which control was transferred involved in the supply.

For revenue derived from both temporary staffing and permanent placements, payment is due following the completion of the performance obligations and an agreed period of credit dependent on the agreed contract with the client. Other revenue, including fees received for one-off services which are not dependent on hours worked or placed workers, is recognised when the relevant performance obligations have been performed. Interest income receivable on deposits with financial institutions is recognised on an accrued basis at a point in time. Contract liabilities are recognised when an invoice has been raised in advance of the service provision discussed above. The practical expedient in IFRS 15 has been taken, the amount of the transaction price allocated to remaining performance obligations has not been disclosed, as these contracts expected duration is less than one year.

#### S) Interest

Borrowing costs are recognised as an expense when incurred unless they are qualifying assets under IAS 23 Borrowing costs when they are capitalised. Interest income is recognised when incurred.

#### T) Equity instruments

The Ordinary shares issued by the Company are classified as equity. They are recorded as the proceeds received, net of direct issue costs.

Where any Group company purchases the Company's equity instrument (treasury shares), the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's equity shareholders, until the shares are cancelled or reissued. Upon cancellation, a reserve equal to the nominal value of the shares is transferred from retained earnings into a capital redemption reserve.

#### U) Retained earnings

Retained earnings represents all other net gains and losses and transactions with owners which are not recognised elsewhere.

#### V) Dividend distribution policy

Dividend distributions to the Company's shareholders are recognised as an expense in the Group financial statements in the period in which the dividends are appropriately authorised and no longer at the discretion of the Company.

#### W) Government grants

Government grants are recognised against expenses in the period in which they are intended to compensate. Grants are only recognised when there is reasonable assurance that any conditions attached to the grant will be complied with and that the grant will be received.

**X) Assets and liabilities held for sale**

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

**3. Segment information**

The Group is reporting under IFRS 8 Operating Segments which requires that the Group firstly:

- identifies its 'Chief Operating Decision Maker' ('CODM'), which has currently been assessed as the Group Chief Executive Officer who, along with the 'Leadership Team', reviews the Group's internal reporting in order to assess performance and allocate resources; and secondly
- by reference to the information supplied to the CODM, identify its operating segments and, from these, identify its reportable segments.

The CODM discusses performance with management of the following reportable segments on a revenue and gross profit basis only:

- Global Managed Services
- STEM
- Regional Specialist Staffing
- Healthcare

The above segments reflect the reportable segments which the CODM made their decisions on during the year. The disposals during the year and after the year-end comprised the entirety of the Regional Specialist Staffing and Healthcare segments but these have been retained in this note to reflect what was reviewed by the CODM throughout the period.

The CODM does not review balance sheet reports in detail by segment, only in total for the Group. As such, no information relating to assets and liabilities on a segmental basis has been presented.

	Pre discontinued operations		Continuing basis	
	Revenue £m	Gross profit £m	Revenue £m	Gross profit £m
<b>30 December 2022</b>				
Global Managed Services	<b>974.4</b>	<b>97.1</b>	<b>974.4</b>	<b>97.1</b>
STEM	<b>999.7</b>	<b>107.8</b>	<b>999.7</b>	<b>107.8</b>
Regional Specialist Staffing	<b>318.8</b>	<b>58.3</b>	—	—
Healthcare	<b>329.6</b>	<b>51.6</b>	—	—
Inter-segment revenues	<b>(94.2)</b>	—	<b>(26.7)</b>	—
<b>Operating segments</b>	<b>2,528.3</b>	<b>314.8</b>	<b>1,947.4</b>	<b>204.9</b>

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 3. Segment information continued

Re-presented	Pre discontinued operations		Continuing basis	
	Revenue £m	Gross profit £m	Revenue £m	Gross profit £m
<b>31 December 2021</b>				
Global Managed Services	838.7	79.2	838.7	79.2
STEM	759.6	81.8	759.6	81.8
Regional Specialist Staffing	430.7	62.3	–	–
Healthcare	295.3	43.7	–	–
Inter-segment revenues	(61.9)	–	(18.0)	–
<b>Operating segments</b>	<b>2,262.4</b>	<b>267.0</b>	<b>1,580.3</b>	<b>161.0</b>

The CODM also discusses performance with management of the following geographic segments plus an allocation of shared costs and corporate costs:

- UK & Europe
- North America
- Asia Pacific

	Pre discontinued operations			Continuing basis		
	Revenue £m	Gross profit £m	Adjusted operating profit £m	Revenue £m	Gross profit £m	Adjusted operating profit £m
<b>30 December 2022</b>						
UK & Europe	2,011.6	208.2	32.1	1,506.2	112.8	20.5
North America	403.9	82.7	10.6	394.1	81.7	10.6
Asia Pacific	112.8	23.9	4.0	47.1	10.4	2.0
<b>Operating segments</b>	<b>2,528.3</b>	<b>314.8</b>	<b>46.7</b>	<b>1,947.4</b>	<b>204.9</b>	<b>33.1</b>

Re-presented	Pre discontinued operations			Continuing basis		
	Revenue £m	Gross profit £m	Adjusted operating profit £m	Revenue £m	Gross profit £m	Adjusted operating profit £m
<b>31 December 2021</b>						
UK & Europe	1,741.4	172.5	24.5	1,205.8	89.4	17.4
North America	456.3	76.5	10.1	358.3	63.7	8.6
Asia Pacific	64.7	18.0	2.2	16.2	7.9	1.6
<b>Operating segments</b>	<b>2,262.4</b>	<b>267.0</b>	<b>36.8</b>	<b>1,580.3</b>	<b>161.0</b>	<b>27.6</b>

Reconciliation of segment adjusted operating profit to profit from operations is as follows:

	Pre discontinued operations		Continuing basis	
	30 December 2022 £m	31 December 2021 £m	30 December 2022 £m	Re-presented 31 December 2021 £m
<b>Segment adjusted operating profit</b>	<b>46.7</b>	36.8	<b>33.1</b>	27.6
Corporate costs	(5.3)	(7.5)	(5.3)	(7.5)
Adjusted operating profit	<b>41.4</b>	29.3	<b>27.8</b>	20.1
Profit from disposal of operation (note 10)	<b>4.6</b>	–	–	–
Impairment of asset held for sale (note 10)	<b>(1.9)</b>	–	–	–
Amortisation of brand value and customer relationships (note 14)	<b>(9.7)</b>	(9.8)	<b>(6.8)</b>	(6.4)
<b>Operating profit</b>	<b>34.4</b>	19.5	<b>21.0</b>	13.7
Finance income (note 6)	<b>0.1</b>	0.2	<b>0.1</b>	0.2
Finance expense (note 7)	<b>(5.2)</b>	(4.3)	<b>(5.0)</b>	(4.1)
Tax charge (note 8)	<b>(4.1)</b>	(7.1)	<b>(1.4)</b>	(6.5)
<b>Profit for the period</b>	<b>25.2</b>	8.3	<b>14.7</b>	3.3

Where the Group places workers between operational segments, the relevant segments each record the gross revenue for placing the worker on an arm's-length basis. An adjustment has been made to remove the impact of inter-segment revenues from the Group results.

The Group has adopted adjusted operating profit as its Alternative Performance Measure, to include depreciation and amortisation of assets but excluding amortisation of acquired intangibles.

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.

IFRS 15 requires entities to disaggregate revenue recognised from contracts with customers into relevant categories that depict how the nature, amount and cash flows are affected by economic factors. As a result, we consider the following information to be relevant:

30 December 2022	Global Managed Services £m	STEM £m	Inter-segment revenues £m	Total £m
<b>Primary geographic markets</b>				
UK	<b>740.7</b>	<b>759.5</b>	<b>(26.7)</b>	<b>1,473.5</b>
Europe	<b>22.7</b>	<b>10.0</b>	–	<b>32.7</b>
North America	<b>163.9</b>	<b>230.2</b>	–	<b>394.1</b>
Australasia	<b>47.1</b>	–	–	<b>47.1</b>
<b>Total</b>	<b>974.4</b>	<b>999.7</b>	<b>(26.7)</b>	<b>1,947.4</b>
<b>Major service lines</b>				
Temporary placements	<b>963.7</b>	<b>951.9</b>	<b>(26.7)</b>	<b>1,888.9</b>
Permanent placements	<b>5.1</b>	<b>35.0</b>	–	<b>40.1</b>
Other	<b>5.6</b>	<b>12.8</b>	–	<b>18.4</b>
<b>Total</b>	<b>974.4</b>	<b>999.7</b>	<b>(26.7)</b>	<b>1,947.4</b>

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 3. Segment information continued

Re-presented 31 December 2021	Global Managed Services £m	STEM £m	Inter-segment revenues £m	Total £m
<b>Primary geographic markets</b>				
UK	633.3	559.5	(18.0)	1,174.8
Europe	17.6	13.4	–	31.0
North America	171.6	186.7	–	358.3
Australasia	16.2	–	–	16.2
<b>Total</b>	<b>838.7</b>	<b>759.6</b>	<b>(18.0)</b>	<b>1,580.3</b>
<b>Major service lines</b>				
Temporary placements	828.5	728.4	(18.0)	1,538.9
Permanent placements	3.4	20.3	–	23.7
Other	6.8	10.9	–	17.7
<b>Total</b>	<b>838.7</b>	<b>759.6</b>	<b>(18.0)</b>	<b>1,580.3</b>

The revenue information above is based on location of the Group entity directly involved in the supply.

### 4. Operating profit

a) Operating profit has been arrived at after charging:

	30 December 2022 £m	31 December 2021 £m
Depreciation of property, plant and equipment – continuing operations (note 11)	1.6	1.4
Depreciation of property, plant and equipment – discontinued operations (note 11)	1.0	1.0
Amortisation of right-of-use assets – continuing operations (note 12)	3.4	4.2
Amortisation of right-of-use assets – discontinued operations (note 12)	2.1	2.8
Amortisation of intangible assets – continuing operations (note 14)	11.6	11.1
Amortisation of intangible assets – discontinued operations (note 14)	3.3	4.0
Impairment of asset held for sale (note 10)	1.9	–
Profit on disposal of fixed assets	0.2	(0.2)
Minimum lease payments recognised as an operating lease expense (note 12)	0.7	0.7
Gain/(loss) on foreign exchange	0.1	(0.4)
Total employee expenses (note 5)	822.9	846.9
Charge for bad and doubtful trade receivables (note 16)	0.8	3.3

Operating profit is stated net of £nil (2021: £0.5m) income received from governments globally in respect of various support schemes following the Covid-19 pandemic.

## b) Auditor's remuneration

	30 December 2022 £m	31 December 2021 £m
Fees payable to the Auditor for the audit of the Group's annual financial statements	0.3	0.3
Fees payable to the Group's Auditor and their associates for other services: The audit of the Company's subsidiaries pursuant to legislation	1.0	0.9
<b>Total</b>	<b>1.3</b>	<b>1.2</b>

## 5. Employment costs

## a) Employees (including Directors) whose costs are included in administrative expenses

## Costs of employment

	30 December 2022 £m	31 December 2021 £m
Wages, salaries and bonuses	185.2	157.5
Social security costs	17.7	14.4
Expenses related to defined contribution plan	3.5	2.9
<b>Total</b>	<b>206.4</b>	<b>174.8</b>
Continuing operations	139.7	111.3
Discontinuing operations	66.7	63.5
<b>Total</b>	<b>206.4</b>	<b>174.8</b>

## Monthly average number of employees

	30 December 2022 Number	31 December 2021 Number
UK & Europe	2,222	1,894
North America	631	623
Asia Pacific	187	179
Corporate staff (including Directors)	9	11
<b>Total</b>	<b>3,049</b>	<b>2,707</b>
Continuing operations	1,770	1,436
Discontinuing operations	1,279	1,271
<b>Total</b>	<b>3,049</b>	<b>2,707</b>

The period end number of staff was 3,064 (2021: 2,900) of whom 1,825 (2021: 1,606) are part of the continuing operations.

## b) Employees whose costs are included in cost of sales

In addition to the above, the Group employs some of the staff who are supplied to clients and whose costs are part of the Group's cost of sales.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 5. Employment costs continued

Costs of employment

	30 December 2022 £m	31 December 2021 £m
Wages, salaries and bonuses	571.7	620.3
Social security costs	41.8	48.8
Expenses related to defined contribution plan	3.0	3.0
<b>Total</b>	<b>616.5</b>	<b>672.1</b>
Continuing operations	377.2	354.6
Discontinuing operations	239.3	317.5
<b>Total</b>	<b>616.5</b>	<b>672.1</b>

The costs above are net of government grants in respect to job support schemes that have been administered for staff supplied to clients.

Monthly average number of employees

	30 December 2022 Number	31 December 2021 Number
UK & Europe	13,427	15,070
North America	3,851	6,694
Asia Pacific	1,503	559
<b>Total</b>	<b>18,781</b>	<b>22,323</b>
Continuing operations	9,261	9,179
Discontinuing operations	9,520	13,144
<b>Total</b>	<b>18,781</b>	<b>22,323</b>

### c) Information on Directors' remuneration

The total emoluments for all Directors during the period were:

	30 December 2022 £m	31 December 2021 £m
Emoluments (including benefits)	1,996	2,053
Contribution to defined contribution pension plans	92	92
<b>Total</b>	<b>2,088</b>	<b>2,145</b>

## Total emoluments:

	Salary and benefits £000	Pension contributions £000	Total fixed costs £000	Bonus £000	Deferred bonus £000	Total variable £000	Total emoluments £000
<b>30 December 2022</b>							
Lord M Ashcroft	59	–	59	–	–	–	59
J Robertson	477	68	545	330	217	547	1,092
T Briant	313	24	337	255	180	435	772
AE Entwistle	40	–	40	–	–	–	40
ME Ettling	45	–	45	–	–	–	45
M Laurie	40	–	40	–	–	–	40
Baroness T Stowell	40	–	40	–	–	–	40
<b>Total</b>	<b>1,014</b>	<b>92</b>	<b>1,106</b>	<b>585</b>	<b>397</b>	<b>982</b>	<b>2,088</b>

	Salary and benefits £000	Pension contributions £000	Total fixed costs £000	Bonus £000	Deferred bonus £000	Total variable £000	Total emoluments £000
<b>31 December 2021</b>							
Lord M Ashcroft	50	–	50	–	–	–	50
J Robertson	477	68	545	345	233	578	1,123
T Briant	314	24	338	270	195	465	803
AE Entwistle	40	–	40	–	–	–	40
ME Ettling	49	–	49	–	–	–	49
M Laurie	40	–	40	–	–	–	40
Baroness T Stowell	40	–	40	–	–	–	40
<b>Total</b>	<b>1,010</b>	<b>92</b>	<b>1,102</b>	<b>615</b>	<b>428</b>	<b>1,043</b>	<b>2,145</b>

All pension payments relate to defined contribution schemes.

The total emoluments for J Robertson and T Briant include benefits, both non-cash and cash, to the value of £95,000 (2021: £95,000) and £38,000 (2021: £37,000) respectively. The £40,000 (2021: £40,000) paid for the services of AE Entwistle as a Non-Executive Director is paid to Deacon Street Partners Limited. No Director has been in receipt of either a loan from the Group or a long-term incentive plan in the current or prior periods.

## 6. Total finance income

	<b>30 December 2022 £m</b>	31 December 2021 £m
Bank interest receivable	0.1	0.1
Interest on lease debtors	–	0.1
<b>Total finance income</b>	<b>0.1</b>	<b>0.2</b>
Continuing operations	0.1	0.2
Discontinuing operations	–	–
<b>Total</b>	<b>0.1</b>	<b>0.2</b>

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 7. Total finance expense

	30 December 2022 £m	31 December 2021 £m
Revolving credit facilities	4.6	3.4
Lease interest payable	0.4	0.6
Unwind discount on provisions	0.1	0.2
Other interest expense	0.1	0.1
<b>Total finance expense</b>	<b>5.2</b>	<b>4.3</b>
Continuing operations	5.0	4.1
Discontinuing operations	0.2	0.2
<b>Total</b>	<b>5.2</b>	<b>4.3</b>

### 8. Taxation

#### a) Tax charge in the income statement

	30 December 2022 £m	31 December 2021 £m
Current income tax		
UK corporation tax on results for the period	3.1	2.8
Adjustments in respect of previous periods	(0.6)	(0.5)
	2.5	2.3
Foreign tax in the period	2.3	1.6
Total current income tax	4.8	3.9
Deferred tax (credit)/charge	(0.7)	3.2
<b>Total tax charge in the income statement</b>	<b>4.1</b>	<b>7.1</b>
Continuing operations	1.4	6.5
Discontinuing operations	2.7	0.6
<b>Total</b>	<b>4.1</b>	<b>7.1</b>

The deferred tax charge comprises the following:

	30 December 2022 £m	31 December 2021 £m
Utilisation of tax losses brought forward	–	2.0
Recognition of assets not previously recognised	–	(0.9)
Origination and reversal of other temporary differences	1.2	(1.5)
Change in tax rate used for deferred tax carried forward	–	3.1
Adjustment in respect of previous periods	(2.0)	0.5
<b>Total deferred tax (credit)/charge (note 22)</b>	<b>(0.8)</b>	<b>3.2</b>

## b) Reconciliation of the total tax charge

The standard rate of Corporation Tax in the UK is 19%. Accordingly, the Group's result from this period is taxed at an effective rate of 14.5% (2021: 45.8%). The tax charge for the period is £4.1m (2021: £7.1m) for the Group. A tax reconciliation explaining differences from the expected statutory rate is summarised below:

	30 December 2022 %	31 December 2021 %
Tax charge at UK standard rate	19.0	19.0
Differences in tax rates in other countries	1.7	0.9
(Income)/expenses not taxable/allowable in determining taxable profits	4.1	9.6
Losses in period carried forward but not recognised as assets	1.7	0.9
Utilisation of losses not previously recognised (note 22)	(2.8)	(4.8)
Change in tax rate used for deferred tax carried forward	0.2	20.2
Adjustments to deferred tax in respect of previous periods	(7.1)	3.5
Adjustments in respect of previous periods	(2.3)	(3.5)
<b>Effective total tax rate</b>	<b>14.5</b>	<b>45.8</b>

Income not taxable in determining taxable profits is comprised of various adjustments in respect of items not treated as taxable under local tax rules (such as non-deductible interest and capital costs in administrative expenses), plus expenses previously added back as non-deductible being treated as allowed for tax.

Adjustments in respect of previous periods (current and deferred) arise as a result of a reduction in non-tax-deductible expenses and estimated timing differences in the prior year filed tax returns. See note 22 for an explanation of deferred tax balances.

### Factors affecting tax charges in future periods

The UK Government announced an increase in the corporation tax rate from 19% to 25%, with an effective date of 1 April 2023, which was substantively enacted on 24 May 2021. Temporary differences were remeasured in the prior year using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed guidance released in March 2022, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax.

At the date when the financial statements were authorised for issue, none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax. Management does not consider that any subsidiary resides in a territory which will give rise to a material top-up tax. However, are closely monitoring the progress of the legislative process in each jurisdiction the Group operates in.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 9. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit 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 dilutive effect relates to nil (2021: 19,841) shares owned by The Corporate Services Group Ltd Employee Share Trust which hold the shares remaining after various historic option plans lapsed. Excluding these shares, the weighted average number of shares in 2022 is 45,147,337 (2021: 45,538,963) and the fully diluted average number of shares is 45,152,679 (2021: 45,558,804). The calculations of both basic and diluted earnings per share ('EPS') are based upon the following consolidated income statement data:

	30 December 2022 £m	31 December 2021 £m
Continuing profit for the period	14.7	3.3
Discontinued profit for the period	10.5	5.0
Profit/(loss) for the period	25.2	8.3
Impairment of asset held for sale (net of tax) – discontinued (note 10)	1.9	–
Customer relationship and brand amortisation (net of tax) – continuing (note 4)	5.3	5.0
Customer relationship and brand amortisation (net of tax) – discontinued (note 4)	2.3	2.7
<b>Total adjusted profit for the period</b>	<b>34.7</b>	<b>16.0</b>
Continuing adjusted profit for the period	20.0	8.3
Discontinued adjusted profit for the period	14.7	7.7

#### EPS – basic calculation

	30 December 2022 Pence	31 December 2021 Pence
Continuing unadjusted basic earnings per share	32.6	7.3
Discontinued unadjusted basic earnings per share	23.3	11.0
<b>Total unadjusted basic earnings per share</b>	<b>55.9</b>	<b>18.3</b>
Impairment of asset held for sale (net of tax) – discontinued (note 10)	4.2	–
Customer relationship and brand amortisation (net of tax) – continuing (note 4)	11.7	10.9
Customer relationship and brand amortisation (net of tax) – discontinued (note 4)	5.1	6.1
Adjusted basic earnings per share <sup>1</sup>	76.9	35.3
Continuing adjusted basic earnings per share	44.3	18.2
Discontinued adjusted basic earnings per share	32.6	17.1

<sup>1</sup> Additional earnings per share calculations have been presented in order to provide information on the underlying performance of the Group before impairment of goodwill and intangible assets and the amortisation of customer relationships and brands.

## EPS – diluted calculation

	30 December 2022 Pence	31 December 2021 Pence
Continuing unadjusted diluted earnings per share	32.6	7.3
Discontinued unadjusted diluted earnings per share	23.3	11.0
Total unadjusted diluted earnings per share	55.9	18.3
Impairment of asset held for sale (net of tax) – discontinued (note 10)	4.2	–
Customer relationship and brand amortisation (net of tax) – continuing (note 4)	11.7	10.8
Customer relationship and brand amortisation (net of tax) – discontinued (note 4)	5.1	6.1
<b>Adjusted diluted earnings per share<sup>1</sup></b>	<b>76.9</b>	<b>35.2</b>
Continuing adjusted diluted earnings per share	44.3	18.1
Discontinued adjusted diluted earnings per share	32.6	17.1

<sup>1</sup> Additional earnings per share calculations have been presented in order to provide information on the underlying performance of the Group before impairment of goodwill and intangible assets and the amortisation of customer relationships and brands.

## 10. Discontinued operations

## Total profit and loss relating to discontinued operations

	52 weeks 30 December 2022 £m	52 weeks 31 December 2021 £m
Turnover	580.9	682.1
Cost of Sale	(471.0)	(576.1)
<b>Gross Profit</b>	<b>109.9</b>	<b>106.0</b>
Admin expenses	(99.2)	(100.2)
Impairment of goodwill	(1.9)	–
<b>Operating profit</b>	<b>8.8</b>	<b>5.8</b>
Interest	(0.2)	(0.2)
<b>Profit before tax</b>	<b>8.6</b>	<b>5.6</b>
Taxation	(1.3)	(0.6)
<b>Profit from discontinued operations</b>	<b>7.3</b>	<b>5.0</b>
<b>Post tax gain on disposal</b>	<b>3.2</b>	<b>–</b>
<b>Total profit from discontinued operations</b>	<b>10.5</b>	<b>5.0</b>

## Total cash flows relating to discontinued operations

	52 weeks 30 December 2022 £m	52 weeks 31 December 2021 £m
Net cash generated by operating activities	4.7	2.9
Net cash generated on investing activities	12.1	(0.6)
Net cash outflow from financing activities	(2.4)	(2.9)
<b>Net cash flows for discontinued operations</b>	<b>14.4</b>	<b>(0.6)</b>

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 10. Discontinued operations continued

#### A. Disposal of Corestaff

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, for cash consideration of approximately \$19 million (£14.1 million) ('the Disposal'). This consideration was based on an agreed net working capital of \$10 million on the date of disposal with a \$ for \$ adjustment to consideration if the net working capital was above or below this amount. The final working capital position was to be determined between 90 and 120 days post completion date and, on 29 June 2022, a final position of \$12.9 million was agreed. As a result, an additional \$2.9 million (£2.2 million) of consideration was received in July 2022 giving a total of \$21.9 million (£16.3 million).

Corestaff is not a separate legal entity, but is included within the trade of two US registered legal entities (Corporate Employment Resources Inc and Corestaff Support Services Inc). Assets, liabilities and trade relating to Corestaff are identified by way of specific cost centre combinations that are identified as relating to Corestaff.

Profit from disposal of Corestaff:

	£m
Cash consideration received	16.3
Cash disposed of	–
Expenses relating to disposal	(0.9)
Net cash inflow on disposal of discontinued operation	15.4
Net assets disposed (other than cash):	
Right-of-use asset	(0.2)
Trade and other receivables	(10.9)
Trade and other payables	0.8
Lease liabilities	0.2
Provisions	0.3
	(9.8)
Gain on disposal of discontinued operation before allocated goodwill and tax	5.6
Allocated goodwill	(1.0)
Pre-tax gain on disposal of discontinued operation	4.6
Related tax expense	(1.4)
Gain on disposal of discontinued operation	3.2

## Profit and loss relating to discontinued operations

	52 weeks 30 December 2022 £m	52 weeks 31 December 2021 £m
Turnover	9.8	98.0
Cost of Sale	(8.7)	(35.1)
Gross Profit	1.1	12.9
Admin expenses	(1.1)	(11.4)
Operating profit	~	1.5
Interest	~	–
Profit before tax	~	1.5
Taxation	~	(0.4)
<b>Profit from discontinued operations</b>	<b>~</b>	<b>1.1</b>
<b>Post tax gain on disposal</b>	<b>3.2</b>	<b>–</b>
<b>Total profit from discontinued operations</b>	<b>3.2</b>	<b>1.1</b>

## Cash flows relating to discontinued operations

	52 weeks 30 December 2022 £m	52 weeks 31 December 2021 £m
Net cash generated by operating activities	(0.5)	0.7
Net cash generated on investing activities	13.8	–
Net cash outflow from financing activities	~	0.1
<b>Net cash flows for discontinued operations</b>	<b>13.3</b>	<b>0.8</b>

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 10. Discontinued operations continued

Effect of disposal on the financial position of the Group

	At disposal £m
Allocated goodwill	1.0
Right-of-use	0.2
Trade and other receivables	10.9
Trade and other payables	(0.8)
Lease liabilities	(0.2)
Provisions	(0.3)
<b>Net assets and liabilities</b>	<b>10.8</b>

#### B. Disposal of Regional Specialist Staffing and Healthcare Staffing divisions

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 Transaction'). 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 net working capital was above or below this amount. The final working capital position is to be determined 60 days after the completion date. The deal had been deemed to be highly probable on 16 December 2022 and at that time was treated as a discontinued operation and as an asset and liability held for sale. The transaction was completed on 3 March 2023.

Profit and loss relating to discontinued operations

	52 weeks 30 December 2022	52 weeks 31 December 2021
Turnover	<b>571.1</b>	584.1
Cost of Sale	<b>(462.3)</b>	(491.0)
<i>Gross Profit</i>	<b>108.8</b>	93.1
Admin expenses	<b>(98.1)</b>	(88.8)
Impairment of goodwill	<b>(1.9)</b>	–
<i>Operating profit</i>	<b>8.8</b>	4.3
Interest	<b>(0.2)</b>	(0.2)
<i>Profit before tax</i>	<b>8.6</b>	4.1
Taxation	<b>(1.3)</b>	(0.2)
<b>Profit from discontinued operations</b>	<b>7.3</b>	3.9
<b>Post tax gain on disposal</b>	<b>–</b>	–
<b>Total profit from discontinued operations</b>	<b>7.3</b>	3.9

## Cash flows relating to discontinued operations

	52 weeks 30 December 2022 £m	52 weeks 31 December 2021 £m
Net cash generated by operating activities	5.2	2.2
Net cash generated on investing activities	(1.7)	(0.6)
Net cash outflow from financing activities	(2.4)	(3.0)
<b>Net cash flows for discontinued operations</b>	<b>1.1</b>	<b>(1.4)</b>

## Effect of disposal on the financial position of the Group

	30 December 2022 £m
Property, plant and equipment	1.5
Right-of-use	3.4
Goodwill	25.2
Other intangible assets	30.4
Financial assets	0.1
Deferred tax assets	1.7
Trade and other receivables	107.8
Lease receivables	1.1
<b>Total assets held for sale</b>	<b>171.2</b>
Lease liabilities	(4.4)
Trade and other payables	(68.8)
Tax payable	(0.5)
Provisions	(6.6)
Deferred tax payable	(6.8)
<b>Total liabilities held for sale</b>	<b>(87.1)</b>
<b>Net assets and liabilities</b>	<b>84.1</b>

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 11. Property, plant and equipment

	Freehold property £m	Short leasehold property £m	Furniture, fixtures and fittings £m	Computer equipment £m	Total £m
<b>Net carrying value – 1 January 2021</b>	0.2	1.1	2.7	1.1	5.1
<b>Cost – 2 January 2021</b>	0.2	3.0	7.5	5.4	16.1
Additions	–	0.2	0.1	1.2	1.5
Disposals	–	–	(0.9)	(1.7)	(2.6)
Foreign exchange	–	–	–	0.1	0.1
<b>Cost – 31 December 2021</b>	0.2	3.2	6.7	5.0	15.1
<b>Accumulated depreciation – 2 January 2021</b>	–	1.9	4.8	4.3	11.0
Charge for the period	–	0.5	1.1	0.8	2.4
Disposals	–	–	(0.9)	(1.7)	(2.6)
Foreign exchange	–	–	–	0.1	0.1
<b>Accumulated depreciation – 31 December 2021</b>	–	2.4	5.0	3.5	10.9
<b>Net carrying value – 31 December 2021</b>	0.2	0.8	1.7	1.5	4.2
<b>Cost – 1 January 2022</b>	<b>0.2</b>	<b>3.2</b>	<b>6.7</b>	<b>5.0</b>	<b>15.1</b>
Re-analysis	–	<b>0.8</b>	<b>(0.8)</b>	–	–
Additions	–	<b>0.1</b>	<b>0.6</b>	<b>2.6</b>	<b>3.3</b>
Disposals	–	<b>(0.7)</b>	<b>(1.1)</b>	<b>(0.6)</b>	<b>(2.4)</b>
Transferred to assets held for sales (note 10)	<b>(0.2)</b>	<b>(1.0)</b>	<b>(1.9)</b>	<b>(1.6)</b>	<b>(4.7)</b>
Foreign exchange	–	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.6</b>
<b>Cost – 30 December 2022</b>	–	<b>2.6</b>	<b>3.7</b>	<b>5.6</b>	<b>11.9</b>
<b>Accumulated depreciation – 1 January 2022</b>	–	<b>2.4</b>	<b>5.0</b>	<b>3.5</b>	<b>10.9</b>
Re-analysis	–	<b>0.4</b>	<b>(0.4)</b>	–	–
Charge for the period	–	<b>0.4</b>	<b>0.9</b>	<b>1.3</b>	<b>2.6</b>
Disposals	–	<b>(0.7)</b>	<b>(1.1)</b>	<b>(0.6)</b>	<b>(2.4)</b>
Transferred to assets held for sales (note 10)	–	<b>(0.7)</b>	<b>(1.7)</b>	<b>(0.8)</b>	<b>(3.2)</b>
Foreign exchange	–	<b>0.1</b>	<b>0.3</b>	<b>0.2</b>	<b>0.6</b>
<b>Accumulated depreciation – 30 December 2022</b>	–	<b>1.9</b>	<b>3.0</b>	<b>3.6</b>	<b>8.5</b>
<b>Net carrying value – 30 December 2022</b>	–	<b>0.7</b>	<b>0.7</b>	<b>2.0</b>	<b>3.4</b>

Included in computer equipment are assets with net carrying value of £nil (2021: £0.1m) held under a finance lease. Depreciation of £0.1m (2021: £0.1m) was charged on these assets.

### 12. Leases

During the period, the Group accounted for 94 leased properties (2021: 125) under IFRS 16 across the jurisdictions in which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation or at a fixed rate and in others to be reset periodically to market rental rates, whilst in others the periodic rent is fixed over the lease term. Some leases have provisions for early termination (see lease end dates judgements 2(B)i). The Group also leased 27 vehicles (2021: 99), all of which have a fixed lease fee over the term. The weighted average incremental borrowing rate used to calculate the lease liability was 3.26% (2021: 2.96%).

Of the 94 property leases accounted for under IFRS 16 during the period, 13.8% recognised future uplifts in rent (2021: 12%). Should the lease payments on these increase by 5% there could be a resulting increase in the right-of-use asset of £0.1m.

## Right-of-use assets

	Land and buildings £m	Vehicles £m	Total £m
<b>Net carrying value – 1 January 2021</b>	20.9	0.4	21.3
Cost – 2 January 2021	35.3	1.2	36.5
Additions	0.5	–	0.5
Remeasurement	1.5	–	1.5
Disposals	(4.0)	(0.5)	(4.5)
Foreign exchange	(0.2)	(0.1)	(0.3)
<b>Cost – 31 December 2021</b>	33.1	0.6	33.7
<b>Accumulated depreciation – 2 January 2021</b>	14.4	0.8	15.2
Charge for the period	6.7	0.3	7.0
Disposals	(3.8)	(0.5)	(4.3)
Foreign exchange	(0.1)	–	(0.1)
<b>Accumulated depreciation – 31 December 2021</b>	17.2	0.6	17.8
<b>Net carrying value – 31 December 2021</b>	15.9	–	15.9
<b>Cost – 1 January 2022</b>	<b>33.1</b>	<b>0.6</b>	<b>33.7</b>
Additions	1.6	–	1.6
Remeasurement	0.4	–	0.4
Disposals	(5.1)	(0.2)	(5.3)
Transferred to assets held for sales (note 10)	(9.7)	(0.2)	(9.9)
Foreign exchange	1.1	–	1.1
<b>Cost – 30 December 2022</b>	<b>21.4</b>	<b>0.2</b>	<b>21.6</b>
<b>Accumulated depreciation – 1 January 2022</b>	<b>17.2</b>	<b>0.6</b>	<b>17.8</b>
Charge for the period	5.4	0.1	5.5
Disposals	(4.8)	(0.2)	(5.0)
Transferred to assets held for sales (note 10)	(6.2)	(0.3)	(6.5)
Foreign exchange	0.7	–	0.7
<b>Accumulated depreciation – 30 December 2022</b>	<b>12.3</b>	<b>0.2</b>	<b>12.5</b>
<b>Net carrying value – 30 December 2022</b>	<b>9.1</b>	<b>–</b>	<b>9.1</b>

## Lease receivables

	Land and buildings £m	Vehicles £m	Total £m
<b>Net carrying value – 1 January 2021</b>	4.3	–	4.3
Additions	–	–	–
Interest	0.1	–	0.1
Receipts	(1.7)	–	(1.7)
Disposals	(2.5)	–	(2.5)
Foreign exchange	(0.2)	–	(0.2)
<b>Net carrying value – 31 December 2021</b>	–	–	–
<b>Net carrying value – 30 December 2022</b>	–	–	–

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 12. Leases continued

#### Lease liabilities

	Land and buildings £m	Vehicles £m	Total £m
<b>Net carrying value – 1 January 2021</b>	26.2	0.3	26.5
Additions	0.4	–	0.4
Remeasurement	1.3	–	1.3
Interest	0.6	–	0.6
Payments	(9.0)	(0.2)	(9.2)
Disposals	(2.7)	–	(2.7)
Foreign exchange	(0.4)	–	(0.4)
<b>Net carrying value – 31 December 2021</b>	16.4	0.1	16.5
Additions	1.3	–	1.3
Remeasurement	0.5	–	0.5
Interest	0.4	–	0.4
Payments	(5.7)	(0.1)	(5.8)
Disposals	(0.3)	–	(0.3)
Transfer to liabilities held for sale (note 10)	(3.3)	–	(3.3)
Foreign exchange	0.6	–	0.6
<b>Net carrying value – 30 December 2022</b>	9.9	–	9.9

	30 December 2022 £m	31 December 2021 £m
Current	3.0	5.1
Non-current	6.9	11.4
<b>Total lease liabilities (notes 29 and 30)</b>	9.9	16.5

	30 December 2022 £m	31 December 2021 £m
Due in year 1	3.3	5.5
Due in year 2 to 5	6.0	9.2
Due after year 5	1.5	3.0
Undiscounted lease payments	10.8	17.7
Unearned finance income	(0.9)	(1.2)
<b>Total lease payables (notes 29 and 30)</b>	9.9	16.5

Included in operating lease expenditure for 2022 are expenses relating to leases which have not been recognised under IFRS 16. The value of expense recognised for low-value leases for the period is £0.4m (2021: £0.7m) and for short-term leases is £0.3m (2021: £0.1m).

### 13. Goodwill

	Cost £m	Impairment £m	Net carrying value £m
<b>Opening balance at 1 January 2021</b>	155.9	(26.8)	129.1
Foreign exchange	(0.2)	–	(0.2)
<b>Closing balance at 31 December 2021</b>	155.7	(26.8)	128.9
Transfer to assets held for sale (note 10)	<b>(37.3)</b>	<b>10.2</b>	<b>(27.1)</b>
Disposal	<b>(1.0)</b>	–	<b>(1.0)</b>
Foreign exchange	<b>8.7</b>	–	<b>8.7</b>
<b>Closing balance at 30 December 2022</b>	<b>126.1</b>	<b>(16.6)</b>	<b>109.5</b>

Goodwill acquired through business combinations has been allocated for impairment testing purposes to seven principal cash-generating unit ('CGU') groups as follows:

- Engineering
- Information technology
- Online platform
- Science and clinical
- UK General staffing
- US Staffing
- Vendor procurement

Foreign exchange and other movements to goodwill arises from the retranslation of goodwill balances held in foreign currencies relating to the acquisition of Bartech Holdings Corporation, in the US Staffing CGU.

No impairments were recognised in the current or prior periods over goodwill or other intangible assets. During the period the Group disposed of the trade of Corestaff which is held under the US Staffing CGU and accounted for £1.0m of the holding of the goodwill. On 30 January 2023 the Group announced the sale of the Regional Specialist Staffing and Healthcare divisions. These divisions comprise the entirety of the Education and Healthcare CGUs and a portion of the UK General Staffing CGU. As a result, £37.3m of goodwill cost and £10.2m of associated impairments were transferred to assets held for sale.

The carrying amount of goodwill and other indefinite assets allocated to cash-generating units at the period end is:

	30 December 2022 £m	31 December 2021 £m
Healthcare	–	7.9
Information technology	<b>11.4</b>	11.4
Science and clinical	<b>8.5</b>	8.5
UK General staffing	<b>9.4</b>	28.6
US Staffing	<b>80.2</b>	72.5
<b>Total</b>	<b>109.5</b>	128.9

Any CGU not shown above has no goodwill in the current or prior period. The Group tests this and other assets (note 14) for impairment on an annual basis, and otherwise when changes in events or situations indicate that the carrying value may not be recoverable. If such a test indicates that the carrying amount is too high, a recoverable amount is established for the asset, which is the higher of the fair value less costs to sell and the value in use.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 13. Goodwill continued

The recoverable amount for each of the above CGUs has been determined based upon a value-in-use calculation. Value-in-use is established by discounting anticipated future cash flows attributable to each CGU that goodwill has been allocated to. Pre-tax cash flow projections are based on financial budgets approved by the Board covering the next financial period and high level management forecasts for the following four years with a perpetuity factor applied to the last forecast year.

#### Key assumptions

The key assumptions are based upon a combination of market data tempered by our own historical experience. The calculation of value-in-use is most sensitive to the following assumptions:

- Gross profit – this takes the average gross profit achieved in the two years preceding the start of the five plan years and adjusts, as appropriate, for anticipated changes to business mix and market conditions over the five plan years and range from 3.2% to 100.0% depending on the CGU;
- Discount rate – this reflects the Directors' estimate of an appropriate market rate of return taking into account the relevant risk factors; this has been adjusted to reflect current and expected future economic conditions as well as to account for geographic influences (see table below for rates);
- Growth rate used to extrapolate beyond the plan year and terminal values are based upon the long-term average growth rate of the UK and US economies and range from 1.0% to 9.0% depending on how long it is anticipated the CGU will take to recover from the impacts of Covid-19. Management recognises that the staffing and support services market growth rates fluctuate both above and below this rate; and
- Terminal value growth rate – the cash flow projections include growth rates that are not expected to exceed the long-term growth rates of the UK and US economies, currently 2.0% (2021: 2.0%).

#### Sensitivity to changes in assumptions

The impairment calculation is sensitive to changes in the above assumptions. Sensitivity analyses were performed over each subsidiary CGU to model the effects of adverse changes in the forecasts and growth assumptions. The table below shows how the results of the impairment tests for each significant CGU (being those subject to impairment, having limited excess of recoverable amount over carrying amount, or representing a substantial amount of the total goodwill) would be impacted (with all other variables being equal) by an increase in discount rate of 0.5% or a decrease of 0.5% in the long-term growth rate. The impact of all of the scenarios together has also been considered and is disclosed in the final column.

	Excess of recoverable amount over carrying value £m	Pre-tax discount rate	0.5% increase in discount rate £m	Long-term growth rates decrease by 0.5% £m	Combined sensitivity £m	Increase in impairment using combined sensitivity £m
Information technology	31.5	16.1	(3.6)	(6.2)	(9.3)	–
Science and clinical	8.0	16.1	(0.8)	(1.8)	(2.5)	–
UK General staffing	5.2	16.1	(1.9)	(3.3)	(5.0)	–
US Staffing	31.8	18.8	(2.3)	(12.5)	(15.7)	–

The post-tax discount rate used for management's best estimates in 2022 was between 13.0% and 13.7%. Management continues to monitor closely the performance of all CGUs and considers the impact of any changes to the key assumptions.

In conclusion, management believes that, other than shown above, there is no reasonable possible change in the underlying assumptions that would result in a further significant impairment charge in the consolidated income statement.

## 14. Other intangible assets

	Software £m	Brand values £m	Client relationships £m	Total £m
<b>Net carrying value – 1 January 2021</b>	12.9	65.8	17.5	96.2
<b>Cost – 2 January 2021</b>	35.5	78.5	54.2	168.2
Additions	4.3	–	–	4.3
Disposals	(3.6)	–	–	(3.6)
Impairment	–	–	–	–
Foreign exchange	(0.1)	–	–	(0.1)
<b>Cost – 31 December 2021</b>	36.1	78.5	54.2	168.8
<b>Accumulated amortisation – 2 January 2021</b>	22.6	12.7	36.7	72.0
Charge for the period	5.3	5.9	3.9	15.1
Disposals	(3.6)	–	–	(3.6)
Foreign exchange	(0.1)	0.1	–	–
<b>Accumulated amortisation – 31 December 2021</b>	24.2	18.7	40.6	83.5
<b>Net carrying value – 31 December 2021</b>	11.9	59.8	13.6	85.3
<b>Cost – 1 January 2022</b>	<b>36.1</b>	<b>78.5</b>	<b>54.2</b>	<b>168.8</b>
Additions	8.0	–	–	8.0
Disposals	(2.7)	–	–	(2.7)
Transfer to assets held for sale (note 10)	(2.5)	(37.9)	(15.1)	(55.5)
Foreign exchange	0.6	1.8	1.8	4.2
<b>Cost – 30 December 2022</b>	<b>39.5</b>	<b>42.4</b>	<b>40.9</b>	<b>122.8</b>
<b>Accumulated amortisation – 1 January 2022</b>	<b>24.2</b>	<b>18.7</b>	<b>40.6</b>	<b>83.5</b>
Charge for the period	5.2	5.6	4.1	14.9
Disposals	(2.7)	–	–	(2.7)
Transfer to assets held for sale (note 10)	(1.9)	(10.3)	(12.9)	(25.1)
Foreign exchange	0.5	0.8	1.1	2.4
<b>Accumulated amortisation – 30 December 2022</b>	<b>25.3</b>	<b>14.8</b>	<b>32.9</b>	<b>73.0</b>
<b>Net carrying value – 30 December 2022</b>	<b>14.2</b>	<b>27.6</b>	<b>8.0</b>	<b>49.8</b>

Included in software additions for the 52 weeks ended 30 December 2022 are internally generated software development costs of £nil (2021: £0.6m) which have been capitalised at cost. These costs have been assessed as having a finite life of between three and five years (2021: three and five years) and are amortised, from the date the software is available for use, on a straight-line basis over this period.

Client relationships have resulted from business combinations and have been assessed as having a finite life of ten years. They are amortised, from the date of acquisition, on a straight-line basis over this period. Brand values have resulted from business combinations and have been assessed as having a finite life of between three and 20 years depending on the prominence of the brand. They are amortised on a straight-line basis over this period.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 14. Other intangible assets continued

A summary of the amounts in brand values and client relationships, together with the remaining amortisation period is below:

	Brand values £m	Remaining amortisation period years	Client relationships £m	Remaining amortisation period years
Information technology	10.3	15.9	2.9	1.8
US Staffing	11.9	15.9	5.1	3.0
Vendor procurement	5.4	15.9	–	–

These assets are all reviewed for impairment when there are changes in events or situations that indicate the carrying value may not be recoverable. Details of the sensitivities over such impairment reviews are included in note 13. No impairment was recognised in the current period (2021: £nil).

### 15. Financial assets

	30 December 2022 £m	31 December 2021 £m
<b>Financial assets – non-current</b>		
Marketable investments designated at market value through the income statement	0.9	1.5
<b>Other financial assets (loans and receivables) – non-current</b>		
Deposits with non-financial institutions	0.1	0.2
<b>Total</b>	<b>1.0</b>	<b>1.7</b>

Financial assets include:

- The marketable investments at market value through the income statement represent investments held in trust on behalf of certain US employees (see note 2(P)). The plan allows certain key employees to defer receipt of a portion of their compensation. These deferred compensation liabilities are funded by making contributions into a trust. The employees' entitlements are limited to the market value of the fund. Investments in the trust comprise shares in US mutual funds. At 30 December 2022, these investments have been adjusted to the market value of £0.9m (2021: £1.5m). This movement is matched by an equivalent movement in other payables as disclosed in note 18; and
- Deposits with non-financial institutions represent amounts held by suppliers, clients and landlords as security for provision of facilities and services.

Information on credit risks and fair values is given in notes 29 and 30.

## 16. Trade and other receivables

### Current assets

	30 December 2022 £m	31 December 2021 £m
Trade receivables (note 2(J))	558.6	539.2
Other receivables	3.7	3.6
Prepayments	5.1	5.0
Contract assets	69.4	57.7
<b>Total</b>	<b>636.8</b>	<b>605.5</b>

- Trade receivables also include gross receivables of £364.2m (2021: £268.5m) under master-vendor agency arrangements in the UK and US where the Group only recognises the management fee element of the receivable as revenue – note 2(R);
- Contract assets comprise accrued income and costs incurred in the implementation of new contracts; and
- The above trade and other receivables fall into the 'loans and receivables' category of the Group's financial assets.

### Non-current assets

	30 December 2022 £m	31 December 2021 £m
Contract assets	0.7	0.9
Lease debtor (note 12)	–	–
<b>Total</b>	<b>0.7</b>	<b>0.9</b>

Information on credit risks and fair values is given in notes 29 and 30.

### Contract balances

	Contract assets	
	30 December 2022 £m	31 December 2021 £m
At the beginning of the period	57.7	55.8
Net amounts recognised as revenue in the period	23.8	1.9
Transfer to assets held for sale	(12.1)	–
<b>At the end of the period</b>	<b>69.4</b>	<b>57.7</b>

Contract assets are included within 'trade and other receivables' on the face of the statement of financial position. Contract assets comprise accrued income and costs incurred in the implementation of new contracts (note 2(J)).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss provision is based on the Group's expectation of future credit losses over the current receivables balance based on an analysis of the aging and sector of the receivable. These expectations are based upon known issues affecting specific debtors as well as a combination of historic and general forward-looking information on factors affecting the Group's customers as a whole as well as an awareness of the economic conditions in the countries where the Group operates. These risk factors are considered both on initial recognition of the receivable and as part of the ongoing assessment.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 16. Trade and other receivables continued

The lifetime expected loss provision for trade receivables is as follows:

	Current £m	<60 days past due £m	60–120 days past due £m	>120 days past due £m	Total £m
31 December 2021					
Expected loss rate (%)	0.4%	1.9%	6.3%	54.2%	1.2%
Gross carrying amount	449.6	14.1	6.4	5.9	546.0
<b>Loss provision</b>	<b>1.6</b>	<b>1.6</b>	<b>0.4</b>	<b>3.2</b>	<b>6.8</b>
30 December 2022					
Expected loss rate (%)	0.1%	3.1%	7.4%	8.1%	0.6%
Gross carrying amount	497.1	41.4	2.7	21.0	562.2
<b>Loss provision</b>	<b>0.4</b>	<b>1.3</b>	<b>0.2</b>	<b>1.7</b>	<b>3.6</b>

All non-current receivables are due within three years of the end of the period.

Movements in the provision for impairment of trade receivables were as follows:

	30 December 2022 £m	31 December 2021 £m
Balance at beginning of period	6.8	5.2
Transfer to assets held for sale	(2.6)	–
Charged for the period	0.8	3.3
Utilised for the period	(1.6)	(1.7)
Foreign exchange	0.2	–
<b>Balance at end of period</b>	<b>3.6</b>	<b>6.8</b>

The creation and release of provisions for impaired trade receivables have been included in 'administrative expenses' in the income statement. Amounts are generally written off to the provision account where there is no expectation of recovery.

Included in the Group's receivables are the following balances denominated in foreign currency:

	30 December 2022 £m	31 December 2021 £m
Trade receivables (note 2(J))	382.9	313.7
Other receivables	4.4	2.6
Prepayments	1.4	2.5
Accrued income	1.6	12.5
<b>Total</b>	<b>390.3</b>	<b>331.3</b>

## 17. Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following:

	30 December 2022 £m	31 December 2021 £m
Cash	112.4	90.9

Included within cash is £10.7m (2021: £8.5m) of cash which is restricted for use on specific clients.

Information on credit risks, fair values and interest rates is given in notes 29 and 30.

## 18. Trade and other payables

### Current liabilities

	30 December 2022 £m	31 December 2021 £m
Bank overdraft	4.3	3.9
Trade payables	530.2	376.7
Other tax and social security costs	31.4	63.9
Accruals	70.8	77.3
Contract liabilities	0.1	0.5
Other payables	40.9	46.4
<b>Total</b>	<b>677.7</b>	<b>568.7</b>

Trade payables include £448.5m (2021: £332.5m) of amounts payable under master-vendor arrangements in the UK and US, which are related to certain of the trade receivables – note 16. Arrangements are such that the payable amount is not due by the Group until a few days after receipt of the receivable.

Other tax and social security costs include £nil (2021: £9.1m) of taxes deferred under government schemes across various jurisdictions.

Included in other payables and accruals are:

- a. £0.9m (2021: £1.4m) in respect of liabilities accruing to certain US employees in respect of a deferred compensation plan. These amounts are payable to members of the plan on retirement (note 15);
- b. £4.5m (2021: £6.6m) for contributions due to be made to defined contribution pension schemes on behalf of certain employees of the Group;
- c. £2.2m (2021: £3.6m) for customer unclaimed payments; and
- d. Remaining amounts within other payables are largely payroll-related creditors.

Terms and conditions of the above financial liabilities:

- e. Trade payables are non-interest-bearing and are normally settled within one month from the end of the month of invoice;
- f. Other tax and social security costs are non-interest-bearing and are normally settled within one to three months; and
- g. Other payables and accruals are non-interest-bearing and have an average term of three months.

Information on credit risks and fair values is given in notes 29 and 30.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 19. Short-term borrowings

	30 December 2022 £m	31 December 2021 £m
Financial liabilities measured at amortised cost:		
Hire purchase – secured	–	0.1
<b>Total</b>	<b>–</b>	<b>0.1</b>

Information on terms, credit risks and fair values are given in notes 28, 29 and 30.

### 20. Long-term borrowings

	30 December 2022 £m	31 December 2021 £m
Financial liabilities measured at amortised cost:		
Revolving credit borrowings – secured	77.8	101.9
<b>Total</b>	<b>77.8</b>	<b>101.9</b>

Information on terms, credit risks and fair values are given in notes 28, 29 and 30.

### 21. Provisions

	Property £m	Workers' compensation £m	Legal & contractual £m	Total £m
Current – 31 December 2021	1.1	0.2	7.0	8.3
Non-current – 31 December 2021	3.2	–	0.6	3.8
<b>At 31 December 2021</b>	<b>4.3</b>	<b>0.2</b>	<b>7.6</b>	<b>12.1</b>
Additions in the period	0.2	–	–	0.2
Utilised during the period	(0.9)	–	(2.1)	(3.0)
Unwind of discount	0.1	–	–	0.1
Transfer to liabilities held for sale	(1.6)	–	(5.0)	(6.6)
Foreign exchange	0.1	–	0.8	0.9
<b>At 30 December 2022</b>	<b>2.2</b>	<b>0.2</b>	<b>1.3</b>	<b>3.7</b>
Current – 30 December 2022	0.5	0.2	1.3	2.0
Non-current – 30 December 2022	1.7	–	–	1.7
<b>Total</b>	<b>2.2</b>	<b>0.2</b>	<b>1.3</b>	<b>3.7</b>

### Property

Property provisions relate to the full expected cost of dilapidations and have been discounted to a present value using the relevant lease interest rate.

### Workers' compensation

The US operations maintain, or maintained, insurance policies with significant excesses, below which claims are borne by the operations. Provision is made for estimated costs of claims or losses arising from past events.

The level of provision made is based upon independent actuarial estimates. These estimates take into account the ultimate cost, less amounts paid to date, in respect of accidents occurring between the inception of the policy and the end of the current period, the period covered by these self-insurance arrangements. An allowance is made for claims incurred but not reported in line with standard actuarial practice.

Claims are expected to be settled within one year.

### Legal & contractual

The Group holds a provision for expected legal and contractual costs that are probable to cause an outflow of resources over an extended period. Management exercises judgements to determine the amount of this provision on a case-by-case basis. Provision is made for known issues based on past experience of similar items and other known factors. Each provision is considered separately, and the amount provided reflects the best estimate of the most likely amount, being the single most likely amount in a range of possible outcomes.

With reference to the prejudicial exemption in IAS 37, the Group will not disclose any further information about the assumptions for the provision, including any details about current and the expected number of lawsuits and settled claims. The disclosure of such information is believed to be detrimental to the Group in connection with the ongoing confidential negotiations and could inflict financial losses on the Group and its shareholders.

### Contingent liabilities

While the Group seeks to act with the highest levels of integrity and professionalism, it operates in an environment where the application of employment laws and associated taxation legislation to temporary workers' pay can be complicated to apply in practice. This is particularly the case around the application of minimum pay rates, holiday pay compensation and the applicability of taxes to certain temporary worker expenses. The Group makes specific provision for such liabilities where there is a present obligation, payment is probable and the amount can be estimated reliably. As such provisions include a degree of estimation uncertainty, any amounts eventually settled may be greater or less than the original provision and therefore the Group may have associated contingent liabilities.

## 22. Deferred taxation

	30 December 2022 £m	31 December 2021 £m
Non-current deferred tax assets:		
Total deferred tax asset – UK	0.9	1.9
Total deferred tax asset – overseas	2.3	6.4
<b>Total deferred tax asset</b>	<b>3.2</b>	<b>8.3</b>
	30 December 2022 £m	31 December 2021 £m
Deferred tax liabilities:		
Non-current deferred tax liabilities	7.7	18.7
<b>Total deferred tax liabilities</b>	<b>7.7</b>	<b>18.7</b>

Deferred tax liabilities primarily relate to fair value adjustments on acquisitions.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 22. Deferred taxation continued

	Property, plant and equipment £m	Intangible assets £m	Provisions £m	Tax value of loss carry forwards £m	Total deferred taxation £m
<b>At 2 January 2021</b>	1.5	(18.1)	6.3	2.5	(7.8)
Recognised in income	(0.3)	(0.7)	(0.6)	(1.6)	(3.2)
Foreign exchange	–	0.1	–	0.5	0.6
<b>At 31 December 2021</b>	1.2	(18.7)	5.7	1.4	(10.4)
<b>Deferred tax assets – 31 December 2021</b>	1.2	–	5.7	1.4	8.3
<b>Deferred tax liabilities – 31 December 2021</b>	–	(18.7)	–	–	(18.7)
	1.2	(18.7)	5.7	1.4	(10.4)
<b>At 1 January 2022</b>	1.2	(18.7)	5.7	1.4	(10.4)
Recognised in income – continuing	(1.1)	5.5	(3.7)	0.9	1.6
Recognised in income – discontinued	0.3	(1.3)	0.3	(0.2)	(0.9)
Transferred to liabilities held for sale	(0.3)	6.8	(1.1)	(0.2)	5.2
Foreign exchange	–	–	–	–	–
<b>At 30 December 2022</b>	0.1	(7.7)	1.2	1.9	(4.5)
<b>Deferred tax assets – 30 December 2022</b>	0.1	–	1.2	1.9	3.2
<b>Deferred tax liabilities – 30 December 2022</b>	–	(7.7)	–	–	(7.7)
	0.1	(7.7)	1.2	1.9	(4.5)

#### Unrecognised deferred tax assets

Deferred tax assets in relation to continuing operations have not been recognised in respect of the following items (because it is not probable that future taxable profits will be available against which the Group can utilise the benefits):

	30 December 2022 £m	31 December 2021 £m
<b>Gross value of loss carry-forwards</b>	<b>27.7</b>	<b>32.6</b>

As at the end of 2022, the Group has pre-entry capital losses of £27.7m (2021: £27.7m). No deferred tax asset has been recognised in respect of these losses due to their nature. There are no losses that will expire included in unrecognised tax losses. All losses are subject to legislation restricting the right to offset them. None of the losses held by the Group have an expiry date.

### 23. Issued share capital

	Number of issued shares m	Issued share capital £m	Share premium account £m	Total share capital/ £m
<b>2 January 2021</b>	45.9	0.5	30.1	30.6
Shares repurchased	(0.6)	–	–	–
<b>31 December 2021</b>	45.3	0.5	30.1	30.6
<b>1 January 2022</b>	45.3	0.5	30.1	30.6
Shares repurchased	(0.2)	–	–	–
<b>30 December 2022</b>	45.1	0.5	30.1	30.6

### Transactions with shareholders

In 2022, 253,615 Ordinary shares of 1p each (2021: 608,602), representing 0.6% (2021: 1.3%) of the opening number of issued shares, were repurchased in the market for consideration of £1.2m (2021: £1.9m), and cancelled.

On 29 June 2022 the shareholders approved a new share purchase plan allowing the Company to purchase up to 4,513,446 Ordinary shares up to the earlier of the date of the Company's next Annual General Meeting or 30 June 2023.

### Impellam Group plc

The Company has no limit to its authorised share capital. The above number represents the number of allotted, fully paid shares of 1p in issue.

## 24. Dividends

	30 December 2022 £m	31 December 2021 £m
Special dividend paid 9 December 2022 at 55.4p per share	25.0	—
<b>Paid in period</b>	<b>25.0</b>	<b>—</b>

On 22 December 2022 the Company announced a further special dividend of 55.4p per share totalling £25.0m to be paid on 27 January 2023 which has not been recognised in these accounts.

On 6 March 2023 the Company announced a further special dividend of 77.8p per share totalling £35.0m to be paid on 6 April 2023 which has not been recognised in these accounts.

## 25. Other reserves

	Merger reserve £m	Other reserve £m	Foreign currency translation reserve £m	Total other reserves £m
<b>2 January 2021</b>	19.0	92.2	7.1	118.3
Currency translation differences	—	—	(1.4)	(1.4)
<b>31 December 2021</b>	19.0	92.2	5.7	116.9
<b>1 January 2022</b>	<b>19.0</b>	<b>92.2</b>	<b>5.7</b>	<b>116.9</b>
Currency translation differences	—	—	14.0	14.0
<b>30 December 2022</b>	<b>19.0</b>	<b>92.2</b>	<b>19.7</b>	<b>130.9</b>

### Merger reserve

The merger reserve arises under Section 612 of the Companies Act 2006 as a result of the acquisition of Bartech Holding Corporation and Lorient Limited using the issue of shares as part consideration. The excess of fair value over nominal value of shares is transferred to a merger reserve rather than share premium. This reserve is not distributable.

### Other reserve

The other reserve comprises £92.2m contributed surplus arising on a historical demerger transaction (2021: £92.2m). It also contains £41,000 contributed surplus arising on a historical demerger transaction and a special reserve arising from the capital reduction in December 2012 (2021: £41,000); and £55,000 capital redemption reserve arising from the purchase and cancellation of treasury shares (2021: £47,000). This reserve is not distributable.

### Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 26. Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interest ('NCI'), before any intra-Group eliminations.

	Individual immaterial subsidiaries £m	Total £m
<b>30 December 2022</b>		
<b>Net assets attributable to NCI</b>	<b>0.3</b>	<b>0.3</b>
Profit allocated to NCI	0.2	0.2
Other comprehensive income allocated to NCI	–	–
Other comprehensive income from reducing the NCI component	–	–

	Individual immaterial subsidiaries £m	Total £m
<b>31 December 2021</b>		
<b>Net assets attributable to NCI</b>	0.1	0.1
Profit allocated to NCI	0.1	0.1
Other comprehensive income from reducing the NCI component	0.3	0.3

The individually immaterial subsidiaries include the share of results for Barpellam Inc and Bartech Belgium NV (2021: Barpellam Inc and Bartech Belgium NV) which are not wholly owned by the Group (note 27).

## 27. Related party disclosures

The consolidated financial statements include those of the holding company, Impellam Group plc, and all of its subsidiaries. All subsidiaries have the same period end as the Group and are wholly owned at the period end unless otherwise specified.

800 The Boulevard	- Blue Arrow Financial Services Limited* †
Capability Green	- Blue Arrow Holdings Limited †
Luton	- Blue Arrow Limited †
LU1 3BA	- BMS Limited
United Kingdom	- Carbon60 Limited
	- Career Teachers 2006 Limited †
	- Career Teachers Limited †
	- Carlisle Cleaning Services Holdings Limited*
	- Carlisle Events Services Limited*
	- Carlisle Group Limited
	- Carlisle Nominees Limited*
	- Carlisle Staffing plc
	- Carlisle Staffing Services Holdings Limited
	- Carlisle Staffing Services Limited
	- Chadwick Nott (Holdings) Limited †
	- Chrysalis Community Care Group Limited †
	- Comensura Limited <sup>(a)</sup>
	- Doctors On Call Limited †
	- Flexy Corporation Limited
	- Global Group (UK) Limited †
	- Global Medics Limited †
	- Guidant Global-Europe Limited
	- Impellam Holdings Limited
	- Impellam UK Limited
	- Laybridge Limited*
	- Litmus Workforce Solutions Limited †
	- Lorien Limited
	- Lorien Resourcing Limited
	- Medacs Global Group Limited †
	- Medacs Healthcare Australasia Group Limited †
	- Medacs Healthcare plc †
	- OneTrue Limited
	- PRN Recruitment Limited †
	- Science Recruitment Group Limited
	- Tate Recruitment Limited †
	- Younifi Limited
Level 2	- Allied Employment Group Pty Limited <sup>(b) †</sup>
14 Martin Place	- Comensura Pty Limited <sup>(b)</sup>
Sydney	- Flexy Services Pty Limited <sup>(b)</sup>
NSW 2000	- Global Medics Pty Limited <sup>(b) †</sup>
Australia	- Litmus Workforce Solutions Pty Ltd <sup>(b) †</sup>
	- Medacs Healthcare (Pty) Limited <sup>(b) †</sup>
	- Medacs Healthcare Australia Pty Limited <sup>(b) †</sup>

# Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

## 27. Related party disclosures continued

Straatsburgdok-Noordkaai 3 2030 Antwerp, Belgium	- Bartech Belgium NV(h) (73% owned)
PO Box 71, Road Town Tortola VG1110 British Virgin Islands	- Sabertooth Services Limited
250 Howe Street 20th Floor Vancouver BC V6C 3R8 Canada	- Bartech Technical Services of Canada Limited <sup>(c)</sup> - Canada Corporate Employment Resources ULC <sup>(c)</sup> - Global & Medical Recruitment Consultancy Inc. <sup>(c)</sup> + - Guidant Group Canada ULC <sup>(c)</sup>
Anna-Schneider-Steig 22 50678 Cologne, Germany	- Guidant Global Germany GmbH <sup>(c)</sup>
Beethovenplatz 2 80336 Munich, Germany	- Impellam GmbH <sup>(c)</sup>
Block 9, Blackrock Business Park Blackrock Co. Dublin, A94 E4X2 Ireland	- Carlisle Security (Holdings) Limited <sup>(e)</sup> - Carlisle Security Limited <sup>(e)</sup> - Carlisle Staffing Services Ireland Limited <sup>(e)</sup> - Irish Recruitment Consultants Limited <sup>(e)</sup> - Litmus Workforce Solutions Ireland Limited <sup>(h)</sup> + - Medacs Global Group Limited <sup>(h)</sup> +
Via Filippo Turati 29 20121 Milan, Italy	- Guidant Global Italy SRL <sup>(h)</sup>
Rio Tiber 40 102 Col Cuauhtemoc 06500 Cuauhtemoc, Distrito Federal, Mexico	- Bartech Mexico S, de RL de CV <sup>(c)</sup>
98 Alicia Street Colony Guadalupe Tepeyac. Mexico City CP07840, Mexico	- Guidant Global Mexico, S.A. de C.V. <sup>(c)</sup>
Level 6, 3 Ferncroft Street Graft, Auckland 1010 New Zealand	- Global Medics NZ Limited <sup>(f)</sup> + - Healthlink New Zealand Group Limited <sup>(f)</sup> + - Medacs Healthcare Limited <sup>(f)</sup> +
Oriental Center, Suite p1 254 Muñoz Uñoz Rivera Avenue San Juan PR 00918 Puerto Rico	- Guidant Global Puerto Rico Inc <sup>(c)</sup>
133 New Bridge Road #10-05, Chinatown Point Singapore 059413	- Guidant Global SG Pte Ltd <sup>(g)</sup> - Latitudes Group International Management Pte Limited <sup>(g)</sup> +
Martin-Disteli-Strasse 9 4600 Olten, Switzerland	- Carbon60 AG <sup>(d)</sup> - Guidant Global Switzerland AG <sup>(d)</sup>

2711 Centerville Road Suite 400	– Barpellam Inc (49% owned) <sup>(c)</sup>
Wilmington	– CER Canada Holding Inc. <sup>(c)</sup>
Delaware 19808	– Impellam NA Support Services Inc. <sup>(c)</sup>
USA	– Corporate Employment Resources Inc. <sup>(c)</sup>
	– Corporate Services Group Holdings Inc. <sup>(c)</sup>
	– Guidant Global Canada Holding Inc. <sup>(c)</sup>
	– Guidant Global Holding Corporation <sup>(c)</sup>
	– Guidant Global Inc. <sup>(c)</sup>
	– Guidant Group Inc. <sup>(c)</sup>
17199 N Laurel Park Drive	– Bartech Mexico Holding LLC <sup>(c)</sup>
Suite 224 Livonia	– Bartech Technical Services LLC <sup>(c)</sup>
Michigan 48152 USA	

Companies marked with a \* above are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 480 of the Act relating to dormant companies.

Companies marked with a † above have been sold after the year end (see note 10).

All subsidiaries are indirect holdings of the Company other than Impellam Holdings Ltd, Impellam UK Ltd and the Medacs Global Group Ltd which has its registered office in the UK.

Shares for all companies are classed as Ordinary and a nominal value of £1 per share except as disclosed below:

- (a) 'A' Ordinary shares of £1
- (b) Ordinary shares of A\$1
- (c) Common stock with no par value
- (d) Ordinary shares of 1000 CHF
- (e) Ordinary shares of €1.27
- (f) Ordinary shares of NZ\$1
- (g) Ordinary shares of SG\$1
- (h) Ordinary shares of €1

The Group owns 49% of the issued stock of Barpellam Inc but exercises control of the Company in accordance with the definitions of power and exposure to variability in returns required under IFRS 10 Consolidated Financial Statements.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 27. Related party disclosures continued

The subsidiary undertakings listed below are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this Company has guaranteed the subsidiary company under Section 479C of the Act:

	Registered number	Class of shares held	Ownership	
			30 December 2022	31 December 2021
Flexy Corporation Limited	09524785	Ordinary	100%	100%
Guidant Global-Europe Limited	07130856	Ordinary	100%	100%
OneTrue Limited	01189888	Ordinary	100%	100%
Younifi Limited	09898687	Ordinary	100%	100%

### Compensation of key management personnel of the Group

The Directors have considered the levels of responsibility delegated to senior management of the Group and have concluded that, in addition to the Directors themselves, disclosure should include the Senior Leadership Team which comprises the Portfolio CEO and Group General Counsel and Company Secretary, the Chief Executives of STEM, Global Managed Services, Impellam North America and Impellam APAC as well as the Chief Technology Officer, the Group Director of Corporate Development and the Group Director of Investment & Innovation. The total number of positions included in the disclosure is 15 (2021: 15). The Directors receive dividends in proportion to their shareholdings held during the current and prior periods.

	30 December 2022 £m	31 December 2021 £m
Short-term employment benefits	6.8	6.8
Post-employment benefits	0.2	0.2
<b>Total</b>	<b>7.0</b>	<b>7.0</b>

Lord Ashcroft has an interest in Puma International Holdings Limited. The Group paid Puma International Holdings Limited £100,000 (2021: £425,000) for the provision of consultancy services. Nothing was owed to or by Puma International Holdings Limited at the start or end of the period. Angela Entwistle is also a Director of a company called Deacon Street Partners Limited. The Group pays Deacon Street Partners Limited for its provision of Angela Entwistle's services as a Non-Executive Director – £40,000 (2021: £40,000). The Group owed £8,000 to Deacon Street Partners Limited at the end of the period (2021: £4,000). Also, a company within the Impellam Group provides a payroll bureau service to Deacon Street Partners Limited for which no charge is made as the arm's-length cost of such service is negligible.

David Barfield, a Director of various Group companies is a significant shareholder in Bartech Acquisition Corporation LLC. Bartech Acquisition Corporation LLC is a shareholder in Techcentral LLC and the Group provides accounting and programme management services at an arm's length rate to TechCentral LLC. During the period, the Group charged TechCentral \$14,000 (2021: \$116,000) for these services. At the end of the period, TechCentral LLC owed the Group \$12,000 (2021: \$116,000).

During the period the Group entered into the following transactions with related parties who are not 100% owned by the Group.

	Sale of services to related parties £m	Purchase of services from related parties £m	Amounts owed to related parties £m	Amounts owed by related parties £m
<b>30 December 2022</b>				
Barpellam Inc	–	31.0	61.6	1.3
Bartech Belgium NV	–	0.1	1.1	–
<b>Total</b>	<b>–</b>	<b>31.1</b>	<b>62.7</b>	<b>1.3</b>

	Sale of services to related parties £m	Purchase of services from related parties £m	Amounts owed to related parties £m	Amounts owed by related parties £m
<b>31 December 2021</b>				
Barpellam Inc	–	37.5	30.0	2.5
Bartech Belgium NV	–	0.1	0.9	–
<b>Total</b>	–	37.6	30.9	2.5

Sales to related parties relate to expenditure transferred at cost to encourage the expansion of the related party. As these companies are controlled by the Group, no allowance has been made for bad and doubtful debts.

## 28. Net debt

	31 December 2021 £m	Transfer to liabilities held for sale	Cash flow £m	Interest charged £m	Interest paid £m	New Leases £m	Foreign exchange £m	30 December 2022 £m
Cash and short-term deposits (note 17)	90.9	–	13.7	(2.4)	2.4	–	7.8	112.4
Bank overdraft (note 18)	(3.9)	–	(0.4)	–	–	–	–	(4.3)
Revolving credit (notes 19 and 20)	(101.9)	–	24.1	(2.0)	2.0	–	–	(77.8)
Hire purchase (notes 19 and 20)	(0.1)	–	0.1	–	–	–	–	–
Lease liabilities (note 12)	(16.5)	3.3	5.4	(0.4)	0.4	(1.8)	(0.3)	(9.9)
Lease debtors (note 12)	–	–	–	–	–	–	–	–
<b>Net cash/(net debt)</b>	<b>(31.5)</b>	<b>3.3</b>	<b>42.9</b>	<b>(4.8)</b>	<b>4.8</b>	<b>(1.8)</b>	<b>7.5</b>	<b>20.4</b>

	1 January 2021 £m	Cash flow £m	Interest charged £m	Interest paid £m	New Leases £m	Foreign exchange £m	31 December 2021 £m
Cash and short-term deposits (note 17)	117.9	(24.3)	(0.2)	0.2	–	(2.7)	90.9
Bank overdraft (note 18)	(2.9)	(1.0)	–	–	–	–	(3.9)
Revolving credit (notes 19 and 20)	(118.9)	16.7	(3.4)	3.4	–	0.3	(101.9)
Hire purchase (notes 19 and 20)	(0.2)	0.1	–	–	–	–	(0.1)
Lease liabilities (note 12)	(26.5)	8.8	(0.6)	0.4	1.0	0.4	(16.5)
Lease debtors (note 12)	4.3	(1.7)	0.1	(0.1)	(2.5)	(0.1)	–
<b>Net debt</b>	<b>(26.3)</b>	<b>(1.4)</b>	<b>(4.1)</b>	<b>3.9</b>	<b>(1.5)</b>	<b>(2.1)</b>	<b>(31.5)</b>

The Group takes advantage of a number of non-recourse financing agreements organised by clients of the Group to allow for the acceleration of payment of the Group's receivables (see note 2(J)). At the end of 2022, these amounted to £nil (2021: £8.2m). These agreements accrue interest at between 0.65% and 1.75% over SONIA and interest of £0.1m was charged during the period (2021: £0.1m) and is included in other interest in note 7.

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 29. Financial risk management objectives and policies

The Group's principal financial liabilities comprise bank overdrafts, revolving credit facilities, leases and trade payables. Overdrafts and revolving credit facilities are used to satisfy short-term cash flow requirements. The main purpose of these financial liabilities is to raise finance for the Group's trading operations. The Group also has various financial assets such as investments, trade receivables, cash and short-term deposits which arise directly from trading operations.

The main risks arising from the Group's financial instruments are set out below. The Board reviews and agrees policies for managing each of these risks and those are summarised below.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments such as derivatives shall be undertaken. The Group's policy with regard to interest rate and foreign exchange contracts is to only hedge specific risks with a determinable date that arise from operations or financing.

#### Interest rate risk

None of the Group's borrowings are at a fixed rate of interest. All borrowings are subject to changes in market interest rates, primarily the revolving credit facility, which is subject to floating rates. The floating rate borrowings are not exposed to changes in fair value; however, the Group is exposed to interest rate risk as costs increase if market rates rise or cash flow opportunity as costs decrease if market rates fall.

The Group also earns interest on credit bank balances at a floating rate of interest. The Group's policy is to manage its interest rate cost by the use of variable rate debts while rates are low.

#### Interest rate risk table

The following table demonstrates the sensitivity to a reasonably (based upon market expectations for the next 12 months) possible change to interest rates, with all other variables held constant, of the Group's profit before tax (through the impact of floating rate borrowings).

	Increase/ decrease in basis points	Effect on profit before tax £m	Effect on equity £m
<b>30 December 2022</b>			
Pound Sterling	<b>+50</b>	<b>(0.6)</b>	<b>(0.5)</b>
	<b>-25</b>	<b>0.3</b>	<b>0.2</b>
US Dollar	<b>+50</b>	–	–
	<b>-25</b>	–	–
<b>31 December 2021</b>			
Pound Sterling	+75	(0.9)	(0.7)
	-25	0.3	0.2
US Dollar	+75	(0.1)	(0.1)
	-25	–	–

#### Liquidity risk

The Group's funding strategy is to maintain funding flexibility through the use of cash, deposits, revolving credit facilities, overdrafts, supplier financing arrangements and leasing contracts. The Group aims to ensure that it has committed borrowing facilities in place in excess of its peak forecast borrowings for at least the next 12 months. Short-term flexibility is achieved by the use of deposits and revolving credit facilities and supplier financing arrangements.

The Group renewed its revolving credit facilities on 17 December 2021 for a further three years with an option to extend for a further two years; £182.5m was available for drawdown (2021: £182.5m) which includes an overdraft facility of £5m. The amount utilised at 30 December 2022 was £77.8m (2021: £103.8m). This facility includes an accordion element of an additional £40m which could be added to the facility. There are no restrictions to the free transfer of funds between fully owned subsidiaries. The facilities cover all territories the Group operates in. The revolving credit facility includes financial covenants linked to the Group's debtor cover, leverage cover and interest cover using adjusted EBITDA (before separately disclosed items and share-based payment) – note 3. At 30 December 2022, and throughout the period, the Group was in compliance with its financial covenants and expects to continue

to be so. With effect from 3 March 2023 and following the disposal of the Regional Specialist and Healthcare divisions, the Group has stepped down its facility to £132.5m with an agreed accordion of £30m, all other elements remain the same.

The Group takes advantage of a number of non-recourse financing agreements organised by clients of the Group to allow for the acceleration of payment of the Group's receivables (see note 2(J)). At the end of 2022, these amounted to £nil (2021: £8.2m). These agreements accrue interest at between 0.65% and 1.75% over SONIA and interest of £0.1m was charged during the period (2021: £0.1m) and is included in other interest in note 7.

The table below summarises the maturity profile of the Group's financial liabilities at 30 December 2022 and 31 December 2021 based on contractual undiscounted payments.

	On demand £m	Less than 3 months £m	3–12 months £m	1–5 years £m	5 years or more £m	Total £m
<b>30 December 2022</b>						
Revolving credit facilities (notes 19 and 20)	–	–	–	77.8	–	77.8
Trade and other payables (note 18)	4.3	633.7	8.0	0.3	–	646.3
Finance lease liabilities (notes 19 and 20)	–	–	–	–	–	–
Undiscounted lease liabilities (note 12)	–	0.8	2.5	6.0	1.5	10.8
<b>Total</b>	<b>4.3</b>	<b>634.5</b>	<b>10.5</b>	<b>84.1</b>	<b>1.5</b>	<b>734.9</b>
	On demand £m	Less than 3 months £m	3–12 months £m	1–5 years £m	5 years or more £m	Total £m
<b>31 December 2021</b>						
Revolving credit facilities (notes 19 and 20)	–	–	–	101.9	–	101.9
Trade and other payables (note 18)	3.9	490.6	10.3	–	–	504.8
Finance lease liabilities (notes 19 and 20)	–	0.1	–	–	–	0.1
Undiscounted lease liabilities (note 11)	–	1.4	4.1	9.2	3.0	17.7
<b>Total</b>	<b>3.9</b>	<b>492.1</b>	<b>14.4</b>	<b>111.1</b>	<b>3.0</b>	<b>624.5</b>

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 29. Financial risk management objectives and policies continued

#### Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the Group provides services on deferred terms (note 16).

Group policies are aimed at minimising such losses. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is kept to a minimum. The maximum exposure is the carrying amount as disclosed in note 16. The Group has a credit risk policy that covers all clients except public sector, local government and pay when paid contracts. There is a £500,000 aggregate first loss and maximum policy liability of £44.5m. This policy was renewed in February 2022 for three years.

With respect to credit risk from other financial assets of the Group, which comprise cash and cash equivalents and investments, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these assets. These risks are primarily minimised by restricting deposits and investments to those available from well-established reputable, financial institutions.

At 30 December 2022, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	30 December 2022 £m	31 December 2021 £m
UK	242.6	275.0
North America	365.9	290.5
Europe	11.2	20.5
Australasia	17.8	20.4
<b>Total</b>	<b>637.5</b>	<b>606.4</b>

#### Foreign currency risk

The Group has a significant investment in its operations in North America with some smaller interests in Europe and Australasia. The Group's consolidated balance sheet can be affected significantly by the movements in the US Dollar exchange rate; however, movements in the exchange rates for Euro, Australian Dollar, Canadian Dollar, Swiss Franc, New Zealand Dollar or other currencies have only a marginal impact on the Group's results and balance sheet.

The Group does not hedge against the impact of exchange rate movements on the translation of foreign currency denominated profits. Transactional currency exposures across the Group are minimal.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates:

	Percentage change in rate	Effect on profit before tax £m	Effect on equity £m
<b>30 December 2022</b>			
US Dollars	+10	0.9	1.0
	-10	(1.1)	(1.2)
Euros	+10	0.3	0.1
	-10	(0.4)	(0.1)
<b>31 December 2021</b>			
US Dollars	+10	0.7	–
	-10	(0.9)	–
Euros	+10	0.1	0.2
	-10	(0.1)	(0.2)

### Price risk

The Group has investments in marketable securities and as such is exposed to price risk. These securities are held in trust on behalf of certain US employees and the underlying risk is borne by those employees. The Group's liability is limited to the market value of the securities (note 15).

### Capital management

Capital consists of the total equity attributable to the equity holders of the Parent Company.

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, to ensure that it maintains a good credit rating in order to support its business and maximise shareholder value. No changes were made to the objectives, policies or processes during either period.

The Group considers capital less any net cash as components of funding. It monitors funding by reference to its ability to borrow and to satisfy debt covenants. The principal measure is the EBITDA ratio, which is calculated by dividing the funding of the Group by the Group's adjusted earnings before interest, tax, adjusted depreciation and amortisation.

The revolving credit facility included a financial covenant linked to the Group's leverage, interest cover and debtor cover. At 30 December 2022, and throughout the period, the Group was in compliance with these financial covenants whilst this facility was in place.

## 30. Financial instruments

Set out below is a comparison by category of the carrying amounts and fair values of all the Group's financial instruments that are carried in the consolidated balance sheet.

	30 December 2022		31 December 2021	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
<b>Financial assets</b>				
Investments (note 15)	0.9	0.9	1.5	1.5
Other financial assets (non-current) (note 15)	0.1	0.1	0.2	0.2
Cash and cash equivalents (note 17)	112.4	112.4	90.9	90.9
<b>Financial liabilities</b>				
Bank overdraft (note 18)	4.3	4.3	3.9	3.9
Short-term borrowings (note 19)	–	–	0.1	0.1
Long-term borrowings (note 20)	77.8	77.8	101.9	101.9

The carrying value of trade receivables less impairment and trade payables are assumed to approximate fair value and are excluded from the above table.

Fair value estimation hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

## Notes to the consolidated financial statements continued

For the 52 weeks ended 30 December 2022

### 30. Financial instruments continued

The following table presents the fair value hierarchy of assets measured at fair value:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
<b>30 December 2022</b>				
Investments (note 15)	0.9	–	–	0.9
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
<b>31 December 2021</b>	1.5	–	–	1.5
Investments (note 15)	1.5	–	–	1.5

#### Level 1

Market values, based on published prices, have been used to determine the fair value of the marketable investments included in other financial assets.

Fair value for short-term borrowings are equal to book value as they are repayable on demand and are subject to churn over a period of less than three months.

#### Interest rate risk

At 30 December 2022 and 31 December 2021, none of the Group's borrowings are at fixed rates of interest. The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk.

	Within 1 year £m	1–3 years £m	Total £m
<b>30 December 2022</b>			
<b>Floating rate</b>			
Cash and short-term deposits (note 17)	112.4	–	112.4
Bank overdrafts (note 18)	(4.3)	–	(4.3)
Revolving credit facilities (notes 19 and 20)	–	(77.8)	(77.8)
Hire purchase (notes 19 and 20)	–	–	–
	Within 1 year £m	1–2 years £m	Total £m
<b>31 December 2021</b>			
<b>Floating rate</b>			
Cash and short-term deposits (note 17)	90.9	–	90.9
Bank overdrafts (note 18)	(3.9)	–	(3.9)
Revolving credit facilities (notes 19 and 20)	–	(101.9)	(101.9)
Hire purchase (notes 19 and 20)	(0.1)	–	(0.1)

The effective interest rate on bank balances and other short-term deposits was less than 0.5% (2021: less than 0.5%). US deposit interest rates were 1.9% (2021: less than 0.5%).

Bank overdrafts and revolving credit borrowings are secured by a guarantee and debenture with a fixed charge over certain assets of the Company and the subsidiary undertakings concerned plus a floating charge over all other assets of the Company and those subsidiary undertakings, supported by a cross-guarantee given by the Company and the various subsidiary undertakings. Borrowings under these facilities incurred interest (including margin) between 1.90% and 2.70% over SONIA rate (2021: between 1.90% and 2.70% over LIBOR rate). All interest is charged monthly in arrears (note 29).

**Collateral pledged**

The self-insured workers' compensation liability described in note 21 is covered by insurers on the basis that collateral is provided sufficient to cover all potential claims. This collateral takes two forms:

- £2.7m–\$3.3m (2021: £3.0m–\$4.0m) in the form of letters of credit drawn upon the revolving credit facility in the US; and
- £0.1m–\$0.2m (2021: £0.2m–\$0.2m) in the form of cash deposits, shown on the balance sheet as non-current other financial assets (note 14).

The Group has also issued various indemnities totalling £0.2m (2021: £2.1m) relating to rent guarantees, mainly in Australia. These expire in 2023.

**31. Control**

The Group has identified Lord Ashcroft as the ultimate controlling party as he has influence over more than 50%, but less than 75%, of both the shares and voting rights of Impellam Group plc.

**32. Post balance sheet events – share purchase and cancellation**

Between the end of the year and 30 March 2023, a further 106,597 Ordinary shares of 1p each have been repurchased in the market for total consideration of £0.7m (see note 34 for related important information).

**33. Post balance sheet events – disposal of Healthcare and Regional Specialist Staffing divisions**

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. 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 final working capital position is to be determined 60 days post completion date. The deal had been deemed to be highly probable on 16 December 2022 and at that time was treated as a discontinued operation and treated as an asset and liability held for sale. The transaction was completed on 3 March 2023. (see note 10).

**34. Post balance sheet events – important information**

The Board has become 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. The Group's historic reported trading results and financial condition, and ability to pay future dividends are entirely unaffected by this matter. The CA 2006 requires the amount of any dividend distribution and share repurchases to be justified by reference to relevant accounts which show the requisite level of distributable reserves. If a company's last annual accounts do not show the necessary reserves, then the Company must prepare interim accounts and, in the case of a public company, file those interim accounts with the Registrar of Companies prior to the payment of the relevant dividend or share repurchase. *The Company's last annual accounts did not show the necessary reserves, interim accounts should have been prepared and filed with the Registrar of Companies prior to the payment of the Dividend and the Post January 2023 Share buybacks, but were not.* This therefore has the consequent effect on the Dividend and the Post January 2023 Share buybacks.

Due to this administrative oversight the Company has been advised that, as a consequence of the Dividend having been paid otherwise than in accordance with the 2006 Act, the Dividend is technically unlawful and that the Company may have claims against past and present shareholders who were recipients of the Dividend and against persons who were Directors of the Company at the time of the payment of the Dividend. In addition, the Company has been advised that the purported purchase and cancellation of the Post January 2023 Share buybacks is void. The Ordinary Shares of the Company purportedly subject to the Post January 2023 Share buybacks remain technically in issue but the voting rights which attach to them are not capable of being exercised by any person. The Company intends to take action to resolve this matter as soon as practicable.

The Board notes, however, that the Company has no intention of bringing any such claims or to seek the return of funds and that the Group's historic reported trading results and financial condition and ability to pay future dividends and continue its previously announced buyback programme are entirely unaffected by this matter.

The Company will shortly post to shareholders an explanatory circular in due course and convene a general meeting, at which resolutions authorising various rectifying actions will be proposed which will, if passed and once such actions are completed, put all potentially affected parties, so far as possible, in the position in which they were always intended to be.

## Company balance sheet

As at 30 December 2022

	Notes	30 December 2022 £m	31 December 2021 £m
<b>Non-current assets</b>			
Investments	3	145.5	150.1
Other receivables	4	272.1	242.2
		<b>417.6</b>	392.3
<b>Current assets</b>			
Asset held for sale	14	4.6	–
Other receivables	4	44.5	13.8
Cash at bank and in hand		0.5	0.6
		<b>49.6</b>	14.4
<b>Other payables: amounts falling due within one year</b>	5	<b>(292.3)</b>	(211.1)
<b>Net current liabilities</b>		<b>(242.7)</b>	(196.7)
<b>Total assets less current liabilities</b>		<b>174.9</b>	195.6
Other payables: amounts falling due in more than one year	6	(77.8)	(101.9)
<b>Net assets</b>		<b>97.1</b>	93.7
<b>Capital and reserves</b>			
Called-up share capital	8	0.5	0.5
Share premium account	8	30.1	30.1
Merger reserve	9	19.0	19.0
Other reserves	9	–	–
Retained profit	9	47.5	44.1
<b>Total shareholders' funds</b>	11	<b>97.1</b>	93.7

The accompanying notes are an integral part of this balance sheet.

The profit dealt with in the financial statements of the Company for the 52 weeks ended 30 December 2022 was £29.6m (2021: loss of £8.7m). Dividends totalling £25.0m (2021: £nil) were declared during the period. As allowed by Section 408 of the Companies Act 2006, no separate profit and loss account is presented for the Parent Company.

The financial statements on pages 120 to 128 were approved by the Board on 27 April 2023 and are signed on its behalf by:



**Tim Briant**  
Chief Financial Officer

Registered number: 06511961

## Statement of changes in equity

For the 52 weeks ended 30 December 2022

	Share capital and premium (note 8) £m	Other reserves (note 9) £m	Retained profit £m	Total reserves £m
<b>2 January 2021</b>	30.6	19.0	54.7	104.3
Loss for the period	—	—	(8.7)	(8.7)
Purchase and cancellation of own shares (note 8)	—	—	(1.9)	(1.9)
<b>31 December 2021</b>	30.6	19.0	44.1	93.7
<b>1 January 2022</b>	<b>30.6</b>	<b>19.0</b>	<b>44.1</b>	<b>93.7</b>
Profit for the period	—	—	29.6	29.6
Dividends (note 10)	—	—	(25.0)	(25.0)
Purchase and cancellation of own shares (note 8)	—	—	(1.2)	(1.2)
<b>30 December 2022</b>	<b>30.6</b>	<b>19.0</b>	<b>47.5</b>	<b>97.1</b>

The Company has considered the profits available for distribution to shareholders. At 30 December 2022, the Company had retained earnings of £47.5m which were all available for distribution.

The Group also has retained profits in its subsidiary companies which are expected to flow up to the Company in due course to further supplement its distributable reserves position.

# Notes to the Company balance sheet

For the 52 weeks ended 30 December 2022

## 1. Summary of significant accounting policies

### A) Basis of accounting

Impellam Group plc ('the Company') is a company incorporated and registered in England and Wales and domiciled in the UK.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK adopted international accounting standards and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

#### Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes.
- Disclosures in respect of transactions with wholly owned subsidiaries.
- Disclosures in respect of capital management.
- The effects of new but not yet effective IFRSs.
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Impellam Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of Assets in respect of the impairment of investments.
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

A separate profit and loss account dealing with the results of the Company only has not been presented as permitted under Section 408 of the Companies Act.

#### Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2022 have had a material effect on the financial statements.

Accounting policies have been applied consistently.

### B) Investments

Shares in subsidiary companies are held as fixed assets and are stated at cost less provision for impairment. Impairment reviews are conducted when changes in events or situations indicate that the carrying value may not be recoverable. More details of the impairment methodologies are given in note 13 of the consolidated accounts.

### C) Other receivables

Other receivables include amounts owed by Group companies which are assessed for impairment based upon the current financial position and expected future performance of the subsidiary to which they relate. The transactions with Group companies are interest-free demand loans. The Company assesses the expected recoverability period of receivables and, if they are not expected to be realised within the following twelve months, are assessed as non-current.

The Company applies the IFRS 9 general approach to measuring expected credit losses. This approach requires an assessment at the initiation of the loan as to the risk of default, and a further assessment when the credit risk profile of the loans change. IFRS 9 applies a three-stage model that is applied when calculating the expected credit losses:

- Stage 1 is defined as having no Significant Increase in Credit Risk ('SICR') – a 12-month expected credit loss is recognised at this point.
- Stage 2 is defined as having a SICR – a lifetime expected credit loss is recognised at this point.
- Stage 3 is defined as being credit impaired – a lifetime expected credit loss is recognised at this point.

There is no impact in relation to interest as the amounts owed by Group companies are interest free and repayable on demand.

The Company defines the following:

- Definition of a default – A loan is considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient assets to repay the loan on demand.
- SICR assessment – the risk that the borrower will default on a demand loan depends on whether the subsidiary has sufficient cash or other assets to repay the loan immediately (meaning that the risk of default is very low and the loan is in Stage 1); or does not have sufficient cash or other assets to repay the loan immediately (meaning that the risk of default is higher, and the loan could be in stage 2 or stage 3).
- The Company performs this assessment qualitatively by reference to the borrower's immediate cash flow and asset position.
- Credit-impaired indicators – A loan is considered to be credit impaired if it meets the definition of a defaulted loan.

#### D) Deferred taxation

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised on an undiscounted basis for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### E) Employee benefits

##### Short-term benefits – bonus arrangements

The Company operates a number of annual bonus arrangements for Directors and employees. The cost of these arrangements is recognised in the income statement when the entity has an obligation to make such payments as a result of the achievement of performance targets and when a reliable estimate of this obligation can be made.

##### Pension obligations

The Company provides pension arrangements for its UK-based Directors and employees through defined contribution schemes. Contribution costs are expensed to the income statement as they become due.

## Notes to the Company balance sheet continued

For the 52 weeks ended 30 December 2022

### 1. Summary of significant accounting policies continued

#### F) Assets and liabilities held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

When the Company is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Company then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

### 2. Operating costs

- The amount payable to the auditor in respect of the audit of the Company is £20,000 (2021: £20,000), all of which is payable to BDO LLP.
- Details of emoluments for Directors can be found in note 5 of the consolidated financial statements.
- Monthly average staff numbers (including Directors) for the Company during 2022 was 29, eight Directors/Company Secretary, nine managers and 12 administrators (2021: 31, eight Directors/Company Secretary, nine managers and 13 administrators).
- The total amount of employee costs charged to the Company's income statement in the period is £6.5m (2021: £7.9m).

### 3. Investments

	Subsidiary undertakings £m
<b>Cost – 1 January 2022</b>	<b>150.1</b>
<b>Transfer to assets held for sale</b>	<b>(4.6)</b>
<b>Cost – 30 December 2022</b>	<b>145.5</b>
<b>Impairment provision – 1 January 2022</b>	<b>–</b>
Charge for the period	–
Disposals	–
Accumulated amortisation – 30 December 2022	–
<b>Net carrying value – 30 December 2022</b>	<b>145.5</b>
<b>Net carrying value – 31 December 2021</b>	<b>150.1</b>

Details of the principal subsidiary undertakings are given in note 27 of the consolidated financial statements. All of these companies are unlisted. The transfer to assets held for sale represents the carrying value of the subsidiaries sold by the Company as part of the disposal of the Regional Specialist Staffing and Healthcare divisions (note 14).

#### Subsidiary undertakings

The carrying values of investments were tested against discounted future cash flows during the period using a discount rate of between 16.1% to 18.8% (2021: between 13.9% to 16.5%), which include a country risk premium. The forecasts were based on pre-tax cash flows derived from approved budgets for the 2023 financial period (2021: 2022 financial period).

#### 4. Other receivables

	30 December 2022 £m	31 December 2021 £m
Current receivables		
Amounts owed by subsidiary undertakings	32.3	4.7
Other receivables	10.2	9.0
Prepayments	2.0	0.1
<b>Total</b>	<b>44.5</b>	<b>13.8</b>

	30 December 2022 £m	31 December 2021 £m
Non-current receivables		
Amounts owed by subsidiary undertakings	272.1	242.2
<b>Total</b>	<b>272.1</b>	<b>242.2</b>

Amounts owed by subsidiary undertakings are unsecured, repayable on demand and are not interest-bearing. These have been reviewed for any expected credit loss and a charge of £0.7m (2021: £0.1m) has been recorded in the period, bringing the cumulative charge to £2.5m (2021: £1.8m).

#### 5. Other payables: amounts falling due within one period

	30 December 2022 £m	31 December 2021 £m
Bank overdraft	4.3	3.9
Amounts owed to subsidiary undertakings	280.6	198.4
Contract liabilities	–	1.5
Accruals and other payables	7.4	7.3
<b>Total</b>	<b>292.3</b>	<b>211.1</b>

Amounts owed to subsidiary undertakings are unsecured, repayable on demand and are not interest-bearing. Contract liabilities relate to amounts recharged to subsidiary undertakings for which the service has not been completed.

#### 6. Other payables: amounts falling due in more than one period

	30 December 2022 £m	31 December 2021 £m
Revolving credit facilities	77.8	101.9

Details of security given over these liabilities are described in notes 29 and 30 to the consolidated accounts.

#### 7. Deferred taxation

	30 December 2022 £m	31 December 2021 £m
Opening balance	–	–
Charged to profit and loss account in the period	–	–
<b>Deferred tax asset</b>	<b>–</b>	<b>–</b>

## Notes to the Company balance sheet continued

For the 52 weeks ended 30 December 2022

### 7. Deferred taxation continued

The total recognised and unrecognised deferred tax is as follows:

Assets	Recognised 30 December 2022 £m	Unrecognised 30 December 2022 £m	Recognised 31 December 2021 £m	Unrecognised 31 December 2021 £m
Losses	–	0.2	–	0.1
Other short-term timing differences	–	–	–	–
<b>Total</b>	<b>–</b>	<b>0.2</b>	<b>–</b>	<b>0.1</b>

### 8. Issued share capital

	Number of issued shares millions	Issued share capital £m	Share premium account £m	Total share capital £m
<b>1 January 2021</b>	45.9	0.5	30.1	30.6
Purchase and cancellation of own shares	(0.6)	–	–	–
<b>31 December 2021</b>	45.3	0.5	30.1	30.6
<b>1 January 2022</b>	<b>45.3</b>	<b>0.5</b>	<b>30.1</b>	<b>30.6</b>
Shares repurchased	(0.2)	–	–	–
<b>30 December 2022</b>	<b>45.1</b>	<b>0.5</b>	<b>30.1</b>	<b>30.6</b>

#### Impellam Group plc

The Company has no limit to its authorised share capital. The above number represents the number of allotted, fully paid shares of 1p in issue.

#### Transactions with shareholders

In 2022, 253,615 Ordinary shares of 1p each (2021: 608,602), representing 0.6% (2021: 1.3%) of the opening number of issued shares, were repurchased in the market for consideration of £1.2m (2021: £1.9m), and cancelled.

On 29 June 2022 the shareholders approved a new share purchase plan allowing the Company to purchase up to 4,513,446 Ordinary shares up to the earlier of the date of the Company's next Annual General Meeting or 30 June 2023.

### 9. Reserves

	Merger reserve £m	Retained profit £m	Total reserves £m
31 December 2021	19.0	44.1	63.1
Profit for the period	–	29.6	29.6
Dividends	–	(25.0)	(25.0)
Purchase and cancellation of own shares	–	(1.2)	(1.2)
<b>30 December 2022</b>	<b>19.0</b>	<b>47.5</b>	<b>66.5</b>

#### Merger reserve

The merger reserve arises under Section 612 of the Companies Act 2006 as a result of the acquisition of Bartech Holding Corporation and Lorient Limited using the issue of shares as part consideration. The excess of fair value over the nominal value of shares is transferred to a merger reserve rather than a share premium. This reserve is not distributable.

## Other reserves

Other reserves comprise the following:

- £41,000 contributed surplus arising on a historical demerger transaction and a special reserve arising from the capital reduction in December 2012 (2021: £41,000); and
- £55,000 capital redemption reserve arising from the purchase and cancellation of treasury shares (2021: £53,000).

These reserves are non-distributable. All other reserves are distributable.

## 10. Dividends

	30 December 2022 £m	31 December 2021 £m
Special dividend paid 9 December 2022 at 55.4p per share	25.0	–
<b>Paid in period</b>	<b>25.0</b>	<b>–</b>

On 22 December 2022 the company announced a further special dividend of 55.4p per share totalling £25.0m to be paid on 27 January 2023 which has not been recognised in these accounts.

On 6 March 2023 the company announced a further special dividend of 77.8p per share totalling £35.0m to be paid on 6 April 2023 which has not been recognised in these accounts.

## 11. Reconciliation of movements in shareholders' funds

	30 December 2022 £m	31 December 2021 £m
Profit/(loss) for the financial period	29.6	(8.7)
Dividends	(25.0)	–
Purchase and cancellation of own shares	(1.2)	(1.9)
Opening shareholders' funds	93.7	104.3
<b>Closing shareholders' funds</b>	<b>97.1</b>	<b>93.7</b>

## 12. Related party transactions

The Board is not aware of any related party transactions other than those disclosed in note 27 to the consolidated financial statements.

## 13. Post balance sheet events – share purchase and cancellation

Between the end of the year and 30 March 2023, a further 106,597 Ordinary shares of 1p each have been repurchased in the market for total consideration of £0.7m (see note 15 for related important information)

## 14. Post balance sheet events – disposal of subsidiaries

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. 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 final working capital position was to be determined 60 days post completion date. The deal had been deemed to be highly probable on 16 December 2022 and at that time was treated as a discontinued operation and as an asset and liability held for sale. The transaction was completed on 3 March 2023. (see note 10 of the consolidated accounts). The impact on the financial statements of the Company is just the realisation of the asset held for sale which is just made up of the investment of £4.6m in the subsidiaries sold by the Company.

## Notes to the Company balance sheet continued

For the 52 weeks ended 30 December 2022

### 15. Post balance sheet events – important information

The Board has become 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. The Company's historic reported trading results and financial condition, and ability to pay future dividends are entirely unaffected by this matter. The CA 2006 requires the amount of any dividend distribution and share repurchases to be justified by reference to relevant accounts which show the requisite level of distributable reserves. If a company's last annual accounts do not show the necessary reserves, then the Company must prepare interim accounts and, in the case of a public company, file those interim accounts with the Registrar of Companies prior to the payment of the relevant dividend or share repurchase. The Company's last annual accounts did not show the necessary reserves, interim accounts should have been prepared and filed with the Registrar of Companies prior to the payment of the Dividend and the Post January 2023 Share buybacks, but were not. This therefore has the consequent effect on the Dividend and the Post January 2023 Share buybacks.

Due to this administrative oversight the Company has been advised that, as a consequence of the Dividend having been paid otherwise than in accordance with the 2006 Act, the Dividend is technically unlawful and that the Company may have claims against past and present shareholders who were recipients of the Dividend and against persons who were Directors of the Company at the time of the payment of the Dividend. In addition, the Company has been advised that the purported purchase and cancellation of the Post January 2023 Share buybacks is void. The ordinary shares of the Company purportedly subject to the Post January 2023 Share buybacks remain technically in issue but the voting rights which attach to them are not capable of being exercised by any person. The Company intends to take action to resolve this matter as soon as practicable.

The Board notes, however, that the Company has no intention of bringing any such claims or to seek the return of funds and that the Company's historic reported trading results and financial condition and ability to pay future dividends and continue its previously announced buyback programme are entirely unaffected by this matter.

The Company will shortly post to shareholders an explanatory circular in due course and convene a general meeting, at which resolutions authorising various rectifying actions will be proposed which will, if passed and once such actions are completed, put all potentially affected parties, so far as possible, in the position in which they were always intended to be.

## Alternative performance measures

### Alternative performance measures

Certain discussions and analyses set out in this Annual Report and Accounts 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 operating profit

**Definition:** The Group calculates adjusted operating profit as operating profit before amortisation of acquired intangibles and impairment.

**Closest equivalent IFRS measure:** Operating profit.

**Rationale for adjustment:** 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, and also reflects the starting profit measure used when calculating the Group's banking covenants. All discussions within the Group on segmental and individual brand performance refer to adjusted operating profit.

Following the adoption of IFRS 16 in 2019 the Group has moved from adjusted EBITDA to adjusted operating profit as its alternative performance measure, to include depreciation and amortisation of assets but excluding amortisation of acquired intangibles.

#### Reconciliation of continuing adjusted operating profit to operating profit/(loss):

	2022 £m	Restated 2021 £m
Segmental adjusted operating profit	33.1	27.6
Corporate costs	(5.3)	(7.5)
<b>Adjusted operating profit</b>	<b>27.8</b>	<b>20.1</b>
Amortisation of brand value and customer relationships	(6.8)	(6.4)
<b>Operating profit</b>	<b>21.0</b>	<b>13.7</b>

The amortisation of acquired intangibles (brand value and customer relationships) charge due to its size and nature is disclosed separately to give a comparable view of the year-on-year trading financial performance.

The impairment charge due to its size is disclosed separately to give a more comparable view of the year-on-year underlying financial performance.

### Adjusted EBITDA

**Definition:** The Group calculates adjusted EBITDA as operating profit before interest, tax, depreciation and amortisation.

**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 continuing adjusted operating profit to operating profit/(loss):

	2022 £m	2021 £m
<b>Adjusted EBITDA</b>	<b>34.2</b>	<b>26.2</b>
Amortisation of software	(4.8)	(4.7)
Depreciation	(1.6)	(1.4)
<b>Adjusted operating profit</b>	<b>27.8</b>	<b>20.1</b>
Amortisation of brand value and customer relationships	(6.8)	(6.4)
<b>Operating profit</b>	<b>21.0</b>	<b>13.7</b>

### Spend under management ('SUM')

**Definition:** Total amount of client expenditure which our managed services brands managed 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.

**Closest equivalent IFRS measure:** Group revenue.

**Rationale for adjustment:** The Group uses this measure as it reflects the total value of the client spend to the Group, not just the revenue generated.

## Alternative performance measures continued

### Continuing adjusted earnings per share ('EPS')

**Definition:** Continuing adjusted profit divided by the weighted average number of Ordinary shares outstanding during the year.

**Closest equivalent IFRS measure:** Continuing basic earnings per share.

**Rationale for adjustment:** The Group uses this measure alongside the basic EPS calculation as it reflects the underlying trading performance of the business.

#### Reconciliation of adjusted EPS to basic EPS:

	2022 £m	2021 £m
Continuing profit/(loss) for the period	14.7	3.3
Customer relationship and brand value amortisation (net of tax)	5.3	5.0
Continuing adjusted profit	20.0	8.3
Weighted average number of shares	45,147,337	45,538,963
Unadjusted continuing EPS	32.6	7.3
Adjusted continuing EPS	44.3	18.2

### Net debt excluding IFRS 16 'leases'

**Definition:** The Group calculates net debt as the total of cash and short-term deposits, revolving credit and hire purchase.

Following the adoption of IFRS 16 the calculation also includes lease liabilities and debtors.

**Rationale for adjustment:** The Group has used this measure to maintain alignment to the covenant reporting since 2020.

#### Reconciliation of net debt excluding IFRS 16 to net debt:

	2022 £m	2021 £m
Cash and short-term deposits	112.4	90.9
Bank overdraft	(4.3)	(3.9)
Revolving credit	(77.8)	(101.9)
Hire purchase	–	(0.1)
Net cash/(debt) excluding IFRS 16	30.3	(15.0)
Lease liabilities	(9.9)	(16.5)
Net cash/(debt)	20.4	(31.5)

## Glossary

<b>Adjusted EBITDA</b>	EBITDA before separately disclosed items and impairment of goodwill
<b>Adjusted EBITDA Conversion Ratio</b>	Adjusted EBITDA divided by NFI/gross profit
<b>Adjusted Operating Profit</b>	Operating profit before amortisation of, and impairment in, acquired intangibles
<b>Beautiful Basics</b>	Every brand in Impellam makes a simple promise to its customers and candidates and then backs that promise up with whatever activities are needed to fulfil, sustain and deliver the brand promise. We call these promises the Beautiful Basics
<b>Business Process Outsourcing ('BPO')</b>	Solutions which help businesses address back office needs strategically and increase operational efficiency
<b>Cash Conversion</b>	Net cash from operating activities divided by operating profit
<b>Constant Exchange Rates</b>	Calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate
<b>Contingent Labour</b>	Temporary and contract workers
<b>Cross-sell</b>	All Impellam people are encouraged to refer new business leads to one another. This happens when a consultant identifies an opportunity that is outside the scope of the brand specialism and it will be referred to a brand within the Group which is aligned to the requirement
<b>CRM</b>	<i>Customer relationship management</i>
<b>Days Sales Outstanding ('DSO')</b>	Total trade receivables divided by average daily invoiced sales
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation
<b>Facilities Management</b>	Providing cleaning, security, events and retail facilities support services
<b>GDPR</b>	General data protection regulation which came into force on 5 May 2018
<b>Group Fill</b>	The percentage of Spend Under Management supplied from our Group brands into our managed services programmes
<b>High Road</b>	Impellam provides good work for people and people for good work. We focus on partnering with organisations that value engaged, fulfilled people which serves to drive clear market segmentation and a compelling price point
<b>Hybrid Vendor</b>	Assignments are filled by a combination of suppliers that we manage for the client and are filled directly by the Managed Services provider (including Group supply)
<b>IFRS</b>	International Financial Reporting Standards
<b>Ignite</b>	CRM (customer relationship management), our recruiter operating system
<b>Independent Contractor Solutions</b>	Helping to reduce the risk and cost of worker misclassification
<b>Managed Services</b>	These businesses optimise the productivity of people by designing, implementing, coordinating and reporting on the whole staffing process. They provide multi-disciplinary workforce solutions, including all forms of partial and complete outsourcing
<b>Managed Services Programme ('MSP')</b>	The outsourcing of contingent labour
<b>Master Vendor</b>	The majority of assignments are filled by the Managed Services provider (including Group supply) and second-tier agencies are used when the Managed Services provider is unable to supply
<b>Net Debt</b>	Total debt of the Group less cash in hand
<b>Net Fee Income ('NFI')</b>	Equivalent to gross profit
<b>Neutral Vendor</b>	Assignments are filled by suppliers that we manage for the client, where the Managed Services provider does not form part of the supply chain

## Glossary continued

<b>Non-UK</b>	All countries Impellam operates in outside of the UK. This is the US, Australasia and Europe (excluding the UK)
<b>Origin</b>	Our innovation hub that acquires, invests in and partners with disruptive start-ups in our markets as well as backing our Virtuosos' ideas
<b>Payroll Services</b>	Provide access to a fully compliant framework for managing and paying contingent staff
<b>Productivity</b>	Gross profit divided by Full Time Equivalent ('FTE') heads
<b>Recruitment Process Outsourcing ('RPO')</b>	Where a client outsources the management of the recruitment function (in whole or part) to a third party expert
<b>ShiftWise</b>	Technology solution for the NHS to build our Managed Services capability
<b>Specialist Staffing</b>	Dedicated brands which provide expert recruitment services and skilled workers for permanent, temporary, contract and fixed-price work
<b>Spend Under Management ('SUM')</b>	Total amount of client expenditure which our Managed Services brands managed 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
<b>Statement of Work ('SOW')</b>	Solutions for spend in complex categories of service which include supplier management, requisition facilitation, contract writing, negotiations and invoicing and settlement support services
<b>Value Chain</b>	Different parts of our business share the belief that meaningful work really matters to individuals, communities, societies and economies so they can work together to create value that is greater than the sum of the parts
<b>Vendor Management System ('VMS')</b>	VMS technology enables the full procure-to-pay process, while providing robust reporting and analytics
<b>Vertical Specialist Managed Services</b>	Our brands which have specialist focus and expertise delivering sector or function staffing solutions
<b>Virtuosity</b>	Virtuosity is the art of seeing possibilities where others see none. It is a mindset that enables our people to adapt with agility to changing market conditions
<b>Virtuoso</b>	People who see possibilities and can tune in to the needs of our customers and candidates
<b>Virtuous Circle</b>	A virtuous circle is at the core of our high-retention model. It provides the continuous loop of making and keeping promises, which engenders trust and ultimately builds loyalty
<b>Virtuoso Way</b>	Our consistent, collaborative Group-wide culture, based on trusted behaviours, delivered by entrepreneurial leaders. At the heart of building trust is the everyday practice in which people make promises to each other to bring about a future that benefits all

## Company information

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 APAC.

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<sup>1</sup> largest Managed Service Provider in the world with over £4bn SUM (Spend under Management). Our STEM businesses are specialists in recruiting and engaging talent in the key growth markets of technology, digital, data, 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 our 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](http://www.impellam.com)

### Nominated adviser and broker

Canaccord Genuity Limited  
88 Wood Street  
London  
EC2V 7QR

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BDO LLP  
55 Baker Street  
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W1U 7EU

### Principal solicitors

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Luton  
Bedfordshire LU1 3BA

### Registrars

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29 Wellington Street  
Leeds LS1 4DL

### Registered number

06511961

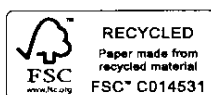
### LSE symbol

IPEL

### Principal bankers

Barclays Bank plc  
1 Churchill Place  
London E14 5HP

<sup>1</sup> By revenue (2020 published numbers).




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