

**25 March 2024**

*Certain information contained within this Announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR") as applied in the United Kingdom. Upon publication of this Announcement, this information is now considered to be in the public domain.*

**RTC Group Plc**

**("RTC", "the Company" or "the Group")**

**Final results for the year ended 31 December 2023**

RTC Group Plc (AIM: RTC.L) is pleased to announce its audited results for the year ended 31 December 2023.

**Highlights**

- Group revenue from continuing operations £98.8m (2022: £71.9m).
- EBITDA £3.8m (2022: £0.6m).
- Cash generated from operating activities £4.6m (2022: cash outflow of £54,000).
- No gearing. Cash and cash equivalents £1.1m (2022: net borrowings £2.7m).
- Net assets £7.9m (2022: £6.2m).
- Net asset value per share (fully diluted) 54p (2022: 41p)
- Basic earnings per share 12.75p (2022: loss per share 2.45p).
- Interim dividend 1p per share paid (2022: Nil)
- 4.5p final dividend proposed (2022: Nil).

The Directors propose a final dividend for the year of 4.5p (2022: Nil) per share, subject to approval of shareholders at the Annual General Meeting on 5 June 2024. If shareholders approve the recommended final dividend, it will be paid on 8 July 2024 to all holders of shares who are on the register of members at the close of business on 7 June 2024, with an ex-dividend date of 6 June 2024. If approved this will bring the total dividend paid out in respect of 2023 to £804,266 (5.5p per share).

Commenting on the results Andy Pendlebury, Chairman and Chief Executive said:

*"I am delighted to announce that 2023 was an outstanding year for RTC with the Group delivering a record set of results.*

*All subsidiary businesses performed exceptionally well which, given the difficulties being faced by many companies across the recruitment sector, is sound reassurance for our shareholders that our business model delivers sustainable revenue generation and profit capture across each of our market sectors.*

*Our balance sheet is in a very healthy position with no term debt and no borrowings other than lease liabilities. Cash generation has been strong, doubling our opening cash position during the year and we ended the year with net assets of £7.9m representing a healthy and fully diluted net asset per share of 54p.*

*There is no doubt that we are facing further uncertainties and challenges due to local and international events. However, we remain confident that the investments we have made in our people, systems, workforce, and customers will enable us to capture further profitable business opportunities across the industries and sectors we support. This coupled with our financial competence and effective corporate governance will form the foundation for continued growth and shareholder value which remains the key priority of the Group.*

*Finally, I know everybody in the organisation would have liked to have our founder and longstanding Chairman, Bill Douie, alongside us as we celebrate our best ever results. Bill would not have wanted his passing to overshadow the success that the people in the Group have achieved, it just wasn't his way. However, it cannot and should not go without saying that Bill was instrumental in setting the culture of the Group and was encouraging of everything we did and everybody who did it. There would be no one prouder of what we have achieved together in 2023.*

*In memory of our colleague and friend Bill Douie. "*

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**About RTC****Group at a glance**

RTC Group Plc is an AIM listed recruitment business that focuses on white and blue-collar recruitment, providing temporary and permanent labour to a broad range of industries and customers, in both domestic and international markets, through its geographically defined operating divisions.

**UK division**

Through its Ganymede and ATA brands the Group provides a wide range of recruitment services in the UK.

Ganymede specialise in recruiting the best technical and engineering talent and providing complete workforce solutions to help build and maintain infrastructure and transportation for a wide range of UK customers. Ganymede is a market leader in providing a diverse range of people solutions to the rail, energy, construction, highways, and transportation sectors. With offices strategically located across the country, Ganymede provides its customers with the benefit of a national network of skilled personnel combined with local expertise.

Ganymede tailors its solutions to suit its customers' needs. Whether it's recruiting permanent and temporary technical, engineering and safety-critical roles or providing fully managed workforce solutions of recruitment, training, account management, contingent labour and fleet provision, Ganymede works closely with its customers to understand their requirements, keeping their goals in mind every step of the way.

ATA provide high-quality technical recruitment solutions to the manufacturing, engineering, and technology sectors. Working as an engineering recruitment partner supporting businesses across the UK, ATA has a strong track record of attracting and recruiting the best engineering talent for its customers. ATA's regional offices which are strategically located in Leicester and Leeds each have dedicated market experts to ensure ATA delivers excellence to both its customers and candidates.

The Group headquarters are located at the Derby Conference Centre which also provides office accommodation for its operating divisions in addition to generating rental and conferencing income from space not utilised by the Group.

**International division**

Internationally, through our GSS brand we work with customers across the globe that are focused on delivering projects in a variety of sectors. GSS has a track record of delivery in some of the world's most hostile locations. Working closely with its customers GSS provides contract and permanent staffing solutions on an international basis, providing key personnel into new projects and supporting ongoing large-scale project staffing needs. GSS typically recruit across a range of disciplines and skills from operators and supervisors, through to senior management level.

[www.rtcgroupplc.co.uk](http://www.rtcgroupplc.co.uk)

**Chairman and Chief Executive's operational and strategic review**

For the year ended 31 December 2023

**Overview**

I am delighted to announce that 2023 was an outstanding year for RTC with the Group delivering a record set of results.

All subsidiary businesses performed exceptionally well which, given the difficulties being faced by many companies across the recruitment sector, is sound reassurance for our shareholders that our business model, (of establishing long term strategic partnerships with blue chip domestic and international customers), delivers sustainable revenue generation and profit capture across each of our market sectors.

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Year on year trading has seen the Group generate revenue approaching £100m, an increase of over 37%, gross profit exceeding £17m up 48%, and profit from operations at £2.7m beating the previous 2019 pre-covid record of £2m by 35%. Furthermore, our 2023 EBITDA, at just under £4m, is greater than the combined total of the three previous years. Finally, our earnings per share at 12.75p are the highest ever by over 25% and importantly for our shareholders carry no significant accompanying dilution through share options. A very promising set of trading results for our shareholders.

Our balance sheet is in a very healthy position with no term debt and no borrowings other than lease liabilities, which is no mean feat given the financial challenges facing many organisations and rising bad debt risk. Cash generation has been strong, doubling our opening cash position during the year and we ended the year with net assets of £7.9m representing a healthy and fully diluted net asset per share of 54p.

We are now positioned with a healthy balance sheet with significant net assets and no term debt; a proven Group strategy and business model centred around profitable subsidiary businesses with visible revenue and profit streams with long term strategic partners; and an order book commitment of around £200m to reinforce our long-term investment strategy. All this is underpinned by sound financial controls and systems at both Group level and across each of our subsidiary businesses.

There is no doubt that we are facing further uncertainties and challenges due to local and international events. However, we remain confident that the investments we have made in our people, systems, workforce, and customers will enable us to capture further profitable business opportunities across the industries and sectors we support. This coupled with our financial competence and effective corporate governance will form the foundation for continued growth and shareholder value which remains the key priority of the Group.

Therefore, given these results, the health of the Group's balance sheet and our overall confidence in the Group's ability to keep delivering sustainable and profitable business growth, the board are recommending a very healthy dividend of 4.5p per share as we believe it is affordable, fair and a just reward to our shareholders who have supported the Group through what has unquestionably been the most turbulent and worrying trading environment of recent times.

#### **Business review UK Division**

2023 was a year of robust growth for our UK recruitment division despite challenging macro-economic conditions, with a notable 41% year-on-year increase in revenue to £91.2m (compared to £64.8m in 2022) and a corresponding 55% growth in gross profit to £15.3m (from £9.9m in 2022).

In last year's annual report, I emphasised the strategic value and significance that the Group board attributed to the rail business, especially following the challenges encountered in 2022. I am delighted that this confidence was justified, as evidenced by a 49% increase in rail revenues, accompanied by enhanced profitability. This achievement is attributable to a blend of factors, including expansion within our existing long-term contract with Network Rail, as well as the successful acquisition of new framework contracts with tier 1 contractors operating within the rail infrastructure sector. Although some industrial action persists within the rail industry, its effects are primarily felt by train operators and the resolution of union disputes with Network Rail at the end of Q1 2023 enabled a return to normalised demand levels across our rail infrastructure contracts.

The exceptional performance of our rail business, combined with our long-term order book, estimated at around £150m further solidifies Ganymede's position as one of the leading and most successful labour providers in the rail industry. As we look ahead to the next five-year investment plan (Control Period 7), starting in April 2024, with an expected programme of investment of approximately £43 billion, our business is exceptionally well-positioned to secure further growth opportunities and associated contract awards.

Throughout 2023 and like many others in the sector, Ganymede and ATA's white-collar permanent recruitment teams navigated a challenging economic landscape marked by a slowdown in vacancy numbers across various sectors and a softening of confidence levels among both customers and candidates. Despite these uncertainties, the teams delivered a resilient performance, with permanent fees for the period only experiencing a modest decline of 5% from the strong performance seen in 2022.

Whilst permanent recruitment posed challenges in 2023, this provided growing demand within the contract recruitment sector, as many customers favoured flexible temporary solutions over expanding internal headcount. Our white-collar Ganymede and ATA businesses capitalised on this and delivered significant contract growth, across our customer portfolio in the infrastructure, manufacturing, and transportation sectors. This led to a noteworthy 35% increase in contract revenues year-on-year. The technical and signalling division, which was only established as a new revenue stream last year, delivered significant growth in 2023, has established a growing reputation with key sector customer, and is well positioned for further expansion in 2024. This growth also further validates our decision to merge our white-collar rail and infrastructure recruitment business with our Ganymede Rail division. By doing so, we have been able to offer comprehensive recruitment solutions across the sector, allowing customers to benefit from a complementary range of services for personnel at all levels.

Following a review of our business operations in Q3 of 2023, we will no longer focus on minor rail works and social housing refurbishments, in order to focus on our core recruitment offering. This decision was influenced by inflationary pressures on labour and materials costs, reducing the attractiveness of opportunities in these sectors compared to others.

Ganymede Energy also delivered exceptional results in 2023, boasting a year-on-year revenue growth of 50%, which underscores the robust demand for our smart meter workforce. This achievement is especially gratifying given the hurdles the business has navigated in recent years, including the challenges caused by product and software capability issues, the pandemic and customer restructuring.

Based on government statistics, at the end of September 2023, there were 33.9 million smart and advanced meters installed in homes and small businesses across Great Britain, constituting 59% of the overall count of 57.1 million meters. The extension of government powers concerning the smart meter roll-out until November 2028, as stipulated in the Energy Act 2023, reinforces our confidence in the significant and sustainable revenue potential of our energy business. Given our current performance, positioning and secured order book of around £30m, we are firmly established as a leading primary labour supply company to the sector, and we believe there is visibility of continued success for the foreseeable future.

In 2023, we established an energy training and assessment centre at our Milton Keynes facility. The primary objectives of the facility being to firstly source, train and deploy our own inhouse resource capability to meet the projected demand in the smart meter market, and secondly to help mitigate the expected skills short falls necessary to deliver the government's proposed policy to decarbonise household heating and transportation which will bring supply opportunities to a new range of customers. The training and assessment centre will also play a crucial role in upskilling our current workforce, nurturing new entrants into the industry, and offer training and assessment services to our customers who are looking for full life-cycle solutions from strategic partners in exchange for long term supply opportunities. In addition, and in conjunction with the Group's conference centre (DCC), we are providing our energy partners with a multi-purpose solution giving them a one stop facility to induct direct personnel alongside the Ganymede workforce and this is another example of group subsidiary companies combining capabilities to generate additional revenue streams for the Group.

In summary, 2023 was a highly successful and pleasing year for the UK recruitment business with all divisions combining to deliver enhanced revenue and profit contribution to the Group. We are now positioned strongly to capture additional long-term

Central services revenue and profit contribution to the Group. We are now positioned strongly to capture additional long-term revenue opportunities with several blue-chip organisations investing in the future of the UK's infrastructure, transportation, engineering, and manufacturing sectors. This coupled with our existing long-term contracts, provides the group with an essential platform for continued growth which will provide the necessary confidence for shareholders that our strategic plans and long-term prospects are based on solid foundations.

#### **International division**

Our international business continues to identify new growth opportunities within its existing overseas customer base and add new customers in new and existing territories. Whilst the business saw only marginal growth in sales during the year the change in business mix brought an increase in gross profit by over 10%. Whilst an increase in overheads was necessary to provide the increase in business development activity, operational profits were relatively stable. The business remains a major partner to blue chip customers supporting NATO and we are growing our headcount on projects in Poland and exploring further growth opportunities with customers across Europe. Our Middle East presence remains strong with workers placed in the United Arab Emirates, Bahrain, Iraq, and in Mogadishu. In Diego Garcia, a British International Overseas Territory, the business has now provided some 500 permanent staff to our customer supporting the United States Naval base activities. We are confident that our international business which is both unique in its capabilities and unrivalled in the United Kingdom recruitment space, is well placed to capture significant long-term and diversified opportunities for the Group and provide a diversified revenue stream outside of our mainstream domestic business.

#### **Central services**

The Derby Conference Centre (DCC) had another significant year of growth as it continues to rebound from the devastation impacted on the sector by covid. Revenue continued to grow by an impressive 17% and this resulted in a corresponding increase in gross profit of 13% which is extremely encouraging given the increases in input costs through energy and food inflation and pricing competition, which dominated the regions hospitality sector during the year. The DCC is now firmly established as a leading events and conferencing business in the East Midlands and continues to work with other Group businesses to provide external facilities for customers engaged in both large recruitment campaigns and induction programmes and to also offer facilities for offsite training with accommodation.

#### **Outlook**

We share the view that there is still much uncertainty across both domestic and international economies, and it is difficult to deny that this has fuelled the presence of demand-side headwinds through customer reticence to recruit new head count and supply-side concerns as candidate availability is becoming a potential major barrier to business growth. However, we believe our well-established strategy of investing alongside blue-chip customers supporting large scale infrastructure projects is proven, becoming more prevalent as the growth in strategic partnering is becoming both a vital source of project cost reduction and greater profit capture and we believe that this will continue to generate long term opportunities for the Group to deliver significant future order book security for our shareholders. Furthermore, we believe our investment model of recruiting, training and upskilling individuals has proven a key differentiator for the Group and will ensure we mitigate against candidate migration which is a major contributor to both increased costs through skill continuity loss and the accompanying productivity drain being experienced across many industries. Therefore, notwithstanding the uncertainties facing the recruitment sector per se, we remain extremely encouraged and cautiously confident about our short, medium, and longer-term prospects.

Our two key strategic objectives moving into 2024 are to concentrate on increased value capture and further order book investment. The first being essential to ensure we continue to trade profitably and deliver a consistent annual return on investment for shareholders, and the second to drive longer-term enterprise value which will help attract appropriate investors with the appetite and belief in our Group's strategic capability.

#### **Our people**

The results we have achieved in 2023 are outstanding and clear testament to the talent, enthusiasm, appetite for hard work, and resilience of everyone employed across the Group. It is also very evident to the board that both in terms of managing during, and in recovering from the covid crisis that the executive teams leading each of our subsidiaries, demonstrated that they have the necessary strength of character to compete and differentiate in highly competitive and saturated markets. We have continued to attract highly ambitious and capable people into the Group, many of whom come directly from competitor organisations or the broader recruitment sector, and their acknowledgement and recognition of our dedication to creating an environment of individual and team success for all team members is an encouraging endorsement as we build our future growth plans.

Finally, I know everybody in the organisation would have liked to have our founder and longstanding Chairman, Bill Douie, alongside us as we celebrate our best ever results. Bill would not have wanted his passing to overshadow the success that the people in the Group have achieved, it just wasn't his way. However, it cannot and should not go without saying that Bill was instrumental in setting the culture of the Group and was encouraging of everything we did and everybody who did it. There would be no one prouder of what we have achieved together in 2023.

In memory of our colleague and friend Bill Douie.

A M Pendlebury  
Chairman and Chief Executive

22 March 2024

### **Finance Director's report**

For the year ended 31 December 2023

#### **Financial highlights**

The Group overall delivered its best result to date with increased revenues of £98.8m (2022: £71.9m). Overall gross profit increased to £17.4m (2022: £11.8m) and gross margin improved to 17.6% (2022: 16.4%). The profit from operations of £2.7m (2022: loss of £0.2m) reflects a year that saw good overall performances across all areas of the Group.

#### **UK Recruitment**

Overall, UK Recruitment revenues increased by 41% to £91.2m (2022: £64.8m) and gross profit increased to £15.3m (2022: 9.9m). Gross margin was also better at 16.8% (2022: 15.3%). Profit from operations was £5.0m (2022: £1.5m). The increases largely reflecting a much-improved year in Ganymede Rail following the challenges faced in 2022 and a very strong performance from Ganymede Energy.

Ganymede Rail delivered its strongest result to date with revenues increased by 49% versus 2022 (back to the same levels as in 2021) but with improved profitability. Likewise, Ganymede Energy continued its growth trajectory, supporting the Government's smart-meter roll out programme, delivering 50% growth in revenue compared to 2022. The division's white collar recruitment arms, serviced by our ATA and Ganymede Recruitment brands both performed well throughout the year with combined revenues 33% up on 2022 due to a 35% growth in contract revenues (particularly strong growth in larger customer contract requirements and the signalling division). This contract growth was offset by slightly lower permanent fees than 2022. The dip in permanent fees reflecting market conditions.

#### **International**

Revenue increased slightly to £5.3m (2022: £5.2m) with a corresponding increase in gross profit to £0.9m (2022: £0.8m) and gross margin increasing to 17.3% (2022: 15.4%). The division delivered a profit from operations of £0.5m (2022: £0.5m) on a par with 2022 despite the increase in gross profit due to adverse exchange movements in 2023 versus 2022.

### **Central Services**

Within Central Services, the Derby Conference Centre delivered its best results to date with good levels of activity relating to conferences, events and bedroom sales for the majority of 2023 and a very strong finish on festive activities. Revenue generated by the segment was £2.3m (2022: £2.0m) and gross profit increased to £1.2m (2022: £1.1m), albeit the impact of wage and price inflation on direct cost rates resulted in a slight drop in gross margin percentage to 52.2% (2022: 55%).

### **Taxation**

The tax charge for the year was £0.7m (2022: credit of £0.1m). The variance between this and the expected charge if a 23.5% corporation tax rate was applied to the result for the year is explained in note 3.

### **Dividends**

During the year, the Company paid an interim dividend of £145,003 (2022: £Nil) to its equity shareholders. This represents a payment of 1.0p (2022: £Nil) per share. (refer to note 20). The directors have proposed a final dividend of £659,263 (4.5p per share) (2022: £Nil) to be paid on 8 July 2024 to shareholders registered on 7 June 2024. This has not been accrued within these financial statements as it was not formally approved before the year end. If approved this will bring the total dividend paid out in respect of 2023 to £804,266 (5.5p per share).

### **Own shares held**

The cost of the Group's own shares purchased through the Employee Benefit Trust (EBT) is shown as a deduction from equity. 343,615 options were exercised during the year. The balance of £nil (2022: £235,918) in the own shares held reserve within equity reflects the fact that 337,027 of the options exercised were satisfied with the remaining shares in the EBT, as such no shares (2022: 337,027) remain in the EBT which therefore falls away.

### **Statement of financial position and cash flows**

The Group's net working capital increased to £6.8m (2022: £4.6m). The ratio of current assets to current liabilities also increased to 1.6 (2022: 1.4) and at the 31 December 2023 the Group had no borrowings outside of lease liabilities (2022: net borrowings excluding lease liabilities £2.7m).

The Group generated £4.6m more cash from its operations in 2023 compared to 2022. This improvement versus 2022 reflects increased activity across the Group (revenues up by 37% versus 2022). The £4.6m cash inflow from operating activities enabling the Group to pay an interim dividend, propose a much-improved final dividend, and significantly reduce usage of its invoice discounting facility generating a corresponding reduction in interest charges.

The Group has no term debt and is financed using its invoice discounting and overdraft facilities with HSBC. At 31 December 2023 the Group had available funds to draw down of £10.3m (2022: £5.1m).

Whilst the Group has a very strong credit control function, given the current economic environment and high rate of business failures we are currently seeing, the Board deemed it prudent to take out credit insurance for most customers. This has given us additional input to credit management from the credit insurer's database and the more confidence to increase business with certain customers backed by insurance.

### **Financing and going concern**

The Group's current bank facilities include a net overdraft facility across the Group of £50,000 and an invoice discounting facility with HSBC providing up to £12.0m, based on a percentage of good book debts, at a margin of 1.6% above base. The Board closely monitors the level of facility utilisation and availability to ensure there is enough headroom to manage current operations and support the growth of the business.

In assessing the risks related to the continued availability of the current facilities, the Board have taken into consideration the existing relationship with HSBC and the strength of the security provided, also taking into account the quality of the Group's customer base. Based on their enquiries, the Board have concluded that sufficient facilities will continue to remain available to the Group and therefore the going concern basis of preparation remains appropriate and no material uncertainty exists.

### **Liquidity risk**

The Group seeks to mitigate liquidity risk by effective cash management. The Group's policy, throughout the year, has been to ensure the continuity of funding through a net overdraft facility of £50,000 and an invoice discounting facility, providing up to £12m based on a percentage of good book debts. The invoice discounting facility is the Group's core funding line and is classed as evergreen in that it has no fixed expiry date (although it is reviewed annually).

## Consolidated statement of comprehensive income

For the year ended 31 December 2023

		2023	2022
	Note	£'000	£'000
Revenue	2	98,781	71,907
Cost of sales		(81,337)	(60,132)
Gross profit		17,444	11,775
Other operating income		-	6
Administrative expenses		(14,729)	(12,024)
Profit/(loss) from operations		2,715	(243)
Finance expense		(180)	(212)
Profit/(loss) before tax		2,535	(455)
Tax expense	3	(690)	104
Total profit/(loss) and other comprehensive income/(expense) for the year attributable to owners of the Parent		1,845	(351)
Earnings per ordinary share			
Basic		12.75	(2.45p)
Fully diluted		12.72	(2.45p)

## Consolidated statement of changes in equity

For the year ended 31 December 2023

	Share capital	Share premium	Own shares held	Capital redemption reserve	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	146	120	(236)	50	122	5,993	6,195
Total comprehensive income for the year	-	-	-	-	-	1,845	1,845
Transactions with owners:							
Dividends (note 20)	-	-	-	-	-	(145)	(145)
Share options exercised	-	-	236	-	(102)	(96)	38
Total transactions with owners	-	-	236	-	(102)	(241)	(107)
At 31 December 2023	146	120	-	50	20	7,597	7,933

The consolidated statement of changes in equity for the prior year was as follows:

	Share capital	Share premium	Own shares held	Capital redemption reserve	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	146	120	(236)	50	146	6,320	6,546

January 2022							
Total comprehensive expense for the year	-	-	-	-	-	(351)	(351)
Transactions with owners:							
Share options cancelled	-	-	-	-	(24)	24	-
Total transactions with owners	-	-	-	-	(24)	24	-
At 31 December 2022	146	120	(236)	50	122	5,993	6,195

## Consolidated statement of financial position

As at 31 December 2023

	2023	2022
	£'000	£'000
Assets		
Non-current		
Goodwill	132	132
Other intangible assets	-	28
Property, plant, and equipment	1,326	1,544
Right-of-use assets	2,196	2,491
Deferred tax asset	6	210
	3,660	4,405
Current		
Inventories	14	15
Trade and other receivables	17,422	15,388
Cash and cash equivalents	1,069	467
	18,505	15,870
<b>Total assets</b>	<b>22,165</b>	<b>20,275</b>
Liabilities		
Current		
Trade and other payables	(10,915)	(7,875)
Lease liabilities	(300)	(303)
Corporation tax	(522)	-
Current borrowings	-	(3,132)
	(11,737)	(11,310)
Non-current liabilities		
Lease liabilities	(2,337)	(2,576)
Deferred tax liabilities	(158)	(194)
<b>Total liabilities</b>	<b>(14,232)</b>	<b>(14,080)</b>
<b>Net assets</b>	<b>7,933</b>	<b>6,195</b>
Equity		
Share capital	146	146
Share premium	120	120
Own shares held	-	(236)
Capital redemption reserve	50	50
Share based payment reserve	20	122
Retained earnings	7,597	5,993
<b>Total equity</b>	<b>7,933</b>	<b>6,195</b>

## Consolidated statement of cash flows

For the year ended 31 December 2023

	2023 £'000	2022 £'000
Cash flows from operating activities		
Profit/(loss) before tax	2,535	(455)
Adjustments for:		
Depreciation, loss on disposal and amortisation	1,070	857
Finance expense	180	212
Change in inventories	1	6
Change in trade and other receivables	(2,034)	(1,907)
Change in trade and other payables	3,078	1,445
Cash inflow from operations	4,830	158
Interest paid	(180)	(212)
Net cash inflow/(outflow) from operating activities	4,650	(54)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangibles	(437)	(417)
Net cash outflow from investing activities	(437)	(417)
Cash flows from financing activities		
Movement on invoice discounting facility	(3,103)	872
Movement on perpetual bank overdrafts	(29)	(568)
Dividend paid	(145)	-
Payment of lease liabilities	(334)	(312)
Net cash (outflows) from financing activities	(3,611)	(8)
Net increase/(decrease) in cash and cash equivalents	602	(479)
Cash and cash equivalents at beginning of year	467	946
Cash and cash equivalents at end of year	1,069	467

## 1. Corporate information and basis of preparation

RTC Group Plc is a public limited company incorporated and domiciled in England whose shares are publicly traded.

The announcement of results of the Group for the year ended 31 December 2023 was authorised for issue in accordance with a resolution of the directors on 24 March 2024.

The financial information included in this announcement has been prepared under the historical cost convention, as modified by measurement of share-based payments at fair value at date of grant, and in accordance with UK adopted international accounting standards ("IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. This announcement does not itself however contain sufficient information to comply with IFRS.

The accounting policies adopted are consistent with those described in the annual financial statements for the year ended 31 December 2022. There have been no significant changes in the basis upon which estimates have been determined, compared to those applied at 31 December 2022 and no change in estimate has had a material effect on the current period.

## 2. Segment analysis

The business is split into three operating segments, with recruitment being split by geographical area. This reflects the integrated approach to the Group's recruitment business in the UK and independent delivery of overseas business. Three operating segments have therefore been agreed, based on the geography of the business unit: United Kingdom, International and Central Services.

This is consistent with the reporting for management purposes, with the Group organised into two reportable segments, Recruitment and Central Services, which are strategic business units that offer different products and services. They are managed separately because each segment has a different purpose within the Group and requires different technologies and marketing strategies.

Segment operating profit is the profit earned by each operating segment defined above and is the measure reported to the Group's Board, the Group's Chief Operating Decision Maker, for performance management and resource allocation purposes. The Group manages the trading performance of each segment by monitoring operating contribution and centrally manages working capital, financing, and equity.

Revenues within the recruitment operating segment have similar economic characteristics and share a majority of the



aggregation criteria set out in IFRS 8:12 in particular the nature of the products and services, the type or class of customers, the country in which the service is delivered, and the processes utilised to deliver the services and the regulatory environment for the services.

The purpose of the Central Services segment is to provide all central services for the Group including the Group's head office facilities in Derby. It also generates income from the Derby site including rental of excess space and hotel and conferencing facilities.

Revenue, gross profit, and operating profit delivery by geography:

	2023				2022			
	UK	UK	Inter-national	Total	UK	UK	Inter-national	Total
	Recruitment	Central Services	Recruitment	Group	Recruitment	Central Services	Recruitment	Group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	91,187	2,321	5,273	98,781	64,764	1,979	5,164	71,907
Cost of sales	(75,866)	(1,110)	(4,361)	(81,337)	(54,878)	(912)	(4,342)	(60,132)
Gross profit	15,321	1,211	912	17,444	9,886	1,067	822	11,775
Other operating income*	-	-	-	-	-	6	-	6
Administrative expenses	(9,647)	(3,587)	(448)	(13,682)	(7,948)	(2,883)	(341)	(11,172)
Amortisation of intangibles	(28)	-	-	(28)	(46)	-	-	(46)
Depreciation of right-of-use assets	(140)	(246)	-	(386)	(144)	(240)	-	(384)
Depreciation	(478)	(153)	(2)	(633)	(261)	(157)	(4)	(422)
Total administrative expenses	(10,293)	(3,986)	(450)	(14,729)	(8,399)	(3,280)	(345)	(12,024)
Profit from operations	5,028	(2,775)	462	2,715	1,487	(2,207)	477	(243)

\*Other operating income represents Government Grants in respect of a Local Government Business Support Grant which is not required to be repaid.

The revenue reported above is generated from continuing operations with external customers. There were no sales between segments in the year (2022: Nil). For segment reporting purposes in this note, revenue is analysed by the geographical location in which the services are delivered. Revenue is further analysed by point of invoicing in note 5.

The accounting policies of the operating segments are the same as the Group's accounting policies described in notes 1 to 3 of this report. Segment profit represents the profit earned by each segment, without allocation of Group administration costs or finance costs.

During 2023, two customers in the UK segment contributed 10% or more of total revenue being £28.0m (2022: £18.0m) and £9.7m (2022: £5.4m) respectively, and one customer in the International segment also contributed 10% or more of total revenue being £5.2m (2022: £5.1m).

Recruitment revenues are generated from permanent and temporary recruitment and long-term agreements for labour supply. Within Central Services revenues are generated from the rental of excess space and hotel and conference facilities at the Derby site, described as Other below.

Revenue and gross profit by service classification for management purposes:

	Revenue		Gross profit	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Permanent placements	2,574	2,706	2,574	2,706
Temporary placements	93,886	67,222	13,659	8,002
Others	2,321	1,979	1,211	1,067
	98,781	71,907	17,444	11,775

All operations are continuing. All assets and liabilities are in the UK.

### 3. Tax expense

	2023	2022
	£'000	£'000
Continuing operations		
Current tax		
UK corporation tax	522	-
Deferred tax		
Origination and reversal of temporary differences	168	(104)
Tax	690	(104)

#### Factors affecting the tax expense

The tax charge assessed for the year is higher than (2022: credit lower than) would be expected by multiplying the profit by the standard rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are explained below:

	2023	2022
	£'000	£'000
Factors affecting tax expense		
Result for the year before tax	2,535	(455)
Profit/(loss) multiplied by standard rate of tax of 23.5% (2022: 19%)	596	(86)
Non-deductible expenses	66	50
Effect of change in tax rate	38	13
Adjustment in respect of previous periods	(10)	(81)
	690	(104)

#### Factors that may affect future tax charges

Deferred tax has been recognised to the extent that it will unwind at the currently enacted rate of 25%.

### 4. Dividends

	2023	2022
	£'000	£'000
Interim dividend of 1.0p per share (2022: Nil).	145	-

A final dividend of £659,263 (2022: £Nil) has been proposed but has not been accrued within these financial statements. This represents a payment of 4.5p (2022: Nil) per share.

### 5. Report and accounts

The above financial information does not constitute the Company's statutory accounts for the years ended 31 December 2023 or 2022 but is derived from those accounts. The auditor has reported on these accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498 (2) or (3) Companies Act 2006 or equivalent preceding legislation. The statutory accounts for 2022 have been filed with the Registrar of Companies.

Full audited accounts of RTC Group Plc for the year ended 31 December 2023 will be made available on the Company's website at [www.rtcgroupplc.co.uk](http://www.rtcgroupplc.co.uk) later today and will be dispatched to shareholders on 30 April 2024.

The Company's Annual General meeting will be held at 12noon on 5 June 2024 at the Derby Conference Centre, London Road, Derby, DE24 8UX.

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