

FDM Group (Holdings) plc

Preliminary Results

FDM Group (Holdings) plc ("the Company") and its subsidiaries (together "the Group" or "FDM"), today announces its results for the year ended 31 December 2024.

	31 December 2024	31 December 2023	% change
Revenue	£257.7m	£334.0m	-23%
Adjusted operating profit ¹	£33.4m	£49.6m	-33%
Profit before tax	£28.1m	£55.6m	-49%
Adjusted profit before tax ¹	£34.0m	£50.2m	-32%
Basic earnings per share	18.8p	37.3p	-50%
Adjusted basic earnings per share ¹	23.0p	32.9p	-30%
Cash flow generated from operations	£33.1m	£61.5m	-46%
Cash position at year end	£40.6m	£47.2m	-14%
Cash conversion ²	120.7%	111.8%	+8%
Adjusted cash conversion ²	116.2%	124.1%	-6%
Share-based payment expense/ (credit)	£1.1m	(£5.4m)	n/a
Exceptional administrative expenses	£4.9m	-	n/a
Effective income tax rate	26.9%	26.7%	+1%
Dividend per share	22.5p	36.0p	-38%

- A resilient performance in 2024, in line with the Board's expectations, against a backdrop of very challenging market conditions.
- Revenue decreased by 23% to £257.7 million (2023: £334.0 million) and profit before tax decreased by 49% to £28.1 million (2023: £55.6 million).
- Consultants assigned to clients at week 52³ were 34% lower at 2,578 (2023: 3,892). The split by region was: UK 1,056 (2023: 1,411); North America 742 (2023: 1,322); EMEA 256 (2023: 327); and APAC 524 (2023: 832).
- Consultant utilisation rate⁴ was broadly in line at 92.9% (2023: 92.8%). Benefiting from the Group's agile business model, throughout the year steps were taken to align, as far as practicable, available resource to market demand. Consultant recruitment and the number of Consultants in our Skills Lab reduced and coaching completions (previously called training completions) were 877 (2023: 1,338).
- We remain focused on managing our cost base. We incurred exceptional costs of £4.9 million (2023: £nil) as we better aligned our internal staff and undeployed Consultants with current market dynamics.
- During the year we successfully launched our new FDM Practices methodology, comprising five areas of specialism, to enable us to respond better to clients' needs.
- We secured 52 new clients globally (2023: 47), 35 of which were outside the financial services sector.
- We maintain a robust balance sheet, with £40.6 million cash at year end (2023: £47.2 million) and no debt.
- Cash conversion² was 120.7% (2023: 111.8%). Adjusted cash conversion² was 116.2% (2023: 124.1%).
- The Board recommends a final dividend of 12.5 pence per share, following an interim dividend of 10.0 pence per share, a total dividend for the year of 22.5 pence per share (2023: 36.0 pence per share).

¹ Adjusted operating profit and adjusted profit before tax are calculated before; i) Share Plan expenses of £1.1 million (2023: credit of £5.4 million); and ii) exceptional costs of £4.9 million (2023: £nil) as we better aligned our internal staff and undeployed Consultants with market demand. The adjusted basic earnings per share is calculated before the impact, net of tax of; i) Share Plan expenses; and ii) exceptional costs.

² Cash conversion is calculated by dividing cash flow generated from operations by operating profit. The adjusted cash conversion is calculated by dividing cash flows generated from operations by operating profit adjusted for Share Plan expenses of £1.1 million as this is a non-cash item (2023: credit of £5.4 million).

³ Week 52 in 2024 commenced on 30 December 2024 (2023: week 52 commenced on 25 December 2023).

⁴ The business uses the metric 'Consultant utilisation' to monitor all deployed Consultants. Utilisation rate is calculated as the ratio of the cost of

deployed Consultants to the total Consultant payroll cost.

Rod Flavell, Chief Executive Officer, said:

"FDM delivered a resilient performance for 2024 against a backdrop of very challenging market conditions.

Trading in the early months of 2025 has been encouraging with a modest uptick in client demand across the majority of the regions in which we operate. However, the Board believes that it remains too early, given continuing uncertain macroeconomic conditions, to materially increase investment in recruitment and throughput to our Skills Lab.

FDM is a robust and agile business, with a strong balance sheet and an experienced management team and Board, operating in fundamentally strong end-markets. It remains difficult to predict the timing of a sustained recovery in our major end-markets, but the Board remains confident that our business is well positioned to return to growth as and when conditions improve."

Enquiries

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Forward-looking statements

This announcement contains statements which constitute "forward-looking statements". Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

Inside information

This announcement contains inside information for the purposes of Article 7 of the UK Market Abuse Regulation.

We are FDM

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

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

INTRODUCTION

Against a background of continued and exceptional uncertainty across all our major markets, the Group delivered an adjusted profit before tax of £34.0 million (2023: £50.2 million). FDM's balance sheet remains strong with closing cash balances of £40.6 million (2023: £47.2 million) and no debt. The Group made dividend payments during the year of £31.7 million (2023: £39.3 million).

Overview

The challenging market conditions that began during the first half of 2023 continued for the whole of 2024, impacting client confidence and causing clients to defer decisions relating to project commencements and Consultant placements.

Our highly scalable business model enabled us to respond decisively to the continuing challenging market conditions through managing our internal cost base, scaling back our recruitment and coaching completions, while retaining appropriate levels of experienced Consultant resource to satisfy client demand and to be able to react quickly to any emerging new client opportunities. We also reduced our internal headcount to align better our business operations to market conditions.

We ended the year with 2,578 Consultants placed with clients (2023: 3,892) and 877 Consultants were coached during the year (2023: 1,338). The Group recorded revenue of £257.7 million (2023: £334.0 million) and delivered an adjusted operating profit¹ of £33.4 million (2023: £49.6 million). We incurred exceptional costs of £4.9 million relating to the measures taken to realign our cost base.

The Group's balance sheet remains robust with cash balances of £40.6 million (2023: £47.2 million). The Group has no debt.

The strength of our financial position, together with the actions taken during 2024 to reduce our operating costs, mean we

remain well positioned to benefit from market recovery when it comes.

Our strategy

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

Our four key strategic objectives are: attract and develop talented Consultants; invest in our state-of-the-art Skills Lab to provide expert training; grow and diversify our client base; and expand and consolidate our geographic presence through sustainable and efficient means.

Our strategy requires that all activities and investments that are undertaken have the potential to produce the appropriate level of return on investment, that they deliver sustained and measurable improvements for all our stakeholders including clients, staff and shareholders, and that they further our objective of launching the careers of talented people worldwide.

To reinforce our strategy and leadership position and our commitment to diversity, equity and inclusion, in early 2024 we launched a new company logo and brand identity. We believe FDM's new branding better reflects who we are, and what we want to achieve in the future, enabling us to give a clear message to our investors, clients and candidates reflecting what we stand for and how this benefits them.

Strategic objectives

Attract and develop talented Consultants

As the challenging market conditions, experienced in 2023, continued into 2024, we proactively scaled back on recruitment across all our operating regions, resulting in 877 coaching completions in the year (2023: 1,338). A key focus of the Board in 2024 was actively managing recruitment and the numbers of Consultants on the bench, to minimise operating costs, while continuing to invest in available resource to position us well to capitalise on current and future opportunities. We are highly experienced at balancing the supply of available resource with client demand and have well-established processes in place to ensure we deliver decisive action.

In periods of reduced recruitment, we recognise the need to ensure we remain attractive to candidates. The strength of our University Partner relationships and our Ex-Forces and Returners Programmes, which we continued to develop in the year, will enable us to increase recruitment and coaching when market conditions and client demand improve. We maintain an excellent pipeline of assessed candidates in all our territories, ready to join our Skills Lab as and when we see an increase in market demand. Our ongoing investment in our Ex-Forces, Returners and Apprenticeships Programmes diversifies our talent pipeline further.

I am pleased to report we continue to attract a high number of applicants across all our operating locations evidencing the global appeal that FDM's market-leading, flexible training has in tech skills and innovation. I have no doubt that we are well placed to accelerate recruitment and coaching as and when market conditions and client demand improve.

Invest in our state-of-the-art Skills Lab to provide expert training

With the launch of the new FDM Practices during 2024, more of which is presented under 'FDM Practices' below, we have redefined how FDM delivers its learning and skills development. To ensure that our coaching and upskilling are fully aligned with the Practices methodology, we have moved away from the more traditional method of a linear classroom, lecture-based form of training, previously delivered from our Academies, to a dynamic, skills-based, experiential model which is central to our new Skills Lab.

Following deployment, our Consultants continue to be connected to the Skills Lab. During their placements, we engage with both Consultants and clients to identify and deliver any upskilling required by the Consultant. Likewise, upskilling and mentoring are provided to our benched Consultants while they are not assigned to a client.

Our Technology Partnerships with some of the world's most innovative organisations, including Microsoft and Salesforce, ensure that we are at the forefront of technological advancements. The presence of certified coaches authorised to deliver official training from these organisations enhances the coaching that is delivered through our Skills Lab.

The Skills Lab enhances our operations with flexibility and adaptability. This innovative approach allows us to be more agile in meeting evolving client demands, while enabling our Consultants to progress swiftly through the Sprint-based programmes.

We are confident that the coaching and upskilling delivered by our Skills Lab enables our Consultants to develop into experienced professionals with skills across multiple capabilities, delivering maximum value to our clients. Our coaching continues to be accredited via our partnership with TechSkills, an important external validation of the quality of FDM's coaching.

Grow and diversify our client base

We continue to deliver the highest level of service to our clients and work closely with them to meet their requirements. Client diversification remains a key part of our strategy, with an element of the performance bonus for the Executive Board and senior

Our evolution remains a key part of our strategy, with an element of the performance bonus for the Executive Board and senior management being linked to client diversification targets. We secured 52 new clients in the year (2023: 47), of which 28 were in the UK, eight in North America, five in EMEA and eleven in APAC. Of these new clients, 67% were secured from outside the financial services sector. The number of new clients does not include those clients which re-engaged with us during 2024.

Expand and consolidate our geographic presence through sustainable and efficient means

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

FDM Practices

An important element of our refinement of our operating model has been the transition to FDM Practices ('Practices'), comprising five areas of specialism: Software Engineering; Data & Analytics; IT Operations; Change & Transformation; and Risk, Regulation & Compliance. Our core model has remained the same - to coach and deploy passionate, energetic and self-motivated Consultants; the Practices ensure skills are clearly linked to roles and ultimately the five core areas of specialism. We believe this makes our Consultants more versatile and enhances our ability to respond better to clients' needs as they look for more specific, detailed and nuanced skillsets within each job role.

During the year we continued to develop our Consultancy Services team, set up to provide added expertise and capability to the offering provided by our core model, by delivering collaborative solutions for a wide range of technology problems.

GROUP RESULTS

Summary income statement

	Year ending 31 December 2024	Year ending 31 December 2023	% change
Revenue	£257.7m	£334.0m	-23%
Exceptional administrative expenses	£4.9m	-	n/a
Adjusted operating profit ¹	£33.4m	£49.6m	-33%
Operating profit	£27.4m	£55.0m	-50%
Adjusted profit before tax ¹	£34.0m	£50.2m	-32%
Profit before tax	£28.1m	£55.6m	-49%
Adjusted basic EPS ¹	23.0p	32.9p	-30%
Basic EPS	18.8p	37.3p	-50%

Overview

The Group delivered a resilient performance in 2024 as market conditions remain challenging.

Revenue decreased by 23% to £257.7 million (2023: £334.0 million) (21% lower on a constant-currency basis²), adjusted operating profit¹ decreased by 33% to £33.4 million (2023: £49.6 million), and adjusted basic earnings per share¹ was down 30%, to 23.0 pence (2023: 32.9 pence). We ended the year with cash balances of £40.6 million (2023: £47.2 million), having converted 120.7% of our operating profit into operating cash flow. Our balance sheet remains strong with no debt. We are well positioned for growth when market conditions improve, with a proven and agile business model that is able to respond rapidly and effectively to market fluctuations.

Consultants assigned to clients at week 52 2024 totalled 2,578, a decrease of 34% from 3,892 at week 52 2023. At week 52 2024 our Ex-Forces Programme accounted for 105 Consultants deployed worldwide (week 52 2023: 163). Our Returners Programme had 164 Consultants deployed at week 52 2024 (week 52 2023: 219).

The Consultant utilisation rate was consistent with prior year at 92.9% (2023: 92.8%).

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

	Year ending 31 December 2024 Revenue £m	Year ending 31 December 2023 Revenue £m	2024 Consultants assigned to clients at week 52 ³	2023 Consultants assigned to clients at week 52 ³
UK	104.0	127.8	1,056	1,411
North America	92.2	130.2	742	1,322
EMEA	21.9	24.1	256	327
APAC	39.6	51.9	524	832

	257.7	334.0	2,578	3,892
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Administrative expenses decreased to £87.5 million (2023: £101.5 million). Included within administrative expenses are £4.9 million of exceptional costs, representing the costs of terminating the employment of internal staff and undeployed Consultants. Adjusted Group operating margin¹ decreased to 13.0% (2023: 14.8%).

¹ The adjusted operating profit and adjusted profit before tax are calculated before; i) Share Plan expenses of £1.1 million (2023: credit of £5.4 million) and ii) exceptional costs of £4.9 million (2023: £nil) as we better aligned our internal staff and undeployed Consultants with market demand. The adjusted basic earnings per share is calculated before the impact, net of tax of; i) Share Plan expenses; and ii) exceptional costs.

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

³ Week 52 in 2024 commenced on 30 December 2024 (2023: week 52 commenced on 25 December 2023).

Adjusting items

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

Share-based payment

The share-based payment charge is based on estimates relating to a vesting which may occur up to three years after the date of grant and the assumptions underpinning those estimates can change from year to year. An expense of £1.1 million was recognised in the year relating to the share-based payments including social security costs, £0.2 million of which was in respect of the Buy As You Earn ("BAYE") Plan (2023: credit of £5.4 million, including expenses of £0.3 million in respect of the BAYE Plan).

The credit recognised in 2023 arose as a result of a change in the adjusted earnings per share performance vesting assumptions with the outstanding awards anticipated to vest at a lower quantum.

Exceptional administrative expenses

During the year, the Group incurred exceptional administrative expenses of £4.9 million (2023: £nil), as a result of the Group taking measures to align better the number of undeployed Consultants and internal staff with current market demand.

Net finance income

Net finance income includes bank interest income of £1.9 million (2023: £1.4 million) and lease liability interest of £1.2 million (2023: £0.7 million). The Group has no debt.

Taxation

The Group's total tax charge for the year was £7.6 million, equivalent to an effective tax rate of 26.9%, on profit before tax of £28.1 million (2023: effective tax rate of 26.7% based on a tax charge of £14.9 million and a profit before tax of £55.6 million). The effective tax is higher than the underlying UK tax rate of 25% due to the Group's geographical mix of profits and the impact of items considered to be non-taxable or non-deductible for tax purposes.

Earnings per share

Basic earnings per share decreased in the year to 18.8 pence (2023: 37.3 pence), while adjusted basic earnings per share was 23.0 pence (2023: 32.9 pence). Diluted earnings per share was 18.7 pence (2023: 37.2 pence).

Dividend

During the year, the Group paid two dividends with a total payment to shareholders of £31.7 million (2023: £39.3 million).

At the AGM held on 14 May 2024, a final dividend of 19.0 pence per share for 2023 was approved by shareholders and was paid on 28 June 2024. On 30 July 2024, an interim dividend of 10.0 pence per share for 2024 was declared and was paid on 1 November 2024.

The Board has recommended a final dividend of 12.5 pence per share, subject to shareholder approval at the 2025 AGM, taking the total dividend arising from the 2024 financial year to 22.5 pence per share (2023 total dividend: 36.0 pence per share).

The Group maintains its dividend policy, to retain sufficient capital to fund ongoing operating requirements, while maintaining an appropriate level of dividend cover and sufficient funds to invest in the Group's longer-term growth. As at 31 December 2024, the Company had distributable reserves of £33.7 million. This statement does not form part of the audited financial statements and the distributable reserves figure of £33.7 million is therefore not audited by PricewaterhouseCoopers LLP ("PwC").

Cash flow and Statement of Financial Position

At the year end the Group's cash balance was £40.6 million (2023: £47.2 million). Dividends paid in the year totalled £31.7 million (2023: £39.3 million). Capital expenditure was £0.3 million (2023: £0.7 million) and tax paid was £5.8 million (2023: £12.7 million).

The Group delivered a robust working capital performance. Our business model remains highly cash generative and cash

The Group delivered a robust working capital performance. Our business model remains highly cash generative and cash conversion was 120.7% (2023: 111.8%).

Debtor days at the year end were in line with Group targets, as they were in the prior year.

SEGMENTAL PERFORMANCE

UK

Year-end Consultant headcount was 1,056, a decrease of 25% on the prior year (2023: 1,411). Revenue decreased by 19% to £104.0 million (2023: £127.8 million) and adjusted operating profit¹ decreased by 25% to £18.8 million (2023: £25.1 million).

The market remained challenging in 2024, which was reflected in Consultant headcount. The mix of our Consultant population shifted towards more experienced resource as clients managed reduced budgets which restricted them from both taking on new Consultants and internalising our Consultants as permanent hires. Our experienced Consultants have a higher sell rate and as a result the percentage reduction in revenue was less than the percentage reduction in headcount.

During the year we incurred £3.6 million of exceptional costs associated with measures taken to align better the number of benched Consultants and internal staff with demand.

We carried a higher than typical number of undeployed Consultants into the year and adjusted our coaching schedules to reflect this resulting in reduced coaching completions (2024: 200; 2023: 339).

Despite macroeconomic uncertainty, business development was promising as we gained 28 new clients in the year (2023: 23).

North America

Year-end Consultant headcount was 742, a decrease of 44% on the prior year (2023: 1,322). Revenue decreased by 29% to £92.2 million (2023: £130.2 million) and adjusted operating profit¹ decreased by 43% to £11.7 million (2023: £20.4 million).

As in the UK, challenging market conditions continued into 2024 and resulted in reduced demand for new Consultants and our Consultant mix becoming more experienced. The shift in tenure mix contributed towards the percentage reduction in revenue being less than the percentage reduction in headcount.

During the year we incurred £0.8 million of exceptional costs associated with the measures taken to align better the number of benched Consultants and internal staff with current demand. With challenging market conditions continuing for a second year, we coached a similar number of Consultants year-on-year (2024: 330; 2023: 340).

During the year we gained eight new clients (2023: seven).

EMEA

Year-end Consultant headcount was 256, a decrease of 22% on the prior year (2023: 327). Revenue decreased by 9% to £21.9 million (2023: £24.1 million) and adjusted operating profit¹ decreased by 38% to £1.3 million (2023: £2.1 million).

During the year we carried a higher than typical number of undeployed Consultants which contributed towards adjusted operating profit decreasing by more than headcount. Exceptional costs associated with measures taken to align better the number of benched Consultants and internal staff with current demand were £0.1 million.

In the year, we coached 138 Consultants (2023: 256) and gained five new clients (2023: eight).

APAC

Year-end Consultant headcount was 524, a decrease of 37% on the prior year (2023: 832). Revenue decreased by 24% to £39.6 million (2023: £51.9 million) and adjusted operating profit¹ decreased by 20% to £1.6 million (2023: £2.0 million).

We experienced similar market conditions to the rest of the Group, and we adjusted our coaching schedules accordingly such that we coached 209 Consultants in the year (2023: 403).

During the year we incurred £0.4 million of exceptional costs associated with the measures taken to align better the number of benched Consultants and internal staff with current demand.

We opened eleven new clients in the year (2023: nine).

The Board and its Committees

Peter Whiting, FDM's Senior Independent Director and Chair of the Remuneration Committee, stepped down from the Board in May 2024 after having served almost ten years on the FDM Board since the Company's IPO in June 2014. The Board would like to thank Peter for his invaluable contribution to the Group over that period, and the significant role he played in the management of the business through the successes and challenges of the last decade.

Following Peter's departure, Jacqueline de Rojas, who has been a Non-Executive Director on the Board since October 2019, has taken on the role of Senior Independent Director. Rowena Murray became Chair of the Remuneration Committee.

Looking ahead, as announced separately today, the Board has appointed Bruce Lee as an Independent Non-Executive Director with effect from 19 March 2025. Based in the US, Bruce has wide experience in CIO roles with global banks, financial

main street from 15 March 2025. Based in the US, Dave has had experience in CIO roles with global banks, insurance institutions and other organisations (including some which historically have been FDM clients). He has an in-depth understanding of FDM's model, the sectors we operate in, and the technologies which are key to those organisations. The Board looks forward to welcoming him and to benefitting from his expertise.

Michelle Senecal de Fonseca will retire from the Board on 19 March 2025 after having served just over nine years as a Non-Executive Director since her appointment. The Board would like to thank Michelle for her contribution, including her particular focus on promoting FDM's support for Women in Tech.

David Lister has now served just over nine years on FDM's Board since his appointment and, accordingly, has notified his fellow directors of his intention to retire from the Board this year, when a suitable replacement Chair can be identified. The Nomination Committee is conducting a search for a candidate to replace David as Chair when he steps down, and a further announcement will be made on this subject in due course.

Progressing our ESG initiatives

We remain committed to promoting diversity, social mobility and inclusion within our workplace. We are highly supportive of our Employee Networks, our charity partners and our various career development and leadership training programmes.

Delivering our science-based GHG emission reduction targets remains an area of focus, and a factor in recent decision making relating to the selection of new offices in Brighton, Glasgow and Leeds. Our total annual GHG emissions are low at below 1 tCO₂e per employee, however, we are not complacent and remain focused on achieving our targets.

Our People

FDM is a people business, and the Board is proud of the passion and commitment which our people across our operating regions ceaselessly offer the Group.

The wellbeing of all our people remains a key priority for the Board. The People Team continues to engage with employees to ensure that their wellbeing is monitored and safeguarded.

The Board thanks every FDM employee for the quality of their work during 2024, which has enabled us to deliver a resilient performance, in challenging market conditions.

CURRENT TRADING AND OUTLOOK

While there are some encouraging signs in the markets that FDM serves, it remains too early in the cycle to commit discretionary spend at present. The Board keeps the relevant trading metrics under continuous review and, benefiting from its flexible business model and strong market position and balance sheet, the Group will move rapidly to capitalise on opportunities that it sees.

FDM is a strong, well managed and well financed business. We shall continue to manage our cost base and levels of Consultant resource to ensure we are well positioned to meet our clients' needs and to support them as and when market conditions improve.

Consolidated Income Statement

for the year ended 31 December 2024

	Note	2024 £000	2023 £000
Revenue	3	257,704	333,975
Cost of sales		(142,754)	(177,449)
Gross profit		114,950	156,526
Administrative expenses		(87,511)	(101,500)
which includes: Exceptional items	4	(4,894)	-
Operating profit		27,439	55,026
Finance income		1,927	1,396
Finance expense		(1,304)	(796)

Net finance income		623	600
Profit before income tax		28,062	55,626
Taxation	6	(7,555)	(14,861)
Profit for the year		20,507	40,765
Earnings per ordinary share		2024	2023
		pence	pence
Basic	7	18.8	37.3
Diluted	7	18.7	37.2

The results for the year shown above arise from continuing operations.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

	2024	2023
	£000	£000
Profit for the year	20,507	40,765
Other comprehensive income/ (expense)		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on retranslation of foreign operations (net of tax)	494	(1,329)
Total other comprehensive income/ (expense)	494	(1,329)
Total comprehensive income for the year	21,001	39,436

Consolidated Statement of Financial Position

as at 31 December 2024

	Note	2024	2023
		£000	£000
Non-current assets			
Right-of-use assets		19,614	18,215
Property, plant and equipment		1,974	2,616
Intangible assets		19,464	19,571
Deferred income tax assets		481	552
		41,533	40,954
Current assets			
Trade and other receivables	8	28,532	32,613
Income tax receivables		797	3,384
Cash and cash equivalents	9	40,588	47,226
		69,917	83,223

Total assets		111,450	124,177
Current liabilities			
Trade and other payables	10	20,734	25,638
Lease liabilities		4,586	4,512
Current income tax liabilities		1,010	1,428
		26,330	31,578
Non-current liabilities			
Lease liabilities		17,122	15,669
Provisions		658	228
Deferred income tax liability		-	31
		17,780	15,928
Total liabilities		44,110	47,506
Net assets		67,340	76,671
Equity attributable to owners of the parent			
Share capital	11	1,097	1,096
Share premium		9,705	9,705
All Other reserves		2,525	1,567
Retained earnings		54,013	64,303
Total equity		67,340	76,671

Consolidated Statement of Cash Flows

for the year ended 31 December 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Group profit before tax for the year		28,062	55,626
<i>Adjustments for:</i>			
Depreciation and amortisation	5	5,405	5,742
(Profit)/ loss on disposal of non-current assets		(167)	155
Finance income		(1,927)	(1,396)
Finance expense		1,304	796
Share-based payment charge/ (credit) (including associated social security costs)		1,202	(5,340)
Decrease in trade and other receivables		3,864	11,386
Decrease in trade and other payables		(4,635)	(5,470)
Cash flows generated from operations		33,108	61,499
Interest received		1,927	1,396
Income tax paid		(5,796)	(12,741)
Net cash inflow from operating activities		29,239	50,154
Cash flows from investing activities			
Acquisition of property, plant and equipment		(335)	(651)
Net cash used in investing activities		(335)	(651)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		1	4
Proceeds from sale of shares from EBT		299	468
Principal elements of lease payments		(3,676)	(4,807)
Interest elements of lease payments		(1,225)	(718)

Proceeds from sale of own shares		-	16
Payment for shares bought back		-	(2,525)
Finance costs paid		(57)	(72)
Dividends paid	12	(31,677)	(39,320)
Net cash used in financing activities		(36,335)	(46,954)
Exchange gains/ (losses) on cash and cash equivalents		793	(846)
Net (decrease)/ increase in cash and cash equivalents		(6,638)	1,703
Cash and cash equivalents at beginning of year		47,226	45,523
Cash and cash equivalents at end of year	9	40,588	47,226

Consolidated Statement of Changes in Equity

for the year ended 31 December 2024

	Share capital £000	Share premium £000	All Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2024	1,096	9,705	1,567	64,303	76,671
Profit for the year	-	-	-	20,507	20,507
Other comprehensive income for the year	-	-	494	-	494
Total comprehensive income for the year	-	-	494	20,507	21,001
Share-based payments	-	-	1,108	-	1,108
Transfer to retained earnings	-	-	(1,260)	1,260	-
Own shares sold	-	-	616	(317)	299
Recharge of net settled share options	-	-	-	(63)	(63)
Dividends (note 12)	-	-	-	(31,677)	(31,677)
Issue of new shares	1	-	-	-	1
Total transactions with owners, recognised directly in equity	1	-	464	(30,797)	(30,332)
Balance at 31 December 2024	1,097	9,705	2,525	54,013	67,340
	Share capital £000	Share premium £000	All Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2023	1,092	9,705	13,525	58,881	83,203
Profit for the year	-	-	-	40,765	40,765
Other comprehensive expense for the year	-	-	(1,329)	-	(1,329)
Total comprehensive income for the year	-	-	(1,329)	40,765	39,436
Share-based payments	-	-	(4,434)	-	(4,434)
Transfer to retained earnings	-	-	(4,673)	4,673	-
Own shares sold	-	-	1,003	(496)	507
Own shares purchased	-	-	(2,525)	-	(2,525)
Recharge of net settled share options	-	-	-	(200)	(200)
Dividends (note 12)	-	-	-	(39,320)	(39,320)
Issue of new shares	4	-	-	-	4
Total transactions with owners, recognised directly in equity	4	-	(10,629)	(35,343)	(45,968)
Balance at 31 December 2023	1,096	9,705	1,567	64,303	76,671

Notes to the Consolidated Financial Statements

General information

1 General information

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

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

The financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Consolidated Financial Statements have been prepared on a historical cost basis. The Consolidated Financial Statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated.

2 Basis of preparation

The financial information set out in this preliminary announcement does not constitute statutory accounts for the years ended 31 December 2024 and 31 December 2023, for the purpose of the Companies Act 2006, but is derived from those accounts. The audited statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 were approved for issue on 18 March 2025. The Group's auditor reported on the Annual Report and Accounts for the year ended 31 December 2024 on 18 March 2025. 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 Section 498(2) or (3) of the Companies Act 2006.

While the financial information included in this preliminary announcement has been prepared in accordance with UK-adopted International Financial Reporting Standards, this announcement does not itself contain sufficient information to comply with UK-adopted International Financial Reporting Standards. The accounting policies applied in preparing this financial information are consistent with the Group's financial statements for the year ended 31 December 2023 with the exception of the following standards and amendments which were effective from 1 January 2024 and were adopted by the Group in preparing the financial statements. The adoption of these standards and amendments has not had a material impact on the Group's financial statements in the year:

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

3 Segmental reporting

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

As of 31 December 2024, the Board of Directors consider that the Group is organised on a worldwide basis into four core geographical operating segments:

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

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

All segment revenue, profit before taxation, assets and liabilities are attributable to the principal activity of the Group,

being a global professional services provider with a focus on IT.

For the year ended 31 December 2024

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	103,985	92,188	21,923	39,608	257,704
Depreciation and amortisation	2,135	1,356	368	1,546	5,405
Exceptional administrative expenses	3,636	780	86	392	4,894
Segment operating profit	14,512	10,666	1,186	1,075	27,439
Finance income ¹	1,842	280	15	6	2,143
Finance costs ¹	(897)	(149)	(51)	(423)	(1,520)
Profit before income tax	15,457	10,797	1,150	658	28,062
As at 31 December 2024					
Total assets	68,210	18,936	9,599	14,705	111,450
Total liabilities	(12,325)	(7,461)	(7,177)	(17,147)	(44,110)

¹ Finance income and finance costs include intercompany interest which is eliminated upon consolidation

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

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
31 December 2024	34,108	1,896	579	4,469	41,052

The following foreign entities, which are 100% owned subsidiaries, are material by their size at 31 December 2024:

Entity name	FDM Group Inc.	FDM Group Canada Inc.	FDM Group Australia Pty Ltd
Country of registration	USA	Canada	Australia
	£000	£000	£000
Revenue	48,317	43,871	15,976
Non-current assets (excluding deferred tax)	1,041	855	3,245

For the year ended 31 December 2023

	UK £000	North America £000	EMEA £000	APAC £000	Total £000
Revenue	127,770	130,167	24,093	51,945	333,975
Depreciation and amortisation	2,420	1,324	362	1,636	5,742
Segment operating profit	28,608	21,641	2,398	2,379	55,026

Segment operating profit	20,000	21,000	22,000	23,000	24,000
Finance income ¹	1,334	260	24	11	1,629
Finance costs ¹	(401)	(55)	(61)	(512)	(1,029)
Profit before income tax	29,541	21,846	2,361	1,878	55,626
As at 31 December 2023					
Total assets	71,625	21,147	13,766	17,639	124,177
Total liabilities	(11,093)	(8,629)	(5,479)	(22,305)	(47,506)

¹ Finance income and finance costs include intercompany interest which is eliminated upon consolidation

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

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

The following foreign entities, which are 100% owned subsidiaries, are material by their size at 31 December 2023:

Entity name	FDM Group Inc.	FDM Group Canada Inc.	FDM Group Australia Pty Ltd
Country of registration:	USA £000	Canada £000	Australia £000
Revenue	71,884	58,283	21,665
Non-current assets (excluding deferred tax)	1,185	224	4,377

Information about major clients

Client A represents 10% or more of the Group's 2024 and 2023 revenues. Revenue from client A is attributed to North America.

	2024 £000	2023 £000
Revenue from client A	38,234	48,960

4 Exceptional administrative expenses

During the year, the Group incurred exceptional costs of £4.9 million (2023: £nil) as we better aligned our internal staff and undeployed Consultants with market demand.

5 Operating profit

Operating profit for the year has been arrived at after charging/ (crediting):

	2024 £000	2023 £000
Net foreign exchange differences	369	174
Loss on disposal of property, plant and equipment	3	148
Profit on disposal of right-of-use assets	(170)	-
Depreciation of right-of-use assets	4,547	4,279
Depreciation of property, plant and equipment and amortisation of software and software licences	858	1,463
Expense relating to short-term leases	49	600

6 Taxation

The major components of income tax expense for the years ended 31 December 2024 and 2023 are:

	2024 £000	2023 £000
Current income tax:		
Current income tax charge	8,254	13,352
Adjustments in respect of prior periods	(731)	(249)
Total current income tax	7,523	13,103
Deferred tax:		
Relating to origination and reversal of temporary differences	32	1,758
Total deferred tax	32	1,758
Total tax expense reported in the income statement	7,555	14,861

The standard rate of corporation tax in the UK increased from 19% to 25% effective 1 April 2023, accordingly, the profits for 2024 are taxed at 25% (2023: 23.5%). As in the prior year, the tax charge for the year is higher than the standard rate of corporation tax in the UK. The differences are set out below:

	2024 £000	2023 £000
Profit before income tax	28,062	55,626
Profit before income tax multiplied by UK standard rate of corporation tax of 25% (2023: 23.5%)	7,016	13,072
Effect of different tax rates on overseas earnings	403	1,562
Effect of expenses not deductible for tax purposes	287	99
Adjustments in respect of prior periods	(731)	(249)
Effect of unused tax losses not recognised for deferred tax assets	580	377
Total tax charge	7,555	14,861

7 Earnings per ordinary share

Basic earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year.

	2024 £000	2023 £000
Profit for the year	20,507	40,765
Average number of ordinary shares in issue (thousands)	109,224	109,151
Basic earnings per share	18.8	37.3

Notes to the Consolidated Financial Statements (continued)

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

	2024 £000	2023 £000
Profit for the year (basic earnings)	20,507	40,765
Share-based payment expense/ (credit) (including social security costs)	1,063	(5,449)
Tax effect of share-based payment expense / (credit)	(210)	563
Exceptional costs (see note 4)	4,894	-

Tax effect of exceptional costs	£000	(1,164)	-
Adjusted profit for the year	£000	25,090	35,879
Average number of ordinary shares in issue (thousands)		109,224	109,151
Adjusted basic earnings per share	Pence	23.0	32.9

Diluted earnings per share

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

		2024	2023
Profit for the year (basic earnings)	£000	20,507	40,765
Average number of ordinary shares in issue (thousands)		109,224	109,151
Adjustment for share options (thousands)		401	329
Diluted number of ordinary shares in issue (thousands)		109,625	109,480
Diluted earnings per share	Pence	18.7	37.2

8 Trade and other receivables

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

	2024	2023
	£000	£000
Trade receivables	22,297	24,944
Prepayments and accrued income	5,105	6,717
Other receivables	1,130	952
	28,532	32,613

Included within prepayments and accrued income is £1,528,000 of accrued income (2023: £2,340,000).

The expected loss rate and the aged gross trade receivables and aged loss allowance as at 31 December are as follows:

	Expected loss rate	Gross trade receivable £000	Loss allowance £000
31 December 2024			
Not overdue	2%	20,002	(448)
Not more than three months past due	2%	2,780	(62)
More than three months but not more than six months past due	3%	26	(1)
		22,808	(511)
31 December 2023			
	Expected loss rate	Gross trade receivable £000	Loss allowance £000
Not overdue	2%	21,873	(443)
Not more than three months past due	2%	3,562	(72)
More than three months but not more than six months past due	2%	25	(1)
		25,460	(516)

The movement in the allowance for expected credit loss is as below:

	2024	2023
	£000	£000
At 1 January	(516)	(498)
Increase in allowance	-	(18)
Unused amount reversed	5	-

At 31 December

(511)

(516)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Shared credit risk characteristics include current and forward-looking information on macroeconomic factors affecting the sector in which the debtor operates and those affecting the ability of the client to settle the receivables. The Group has identified relevant factors including the GDP and the unemployment rate of the countries in which it trades, and accordingly adjusts the loss rates based on expected changes in these factors.

9 Cash and cash equivalents

	2024 £000	2023 £000
Cash at bank and in hand	40,588	47,226

The Group has issued guarantees in favour of the Swiss Office of Labour and Economy for CHF150,000.

The credit quality of financial assets can be assessed by reference to external credit ratings issued by credit ratings agencies registered in the EU. Cash at bank is held with banks with the following ratings:

Cash at bank by credit rating	2024 £000	2023 £000
A	40,563	47,202
BB	-	24
B	25	-
	40,588	47,226

10 Trade and other payables

Due to their short-term nature, the Directors consider that the carrying amount of trade payables approximates to their fair value.

	2024 £000	2023 £000
Trade payables	1,782	1,435
Other payables	1,773	2,147
Other taxes and social security	4,798	7,031
Accruals	12,381	15,025
	20,734	25,638

11 Share capital

Authorised, called-up, allotted and fully-paid share capital

	2024 Number of shares	2024 £000	2023 Number of shares	2023 £000
<i>Ordinary shares of £0.01 each</i>				
At 1 January	109,611,852	1,096	109,191,669	1,092
Issued in year	94,850	1	420,183	4
At 31 December	109,706,702	1,097	109,611,852	1,096

Ordinary shares

All ordinary shares rank equally for all dividends and distributions that may be declared on such shares. At general meetings of the Company, each shareholder who is present (in person, by proxy or by representative) is entitled to one vote on a show of hands and, on a poll, to one vote per share.

12 Dividends

2024
£000

2023
£000

Dividends paid

Paid to shareholders

31,677

39,320

2024

An interim dividend of 10.0 pence per ordinary share was declared by the Directors on 30 July 2024 and was paid on 1 November 2024 to holders on the register on 11 October 2024; the amount paid was £10,928,000.

The Board is proposing a final dividend of 12.5 pence per share in respect of the year to 31 December 2024, for approval by shareholders at the AGM on 20 May 2025; the amount payable will be £13,667,000. Subject to shareholder approval the dividend will be paid on 27 June 2025 to shareholders on the register on 6 June 2025.

This brings the Company's total dividend for the year to 22.5 pence per share (2023: 36.0 pence per share).

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

2023

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

The Board paid a final dividend of 19.0 pence per share on 28 June 2024, to shareholders on the register on 7 June 2024; the amount paid was £20,749,000.

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