28 March 2022

RTC Group Plc

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

Final results for the year ended 31 December 2021

RTC Group Plc (AIM: RTC.L) is pleased to announce its audited results for the year ended 31 December 2021.

Highlights

- Group revenue £77.7m (2020: £81.4m).
- Profit from operations reduced to £0.3m (2020: £1.1m).
- Net cash outflow from operating activities £2.4m (2020: £5.1m inflow).
- Net working capital debt £1.9m (2020: net cash £1.9m). The Group has no term debt.
- Earnings per share (basic) 0.04p (2020: 4.66p).
- No final dividend is proposed. Total dividend in respect of the year to 31 December 2021: Nil (2020: Nil).

Commenting on the results Andy Pendlebury, CEO said:

"RTC Group, like many other companies, had an extremely challenging year in 2021. The COVID pandemic continued to significantly impact client demand across many markets and where requirements for contract labour remained strong this was accompanied by higher operational costs to ensure the safety and wellbeing of our workforce; candidate reluctance to change employers/careers given these turbulent times and workers self-isolating increased both direct and indirect costs as programme and project continuity was heavily disrupted. In addition, the sudden and immediate demobilisation from Afghanistan due to the complete withdrawal in August of all American, United Kingdom and NATO troops curtailed a large contribution of revenue from our international business. Further, the implementation of changes to IR 35 in the private sector, which finally became legislation in April 2021, heavily impacted our white-collar contracting community.

However, despite the untimely combination and cumulative effect of all these events, the majority of which were outside of the control of the Group, we still managed to trade, albeit marginally, in positive territory. Our balance sheet remains robust and free from long term debt or the effects of dilution, a fate which befell many shareholders of other traded recruitment businesses over the past couple of years, who raised equity at sub-optimal values in order to survive, and through the Board's successful share option cancellation programme.

Although for many reasons we are all naturally very disappointed with the way the year played out for us, and also mindful of the fact that there are still many geo-political events and micro-economic challenges threatening the domestic and international landscape, we believe our positioning across a broad range of markets, sectors and industries, give us every reason to be optimistic about our ability to deliver long term sustainable value to all our stakeholders."

Enquiries:

RTC Group Plc Tel: 0133 286 1842
Bill Douie, Chairman
Andy Pendlebury, Chief Executive

SPARK Advisory Partners Limited (Nominated Adviser) Tel: 0203 368 3550
Matt Davis / Mark Brady
www.Sparkadvisorypartners.com

Panmure Gordon (Broker) Tel: 020 7886 2500
Hugh Rich
www.panmure.com

About RTC

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 Recruitment 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 and international clients. 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 clients with the benefit of a national network of skilled personnel combined with local expertise.

ATA Recruitment 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 Recruitment has a strong track record of attracting and recruiting the best engineering talent for our clients. ATA's regional offices which are strategically located in Leicester and Leeds each have dedicated market-experts to ensure ATA delivers excellence to both our clients 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

Through its GSS brand the Group works with customers across the globe that are focused on delivering projects in a variety of engineering 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

Chairman's statement

For the year ended 31 December 2021

I am pleased to present the final report for the year.

Group

2021 has been a particularly challenging year with the latter part of the year experiencing some key negative factors covered below.

Trading in the Group continued to deliver satisfactory results for most of the first half but the rumble of thunder, distinctly audible in the second three months, morphed into very difficult conditions from August onwards in certain areas of the business. These were mainly focussed on our contract with Network Rail and in Afghanistan in contrast, the Derby Conference Centre and some parts of UK recruitment experienced an improving environment.

As mentioned in our interim statement, we were able to deliver a profit in the first half and consolidated our cash position. The expectation at that time was that the second half would produce an improving outlook, but history told us that there was a considerable possibility of a further waves of infections, but we were confident that we could continue to trade profitably. The outcome for the year as a whole has justified that confidence.

During the year full use has been made of Government initiatives established to assist the UK Economy which have assisted all our businesses to continue to operate normally, albeit at reduced levels.

Our UK technical & engineering recruitment operations had a difficult year in fragile market conditions but were able to produce a creditable trading result. Other areas of our UK Recruitment segment continued to prosper with slightly reduced levels of demand in both rail and infrastructure towards the ending of the CP5 Network Rail Contract. A successful culmination to our negotiations has resulted in a new contract albeit in different areas from those in CP5. In the energy division, despite the slower than expected growth of our contract to train and supply operatives to serve the roll out of the Government smart meter policy, a creditable result was secured.

Our international division, Global Staffing Solutions continued in line with expectations although global travel bans impacted some workforce mobilisation activities. As forecast in my interim statement, the contract to supply contract labour to NATO forces in Afghanistan came to an unexpectedly sharp conclusion but we were able to withdraw all our personnel from the territory successfully.

Capital investment

We continue to invest in the development of our businesses.

Dividends

In the conditions which have unfolded in 2021 it was considered prudent to continue to suspend the payment of dividends and to concentrate on balance sheet improvement in preparation for the expected need to invest in business changes and developments in the future. It is unlikely that we will be recommending a return to payments in the near future.

Staff

I should like to thank our staff at all levels for their loyalty, hard work and enthusiasm during the course of a most difficult year.

Outlook

On a positive note, we remain confident that the present global medical emergency will eventually be put behind us, but we see limited signs of that at this time as we pin our hopes on science and vaccines. Notwithstanding that expectation, the process of recovery as it comes is likely to suffer for some time from the aftershocks from these conditions and the inevitable re-shaping of human behaviour coupled with the continued efforts to reduce the carbon footprints of world energy production. Of more importance, the requirement from Network Rail that we change all our areas of contract labour supply has already caused substantial changeover expense and disruption to the smooth running of this element of our business. This has continued into the current year and is likely to have a material effect on our profitability in the first half of 2022. Nonetheless, we believe that we have explored these matters fully and that we have a roadmap for successful trading in the years to come.

W J C Douie — 27 March 2022

Chairman

Chief Executive's operational and strategic review

For the year ended 31 December 2021

Overview

RTC Group, like many other companies, had an extremely challenging year in 2021. The COVID pandemic continued to significantly impact client demand across many markets and where requirements for contract labour remained strong this was accompanied by higher operational costs to ensure the safety and wellbeing of our workforce which was and remains our highest priority. Candidate reluctance to change employers/careers given these turbulent times and workers self-isolating as a consequence of either directly contracting COVID or being contacted through NHS notification also impacted revenue especially in our energy and rail businesses where workers operate in large teams or in close proximity with consumers, and this in turn increased both direct and indirect costs as programme and project continuity was heavily disrupted.

In addition, the sudden and immediate demobilisation from Afghanistan due to the complete withdrawal in August of all American, United Kingdom and NATO troops curtailed a large contribution of revenue from our international business whilst simultaneously presenting additional non recoverable costs as we battled, like everybody else involved in the exercise, to extract our people in incredibly difficult and volatile circumstances to ensure a safe passage home for all concerned. This, along with protecting all our direct and indirect colleagues from COVID, was our highest priority and I am proud to say that despite the huge logistical challenge faced by the business we were able to return all our international contractors to their original countries of origin and I firmly believe our market reputation both with our clients and workers was enhanced significantly through our handling of this very difficult situation which was observed world over. I am extremely proud of all the hard work carried out by our international team during this most stressful and difficult of times.

The implementation of changes to IR 35 in the private sector, which finally became legislation in April 2021, heavily impacted our white-collar contracting community and this in turn had a commensurate impact on our contract revenue as many high value white collar professional workers either transferred to direct contracts of employment with clients or changed their working methodology to reflect the implications of the HMRC ruling on their contracting status.

Finally, our conference centre which, like many in the hospitality sector, had endured extreme hardship over the past 18 months, began to see some much-welcomed demand for social events, conferencing and accommodation from mid-year, leading up to a full order book for December, typically the best profit month of the year. However, the outbreak of the Omicron variant of COVID dissipated any hopes of this as the majority of bookings were cancelled in the wake of uncertainty resulting from Government guidance and its impact on consumers appetite to attend hospitality events. This was another significant blow to both the Group and the conference centre at a time when sector confidence was just beginning to re-emerge and upfront investments had commenced in order to attract and train new employees, as many had left the sector due to the lack of viable employment. Other additional unrecoverable costs had also been invested to ensure both operational capability and health and safety systems had been enhanced ahead of the opportunity to recover much needed revenue and profit for the business. However, despite these headwinds the conference centre made a profit in 2021 and is going in the right direction in 2022.

However, despite the untimely combination and cumulative effect of all these events, the majority of which were outside of the control of the Group, we still managed to trade, albeit marginally, in positive territory. Our balance sheet remains robust and free from long term debt or the effects of dilution, a fate which befell many shareholders of other traded recruitment businesses over the past couple of years, who raised equity at sub-optimal values in order to survive, and through the Board's successful share option cancellation programme.

Business review

UK Division

Our UK recruitment business enjoyed periods of both solid growth and new contract success during 2021 whilst simultaneously having to suffer further pockets of discontinuity of activity driven by the continued impact of COVID. This in turn impacted both productivity and profitability as client and candidate appetite, especially in the first half of the year, to either invest in new hires or to seek out new career moves was subdued. However, activity, especially in our permanent business and smart meter roll-out programme, began to gather traction mid-year only to be halted again towards the end of the year as the Omicron variant fast became a major concern for the sector.

Furthermore, the business continued to experience significant upward pressure on costs across all field-based projects in our rail and energy divisions where working practices continued to centre around the safety and wellbeing of our contract workforce, our clients and in many cases the consumer, where engineers working on our smart meter roll-out programme and domestic boiler repair contracts had direct engagement. Whilst our heightened safety initiatives have impacted the profitability of a range of contracts, they were extremely well received by all concerned with Ganymede gaining significant praise thereby enhancing its reputation across all impacted stakeholders. The impact of COVID in the early part of the year and the accelerated spread of the Omicron variant towards the latter end of the year saw a significant rise in lost revenue days as we experienced a rapid spread of infection across our rail and energy engineers. In total we lost an estimated 5,000 days of billable activity. Naturally, whilst this was disappointing from a revenue generation, cost recovery and profit perspective, the Group encouraged and supported all direct and indirect workers to operate a zero-risk policy on this matter.

On a more positive note, 2021 saw Ganymede further secure its position as major partner of Network Rail with the award of a new long-term contract to provide labour support to its rail maintenance and renewals programme. The new contract, which runs for between 5 and 8 years is a well- deserved reward for whole team in Ganymede for the hard work carried out throughout the previous contractual period, which has just been completed, especially the last two years which presented significant operational challenges as the business battled through COVID.

The new contract provides a solid and long-term order book for the business to build on and, along with the other opportunities and contracts that Ganymede has with tier one contractors of Network Rail, firmly positions the business as one of the country's most dominant rail labour supply companies.

The new Network Rail contract sees Ganymede secure responsibility for a number of different operating routes than those previously supported and like all high value, long term, labour contracts, will necessitate upfront investment as we attract, train and mobilise highly skilled workers and provide them with personal protective equipment and appropriate tooling. However, unlike most other asset expenditure, these investment costs, being people based, cannot be capitalised and will be recoverable as revenue over the life of the contract. This will therefore have some impact on the 2022 profit and loss account through increased cost of sales.

Our projects business secured a number small, but mission critical, level crossing projects from Network Rail during the year and these were carried out on time, on cost and to the complete satisfaction of the client. These small work programmes provide both a vital learning opportunity for the business as it enters the arena of fixed price programme management and also the chance to build brand awareness, capability, reputation and attract new clients in the rail sector. In addition, the projects business is collaborating with our energy division to plan, manage and deliver refurbishment projects on behalf of social housing landlords. This includes carrying out improvements through gas and electrical safety inspections, replacement of boilers and heating systems, energy performance assessments, complete kitchen and bathroom replacements and all other key domestic system replacements. The Group see significant growth opportunities for the projects business as both mainstream Government, through its levelling up strategy and regional councils, through local improvement plans, invest in wide-scale social housing improvements.

Our white-collar project recruitment business, which provides professionals on short, medium, and long- term temporary assignments was significantly impacted as the Government finally implemented the IR 35 legislation. The impact of this was severe with up to 30 percent of contractors employed through our business either transferring to direct contracts of employment with clients or in many cases leaving the sector completely. Whilst this has had a short-term impact on revenue and profits, we are now working with many clients to attract candidates into permanent roles and, given the widescale impact that IR35 has had on the contracting industry, there is significant opportunity to capture client demand over the next 18-24 months. In addition, many clients have traditionally utilised the services of recruitment businesses to supplement their inhouse recruitment capability and given the significant growth in demand for internal hires driven by the impact of IR35 this is providing both partnering and recruitment outsourcing opportunities as internal HR departments become overwhelmed with demand.

Our branch network, which services predominantly regional SME businesses with both blue and white- collar personnel, began to experience accelerated demand from mid-year and finished 2021 with a very strong order book. However, candidate reluctance to change careers, driven by continuing COVID concerns, became a limiting factor to revenue capture. However, the business began to show signs that demand was beginning to return to and exceed pre-COVID demand levels which is a promising sign for the business. During the year, following encouraging discussions with a number of clients, we launched ATA Executive Search to compliment and build on the mid-level management recruitment service provided by our branch business. Early signs are showing promising results with a number of executive appointments being successfully completed. This promising development enables the business to offer recruitment services from strategic c-suite appointments through to mid-level and operational management and high- volume workforce solutions thereby offering our clients a full life-cycle solution.

The Derby Conference Centre which sits within our central services business had another very difficult year resulting from COVID. The first half suffered hugely through a combination of lock down and Government guidance discouraging any form of conferencing activity or social gatherings. Whilst the second half, which had begun gathering some momentum with a small but vital return to activity, had gradually built a full and vital order book of Christmas functions and conferencing for December which is traditionally the businesses' highest profit month. However, once again due to COVID, this time the spread of the more concerning Omicron variant, the majority of business was cancelled. This resulted in both sunk costs not being recoverable as Government avoided legislative closure and the conference centre lost revenue and profit margin as a consequence.

International
GSS faced the most gargantuan of challenges in August when, with very little notice, it faced an immediate demobilisation of all its international workforce who were deployed in Afghanistan. The scale of the operation, the timescales and numbers involved, the turmoil which was ensuing at Kabul International airport and the logistical challenge to evacuate all staff and then repatriate them to their country of origin was a huge challenge facing our international team. However, working with our client, multiple country authorities and international carriers we successfully returned hundreds of workers to their home countries. Whilst doing this came with additional and unplanned costs to the business, our primary goal was the health and well-being of our workers and reuniting them with their families. I believe our reputation with our clients, their clients and on the international arena in general grew enormously through our handling of this very traumatic situation.

Whilst the evacuation brought to an end our long-term supply of personnel to Afghanistan, our international business still provides a wide- ranging workforce to many other countries including, Dubai, Bahrain, Iraq, Mogadishu and Poland. Our international team of experts are able to identify, recruit, deploy and manage multi-country personnel and deploy them across various international locations, including hostile environments and have built unique capabilities which provide a significant competitive advantage in the international recruitment market.

Through this capability GSS has secured new contract opportunities with its key clients thereby ensuring new and long-term order book opportunities across a broad range of projects.

Outlook
Although for many reasons we are all naturally very disappointed with the way the year played out for us, and also mindful of the fact that there are still many geo-political events and micro-economic challenges threatening the domestic and international landscape, we believe our positioning across a broad range of markets, sectors and industries, give us every reason to be optimistic about our ability to deliver long term sustainable value to all our stakeholders through:

- A strong undiluted balance sheet with significant headroom in our working capital facility.

- A strong blue chip order book with a new five to eight year contract with Network Rail and a new long-term contract with our international partner to support their United Kingdom and International growth plans.

- A market leading position in the United Kingdom's smart meter roll out programme, with long term relationships with key industry partners.

- Our newly formed projects business building traction across a variety of sectors by integrating Group-wide capabilities to offer fixed price turnkey solutions with rail, energy and infrastructure clients.

- A solid combination of both short and longer- term contract revenue opportunities coupled with a long established and well-placed permanent placement business spanning multiple disciplines and sectors with growing optimism that demand is set to return to and exceed pre- COVID levels as the 'great resignation' phenomena gathers pace.

- An experienced operational management team that has endured significant challenges over the past two years and have shown incredible individual and collective strength of character, resilience and flexibility as they have had to face multiple challenges in the most extreme circumstances.

However, this said, we cannot risk being overly confident, show complacency, nor avoid or discard the possibility that the short to medium term will continue to bring further uncertainties which will challenge growth assumptions as global and domestic clients wrestle with a precipitous and worrying growth in costs which have already begun to question the viability of many markets, traditional business models and Government spending plans.

Our people

Whilst 2021 provided a number of challenges and disappointments for the Group, many of which were outside the control of its people, the individual and team performances by our incredible employees and contractor workforce demonstrated yet again the resilience, resolve and collective belief in each other across the Group.

Without the dedication, hard work, and expertise of everybody we could not have approached the complexity of challenges we faced, in some of the toughest of circumstances, and come through it the way we have. The synergy displayed by our businesses is unique, cannot be replicated and is built into the cultural DNA of every subsidiary and its people at all levels across RTC.

On behalf of the Board of directors, a huge thank you to each and every one of you.

A M Pendlebury
CEO 27 March 2022

Finance Director's report

For the year ended 31 December 2021

Financial highlights

The results for the year reflect a period of lag in replacing revenue due to the slowdown of activities caused by COVID in some areas of the business and the withdrawal of NATO troops from Afghanistan. In addition, 2020 revenue was bolstered by a one-off contract performance obligation settlement of £590,000 which was not repeated in 2021. However, I am pleased to report that the Group overall delivered revenues of £77.7m (2020: £81.4m) and overall gross profit increased to £11.8m (2020: £10.2m) reflecting the fact that most contractors were back out at work rather than on furlough. Contractor wages are included in cost of sales, furlough monies received from the Government that offset those costs (refer note 2) are shown below gross profit as other operating income and in 2020 we incurred wages costs of £1.8m in cost of sales (relating to contractors on furlough) to which no revenue generation was attached which distorted the gross profit margin. Profit from operations of £0.3m (2020: £1.1m) reflects the significantly reduced support from the Government in 2021 of £0.3m (2020: £2.5m) for both contractor and own staff wages; increased administrative costs required to mobilise the new Network Rail Contract (see more detail in UK Recruitment below) and wage inflation.

UK Recruitment

The Rail division confirmed its role as a long-term key strategic supply partner to Network Rail Infrastructure Limited ("Network Rail") by entering into a new contract with them to provide frontline labour services, including the supply of safety critical, track, civil, electrification and plant and signalling resources nationally. The Contract runs from the 1 October 2021 for a minimum period of 5 years, up to a maximum period of 8 years and includes a geographical change to primary service delivery with the new contract being delivered in Scotland, Kent and Sussex. During Q4 2021 the Rail division incurred costs mobilising the new contract regions and exiting the regions serviced in the previous contract. The cost of that transition is reflected in the increase in administration costs versus 2020.

White collar permanent recruitment, serviced by our branch-based ATA Recruitment brand, picked up in 2021 after being heavily impacted by Covid-19 in 2020. However, white collar temporary recruitment, mainly for larger clients was adversely affected by the introduction of the IR35 legislation in April 2021, although some increase in activity was seen towards the end of the year.

The Energy division saw growth in the second half of the year, supporting the Government's smart meter roll out programme.

Additionally, UK Recruitment continued to grow its minor projects capability; developing a signalling labour supply business and delivering ongoing improvement in safety performance throughout the year.

Overall, UK Recruitment delivered increased revenues of £66.8m (2020: £64.5m) which were converted to profit from operations of £2.7m (2020: 3.3m). The reduction in profit from operations despite a slight increase in revenue reflecting: administration costs to mobilise the new contract with Network Rail; the absence of the one-off contractual payment of £590,000 in 2020; and wage inflation.

International

Reduced revenues of £9.6m (2020: £16.1m) reflect a time lag in replacing revenues lost from the withdrawal of NATO troops from Afghanistan in Q2. Profit from operations correspondingly reduced to £0.5m (2020: £0.9m). The International division has not been impacted by the pandemic or utilised any Government financial support relating to the pandemic.

Central Services

Within UK Central Services, whilst the hotel and conference centre provided bedroom and meeting room facilities to key workers in line with Government guidelines, overall business levels were depressed due to Government guidance curtailing conference and event activities for most of the first half of 2021 but picked up in the second half. Revenue generated by the segment was £1.3m (2020: £0.7m) and gross profit increased to £0.7m (2020: £0.1m).

In 2020 the impact of the COVID pandemic, triggered an impairment review of the Derby Conference Centre (DCC) under IAS 36. At the time of the review, the Board concluded that no impairment was required. The DCC made a profit for the year in 2021 which was higher than forecast in the impairment review undertaken in 2020 and as such there is no impairment trigger in 2021, a look back at the 2020 impairment review has reconfirmed the conclusion that there is no impairment.

Government financial support relating to the COVID pandemic
The Group has taken advantage of Government support to enable it to retain resources and support its businesses through the pandemic. The Group has received support under the Coronavirus Job Retention Scheme and small Local Government Business Support grants which are detailed in note 2.

Taxation
The tax charge for the year was £0.1m (2020: £0.2m). The variance between this and the expected charge if a 19% corporation tax rate was applied to the profit for the year is explained in note 3.

Dividends
No dividends were paid during the year (2020: Nil). No final dividend for the year ended 31 December 2021 has been proposed (2020: Nil).

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. No options were exercised during the year. The balance of £235,918 (2020: £235,918) in the own shares held reserve within equity reflects 337,027 (2020: 337,027) shares remaining in the EBT that will be used to satisfy future exercises.

Cancellation of employee share options
On 24 May 2021, the Group announced an offer to all employees with share options that had vested to cancel their options for a one-off cash consideration of 46.5p per option share, being the mid-market closing price on 21 May 2021, the last business day prior to the announcement. As a result, 1,603,008 options were cancelled, and the cash consideration was paid to the relevant employees as remuneration through the PAYE system. The total of the remuneration payments made was £745,399 with employers NI of £102,865 paid in respect of this remuneration. Included within these totals, the number of options cash cancelled in respect of directors was 1,543,008 and the remuneration payments made to directors was £717,499, with employers NI of £99,014.

Statement of financial position and cash flows
The Group's net working capital reduced slightly to £5.0m (2020: £5.1m). The ratio of current assets to current liabilities was maintained at 1.5 (2020: 1.5). The Group's gearing ratio, which is calculated as total borrowings over net assets, increased to 0.4 (2020: 0.1).

The Group generated a net cash outflow from operating activities of £2.4m (2020: cash inflow £5.1m). The cash outflow is due to: an increase in working capital tied up in debtors as a result of the increased revenues in the later part of 2021 compared with 2020; the absence of the deferral of £1.5m of VAT payment that was allowed by the Government as part of their COVID financial support initiatives in 2020. In 2021, not only is there no deferral but the £1.5m deferred at the end of 2020 has been paid.

The Group has no term debt and is financed using its invoice discounting and overdraft facilities with HSBC. At 31 December 2021 the Group's had available funds to draw down of £4.3m (2020: £8.8m)

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 of 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.

Given the ongoing COVID pandemic, the increases in inflation, the cost-of-living squeeze and potential impacts on the economy of the events in Ukraine, in addition to the established budgeting and forecasting processes, which considers a range of plausible events and circumstances, a reverse stress test has been undertaken. This shows that, assuming a continuation of the current facilities, the Group has access to sufficient cash and facilities to withstand a 30% reduction against the 2021 revenues without any significant restructuring or other cost reduction measures.

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 it remains appropriate to conclude that sufficient facilities will continue to remain available to the Group.

Based on their enquiries, the Board have concluded that the going concern basis of preparation remains appropriate and that 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 invoicing

discounting facility, providing up to £12m based on a percentage of good book debts. The invoice discounting facility revolves on an average maturity of 120 days and is repayable on the giving of 3 months' notice by either party.

The strategic report was approved by the Board on 27 March 2022 and signed on its behalf by:

S L Dye

27 March 2022

Consolidated statement of comprehensive income

For the year ended 31 December 2021

		2021	2020
		£'000	£'000
Revenue	2	**77,715**	81,356
Cost of sales		**(65,928)**	(71,117)
Gross profit		**11,787**	10,239
Other operating income		**351**	2,477
Administrative expenses		**(11,864)**	(11,663)
Profit from operations		**274**	1,053
Finance expense		**(160)**	(183)
Profit before tax		**114**	870
Tax expense	3	**(109)**	(204)
Total profit and other comprehensive income for the period attributable to owners of the Parent		**5**	666
Earnings per ordinary share			
Basic	4	**0.04p**	4.66p
Fully diluted	4	**0.03p**	4.13p

Consolidated statement of changes in equity
For the year ended 31 December 2021

	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 2021	**146**	**120**	**(236)**	**50**	**718**	**6,278**	**7,076**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**5**	**5**
Transactions with owners:							
Share options cancelled	**-**	**-**	**-**	**-**	**(782)**	**37**	**(745)**
Share based payment charge	**-**	**-**	**-**	**-**	**210**	**-**	**210**
Total transactions with owners	**-**	**-**	**-**	**-**	**(572)**	**37**	**(535)**
At 31 December 2021	**146**	**120**	**(236)**	**50**	**146**	**6,320**	**6,546**

The information for the prior reporting period is 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 2020	146	120	(264)	50	557	5,627	6,236
Total comprehensive income for the year	-	-	-	-	-	666	666
Transactions with owners:							
Share options exercised	-	-	28	-	(4)	(15)	9
Share based payment charge	-	-	-	-	165	-	165
Total transactions with owners	-	-	28	-	161	(15)	174
At 31 December 2020	146	120	(236)	50	718	6,278	7,076

Consolidated statement of financial position

As at 31 December 2021

	2021	2020
	£'000	£'000
Assets		
Non-current		
Goodwill	**132**	132
Other intangible assets	**74**	149
Property, plant, and equipment	**1,554**	1,648
Right of use assets	**2,779**	2,993
Deferred tax asset	**40**	149
	4,579	5,071
Current		
Inventories	**21**	7
Trade and other receivables	**13,481**	13,404
Cash and cash equivalents	**946**	2,827
	14,448	16,238
Total assets	**19,027**	21,309
Liabilities		
Current		
Trade and other payables	**(6,430)**	(9,706)
Lease liabilities	**(294)**	(276)
Corporation tax	**-**	(218)
Current borrowings	**(2,828)**	(967)
	(9,552)	(11,167)
Non-current liabilities		
Lease liabilities	**(2,801)**	(2,944)
Deferred tax liabilities	**(128)**	(122)
Total liabilities	**(12,481)**	**(14,233)**
Net assets	**6,546**	**7,076**
Equity		
Share capital	**146**	146
Share premium	**120**	120
Own shares held	**(236)**	(236)
Capital redemption reserve	**50**	50
Share based payment reserve	**146**	718
Retained earnings	**6,320**	6,278
Total equity	**6,546**	7,076

Consolidated statement of cash flows

For the year ended 31 December 2021

	2021	2020
	£'000	£'000
Cash flows from operating activities		
Profit before tax	**114**	870
Adjustments for:		
Depreciation, loss on disposal and amortisation	**816**	763
Finance expense	**160**	183
Employee equity settled share options charge	**210**	165
Change in inventories	**(14)**	3
Change in trade and other receivables	**(77)**	2,405
Change in trade and other payables	**(3,271)**	1,213
Cash (outflow)/inflow from operations	**(2,062)**	5,602
Income tax paid	**(217)**	(284)
Interest paid	**(160)**	(183)
Net cash (outflow)/inflow from operating activities	**(2,439)**	5,135
Cash flows from investing activities		
Purchase of property, plant and equipment and intangibles	**(279)**	(293)
Net cash outflow from investing activities	**(279)**	(293)
Cash flows from financing activities		
Movement on invoice discounting facility	**2,231**	(2,818)
Movement on perpetual bank overdrafts	**(370)**	215
Amounts paid to cancel share options	**(745)**	-
Payment of lease liabilities	**(279)**	(219)
Proceeds from exercise of share options	**-**	9
Net cash inflow/(outflow) from financing activities	**837**	(2,813)
Net (decrease)/increase in cash and cash equivalents	**(1,881)**	2,029
Cash and cash equivalents at beginning of period	**2,827**	798
Cash and cash equivalents at end of period	**946**	2,827

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 2021 was authorised for issue in accordance with a resolution of the directors on 27 March 2022.

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 2020. There have been no significant changes in the basis upon which estimates have been determined, compared to those applied at 31 December 2020 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:

	2021				2020			
	UK Recruitment	**UK Central Services**	**International Recruitment**	**Total Group**	UK Recruitment	UK Central Services	International Recruitment	Total Group
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Revenue	**66,842**	**1,279**	**9,594**	**77,715**	64,521	713	16,122	81,356
Cost of sales	**(56,703)**	**(622)**	**(8,603)**	**(65,928)**	(56,129)	(567)	(14,421)	(71,117)
Gross profit	**10,139**	**657**	**991**	**11,787**	8,392	146	1,701	10,239
Other operating income*	**213**	**138**	**-**	**351**	2,168	309	-	2,477
Administrative expenses	**(7,240)**	**(3,293)**	**(519)**	**(11,052)**	(6,883)	(3,211)	(809)	(10,903)
Amortisation of intangibles	**(100)**	**-**	**-**	**(100)**	(85)	-	-	(85)
Depreciation of right of use assets	**(129)**	**(239)**	**-**	**(368)**	(123)	(230)	-	(353)
Depreciation	**(175)**	**(165)**	**(4)**	**(344)**	(143)	(174)	(5)	(322)
Total administrative expenses	**(7,431)**	**(3,559)**	**(523)**	**(11,513)**	(5,066)	(3,306)	(814)	(9,186)
Profit from operations	**2,708**	**(2,902)**	**468**	**274**	3,326	(3,160)	887	1,053

*Other operating income represents Government Grants in respect of the Coronavirus Job Retention Scheme and a Local Government Business Support Grant (none of which are required to be paid back).

	2021	2020
	£'000	£'000
Coronavirus Job Retention Scheme Grant relating to:		
- Contractors paid under PAYE	**192**	1,623
- Own staff	**131**	851
	323	2,474
Local Government Business Support Grant	**28**	3
	351	2,477

The wages costs associated with the Coronavirus Job Retention Scheme Grant are included in the financial statements as follows:

	2021	2020
	£'000	£'000
Cost of sales	**286**	1,804
Administrative expenses	**37**	670
	323	2,474

The revenue reported above is generated from continuing operations with external customers. There were no sales between segments in the year (2020: Nil). For segment reporting purposes revenue is analysed by the geographical location in which the services are delivered.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of Group administration costs or finance costs.

During 2022, one customer in the UK segment contributed 10% or more of total revenue being £28.0m (2020: £27.3m) and one customer in the International segment also contributed 10% or more of total revenue being £9.1m (2020: £15.7m).

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

Revenue and gross profit by service classification for management purposes:

	Revenue		Gross profit	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Permanent placements	**2,098**	1,435	**2,098**	1,435
Temporary placements	**74,338**	79,208	**9,032**	8,658
Others	**1,279**	713	**657**	146
	77,715	81,356	**11,787**	10,239

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

3. Tax expense

	2021	2020
Continuing operations	**£'000**	£'000
Current tax		
UK corporation tax	**(6)**	218
Adjustments in respect of previous periods	**-**	(12)
	(6)	206
Deferred tax		
Origination and reversal of temporary differences	**115**	(2)
Tax	**109**	204

Factors affecting the tax expense
The tax assessed for the year is higher than (2020: higher than) would be expected by multiplying the profit by the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
Factors affecting tax expense	**£'000**	£'000
Result for the year before tax	**114**	870
Profit multiplied by standard rate of tax of 19% (2020: 19%)	**22**	165
Non-deductible expenses	**68**	48
Tax credit on exercise of options	**28**	(5)
Effect of change in deferred tax rate	**(9)**	8
Adjustment in respect of previous periods	**-**	(12)
	109	204

4. Basic and diluted earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of the fully diluted earnings per share is based on the basic earnings per share adjusted to allow for dilutive potential ordinary shares.

	Basic		**Fully diluted**	
	2021	2020	**2021**	2020
Earnings £'000	**5**	666	**5**	666
Basic weighted average number of shares	**14,266,680**	14,299,995	**14,266,680**	14,299,995
Dilutive effect of share options	-	-	**303,537**	1,840,513
Fully diluted weighted average number of shares	**-**	-	**14,570,217**	16,140,508
Earnings per share (pence)	**0.04p**	4.66p	**0.03p**	4.13p

5. Dividends

No final dividend for the year ended 31 December 2021 has been proposed (2020: Nil). This represents a payment of Nil (2020: Nil) per share.

6. Report and accounts

The above financial information does not constitute the Company's statutory accounts for the years ended 31 December 2021 or 2020 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 2020 have been filed with the Registrar of Companies.

Full audited accounts of RTC Group Plc for the year ended 31 December 2021 will be made available on the Company's website at www.rtcgroupplc.co.uk later today and will be dispatched to shareholders on 28 April 2022 and then be available from the Company's registered office - The Derby Conference Centre, London Road, Derby, DE24 8UX.

The Company's Annual General meeting will be held at 12.30pm on 1 June 2022 at the Derby Conference Centre, London Road, Derby, DE24 8UX.