27 March 2023

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

RTC Group Plc

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

Final results for the year ended 31 December 2022

RTC Group Plc (AIM: RTC.L) is pleased to announce its audited results for the year ended 31 December 2022.

Highlights

- Group revenue from continuing operations £71.9m (2021: £77.7m).
- EBITDA £0.6m (2021: £1.1m).
- Improvement in cash generation from operating activities of £2.4m versus 2021.
- Net assets £6.2m (2021: £6.6m).
- Basic loss per share 2.45p (2021: earnings per share 0.04p).
- No final dividend is proposed. Total dividend in respect of the year to 31 December 2022: Nil (2021: Nil).

Commenting on the results Andy Pendlebury, CEO said:

"2022 was a year of two very contrasting halves for RTC Group. Like many other companies, the early part of the year continued to be impacted by the effects of covid. Additionally, the new maintenance and renewals contract with Network Rail which saw Ganymede Rail successfully awarded another long-term programme of work, was heavily biased towards upfront cost and investment activities. Whilst the combined effect of these two events impacted our first half profitability, the fundamental capabilities underpinning all our trading entities remained robust. The second half of the year saw much improved trading across the Group. With the exception of Ganymede Rail, all of our businesses enjoyed second half run rates last seen prior to the onset of covid in 2020.

Our overall financial position sees the Group with no long-term debt, a working capital facility with significant headroom for growth, and strong cash and treasury management supporting predominately blue chip and government backed clients. RTC Group has a strong balance sheet which hasn't necessitated any form of recapitalisation which befell many larger players in the sector and a very strong and lengthy order book with many leading clients across a number of our sectors. I believe we are well positioned to capitalise on growth opportunities as they emerge."

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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 2022

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

Group
The Group overall delivered revenues of £71.9m (2021: £77.7m) and overall gross profit was £11.8m (2021: £11.8m).

Ganymede Energy markedly increased volumes, our branch general manufacturing and engineering recruitment performance was buoyant, led by increased permanent placement volumes and our UK technical and engineering operations produced a much-improved contribution. Our international business continued to make steady progress from an already sound base and achieved results comparable to the final year of our service in Afghanistan despite reduced volumes. The difficult trading conditions experienced in the rail business in 2021 continued through 2022, exacerbated by ongoing industrial action, although the year ended with most of the challenges being addressed. Within Central services the Derby Conference Centre recovered strongly to generate a trading profit on markedly better business levels in both the conferencing area and the hotel and events activities.

Dividends
In the conditions which have unfolded this year it remains prudent not to pay a dividend in respect of 2022 and to concentrate future efforts 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 dividend payments in the near future.

Our people
I should like to thank all our people for their loyalty, hard work, and enthusiasm during the course of the year.

Outlook
It is more than usually difficult to assess the likely economic backdrop which will provide the stage for business management and performance in 2023. Continuing high levels of inflation, albeit varying throughout the world, coupled with the war between Russia and Ukraine and alarming increases in tension between China and the West do not augur well for stability. Although any slide into recession in the UK could adversely affect general permanent recruitment, other elements of our portfolio of activities are in areas not so directly affected by economic factors and should offer a more stable investment environment. Although it is possible that inflation will continue to abate and remain lower, history casts some doubt on the likelihood of that being the case. Nonetheless the RTC Group has a strong balance sheet and management in depth and your directors are cautiously optimistic of a continuing improvement in our financial performance.

W J C Douie
Chairman

26 March 2023

Chief Executive's operational and strategic review

For the year ended 31 December 2022

Overview

2022 was a year of two very contrasting halves for RTC Group. Like many other companies, the early part of the year continued to be impacted by the effects of covid and the health, safety, and well-being of both our permanent and contract workforce remained our highest priority as we cautiously transitioned to a more normalised trading environment. Additionally, the new maintenance and renewals contract with Network Rail which saw Ganymede Rail successfully awarded another long-term programme of work, albeit on new operating routes, was heavily biased towards upfront cost and investment activities. Whilst the combined effect of these two events impacted our first half profitability resulting in only a marginal EBITDA for the period, the fundamental capabilities underpinning all our trading entities remained robust. This was evidenced in the second half of the year which saw much improved trading across the Group. With the exception of Ganymede Rail, all of our businesses enjoyed second half run rates last seen prior to the onset of covid in 2020. Furthermore, and whilst we are early in the new financial year with much global and domestic uncertainty clouding the visibility businesses and investors desire, I am optimistic that these run-rates can maintain momentum and continue in a positive direction.

Whilst 2022 full year sales of £71.9m were down around 7.5% from 2021 reflecting the difficult start to the year, our gross profit held constant at £11.8m with the margin gaining some ground to 16% reflecting changes to our sales mix and operational changes to our international contracts with fewer low margin administration activities performed on behalf of our client. Additionally, and of significance to the financial performance of our Ganymede Rail business and the Group, it should be noted that having endured elevated operating costs in the early part of the year to comply with the tail end of covid, constantly escalating fuel prices and wage-based inflation due to supply shortages, the business was further heavily impacted in the second half of the year by industrial action across the whole of the rail network. This was naturally hugely disappointing and costly to our rail business having invested significantly in the preparation of personnel and new route management/deployment activities in the early part of the year. To give some financial context, the business, with minimal ability to offset operational cost, lost around 75,000 billable hours in the second half of the year due to the disruption which in turn equated to missed revenue of around £2m along with the associated gross margin and profit contribution. A significant sum which if recognised would have had a positive impact on the outcome of the Group's results.

Furthermore, and taking account of our medium to long-term view of growth across the industries and sectors we operate in, we have continued throughout the year to invest in and increase the number of recruitment consultants employed across the Group and alongside this have committed to investing in a new front end, cloud based CRM recruitment system which will provide a unified platform across the Group and integrate with all financial, payroll and accounting systems. Also, as we cooperate and integrate more closely alongside and within our clients' businesses our technology platform will enable us to seamlessly enhance and grow the value of key client relationships. Naturally, the nature of these investments, especially the costs attached to finding, training, and developing new consultants, are forward loaded with delayed revenue streams and we expect a positive return on these investments from 2023 onwards.

Taking all of this into account and considering our overall financial position which sees the Group with no long term debt, a working capital facility with significant headroom for growth, strong cash and treasury management supporting predominately blue-chip and government backed clients, a strong balance sheet which hasn't necessitated any form of recapitalisation, which befell many larger players in the sector and a very strong and lengthy order book with many leading clients across a number of our sectors, I believe we are well positioned to capitalise on growth opportunities as they emerge.

Our strategy is very clear and will continue to centre around our business model of growing industry leading, independent subsidiary businesses capable of competing in each of their respective sectors and offering clients significant opportunities for greater value add and high-level cost savings through working collaboratively across all RTC Group companies.

Finally, I believe our commitment to the highest levels of corporate, commercial, and operational governance has been a significant distinguishing factor in building the strong and long-term relationships we have with our client base. This coupled with the financial health of the Group, our ability to attract strong management teams in each of our businesses and a Group board with the necessary experience and proven track record to steer the business through what has been an unprecedented few years for the sector with significant companies having to seek additional shareholder funds to survive, is evidence that the Group is in very solid and strong position for its shareholders.

Business review

UK Division

2022 was a year of recovery for our UK recruitment business with very strong demand returning for both permanent and temporary recruitment pushing vacancy levels to post pandemic highs. However, whilst client requirements for permanent staff were running at all-time highs, a shortage of candidates due to skill availability, candidate reluctance to change employer during the prevailing economic uncertainties and counter offers by employers to retain 'hard-to-replace' employees, created a challenging recruitment environment. Despite this our white-collar recruitment teams in Ganymede and ATA enjoyed a 25% increase in permanent fees for the period. The growth was driven by a combination of increased fees as salary levels rose to attract key hires and an overall increase in volume in line with market growth. The focus we have achieved through combining our white-collar rail and infrastructure recruitment business alongside our Ganymede Rail business has continued to provide opportunities across the sector with many clients choosing to leverage the combined capability. Having been awarded several preferred supplier status contracts we have been able to secure additional revenue and reduce external recruitment costs for many rail and infrastructure clients. Also, during the year, following encouragement from a number of rail specific clients, a rail signalling business was established, and this is now delivering a new and profitable business stream with growing demand as we enter the new year.

Whilst candidate caution due to economic and political uncertainty dominated the permanent marketplace, the temporary sector excluding rail had an extremely buoyant year. Ganymede and ATA's white collar recruitment teams saw revenue from temporary activity increase significantly across both businesses resulting in increased gross profit of 38%. This is a hugely impressive performance, especially for the ATA business which lost over 90% of temporary workers out on assignment during the height of covid. ATA's current run-rate is now tracking back at pre-covid levels and demand as we enter the new year is showing positive signs of encouragement.

During 2022 Ganymede Energy finally began to fulfil its full potential following successive years of setbacks. Over 5 years ago the business established itself as a partner to major utility companies to provide personnel to support the Government's smart meter roll out strategy. Having recruited, trained, and begun to deploy smart meter installers it quickly became apparent that issues with the technology would have to halt the programme pending technology improvements. This was followed by delays caused through client redundancy programmes and then a complete suspension of activity as covid restrictions prohibited workers from attending private residences. This was still the case in quarter one 2022 but once all restrictions were finally lifted activity recommenced. I am delighted to report that during the rest of the year demand for our smart meter installers has hit record highs with the year ending with over 200 Ganymede personnel out on daily assignment and this is expected to rise during 2023. Outside of the 6 major utility companies our energy business is now one of the largest providers of smart meter installers in the country. A remarkable achievement given the multiple hurdles the business has faced during its growth journey. The Government is currently legislating to extend its powers in relation to the smart meter roll-out until November 2028. Based on data published at the end of September 2022 there are some 24 million smart meters awaiting fitment. Given current installation rates across the industry it is estimated that it will take between 6-8 years (excluding enhancements to existing meters) to replace the remaining traditional meters. We are confident that given our current performance and dominant positioning our energy business has a significant and sustainable revenue potential revenue for the foreseeable future. In addition, in collaboration with our conference business, the Derby Conference Centre, our energy partners are using our inhouse facility to induct direct personnel alongside the Ganymede smart meter installers which is generating broader revenue for the Group.

Towards the second half of 2022 our projects business which had traditionally focused on rail projects began exploring the opportunity to enter the social housing market given the scale of property refurbishment which was forecast across many district councils. Following a pilot scheme which saw some upfront investment to gain skills, capability and experience the team began working as a secondary provider of labour to a prime contractor. Over the past 6 months and following successful inclusion as a direct provider our projects business has now refurbished in excess of 100 council properties. Whilst it is early days, we believe the scale of properties requiring renovation or upgrade as part of the Government's heating and building strategy to decarbonise homes, offers another long-term opportunity for two RTC business units to combine capabilities and offer a single point solution to a significant and growth dominated sector. In preparation and readiness for this the Group is funding the establishment of a training and assessment centre within our energy business premises.

As has been alluded to Ganymede Rail experienced a very challenging year in 2022 mainly due to the tail end of covid, disruption to its operational route management through significant industrial action, escalating fixed and variable costs through excessive fuel prices and high wage inflation, and the impact of route changes which resulted in reduced revenue and additional set up costs for the newly awarded long term Network Rail contract. Whilst this has proved an extremely difficult period for the business, its management, and its permanent and contract workforce, I cannot emphasise enough the strategic value and importance that the Group board place on this business. The business has a long term, multimillion-pound order book with a minimum 4-year tenure which will see Ganymede continue as one of Network Rail's largest and historically best performing maintenance and renewals labour suppliers. In addition to its long-term direct relationship with Network Rail Ganymede Rail is partner with numerous blue-chip prime contractors and has a first-class track record in safety management in the sector and is one of the largest apprentice training funders across labour supply companies. We remain extremely confident in the business's ability deliver an extremely high value service on one of the country's most important and strategic assets and we look forward to seeing it rebound in 2023.

Central services

The Derby Conference Centre which forms part of the central services division had a much-improved year culminating in a significant increase in volume for all its service offerings. Following a long period of closure to comply with government restrictions in 2020 and 2021 the business like many in the hospitality sector was plagued with uncertainty at the beginning of 2022. However, its performance due to its strong reputation in the East Midlands quicky regained momentum and December delivered one of its best festive results. Furthermore, as we enter 2023 the business achieved its best January result and the whole team is encouraged about its long-term future in the sector.

International

Whilst GSS no longer provides personnel to Afghanistan following the demobilisation of all international personnel, the business remains very active in supporting overseas clients and territories and has secured new clients providing exciting new opportunities for the business. We still provide a wide-ranging workforce to many other overseas locations including, Dubai, Bahrain, Iraq, Mogadishu, and Poland. During 2022 the business secured a significant new contract with its largest client to provide large volumes of permanent personnel to British Overseas Territories. The team are also currently working with several NATO supply partners in support of emerging mobilisation contracts in various locations.

Outlook

Following a vastly improved performance in the second half of the year and early signs of a continuation of this trajectory into the early part of this year, I remain cautiously optimistic about our future revenue and profit generation. Whilst naturally there is considerable and justified concern about both international and domestic events which serve to destabilise both market and customer demand, I believe the services being provided by many of our domestic clients, especially our utility and transportation clients where maintenance and enhancement programmes to key infrastructure assets have work programmes spanning many years offering significant growth potential to add to our already well established orderbook. In addition to this, the broad generalist capability being offered by our permanent and temporary recruitment business serving the UK's growing manufacturing, industrial and engineering companies, and our expanding geographic presence through our international business will ensure that we are well placed to take capture new business opportunities across all our Group recruitment businesses.

Our people

The energy and enthusiasm showed by our people across the RTC Group is, as always, exceptional. Given how tough the last few years have been on our people and their families it is has been humbling to see their resilience, ambition, and desire to see RTC continue to differentiate itself in highly populated markets.

The Board of directors could not be prouder of the collective team effort and would like to thank everybody across the Group.

A M Pendlebury
CEO 26 March 2023

Finance Director's report

For the year ended 31 December 2022

Financial highlights

The Group overall delivered revenues of £71.9m (2021: £77.7m) and overall gross profit was £11.8m (2021: £11.8m). The loss from operations of £0.2m (2021: profit of £0.3m) reflects a mixed year that saw good performance across all areas of the Group other than rail which experienced a perfect storm of increased costs to supply and lower than anticipated volumes (see more detail in the UK Recruitment section below).

UK Recruitment

The division's white collar recruitment divisions, serviced by our ATA and Ganymede recruitment brands both performed well throughout the year, despite the well-publicised candidate shortages, with strong client demand across both permanent and contract recruitment. In 2022 these divisions delivered a combined 25% growth in permanent fees and 38% growth in contract GP compared to 2021.

Ganymede Energy continued its growth trajectory, supporting the Government's smart meter roll out programme, delivering 50% growth at GP level compared to 2021. Additionally, 2022 saw the development of training and assessment facilities at the Ganymede Energy premises in Milton Keynes to support workforce upskilling.

Ganymede Rail had a challenging year, severely impacted by ongoing industrial action, escalating fuel prices and wage inflation fuelled by candidate shortages. Year on year volumes reduced by 35% in comparison to 2021 reflecting the changes in geographical regions of supply to Network Rail under the revised contract which commenced in Q4 of 2021, combined with the lost revenue impact of the rail strikes between June and December.

Additionally, the company continued to grow its minor projects capability; developed a signalling labour supply business and delivered ongoing improvement in safety performance throughout the year.

Overall, UK Recruitment delivered slightly reduced revenues of £64.8m (2021: £66.8m) which were converted to profit from operations of £1.5m (2021: £2.7m). The reduction in profit from operations reflecting strike action and the increased cost of supply, particularly fuel prices in the Rail division and increased administrative expenses largely due to higher commissions on very strong performances in energy and recruitment.

International

Whilst revenue reduced significantly to £5.2m (2021: £9.6m) following the withdrawal of NATO from Afghanistan, gross profit reduced only slightly to £0.8m (2021: £0.9m) with gross margin increasing to 15% (2021: 10%) as much of the revenue relating to Afghanistan related to services (e.g., contractor travel) that were provided at cost. The division has been successful in securing work under new framework agreements in addition to existing arrangements delivering profit from operations of £0.5m (2021: £0.5m) on a par with 2021 despite the withdrawal from Afghanistan.

Central Services

Within Central Services, the Derby Conference Centre has seen good levels of activity relating to conferences, events and bedroom sales for the majority of 2022 with a particularly strong finish on festive activities. Revenue generated by the segment was £2.0m (2021: £1.3m) and gross profit increased to £1.1m (2021: £0.7m).

Taxation

The tax credit for the year was £0.1m (2021: charge of £0.1m). The variance between this and the expected charge if a 19% corporation tax rate was applied to the result for the year is explained in note 9.

Dividends

No dividends were paid during the year (2021: Nil). No final dividend for the year ended 31 December 2022 has been proposed (2021: 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 (2021: £235,918) in the own shares held reserve within equity reflects 337,027 (2021: 337,027) shares remaining in the EBT that will be used to satisfy future exercises.

Statement of financial position and cash flows
The Group's net working capital reduced slightly to £4.6m (2021: £5.0m). The ratio of current assets to current liabilities was slightly reduced at 1.4 (2021: 1.5). The Group's gearing ratio, which is calculated as total borrowings over net assets, increased to 0.5 (2021: 0.4).

The Group generated £2.4m more cash in 2022 compared to 2021. This improvement versus 2021 reflects increased activity across the majority of the business.

The Group has no term debt and is financed using its invoice discounting and overdraft facilities with HSBC. At 31 December 2022 the Group's had available funds to draw down of £5.1m (2021: £4.3m)

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 uncertainty and mixed opinion about short and medium-term prospects for the UK economy influenced by the cost-of-living crisis, widespread strike action, the looming threat of a recession and other geo-political events, 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 20% reduction against the 2022 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 sufficient facilities will continue to remain available to the Group and therefore the going concern basis of preparation remains appropriate and no material uncertainty exists.

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

The strategic report was approved by the Board on 26 March 2023 and signed on its behalf by:

S L Dye 26 March 2023

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Notes	**2022** £'000	2021 £'000
Revenue	2	**71,907**	77,715
Cost of sales		**(60,132)**	(65,928)
Gross profit		**11,775**	11,787
Other operating income		**6**	351
Administrative expenses		**(12,024)**	(11,864)
(Loss)/profit from operations		**(243)**	274
Finance expense		**(212)**	(160)
(Loss)/profit before tax		**(455)**	114
Tax expense	3	**104**	(109)
Total (loss)/profit and other comprehensive (expense)/income for the year attributable to owners of the Parent		**(351)**	5

Earnings per ordinary share		
Basic	**(2.45p)**	0.04p
Fully diluted	**(2.45p)**	0.03p

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2022	**146**	**120**	**(236)**	**50**	**146**	**6,320**	**6,546**
Total comprehensive expense for the year	**-**	**-**	**-**	**-**	**-**	**(351)**	**(351)**
Transactions with owners: **Share options cancelled** **Share based payment charge**	**-**	**-**	**-**	**-**	**(24)**	**24**	**-**
Total transactions with owners	**-**	**-**	**-**	**-**	**(24)**	**24**	**-**
At 31 December 2022	**146**	**120**	**(236)**	**50**	**122**	**5,993**	**6,195**

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

	Share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'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

Consolidated statement of financial position

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Assets			
Non-current			
Goodwill		**132**	132
Other intangible assets		**28**	74
Property, plant, and equipment		**1,544**	1,554
Right-of-use assets		**2,491**	2,779
Deferred tax asset		**210**	40
		4,405	4,579
Current			
Inventories		**15**	21
Trade and other receivables		**15,388**	13,481
Cash and cash equivalents		**467**	946
		15,870	14,448
Total assets		**20,275**	19,027
Liabilities			
Current			
Trade and other payables		**(7,875)**	(6,430)
Lease liabilities		**(303)**	(294)
Current borrowings		**(3,132)**	(2,828)
		(11,310)	(9,552)
Non-current liabilities			
Lease liabilities		**(2,576)**	(2,801)
Deferred tax liabilities		**(194)**	(128)
Total liabilities		**(14,080)**	(12,481)
Net assets		**6,195**	6,546
Equity			
Share capital		**146**	146
Share premium		**120**	120
Own shares held		**(236)**	(236)
Capital redemption reserve		**50**	50
Share based payment reserve		**122**	146
Retained earnings		**5,993**	6,320
Total equity		**6,195**	6,546

Consolidated statement of cash flows

For the year ended 31 December 2022

	2022 **£'000**	2021 £'000
Cash flows from operating activities		
(Loss)/profit before tax	**(455)**	114
Adjustments for:		
Depreciation, loss on disposal and amortisation	**857**	816
Finance expense	**212**	160
Employee equity settled share options charge	**-**	210
Change in inventories	**6**	(14)
Change in trade and other receivables	**(1,907)**	(77)
Change in trade and other payables	**1,445**	(3,271)
Cash inflow/(outflow) from operations	**158**	(2,062)
Income tax paid	**-**	(217)
Interest paid	**(212)**	(160)
Net cash outflow from operating activities	**(54)**	(2,439)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangibles	**(417)**	(279)
Net cash outflow from investing activities	**(417)**	(279)
Cash flows from financing activities		
Movement on invoice discounting facility	**872**	2,231
Movement on perpetual bank overdrafts	**(568)**	(370)
Amounts paid to cancel share options	**-**	(745)
Payment of lease liabilities	**(312)**	(279)
Net cash (outflow)/inflow from financing activities	**(8)**	837
Net decrease in cash and cash equivalents	**(479)**	(1,881)
Cash and cash equivalents at beginning of year	**946**	2,827
Cash and cash equivalents at end of year	**467**	946

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 2022 was authorised for issue in accordance with a resolution of the directors on 26 March 2023.

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 2021. There have been no significant changes in the basis upon which estimates have been determined, compared to those applied at 31 December 2021 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:

	2022				2021			
	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	**64,764**	**1,979**	**5,164**	**71,907**	66,842	1,279	9,594	77,715
Cost of sales	**(54,878)**	**(912)**	**(4,342)**	**(60,132)**	(56,703)	(622)	(8,603)	(65,928)
Gross profit	**9,886**	**1,067**	**822**	**11,775**	10,139	657	991	11,787
Other operating income*	**-**	**6**	**-**	**6**	213	138	-	351
Administrative expenses	**(7,948)**	**(2,883)**	**(341)**	**(11,172)**	(7,240)	(3,293)	(519)	(11,052)
Amortisation of intangibles	**(46)**	**-**	**-**	**(46)**	(100)	-	-	(100)
Depreciation of right-of-use assets	**(144)**	**(240)**	**-**	**(384)**	(129)	(239)	-	(368)
Depreciation	**(261)**	**(157)**	**(4)**	**(422)**	(175)	(165)	(4)	(344)
Total administrative expenses	**(8,399)**	**(3,280)**	**(345)**	**(12,024)**	(7,644)	(3,697)	(523)	(11,864)
Profit from operations	**1,487**	**(2,207)**	**477**	**(243)**	2,708	(2,902)	468	274

*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 repaid).

The revenue reported above is generated from continuing operations with external customers. There were no sales between segments in the year (2021: Nil). For segment reporting purposes in this note, 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 described in notes 1 above. 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 £18.0m (2021: £28.0m) and one customer in the International segment also contributed 10% or more of total revenue being £5.1m (2021: £9.1m).

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

Revenue and gross profit by service classification for management purposes:

	Revenue		**Gross profit**	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Permanent placements	**2,706**	2,098	**2,706**	2,098
Temporary placements	**67,222**	74,338	**8,002**	9,032
Others	**1,979**	1,279	**1,067**	657
	71,907	77,715	**11,775**	11,787

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

3. Tax expense

Continuing operations	2022 £'000	2021 £'000
Current tax		
UK corporation tax	**-**	(6)
Deferred tax		
Origination and reversal of temporary differences	**(104)**	115
Tax	**(104)**	109

Factors affecting the tax expense

The tax credit assessed for the year is lower than (2021: charge higher than) would be expected by multiplying the loss by the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

Factors affecting tax expense	2022 £'000	2021 £'000
Result for the year before tax	**(455)**	114
(Loss)/profit multiplied by standard rate of tax of 19% (2021: 19%)	**(86)**	22
Non-deductible expenses	**50**	68
Tax charge on exercise of options	**-**	28
Effect of change in deferred tax rate	**13**	(9)
Adjustment in respect of previous periods	**(81)**	-
	(104)	109

4. Dividends

No final dividend for the year ended 31 December 2022 has been proposed (2021: Nil). This represents a payment of Nil (2021: Nil) per share.

5. Report and accounts

The above financial information does not constitute the Company's statutory accounts for the years ended 31 December 2022 or 2021 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 2022 will be made available on the Company's website at www.rtcgroupplc.co.uk later today and will be dispatched to shareholders on 25 April 2023 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 31 May 2023 at the Derby Conference Centre, London Road, Derby, DE24 8UX.