



# Prime People Plc Interim Report

for the six months ended 30 September 2021

# 2021

Contents	Page
Chairman's statement	1
Unaudited condensed consolidated interim statement of comprehensive income	3
Unaudited condensed consolidated interim statement of financial position	4
Unaudited condensed consolidated interim statement of changes in equity	5
Unaudited condensed consolidated interim statement of cash flow	7
Notes to the unaudited condensed consolidated report	8



**19 November 2021**

## **Prime People Plc**

### **Interim Results**

Prime People Plc ("Prime People" or the "Group"), a global group of specialist recruitment businesses operating in depth, across the Real Estate & Built Environment sectors, announces its unaudited interim results for the six months ended 30 September 2021.

#### **CHAIRMAN'S STATEMENT**

##### **Overview**

Despite Covid-19 restrictions continuing for part of the period to 30 September 2021, in all of the markets in which the Group operates, I am pleased to report an improvement in trading, which we see as a combination of general market recovery and a backlog of client demand positively impacting performance.

The Group's cash collection has been robust and, consequently, the Board made the decision to accelerate repayment of £1m (50%) of the CBILS loan prior to the period end.

##### **Financial Results**

Group Revenues were £10.58m (H1 2021: £8.66m), up 22.2% compared to the prior year.

The Group's Net Fee Income ("NFI"), which is Management's key focus, increased to £7.36m (H1 2021: £5m), an increase of 47.2% over the prior year; NFI for the UK business was £3.36m (H1 2021: £2.15m). Our overseas performance was comprised of Asia NFI of £2.83m (H1 2021: £2.67m) and the Rest of World NFI £1.17m (H1 2021: £0.17m).

During the period contract NFI represented 4.0% of Group NFI (H1 2021: 7.12%).

Administrative costs for the Group in the period were £6.28m (H1 2021: £4.87m).

Profit before taxation amounted to £1.06m (H1 2021 £0.10m).

The charge for Group taxation of £0.20m (H1 2021: £0.02m) is based on the expected annual effective tax rate of 19% in the UK (H1 2021: 19%), 19% in Hong Kong (H1 2021: 16.50%), and 19% in Singapore (H1 2021: 17%).

Basic earnings per share for the period were 7.39p (H1 2021: 0.95p).

##### **Cash Flow**

At the start of the current financial year the Group had cash of £3.98m. At the period end the Group had available cash of £2.89m and net cash, after the CBILS loan, of £1.94m (H1 2021: £2.15m).

##### **Dividend**

The Board will not be declaring an interim dividend this year (H1 2021: Nil).

## **Outlook**

Although our markets are not fully back to pre-pandemic levels, we are encouraged by the recovery we have experienced in the six month period to 30 September 2021. We believe that the Group is well positioned to respond quickly as markets strengthen, but we remain cautious, as any reimposition of Covid related restrictions are likely to be negative for our business.

Our cash position is sound, all Government taxes deferred due to Covid will be fully paid by January 2022 and we intend to redeem our remaining CBILS loan, which is now bearing interest.

Our management team and staff have adapted positively and quickly to the new operating backdrop necessitated by Covid, and we are looking forward to achieving long term positive returns for all our stakeholders.

The information communicated in this announcement contains inside information for the purposes of Article 7 of the UK version of the EU Market Abuse Regulation (2014/596) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time.

### **Robert Macdonald**

Executive Chairman  
18 November 2021

For further information please contact:

#### **Prime People**

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**PRIME PEOPLE PLC**  
**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
For the six months ended 30 September 2021

		Six months ended		Year ended
		30 September 2021	30 September 2020	31 March 2021 (audited)
	Note	£'000	£'000	£'000
<b>Revenue</b>	3	<b>10,575</b>	8,660	17,802
Cost of Sales		<b>(3,213)</b>	(3,665)	(6,870)
<b>Net Fee Income</b>		7,362	4,995	10,932
Administrative expenses		(6,277)	(4,866)	(11,756)
Other operating income (Covid related Governmental support)			-	707
<b>Operating profit/ (loss)</b>		1,085	129	(117)
Interest payable		(25)	(32)	(56)
<b>Profit/(loss) before taxation</b>		<b>1,060</b>	97	(173)
Income tax expense	4	<b>(202)</b>	(15)	5
<b>Profit/(loss) for the period/year</b>		<b>858</b>	82	(168)
<b>Other comprehensive income</b>				
Exchange gain /(loss) on translating foreign operations		<b>61</b>	(81)	(267)
<b>Other Comprehensive income/(loss) for the period/ year, net of tax</b>		<b>61</b>	(81)	(267)
<b>Total comprehensive income/ (loss) for the period/year</b>		<b>919</b>	1	(435)
<b>Profit/ (loss) attributable to:</b>				
Equity shareholders of the parent		<b>898</b>	116	(36)
Non-controlling interest		<b>(40)</b>	(34)	(132)
<b>Total Comprehensive Income /(loss) attributable to:</b>				
Equity shareholders of the parent		<b>959</b>	35	(303)
Non-controlling interest		<b>(40)</b>	(34)	(132)
<b>Earnings /(loss) per share</b>	6			
Basic earnings/(loss) per share		<b>7.39p</b>	0.95p	(0.30)p
Diluted earnings/(loss) per share		<b>7.32p</b>	0.95p	(0.30)p

The above results relate to continuing operations.

The notes below form an integral part of this unaudited condensed consolidated interim report.

**PRIME PEOPLE PLC**  
**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
As at 30 September 2021

		30 September 2021	30 September 2020	31 March 2021 (audited)
	Note	£'000	£'000	£'000
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill		6,509	6,509	6,509
Property, plant and equipment		1,126	1,632	1,284
		<b>7,635</b>	<b>8,141</b>	<b>7,793</b>
<b>Current assets</b>				
Trade and other receivables	9	3,994	3,250	3,061
Deferred tax asset		40	40	40
Cash and cash equivalents		2,890	4,149	3,980
		<b>6,924</b>	<b>7,439</b>	<b>7,081</b>
<b>Total assets</b>		<b>14,559</b>	<b>15,580</b>	<b>14,874</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and other payables	10	3,036	2,576	3,140
Lease liabilities		552	542	533
Current tax liabilities		175	225	95
Deferred tax liability		22	22	22
		<b>3,785</b>	<b>3,365</b>	<b>3,790</b>
<b>Non-current liabilities</b>				
Financial Liabilities - borrowings		750	2,000	1,733
Lease liabilities		270	811	520
<b>Total liabilities</b>		<b>4,805</b>	<b>6,176</b>	<b>6,043</b>
<b>Net assets</b>		<b>9,754</b>	<b>9,404</b>	<b>8,831</b>
<b>Capital and reserves attributable to the Company's equity holders</b>				
Called up share capital		1,231	1,231	1,231
Capital redemption reserve		9	9	9
Treasury shares		(99)	(42)	(103)
Share premium account		3,376	3,376	3,376
Merger reserve		173	173	173
Share option reserve		239	187	239
Currency translation differences		285	410	224
Retained earnings		4,048	3,430	3,150
<b>Equity shareholders' funds</b>		<b>9,262</b>	<b>8,774</b>	<b>8,299</b>
<b>Non-controlling interest</b>		<b>492</b>	<b>630</b>	<b>532</b>
<b>Total Equity</b>		<b>9,754</b>	<b>9,404</b>	<b>8,831</b>

The notes below form an integral part of this unaudited condensed consolidated interim report.

**PRIME PEOPLE PLC**  
**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
For the six months ended 30 September 2021

	Called up share capital	Capital Redempti on reserve	Treasury shares	Share premium account	Merger reserve	Share option reserve	Translat ion reserve	Retained Earnings	Total attributabl e to equity holders of the parent	Non- controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2020</b>	<b>1,231</b>	<b>9</b>	<b>-</b>	<b>3,376</b>	<b>173</b>	<b>187</b>	<b>491</b>	<b>3,314</b>	<b>8,781</b>	<b>664</b>	<b>9,445</b>
Profit for the period	-	-	-	-	-	-	-	116	116	(34)	82
Other comprehensive income	-	-	-	-	-	-	(81)	-	(81)	-	(81)
Shares purchased for treasury	-	-	(42)	-	-	-	-	-	(42)	-	(42)
<b>At 30 Sept 2020</b>	<b>1,231</b>	<b>9</b>	<b>(42)</b>	<b>3,376</b>	<b>173</b>	<b>187</b>	<b>410</b>	<b>3,430</b>	<b>8,774</b>	<b>630</b>	<b>9,404</b>

**PRIME PEOPLE PLC**  
**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
For the six months ended 30 September 2021

	Called up share capital	Capital Redempti on reserve	Treasury shares	Share premium account	Merger reserve	Share option reserve	Translati on reserve	Retained Earnings	Total attributable to equity holders of the parent	Non- control ling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 30 Sept 2020</b>	<b>1,231</b>	<b>9</b>	<b>(42)</b>	<b>3,376</b>	<b>173</b>	<b>187</b>	<b>410</b>	<b>3,430</b>	<b>8,774</b>	<b>630</b>	<b>9,404</b>
Total Comprehensive loss for the period	-	-	-	-	-	-	-	(128)	(128)	(98)	(226)
Other comprehensive income	-	-	-	-	-	-	(186)	-	(186)	-	(186)
Adjustments in respect of share schemes	-	-	-	-	-	76	-	-	76	-	76
Adjustment in respect of share options	-	-	-	-	-	(24)	-	-	(24)	-	(24)
Adjustment in respect of minority dividend	-	-	-	-	-	-	-	(152)	(152)	-	(152)
Shares purchased for treasury	-	-	(61)	-	-	-	-	-	(61)	-	(61)
<b>At 31 March 2021</b>	<b>1,231</b>	<b>9</b>	<b>(103)</b>	<b>3,376</b>	<b>173</b>	<b>239</b>	<b>224</b>	<b>3,150</b>	<b>8,299</b>	<b>532</b>	<b>8,831</b>
Profit/ (loss) for the period	-	-	-	-	-	-	-	898	898	(40)	858
Other comprehensive gain	-	-	-	-	-	-	61	-	61	-	61
Shares issued from treasury	-	-	4	-	-	-	-	-	4	-	4
<b>At 30 Sept 2021</b>	<b>1,231</b>	<b>9</b>	<b>(99)</b>	<b>3,376</b>	<b>173</b>	<b>239</b>	<b>285</b>	<b>4,048</b>	<b>9,262</b>	<b>492</b>	<b>9,754</b>

**PRIME PEOPLE PLC**  
**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW**  
For the six months ended 30 September 2021

	Note	Six months ended		Year ended
		30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
<b>Cash generated from underlying operations</b>	7	<b>430</b>	572	2,016
Income tax paid		(62)	-	(125)
Income tax received		-	-	-
<b>Net cash from operating activities</b>		<b>368</b>	572	1,891
<b>Cash flows from investing activities</b>				
Interest received				5
Net purchase of property, plant and equipment and software		(184)	(32)	(75)
<b>Net cash used in investing activities</b>		<b>(184)</b>	(32)	(70)
<b>Cash flows from financing activities</b>				
Purchase of investment		(24)	-	-
Shares issued from treasury		4	-	-
Shares purchased for treasury		-	(42)	(103)
Dividend paid to non-controlling interest		-	-	(152)
Lease payments		(248)	(289)	(519)
Repayment of Invoice discounting facility		3	(30)	(822)
Finance Interest paid		(8)	(4)	(13)
Coronavirus Business Interruption Loan		(1,050)	2,000	2,000
<b>Net cash (used)/generated by financing activities</b>		<b>(1,323)</b>	1,635	391
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,139)</b>	2,175	2,212
<b>Cash and cash equivalents at beginning of period/year</b>		<b>3,980</b>	2,055	2,055
<b>Effect of foreign exchange rate changes</b>		<b>49</b>	(81)	(287)
<b>Cash and cash equivalents available at end of period/year</b>		<b>2,890</b>	4,149	3,980
<b>Debt borrowing at the beginning of period/year</b>		<b>(2,000)</b>	-	-
Decrease/(Increase) – CBILS loan		1,050	(2,000)	(2,000)
<b>Debt borrowing at the end of the period/year</b>		<b>(950)</b>	(2,000)	(2,000)
<b>Net cash after CBILS loan at period/year end</b>		<b>1,940</b>	2,149	1,980

The notes below form an integral part of this unaudited condensed consolidated interim report.

**PRIME PEOPLE PLC**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT**  
For the six months ended 30 September 2021

## **1. General information**

Prime People Plc ('the Company') and its subsidiaries (together 'the Group') is an international recruitment services organisation with offices in the United Kingdom, the USA, Germany, the Middle East and the Asia Pacific region from which it serves an international client base. The Group offers both permanent and contract specialist recruitment consultancy for large and medium sized organisations.

Prime People Plc is the Group's ultimate parent company. The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of Prime People Group's registered office and its principal place of business is 2 Harewood Place, London, W1S 1BX, England. Prime People Group's shares are quoted on the AIM Market of the London Stock Exchange ("AIM"). The registered number of the Company is 1729887.

This unaudited condensed consolidated interim report for the six months ended 30 September 2021 (including comparatives) is presented in GBP '000 and was approved and authorised for issue on behalf of the Board of Directors on 18 November 2021.

Copies of the interim results are available at the Company's registered office and on the Company's website – [www.prime-people.co.uk](http://www.prime-people.co.uk).

This unaudited condensed consolidated interim report does not constitute statutory accounts of the Group within the meaning of section 434 of the Companies Act 2006. The financial information for the year ended 31 March 2021 has been extracted from the statutory accounts for that year, which have been filed with the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

## **2. Basis of preparation**

The unaudited condensed consolidated interim report for the six months ended 30 September 2021 has been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRSs") and in accordance with 'IAS 34, Interim financial reporting', in conformity with the requirement of the Companies Act. The condensed consolidated interim report should be read in conjunction with the annual financial statements for the year ended 31 March 2021 which were prepared in accordance with IFRSs in conformity with the requirement of the Companies Act 2006.

The Group was profitable for the period and has financial resources comprising £2.89m of net cash as at 30 September 2021. After making enquiries, the Directors have formed a judgement, at the time of approving the six months results, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months. For this reason, the Directors continue to adopt the going concern basis in preparing the condensed set of financial statements.

These financial statements have been prepared under the historical cost convention.

### 3. Segment reporting

#### (a) Revenue and net fee income by geographical region

	Revenue			Net fee income		
	Six months ended		Year ended	Six months ended		Year ended
	30 September	30 September	31 March	30 September	30 September	31 March
	2021	2020	2021	2021	2020	2021
	£'000	£'000	£'000	£'000	£'000	£'000
UK	6,570	5,780	11,668	3,357	2,154	4,894
Asia	2,831	2,706	5,105	2,831	2,667	5,009
Rest of World	1,174	174	1,029	1,174	174	1,029
	<b>10,575</b>	<b>8,660</b>	<b>17,802</b>	<b>7,362</b>	<b>4,995</b>	<b>10,932</b>

All revenues disclosed by the Group are derived from external customers and are for the provision of recruitment services. The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit before taxation represents the profit earned by each segment after allocations of central administration costs.

#### (b) Revenue and net fee income by classification

	Revenue			Net fee income		
	Six months ended		Year ended	Six months ended		Year ended
	30 September	30 September	31 March	30 September	30 September	31 March
	2021	2020	2021	2021	2020	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Permanent						
- UK	3,062	1,807	4,257	3,062	1,807	4,257
- Asia	2,831	2,658	4,995	2,831	2,658	4,995
- Rest of World	1,174	174	1,029	1,174	174	1,029
Contract (UK)	3,508	3,973	7,411	295	346	637
Contract (Asia)	-	48	110	-	10	14
	<b>10,575</b>	<b>8,660</b>	<b>17,802</b>	<b>7,362</b>	<b>4,995</b>	<b>10,932</b>

**PRIME PEOPLE PLC**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT**  
For the six months ended 30 September 2021

**(c) Profit before taxation by geographical region**

	<b>Six months ended</b>		<b>Year ended</b>
	<b>30 September</b>	<b>30 September</b>	<b>31 March</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
UK	<b>886</b>	121	(33)
Asia	<b>167</b>	209	47
Rest of World	<b>32</b>	(201)	(131)
Operating profit / (loss)	<b>1,085</b>	129	(117)
Interest paid	<b>(25)</b>	(32)	(56)
Profit/(loss) before taxation	<b>1,060</b>	97	(173)

**(d) Segment Assets and Liabilities by Geographical Region**

	<b>Total assets</b>		<b>Total liabilities</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
UK	<b>7,452</b>	10,289	<b>2,409</b>	4,403
Asia	<b>6,311</b>	5,210	<b>1,988</b>	1,740
Rest of World	<b>796</b>	81	<b>408</b>	33
Total	<b>14,559</b>	15,580	<b>4,805</b>	6,176

The analysis above is of the carrying amount of reportable segment assets and liabilities. Segment assets and liabilities include items directly attributable to a segment and include income tax assets and liabilities.

**PRIME PEOPLE PLC**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT**  
For the six months ended 30 September 2021

**4. Income tax expense**

The charge for taxation on profits for the interim period amounted to £202k (2020: £15k) an effective rate of 19.00% (2020: 15%).

**5. Dividends**

	Six months ended		Year ended
	30 September	30 September	31 March
	2021	2020	2021
	£'000	£'000	£'000
Final dividend for 2021: nil per share	-	-	-
Interim dividend for 2022: nil per share	-	-	-
	-	-	-

**6. Earnings per share**

Earnings per share (EPS) are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares by existing share options assuming dilution through conversion of all existing options.

Earnings and weighted average number of shares from continuing operations used in the calculations are shown below:

	Six months ended		Year ended
	30 September	30 September	31 March
	2020	2020	2021
	£'000	£'000	£'000
Profit/(loss) for basic and diluted earnings per share	<b>898</b>	116	(36)
	<b>Number</b>	Number	Number
Weighted average number of shares used for basic earnings per share	<b>12,157,273</b>	<b>12,222,273</b>	12,266,005
Dilutive effect of share options	<b>107,319</b>	-	-
Diluted weighted average number of shares used for diluted earnings per share	<b>12,264,592</b>	<b>12,222,273</b>	12,266,005

**PRIME PEOPLE PLC**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT**  
For the six months ended 30 September 2021

**Earnings per share (continued)**

	Six months ended		Year ended
	30 September 2021 £'000 Pence	30 September 2020 £'000 Pence	31 March 2021 £'000 Pence
Basic earnings/(loss) per share	7.39p	0.95p	(0.30)p
Diluted earnings/(loss) per share	7.32p	0.95p	(0.30)p

**7. Reconciliation of profit before tax to cash flow from operating activities**

	Six months ended		Year ended
	30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
<b>Profit/(loss) before taxation</b>	<b>1,060</b>	97	(173)
Adjustments for:			
Depreciation of property, plant and equipment and software amortisation	129	134	258
Depreciation of right-of-use assets	225	-	443
Share based payment expense	-	-	76
Finance costs	25	32	56
(Profit)/Loss on sale of tangible asset	-	-	-
<b>Operating cash flow before changes in working capital</b>	<b>1,439</b>	263	660
(Increase)/decrease in receivables	(969)	618	866
(Decrease)/ increase in payables	(40)	(309)	490
<b>Cash generated from underlying operations</b>	<b>430</b>	572	2,016

**8. Reconciliation of net cash flow to movement in net funds**

	Six months ended		Year ended
	30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
Net (decrease)/increase in cash and cash equivalents in period/year	(1,139)	2,180	2,212
Net funds at the start of the period/year	3,980	2,055	2,055
Effect of foreign exchange changes	49	(81)	(287)
<b>Net funds at the end of the period/year</b>	<b>2,890</b>	4,154	3,980

**PRIME PEOPLE PLC**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM REPORT**  
For the six months ended 30 September 2021

**9. Trade and other receivables**

	30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
Trade receivables	3,792	2,608	2,582
Allowance for doubtful debts	(625)	(378)	(380)
Prepayments	465	755	406
Other receivables	362	265	453
	<b>3,994</b>	<b>3,250</b>	<b>3,061</b>

**10. Trade and other payables**

	30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
Trade payables	119	504	203
Taxation and social security	597	663	796
Other payables	540	510	539
Accruals	1,580	899	1,335
Coronavirus Business Interruption Loan	200	-	267
	<b>3,036</b>	<b>2,576</b>	<b>3,140</b>

**11. Treasury Shares**

At 30 September 2021, the total number of ordinary shares held in Treasury and their values were as follows:

	30 September 2021		30 September 2020	
	Number	£'000	Number	£'000
As at 1 April	190,000	103	-	-
Shares purchased for treasury	-	-	85,000	42
Shares issued from treasury	(40,000)	(4)	-	-
<b>As at 30 September</b>	<b>150,000</b>	<b>99</b>	<b>85,000</b>	<b>42</b>
Nominal value	9		-	9
Market value	72.5		-	41



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