The STEM talent partner of choice

Kalvin Campbell
Lead Consultant – Public Sector

Gattaca plc
Annual Report & Accounts 2023

Building a better future, one job at a time

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Leadership and Management Development Coach

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For further information go to:
www.gattacaplc.com/investors

Strategic Highlights

- Net cash generation **remained strong for the fourth consecutive year** and profitability improved.
- **Delivered on our commitment to return value to our shareholders**, through two share buybacks and proposed year-end dividend of 2.5 pence and special dividend of 2.5 pence.
- People engagement score rose to 8.1 and people attrition dropped to 33%, underpinned by **embedding a robust performance management process**.
- NFI per head improved by 4% and **operating profit conversion increased** to 5.4%.
- **Significant simplification of brand architecture** executed in May 2023, clarifying our go-to-market message.
- Further **enhanced our market-leading technology stack** through automation, improved sourcing and increased data visibility.
- Executive and Senior Leadership **stabilised and matured**.

1 Net fee income is equivalent to gross profit, being revenue less cost of sales.

2 Underlying results are defined as total consolidated results less non-underlying items, amortisation and impairment of goodwill and acquired intangible assets, impairment of property, plant and equipment and right of use assets and foreign exchange differences.

3 FY22 results have been restated, as discussed further in Note 1.24 on page 120 of the consolidated Financial Statements.

Financial and Non-Financial KPI Highlights

Revenue from continuing operations

£385.2m

2023	£385.2m
2022 restated[3]	£403.9m

Net fee income[1] (NFI) from continuing operations

£43.4m

2023	£43.4m
2022 restated[3]	£44.2m

Profit/(loss) before tax from continuing operations

£2.8m

2023	£2.8m
2022 restated[3]	£(4.7)m

Continuing underlying profit before tax[2]

£2.6m

2023	£2.6m
2022 restated[3]	£0.3m

Basic earnings/(loss) per share

3.8 pence

2023	3.8p
2022 restated[3]	(14.3)p

Continuing underlying earnings per share[2]

4.6 pence

2023	4.6p
2022 restated[3]	0.5p

Net cash

£21.6m

2023	£21.6m
2022	£12.3m

People engagement score

8.1

2023	8.1
2022	7.6

People attrition

33%

2023	33%
2022	40%

For the latest financials go to:
www.gattacaplc.com/investors

Cheyenne Phillips
Delivery Consultant – Infrastructure

At a Glance

Matt Salmon
Operations Director – Project Management Office

Delivering the strategy, talent & outcomes that enable our customers to succeed

People	Locations	Offices
470	5	7

Who we are

In 2023 we relaunched our go-to-market brand structure to help us become the **STEM talent partner of choice**, aligned to supporting our customers' strategy, talent and outcome requirements.

Our four go-to-market brands are aligned around strategy, talent and outcomes.

What we do

GATTACA SOLUTIONS

SHAPING WORKFORCE STRATEGY

Gattaca Solutions enables the success of our clients' people strategies through recruitment supply chain management, process engineering, talent technology and consultancy around topics such as ED&I, future skills and, resource planning.

MATCHTECH
BARCLAYMEADE

FINDING & ENGAGING TALENT

Our specialist recruitment brands excel at finding the people our clients need to deliver the outcomes that drive their success. Barclay Meade specialises in professional staffing, while Matchtech has almost 40 years' heritage as a leading STEM recruiter.

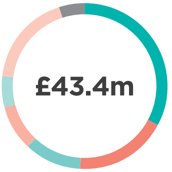
GATTACA PROJECTS

DELIVERING TECHNICAL OUTCOMES

Gattaca Projects solves complex technical and operational challenges through tangible outcome-based services. They operate in a flexible and outcome-centric way, utilising the talent expertise of Matchtech and Barclay Meade to complement their strong in-house capability.

At a Glance continued

Group continuing NFI split by sector

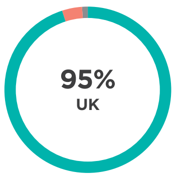


Infrastructure	£14.1m	33%
Defence	£8.0m	18%
Mobility	£4.5m	11%
Energy	£4.1m	9%
TMT	£2.6m	6%
Other UK[1]	£7.9m	18%
International	£2.2m	5%

NFI type split

Contract[2]	£32.0m	74%
Permanent	£11.4m	26%

Group continuing NFI by location



UK	£41.2m	95%
Americas	£1.8m	4%
EMEA	£0.4m	1%

1 Other UK sector includes continuing NFI from the Gattaca Projects operating segment.

2 Contract NFI includes Statement of Works projects, which are delivered through provision of contract labour.

Our sectors

INFRASTRUCTURE

- Highways, traffic and planning
- Buildings and construction
- Rail
- Water, fibre and utilities

NFI **£14.1m** | Change YoY **+4%**

DEFENCE

- Air
- Land
- Sea
- Communications

NFI **£8.0m** | Change YoY **+19%**

MOBILITY

- Automotive
- Maritime and shipping
- Aerospace

NFI **£4.5m** | Change YoY **-1%**

ENERGY

- Renewables
- Oil and gas
- Transmission and distribution
- Nuclear
- Mining and extraction

NFI **£4.1m** | Change YoY **+6%**

TECHNOLOGY, MEDIA & TELECOMS (TMT)

- Technology
- Media and broadcasting
- Telecommunications
- Finance, Banking & Insurance (FBI) technology

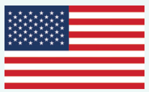
NFI **£2.6m** | Change YoY **-40%**

OTHER, INCLUDING GATTACA PROJECTS, PUBLIC SECTOR & SMART MANUFACTURING[1]

- Logistics
- eCommerce
- Pharmaceutical, medical and NHS
- Central and local government
- Gattaca Projects SoW
- Barclay Meade

NFI **£7.9m** | Change YoY **-6%**

INTERNATIONAL


United States


Canada


Spain

NFI **£2.2m** | Change YoY **-22%**

Read about the changing labour market in our Market Overview / **Page 27**

Read more about our sectors in our Operational Review / **Page 28**

At a Glance continued

"It is fantastic to see the STEM candidates that we provide tackle some of the key engineering and technology challenges that our clients face on a day-to-day basis."

Jade Exley
Trainee Consultant – Energy

What is STEM and why is it so important?

STEM is the combination of academic studies in Science, Technology, Engineering and Maths; education, skills and careers in these fields are essential components for the innovation that will drive the sustained growth of the global economy in years to come. Being STEM-focused helps us deliver on our Purpose to **provide the skills to build a better future, one job at a time.**

Key skill areas we recruit within include:

- **Engineering & Embedded Technology**
- **Information Technology & Digital**
- **Construction & Civil Engineering**
- **Project Delivery & Support**
- **Manufacturing & Production**
- **Professional Skills & Business Support**

We help clients find some of the scarcest talent in the market, such as:

- Human Factors Engineers
- Requirements Engineers
- Systems Modelling (MBSE)
- AI & Machine Learning Engineers
- Robotics & Automation Engineers
- Packet Core
- Penetration Testers
- Vulnerability Researchers
- Cloud Platform Engineers
- Power Electronics
- Functional Safety
- RF Engineers
- Systems Engineers
- DV Cleared Project Managers
- Renewable Energy Engineers
- Smart Grid Analyst/Engineer
- IRSE Licensed Signalling Engineers
- Cybersecurity Analysts/Engineers
- Data Analysts & Data Scientists
- Environmental Scientists & Engineers

...plus over 300 other unique disciplines, including business support staff with expertise in technical domains.

The STEM skills gap

STEM skills are vital to building the world of the future but the supply continues to lag significantly, creating a skills gap.

Whilst we are passionate advocates for breaking down the skills gap and making STEM more accessible for all; its very existence creates greater demand for an established and well-networked talent partner like Gattaca.

Read about our Business Model
Page 16

Our Purpose-Driven Approach

Our Purpose-driven approach **sets clear guardrails for our business to operate within**.

It guides everything we do, from **strategic decisions through to everyday tasks**.

Our Purpose

Providing the skills needed to **build a better future**, **one job at a time**

Our Vision

To be the **STEM** talent partner of choice

Our Mission

Every day we **deliver a service** that is so **trusted** that our clients, candidates, colleagues and suppliers recommend us without hesitation

Our Strategic Priorities

- External Focus
- Culture
- Operational Performance
- Cost Rebalancing

See Our Strategic Priorities / **Page 20**

Objectives & Performance Management Framework

All colleagues have **targeted objectives linked to our Strategic Priorities**, underpinned by a robust performance management framework

Our Values

- Trust
- Professional
- Ambition
- Fun

Investment Case

Why you should invest in Gattaca

To achieve our Vision to be the STEM talent partner of choice, we need the **continued support of our valued investor community**. We believe an investment in Gattaca is an opportunity to be part of a **growth story for years to come**; here we have set out what underpins that belief.

A trusted reputation, well positioned to exploit high-growth markets

- Broad, diverse client base and long-term partnerships
- Recognised brands of Matchtech, Gattaca Solutions and Gattaca Projects in the provision of STEM talent, complemented by Barclay Meade for professional services
- Proven ability to deliver tailored solutions and products
- World-class technology and systems

For more information see our Operational Review / **Page 28**

Engaged business with a positive culture

- Core Values of Trust, Professional, Ambition and Fun underpinning all our behaviours
- Clarity of Our Purpose has driven improvements in staff retention and productivity, shown by improvement in people engagement score to 8.1 and people attrition down to 33%
- Performance management processes embedded and effective

Hear more about our culture from Matt Wragg, CEO / **Page 11**

Passionate and experienced management team, delivering on Strategic Priorities

- An experienced and diverse management team, with years of hands-on experience in the staffing sector
- Deeply embedded market-based expertise within the business
- Focused headcount investment in high-growth markets such as Energy (Renewables), Defence, Technology and Mobility
- Cost management is robust and effective, returning the business to profitability during a challenging sales market

For more information see Our Strategy in Action / **Page 21**

Resilient business model, built to last

- STEM skills are in demand across all geographies and end markets, driven by the growing importance of the digital economy
- Contract/perm NFI split of 74%/26%, providing stable recurring revenue, resilient in turbulent markets
- Gattaca Projects Statement of Work division growing rapidly
- Strong balance sheet

For more information see Our Business Model / **Page 16**

Strategic Report

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CEO & CFO Q&A

Matt Wragg, CEO, and Oliver Whittaker, CFO, reflect on the year and share their thoughts about the changes the business underwent in 2023.

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Our Business Model

In this section, we set out how Gattaca creates value for its customers across the career life cycle by connecting STEM employers with technical talent.

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Operational Review

We shine a spotlight on the five largest sectors which we serve in the UK and our Sector Heads share insights about developments during 2023.

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Sustainability

In this section, read about how Gattaca is "building a better future" through our Environmental, Social and Governance (ESG) Strategy.

Chair's Statement

> Despite difficult market conditions this year, we have kept the business steady and focused on returning value to our shareholders.

Patrick Shanley
Non-Executive Chair

Stability in a turbulent market

GROUP CONTINUING NFI

£43.4m

(2022 restated: £44.2m)

Overview

The last three years have been turbulent for us all, with the impact of the Covid-19 pandemic and the subsequent challenging macroeconomic conditions, further exacerbated by the changing geopolitical circumstances that we find ourselves operating in. In addition, we have had to weather the storm through the tightening of the UK tax legislation surrounding IR35. Despite all of those challenges, we find the core key STEM markets that we are operating in are recovering to their pre-pandemic levels with more of a balance between vacancies and candidate availability.

This year, we have also seen the return of higher levels of global inflation which has had an impact on all our clients, contractors and staff, leading to a "cost of living" challenge for many.

We are starting to see early indications of these high levels of inflation abating, although the economic horizon continues to be a concern as we enter the period ahead of the next UK General Election.

Group Continuing NFI

The start of FY23 was strong for permanent placements, with contract soft. By Christmas the permanent market had stalled and whilst our contract business became stronger by the end of the year, it still has some way to go to return to our pre-pandemic volumes. Many companies have been reluctant to add permanent employees to their staff base from the turn of the year and whilst there has been a continuing demand for contract it is sector specific. Our focus on the quality of our clients and markets has been a significant plus during the year. We remain a sales-led business but we are also clear that we will not pursue sales which are barely profitable. Our aim is very much to focus our efforts on those clients who recognise that in a "talent short market" margins need to reflect the additional effort to find such talent.

Our net cash position at the end of the year was £21.6m, a significant increase on last year at £12.3m, as we made further progress on debtor days (due to exiting large low margin business) and completion in the previous year of our significant investment in software.

As at July 2023 the Group had a working capital facility of £50m, reduced from £60m in the year.

Board Changes

Last year we accelerated the changes at Board level with the appointment of Matt Wragg as CEO and Oliver Whittaker as CFO. Both have settled well into their roles and are one of the main reasons we have returned to profitability. Our four key strategic priorities were around external focus, culture, operational performance and cost rebalancing. We talked about the need to operate

Chair's Statement continued

with pace, agility and confidence. To that extent we feel that over the last 18 months the business has embraced these four priorities and we are further ahead in those respects than we anticipated. As a result, we feel that now is the right time to reshape the Board to reflect what is required for the next five to six years. I am therefore stepping down a year early to pass the baton to Richard Bradford who will become Chair immediately after the AGM in December. Richard has been a NED at Gattaca in the past and has had no involvement since he stepped down in December 2021 nor has he previously worked directly with the Executive Directors. As such the Board have concluded that Richard should be considered as an Independent Chair.

Equally important, George Materna, who is the founder and largest shareholder will step down from the Board at the AGM. George founded the business nearly 40 years ago and has made a major contribution to the Board. During my 8-year tenure on the Board, George has been both supportive and constructive and acted in the interest of all shareholders. Having watched Matt and Oliver re-establish the culture within the business and reposition ourselves as a sales organisation, George feels this is an ideal opportunity to step down. He will be missed by many but his legacy lives on.

As the number of non-independent members of the Board will reduce, we are further streamlining the Board and Ros Haith will also step down at the AGM. Ros has demonstrated her sales management experience and made a significant contribution to Board discussions. We wish her well in her future endeavours.

Dividend and Share Buyback

The Board's long stated objective has been to achieve a through-the-cycle dividend payout of approximately 50% of profits after tax. This year the Board is recommending a 2.5 pence per share final dividend in line with its policy and a further 2.5 pence per share special dividend, both of which will be paid in December 2023. The addition of a special dividend, alongside the two share repurchases, supports our intention to return value to shareholders through different means as we return to growth.

In April 2023 we announced our intention to make a series of share repurchases with a view to returning £0.5m to shareholders. This was completed on 9 May 2023 and resulted in 447,000 shares being purchased. In August 2023 we announced our intention to make a further series of share repurchases with a view to returning a further £0.5m to shareholders, of which £390,000 has been achieved to date.

Environmental, Social and Governance

We have had a particular focus this year on developing our approach to sustainable business and are due to publish our first external Sustainability Report with a clear ESG strategy for the years ahead. This has been led by our Head of Sustainability and the Sustainability Committee which includes three members from the Board. We are all hugely committed to doing what we believe is right for the environment and our communities and have started challenging our supply chain to encourage them to do more.

We also see the green economy as a growth opportunity for us, particularly in areas such as renewable energy and mobility.

Diversity and Inclusion

Last year we appointed our first Head of Engagement, ED&I and Talent. As a Group we remain committed to becoming a more diverse organisation and as part of this, we continue to work towards our targets of achieving 40% gender balance in leadership and management roles by 2024 and 50% by 2026. We continue to promote diversity training throughout the business and have engaged externally with advisers to foster a better understanding across the business.

We have also started working with our clients to help them further their understanding of how they can achieve their equality goals by embracing equity, diversity and inclusion.

Whilst reshaping the Board as we have announced, from seven members to five, and particularly the loss of Ros we see gender Board representation drop to 20% from 29%. In small Boards such changes will occur, and we fully expect this will not be the general pattern throughout the business.

Outlook

We are conscious that the focus on our four Strategic Priorities: External Focus, Culture, Operational Performance and Cost Rebalancing, has made us more resilient than we were 18 months ago, which has served us well during turbulent markets. In addition we have market-leading software which enables us to continue simplifying and streamlining our sales and administrative operations. However, our true strength going forward is our people and the Values that they live by: Trust, Professional, Ambition and Fun. We will continue to invest in their future and in turn that will reflect in our success.

As we look to the next 12 months we are aware of the economic challenges that we face, alongside many other businesses who are focused on serving a diverse portfolio of clients. We believe our core focus of STEM skills in well defined markets should insulate us from any significant swings in demand.

Patrick Shanley
Non-Executive Chair

Chief Executive's Statement

Ongoing focus on improvement

> We're making good progress with our strategy to rebuild the business and I'm pleased that we met our objectives for FY23. A stronger culture and a simpler, more-efficient business model position us far better to take advantage of opportunities as the market recovers.

Matt Wragg
Chief Executive Officer

Highlights

- Delivered underlying profit before tax of £2.6m, as a result of executing our planned strategic initiatives for FY23
- Achieved targeted improvements in our people engagement score and staff retention level
- Simplified our Group brand architecture in May 2023, enabling a clearer go-to-market sales message for the future

GROUP CONTINUING UNDERLYING PBT

£2.6m
(2022 restated: £0.3m)

PEOPLE ENGAGEMENT SCORE

8.1
(2022: 7.6)

Overview

FY23 has been a period of significant change, as we've implemented our strategy to rebuild the business. In the last 18 months, we've stabilised and simplified the business, increased our focus on our customers and candidates, and designed and deployed our culture.

We've achieved a lot and have much more to do. This is partly about repetition, so our new way of working becomes routine and we rebuild our corporate memory. We have invested in the development of our leadership teams and I'm excited about what this team will achieve in the years to come, as we continue to raise our standards, expectations and capacity.

Performance

We've made a solid start to our rebuild and while challenging markets have slowed our sales progress, our self-help actions enabled us to achieve underlying profit before tax of £2.6m.

However, Gattaca is a sales business and despite tracking the market this year after years of lagging behind, we didn't grow our absolute NFI, which is key for long-term growth success within the Group. This was partly down to prioritising higher quality business, which saw us exit accounts with high NFI and low profitability. Another factor – and the biggest disappointment – is that we didn't grow our contractor base, which, representing 74% of our NFI, is critical to achieving sustainable growth. That's a key focus for us in FY24, as I discuss in our Q&A on page 13.

Strategy

In last year's Report, we set out four strategic priorities: External Focus, Culture, Operational Performance and Cost Rebalancing. These priorities are interlinked, progress in one area supports progress in another.

Chief Executive's Statement continued

> To help everyone feel truly connected to Gattaca, we've massively increased our internal communications, including a weekly video from the Senior Leadership Team. This explains what we've done well, what we're going to do and examples of good performance from around the business for that week.

I'm pleased to say that we've delivered against our planned actions for FY23, and have set new actions for FY24. You can find more details below and on pages 21 to 24.

External Focus

Getting our branding right is key to going to market effectively. For example, our formidable Matchtech brand became diluted over the years because we had too many other STEM brands.

In May 2023, we launched a simplified brand architecture, giving us absolute clarity about what each brand is and what it does. We can now focus on making our brands well known to our customers, candidates and potential colleagues. We've started this process with activities such as sharing regular market insights, so customers trust us to help them make real-time decisions. We'll continue to build on this in the coming years.

Our external focus is also benefiting from our sales leadership bedding in. Twelve months ago, almost half of our sales leaders had new roles or responsibilities. A year on, they fully understand their remits and have complete accountability for achieving their business plans. As we increase our external focus, we're seeing positive results in our client and candidate feedback, with an average rating of 7.7 and 8.5 (out of 10) respectively.

Culture

Culture is an obsession for us. Together, our Purpose, Vision, Mission and Values make clear where we're going and why, and ensure everyone understands their role.

This year, we've brought our culture to life with the 12 principles that underpin our Values and a set of behaviours we either champion or challenge. We've integrated these behaviours into our leadership reward structure and our new quarterly performance reviews, which assess both achievements and behaviours. This allows us to identify and celebrate high performers and help everyone become superstars, whether through learning and development, mentorship or a role that better suits their talents.

To help people feel truly connected to Gattaca, we've massively increased communication, including; weekly performance updates on our office screens and our intranet, increased in-person Town Hall and open Q&A sessions in all locations, plus a weekly video from the Senior Leadership Team. The latter typically explains what we've done well, what we're going to do and examples of good performance from around the business. We're also very vocal about holding ourselves accountable and acknowledging when we need to improve.

We're seeing our efforts reflected in lower attrition, which has reduced to 33% (FY22: 40%) and in our engagement score, which has increased to 8.1 (FY22: 7.6). We've also welcomed back alumni who've seen our positive cultural shift and want to be part of it.

Operational Performance

We want operational performance to be a fundamental cornerstone to our culture. Better data gives us improved visibility of Group and individual results and our improved communications and performance reviews mean we've put performance front and centre.

We're now reaping the benefits of our technology stack investments, which beyond giving consistent data, also allows us to plug in new technology to make iterative and important changes and efficiency enhancements. These improve the experience for our clients, candidates and colleagues, while simplifying how we work, increasing automation and reducing manual processes. Our new business improvement function is also working well, helping us implement change quickly and successfully.

Major efficiency initiatives this year include almost halving the number of contractor payroll runs each week through consolidation and completing a corporate restructure of our legal entities to enable us to start the project of moving from multiple billing arrangements to one for all clients. Looking ahead, we'll continue to digitalise where possible, leveraging our existing technology to further reduce manual processes and overheads.

Cost Rebalancing

Cost rebalancing supports our profitability goals and frees up funds for reinvestment. Operational improvements have a key role, with the single pay and future single bill arrangements, simpler legal processes and increased automation all enabling better cost control and reduced third-party spend. We've also right-sized our offices, so they're fit for purpose in our flexible working environment, at a lower cost.

The new performance management reviews are also making everybody accountable for their own performance and progression. Previously, it was taking significant investment and time before we knew if a new recruit was working out. Now we have a clear picture within three or four months, meaning we can identify those unsuited to recruitment earlier and we can invest in colleagues with potential.

Read more about our NPS score in Our Business Model in Action / **Page 17**

Chief Executive's Statement continued

We know there's always more to do, so we'll continue to review every area of spend and reinvest where needed, particularly in sales capability in sectors with significant long-term growth opportunities and good quality business.

Environmental, Social and Governance

Sustainability is part of our business from top to bottom and helps to bring our Purpose to life. At a personal level, doing the right thing by society and our colleagues is very important to me and I want Gattaca to be a company I'd be proud for my daughter to join in the future.

We've further matured our ESG approach this year, investing in a Head of Sustainability role and creating a Sustainability Committee, which reports to the Board. The Committee is led by our CFO and includes the Board's Sustainability Sponsor, Ros Haith. We are expecting to publish our first external Sustainability Report shortly and have set out a clear ESG strategy for the years ahead.

As a service business, we strive to do everything we should to control our carbon emissions. The next phase will be to work with our supply chain to encourage them do more. The green economy is also a growth opportunity for us, meaning we can help protect the environment by investing in our sales headcount in areas such as renewable energy and sustainability.

Social mobility, diversity and inclusion are vitally important to ensuring the sustainability of the STEM skills market. We've made huge strides internally, with our first Head of Engagement, ED&I and Talent appointed at the end of FY22. Externally, we've created exciting partnerships with our chosen charities, to help make STEM opportunities accessible to anyone, and continue to look for relevant and impactful partnerships.

Gattaca is a well-run business, with great governance processes and a technology stack that gives us excellent visibility of our daily operations and performance. This helps us to stand out in a market with many smaller players. To be the STEM talent partner of choice, we have to be trusted by our stakeholders, and our strong governance underpins that trust.

Board Changes

With the business stabilised and vision clear, the Board changes come at the right time for my team and the wider Group.

I am sure succeeding into a CEO role is never simple, however Patrick has made this smooth, given us great support and counsel, allowing Oliver and I to find our feet and enabled the business to make solid progress. He has also navigated the Group through some hugely volatile market conditions and times over the years and we thank him for this guidance and stability throughout this.

The business had been too internally focused for a few years and Ros' appointment to the Board two years ago has helped to change that direction. Her challenge and support have helped us to bring back a sales culture. We thank her for her contribution and wish her well for the future.

It is obviously a significant moment for the Group with George stepping down. His role over the years has helped to make sure we have maintained a great culture at our very core. Over the past 18 months we've really managed to bring that back to life and I am pleased he now feels comfortable to step away from formal involvement. The business he founded has helped hundreds of thousands of clients and candidates, created amazing careers for everyone in the Group and some great alumni, we all have a lot to thank him for and we all wish him the very best.

Richard brings a solid understanding of the business, the staffing sector and the STEM markets we serve. As a former NED, he is someone who the business held in the highest regard, and I look forward to working closely with him when he becomes Chair.

Outlook

Macroeconomic headwinds mean the market remains challenging and the timing of any economic recovery is uncertain. At the same time, we are focused on the quality of the work we take on and growing sustainably.

In the meantime, we will continue to focus on our Strategic Priorities, so we are well placed to take advantage when the recovery arrives. This includes developing our contract business, which takes longer to be reflected in NFI and will deliver recurring revenues. We will also continue to invest in our people, in the knowledge that we are still a few years away from bringing through sales leaders who joined us under our new culture.

In summary, I'm confident about the future and that we are doing the right things to get the best results.

Matt Wragg
Chief Executive Officer

Read more in our Operational Review / **Page 28**

See Our Business Model / **Page 16**

See Our Strategy in Action / **Page 21**

CEO & CFO Q&A

Reflecting on the year

As **Matt Wragg and Oliver Whittaker reflect on FY23**, they share their thoughts on the changes Gattaca underwent in the year, their goals going forward and what's next in our Vision to become **the STEM talent partner of choice**.

Matt Wragg
Chief Executive Officer

Oliver Whittaker
Chief Financial Officer

Q: What has been your key focus over the last year?

Matt:

This has been really simple; I've focused on making sure everyone in our business is clear on where we are going and importantly, the why. Then embedding a really positive culture so they all want to be a part of the journey. Then, finally, simplifying the way we work and building belief, so our people have the tools and the confidence to succeed.

Oliver:

Ensuring that the whole Senior Leadership Team maintain focus on consistently delivering against our four Strategic Priorities. Personally, I have focused on our Operational Performance and Cost Rebalancing priorities, through simplifying our business processes, policies and procedures, streamlining our complex legacy corporate structure generated from past acquisitions, and realising benefits from the technology investments we made that are now fully embedded.

Q: What have been the main changes you have seen in the business over the last year?

Matt:

Confidence, a growing capability and increased collaboration. In recent years we've taken some tough but fair external criticism; with our cultural changes and world-class tools, our capability is developing. As a result, it's been great to see performance improving and our confidence return. We've talked a lot in recent years about our need to improve our execution and I've seen us take a huge step forward this year.

Oliver:

Over the last 12 months I have also seen that positivity and belief coming back into the business; the cumulative impact of many distinct factors. Encouraging our teams back to regularly working in-person together is fostering improved levels of collaboration and engagement that is great to be a part of. In addition, the brand changes we launched in May 2023 which returned our core focus to the Matchtech brand, was the culmination of a huge project that enables a clearer, more consistent go-to-market sales message whilst being aligned with our overall strategic focus.

CEO & CFO Q&A continued

Q: You have been making great strides on developing the culture of the business, can you tell us what the main focus has been here and why?

Matt:

Our priorities in the culture space have been about design, deployment and reinforcement. First of all, we needed to be explicit with what "good" looks like for us. The Group has a strong heritage and so reigniting a positive culture didn't take long. However, I wanted it to be in a way that worked for our future, not for our past. There has been a major focus on collaboration, respect and inclusivity. We've integrated this into all our activities; new quarterly performance review processes, high performer recognition, weekly video communications from the Senior Leadership Team to the whole business, Values-based annual awards, and introducing people engagement score targets into our LTIP grant and Leadership bonus schemes.

Q: What are the recent market trends in the industry and how is Gattaca is performing against the wider market?

Oliver:

Against a challenging economic backdrop, our performance has broadly tracked the market. We started to see the staffing market become more challenging in late 2022, and that trend has continued throughout 2023 with a reduction in overall demand combined with a lack of confidence from both candidates and clients.

Whilst this has not deteriorated further, we are yet to see significant signs of economic recovery, which is aligned to the wider staffing sector. Our balance towards contract recruitment has ensured we remain resilient. Permanent recruitment has been impacted most significantly, as both us and our competitors saw this year, but it also tends to bounce back quickly as customer confidence returns. Overall, this has slowed our growth aspirations but we are continuing to push forward. Despite difficult market conditions we have shifted to being a winning team again, closing the gap on our competitors and are highly motivated to make sure we continue to move ahead over the years to come.

Q: What have been the challenges that you have faced over the last year and what are you doing to overcome them?

Matt:

Personally, it has been trying to balance my ambition for the Group against the tightening market conditions. Making sure that whatever we do, we do well and learning not to push overwhelming change onto our people in too short a timeframe.

Oliver:

When the market conditions are challenging, it is crucial for us to stay focused on our strategy and recognise the positive impacts of these changes on the business. Where cost is being actively managed, prioritisation of our resources and effort is key to ensure that we focus on projects which will have the biggest positive impact.

CEO & CFO Q&A continued

Q: Following the changes to the management structure, have you now established management stability?

Matt:

We have definitely established better stability within the management structure, and also across the wider business, as shown by our improved attrition. I have a desire to foster our next generation of Gattaca leadership and am pleased with the development we have made in this in 2023. We have created headroom for our great people to develop, whilst also looking out for the best talent in the external market to complement our existing team. We've invested in our people managers with more training, including sessions with a range of world-class external leaders, and we also recognise that we need to work harder on diversity and gender balance within our leadership and management teams.

Oliver:

Maintaining management stability is an ongoing challenge for many businesses, but we are better set up to do so than we have been for a long time. Through embedded performance review processes, we are developing a more holistic view of the whole Gattaca team so we can understand our strengths and capability gaps and determine how best to support our people's development needs.

Q: What are your goals for the coming year and how will you achieve them?

Matt:

Our goals for FY24 are about consistency of delivery and maintaining high standards. We've set out a clear strategy, given clarity to the business around where we want to go and importantly, why. Now it's about repetition, repetition, repetition; with all the change that's happened, the business needs to re-establish a corporate memory, get back into regular routines and consistently deliver a high quality service to all our customers. The Gattaca Group will be 40 years old in August 2024 and when we reach this milestone, we want to be proud of what we have achieved.

Oliver:

My focus for 2024 is about building on what was started in 2023, ensuring that we continue to focus on our four Strategic Priorities of External Focus, Culture, Operational Efficiency and Cost Rebalancing. A lot of the changes implemented in the business over the last 12 months have now been through a full annual cycle, and we need to reinforce why these are important and continue to reap the benefits. On a practical level, there is more to do to maximise our technology and simplify our legacy corporate structure, so we can realise further efficiencies of operating a simpler business.

Our Business Model

Nina Rahman
Solutions Director – Client Solutions

Creating value for our customers across the career life cycle

We connect STEM employers with great technical talent through tailored offerings and expert consultancy, underpinned by subject matter expertise, robust systems and governance. Furthermore, our clients and candidates are very often the same community. A promising engineer at the start of their career may very soon end up a hiring manager, and any of our clients may be ready to take their next career opportunity.

STEM EMPLOYERS

Find out how we create value for STEM Employers on page 18

TECHNICAL TALENT

Find out how we create value for Technical Talent on page 19

Being **deeply embedded in our markets** enables a deep understanding of customer requirements and the competitive recruitment landscape.

Our customers trust us to **excel in recruitment best practice**, catering for every talent challenge, from single vacancies, through to complex workforce programmes and everything in between.

Our “inch-wide, mile-deep” philosophy means our recruiters have **deep skill domain knowledge**, further enabled through a market-leading technology stack.

Business Model in Action

What is a "Net Promoter Score" (NPS) and how is it calculated?

Net Promoter Score (NPS) is a service benchmarking methodology used across many sectors which measures customer satisfaction, loyalty and advocacy.

Customers are asked to answer a single question: "How likely are you to recommend our services to others?" on a scale of 0-10.

The score itself is calculated by subtracting the percentage of customers who answer 6 or lower (detractors) from the percentage of customers who answer 9 or 10 ("promoters").

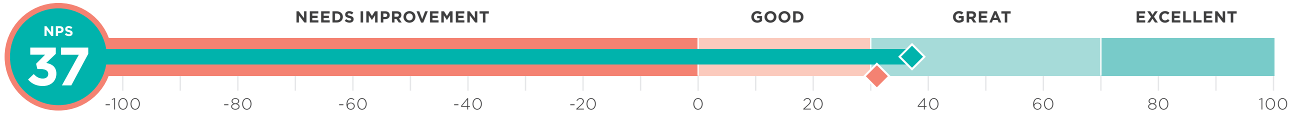
Because of this, the total score can range from -100 to +100. Anything above zero indicates you have more promoters than detractors, and **a score of 30+ is considered "great".**

Measuring the trust in our service

To help us measure our Mission **to provide a service so trusted that we are recommended without hesitation**, this year we invested in integrated automation software to begin surveying our customer base. We utilise Net Promoter Score (NPS) methodology, which **enables us to understand how our customers perceive our service** and track our performance over time.

Client satisfaction

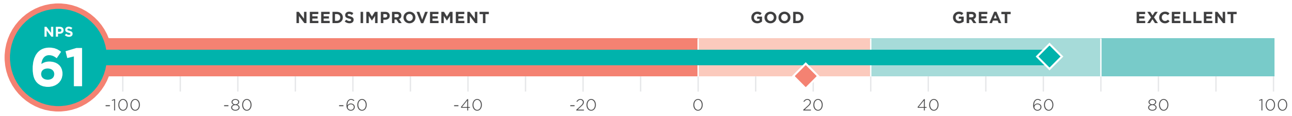
Our client NPS is 37[1], with 83% of clients scoring us 7+ out of 10. Whilst we aim to improve upon these results, they are still above the staffing industry client benchmark of 31[2].



Find out how we create value for STEM Employers / **Page 18**

Candidate satisfaction

Our placed candidate NPS is 61[1], with 77% of candidates scoring us 9+ out of 10. This represents an extremely high result, close to world-class excellence, and over three times the staffing industry benchmark of 19[2] for placed candidates.



Find out how we create value for Technical Talent / **Page 19**

Industry benchmark   Gattaca NPS

1 Measured between February 2023 and July 2023.
2 Source: ClearlyRated.

Business Model in Action:
STEM Employers

Unlocking outcomes for STEM Employers

Companies are increasingly recognising the strategic importance of engaging with talent partners that can enable them to build high talent density and deliver on critical business outcomes. We unlock these outcomes for our clients through:

Networks

Each one of our clients has the same underlying pain point; they cannot maintain the networks required to access the constantly-evolving and in-demand technical labour market to fulfil their hiring needs, especially when only a fraction of candidates are actively seeking new jobs.

Through our brands, technology and processes honed over nearly four decades, we've built vast and diverse networks to provide our clients with access to the best technical talent – before they've even considered actively searching for a job.

Representation

Our clients rely on us to not only find candidates, but to convince them to take their next career step. It is therefore vital that we represent each of our clients to the candidate market with both accuracy and excitement.

Due to our in-depth knowledge of both the employment and skills landscape, our consultants add value by shaping tailored employer brand messages that resonate with each potential candidate; ensuring our clients don't miss out on the best talent.

Solutions

Driven by our Vision to be the STEM talent partner of choice, we have developed a product suite that enables us to match our clients' specific workforce needs with the right solution, at the right time.

From one-off, no-commitment contingency models, through to enterprise total talent solutions and everything in-between, we complement the expertise of our clients' internal personnel to help them more effectively attract, engage and retain a diverse range of talent, unlocking the true potential of their workforce.

AVERAGE CLIENT RATING

7.7/10
(2022: N/A)

NUMBER OF SURVEYS

90
(2022: N/A)

> Carl Cook is incredibly helpful and knowledgeable, he always comes back to me quickly and with a solution. I have also noticed that colleagues at Matchtech also provide effective cover for each other, as someone always responds to queries even if my main contact is on leave.

HR Business Partner, Defence sector client
Scored 10/10 on NPS survey in March 2023
Supported by Carl Cook,
Lead Client Development Manager, Defence team

> We have received an exceptional service from James Brown and George Kinkaid. They are a credit and asset to Matchtech.

Managing Director, Energy sector client
Scored 10/10 on NPS survey in June 2023
Supported by James Brown,
Sales Consultant, Energy team

Business Model in Action:
Technical Talent

Creating opportunity for Technical Talent

We create meaningful value for the technical talent that we support through:

Opportunity

First and foremost, our candidates come to us because we can help them access the best opportunities with the best STEM employers.

As well as thousands of job opportunities, we provide an invaluable networking partnership to help our candidates take their expertise to STEM organisations where their skills are in demand.

Flexibility

A staffing partner of our scale provides a huge array of options for technical talent. From exciting start-ups to blue-chip global brands, across a variety of transferable sectors and through a range of flexible engagement models.

From permanent positions to flexible contracting models and from graduate to C-Suite roles – we support candidates across their entire career life cycle.

Consultancy

Our consultants, using their market, skills and recruitment expertise, are able to offer valuable guidance on career choices, CV building, interview preparation, contracting compliance, benchmarking and skills development.

We can provide long-term career planning, skill enhancement, and market insights to help candidates make the right short- and long-term career choices.

> “Matchtech and Jack provided an exceptional experience. Jack’s professionalism and support were outstanding throughout the process. He matched me perfectly with the right opportunity, and I’m thrilled with the outcome. Highly recommend their top-notch recruitment service!”

Permanent Project Manager, Water sector
Scored 10/10 on NPS survey in July 2023
Supported by Jack Gandy, Infrastructure Water Team Leader

> “I was very hesitant from using you having very bad experiences with four previous recruitment agencies. However, my experience with you has been very good.”

Senior Contractor, Highways sector
Scored 10/10 on NPS survey in June 2023.
Supported by Lewis Harrison, Lead Consultant, Highways team

AVERAGE CANDIDATE RATING

8.5 / 10
(2022: N/A)

NUMBER OF SURVEYS

156
(2022: N/A)

Our Strategic Priorities

Paul King
Chief Operating Officer

Focusing our effort on four priority areas to fulfil our potential

Strategic Priorities

Continuing to deliver our strategy over four priority areas

In FY22, the Executive Leadership set out Gattaca's business strategy, identifying four Strategic Priorities to ensure the continued evolution of the Group.

These were set out to capitalise and build upon Gattaca's strengths, being:

- our focus on in-demand STEM skills;
- our core strength in robust sectors;
- our blue-chip and long-standing client base; and
- the strength of the balance sheet.

Gattaca's four Strategic Priorities are:

External Focus

Operational Performance

Culture

Cost Rebalancing

Focus on these priority areas has deepened in FY23 and the Group has made forward strides across all four and seen particular success in Culture and Cost Rebalancing. On pages 21 to 24 we have highlighted the Group's activities in the year in each strategic priority area, progress towards our target KPIs and our key objectives over the next 12 to 24 months to underpin our next stage of growth.

See Our Strategy in Action / **Page 21**

Our Strategy in Action:
External Focus

Focusing on our customers

We are committed to increasing our **external focus** at all levels of the organisation, through key investments in marketing, sales and operations.

FY23: What we said	How we did
• Complete a review of our go-to-market Brand Architecture with the aim of simplifying our branding model and focusing future investment	• Launched our simplified Brand Architecture, with increased marketing investment
• Implement regular client and contractor service feedback surveys	• Implemented client and candidate service feedback surveys, with average client and placed candidate ratings of 7.7 and 8.5 (out of 10) respectively
• Implement a structured pricing model and pricing negotiation coaching for our sales teams to be successful in a challenging economic environment	• Started delivering an in-house commerciality training programme to the entire sales and delivery team • Improved yield by increasing our average contingent perm fee by 20%, and average contract timesheet value by 11%
• Continue our investment in front-line sales capability and scale	• Implemented two major client accounts in 2023 • Reduced fulfilment headcount and increased sales effort • Launched our market insights platform

FY24: What's Next?

- Build on the simplified brand architecture to increase external market presence
- Grow market share at current client base and retain all major programmes
- Increase our volume of client and candidate feedback surveys, building meaningful actionable insight
- Launch our Sustainability Report and align our internal activities on ESG with our external approach
- Continued development of our sales leaders and teams with completion of our in-house commerciality training and external leveraging of our market insights
- Investment in front-line sales capability, growing by 10%, and scale in our sectors with greatest growth opportunity, namely our Energy, Mobility and Technology sectors

GROUP CONTINUING REVENUE

£385.2m

(2022 restated: £403.9m)

GROUP CONTINUING NFI

£43.4m

(2022 restated: £44.2m)

Our Strategy in Action:
Culture

Building a culture of success, resilience and performance

We are dedicated to creating a **culture** that drives the right behaviours to help us fulfil our Mission, reach our Vision and live our Purpose, but will also, importantly, drive success for our customers.

FY23: What we said	How we did
• Target a people engagement score for FY23 of 7.9	• People engagement score improved to 8.1 for FY23, up from 7.6 at FY22
• Targeted reduction in our people attrition levels to 37% by the end of FY25	• People attrition of 33% at 31 July 2023, a reduction from 40% at 31 July 2022, with improvement particularly in the retention of 12–24 month tenure sales people
• Implement targets for people KPIs such as attrition and engagement within the bonus and LTIP remuneration schemes for the Executive and Senior Leadership Team	• Integrated people attrition reduction targets into our FY23 LTIP share option grant, and people engagement score targets into the leadership and wider management bonus schemes
• Continued embedding our Values to set standards and expectations of behaviours, underpinned by our new Performance Scorecard process for all our people aligned to development	• Completed four quarters of our new Performance Scorecard process, including directly linking performance to progression and promotion • Maintained a regular cadence of communications through a variety of channels and media from Executive and Senior Leadership to different staff groups, underpinning our message of transparency • A group of 7 female employees received mentoring support from the CEO

FY24: What's Next?

- Maintain our people engagement score at 8.0 or above for FY24
- Continue our focused work on retention to ensure a sustained reduction in our people attrition levels below 37% by the end of FY25
- FY24 LTIP share option grant and FY24 leadership and wider management bonus schemes to all include targets for people attrition or people engagement scores
- Consistently apply our Performance Scorecard process to the performance management of our people into FY24 and beyond
- Supporting our emerging talent to meet our FY24 target of a 40% gender balance in leadership and management positions
- Deepen our diversity strategy over ethnicity, beliefs, age, education, sexual orientation, socio-economic background and many other characteristics
- Develop our newly implemented "Onboarding for Success" module to improve the journey of our new hires from new recruit to established billing consultant

PEOPLE ENGAGEMENT SCORE

8.1 FY23
(2022: 7.6)

8.0 FY24 Target

PEOPLE ATTRITION

33% FY23
(2022: 40%)

< 37% FY25 Target

Our Strategy in Action: Operational Performance

Driving rapid improvements through optimising strong foundations

Our key focus with this priority area is to simply **make the most out of what we already have.** Through automating and optimising processes, focusing on key conversion rates, maximising the use of our technology stack and driving high performance from our people, we can make rapid progress against our goals.

FY23: What we said	How we did	FY24: What's Next?
• Utilisation of our improved management information to support a Group-wide review of low-margin work, to identify where our productivity needs to be highest to generate acceptable returns or where low-margin work should be exited to make room for more profitable delivery	• Increased sales productivity by utilising enhanced Group-wide management information to target areas of opportunity or challenge, growing average NFI per sales head by 8%, and by 4% per total head	• Focus on sales productivity driving up average NFI per head to meet our FY24 target of £92k per head and conversion target of 5.9% • Further automations planned, focused on operational sales performance improvement • A 12-month calendar of operational initiatives for FY24 is already underway, focused on driving delivery efficiencies and raising standards for our 40th anniversary • Maximising the use of our technology stack to make the most out of what we already have, eliminating products not generating a good return on investment (ROI), and only investing in new products which have positive ROI impact • Increase use of our intellectual property, reducing spend on external job boards
• Appointment of a Head of Business Improvement, to drive forward our PMO and execute change	• Appointed a Head of Business Improvement, who led a team to deliver business critical projects including transitioning to online timesheeting and consolidating to a single contractor payroll, amongst others	
• Implement an automation platform to increase customer engagement, operational efficiency and data cleanliness as part of our "automation first" approach	• Successful implemented more than 60 automations, positively impacting customer experience, engagement, operational efficiency and data quality	

AVERAGE NFI PER HEAD

£86k FY23
(2022 restated: £83k)

£92k FY24 Target

CONVERSION %

5.4% FY23
(2022 restated: 1.3%)

5.9% FY24 Target

Our Strategy in Action:
Cost Rebalancing

Delivering value to our shareholders and enabling targeted investments

This priority area is aimed around **continuing our focus on cost rebalancing** over the short and medium term, to help divert value to our shareholders whilst enabling key investments around the other three Strategic Priorities.

GROUP CONTINUING UNDERLYING PBT

£2.6m

(2022 restated: £0.3m)

GROUP CONTINUING UNDERLYING BASIC EPS

4.6 pence

(2022 restated: 0.5 pence)

SALES/SUPPORT HEADCOUNT MIX

69%/31%

(2022: 71%/29%)

FY23: What we said	How we did
• Ongoing focus on further reduction of third party costs and elimination of duplicative expenditure	• UK property footprint from five offices down to three, alongside other third-party cost savings
• Focus on migrating clients and candidates to more efficient and technologically advanced online billing and timesheet processes to reduce administration time and costs	• By July 2023, more than 80% of our contractors had been migrated to online timesheet submission, reducing administrative burden and increasing accuracy • Moved the majority of our contractors to a "single pay" arrangement, further reducing admin costs
• Progress the simplification of the Group's corporate structure to reduce cost and transactional inefficiencies	• Completed a corporate restructure to enable a substantial future reduction in the number of legal entities within the Group, with the aim of reducing professional fees and corporate compliance costs
• Further focused investment in niche technology solutions as part of our "automation-first" approach	• Implemented new automation and sales enablement technologies

FY24: What's Next?

- Delivering on further reductions of third-party costs
- Following on from the corporate restructure, implementation of a single billing entity arrangement consolidating client billing from nine legal entities to three by the end of FY24 H1
- Progress the simplification of the Group's corporate structure through legal entity liquidations
- Continued investment in technology solutions as part of our "digital and automation-first" approach; increasing the level of clients and candidates with fully digital processing, reducing administrative cost

Key Performance Indicators

Financial KPIs

Net fee income (NFI) (£m)

£43.4m

(2022 restated[1]: £44.4m)

2023	£43.4m
2022 restated[1]	£44.4m
2021	£42.1m
2020	£54.7m
2019	£72.1m

Measurement explained
Net Fee Income (NFI), equivalent to gross profit, is revenue less cost of sales, predominately the sum of contract NFI and fees for the placement of permanent candidates, less any directly attributable adjustments or rebates.

Rationale
Indicates the volume of business generated in the year and is a prerequisite to any sustainable bottom-line growth.

NFI from continuing operations (£m)

£43.4m

(2022 restated[1]: £44.2m)

2023	£43.4m
2022 restated[1]	£44.2m
2021	£42.1m
2020	£52.8m
2019	£69.1m

Measurement explained
NFI from continuing operations is revenue less cost of sales from continuing business, predominately the sum of contract NFI and fees for the placement of permanent candidates, less any directly attributable adjustments or rebates.

Rationale
Indicates the volume of continuing business generated in the year.

Net cash (£m)

£21.6m

(2022: £12.3m)

2023	£21.6m
2022	£12.3m
2021	£14.1m
2020	£19.6m
2019	£(24.8)m

Measurement explained
Total Group cash and cash equivalents, less interest-bearing loans and borrowings, including finance lease liabilities.

Rationale
Net cash/(debt) is a key element of the Group's capital structure.

Continuing underlying basic EPS (pence)

4.6 pence

(2022 restated[1]: 0.5 pence)

2023	4.6p
2022 restated[1]	0.5p
2021	5.3p
2020	11.7p
2019	28.4

Measurement explained
The amount of underlying profit for the year per one share in the Group; calculated as the continuing underlying profit attributable to the Group's equity shareholders, divided by the average number of shares in issue throughout the year.

Rationale
A strong indication as to the continuing underlying profitability of a company for its shareholders.

Profit/(loss) before tax from continuing operations (£m)

£2.8m

(2022 restated[1]: £(4.7)m)

2023	£2.8m
2022 restated[1]	£(4.7)m
2021	£0.8m
2020	£1.3m
2019	£3.4m

Measurement explained
Profitability of the Group from continuing operations before tax.

Rationale
Demonstrates the profitability of the Group and how efficient it is at managing its controllable cost base.

Continuing underlying profit before taxation (£m)

£2.6m

(2022 restated[1]: £0.3m)

2023	£2.6m
2022 restated[1]	£0.3m
2021	£1.8m
2020	£4.8m
2019	£11.7m

Measurement explained
Profitability of the Group from continuing operations before tax with adjustments for non-recurring costs, impairment and amortisation of acquired intangibles, impairment of right-of-use leased assets and foreign exchange differences.

Rationale
Demonstrates the underlying profitability of the Group, before taxation.

Conversion ratio (%)

5.4%

(2022 restated[1]: 1.3%)

2023	5.4%
2022 restated[1]	1.3%
2021	5.3%
2020	11.7%
2019	19.8%

Measurement explained
Underlying continuing profit from operations before net finance income/(costs) expressed as a percentage of continuing NFI.

Rationale
Indicates the efficiency of fee earners in generating NFI, the Group's ability to control central costs and the level of investment in future growth.

1 FY22 results have been restated, as discussed further in Note 1.24 on page 120 of the consolidated Financial Statements. The Group has chosen to only show restated KPIs for the FY22 financial year, aligned to what is presented in the consolidated Financial Statements for the year ended 31 July 2023.

Key Performance Indicators continued

Operational KPIs

NFI mix (%) (Contract/Permanent)

74%/26%

(2022: 71%/29%)

2023	74%/26%
2022	71%/29%
2021	75%/25%
2020	75%/25%
2019	70%/30%

Measurement explained
Total Group NFI generated through temporary contractor placements or permanent placements separated out and expressed as a percentage of total Group NFI.

Rationale
Contract NFI provides better visibility of income and generates long-term relationships with our clients. Growth in permanent recruitment NFI enables the Group to benefit quickly from operational gearing.

Average NFI per head (£'000)

£86k

(2022 restated[1]: £83k)

2023	£86k
2022 restated[1]	£83k
2021	£89k
2020	£82k
2019	£98k

Measurement explained
Total NFI divided by the average annual number of heads.

Rationale
Indicator of staff productivity, with growth demonstrating an improved efficiency in fee earner activity or a higher percentage of fee earners at full capacity.

NFI Mix (%) UK vs International

95%/5%

(2022: 94%/6%)

2023	95%/5%
2022	94%/6%
2021	92%/8%
2020	91%/9%
2019	87%/13%

Measurement explained
Total NFI generated from business operations outside of the UK, expressed as a percentage of total Group NFI.

Rationale
Indicator of the Group's focus on its core UK market and level of geographic diversification outside of the UK.

NFI per £ staff cost (£)

£1.51

(2022 restated[1]: £1.46)

2023	£1.51
2022 restated[1]	£1.46
2021	£1.53
2020	£1.70
2019	£1.68

Measurement explained
Total NFI divided by the annual costs of all colleagues in the Group.

Rationale
Key productivity metric for Gattaca, as well as reflecting the operational efficiency of the business as a whole.

Sales/Support headcount mix (%)

69%/31%

(2022: 71%/29%)

2023	69%/31%
2022	71%/29%
2021	71%/29%
2020	72%/28%
2019	72%/28%

Measurement explained
The ratio of fee earning versus operational support colleague headcount taken as an average for the year.

Rationale
Demonstrates the Group's ability to maintain a consistent balance of sales and support headcount throughout other business changes.

People engagement score

8.1

(2022: 7.6)

2023	8.1
2022	7.6
2021	7.6
2020	7.8
2019	7.8

Measurement explained
An engagement index based on colleague responses to seven actionable workplace elements.

Rationale
People engagement has proven linkages to performance, productivity, customer service, quality, retention and increased profitability.

People attrition

33%

(2022: 40%)

2023	33%
2022	40%
2021	45%

Measurement explained
Number of people leavers on a rolling 12-month basis expressed as a percentage of total Group headcount.

Rationale
Indicates the effectiveness of the Group in its activities to retain talent

1 FY22 results have been restated, as discussed further in Note 1.24 on page 120 of the consolidated Financial Statements. The Group has chosen to only show restated KPIs for the FY22 financial year, aligned to what is presented in the consolidated Financial Statements for the year ended 31 July 2023.

Market Overview:

> In a challenging year, our balance towards contract recruitment has provided resilience, whilst the permanent market recovers.

Grahame Carter
Chief Sales Officer

A changing labour market

> Churn has fallen throughout FY23 driven by falling candidate confidence and slower client decision making.

UK labour market trends:

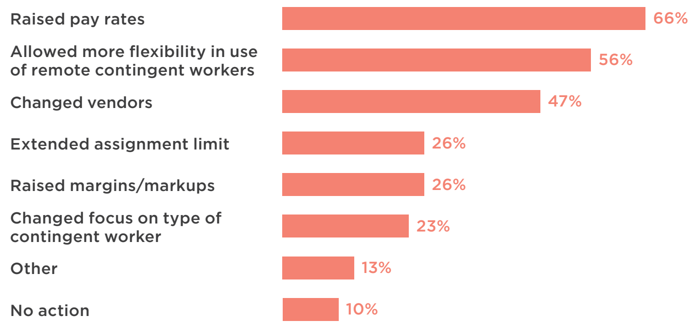
- All key STEM sectors continue to report concerns over the level of qualified applicants for specialist roles in the UK – the "skills gap" is widening
- UK job vacancies remain significantly higher than pre-pandemic but weekly job advertising is starting to fall
- Job changes driven by resignations have normalised after surging to record levels during 2022
- A permanent hiring slowdown was expected after the post-pandemic boom, with current economic uncertainty making employers nervous to commit
- UK wages continue to rise and higher inflation meant real wage growth was almost flat during 2023
- Employers are using increases to pay rates and enabling flexible working to tackle the recruitment challenges in both their permanent and temporary contingent workforce, with strong competition for skilled hires

Gattaca operates across a balanced portfolio of resilient sectors and highly in-demand STEM skills, which helps to protect us from the extremes of market fluctuations. Nevertheless, we closely monitor the labour market to keep ahead of the trends that impact our clients and candidates.

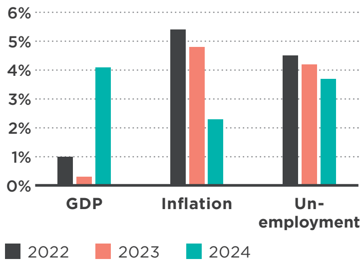
Annual growth in regular pay[2]:
7.8%

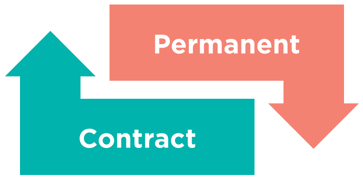
Annual growth of regular pay in real terms:
0.6%

How have companies reacted to talent shortages?[1]



UK key economic trends[3]





Over 1 million
UK official job vacancies[4]

37 million jobs
in the UK[4]

1 Source: Workforce Solutions Buyer: Initial Finding Global. Survey size 151
2 Source: ONS average weekly earnings QE July 2023
3 Source: OECD Economic Outlook 2023, GDP Price Deflator inflation measure cited
4 Source: ONS, June 2023

Operational Review

Spotlight on our sectors

We serve a range of industries providing in-depth market knowledge of the best STEM talent, services and solutions for our customers. In this section we share insights about our **five largest UK sectors**.

Our Sectors

- We operate across five main industry sectors in the UK, as follows:
  - Infrastructure
  - Defence
  - Energy
  - Mobility
  - Technology, Media & Telecoms (TMT)
- Smaller sectors with activity include Public Sector, Smart Manufacturing, Professional Services and Finance, Banking & Insurance (FBI).
- Our International operations focus on the TMT, FBI Infrastructure and Energy industries across Europe and North America.
- Our Gattaca Projects Statement of Work division operates over a cross-section of our sectors, with a current focus in the Defence sector.

Infrastructure

The UK's infrastructure needs significant long-term investment for renewal programmes and the current UK Government recognises the economic and social benefits of doing so. There are a wide range of major projects ongoing spanning the coming years, including AMP7 in water, the Transpennine Route upgrade and continuing HS2 London-Birmingham route in rail and the UK National Highways programme of improvements. However, the uncertainty over the last year of the future of the HS2 rail programme, ultimately leading to recent announcements regarding its curtailment, has negatively affected demand for resource in the major rail projects. We have also observed fewer new major infrastructure projects being announced during 2023. In addition, rising interest rates causing borrowing concerns, coupled with labour shortages and strong competition for talent have meant UK construction output has declined on 2022.

We are a well-established staffing provider in the UK labour market, supporting large regional and national projects across transportation, water and utilities with a focus on contract labour provision. Our clients are still hiring permanent staff, although this slowed towards the end of FY23 as they started to re-evaluate their recruitment, in line with their projected workloads.

NFI

£14.1m

+3.8% on FY22

Our contractor numbers remained flat during FY23, with changes to the IR35 legislation and contractors considering taking on permanent roles being the key factors driving this. Skills we are currently seeing in high demand include project management, civil engineering, construction management and specific technology skills such as Building Information Modelling. However, rising pay rates have helped provide topline growth without volume increases.

As we look forward into FY24, our aim is to build on our long-term relationships with our high-quality clients, to ultimately increase our share of their spend by broadening our skills and services offering, with a strong focus on growing back our contractor volumes.

Jason Clements
Head of Infrastructure

Operational Review continued

Defence

The Defence market is typically stable through changes in economic cycles. Current geopolitical uncertainty and the Ukraine conflict are encouraging the UK and other global governments to increase their defence spending and UK Budget announcements 2023 have committed to increase defence spend to £11bn over the next five years. These conditions are creating very high demand in the UK for systems and software engineering, manufacturing, technology and cyber skills. With the sector struggling to fill vacancies due to labour and skills shortages, this is leading to fast growth in permanent salaries and contractor day rates. The strength of demand is such that the resourcing conversation in the sector is shifting from how to fill skills gaps to how to build critical mass for current and future generations.

We work with more than half of the UK Ministry of Defence's top 100 suppliers, as well as many smaller companies and start-ups with the potential to become future key industry players. We believe this breadth makes us unique in the sector and gives us growth opportunities with new and existing clients.

With most clients looking for permanent hires and contract demand running high due to demand on projects, our NFI being heavily driven by candidate availability and confidence. The sector's attractiveness in uncertain economic times and redundancies in the technology sector through 2023 may increase candidate numbers in the future.

We are also seeing increasing demand from our clients for engineering Statement of Work packages and we are developing our offering this space with Gattaca Projects and investing in our business development capability to capitalise on these emerging opportunities.

NFI

£8.0m

+18.9% on FY22

Aidan Wood
Head of Defence & Security

Mobility

We have a solid foundation in Mobility, with large clients, with both contingent and solutions delivery, across the automotive, aerospace and maritime subsectors and are now seeing post-pandemic recovery across all sub-sectors. Due to the mobility shutdown during the pandemic, we also lost alot of our core recruiting team and so over last two years, we have focused on rebuilding our brand presence and capability to enhance our competitive position, bringing in senior people with strong market connections and upskilling newer hires.

Across mobility sub-sectors, investment remains strong. The ongoing increase in the airframe order book has positively impacted supply chain demand and we are currently seeing decarbonising transport becoming a key trend. Many businesses, including smaller OEMs and consultancies, are working on battery systems, fuel cells, propulsion systems amongst others, as well as developing and manufacturing low or zero carbon emitting vehicles. We are monitoring the related market of battery recycling, which is likely to grow significantly.

In aerospace, clients are looking for quality and manufacturing skills, while power electronics and systems engineering skills are in high demand in automotive.

In maritime, the greatest demand is for trades skills. We see maritime as our biggest growth area and we have expanded our sales team in response.

Decarbonising transport is a key trend in Mobility. Many businesses, including smaller OEMs and consultancies, are working on battery systems, fuel cells and propulsion systems, for example, as well as manufacturing low or zero carbon emitting vehicles. We are monitoring the related market of battery recycling, which is likely to grow significantly.

Most of our current clients are looking for permanent candidates, although we are also looking to grow our contractor base by having more consultants targeting that business. We also have a mature solutions offering, with several medium-sized RPO and MSP programmes.

NFI

£4.5m

-0.9% on FY22

Daniel Tchupan
Head of Mobility

Operational Review continued

Energy

Our Energy sector team supports clients working in energy generation, transmission and distribution, across oil & gas, nuclear and renewables, servicing the end-to-end supply chain. Renewable energy generation is critical to transitioning to a low-carbon economy, and wind and solar are particular targets for us. We work with three of the biggest offshore wind generators in the UK and our focus is on securing further large resourcing projects in renewables. The UK Government's plan to triple current wind generation capacity to deliver up to 50GW of offshore wind by 2030 has been set back by the failure of the 2023 annual auction due to pricing disputes with private developers, which will have a negative impact on project resource requirements in the current years. However, future capacity increases will require new high voltage connections and substations, requiring substantial upgrades to the UK's electricity network.

Electrical engineering skills are in particular current demand, as are project management, controls and design engineer skills. In the nuclear sub-sector, security-cleared candidates are in short supply but high demand, and energy companies are in competition with the defence industry.

Clients are seeking specialist permanent hires to fill their core teams but the most experienced individuals often prefer high-paid contracting roles. However, fresh talent is being brought into the sector through high-quality industry apprenticeships and relevant STEM subjects being studied widely at universities.

We have a well-known brand, having worked with many of the largest players in the UK industry across many years, and investment in renewable energy, our growth focus area, continues to expand. We are investing in additional sales resource in FY24 to provide us with critical mass and support growing our capability in this area.

NFI

£4.1m

+5.9% on FY22

Grahame Carter
Chief Sales Officer, Head of Energy

Technology, Media & Telecoms (TMT)

The large majority of our TMT business is in technology. Massive demand for process digitalisation during the pandemic led many technology companies to over-hire in 2020, resulting in industry-wide workforce reductions earlier this year. These were mainly in larger businesses, with smaller scale-ups often continuing to hire.

Despite this instability, the market has remained larger than pre-pandemic and confidence has started to return in some areas. We are now seeing greater demand for permanent hires, as well as more willingness for permanent staff to switch roles. Cyber security skill demand is particularly strong, in a hostile cyber environment, with demand from all types and sizes of business. Clients are also continuing to seek software development, cloud and infrastructure skills.

In a highly competitive market, we are looking to stand out by adding value as workforce solution providers, supporting clients across their HR and talent management, as well as providing genuine insights into the market.

With companies in all sectors needing technology talent, TMT have opportunities to cross-sell to other sector clients, as well as provide the launchpad for Gattaca to expand our work for technology clients beyond technology roles and into areas such as professional services. We have built good momentum in a challenging year and the brand architecture refresh is enhancing our go-to-market position.

> "AI is dominating the news but most businesses haven't yet identified how they can use it to their benefit. We're building our AI skilled talent pool to be at the forefront when clients start to understand how they can use AI to their advantage."

NFI

£2.6m

-39.6% on FY22

Danny Ingram
Head of TMT

Chief Financial Officer's Report

Closely managing cost in a challenging market

Highlights

- Continuing underlying profit before tax of £2.6m in FY23 (2022 restated: £0.3m)
- Net cash of £21.6m (2022: £12.3m)
- Ordinary dividend reintroduced of 2.5 pence per share and special dividend of 2.5 pence per share proposed
- Share buyback of £0.5m completed in the year
- Rationalisation of our UK property portfolio, from 5 offices down to 3

GROUP CONTINUING UNDERLYING PBT

£2.6m

(2022 restated: £0.3m)

NET CASH

£21.6m

(2022: £12.3m)

Financial Performance

On a continuing basis, revenue of £385.2m (2022 restated: £403.9m) generated NFI of £43.4m (2022 restated: £44.2m). We achieved contract, Statement of Work (SoW) and other NFI of £32.0m (2022 restated: £31.3m) at a margin of 8.5% (2022: 8.0%), and permanent recruitment fees of £11.4m (2022 restated: £12.9m). SoW NFI, included within contract NFI, of £2.1m (2022: £1.3m) is all delivered though contract labour provision on long term projects. Contract NFI was up 2% against FY22 driven by the Group's continued its focus on quality of earnings and margin, which saw the us exiting some low margin contracts. The greatest impact of the market conditions on NFI was seen in permanent recruitment, which was down 11% on the prior year, driven by industry-wide client and candidate challenges.

Underlying profit before tax from continuing operations was £2.6m (2022 restated: £0.3m). Statutory profit after tax for the total Group was £1.2m (2022 restated: loss after tax of £(4.6)m). Within underlying trading, net credits of £0.5m (2022: nil) were recorded as a result of releasing aged unclaimed contractor liabilities and customer overpayments in line with our accounting policies.

Net cash at 31 July 2023 was £21.6m (31 July 2022: £12.3m), an increase of £9.2m in net cash year-on-year. The optimisation of the Group's working capital is a key focus and through the year the Group benefited from a significant improvement in DSO through improved collection performance and renegotiated trading terms.

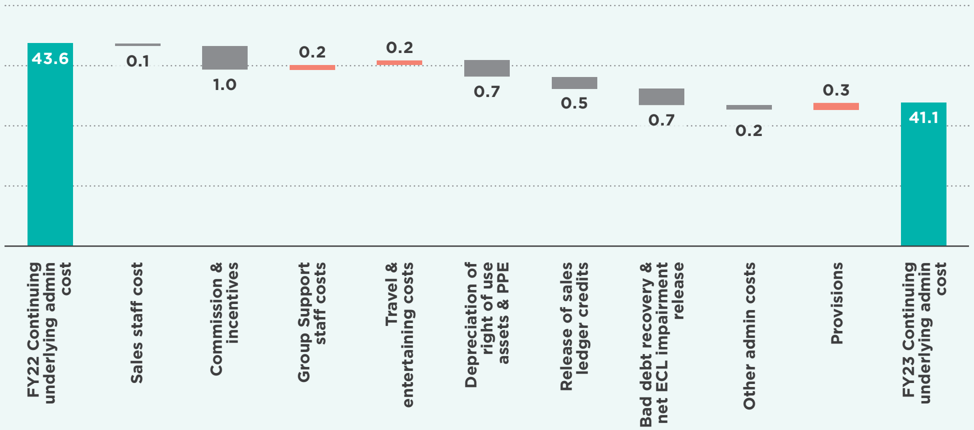
> "As the market has tightened during the year, we have improved profitability by focusing on individual productivity and simplifying our processes. Our return to profit and strong balance sheet supports the reintroduction of dividends and our share buyback programme."

Oliver Whittaker
Chief Financial Officer

Chief Financial Officer's Report continued

Continuing underlying administration costs

(all figures £m)



Discontinued operations and non-underlying costs

The below table reconciles continuing underlying profit before tax to reported statutory profit before tax for the total Group:

£'000	Profit before tax
Continuing underlying profit before tax	2,568
Restructuring costs in continuing business	(249)
Net gains associated with exited properties	614
Other continuing non-underlying costs	(190)
Operating loss related to discontinued operations: Restructuring and closure costs	(186)
Amortisation of acquired intangibles	(68)
Net foreign exchange losses	(253)
Profit before tax for the total Group	2,236

Non-underlying restructuring costs in the year in continuing business primarily related to employee rationalisation programmes in our North America, South Africa and European locations. We also enacted exit proceedings over the UK office of the RSL Rail division; the right of use asset had been fully impaired through non-underlying results in FY22, so the associated £0.7m gain realised on release of the lease liability has also been presented as non-underlying in FY23.

All costs associated with discontinued operations are presented as non-underlying, as these now solely relate to ongoing closure costs of those operations treated as discontinued in prior periods, primarily Mexico, Malaysia, Singapore, Qatar and Russia. We will continue to incur costs associated with discontinuing legacy operations as the legal wind down of those operations is concluded.

During the year, amortisation of acquired intangible assets was £0.1m.

We continue to co-operate with the US Department of Justice and there have been no significant new matters in this regard during the year. Legal fees on this matter were £2,000 in the year (2022: £33,000). As shown in Note 27 to the financial statements, the Group is not currently in a position to know what the outcome of these enquiries may be and we are therefore unable to quantify the potential financial impact, if any.

Taxation

The Group's reported effective tax rate was 45.0% (2022 restated: 9.0%), driven by overseas losses not recognised as deferred tax assets, and non-deductible expenses arising from the corporate restructuring fees and streamlining of the Group. Further detail is set out in Note 9 of the consolidated financial statements. The continuing underlying effective tax rate was 42.7% (2022 restated: 51.4%).

Earnings per share

Basic earnings per share was 3.8 pence (2022 restated: (14.3) pence loss per share), and on a fully diluted basis was 3.8 pence (2022 restated: (14.3) pence diluted loss per share). Continuing underlying basic earnings per share was 4.6 pence (2022 restated: 0.5 pence).

Chief Financial Officer's Report continued

Dividends

Our long-standing objective has been to achieve a through-the-cycle dividend payout of approximately 50% of profits after tax. The Board has proposed a final ordinary dividend of 2.5 pence per share (2022: nil pence), accompanied by a one-off special dividend of 2.5 pence per share, both of which will be paid in December 2023.

Given the Group's sustained high liquidity and acknowledging the reduced shareholder returns in previous years, the Board are now keen to return value to shareholders through various channels, such as special dividends and the two share buybacks undertaken this year.

Capital expenditure

The Group incurred capital expenditure in the period of £0.2m (2022: £0.4m), on leasehold improvements and replacement of office furniture and fittings.

Net assets and shares in issue at 31 July 2023

The Group had net assets of £30.8m (2022 restated: £30.5m) and had 31.9m (2022: 32.3m) fully paid ordinary shares in issue.

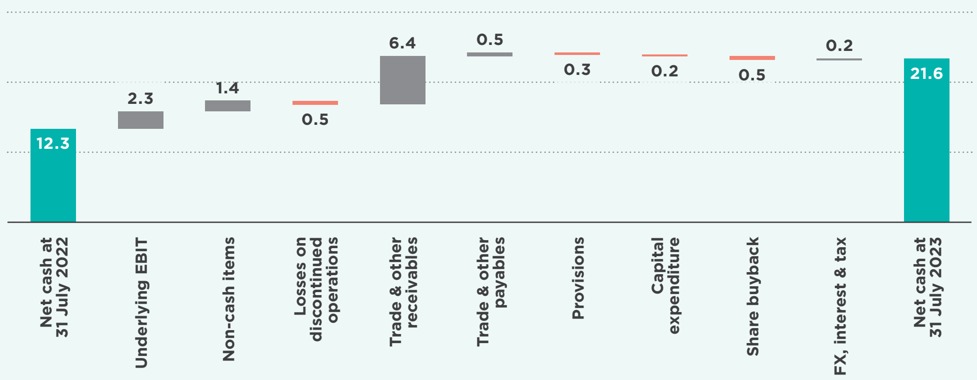
In April 2023 the Group announced the launch of a £0.5m share buyback programme. This share buyback concluded in May 2023 with a total of 447,000 shares bought back, and subsequently cancelled, returning £0.5m of surplus cash to shareholders. With this achieved, on 21 August 2023 the Board announced a further share buyback with a view to returning a further £0.5m to shareholders, of which £0.4m has been completed to date.

Group net cash at 31 July 2023 was £21.6m (31 July 2022: £12.3m), an increase of £9.2m year-on-year.

We saw a strong performance in the Group's days sales outstanding (DSO) at 31 July 2023 of 46.6 days, being a reduction of 8.0 days since 31 July 2022 (restated: 54.6 days). This was driven by further improvements in cash collection and an improved payment terms mix, including the loss of certain clients with longer payment terms, which resulted in a £8.0m reduction in trade receivables and accrued income balances to £47.2m (31 July 2022 restated: £55.2m).

Cash flow and net cash position

(all figures £m)



Net bank interest received/(paid) was £0.3m (2022: £(0.1)m) as a result of the positive net cash balance maintained throughout the year.

As at 31 July 2023, the Group had an invoice financing working capital facility of £50m, covering both recourse and non-recourse.

Under the terms of the non-recourse facility, the trade receivables are assigned to, and owned by, HSBC and so have been derecognised from the Group's statement of financial position.

In addition, the non-recourse working capital facility does not meet the definition of loans and borrowings under IFRS.

At 31 July 2023, utilisation of the recourse facility was nil and utilisation of the non-recourse facility was £3.8m, with unutilised facility headroom after restrictions of £27.6m.

Chief Financial Officer's Report continued

Critical accounting policies

The statement of significant accounting policies is set out in Note 1 to the financial statements.

Whilst reviewing the Group's revenue cut-off during the FY23 year-end, management identified a revenue cut-off error affecting the prior financial year. Identification of this led us to reassess our accounting policy on how accrued revenue and accrued cost balances are determined at each period end.

The Group's upgraded ERP system, implemented during FY21, and development of our knowledge about how to use our data most effectively, has led management to conclude that it would have been appropriate to have extended the cut-off assessment period of the Group's revenue and contractor cost cut-off positions, to include a greater period of approved timesheets received late.

Changes have been applied retrospectively, as required by the accounting standards. Prior period financial information throughout the Annual Report and Accounts 2023 has been restated where applicable. Full details are provided in Note 1.24 to the consolidated Financial Statements on page 120.

Group financial risk management

The Board reviews and agrees policies for managing financial risks. The Group's finance function is responsible for managing investment and funding requirements including banking and cash flow monitoring. It seeks to ensure that adequate liquidity exists at all times, to meet its cash requirements. The Group's financial instruments comprise borrowings, cash and various items, such as trade receivables and trade payables that arise from its operations. The Group does not trade in financial instruments. The main risks arising from the Group's financial instruments are described below.

Credit risk

The Group seeks to trade only with recognised, creditworthy third parties. We monitor receivable and unbilled balances on an ongoing basis and in 2023 have continued to take a conservative approach to receivables and unbilled risk in light of the challenges in the UK and overseas economies, tempered by an overall reduction in trade receivables and accrued income balances, resulting in a decrease to our loss allowance by £(0.6)m to £2.1m.

There are no significant concentrations of credit risk within the Group, with no single debtor accounting for more than 8% (2022: 8%) of total receivables balances at 31 July 2023.

Foreign currency risk

The Group generates 5% of its annualised NFI from continuing business in international markets. The Group does face risks to both its reported performance and cash position arising from the effects of exchange rate fluctuations. The Group manages these risks by matching sales and direct costs in the same currency and where appropriate entering into forward exchange contracts to effect the same where sales and costs are not in the same currency.

Oliver Whittaker
Chief Financial Officer

23 October 2023

Sustainability

Building a better future

FY23 Highlights

- We established the Sustainability Committee, chaired by our CFO, to support the Board on the development, implementation and monitoring of Gattaca's ESG strategy
- We appointed our new Head of Sustainability, Lucy Pope, to drive forward strategy development and tactical delivery
- We created and embedded our Employee Resource Groups, covering gender equality, equity, diversity & inclusivity (ED&I), the LGBTQIA+ community and the environment

Committing to our ESG Strategy

"Building a better future" is at the core of our business and is integral to delivering our Purpose. Every day, we support the careers of talented STEM workers who are innovating to address global challenges. Together with STEM employers, we are helping to create a more sustainable, accessible, and inclusive world.

Sustainability, however, is not limited to our day-to-day operations but requires a broad approach encompassing the Environmental, Social and Governance (ESG) aspects of our business. To ensure a lasting positive impact, our ESG Strategy has set out our core focus areas and includes our commitments to change.

ENVIRONMENT

SOCIAL

GOVERNANCE

This year, we formulated Gattaca's ESG Strategy and established the governance and management structure to deliver it. Following on from our ESG materiality assessment in FY21 and development of our ESG Framework in FY22, it has further evolved into our ESG Strategic Pillars, aligned with the United Nations Sustainable Development Goals (SDGs). Each of these seven pillars has clear goals and action plans aligned to it, enabling us to monitor progress against our sustainability commitments.

With our ESG Strategy set out, our focus for FY24 is on driving meaningful action to further integrate sustainability throughout Gattaca and to strengthen engagement with our key stakeholder groups on key sustainability issues.

> "We have made progress this year in defining Gattaca's ESG strategy and I am excited about the prospect of accelerating our sustainability journey into FY24 and beyond. It's great to see the passion, experience and variety of perspectives informing how we go forward in this together."

Lucy Pope
Head of Sustainability and member of the Sustainability Committee

Read our Non-Financial and Sustainability Information Statement / **Page 38**

Read about our governance over our ESG Strategy / **Page 51**

ESG: Strategic Pillars

Our ESG Strategy

	ENVIRONMENT		SOCIAL			GOVERNANCE	
	Achieving our low-carbon commitments	**Providing the STEM skills to build a low-carbon future**	**Promoting the health, wellbeing & development of our colleagues**	**Creating equitable & inclusive workplaces for our colleagues & customers**	**Positively impacting our philanthropic communities & partnerships**	**Governance, management & compliance**	**Fair & ethical conduct**
FOCUS AREAS	• Reduce our carbon footprint against science-based targets • Support carbon offsetting projects • Colleague engagement and volunteering	• Grow renewables within our Energy sector • Provide STEM talent to support our clients' "green" targets	• Promote and support colleague mental, physical, financial and social wellbeing • Enable the continuous development of our people	• Pursue gender equality • Implement equitable processes and operating procedures • Foster inclusive behaviours and recruitment practices	• Local and corporate partnership support and fundraising activities • Increase presence in forums driving change on social and environmental issues	• Keep robust governance, management, compliance and stakeholder relationships core to business operations	• Maintain high standards of professional conduct, legal and regulatory compliance • Set high ethical standards for ourselves and across our stakeholder relationships
TARGETS	• 90% reduction in Scopes 1 & 2 emissions by 2030 and neutralise residual emissions • 57% reduction in Scope 3 emissions by 2030 • Net Zero on or before 2050 • Compensate direct business emissions[1] by offsetting from FY23	• Increase sales headcount and focused marketing within renewable energy • Grow our "green jobs" impact	• Improve early recognition of the need for and access to wellbeing support • Ensure our people have the skills they need to support our clients and candidates	• 40% gender balance in leadership and management roles by 2024 and 50% by 2026	• Raise £100,000 for charity partner, Foothold • Help 1,000 socio-economically disadvantaged young people access work experience and gain employability skills via charity partnerships	• A transparent, simple and trusted approach to governance that benefits our people & our business	• Drive and execute continuously relevant expectations internally and externally, that support our mission on a daily basis
SDGs	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES	8 DECENT WORK AND ECONOMIC GROWTH	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

ENVIRONMENT	SOCIAL	GOVERNANCE
Read more / **Page 37**	Read more / **Page 47**	Read more / **Page 51**

1 Direct business emissions includes all Scope 1 & 2 emissions, and selected Scope 3 categories; business travel, water, waste, employee commuting, work from home and Well-to-Tank.

ESG: Environment

Delivering against our climate commitments

We strive to minimise our use of finite resources by **working towards Net Zero**, whilst **continually improving our environmental performance**.

Reduction in UK Scope 1 & 2 emissions since FY22

-44%

Reduction in Scope 1 & 2 emissions since baseline year (FY20)

-58%

Target[1]

90% reduction

in Scope 1 & 2 emissions, and 57% reduction in Scope 3 emissions, by 2030

Our environment strategy is brought to life across two pillars:

Achieving our low-carbon commitments

FY23 Highlights

- Our near-term and long-term Net Zero emissions targets were submitted to the Science Based Targets initiative (SBTi) for validation.
- We achieved a Silver EcoVadis rating in FY23, improving on our FY22 rating and placing us in the 85th percentile of all rated companies.
- We converted to renewable energy supplies for our UK Head Office via the use of Ofgem-approved Renewable Energy Certificates.
- We supported STEM-aligned offsetting projects with Gold Standard or Verified Carbon Standard accreditation; clean water handpumps in Mozambique, wind energy farms in Turkey and biomass power plants in India.

Read more about our carbon footprint / Page 45

Providing the STEM skills to build a low-carbon future

Looking Ahead

- Integrate climate-related considerations into key business decisions through the Sustainability Committee.
- Continue a programme of engagement with our suppliers to work towards Scope 3 reduction.
- Investment in increasing sales headcount in FY24 to focus on the Renewable Energy sub-sector.
- Define the criteria for our "green jobs" standard in partnership with our customers, and implement a process to spotlight "green jobs" and measure our placements.

Case Study

In FY22 we partnered with an environmental consultancy to measure Gattaca's baseline carbon footprint and begin the development of our Net Zero strategy. In FY23, using ever-increasingly detailed data, methodology and with our developing understanding of emissions reduction, we have refined our targets. We have substantiated our approach by submitting both near-term and long-term Net Zero targets to the Science Based Targets initiative (SBTi), supported by a carbon emissions reduction plan. Our SBTi targets are scheduled for validation in FY24.

2020 Baseline year

2030 Near-term target

2050 Net Zero

1 During FY23 we further developed the sophistication of our carbon reduction plan and have aligned our GHG emissions goals with our near-term and long-term Net Zero SBTi-submitted targets.

- Our work in preparing submissions to the SBTi has clarified the action Gattaca must take to achieve Net Zero, which includes our intention to neutralise our residual Scope 1 & 2 emissions through permanent carbon removal and storage by 2030.
- Our Scope 3 emissions reduction target is aligned to our SBTi-submitted targets, prepared in conjunction with our business plan and growth forecasts to 2030.

ESG: Environment continued

Non-Financial and Sustainability Information Statement

Climate-related Financial Disclosures

The Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022 has introduced requirements aligned to the Task Force on Climate-related Financial Disclosures (TCFD) framework. Gattaca supports the TCFD recommendations, and we are committed to developing our climate-related disclosures to engage with our investors and other stakeholders during our climate journey.

Governance & Risk Management

The Board has ultimate responsibility for the Group's overall strategy, including matters relating to sustainability, the environment and emissions. The Board sets the Group's Environmental, Social and Governance (ESG) strategy and takes responsibility for the overall management and implementation of its strategy, including climate action and assessment of climate-related risks and opportunities.

The Sustainability Committee, established during FY23 and chaired by Oliver Whittaker, our Chief Financial Officer, supports the Board on development and implementation of the ESG strategy. The Committee oversees management and advises the Board on corporate social responsibility and sustainability initiatives of the Group, including reviewing the related policies and practices, and making recommendations to the Board on matters concerning the Group's sustainability development and risks.

The Senior Leadership Team, supported by the Sustainability Management Team, are responsible to the Board for successful implementation and delivery of the Group's ESG strategy.

Risk and uncertainties are an inherent part of any business, and we manage this through our Risk Assurance Framework. This Framework is in constant operation to continually manage our business in line with strategic priorities, and how we, and our stakeholders, can be positively enhanced by opportunities, and not adversely impacted by threats.

The Senior Leadership Team and Sustainability Committee ensure that all potential climate-related risks and opportunities are considered within the Framework and are incorporated into the Group's risk register, which is reviewed by the Board and Audit Committee at least annually.

Read more about the Gattaca plc Board of Directors / Page 67

Read more about our Governance Framework / Page 51

Read more about Risk Assurance / Page 55

Strategy

Gattaca, through the nature of our business as a recruitment services provider, is inherently a low-carbon business in our own operations. However, we recognise that we still have an important part to play to build a low-carbon future.

Our climate action is focused across two pillars:

Achieving our low-carbon commitments

- Reducing our carbon footprint against science-based targets
- Supporting carbon offsetting projects
- Colleague engagement and volunteering

Providing the STEM skills to build a low-carbon future

- Growing renewables within our Energy sector
- Providing the STEM talent to support our clients' "green" targets

This year our key focus has been on:

- formulating our science-based emissions reduction targets and roadmap;
- developing the Group's governance arrangements around climate-related risks and opportunities and integrating our climate action with the Group's strategy; and
- partnering with organisations across our operating sectors, sourcing the STEM talent to build a low-carbon future.

In FY23 we achieved our target to compensate our direct business emissions through carbon offsetting. We offset 1,177 tonnes against our FY22 calculated footprint, including all Scope 1 & 2 emissions and selected Scope 3 categories; business travel, water, waste, employee commuting, work from home and Well-to-Tank.

ESG: Environment continued

Climate-related risks and opportunities

We have analysed the key climate-related risks and opportunities for our business over the short, medium and long term as set out below. We will continue to review and update our assessment in response to emerging climate-related risks and opportunities as both the landscape evolves and our climate strategy develops further.

The time horizons over which we have assessed climate-related risks and opportunities are aligned with our wider business strategy:

Short term: Up to three years

We have aligned this term with the Group's financial forecasting period in our business plan. During this period, we can reasonably assess the "immediate" financial impacts of risks and opportunities and focus our climate action accordingly.

Medium term: Between four and ten years

Over this period our focus is on identifying and managing emerging climate-related risks and opportunities.

Long term: Beyond ten years

The impacts of changes in market trends, government policy and physical climate change are expected to be experienced over this period.

Physical risks are those arising from the climatic impact of higher average temperatures, such as the increased frequency and severity of extreme weather events, whilst **Transition risks** are those arising from the changes in technology, markets, policy, regulation, and consumer sentiment which will result from our transition to Net Zero.

The key climate-related risks and opportunities discussed in the following pages are those considered to be significant to the future outlook of the Group. The potential impact of each has been assessed by the Directors as **high** H, **medium** M or **low** L through consideration of the Group's business plan and strategy, and the major strategic implications for our business of different climate scenarios, aligned with the Network for Greening the Financial System's (NGFS) climate framework.

As our climate-related reporting develops in the future we aim to disclose the potential financial impact of key climate-related risks and opportunities on the Group's performance and financial position.

Climate change-related risks

Due to the nature of our business and the mitigation actions which we have in place as part of our climate strategy we have not identified any climate-related risks that will significantly impact the Group's ability to implement its wider business strategy in the short, medium or long term. The Group's principal climate-related risks, and their mitigations in our business plan, are detailed below:

Risk – Reputation

- **Failure to take sufficient climate action to meet the expectations of investors, colleagues and clients**
- **Failure to deliver on our Net Zero commitments**

Type: Transition **Impact:** H **Timeframe:** Short term

Potential business impact

Investors: Actual or perceived climate inaction by the Group and failure to comply with all climate-related reporting requirements may discourage investors and could potentially impact the amount of capital available for investment in growth of the business.

Colleagues: As a People business, our ability to attract and retain talent is fundamental to our success. Therefore, our reputation with current and future employees is a significant consideration.

Clients: Our clients, and prospective clients, in STEM markets are increasingly favouring partners with strong green credentials to support their own climate strategies. Failure to meet clients' expectations could lead to loss of clients, resulting in lost revenue and loss of competitive advantage.

Resilience

As a services business, our carbon footprint is comparatively low. However, we recognise that we still have a role to play in the global climate challenge.

By 31 July 2023, the Group has already achieved a 16% reduction in total emissions against our FY20 baseline (unaudited[1]). The key drivers behind this were the reduction in our real estate footprint and switching the heating energy source for our HQ office.

Alongside these actions we are supporting accredited offsetting projects, specifically three projects aligned with our STEM focus.

We recognise that we are at the start of a long journey, we are committed to taking meaningful steps each year towards our emissions reduction targets.

We anticipate that our stakeholders' expectations will continue to evolve in response to market factors and we are committed to regularly reassessing and realigning our climate action to address these changing views.

1 The Group has engaged with an external environment consultancy to support in preparing its carbon emissions reporting. No independent assurance has been obtained over the Group's energy usage and emissions data for the current, comparative or baseline years.

Type of Risk	Transition	Physical	
Impact of Risk	High	Medium	Low
Timeframe of Risk	Short	Medium	Long

ESG: Environment continued

Climate change-related risks continued

Risk – Reputation continued

Partnering with clients who are perceived to be high carbon emitters and/or are high users of natural resources, that are not working towards sustainable operations

Type: Transition **Impact:** L **Timeframe:** Medium

Potential business impact

As stakeholders' expectations evolve, we may experience reputational damage through association with these categories of clients.

Resilience

The Group has started to engage with clients to understand and support their climate strategies. This will in turn enable transparency on clients that may fall within this risk category and developing our climate strategy.

The residual risk level is acknowledged by the Board and Senior Leadership Team.

Risk – Policy and Legal

Increase in mandatory climate-related regulation and reporting requirements

Type: Transition **Impact:** M **Timeframe:** Short

Potential business impact

We expect the level of regulation and detail of reporting requirements in this area to continue to grow. Systematic failure to allocate sufficient resources and management time to ensure that the Group can comply with these enhanced regulations and reporting obligations in the future could result in negative financial and reputational impacts on the business.

Resilience

The Group has a robust governance framework and experienced multi-disciplined representation in the Executive Board, Senior Leadership Team and management team. We continually monitor, analyse and keep ahead of regulatory and reporting change. We will assess on an ongoing basis the level of internal resource and external consultancy support required to ensure the Group continues to meet its regulatory and reporting obligations.

Risk – Market

Fossil fuel sector exposure

Type: Transition **Impact:** L **Timeframe:** Medium

Potential business impact

Over the medium to long-term we expect a reduction in client demand in the Oil & Gas sector in response to market factors. Therefore we also forecast a reduction in future NFI from this sector.

Resilience

The Group's exposure to the fossil fuel sector is low, currently less than 5% of NFI, and we have no planned investment into sales headcount increase in our Oil & Gas teams. Instead, we have increased our focus on the Renewable Energy market and we view the gradual transition away from fossil fuel work as critical to Gattaca's business strategy in the Energy sector. Our agile operational strategy and workforce will enable us to easily transition staff currently focused on the fossil fuel sector into other renewable energy markets.

Risk – Weather

Impact of extreme weather on operational performance and productivity

Type: Physical **Impact:** L **Timeframe:** Long

Potential business impact

Increasing frequency and severity of extreme weather events impacting clients, contractors and staff across our areas of operations could result in reduced productivity due to lack of access to technology and office locations and NFI reduction. Additional investment may be required to maintain operational effectiveness and to minimise risk to our people, infrastructure and technology.

Resilience

Our industry is less exposed to the costs of physical climate change than others, as direct levels of business infrastructure are lower.

Business continuity plans are in place covering a range of extreme weather scenarios. The majority of employees work in close proximity to their offices, meaning that all locations could be similarly impacted by outages to utilities or physical access challenges, so operations could still be interrupted.

We will continue to monitor the risks associated with extreme weather and our associated business continuity plans. No immediate response is required in light of the long term timeframe for this risk.

ESG: Environment continued

Climate change-related opportunities

The Group's principal climate-related opportunities, along with details about how our strategy seeks to maximise the potential business impact of each, are set out below:

Opportunity – Market

- **Increased NFI from growth of low-carbon industries (green jobs)**
- **Potential for Gattaca to gain competitive advantage in talent attraction within its chosen markets**

Type: **Impact:** M **Timeframe:**

Potential business impact

We anticipate that clients' changing demands in our markets will provide opportunities for material growth, for example:

- Growth of renewables in the Energy market, reflecting investment into the changing mix of energy generation technologies across our locations
- Growth from green innovation creating new STEM jobs across Gattaca's other sectors, particularly Infrastructure and Mobility
- Creation of new roles and careers pathways in sustainability management and reporting, requiring specialist skillsets which we could deliver for existing and new clients
- Potential for further sustainability-focused investment and government grants available to our clients, resulting in additional opportunities for NFI growth

Gattaca's Response

Our agile structure enables us to pivot our workforce easily and dynamically to respond to demand and emerging opportunities.

The Senior Leadership Team have targeted renewables as a key investment area for sales headcount growth in FY24. We are focused on sourcing STEM talent for energy clients who are leading the charge to a sustainable future.

During FY24 we are developing our focus on green jobs in STEM, enabling our candidates to directly search for green job opportunities and developing our reporting to quantify the number of candidates we place into green jobs across all of our sectors.

Opportunity – Reputation

Further positioning Gattaca as a climate-conscious business

Type: **Impact:** M **Timeframe:**

Potential business impact

Increasingly, we are experiencing greater demand from our stakeholder groups for information about our climate strategy and carbon reduction plan. In particular, this year we have engaged with key clients reviewing their own transition plans.

We believe that there is an opportunity for Gattaca to stand out from our competitors as a climate-conscious business and to obtain competitive advantage in the future as a result.

Gattaca's Response

Corporate social responsibility and positive value creation for all our aligned stakeholder groups has always been of paramount importance to Gattaca. During FY23 we have continued to formulate our climate strategy, targets and actions, and have established the internal governance and management structure to deliver it.

Our plan for FY24 focuses upon:

- Publishing our Sustainability Report to provide our stakeholders with more information about our sustainability journey, our achievements to date and our commitments for the future
- Continuing the current trajectory of carbon footprint reduction against our Net Zero strategy
- Investing in beyond value chain mitigation through offsetting projects
- Raising employee climate awareness and engagement in climate impact philanthropic activities
- Further developing our climate-related financial disclosures

ESG: Environment continued

Climate-related Scenario Analysis

To integrate climate change impacts into our business planning, Gattaca has assessed how the outcomes of climate change-related risks and opportunities vary across different climate scenarios. Three climate scenarios have been considered, aligned with the Nature for Greening Finance System (NGFS), to gauge how physical and transition risks are affected under different future climate states.

Two Opposite Scenarios (as defined by NGFS)

Net Zero 2050

+1.4°C

Current Policies

+3°C

More transition risks

More physical risks

Net Zero by 2050

- An ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching Net Zero CO_2 emissions around 2050
- This scenario assumes that ambitious climate policies are introduced immediately
- Transition risks to the economy could result from higher emissions costs and changes in business and consumer preferences

Delayed Transition

- This scenario assumes global annual emissions do not decrease until 2030
- In this scenario, there is a slower pace of global action and a delayed transition towards a low-carbon economy
- Strong policies are then needed to limit warming to below 2°C

Current Policies

- This scenario assumes that countries continue with their existing climate policies without implementing more aggressive measures, leading to high physical risks
- Emissions grow until 2080 leading to severe physical impacts, such as sea level rise, extreme weather events and ecosystem disruptions

Risk and Opportunity Scenario Analysis

Each of the Group's key climate change-related risks and opportunities has been stress-tested against the two opposite scenarios: Net Zero 2050 and Current Policies. While acknowledging these extremes as possibilities, Gattaca anticipates a realistic outcome lying somewhere in between these two opposite scenarios.

Scenario analysis seeks to support our strategy and the resilience of our business model in a changing landscape. By evaluating the impacts through two opposing scenarios, Gattaca can monitor real-world data to inform future business decisions. We recognise the benefit of quantifying financial impacts for robust scenario analysis and will look to use this first disclosure as a basis to build upon for subsequent climate-related disclosures.

> **"Ongoing climate-related scenario analysis will inform Gattaca's strategy and give us insight about the resilience of the Group's business model throughout our journey to Net Zero. The next step is to develop our reporting on the potential financial implications of the risks and opportunities of climate change on our business."**

Jemima Childs-Clarke
Group Finance Director

ESG: Environment continued

Climate-related Scenario Analysis continued

Climate change-related Risks:

	Failure to take sufficient climate action to meet the expectations of investors, colleagues and clients	Partnering with clients perceived as high carbon emitters or resource-intensive	Increase in mandatory climate-related regulation and reporting requirements	Fossil fuel sector exposure	Impact of extreme weather on operational performance and productivity
Net Zero by 2050 (exposure to Transition Risk)	Although Gattaca's Net Zero commitments align with this scenario, the rapid introduction of more stringent legislation and government policy could amplify reputation risk among stakeholders if Net Zero targets are missed.	Under this scenario, we would likely see increased scrutiny from stakeholders in this area. Gattaca would continue to balance the commercial and reputation risks of its client relationships, however greater urgency and frequency of reviews may be required.	Under this scenario, Gattaca expects more stringent corporate regulation to be introduced in the short term, resulting in increased cost of compliance, both in terms of external consultancy spend and internal resources. We would also expect price rises in the carbon offset market.	A rapid transition to renewable energy would exert significant pressure on the fossil fuel sector. Gattaca's exposure to this sector is low, less than 5% of NFI, however this drop-off is likely to be offset by an influx of green jobs that would be created under this scenario.	The risk of impacts of extreme weather events in Gattaca's locations would remain at its current level in the short term, and reduce as emissions reach Net Zero and global temperatures remain under the 1.5 degree limit.
Current Policies (exposure to Physical Risk)	The reputation risk remains significant, however changes in stakeholder expectations may instead align with the physical effects of climate change as global emissions continue to rise. Regulatory pressure, however, will remain at current levels and is therefore unlikely to add further reputation risk.	There would be no significant change in reputation risk in the short-term. However, over time, this risk could increase as extreme physical effects of climate change begin to occur.	This scenario assumes that no new regulations would be introduced beyond those already announced and effective in the short term. Gattaca would continue to comply with existing regulations, but there would be no increase to the existing risk under this scenario.	In a scenario with no significant change in government policies, the anticipated decline of revenue opportunities in the fossil fuel sector would likely be slower than in the opposing scenario.	There is an increased likelihood of extreme weather events impacting Gattaca's locations. According to NGFS Climate Impact forecast, the UK could experience a 28% increase in the annual expected damage from tropical cyclones (e.g. storm damage, floods) by 2050[1].

Climate change-related Opportunities:

	Increased revenue from growth of low-carbon industries (green jobs)	Further positioning Gattaca as a climate-conscious business
Net Zero by 2050	Gattaca is well-positioned to benefit from the growth of low-carbon industries in a fast transition scenario. The demand for green jobs and green innovation is high, potentially leading to increased revenue opportunities.	Gattaca's aspirations to employ best-practice sustainability policies would see the Group well-positioned to transition to under this scenario. The opportunity to differentiate could be limited however, by local policies making best-practice mandatory; corporate sustainability would be a governance requirement rather than a competitive advantage.
Current Policies	Gattaca may still benefit from some growth in low-carbon industries, but the opportunities might be more limited compared to the Net Zero 2050 scenario.	Gattaca's positioning could still differentiate the business from certain competitors, but the advantage would be limited to those clients that are climate-conscious themselves rather than being mandated through any policy.

1 Forecast taken from the NGFS Climate impact explorer (www.ngfs.net). The % increase is compared to the 2015 baseline.

ESG: Environment continued

Metrics and Targets

We recognise the importance of robust governance and transparency in measuring, setting and managing our targets, both for ourselves and to enable us to offer accurate data to our clients to help them manage their Scope 3 supply chain emissions.

In order to manage its impact on the environment the Group has set science-based targets to reduce its emissions as we define our low-carbon roadmap:

Achieving our low-carbon commitments

Target or commitment	Measure		Baseline	FY23	Progress against target
Reduce our carbon footprint against science-based targets • 90% reduction in Scope 1 & 2 emissions by 2030, and neutralise residual emissions • 57% reduction in Scope 3 emissions by 2030 • Net Zero on or before 2050	Scope 1, 2 & 3 GHG emissions		FY20 in tonnes (market based):	In tonnes (location based):	FY23 % variance to baseline year:
		Total	5,497	4,614	-16%
		Scope 1	153	78	-49%
		Scope 2	308	115	-63%
		Scope 3	5,036	4,420	-12%
Support carbon offset projects • Compensate direct business emissions by offsetting from FY23	Carbon offsets purchased against the prior year's Scope 1 & 2 emissions, and selected Scope 3 categories; business travel, water, waste, employee commuting, work from home and Well-to-Tank		N/A	1,177 tonnes offset against our FY22 calculated footprint	Met for FY23

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SILVER 2023 ecovadis Sustainability Rating

FY23 Highlights

- We have submitted both near-term and long-term Net Zero targets to the SBTi and we are scheduled to go through the validation process during FY24.
- Our targets are aligned with a 1.5 degrees warming pathway (as defined by the 2015 Paris Agreement) and we are proud to be part of the Business Ambition for 1.5 degrees campaign.
- We hold a Silver EcoVadis rating.
- We have submitted a response to the Carbon Disclosure Project (CDP) and will receive a rating in FY24.

Looking ahead

As our climate strategy develops, we are improving the way in which we define our metrics in order to both enhance our governance and feed robust data into our strategy development. During FY24 we intend to develop and enhance our metrics within the following areas:

Providing the STEM skills needed to build a low-carbon future.

Future focus area for target or commitment	Metrics
Growth of renewables division	Percentage growth in renewables (FTE) against FY23 baseline Number of placements within renewables sector against FY23 baseline
Growth of "green jobs"	Track jobs and placements against an agreed definition of "green jobs"

ESG: Environment continued

Streamlined Energy and Carbon Reporting ("SECR"): Greenhouse gas ("GHG") emissions statement

Gattaca plc has reported Scope 1, 2 & 3 greenhouse gas ("GHG") emissions in accordance with the requirements of Streamlined Energy and Carbon Reporting ("SECR") regulations.

We continue to include Scope 3 categories, relating to purchased goods, services and capital goods, which include emissions from our supply chain, as well as estimated water and waste consumption and business travel categories.

During FY23 we partnered with an environmental consultancy, as in previous years, to calculate the Group's GHG emissions and energy usage. Emissions were calculated on both a location and market basis using a combination of usage-based and spend-based methodologies, which requires the use of estimates.

Gattaca is striving to improve the accuracy of the Group's GHG emissions reporting each year. For FY24, we have started the process of capturing activity-based data for Scope 3 purchased goods and services, representing 96% of our total emissions, through direct disclosure from suppliers.

9.47 tCO_2e per FTE

(2022: 9.63)

Energy intensity ratio (market-based)

In FY23, Gattaca's total GHG emissions across Scopes 1, 2 & 3 categories on a market basis have decreased by 8% compared with the prior year, and 16% compared with our FY20 baseline year. However, the Group's total energy usage has increased by 81% in FY23, due to higher levels of staff office attendance compared with the prior year. The Group has switched from gas heating to electric-powered heating for the UK headquarters office, which contributed to a 43% reduction in Scope 1 emissions associated with gas heating. Additionally, the UK headquarters office has switched to a 100% Renewable Energy provider for electricity, contributing to a 36% reduction in Scope 2 emissions.

The methodology used to calculate the GHG emissions is in accordance with the requirements of the following standards:

- World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol (revised version); and
- Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019).

UK office emissions have been calculated using the Defra 2022 issue of the conversion factor repository.

Following an operational control approach to defining our organisational boundary, our calculated GHG emissions from business activities fall within the reporting period of August 2022 to July 2023 and using reporting period of August 2021 to July 2022 for comparison.

> **This year, Gattaca has offset 1,177 tonnes against last year's calculated carbon footprint through investment in high-quality, verified carbon offsetting projects aligned with our STEM focus.**

Lucy Pope
Head of Sustainability

ESG: Environment continued

Streamlined Energy and Carbon Reporting ("SECR") continued

		International Emissions (tCO_2e)			UK Emissions (tCO_2e)			Total Emissions (tCO_2e)		
Emissions and energy usage	**Emissions Source**	**2022–2023**	**2021–2022**	**Variance**	**2022–2023**	**2021–2022**	**Variance**	**2022–2023**	**2021–2022**	**Variance**
Scope 1	Natural gas	5	12	-61%	37	62	-40%	42	74	-43%
	Company and leased cars	–	–	–	36	36	2%	36	36	2%
Total Scope 1		**5**	**12**	**-61%**	**74**	**98**	**-24%**	**78**	**110**	**-28%**
Scope 2	Electricity	54	40	36%	61	141	-57%	115	180	-36%
Total Scope 2 (Market-based)		**54**	**40**	**36%**	**61**	**141**	**-57%**	**115**	**180**	**-36%**
Scope 2	Electricity	54	40	36%	137	78	76%	191	117	63%
Total Scope 2 (Location-based)		**54**	**40**	**36%**	**137**	**78**	**76%**	**191**	**117**	**63%**
Scope 3	Purchased goods and services	768	794	-3%	2,853	2,949	-3%	3,621	3,743	-3%
	Capital goods	–	–	–	1	103	-99%	1	103	-99%
	Electricity transmission, distribution and WTT[1]	20	9	122%	15	27	-44%	35	36	-3%
	Natural gas WTT[1]	–	2	-100%	5	11	-56%	5	13	-63%
	Company and leased cars WTT[1]	–	–	–	10	9	6%	10	9	6%
	Employee cars	–	–	–	13	29	-54%	13	29	-54%
	Rail	<1	–	–	1	16	-95%	1	16	-92%
	Business flights	7	–	–	213	35	507%	220	35	526%
	Public Transport	5	–	–	1	1	-34%	6	1	385%
	Hotel stay	3	–	–	79	15	426%	81	15	445%
	Water supply	<1	<1	34%	<1	<1	59%	<1	<1	60%
	Water treatment	<1	<1	48%	1	<1	53%	1	1	50%
	Waste and recycling	8	<1	11,567%	4	<1	1,086%	12	<1	2,904%
	Employee Commuting	20	34	-57%	151	156	-3%	171	190	-10%
	Working from Home	26	99	-75%	218	455	-52%	243	554	-56%
Total Scope 3 (Market-based)		**856**	**938**	**-9%**	**3,564**	**3,809**	**-6%**	**4,420**	**4,746**	**-7%**
Total Scope 3 (Location-based)		**856**	**938**	**-9%**	**3,576**	**3,809**	**-6%**	**4,432**	**4,746**	**-7%**
Total (Market-based)		**915**	**989**	**-7%**	**3,698**	**4,047**	**-9%**	**4,614**	**5,037**	**-8%**
Total (Location-based)		**915**	**989**	**-8%**	**3,786**	**3,984**	**-5%**	**4,701**	**4,973**	**-5%**
Total Energy Usage (kWh)[2]		**303,157**	**145,176**	**109%**	**1,729,986**	**977,485**	**77%**	**2,033,143**	**1,122,661**	**81%**

1 Emissions for these activities include Well-to-Tank emissions, reflecting best practice.

2 Energy reporting includes kWh from Scope 1, Scope 2 and Scope 3 employee cars only (as required by the SECR regulation)

ESG: Social

Claire Cross
Chief People Officer

Striving for balance

The development of our ESG Strategy this year has helped further define our Social focus areas. Our three Social pillars underpin all our people-focused activities and investment choices; ensuring we are **supporting our colleagues** to be the best versions of themselves, being proactive about **driving change to achieve our equality goals** and considering how our skills can benefit the **wider community**.

Our social strategy is brought to life across three pillars:

Promoting the health, wellbeing & development of our colleagues

Read more about this pillar / **Page 48**

Creating equitable & inclusive workplaces for our colleagues & customers

Read more about this pillar / **Page 49**

Positively impacting our philanthropic communities & partnerships

Read more about this pillar / **Page 50**

People engagement score

8.1

(FY22: 7.6)

People attrition

33%

(FY22: 40%)

ESG: Social continued

Promoting the health, wellbeing & development of our colleagues

Our goal for Gattaca's social strategy is to support our commitment to promoting the health, safety, wellbeing and development of our people by providing an engaging, diverse and inclusive environment.

At Gattaca, we believe that our most valuable asset is our team of talented and dedicated colleagues. Our goal is to create a thriving work environment that fosters the health, wellbeing and continuous development of every individual within our organisation. We are confident that our commitment to promoting these principles will not only lead to a happier and more engaged workforce but also fuel our organisation's success and create a positive impact on our peoples' lives.

Highlights

- 12 months of embedding our new performance management processes.
- People engagement score rose to 8.1 from 7.6 in FY22.
- We defined our three strategic pillars as part of the wider Gattaca ESG Strategy, as shown on page 36.
- Awarded a place on the Staffing Industry Analysts "Best Staffing Firms to Work For" list 2023 based on feedback from employees.

Looking ahead

- Our current wellbeing offering is significant; covering mental, physical, financial and social wellbeing. In FY24 we want to focus on how we can better embed our offering within the business to further improve accessibility and take-up.
- We are also going to continue the focus on enhancing our mental health provision, specifically upskilling our management community in mental health awareness; enabling them to recognise the early signs of mental ill-health, initiate conversations and signpost our support services.
- We will continue to implement coaching programmes to enable the continuous development of our people.

Case Study

Wellbeing Focus – spotlight on personal experiences and the uptake of mental health first aiders

As part of Mental Health Awareness Day, one of our internal recruitment consultants, Dan Harrington, stepped out of his comfort zone to share with his colleagues and community that he is living with mental illness. Dan shared that he was diagnosed with Bipolar Disorder in 2013 and with High Functioning Autism in 2021. The revelation – which Dan had anticipated would feel like opening the floodgates to comments and judgement – has, by his own admission, been quite the opposite:

> **"The response was absolutely incredible, managers and colleagues were extremely supportive, one person even said that it inspired them to reach out to their manager about their own mental health and get support structures in place, that was really great to hear."**

After sharing Dan's story, applications to become a Mental Health First Aider increased substantially. We are seeing real progress in removing the stigma that is often associated with mental health issues, with colleagues feeling able to ask for support sooner.

Our mental health and wellbeing team is made up of 16 qualified Mental Health First Aiders. Their purpose is to implement and embed positive change, promote and advocate a safe and well-informed support system via a range of initiatives and projects which work towards achieving our Wellbeing objectives.

Target

Top quartile

maintained for our people engagement score to FY26

ESG: Social continued

Creating equitable & inclusive workplaces for our colleagues & customers

Our purpose is to provide the skills needed to build a better future, one job at a time. A better future isn't just for some, but for everyone. Creating equal, diverse and inclusive workforces will help to build a better world where everyone is valued for their contributions and treated with respect.

We believe as an employer and staffing provider we can significantly contribute to eradicating discrimination and inequalities within our workplace and those of our clients.

We know that Equity, Diversity & Inclusion (ED&I) is a marathon without a finish line. To drive systemic change we need tools, inspiration, expertise, and incentives to stay in the fight. We know the benefits of social impacts can take time to be realised and our results don't always reflect our efforts. Our long-term ED&I strategy, built around accountability, commitment and community, enables us to take purposeful forward action.

As we move into FY24 we will look to set ambitious targets for underrepresented groups' proximity to power to complement our gender parity commitment. In addition to our efforts at Gattaca, we want to continue to contribute positively to the recruitment industry as a whole.

Highlights

- Undertook our first ED&I data collection project, achieving a 59% completion rate.
- Held group training and coaching sessions of our "Limitless" community for female empowerment in the workplace.
- Became members of Inclusive Employers, the UK's leading membership organisation for employers looking to build inclusive workplaces.
- Creation of our first ED&I focused Employee Resource Groups, covering gender equity, the LGBTQIA+ community and the environment.
- Provided inclusive consultancy training for leadership and recruitment practices.

Inclusive Employers

Looking ahead

- We recognise that our progress towards our target of gender balance in leadership and management roles (40% by FY24, 50% by FY26) is behind where it should be. In FY24 we are going to re-double our efforts to identify and support rising talent; by using our new performance management process, continuing our CEO mentoring programme and through a further series of coaching and training sessions within our Limitless community.
- Deepen our diversity strategy over ethnicity, beliefs, age, education, sexual orientation, socio-economic background and many other characteristics.
- We have committed to reviewing our family focused policies to ensure they are fit for purpose.
- Execution of our Inclusive Recruitment and Inclusive Leadership initiatives.

Our Whiteley office celebrating our partnership with Portsmouth Pride during Pride Week 2023

Target

< 37% attrition by FY25
2023: 33% (2022: 40%)

Target

50% gender balance
in leadership and management roles across the Group by 2026
2023: 27% (2022: 28%)

During the year the Group reorganised its internal management bandings and redefined measurement against its gender balance target to focus on roles which have strategic or leadership influence. Gender balance % for FY22 has been restated on a comparable basis with FY23.

ESG: Social continued

Positively impacting our philanthropic communities & partnerships

Our philanthropic partnerships are built on trust, shared values, and a commitment to making a difference. By working together our goal is to impact and create lasting change in the STEM communities we serve.

Highlights

- We added Association for Black and Minority Ethnicity Engineers (AFBE-UK), The Talent Tap (a social mobility charity focused on providing underprivileged young people with work experience and employability skills) and Portsmouth Pride to our partnerships network.
- We hit 23% of our £100,000 fundraising target for our charity partner, Foothold, since we started fundraising for them in FY21.
- We relaunched our volunteering scheme for our colleagues, matching up to 2.5 days of annual leave.

Looking ahead

- Active sponsorship of our external partners to raise awareness of their services amongst our communities.
- We have an exciting calendar of events planned for colleague fundraising in FY24.
- We are working on developing metrics to manage and report on our overall philanthropic contribution.

Case Study

Our partnership with AFBE-UK

AFBE-UK
Inspiring People Of BME Origin In Engineering

The Association for Black and Minority Ethnic Engineers (AFBE) is an organisation dedicated to supporting and advocating on behalf of black and minority ethnic engineers in the United Kingdom. AFBE provides mentoring, networking, career guidance, and other forms of support to its members and lobbies the government on pressing issues including equal pay, access to education, and diversity initiatives.

We are proud to partner with AFBE, helping them work with employers to create apprenticeships and placements for engineers from underrepresented backgrounds. Our partnership was formed to help us better inform our diversity and inclusion strategy, ensuring fair representation across our own business and the STEM industries we support.

We are sponsors of the AFBE Annual Gala that recognises and celebrates the contributions of black and minority ethnic engineers and scientists.

Find out more about the important work AFBE-UK do on their website: **www.afbe.org.uk**

Foothold Supporting engineers

The Talent Tap

PORTSMOUTH PRIDE

Target

1,000

socio-economically disadvantaged young people helped to access work experience and gain employability skills via charity partnerships

Target

Raise £100,000

for our chosen charity partner Foothold

ESG: Governance

Jemima Childs-Clarke
Group Finance Director

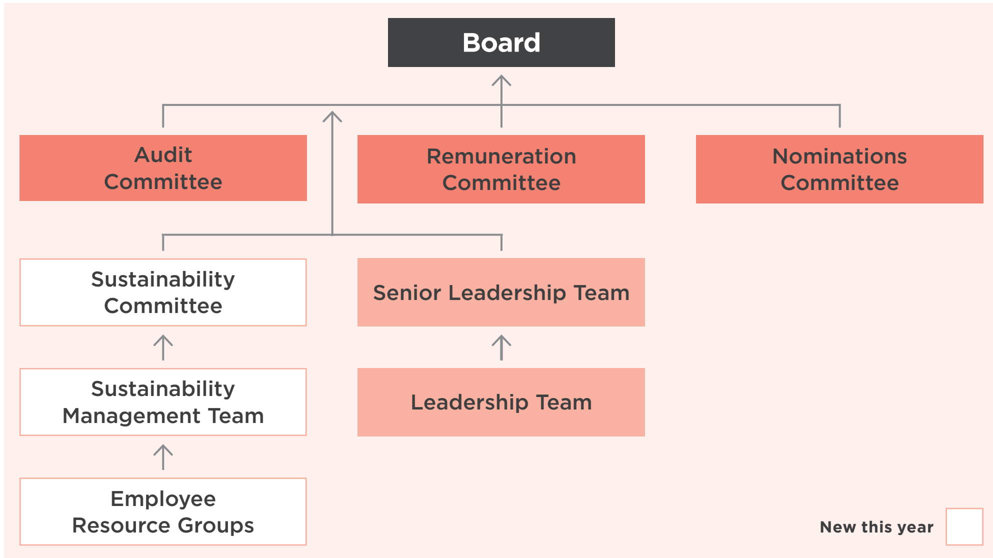
Robust approach to sustainability

Governance within ESG is **fundamental to achieving the longer-term shared value creation aims** of Environmental and Social pillars.

Governance creates the mechanisms to not only keep us honest on our progress against these aims, but to also run our business in a way that creates:

- Fairness and inherently ethical conduct.
- Empowerment and accountability through appropriate governance, management and compliance approaches.
- The ability to maintain an effective strategy.
- A culture that is able to avoid risks, but exploit opportunities.

In order to provide robust governance around our approach to sustainability and to ensure it is fully embedded in the business, we have created the Sustainability Committee and supporting groups in FY23. This is how they fit into our existing Corporate Governance structure:



Sustainability Committee, including both Executive Directors and a Non-Executive Director alongside a cross-section of colleagues, meets quarterly and oversees, reviews and evaluates actions taken by the Group in furtherance of the ESG strategy and goals, as well as making recommendations to the Board.

Sustainability Management Team, including Head of Sustainability, Head of ED&I and Director of Group Compliance, meet monthly to monitor the execution of the Group's ESG Strategy.

Employee Resource Groups covering ED&I, LGBTQIA+, gender equality and the environment, meet quarterly to support the ESG Strategy and its execution.

ESG: Governance continued

Governance, management & compliance

A governance structure overseeing the compliance processes and policies embedded across the business is a crucial foundation for effective business management.

Highlights

- Rationalisation of our Delegation of Authorities framework with a simplified approach, and updated decision-making and financial approval levels.
- Continued compliance with our three ISOs: ISO 9001 Quality Management, ISO 14001 Environmental Management Systems and ISO 45001 Occupational Health & Safety Management.
- Launched our new Sustainability Committee, which forms part of the wider Board Governance structure.
- Implemented new risk management software to enhance the day-to-day management of our risk profile.

Looking ahead

- Improving data collection on social and environmental commitments.
- Increased internal audit activity, both from out-sourced providers and in-house reviews.
- Developing a Group-wide policy framework to ensure logical structure for Group documentation and all procedural documents are in place for the business to follow.

Find out more about our Risk Management Framework / **Page 55**

ISOs we comply with

ISO 9001 ISO 14001 ISO 45001

Fair & ethical conduct

We recognise the importance of always conducting ourselves in a professional manner, acting with honesty and integrity, complying with applicable laws, regulations and appropriate standards in all countries in which we operate. We work with our clients, suppliers and other third parties to ensure our high ethical standards are maintained.

Highlights

- Introduced and embedded a Balanced Scorecard into our performance management processes, incorporating the management of values and behaviours as well as achievements and skills.
- Invested in a system-driven tool to better manage the robustness of third party screening.
- Enhanced Leadership accountability for supporting, developing and retaining our talent by incorporating people engagement and retention targets into bonus schemes and the FY23 Executive LTIP award respectively.

Looking ahead

- Focusing on how we engage with our suppliers on an onboarding level, as well as periodic review.
- Creating a Supplier Code of Conduct to share our sustainability standards and expectations with all our suppliers.
- Improving experience and efficiency when executing the contractor onboarding process that still maintains legislative compliance.

> “We have a strong emphasis on compliance at the core of our business. My team actively collaborates across the whole organisation and the positive engagement we receive shows our people’s commitment to always do the right thing by our customers, colleagues, suppliers, partners, and community.”

Leigh-Ann Stafford
Compliance, Health & Safety Manager

Stakeholder Engagement and S172

The Board recognises that the long-term success of the business is dependent on the way we interact with a range of key stakeholders.

Gattaca has a history of collaborative and informative stakeholder engagement and decision-making; we comply with the QCA Code which, under principles 3 and 9, requires companies to take account of wider stakeholder and social responsibilities and their implications for long-term success, and to maintain governance structures and processes that support good decision-making.

This section articulates how, as required by section 172 of the UK Companies Act 2006, the Directors have acted to promote the success of the Company for the benefit of its stakeholders. In meeting this responsibility during the year, the Directors have had regard, amongst other matters, to:

A. the likely consequences of any decisions in the long term;

B. the interests of the Group's colleagues;

C. the need to foster the Group's business relationships with suppliers, customers and others;

D. the impact of the Group's operations on the community and environment;

E. the Group's reputation for high standards of business conduct; and

F. the need to act fairly as between members of the Group.

Why we engage	How we engage	Material topics	Principal decisions in 2023
Clients Gattaca's success has been built on numerous long-standing and trusted client relationships. We must ensure that we understand evolving client requirements in order to best match them with our candidates and services.	We engage with clients via regular communications in our day-to-day activities, and via formal feedback requests and regular client service feedback surveys.	• Recruitment services and solutions • Market expertise • Legislation • Access to high quality candidates • Building long-term partnerships	1) In FY23 the Group simplified its go-to-market brand architecture, consolidating our brand message to existing and prospective clients and returning core focus to the Matchtech brand, which has substantial STEM market presence and upon which our business was founded. The brand architecture changes have laid the foundations for further simplification of our business, both in our interactions with clients and the Group's legal entity structure, which in turn will deliver operational efficiencies. We have engaged regularly with each of our clients affected by our brand changes throughout this process to maintain those trusted client relationships and to ensure continuity of service. 2) We have implemented client service feedback surveys across our business during FY23. The resulting Net Promoter Score (NPS) metric is an important barometer for the Board and Senior Leadership on the success of our client engagement and External Focus, one of Gattaca's strategic priorities. NPS also contributes to more effective performance evaluation of our Senior Leadership Team and operational managers. We expect the enhanced consistency and frequency of client feedback obtained from these surveys to give us greater insight on our clients' evolving requirements in the future.

Stakeholder Engagement and S172 continued

Why we engage	How we engage	Material topics	Principal decisions in 2023
Candidates One of Gattaca's key strengths is building relationships with candidates that last many years and even across whole careers. In-depth candidate knowledge also enables us to deliver services and solutions for our clients.	We engage with candidates via regular communications in our day-to-day activities and candidate service feedback surveys.	• Career opportunities • The candidate experience • Data governance • Building long-term partnerships • Legislation	1) In FY23 we simplified the way in which we pay our contractor workforce by substantially consolidating our contractor payroll process, reducing the overall number of payroll runs and the number of legal entities paying contractors. This was a key step in the Board's strategy to simplify our business. Throughout the process we engaged with our contractors affected by this change, including providing tailored communications and FAQ updates, to ensure contractors knew early on about the upcoming changes and continued to be paid correctly and on time. We also collated feedback on the change to help us transition the Rail division contractors in FY24. 2) We have implemented candidate feedback surveys across our business during FY23. The resulting Net Promoter Score (NPS) metric is an important barometer for the Board and Senior Leadership on our interactions with our candidates, how they view their experience and if they would work with us again and recommend us to their peers.
Colleagues We are a people business, and the knowledge, experience and dedication of our team members is paramount to our success. In order to attract and retain the best people, and to get the most out of them during their time with us, we believe in fostering a culture of engagement, collaboration, support and inclusivity.	In addition to our ongoing employee engagement tool, Peakon, we utilise group forums, intranet forums, onboarding surveys and exit interviews to interact with our people. We hold regular business updates at which our people have the opportunity to ask questions directly to the management team, and undertake specific engagement surveys on topical issues.	• Training and development opportunities • Career progression and recognition • Compensation and incentives • Group culture and reputation • Health, safety and wellbeing	1) Implemented in the first quarter of FY23, our updated performance management process using the Performance Scorecard provides managers and the Senior Leadership Team with a platform for highly effective performance conversations with colleagues. Quarterly reviews are now embedded in our operations and aim to align individual and collective performance with our values and strategic priorities. A moderation process is also in place to ensure objectivity and fairness of scoring. As a result of the new process, we've seen improved colleague engagement with the performance management process and recognition of "High Performers" in the business. 2) Building upon the internal communication strategy changes in FY22, the authentic, two-way communication between Senior Leadership and colleagues has continued throughout FY23 and has contributed to the tangible improvements seen in attrition and employee engagement metrics in the year. Executive Leadership have been responsive to feedback about the cadence of internal communications, which continues to evolve alongside our People strategy.
Investors The Board regards effective communication with shareholders as crucial to understanding and meeting their needs and expectations. The full Board regularly considers feedback from investors.	Our investor relations programme includes presentations and the opportunity for shareholders to meet with the Chair, Chief Executive Officer and Chief Financial Officer following the announcement of our interim and preliminary results. We release the results of general meetings through a regulatory news service and also on our website, which also contains historical results, presentations and communications.	• Financial and operational performance • Long-term growth • Business model and strategy • Capital allocation • Dividends	1) Investor presentations at half year and year end continue to form an integral part of our investor relations programme and have been well received this year. Matt and Oliver have also regularly met with smaller groups of shareholders during the year, outside of the reporting periods. During the year Gattaca changed its external financial PR and investor relations consultancy, to enhance its investor relations programme in FY24 and beyond. 2) After considering feedback from the investor community and delivering on its commitment to return value to shareholders, in the year the Group completed a share buyback, returning £0.5m of value to shareholders from surplus cash reserves. Following its success, a further share buyback of up to £0.5m was announced in the August 2023 Trading Update. The Board also signalled its intention to recommend a full year dividend of 2.5 pence per share, in line with its dividend policy, and a further special dividend of 2.5 pence per share, both expected to be paid in December 2023.

Risk Assurance

Driving effective & transparent decision making

Jane Mitchell
Director of Group Compliance

Risk is a key factor in all decision making that enables effective and transparent decisions, balancing appropriate levels of risk with reward.

Risk and uncertainties are an inherent part of any business. Gattaca manages these through a Risk Assurance Framework ("the Framework"), using an approach to reflect our strategic priorities, commercial reality, our ability to respond to leading indicators in an agile manner and our ability to manage potential impact in the event of any risk materialisation. Effective and efficient risk governance and oversight provide management (from the Senior Leadership Team up to the Board) with assurance that our business activities can be positively enhanced by opportunities and not adversely impacted by threats that can be foreseen, thus minimising negative impact on our ability to achieve our strategic priorities.

During FY23, we invested in a risk management system to realise operational efficiencies in how we operate, manage and report on the Framework. This, alongside our annual risk review process, has enabled us to keep building on how consistently and robustly we use the Framework to better manage our business in response to the macro environment, and in line with our strategic priorities. With the development of our sustainability agenda, and the appointment of our new Head of Sustainability, we have introduced a new risk into the Framework – a risk to manage against failure to meet our sustainability obligations.

Our Framework

The Framework ensures that risk is a key factor in all decision making, to enable effective and transparent decisions whilst balancing appropriate levels of risk with reward. It is designed to meet the Group's particular needs and aims, facilitate efficient and effective operations, safeguard the Group's assets, maintain compliance to legal, regulatory and other requirements, ensure proper accounting records are maintained, and ensure that financial information used within the business and for publication is reliable. Such a system of internal control can only be designed to manage and mitigate, rather than eliminate, risk and provide reasonable but not absolute assurance against material misstatement and loss.

> "Effective risk governance can provide the Board with the assurance that our business activities will not be adversely impacted by threats that can be foreseen and mitigated."

Risk Assurance continued

The Framework places strong importance on the maintenance of a risk-aware culture and a robust control environment. We manage this by:

- a distinct and consistent tone from the Board in respect of appropriate risk-taking behaviours, which includes awareness and, where appropriate, avoidance;
- common acceptance of the importance of continuous risk assurance, including clear accountability for, and ownership of, specific risks and risk areas, together with clear delegated authorities;
- the provision of transparent and timely risk information;
- a commitment to ethical principles and the consideration of wider stakeholder positions in decision making;
- actively seeking to learn from mistakes and "near misses", which includes developing our risk assurance practices;
- valuing, encouraging and developing risk management skills and knowledge; and
- gaining a sufficient diversity of perspectives, values and beliefs to ensure that the status quo is consistently and rigorously challenged.

Risk Assurance Framework Roles and Responsibilities

Overall responsibility and oversight

Overall responsibility for risk assurance, assessing the nature and extent of the principal risks and determining the level of the Group's risk appetite sits with the Board. The Audit Committee considers the assurance of our risk position through regular reporting received on the Framework, discussions with management and supporting management with guidance on our risk exposure and appetite for tolerance, including a regular review of the risk register.

Responsibility

Ownership and Responsibility

Management are responsible for providing scrutiny and challenge to the performance of risks and controls. This provides assurance to the Audit Committee and our key stakeholders that risks within the business are being effectively managed, be it through preventing or minimising unwanted impact, or exploiting opportunities, achieved by enabling a culture that utilises risk management approaches throughout daily operations, and ensuring open issues and opportunities are closed out in a timely manner.

Business leaders are assigned responsibility for managing the component risks on a day-to-day level as "risk owners"; a wider community of people are assigned responsibility for effectively managing controls that support against risk materialisation as "control owners". Control owners' area(s) of responsibility are completely aligned to their role within the organisation.

Part of managing a risk or a control includes monitoring and review with sufficient frequency and escalating any significant changes to its performance. Risk owners having a vested interest in the performance of supporting controls helps to drive cohesive and collaborative working practices across the Group.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity are described in the Chief Financial Officer's Report.

At the year end the Group reported a strong balance sheet with net cash of £21.6m. The Group ensures the availability of working capital through close management of customer payment terms. There is sufficient headroom on our working capital facilities to absorb a level of customer payment term extensions, but we would also manage supply to the customer if payment within an appropriate period was not being made. Whilst there is no evidence that it would occur, a significant deterioration in average payment terms has the potential to impact the Group's liquidity.

The Directors have prepared detailed cash flow forecasts, covering a period of at least 12 months from the date of approval of these financial statements. This base case is drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Group operates. The base case assumes a steady growth in the Group's NFI year on year.

Improvements in quality of earnings and gross margin during FY23 have provided a platform for contract NFI growth, with increases in contractor numbers and average timesheet value being key focuses for FY24. Whilst we expect customer and candidate challenges in permanent recruitment to continue during FY24, strong contract pipelines in Defence and Mobility sectors, combined with increasing customer demand for Statement of Works contracts, underpin the Group's NFI growth expectations in FY24 and beyond.

Risk Assurance continued

A key assumption in preparing the cash flow forecasts is the continued availability of Group's invoice financing facility throughout the forecast period. At the year end, the unutilised facility headroom after restrictions was £27.6m. The current £50m facility has no contractual renewal date; the Directors remain confident that the facility will remain available.

The output of the base case forecasting process has been used to perform sensitivity analysis on the Group's cash flow to model the potential effects should principal risks actually occur either individually or in unison. The sensitivity analysis modelled scenarios with significantly lower NFI growth rates, significantly increased operating cost inflation and increased customer payment terms considered. The Group has modelled the impact of a severe but plausible scenario including nil growth in contract and permanent NFI across FY24 to FY26, operating cost inflation of 10% and an increase in DSO by five days.

After making appropriate enquiries and considering the uncertainties described above, the Directors have a reasonable expectation at the time of approving these financial statements that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Following careful consideration the Directors do not consider there to be a material uncertainty with regards to going concern and consider it is appropriate to adopt the going concern basis in preparing these financial statements.

Risks and Uncertainties

Effective risk assurance

The Framework identifies the principal and component risks and uncertainties facing the Group, including those that would negatively impact our ability to achieve our strategic priorities. The table below details our strategic risks, and our key operational based risks.

Our annual review of the risk register gave an honest and transparent view of our risk landscape at 31 July 2023, recognising that there are some economic and cultural factors that are bound to impact less favourably on many businesses. In maintaining this honesty and transparency, we have been clear where there may be an increase in some risks' positioning compared to previous years. Our risk assurance approach remains strong, identifying and highlighting the risk areas that need key focus and attention to improve their position. These areas identified will be governed by management as part of their responsibility within the Framework.

In the following pages are a description of our strategic risks, our key operational based risks, the key controls and mitigations that have been in place to protect against risk materialisation during FY23 and the risk performance as at 31 July 2023 in comparison to the previous financial year end. The table is not exhaustive and is subject to change as risks which are considered immaterial today may evolve to be more important in the future, and vice versa.

Strategic risks

Uncertain regulatory environment

Executive accountable: Matt Wragg, CEO

Current status: Stable, L

Description and impact	Key controls and mitigations
Potential for future regulation to be introduced or existing regulation changes that impact Gattaca's ability to operate and/or its profitability.	• The Group maintains investment in its internal legal and compliance departments, employing subject matter experts to identify proposed and new regulations which may impact our business, and to help the business anticipate and prepare for regulatory change.

Failure to anticipate and/or embrace change

Executive accountable: Matt Wragg, CEO

Current status: Stable, M

Description and impact	Key controls and mitigations
Failure to employ effective horizon scanning strategies to identify trends and disruptors that could impact competitive advantage, market position, and long-term performance	• The Group's strategy includes regular horizon scanning activities across all our market verticals to enable best practice and sector-specific growth plans above market rates. • The Board and Senior Leadership Team meet regularly to discuss and define a clear vision of the regions, sectors and skills we operate in. • The effective output of our Head of Business Improvement, in identifying and driving appropriate management of change initiatives. • Key strategic change requirements completed, giving space to focus on improvement opportunities that will give us a strategic edge.

Current status of risk compared to prior year Increased Stable Decreased New risk

Relative severity H High M Medium L Low

Risks and Uncertainties continued

Strategic risks continued

Ineffective stakeholder management

Executive accountable: Matt Wragg, CEO

Current status: <> M

Description and impact	Key controls and mitigations
Failure to anticipate and deploy the right reputational management strategy leading to loss of stakeholder confidence in the Gattaca Group.	• The Group has a global strategy that manages its approach to markets, products, people and marketing, and takes a proactive approach to communications. Each sales sector manages their strategy specifically in line with the people, customer and revenue requirements best suited to that area of business, to drive maximum impact of the strategy overall. • The Board regards effective communication with shareholders as crucial and operates an ongoing investor relations programme, which includes presentations and the opportunity for shareholders to meet with the Chairman, CEO and CFO following announcement of our interim and full year results. The full Board receives reports on feedback from investors. • We release regular trading updates and the results of general meetings through a regulatory news service and also on the regulatory news section of our website. We are committed to regular and transparent communications with all stakeholders to mitigate risks in this area. • The implementation of a new customer feedback tool which gives real insight, and enables us to respond to the sentiment of our clients, candidates and contractors.

Key business risks

Failure to meet sustainability commitments

Executive accountable: Oliver Whittaker, CFO

Current status: + M

Description and impact	Key controls and mitigations
Failure to meet sustainability commitments, including relevant regulations and key stakeholder expectations, that leads to a negative impact on reputation, worsening client attraction and retention, reduced profit or fine/censure.	• Appointed a new Head of Sustainability to focus on our sustainability and ESG agenda • Introduced a new Sustainability Committee as part of our Board governance and committee structure, with Board level sponsorship and CFO Chair. • A business focus on increasing presence in the renewable energy sectors to mitigate future NFI risk associated with the oil & gas industry.

Inadequate financing

Executive accountable: Oliver Whittaker, CFO

Current status: <> M

Description and impact	Key controls and mitigations
Failure to secure and manage adequate financing leading to an inability to operate financially.	• The Group maintains a working capital financing facility with HSBC, with robust reconciliations performed monthly providing both a live view and pipeline visibility. • We have a strong relationship with our primary lender, which is supportive of our business, and we hold regular discussions to ensure we have our bank's backing to fund strategic plans. Where we foresee material uncertainty, we engage proactively with our lenders to mitigate this.

Risks and Uncertainties continued

Key business risks continued

Fraud

Executive accountable: Oliver Whittaker, CFO

Current status: <> M

Description and impact	Key controls and mitigations
Failure to adequately prevent and deter fraudulent activity and/or financial reporting leading to loss or misappropriation of business assets.	• We maintain appropriate financial approval procedures to protect our financial assets, including segregation of duties. • All staff receive training on fraud awareness on a regular basis.

Ineffective cyber security

Executive accountable: Oliver Whittaker, CFO

Current status: <> M

Description and impact	Key controls and mitigations
Exposure to regulatory breach or operational loss resulting from breaches of or attacks on information systems.	• We maintain our Cyber Essentials and Cyber Essentials Plus certifications. • We utilise specialist security services to conduct regular penetration testing of security measures to independently review our resilience. • Our third-party relationships ensure that, when needed, we can engage with the right, specialist, outsourced skills on one-off occasions to maintain protection of our business.

Pay and/or bill process failure

Executive accountable: Oliver Whittaker, CFO

Current status: <> M

Description and impact	Key controls and mitigations
Failure in efficiency of operational financial processes leading to an inability to fulfil contractor pay and client invoicing requirements.	• We maintain effective vendor relationships and SLAs to ensure the integrity of our third-party systems. • A credit review approach is taken for client accounts, both at onboarding stage and throughout the relationship life cycle. • System configuration drives the right data to fulfil pay and bill processes.

Systems failure

Executive accountable: Oliver Whittaker, CFO

Current status: <> M

Description and impact	Key controls and mitigations
Failure in efficiency of IT systems and infrastructure leading to an inability to operate key business processes.	• We have subject matter experts in our internal technology team to share best practice, undertake peer review of critical business systems and effectively troubleshoot and manage the recovery of failed or degraded systems. • System-based business continuity focuses on our critical systems and processes to ensure continuity of service, and we continue to evolve our business continuity planning.

Failure in revenue generation

Executive accountable: Matt Wragg, CEO

Current status: ∨ M

Description and impact	Key controls and mitigations
Failure to: attract, secure, manage and retain clients leading to an adverse effect on NFI generation due to low volume billings and/or unprofitable pricing arrangements, and worsening client retention.	• The Group's business strategy ensures NFI is generated across a broad range of territories, sectors and clients, with a weighting towards contract recruitment leading to more stable business streams and reducing the risk of reliance on single client, territory or sector-specific markets in times of economic uncertainty. • Regular reviews of actual performance against forecasts are performed to enable actions are being taken quickly to address cost or performance challenges. • Executive and Senior Leadership Team are aligned on delivering against a single strategy for growth, revenue and profit generation. • Realising benefit from a documented process of the implementing new contracts to maximise revenue generation and be able to take a proactive, impactful approach renewal opportunities.

Risks and Uncertainties continued

Key business risks continued

Failure to improve operational efficiency and productivity

Executive accountable: Matt Wragg, CEO

Current status: M

Description and impact	Key controls and mitigations
Failure to improve operational efficiency and productivity of the sales and fulfilment functions leading to reduced client satisfaction, fewer candidates and contractors, less repeat business, increased delivery costs and reduced NFI.	• An effective performance management programme enables leaders and managers to manage performance against requirements of the role, and against company standards, to curate delivery in efficiencies. • Implementation of a new customer feedback tool which gives real insight, and enables us to respond to the sentiment of our clients, candidates and contractors. • Each sales sector manages their strategy specifically in line with the people, customer and revenue requirements best suited to that area of business, to drive maximum impact of the strategy overall.

Failure to control overhead costs

Executive accountable: Matt Wragg, CEO

Current status: M

Description and impact	Key controls and mitigations
Failure to monitor, manage or control the overhead cost base of the business including wages and salaries, commissions and other admin costs leading to erosion of operating profit margins.	• An updated and realigned Delegation of Authority policy to ensure appropriate control over expenditure and contractual commitments. • A combined top down and bottom up approach to budget setting, and regular reviews with budget holders to track progress against budgetary commitments. • Strict, senior level control in approval of internal vacancies and salaries.

Ineffective talent management

Executive accountable: Matt Wragg, CEO

Current status: M

Description and impact	Key controls and mitigations
Failure to attract, allocate, develop, retain and succession plan employees or internal contractors, the lack or loss of whose skill sets and behaviours may adversely affect our ability to operate.	• Our anonymous employee engagement tool, Peakon, captures feedback and engagement of our employees on an ongoing basis. Leaders within the business are also remunerated on maintaining an engagement score in line with the Group's average to further incentivise them to look for opportunities to improve the engagement within their area of responsibility. • Significant developments in our performance management portal enables more flexibility and clarity in an individual employee's objective setting, and more rigour involved in ensuring our leaders manage performance against these. A balanced scorecard approach to reviewing performance enables us to ensure we are not only recognising and developing the skills and competencies required within the business, but also the behaviours which directly align to our values. This enables a holistic performance management process. • We have recognised that our Sales people perform better when they are working physically together. This supports collaboration and expedites the learning of our new talent. As such, we move into the new financial year with our Sales people spending a larger majority of the time in the office and still allowing work from home flexibility.

Risks and Uncertainties continued

Key business risks continued

Ineffective and/or inappropriate culture

Executive accountable: Matt Wragg, CEO

Current status: M

Description and impact	Key controls and mitigations
Failure to promote and endorse employee behaviours, business activities and business culture that support the Values of the Group leading to a poor cultural environment which negatively impacts all areas of business operations and performance.	• With our Values remaining front and centre of our day-to-day operations and our behaviours measurable, through in-office visuals, management tools, training and consistent use in messaging. • We continue to promote our independent whistleblowing facility, Speak Up, offering anonymous and safe options for any employee to raise any concerns that they have. • We maintain our consequence management policy which enables the right response to incidents and behaviours.

Loss of life/injury

Executive accountable: Matt Wragg, CEO

Current status: M

Description and impact	Key controls and mitigations
Ineffective management of workplace safety leading to loss of life or injury to employees, contractors or persons visiting Gattaca locations where Gattaca is at fault.	• We successfully maintain our ISO 45001 accreditation, which demonstrates our commitment to and the effective execution of occupational health and safety. The Group also has procedures in place to comply with all legal and contractual obligations relevant to the Group's activities. • We maintain our H&S related training for all employees. • Improved emergency planning both in risk assessments and scenario planning. • Accessible resources are available to all employees providing a range of mental health support and resources, including a community of mental health first aiders and training for managers on mental health awareness.

Non-compliance with legislation, regulation or code

Executive accountable: Oliver Whittaker, CFO

Current status: H

Description and impact	Key controls and mitigations
Failure to comply with applicable legislation, regulation, code, certification, licences and/or any other similar requirement, leading to fine, censure, unwanted press coverage and/or any other similar consequence.	• The Group has clearly defined standards covering our business activities, which are outlined in our code of professional conduct with which all colleagues are required to comply. The Group also has clear policies and statements setting out the Group's zero-tolerance approach to, amongst other matters, bribery and corruption, sanctions violations, facilitation of tax evasion, and data protection. All of these core policies are referred to in our contracts of employment, and are underpinned by training to reinforce these policies, and the associated required behaviour. • We maintain appropriate governance processes and a strong internal control environment, including delegation of authorities. Updates on these controls are presented to the Audit Committee four times per year. • The Group has dedicated legal, compliance and tax functions which manage the Group's compliance with its obligations Our frameworks to manage how we comply with these areas are increasing in sophistication and are in line with DoJ recommendations. The Audit Committee provides governance and oversight of the Group's compliance and tax risks. • Implementation of a new screening solution commenced, in order to assess the suitability and risk levels of third party individuals and businesses that we engage, with support from a leading global governance, risk and compliance specialist. • As noted in previous announcements, we continue to cooperate with US authorities with respect to historical transactions in our discontinued telecommunication infrastructure business.

Risks and Uncertainties continued

Key business risks continued

Poor contract management

Executive accountable: Oliver Whittaker, CFO

Current status: M

Description and impact	Key controls and mitigations
Failure to appropriately manage risks or requirements within contracts or over commitment to terms deemed uncommercial, leading to a contract breach or unprofitable contract arrangement.	• The Group's legal team review non-standard commercial contracts and adhere to a contract playbook which defines our risk appetite. • We have appropriate governance procedures in place to ensure commercial decisions are taken by the right people and are properly documented. • Where appropriate, we liaise with our insurance providers regarding onerous non-standard terms. • An improved framework and approach to fully implement all new contracts across all sales teams and appropriate Group Support functions (Finance, Onboarding, etc.) to prevent contract breach and inefficient operations.

Poor data management

Executive accountable: Oliver Whittaker, CFO

Current status: M

Description and impact	Key controls and mitigations
Failure to prevent a breach of any individual's personal or special category data, or corporate sensitive or confidential data which Gattaca is responsible for, which could lead to any level of negative publicity, a loss of client or a regulatory investigation.	• The Group maintains procedures for handling and storing sensitive, confidential and personal data as part of its Data Protection and IT Systems Usage policies and information security processes and procedures. • A key member of the compliance team has undertaken specialist data protection training and is the lead for the group on data protection matters. • Our facilities and technology teams work in conjunction with compliance to ensure physical and virtual security is appropriate for each data type.

Strategic Report approval

The Strategic Report on pages 8 to 63 was approved by the Board of Directors on 23 October 2023 and signed on its behalf by

Matt Wragg
Chief Executive Officer

Oliver Whittaker
Chief Financial Officer

Corporate Governance

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Board of Directors

Read about the skills and experience Gattaca's Executive and Non-Executive Directors, and their roles on the Board Committees.

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Audit Committee Report

Tracey James explains how the Committee has met its responsibilities throughout the year and what it has done to address continued regulatory change.

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Nominations Committee Report

George Materna discusses Board succession planning activities in 2023 and reviews outcomes of the 2022 board performance review.

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Remuneration Committee Report

David Lawther shares insight on Gattaca's Directors' Remuneration Policy and presents the Annual Report on Remuneration.

Chair's Introduction to Governance

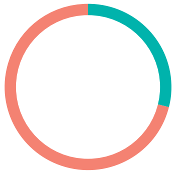
Patrick Shanley
Independent Chairman

Evolving our governance framework to support the business

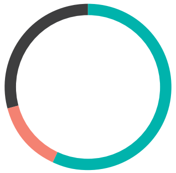
I am delighted to introduce the Corporate Governance Report outlining the Company's approach to corporate governance. We remain committed to ensuring we remain fully compliant with the principles of the QCA's Corporate Governance Code ("the QCA Code") believing that having high standards of corporate governance and internal controls enables effective and efficient decision making. This report explains how our framework of governance has continued to support the Board's strategic activities during the year.

During the year the Board maintained its practice of continuously examining opportunities to improve the Group's corporate governance processes whilst ensuring it remained effective. One of our areas of focus was to consider the governance in place around sustainability matters. We have now formed a separate Sustainability Committee reflecting our commitment to ensuring we can deliver strong results through sustainable business

Board composition:



Board tenure:



	Executive	Non-executive	Appointment	Board tenure
Patrick Shanley (Chair)		◆	December 2015	7 years
Tracey James		◆	December 2020	2 years, 10 months
David Lawther		◆	June 2018	5 years
George Materna		◆	July 1984	39 years
Ros Haith		◆	December 2021	1 year, 10 months
Matt Wragg	◆		April 2022	1 year, 6 months
Oliver Whittaker	◆		April 2022	1 year, 6 months

Chair's Introduction to Governance continued

practices. The Committee is chaired by Oliver Whittaker and both Matt Wragg and Ros Haith are also members, alongside other colleagues from across the business. The first meeting of the Committee was held in June and amongst its first actions were the review of the Group's progress against its long-term sustainability targets and commitments, and of the Group's plans for FY24, including strategic partnerships for the coming year.

The right balance of skills and experience:

	Staffing	Sales	Customer service/ marketing	People	Operations	International	Technology	Regulatory	Finance
Patrick Shanley (Chair)	◆		◆	◆	◆	◆	◆	◆	◆
Tracey James			◆	◆	◆	◆		◆	◆
David Lawther	◆	◆	◆	◆	◆	◆	◆	◆	◆
George Materna	◆	◆	◆	◆	◆	◆			
Ros Haith		◆	◆	◆	◆	◆	◆		
Matt Wragg	◆	◆	◆	◆	◆	◆		◆	
Oliver Whittaker	◆			◆	◆	◆	◆	◆	◆

> **"During the year the Board maintained its practice of continuously examining opportunities to improve the Group's corporate governance processes whilst ensuring it remained effective."**

As a Board we also undertook a review of our own performance and that of our committees and as individual Directors. The main objectives were to review the effectiveness of the Board in line with the QCA Code, assess the Board's progress since the new Executive Directors were appointed and identify possible areas of opportunity for its further development. One of the outcomes from the board performance evaluation was to look at how we as a Board could challenge our thinking on future strategic decisions. It was agreed to invite Angela Hickmore, a seasoned recruitment expert and business leader with experience in both UK and international markets, as an observer to the Board. Angela attended several meetings during the year and reported her findings to the Board in June.

Focusing time on the Board's engagement with the Senior Leadership Team remained a priority during the year, and a joint operational strategy day was held in Autumn 2022. Working together on the issues discussed was extremely beneficial and served to strengthen relationships across the organisation. The Board has throughout the year dedicated time to engaging with employees through scheduling opportunities to observe activities on the sales floor and inviting others to present to the Board on their sector activities. Engaging, consulting and acting on the needs of different stakeholders has remained a critical activity during the year and further details on these are on pages 53 to 54. As a Board we have continued to track the diversity of culture, gender and skills across the Group and the development of a diverse pipeline for succession. Succession planning is a continuous strategic process and the Directors will continue to review skills, experience and diversity of the Board and senior management as succession plans evolve.

Patrick Shanley
Non-Executive Chair

23 October 2023

Board of Directors

A strong board with the right breadth and depth of skills and diverse experience

Patrick Shanley
Non-Executive Chair

Appointment
December 2015

Patrick has extensive boardroom experience having previously been Chair of chemicals business, Accsys Technologies, CFO of Courtaulds plc and Acordis bv, CEO of Corsadi bv, Chair of Cordenka Investments bv and of Finacor bv. Patrick began his career working for British Coal where he qualified as a Chartered Management Accountant. He has a strong operational, restructuring, merger and acquisition background and has worked in high growth businesses, manufacturing and service industries.

Matt Wragg
Chief Executive Officer

Appointment
April 2022

Matt has been Gattaca's CEO since 2022 and is responsible for our strategic development and the executive management of the Group. He has significant experience having been with Gattaca for 20 years, including roles as Chief Customer Officer and Group Business Development Director. His substantial knowledge of the recruitment industry together with a deep understanding of the business means he is well-placed to lead the company. He has been a Management Board member since 2016.

Oliver Whittaker
Chief Financial Officer

Appointment
April 2022

Oliver was appointed to the Board in 2022, having joined Gattaca in 2018 as Group Director of Financial Planning where he actively supported the Board and worked closely with Matt and the wider management board. Oliver was previously UK Finance Director for Fitness First where he was instrumental in the transformation and return to growth between 2012 and 2018, prior to which he held a number of operational finance roles within Serco and IBM. Oliver trained and qualified as a Chartered Accountant with RSM Robson Rhodes.

George Materna
Non-Executive Deputy Chair

Appointment
August 1984

George has over 45 years' experience in the recruitment industry and is the founder of the Group, having founded Matchmaker Personnel in 1984 and Matchtech Engineering in 1990, before combining the two businesses in 2002 to form Matchtech Group plc. George led the flotation of the business in 2006. He is a fellow of both the Institute of Recruitment Professionals and the Chartered Institute of Personnel and Development. The Board does not consider George to be independent.

David Lawther
Independent Non-Executive Director, Senior Independent Director

Appointment
June 2018

David is a senior leader in the global construction industry. He was formerly CEO at ISG Plc, a world-leading fit-out specialist focused on commercial, retail and data centres. Prior to that, David was Chief Financial Officer at ISG. David has served as the Group Finance Director for Wilson Connelly Holdings, a quoted house builder and commercial property developer. In earlier years, he worked at John Mowlam and co plc, an international contractor.

Tracey James
Independent Non-Executive Director

Appointment
December 2020

Tracey is a Chartered Accountant and leadership coach and a non-executive for Eco Animal Health Group plc. She trained and spent most of her career at Grant Thornton where she was a Senior Audit Partner as well as a member of the Partner Oversight Board and Audit Risk Committee; specialising in advising fast growing quoted companies around financial reporting and governance. Tracey has also lived in France and Canada where in the latter she was the Director of Finance for a medical supplies business.

Ros Haith
Independent Non-Executive Director

Appointment
December 2021

Ros has a broad background in business, particularly within the digital and technology sectors, combined with a formidable sales career. She has held sales positions within IBM, Accenture HR Services Ltd and Genpact Inc where she was Global Vice President (Sales Leader). Her most recent role was at Capgemini UK where she was Global Sales Officer for their Global Business Services division. She also held positions on Capgemini's UK Country Board, CSR and Diversity Board and Women's Network. She was previously a non-executive director at Aurora-ecs, which uses AI powered solutions.

Mark Spickett
Company Secretary

Appointment
January 2023

Mark joined Gattaca in 2019 and was appointed Head of Legal in 2021 and Company Secretary in 2023. He worked in private practice for several years, practising dispute resolution, commercial litigation, employment and contract law and debt recovery. In 2014 he moved in-house working at Randstad UK, Siemens and Vattenfall.

Mark Spickett is not a member of the Board.

Key to Committee membership

Audit
Nominations
Remuneration
Sustainability
Chair

Corporate Governance Statement

QCA Code Compliance

The Board of Directors continues to support achieving high standards of corporate governance and remains fully complaint with the principles of the Quoted Companies Alliance (QCA) Corporate Governance Code. Set out below is our Statement of Compliance with the key principles of the QCA Code.

	Governance Principle	Compliant	Explanation	Further reading
1	Establish a strategy and business model which promotes long-term value for shareholders	✔	By providing recruitment solutions and support to both clients and candidates with engineering and technology skills, we help to unleash potential in people, projects and companies.	See pages 8 to 12 and 16 to 24
2	Seek to understand and meet shareholder needs and expectations	✔	The CEO and CFO communicate regularly with shareholders, investors and analysts, including at our annual and half-yearly results roadshows. The full Board is available at the Annual General Meeting ("AGM") to communicate with shareholders.	www.gattacaplc.com/investors/corporate-governance
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	✔	In addition to our shareholders, our clients, candidates, contractors, suppliers and colleagues are our most important stakeholders. We engage with these communities via regular communications in our day-to-day activities, and via formal feedback frameworks.	See pages 8 to 12 and 31 to 54
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	✔	Ultimate responsibility for risk management rests with the Board but day-to-day management of risk is delivered through the way we do business and our culture and is monitored via our Risk Assurance Framework.	See pages 38 to 43 and 55 to 63
5	Maintain the Board as a well-functioning, balanced team led by the Chair	✔	The Board has four established Committees for Audit, Nominations, Remuneration and Sustainability. The composition and experience of the Board is reviewed regularly, primarily by the Nominations Committee.	See pages 75 to 92
6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	✔	The Board is satisfied that it has an effective and appropriate balance of skills, experience and capabilities, including in the areas of the recruitment, technology, sales and international markets and governance.	See pages 65 to 67
7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	✔	The Board regularly considers the effectiveness and relevance of its contributions, any learning and development needs and the level of scrutiny of the Senior Management Team. During the Autumn of 2022 the Board undertook an internal board performance reviews which included input from all Directors and was facilitated by the Company Secretary. The output of the review, together with recommendations for continuous improvement was considered and, as appropriate, implemented by the Board (see page 71 for further details). The 2023 review will take place in the coming months and its recommendations will be reported and implemented in 2024.	See pages 65 to 66 and 69 to 71
8	Promote a corporate culture that is based on ethical values and behaviours	✔	Our Values define the standards and behaviour we work and live by and underpin our culture. Our values are integrated into our business operations and are regularly reinforced via training and performance management.	See pages 5, 22 and 47 to 50
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	✔	The Board is responsible for the Group's overall strategic direction and management, and for the establishment and maintenance of a framework of delegated authorities and controls to ensure the efficient and effective management of the Group's operations. The Board maintains a list of matters reserved for the Board.	See pages 51 to 52, 69 to 71 and www.gattacaplc.com/investors/corporate-governance/role-of-the-board
10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	✔	The Investors section of the Group's website includes our results, presentations and communications to shareholders. We release the results of general meetings through a regulatory news service and also on the Regulatory News section of our website.	www.gattacaplc.com/investors

Corporate Governance Statement continued

Board composition

The Board, via the Nominations Committee, regularly reviews the composition of the Board. At the date of this Report, the Board has five Non-Executive Directors, including the Chair. The Board considers the independence of the Board annually to determine independence from management on the basis that the Directors have no business or other relationship that could interfere materially with the exercise of their judgement. Due to George Materna's long-standing relationship with the Group and his material shareholding, the Board does not consider George Materna to be independent. The composition of the Board as at the date of this report therefore comprises, the Chair, three Independent Directors and three Non-Independent Directors (including Executive Directors).

The Board were cognisant of the need for Patrick Shanley to step off the Board at the latest December 2024 and George Materna's desire to retire in December 2023. The Nominations Committee were therefore tasked with finding a replacement for Patrick and were successful in getting Richard Bradford to succeed as Chair in December 2023. A full explanation together with the reasoning for Ros Haith is set out in both the Chair's Statement and the Nominations Committee Report.

Under the Company's Articles of Association, all Directors must retire at the first AGM following their appointment and may offer themselves for election or re-election by shareholders. In accordance with best practice, all Directors will retire at the December 2023 AGM and David, Tracey, Matt and Oliver, will offer themselves for election or re-election.

Board responsibilities

	Maximum formal meetings	Meetings attended
Patrick Shanley (Chair)	10	10
Ros Haith	10	10
Tracey James	10	10
David Lawther	10	10
George Materna	10	10
Matt Wragg	10	10
Oliver Whittaker	10	10

The Board is responsible for the overall leadership of the Company and approves the Group's aims, objectives, its business plan and annual budgets for individual business units and the Group. All Directors receive regular and timely information on the Group's operational and financial performance, including detailed Executive and Operational Board reports which are provided in advance of all Board meetings and which report on performance (actual and forecasted) against the agreed budget and any significant variances. The Board usually meets formally at least nine times a year, and at such other times as required. The Board agenda for each meeting is collated by the Chairman in conjunction with the Company Secretary and Executive Directors.

In the event that Board approval is required between board meetings, Board members are provided with supporting information to assist in making a decision and the decision is recorded at the following board meeting. There are regular informal discussions between the Executive and Non-Executives. Members of the Senior Management Team regularly present at Board meetings to provide detailed information on their business units and central functions and to allow an opportunity for Directors to review and assess matters requiring decision or insight. The Board is committed to communicating regularly with the Company's shareholders and other stakeholders to keep them appraised of the Company's progress.

A detailed list of matters reserved for the Board is available on our website: **www.gattacaplc.com/investors/corporate-governance/role-of-the-board**

The Board recognises its employment, environmental and health and safety responsibilities and devotes appropriate resources towards monitoring and improving compliance with existing standards. The Executive Directors have responsibility for these areas at Board level, ensuring that the Group's policies are upheld and providing the necessary resources.

Governance structure

The Board is supported by four Committees, Audit, Nominations, Remuneration and Sustainability, each of which have Terms of Reference that are reviewed annually. During the year, having reviewed the governance structure and approach to sustainability, the Board agreed to establish a separate Sustainability Committee. The Terms of Reference for all Committees will be reviewed, updated and formally approved by the Board by December 2023. Copies of the Terms of Reference are available on the Group's website or on request from the Company Secretary. The Board has an organisational structure with clearly defined levels of responsibility and delegation of authority.

Corporate Governance Statement continued

The Board may, on occasion, delegate authority to a sub-committee consisting of any two Directors to facilitate final sign-off for an agreed course of action within strict parameters. The responsibilities and operation of the Audit, Nominations, Remuneration and Sustainability Committees are summarised below.

Audit Committee

The Committee monitors the integrity of the interim and annual Financial Statements and formal announcements relating to the Group's financial performance. It reviews significant financial reporting issues, accounting policies and disclosures, reviews the effectiveness of internal controls and risk management, as well as overseeing the engagement and scope of the annual audit.

The Audit Committee report on pages 75 to 79 contains further information on the Committee's role and activities.

Nominations Committee

The Committee reviews the structure, size and composition of the Board and its Committees, and makes recommendations to the Board with regard to any changes required to ensure an appropriate balance of skills, expertise, knowledge, diversity and independence.

The Nominations Committee report on pages 80 to 82 contains further information on the Committee's role and activities.

Remuneration Committee

The Committee reviews and makes recommendations as to the Directors' remuneration, including benefits, terms of appointment and share schemes.

The Remuneration Committee report on pages 83 to 92 contains further information on the Committee's role and activities.

Sustainability Committee

The Committee is responsible to the Board for the development and implementation of the sustainability strategy, primarily covering Environmental, Social and Governance matters. The Committee oversees management and advises the Board on the development and implementation of corporate social responsibility and sustainability initiatives of the Group, including reviewing the related policies and practices, and assessing and making recommendation on matters concerning the Group's sustainability development and risks. Further details are on pages 35 to 52.

Conflicts of interest

Each Director is required, in accordance with Companies Act 2006, to declare on appointment any interests that may give rise to a conflict of interest with the Company and its subsidiaries subsequently as they arise. Where such a conflict or potential conflict arises, the Board is empowered under the Company's Articles of Association to consider and authorise such conflicts, as appropriate.

The Chair and Non-Executive Directors do not participate in any meeting at which discussions in respect of matters relating to their own position takes place.

There are effective procedures in place to monitor and deal with conflict of interest. The Board is aware of the other commitments and interests of its Directors, and Directors are required to report any changes to these commitments and interests to the Board for discussion and, where appropriate, agreement. There were no notified conflicts of interest during the 2023 financial year and up to the date of this report.

Information and support

The Board recognises the importance of ensuring there is space in the timetable to hear from its advisers. Presentations from external advisers during the year included an appraisal from our nominated adviser of their view on where the Company sits in the market and on the Market Abuse Regulations. Specific advisers to the Board committees are set out in the Committee reports at pages 75 to 92. Directors are regularly briefed on regulations which affect the business

Corporate Governance Statement continued

through presentations arranged by our leadership team and in-house experts. The Board also receives regular updates on matters of corporate culture via the Executive Report, compliance updates to the Audit Committee (including details of matters raised via the Speak Up reporting service, as appropriate) and regular presentations from the Chief People Officer.

Directors are also encouraged to remain up to date through independent seminars and continuous professional development courses.

The Company Secretary advises the Board, through the Chair, on all governance matters. In January 2023, the Board appointed Mark Spickett as Company Secretary. Mark joined Gattaca plc in 2019 and since 2021 has been the Head of Legal. All Directors have access to the services of the Company Secretary and may take independent professional advice at the Group's expense in conducting their duties. In accordance with the Articles of Association and the Group Delegation of Authorities Policy, the appointment and removal of the Company Secretary is a matter for the whole Board.

Board performance review

During the Autumn of 2022, the Board undertook a formal review which was conducted internally by the Company Secretary and consisted of written responses to a questionnaire. The comprehensive review covered evaluation of the Board, its committees, and individual directors. The findings were consolidated into a report which, along with recommendations, was circulated to all Directors and discussed at the December 2022 Board meeting.

The final evaluation report highlighted several positive messages including; the work of the Committees in supporting the Board, relationships between Board members, the role of the Chair and the work on risk management. There were some recommendations from the review regarding approaches to challenging the thinking of the Board for future strategic decision making. In response to this, the Board invited Angela Hickmore as an observer, further details of which are on page 66.

Consideration is now being given to the format and timing of the next performance review.

Directors' Report

Directors

The Directors have the benefit of an indemnity covered by insurance which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The Company has granted this indemnity in favour of the Directors of the Company as is permitted by Section 232-235 of the Companies Act 2006. The indemnity was in force during the full financial year up to the date of approval of the financial statements. Neither the insurance nor the indemnities provide cover where the relevant Director or officer has acted fraudulently or dishonestly.

The Board may exercise all the powers of the Company, subject to the provisions of relevant legislation, the Company's Articles of Association and any directions given by a special resolution of the shareholders. Specific powers are detailed in the Company's Articles of Association, including the power to issue and buy back shares, along with the rules for the appointment and removal of Directors.

Substantial shareholders

In addition to the Directors' interests shown in the Remuneration Report, and in accordance with Part 22 of the Companies Act 2006, the Company has been notified that the following shareholders' interests exceeded 3% of the Company's ordinary share capital in issue at 31 July 2023:

Shareholder	%
George Materna	25.36
MMGG Acquisition Ltd	21.88
Chelverton Asset Management	5.79
Paul Raine	5.59
Hargreaves Lansdown Asset Mgt	5.27
Interactive Investor	3.80
Matchtech Group SIP	3.27
Winterflood Securities	3.22

Subsequent to the year end, the Company has not been notified of any changes to significant shareholdings. As at 31 July 2023, 28.72% of the Company's share capital was held by Directors, senior management and other colleagues.

The Group made no donations for political purposes either in the UK or overseas during the year (2022: £nil).

The Company made no charitable donations during the year (2022: £nil); the Group made £12,000 of charitable donations in FY23 (2022: £12,000).

Policy on the payment of creditors

The Group's policy is to agree terms and conditions for its business transactions with suppliers and to endeavour to abide by these terms and conditions, subject to the supplier meeting its obligations. No single supplier arrangement is considered essential to the business of the Group.

Disabled employees policy

The Group is committed to giving full, fair and transparent consideration to applications for employment made by individuals with disabilities and ensuring continued employment for any colleague who may become disabled during their employment. The Board and management strive to ensure that opportunities for training, career development and promotion are fair in all circumstances.

Audit exemption

For the year ended 31 July 2023, Gattaca plc has provided a legal guarantee under s479A of the Companies Act 2006 to the following companies:

- Alderwood Education Ltd
- Barclay Meade Ltd
- Cappo Group Limited
- Cappo International Limited
- CommsResources Limited
- Connectus Technology Limited
- Gattaca Projects Limited
- Gattaca Solutions Limited
- Matchtech Group (Holdings) Limited
- Matchtech Group (UK) Limited
- Matchtech Group Management Company Limited
- Networkers International Limited
- Networkers International (UK) Limited
- Networkers Recruitment Services Limited
- Resourcing Solutions Limited
- The Comms Group Limited

This guarantee is dated 23 October 2023 and all the above entities have 31 July year ends.

Auditor

In December 2022, the Board proposed, and shareholders approved at the AGM, the appointment of PwC LLP as the Company's independent external auditors for the financial year ended 31 July 2023, with Julian Gray as the senior statutory auditor.

Following the completion of a competitive tender process, further details of which are in the Audit Committee report on pages 75 to 79, the Board propose the appointment of Mazars LLP as independent external auditor for the audit of the financial year ended 31 July 2024, and a resolution concerning their appointment will be proposed at the forthcoming AGM.

Company registered office

1450 Parkway, Solent Business Park, Whiteley, Fareham, Hampshire, PO15 7AF.

Company registered number

04426322

Directors' Report continued

Further information on the following areas (which are incorporated into this Report by reference) can be found as follows:

A full description of the Group's principal activities, business performance, likely future developments, principal risks and uncertainties	See pages 1 to 63
Anti-Bribery and Corruption Statement	www.gattacaplc.com/investors/corporate-governance/statements
Company's Articles of Association	www.gattacaplc.com/investors/shareholder-information/AIM-Rule-26
Corporate culture	See pages 5 and 8 to 15
Corporate responsibility (including environmental responsibilities and charitable donations)	See pages 35 to 52
List of Directors serving at the date of this Report	See page 67
List of principal subsidiary undertakings	See pages 148 to 150
Main Committees of the Board and their activities	See page 70
Stakeholder engagement (including employee engagement and our commitment to equal opportunities)	See pages 53 to 54
Statement of Going Concern	See pages 56 to 57
Use of financial instruments and financial risk management	See pages 34 and 144 to 145
Repurchase of its own shares by the Company	See pages 142 and 147
Proposed dividends	See page 147
Events after the reporting date	See page 147

Directors' Report continued

Statement of directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with international accounting standards.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Cautionary statement

Under the Companies Act 2006, a company's Directors' Report is required, among other matters, to contain a true and fair review by the Directors of the Group's business through a balanced and comprehensive analysis of the development and performance of the business of the Group and the position of the Group at the year end, consistent with the size and complexity of the business.

The Directors' Report set out above, including the Chair's Statement, the Chief Executive Officer's Review and the Chief Financial Officer's Report incorporated into it by reference, has been prepared only for the shareholders of the Company as a whole, and its sole purpose and use is to assist shareholders to exercise their governance rights. In particular, the Directors' Report has not been audited or otherwise independently verified. The Company and its Directors and colleagues are not responsible for any other purpose or use or to any other person in relation to the Directors' Report.

The Directors' Report contains indications of likely future developments and other forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Group operates. These factors include, but are not limited to, those discussed under principal risks and uncertainties.

Statement of disclosure of information to auditors

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Approved by the Board and signed by order of the Board by:

Mark Spickett
Company Secretary

23 October 2023

Audit Committee Report

> In an increasingly regulated environment, the Audit Committee provides oversight and contributes to the robust governance of the business.

Providing oversight and guidance

I am pleased to present the Audit Committee's ("the Committee") Annual Report on its activities for the period up to the review of our 2023 Annual Report and Accounts.

This report is intended to explain how the Committee has met its responsibilities throughout the year and what it has done to address continued regulatory change.

As Chair of the Committee, I would welcome questions from shareholders on any of the Committee's activities, at **CoSec@gattacaplc.com.**

Committee members and experience

Committee experience	Management	Industry	Finance	Recruitment
Patrick Shanley	◆	◆	◆	◆
David Lawther	◆	◆	◆	◆
Tracey James	◆	◆	◆	
Ros Haith	◆	◆		

Tracey James
Chair of the Audit Committee

Number of meetings

4

Attendance

94%

Committee members

- Tracey James (Chair)
- Patrick Shanley
- David Lawther
- Ros Haith

Audit Committee Report continued

Aims and objectives

The Committee monitors the integrity of the Financial Statements of the Interim and Annual Reports and formal announcements relating to the Group's financial performance, including advising the Board that the Annual Report taken as a whole is fair, balanced and understandable. It reviews significant financial reporting issues, key judgements and accounting policies and disclosures in financial reports, reviews the effectiveness of the Group's internal control procedures and risk management systems and considers how the Group's internal audit requirements shall be satisfied, making recommendations to the Board. It reviews the independent auditor's audit strategy and implementation plan and its findings in relation to the Annual Report and Consolidated Financial Statements. It monitors the relationship with the Group's independent auditor including the consideration of audit fees and independence.

Membership of the Committee

During the year to 31 July 2023, the Committee comprised of Tracey James (Chair), David Lawther, Patrick Shanley and Ros Haith. Tracey James is a qualified Chartered Accountant and spent many years as a Senior Audit Partner at Grant Thornton. The Board considers her to have recent and relevant financial experience that befits her role as Chair of the Audit Committee. All members of the Audit Committee are considered independent. The Board considers that the Committee as a whole has competence relevant to the sector in which the Group operates.

Meetings and attendance

The Committee met four times during the year.

NED	Maximum formal meetings	Meetings attended
Tracey James (Chair)	4	4
David Lawther	4	4
Patrick Shanley	4	4
Ros Haith	4	3

The Executive Directors are routinely invited to Committee meetings, and the Chair of the Board is a permanent member. During the period from the FY22 Report to the date of this FY23 Report, the Committee met privately with the independent auditor, PwC LLP. The Committee Chair also met privately with the senior statutory auditor, Julian Gray, outside of the Committee meetings.

Operation of the Committee

The Committee reviews and updates the Terms of Reference regularly, to conform to best practice, which are subject to approval by the Board. The Terms of Reference are available on the Group's website (www.gattacaplc.com), as well as in hard copy format from the Company Secretary. Each year, the Committee works to a planned programme of activities, which are focused on key events in the annual financial reporting cycle and other matters that are considered in accordance with its Terms of Reference.

It provides oversight and guidance to contribute to the ongoing good governance of the business, particularly by providing assurance that shareholders' interests are being properly protected by appropriate financial management, reporting and internal controls. The Committee approves the terms of all audit and non-audit services provided by the Group's independent auditors to ensure audit objectivity is maintained.

The main activities of the Committee during the period since the last Report were as follows:

Financial statements: The Committee reviewed the HY23 Interim and FY23 Annual Reports. Management and PwC gave presentations about the key technical and judgemental matters relevant to the Financial Statements.

Audit Committee Report continued

Going concern: The Group continues to prepare its Financial Statements on a going concern basis, as set out in Note 1 to the Financial Statements on page 110. Management produces working capital forecasts on a regular basis. The Board reviews those forecasts, particularly ahead of the publication of Interim and Annual results. The Board continue to scrutinise the Group's detailed economic forecasts ensure that all relevant events and conditions are being incorporated that might affect both short, medium and long term performance. Having reviewed the forecasts as at the date of this Report, the Committee concluded that it was appropriate for the Group to continue to prepare its Financial Statements on a going concern basis, covering the period of at least 12 months from the date of this Report.

Taxation: The Group operates under multiple and varied tax regimes. The completeness and valuation of provisions to cover the range of potential final determinations by the tax authorities of the Group's tax positions are the subject of judgement and estimation uncertainty. Further information is set out in Notes 9 and 15 to the Financial Statements. The provisions held by the Group as at 31 July 2023 were reviewed by management. The Committee agreed with management's assessment of the Group's tax provisions. The Committee reviewed the Group's Tax Strategy which was approved by the Board in July 2023.

Fair, balanced and understandable: The content and disclosures made in the Annual Report are subject to a verification exercise by management to ensure that no statement is misleading in the form and context in which it is included, no material facts are omitted which may make any statement of fact or opinion misleading, and implications which might be reasonably drawn from the statement are true. The Committee was satisfied that it was appropriate for the Board to approve the Financial Statements and that the Annual Report taken as a whole is fair, balanced and understandable such that it allows shareholders to assess the Group's performance against the Group's strategy and business model.

Risk management and internal control framework: The Committee reviewed the Group's Risk management and internal control framework in the year, providing input and recommendations to management on the scope, methodology and governance of the Group's risk processes as management evolves the activities. The Committee has regular dialogue with the Group's risk and compliance function to ensure the risks and control monitoring activities are effective and appropriate for the Group. The Committee was satisfied that it was appropriate for the Board to make the statements regarding internal controls included in the Corporate Governance Statement.

Internal audit: As part of the Committee's policy, certain specialist internal audit work is undertaken by external organisations, the scope and extent of which is focused on both financial and non-financial processes and controls within the Group, determined by a risk-based approach and reviewed by the Committee.

Towards the end of the 2023 financial year, the Group changed its outsourced internal audit provider to RSM UK and commissioned a three-year cycle of internal audit activities. The Committee reviewed the findings of RSM's first review, being a financial controls health check following on from a similar review performed by the previous internal auditor in 2019, which focused on progress and improvements since that time. The Committee review the findings of the internal audit reviews, ensuring findings are scrutinised and remediation plans are regularly reviewed by the Committee where appropriate. The Chair of the Committee reported to the Board on the Committee's activities after each meeting, identifying relevant matters requiring communication to the Board and recommendations on the steps to be taken.

Significant areas of focus

The Committee reviewed the key judgements applied to a number of significant areas of focus in the preparation of the Financial Statements. The review included consideration of the focus areas shown below.

Shareholders' attention is drawn to the section titled "Responsibilities for the financial statements and the audit" in the Report from the independent auditor on pages 94 to 101, about specific areas as reported by the independent auditor in order to provide its opinion on the Financial Statements as a whole.

In the FY22 Report, the assessment for impairment of goodwill and acquired intangibles was considered a significant area of focus for the Audit Committee; in the FY23 Report this has been removed, on the basis that as no reasonable changes in underlying assumptions would trigger a material impairment due to the reduced Net Book Value of the remaining assets, this no longer constitutes a significant area of focus.

Audit Committee Report continued

Significant areas of focus continued

Issue	How the Committee addresses
Revenue recognition	The Group has well-developed accounting policies for revenue recognition in compliance with IFRS 15 as shown in Note 1.6 to the Financial Statements. The Committee receives reports from management and from the auditors to evidence that the accounting policies are complied with across the Group. In FY23, whilst reviewing the Group's revenue cut-off during the FY23 year-end, management identified a revenue cut-off error affecting the prior financial year. Identification of this led to a reassessment of our accounting policy on how accrued revenue and accrued cost balances are determined at each period end. The Group's upgraded ERP system, implemented during FY21, and development of management's knowledge about how to use the data most effectively, has led management to conclude that it would have been appropriate to have extended the cut-off assessment period of the Group's revenue and contractor cost cut-off positions, to include a greater period of approved timesheets received late. Changes have been applied retrospectively, as required by the accounting standards. Prior period financial information throughout the Annual Report and Accounts 2023 has been restated where applicable. Full details are provided in Note 1.24 to the consolidated Financial Statements on page 120. Based on these reports, the Committee concluded that it was content with the judgements that had been made.
Receivable and accrued income provisions	The Group has significant trade receivable and accrued income balances and has reviewed the level of provisioning required considering the economic conditions in which the Group operates. The Group holds both specific provisions against identified risk of recovery as well as a provision over the remaining asset population based on an expected credit loss methodology. The Committee regularly reviews management's judgements over the level of provisioning required against specific client receivables as well as reviewing the Group's expected credit loss methodology including scenario testing to ensure the judgements adopted by the Group are robust and appropriate. The Board receives regular reports on the collectability of aged accounts receivables and accrued income.

Issue	How the Committee addresses
Contingent liabilities	As previously announced and further discussed, the Group continues to co-operate with the United States Department of Justice regarding certain factual enquiries. The Group is not currently in a position to know what the outcome of these enquiries may be and whether this line of enquiry will lead to any liabilities for the Company or its subsidiaries. Additionally, management are aware of other potential claims against the Group at the year end and have concluded that the likelihood of liability and outflow of economic resources is not probable. The Committee has received regular reports from management in respect of any ongoing enquiries and, on that basis, has agreed with the conclusion management has reached in respect of contingent liabilities recognition and disclosures.
Accounting for and disclosure of non-underlying items	The Committee considered the accounting for and disclosure of non-underlying items (see Note 4 to the consolidated Financial Statements) in line with the accounting policy set out by the Group. The Committee reviewed with management and discussed the accounting and disclosure with the Group's auditors. The Committee concluded it was content with the accounting for and disclosure of non-underlying items.
Valuation of investments (parent company)	Gattaca plc, the Company, holds investments in subsidiary undertakings of £38.6m at 31 July 2023 (31 July 2022: £38.6m). At the year end, management has reviewed the asset for any indications of impairment. The recoverable value of the asset was calculated based upon a value-in-use discounted cash flow using the three-year Board-approved Group business plan, extended for long term growth rates and discounted using the Group's WACC. The result indicated a material excess of recoverable amount above the carrying value of the investment. Management also determined that the valuation was sensitive to reasonable changes in key assumptions, largely due to current economic headwinds, and concluded that increased disclosure in the financial statements was appropriate. The Committee has reviewed and concurred with management's conclusions and associated disclosures.

Audit Committee Report continued

Climate risk disclosures

The Committee is aware of the growing importance of considering the impact of climate change on Gattaca's business and operations, both now and in the future, and of the changes to reporting regulations. The new Companies Act statutory instrument (SI 2022 no.31) "Climate-related Financial Disclosure Regulations 2022" legislation is mandatory for Gattaca in FY23 and the Board, the Committee and management all recognise the importance of best practice in reporting and the increasing focus for many stakeholders in this area. These disclosures cover governance, risks and opportunities, targets and KPIs. The Committee has reviewed the increased disclosures included in the Sustainability section of the Annual Report on pages 35 to 52 to ensure they are a fair, balanced and proportionate representation of the climate-related risks facing Gattaca's business.

Independent auditor: appointment

The appointment of the independent external auditor is approved by shareholders annually. The independent auditor's audit of the Financial Statements is conducted in accordance with International Standards on Auditing (UK) ("ISAs"), issued by the Auditing Practices Board. There are no contractual obligations that act to restrict the Committee's choice of external auditor.

In December 2022, the Board proposed, and shareholders approved at the AGM, the appointment of PwC LLP as the Group's registered independent public accounting firm for the financial year ended 31 July 2023.

Subsequent to the AGM, the Board directed the Committee to undertake a competitive tender of the audit. The incumbent and several other Big 4 and mid-tier audit firms were invited to tender. As a result of this tender process, the Committee selected Mazars LLP as the proposed independent external audit firm for the audit of the financial year ended 31 July 2024, and the Board will be proposing their appointment as the Group's registered independent public accounting firm at the December 2023 AGM.

The Committee thanks PwC LLP, who have been the independent auditors since the year ended 31 July 2018.

Independent auditor: services, independence and fees

The independent auditor provides the following services:

- A report to the Committee giving an overview of the results, significant contracts, estimates, judgements and observations on the control environment;
- An opinion on whether the Group and Company Financial Statements are true and fair; and
- An internal controls report to the Committee, following its audit, highlighting to management any areas of weakness or concern highlighted through the course of their external audit work.

The Committee monitors the cost-effectiveness of audit and any non-audit work performed by the independent auditor and considers the potential impact, if any, of this work on independence. It recognises that certain work of a non-audit nature may be best undertaken by the independent auditor because of its unique position and knowledge of key areas of the Group.

Approval is required prior to the independent auditor commencing any material non-audit work in accordance with a Group policy approved by the Committee. Certain work, such as providing bookkeeping services and taxation planning advice, is prohibited.

Further, the Committee seeks positive evidence of the independence of the independent auditor through its challenge to management.

The Committee reviews all fees for non-audit work paid to the independent auditor. Details of these fees can be found in Note 4 to the Financial Statements. Non-audit fees were £nil in both 2023 and 2022. The Committee concluded that the level of non-audit fees, which represent 0% (2022: 0%) of the audit fees for the Group, did not have a negative impact on PwC's independence. The Committee will continue to keep the area of non-audit work under close review, particularly in the context of developing best practice on auditors' independence.

The Committee regulates the appointment of former colleagues of the independent auditor to positions in the Group. The independent external auditor also operates procedures designed to safeguard its objectivity and independence. These include the periodic rotation of the senior statutory auditor, use of independent concurring partners, use of a technical review panel (where appropriate) and annual independence confirmations by all staff.

The independent external auditor reports to the Committee on matters including independence and non-audit work on an annual basis.

Approval

This report was approved by the Committee, on behalf of the Board, on the date shown below and signed on its behalf by:

Tracey James
Chair of the Audit Committee

23 October 2023

Nominations Committee Report

> "The Committee maintained its focus on ensuring the Board's composition is strong and diverse, providing advice and support to enable management to steer the Group."

Focusing on effectiveness and succession planning

I am pleased to present the Nominations Committee report on behalf of the Board which explains the Committee's activities during the year. Following the appointments made to the Board last year, this year the Committee concentrated its time on reviewing the outcomes of the board performance review and maintaining its proactive approach to succession planning. The Committee met as required over the year to consider these matters.

Committee activities during 2023

- Oversaw succession plans for the organisation
- Review of the outcomes of the board performance review which related to board composition and future skill requirements
- Continual oversight of the development of a diverse pipeline for succession
- Reviewing governance trends and updating terms of reference

Committee members and experience

Committee experience	Management	Industry	Finance	Recruitment
Patrick Shanley	◆	◆	◆	◆
George Materna	◆	◆		◆
David Lawther	◆	◆	◆	◆

George Materna
Chair of the Nominations Committee

Number of meetings

2

Attendance

100%

Committee members

- George Materna (Chair)
- Patrick Shanley
- David Lawther

Nominations Committee Report continued

Board changes and reflections

Succession planning is at the very heart of the Committee's strategy and we were mindful of the need for Patrick Shanley to step off the Board in December 2024 and my desire to retire in December 2023. The Committee felt early action was required and contact was made with exceptional people to gauge interest in the Chair role. A process took place, concluding with Richard Bradford agreeing to return to the business as independent Non-Executive Chair and Chair of the Nominations Committee, commencing after the AGM on 6 December 2023.

Richard Bradford returning as Chair following the 2023 AGM allows Patrick Shanley to step down one year early. At the same time, I will also retire and Ros Haith will also step down from the Board, thus intentionally modernising and reducing the size of the Board.

Linchpin Non-Executive Directors David Lawther (Senior Independent Director and Remuneration Committee Chair) and Tracey James (Audit Committee Chair) will continue their roles in the business.

Richard worked with us as an outstanding Non-Executive Director for nine years up until 2020. The Committee has considered his independence and concluded that Richard has had no contact with the Group for three years, nor has he worked with the Executive Directors, Matt Wragg and Oliver Whittaker. The Board have therefore concluded that Richard should be considered independent. Richard's values have been proven to align our business values and we are all delighted that he has chosen to return.

I intend to retire at the 2023 AGM having turned seventy this year, seven and a half years with Hestair SOS and thirty-nine and a half years since I founded this business. However, my main reason for retiring is that I consider the modernised Board and the current management to be an elite team that can return Gattaca to its previous peer group-beating growth. I feel the Group is full of intelligent forward-thinking individuals, who as a team, will be a winning combination. The Gattaca culture is being restored and improved upon and many former colleagues are returning to the fold. I have worked alongside some outstanding people, all of whom made a contribution and were important to the success and longevity of the business; I thank them all very much and it was fantastic working with you all. I am optimistic and look forward to a promising future for the business and the great people in it. I intend to retain my existing shareholding in Gattaca plc.

Patrick leaves the business in tip-top condition from a governance perspective. He was very constructive in the support of the business and is a likeable, trusted colleague. He chaired the business with wisdom and composure through very difficult circumstances as the cards he was dealt did not help. The early pain of Brexit, the pandemic, the subsequent macroeconomic conditions and probably the most damaging, the £60m acquisition of Networkers plc which arrived with extensive challenges. We have recovered and created a solid platform under his stewardship and now look forward to a new era of growth guided by our leadership with a clear focus. I thank Patrick for all his good work and wish him all the best in the future.

Ros Haith deserves a vote of thanks. In her time with us she has shown her sales pedigree and made very relevant contribution to Board discussions and decisions, with many of her suggestions acted on. I thank Ros for her work with us and wish her all the best in the future.

George

Nominations Committee Report continued

Activities during the year

The Committee considered the 2022 board performance review outcomes. The overall findings from the review were positive and demonstrated the strong progress made. Based on the review, having appointed two new Executive Directors and an independent Non-Executive Director in FY22, and the work performed to inform upcoming Board changes as discussed on page 81, the Board were satisfied that it had, and would have in the future, the right composition, skills and experience to support the business in the next stage of its journey. The Committee will continue to review the need to secure any particular or specific skills.

The Committee enhanced its focus on below-Board succession planning and reviewed the succession planning across the organisation. This review covered senior management to the next level of management, considering emerging talent and key roles with a focus on maintaining momentum on diversity.

There remains a commitment to diversity in the boardroom, just as the Group is committed to equal opportunities at all levels in the organisation. We continue to focus on our target of 40% of our management team to be female by 2024 and 50% by 2026 and the Committee continued to be supportive of this objective during the year.

Aims and Objectives

The purpose and objectives of the Nominations Committee are set out in the Nominations Committee's full Terms of Reference, which can be found in the Corporate Governance section on the Group's website, www.gattacaplc.com.

In summary, the role of the Committee is to:

- review the structure, size and composition of the Board, and make recommendations to the Board with regard to any changes required to ensure an appropriate balance of skills, expertise, knowledge and independence;
- review the succession plan for Executive Directors and the Senior Leadership Team, as appropriate;
- identify and nominate, for Board approval, candidates to fill Board vacancies as and when they arise;
- review annually the time commitment required of Non-Executive Directors; and
- make recommendations to the Board regarding membership of the Audit and Remuneration Committees in consultation with the Chair of each Committee.

The Nominations Committee, assisted by an external executive search agency, primarily manages appointments to the Board, but all Board members have the opportunity to meet shortlisted candidates, therefore ensuring a wide range of feedback in the appointment process.

All Executive Directors are engaged on a full-time basis.

Non-Executive Directors have letters of appointment stating their annual fee, their re-election at forthcoming AGMs, the minimum required time commitment and that their appointment is subject to satisfactory performance. Their appointment may be terminated with a maximum of three months' written notice at any time. Copies of letters of appointment are available at the Group's registered office during normal business hours and will also be available for inspection prior to and during the AGM.

The remuneration of the Chair and Non-Executive Directors is determined by the Board following proposals from the Nominations Committee, within the limits set out in the Articles of Association, including reviewing the level of fees paid by comparator companies.

Membership of the Committee

During the year, the Committee comprised its Chair, George Materna, Patrick Shanley and David Lawther. Patrick and David are Independent Non-Executive Directors, who have been members of the Committee since 2017 and 2021 respectively.

Information and training

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures and applicable rules and regulations are observed. There is an agreed procedure for Directors to obtain independent professional advice, paid for by the Group.

Meetings and attendance

The Committee met twice during the year.

NED	Maximum formal meetings	Meetings attended
George Materna (Chair)	2	2
Patrick Shanley	2	2
David Lawther[1]	1	1

1 Due to the subject matter of one of the Committee meetings, David Lawther was not invited to attend one meeting.

Priorities for the coming year

In the coming year, the Committee will:

- maintain its focus on ensuring the Board's composition is strong and diverse, providing advice and support to enable management to steer the Group;
- continue to monitor the alignment of talent and succession planning throughout the organisation to the needs of the business and to the Group's long-term strategy;
- review its current Board skills matrix, ensuring this includes dimensions of diversity, behavioural attributes and decision-making style; and
- consider the format of the 2023 Board performance review.

George Materna
Chair of the Nominations Committee

23 October 2023

Remuneration Committee Report

> The Committee has considered carefully remuneration outcomes and its approach to assessing performance.

David Lawther
Chair of the Remuneration Committee

Remuneration to support the Group's objectives

Committee activities during 2023

Gattaca's Directors' Remuneration Policy (the "Policy") was approved by shareholders at the 2022 AGM, with no material changes from the previous policy. A Policy is put for a shareholder vote at least every three years. Our approach to paying directors in FY24 will be in line with the 2022 shareholder-approved Policy.

The pay outcomes for FY23 reflected the Group's performance and take into account the experience of our wider stakeholders.

On behalf of the Board, I am pleased to present the Remuneration Committee's ("the Committee") report for the year ended 31 July 2023.

Committee members and experience

Committee experience	Management	Industry	Finance	Recruitment
Patrick Shanley	◆	◆	◆	◆
David Lawther	◆	◆	◆	◆
Tracey James	◆	◆	◆	
Ros Haith	◆	◆		

Number of meetings

6

Attendance

96%

Committee members

- David Lawther (Chair)
- Patrick Shanley
- Tracey James
- Ros Haith

Remuneration Committee Report continued

The stated aim of our Policy is to:

- attract, motivate and retain Executive Directors in order to deliver the Group's strategic objectives and business outputs;
- encourage and support a high-performance sales and service culture;
- adhere to the principles of good corporate governance and appropriate risk management; and
- align Executive Directors with the interests of shareholders and other key stakeholders.

We were delighted to receive support from 99.95% of the votes cast on our 2022 Directors' Remuneration Policy. The Policy has a three-year life and our pay outcomes for 2023 and arrangements for 2024 are consistent with the terms of the Policy.

Business context and remuneration outcomes for 2023

The FY23 full year results for the Group show a continuing underlying profit before tax ("PBT") of £2.6m, a favourable improvement in performance compared to the FY22 PBT of £0.3m. Continuing underlying basic EPS rose from 0.5 pence in FY22 to 4.6 pence in FY23 and a full year dividend of 2.5 pence and special dividend of 2.5 pence have been proposed. People engagement score rose to 8.1 (2022: 7.6) and people attrition fell from 40% in the prior year to 33% at the 31 July 2023. The decisions the Committee made on remuneration were taken in this context.

The FY23 annual bonus for Executive Directors enabled Executive Directors to earn 100% of their annual base salary subject to the achievement of pre-set measures and targets, which aligned with our focus on the Group's four strategic priorities: External Focus, Culture, Operational Performance and continued Cost Rebalancing.

30% of the bonus was based on continuing NFI, 60% on continuing underlying PBT and 10% on the achievement of a targeted improvement in the Group's people engagement score. Whilst the Group did not achieve its NFI targets, it did reach its profit threshold and people engagement targets; as such, the Committee has approved a partial award of the Executive Bonus for 2023.

Matthew Wragg was granted LTIP awards in December 2020 prior to his appointment as CEO. These awards were subject to the achievement of cumulative PBT targets, measured over three financial years ending 31 July 2023, which were not achieved. Therefore these awards will lapse.

The Committee believes the incentive outcomes for the year are a fair reflection of Company and Executive performance. No discretion has been applied to formulaic outcomes.

Implementation of Policy in FY24

Matthew Wragg and Oliver Whittaker were appointed to the Board in April 2022 on base salaries that were below market for their respective roles and at a significant discount to their predecessors.

The Committee's intention was to increase their salaries subject to them gaining further experience, and delivering strong performance and expert leadership in their roles. After 15 months in post, the Board has concluded that both Executive Directors have performed well and the Remuneration Committee believes this should be reflected in an uplift to their base salaries. The Committee came to this conclusion having considered:

- Both Executive Directors have demonstrated strong leadership since joining the Board and this has culminated in an improvement in staff engagement scores and a reduction in staff attrition;
- The business has delivered a robust financial performance since their appointments, with growth in profit and other key measures of financial performance; and
- The Committee's desire to pay and reward both directors (and other staff) fairly for the roles being undertaken.

As a sense check, the Committee undertook a pay benchmarking exercise and was comforted that the increased salary positioning proposed was around mid-market against AIM companies of a similar size to Gattaca. Benchmarking was not the primary driver behind the change to base salaries.

As a result, for FY24, Executive Directors' base salaries will increase, by 8% to £270,000 for Matthew Wragg in his role as CEO, and by 11% to £200,000 for Oliver Whittaker in his role as CFO. This compares to a wider workforce increase of 4%–5%. From 1 December 2023, the Non-Executive Directors' base fee will increase by 4% and from 1 August 2023, the fee for holding the position of Chair of a Committee will increase to £7,500. Employer pension contributions for Executive Directors (current and future) are capped at the workforce main contribution rate of 5% of salary.

> "We are committed to engaging on pay matters with our shareholders and wider stakeholders."

Remuneration Committee Report continued

Consistent with FY23, the annual bonus for FY24 will enable Executive Directors to earn 100% of their annual base salary subject to the achievement of pre-set measures and targets, which again align with our focus on the Group's four strategic priorities. As before, 30% of the bonus will be based on continuing NFI, 60% on continuing underlying PBT and 10% on the sustained achievement of the Group's improved colleague engagement score. The final bonus is at the discretion of the Remuneration Committee and a deduction of up to 20% of the amount earned maybe made subject to scorecard metrics not being achieved in relation to behaviours and compliance. The Committee recognises the momentum for ESG targets to be an increasing component of Executive Director's compensation.

The Remuneration Policy provides the opportunity to grant Executive Directors LTIP awards with a face value of up to 150% of base salary in shares. The Remuneration Committee has considered the prevailing share price and it is expected that LTIP award grant level will be set at 100% of base salary for the Executive Directors, with 50% subject to an EPS performance condition, 40% based on a relative Total Shareholder Return (TSR) metric (relative to the FTSE Small Cap constituents (excluding Investment Trusts)) and 10% on reduction in Group-wide attrition.

During the year, the Company utilised an Employee Benefit Trust to enable it to purchase 160,000 shares in the market to partially satisfy any future vesting share awards, taking its total to 240,000 shares held at 31 July 2023. For 2024 this has been extended to allow purchase of up to a further 240,000 shares in the market.

The Remuneration Committee believes the remuneration outcomes for 2023 and its approach to remuneration in 2024 is appropriate.

We are committed to hearing, and taking active interest in, your views as shareholders and if you have any comments or feedback on this report or input into the design of the new policy, then I would welcome your views and can be reached via the Company Secretary at CoSec@gattacaplc.com.

On behalf of the Committee and Board,

David Lawther
Chair of the Remuneration Committee

Directors' Remuneration Policy

This Directors' Remuneration Policy was approved by shareholders at the 2022 Annual General Meeting and applies for a period of three years. A copy of the approved Policy can be found in the 2022 Annual Report which can be located be found on the Gattaca plc website **www.gattacaplc.com/investors**.

The Group's remuneration strategy is to provide a remuneration framework based on the following five principles:

1. Attract, motivate and retain Executive Directors and senior executives in order to deliver the Group's strategic goals and business outputs.
2. Encourage and support a high-performance sales and service culture.
3. Recognise and reward delivery of the Group's business plan and key strategic goals.
4. Adhere to the principles of good corporate governance and appropriate risk management.
5. Align Executive Directors and senior executives with the interests of shareholders and other key stakeholders.

The Committee believes that the remuneration structure in place will support and motivate our Executive Directors in furthering the Group's long-term strategic objectives including the creation of sustainable shareholder returns. Furthermore, the Committee is satisfied that the composition and structure of the remuneration package is appropriate and does not incentivise undue risk-taking or reward underperformance.

Full detail of the Remuneration Policy can be found on the Gattaca plc website **www.gattacaplc.com/investors**.

Remuneration Committee Report continued

Annual Report on Remuneration

Single figure of total remuneration (audited)

The total remuneration of the Executive Directors, including the breakdown between components with comparative figures for the prior financial year, is shown below:

		Base salary £'000	Taxable benefits[1] £'000	Pension[4] £'000	Total fixed pay £'000	Bonus £'000	Long-term incentives[5] £'000	Total variable pay £'000	Total £'000
Matt Wragg	**2023**	**250**	**14**	**17**	**281**	**73**	**–**	**73**	**354**
	2022	83	4	4	92	–	33	33	125
Oliver Whittaker	**2023**	**180**	**11**	**11**	**202**	**52**	**–**	**52**	**252**
	2022	60	4	3	67	–	–	–	67
Former directors									
Kevin Freeguard	**2023**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2022	206	8	21	235	–	–	–	235
Salar Farzad	**2023**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2022	156	8	16	180	–	–	–	180

1 Matt Wragg and Oliver Whittaker joined the Board on 1 April 2022 so remuneration disclosed for 2022 is from this date.

2 Kevin Freeguard and Salar Farzad stepped down from the Board on 1 April 2022.

3 Taxable benefits comprise company car allowance and private medical insurance.

4 The penions contribution level for Executive Directors is capped at the workforce contribution rate of 5% of salary. Included in pension in the single figure table above are pension in lieu amounts for Matt Wragg of £7,000 (2022: £2,000) and Oliver Whittaker of £2,000 (2022: nil).

5 Long-term incentives vesting relate to the performance in the financial year. Prior to being appointed to the Board, Matt Wragg held LTIP options granted in 2018 which vested in December 2021 as a result of the options successfully meeting the TSR hurdle. Matthew also held awards granted in December 2020 which are capable of vesting in December 2023. However, the profit target attached to these awards has not been achieved and these awards will lapse.

Remuneration Committee Report continued

Fixed remuneration

The salaries were set for the Executive Directors upon their appointment on 1 April 2022 and remained unchanged throughout FY23.

Annual bonus outcomes for the financial year ending 31 July 2023

For FY23, the Executive Directors' maximum bonus opportunity was 100% of salary. The table below provides information on the targets for each measure, actual performance and resulting bonus payments for each Executive Director.

Based on this performance, the CEO earned a bonus of £72,720 (2022: nil) and the CFO earned a bonus of £52,400 (2022: nil), equivalent to 29% of maximum opportunity, respectively.

Performance measure	Weighting (% of maximum bonus opportunity)	Threshold performance (30% of bonus payable)	Stretch performance (70% of bonus payable)	Maximum performance (100% of bonus payable)	Actual performance	% of maximum bonus payable
Group Net Fee Income from continuing operations (Gross Profit)	30%	£45.0m	£51.0m	£56.1m	£43.4m	0%
Group Continuing Underlying PBT	60%	£2.5m	£4.0m	£4.5m	£2.6m	19%
Engagement scores	10%	Group-wide scores of: • Net Promoter Score (NPS) promoters of 50% • People engagement score of 7.9			NPS promoters of 52% People engagement score of 8.1	10%
Total						**29%**

Remuneration Committee Report continued

Long-term incentive awards granted during FY23

LTIP awards made on 6 December 2022 are summarised in the table below:

	Grant date	Number of options granted	Performance measures and targets	Vesting date	Exercise price
Matt Wragg	6 Dec 2022	250,000	1. 40% based on Company's TSR ranking relative to the Comparator Group: • 0% vesting for below median (50th percentile) ranking; • 25% vesting for median ranking; • Between 25% and 100% vesting on a straight-line basis between median and upper quartile ranking; and • 100% vesting for upper quartile or better ranking. 2. 50% based on underlying diluted EPS for the financial year ending 31 July 2025: • 0% vesting for below 15.5 pence; • 25% vesting for 15.5 pence; • Between 25% and 100% vesting on a straight-line basis between 15.5 pence and 23.5 pence; and • 100% vesting for 23.5 pence or better. 3. 10% based on Group people attrition measured in the financial year ending 31 July 2025: • 0% vesting for attrition above 37%; • 25% vesting for attrition of 37%; • Between 25% and 100% vesting on a straight-line basis between 37% and 32%; and • 100% vesting for attrition of below 32%.	6 Dec 2025	£0.01
Oliver Whittaker	6 Dec 2022	180,000		6 Dec 2025	£0.01

Remuneration Committee Report continued

Long-term incentive awards vesting for performance related to financial year ending 31 July 2023

LTIP awards were granted on 1 December 2020, due to vest on 1 December 2023, to members of senior management at that time; Matthew Wragg was a recipient of these awards prior to his appointment as CEO. The Awards were granted subject to the achievement of certain PBT growth targets, measured over three financial years ending 31 July 2023. The table below summarises the performance of this award:

	Type of award	Number of options granted	Performance measures	Performance outcome	Number of awards vesting	Value of awards shown in the single figure table
Matthew Wragg	LTIP equity option	78,571	0% vesting for cumulative underlying PBT below £16m, measured over the three financial years ending 31 July 2023	Cumulative continuing underlying PBT of £6m = 0% vesting	Nil	Nil

As the profit-based performance measure was not achieved, these awards will lapse in full.

SIP awards granted in 2023

During the year, the Group operated a Share Incentive Plan ("SIP") for Executive Directors and all staff. Under the scheme, staff are entitled to buy shares in the Company out of pre-tax salary. Staff can invest up to a maximum of £1,800 per annum, which will be used to purchase shares. The Group will award one free share for every share that is purchased.

Staff will receive matching shares at the end of a three-year holding period, subject to remaining employed within the Group and the shares they bought remaining in the plan throughout the holding period. The table below details the shares bought and matching shares awarded to the Executive Directors during the year.

Director	Purchased	Matching shares awarded
Matt Wragg	2,207	2,207
Oliver Whittaker	–	–

Payments to past Directors

Payments of £88,000, including base salary, benefits and pension contributions were made to Kevin Freeguard over the remaining part of his six-month notice period from 1 August 2022 to 31 October 2022. Payments of £70,000, including base salary, benefits and pension contributions were made to Salar Farzad over the remaining part of his six-month notice period from 1 August 2022 to 31 October 2022. These amounts were fully accrued at 31 July 2022.

1. Implementation of Policy in FY24

Fixed remuneration

For FY24, Executive Directors' base salaries will increase on 1 August 2023, by 8% to £270,000 (FY22: £250,000) for Matthew Wragg in his role as CEO, and by 11% to £200,000 (FY22: £180,000) for Oliver Whittaker in his role as CFO.

The pension contribution level for Executive Directors is capped at the workforce contribution rate of 5% of salary.

Bonus

The FY24 annual bonus opportunity for Executive Directors is 100% of salary. 30% of the bonus will be based on continuing NFI, 60% on continuing underlying PBT and 10% on the sustained achievement of the Group's improved colleague engagement score. The financial targets are commercially sensitive and are not disclosed in this Report. However, they will be disclosed in full together with the bonus outcomes in next year's Remuneration Report.

Remuneration Committee Report continued

1. Implementation of Policy in FY24 continued

LTIP

The Committee intends to make a grant to Executive Directors of 100% of base salary in the year (which is lower than the 120% of salary policy maximum) based on the higher of grant-date share price or £1.00. Vesting will be subject to three measures, 50% on an EPS performance condition, 40% on a relative TSR metric (relative to the FTSE Small Cap constituents (excluding Investment Trusts)) and 10% on a maintained reduction in Group-wide attrition, all measured over a three-year period to FY26.

2. Non-Executive Director remuneration policy and letters of appointment

Remuneration policy table

The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors, other than the Chair whose remuneration is determined by the Committee and recommended to the Board.

3. Non-Executive Director remuneration

Single figure remuneration table

The remuneration of Non-Executive Directors showing the breakdown between components, with comparative figures for the prior year, is shown below:

Director		Fees £'000	Other benefits £'000	Total £'000
Patrick Shanley	2023	103	–	103
	2022	103	–	103
George Materna	2023	53	–	53
	2022	53	–	53
David Lawther	2023	57	–	57
	2022	57	–	57
Tracey James	2023	53	–	53
	2022	53	–	53
Ros Haith[1]	2023	47	–	47
	2022	31	–	31

1 Appointed 8 December 2021.

Fees to be provided in 2024 to the Non-Executive Directors

The Board has determined that no increases will be applied to the current Chair or Senior Independent Director fees in 2024. A 4% increase will be made to the Non-Executive Director base fee, from £47,380 to £49,275, effective from 1 December 2023, and a £2,200 increase will be made to the Committee Chair fee, from £5,300 to £7,500, from 1 August 2023.

Fee component per role	2024 £'000	2023 £'000	% change
Chair fee	103	103	0%
Non-Executive Director base fee	49	47	4%
Senior Independent Director fee	5	5	0%
Committee Chair fee (Audit, Remuneration and Nominations Committees)	8	5	42%
Committee member fee (Audit, Remuneration and Nominations Committees)	–	–	0%

Remuneration Committee Report continued

4. Directors' shareholding and share interests

Shareholding and other interests at 31 July 2023

Directors' share interests are set out below. In order that their interests are aligned with those of shareholders, Executive Directors are encouraged to build and maintain a personal shareholding in the Company equal to 200% of their base salary.

	Shareholding at 31 July 2023		Interests in shares under the LTIP		SIP awards (matching shares)	
Director	Number of beneficially owned shares[1]	% of salary held[2]	Total interests subject to conditions	Total vested interests unexercised	Total interests subject to conditions	Total interests at 31 July 2023
Matt Wragg	30,497	12%	464,893	48,460	4,414	548,264
Oliver Whittaker	4,572	3%	279,190	–	710	284,472
Patrick Shanley	15,000	–	–	–	–	15,000
George Materna	8,077,405	–	–	–	–	8,077,405
David Lawther	–	–	–	–	–	–
Tracey James	–	–	–	–	–	–
Ros Haith	–	–	–	–	–	–
Total	**8,127,474**		**744,083**	**48,460**	**5,124**	**8,925,141**

1 Beneficial interests include shares held directly or indirectly by connected persons. These also include partnership and vested match shares held under the SIP.

2 % of salary held calculated using the share price on 31 July 2023, being 99.0 pence.

On 22 September 2023, Matt Wragg exercised 48,460 vested LTIP options and was allotted 25,887 ordinary shares of the Company. There have been no other changes between 31 July 2023 and the date that this Report was signed.

5. Considerations by the Committee of matters relating to Directors' remuneration in 2023

The Committee determines and agrees with the Board the Policy for the Chair of the Board, the Executive Directors and other management team members, and approves the structure of, and targets for, their annual performance-related pay schemes. It reviews the design of share incentive plans for approval by the Board and shareholders and determines the annual award policy to Executive Directors and Management Board members under existing plans.

Within the terms of the agreed Policy, the Committee determines the remainder of the remuneration packages (principally comprising salary and pension) for each Executive Director and senior leadership member. It also reviews and notes the remuneration trends across the Group. The Committee's full Terms of Reference are available on the Company's website, **www.gattacaplc.com**.

Members of the Committee during 2023	Independent	Number of meetings held	Meetings attended
David Lawther (Chair)	Yes	6	6
Patrick Shanley	Yes	6	6
Tracey James	Yes	6	5
Ros Haith	Yes	6	6

During the year, there were six Committee meetings. The matters covered at each meeting included approving further share purchases by the existing employee benefit trust to enable the Company to partially satisfy future share awards, the 2023 bonus scheme, the LTIP grants made during the year and LTIP vesting outcomes, 2024 salary review budget proposal, Remuneration Committee advisers and senior management remuneration plans for 2024.

Remuneration Committee Report continued

5. Considerations by the Committee of matters relating to Directors' remuneration in 2023 continued

None of the Committee members has any personal financial interest (other than as a shareholder) in the decisions made by the Committee, or conflicts of interests arising from cross-directorships or day-to-day involvement in running the business.

The Chief Executive Officer, Chief Financial Officer and Chief People Officer may attend meetings at the invitation of the Committee, but are not present when their own remuneration is being discussed. The Committee is supported by the Chief People Officer, finance and company secretariat functions.

The Committee received external advice in 2023 from FIT Remuneration Consultants ("FIT"). The total fee paid to FIT in respect of services to the Committee during the year was £30,000 (2022: £41,000).

6. Statement of voting

The 2023 Directors' Remuneration Report will be put forward to shareholders on an advisory basis at the 2023 AGM.

This report was approved by the Committee, on behalf of the Board, on the date shown below and signed on its behalf by:

David Lawther

Chair of the Remuneration Committee

23 October 2023

Financial Statements

Independent Auditors' Report

to the members of Gattaca plc

Report on the audit of the financial statements

Opinion

In our opinion, Gattaca plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 July 2023 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2023 (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 July 2023; the Consolidated Income Statement, Reconciliation to adjusted profit measure, Consolidated Statement of Comprehensive Income, the Consolidated and Company Cash Flow Statements, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We conducted full scope audit work over three operating units which accounted for 92% of the group's revenue and 84% of the group's NFI (gross profit).
- We performed procedures at group level over goodwill and intangible assets, share-based payments, taxation and testing of the consolidation.

Key audit matters

- Recoverability of trade receivables and accrued income (group)
- Risk of fraud in revenue recognition – permanent and contractors (group)
- Valuation of investments (parent)

Materiality

- Overall group materiality: £344,000 (2022: £350,000) based on approximately 0.8% of net fee income (gross profit) from continuing operations.
- Overall company materiality: £385,000 (2022: £415,000) based on approximately 1% of total assets.
- Performance materiality: £258,000 (2022: £260,000) (group) and £288,750 (2022: £311,250) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Impairment of goodwill and intangible assets Infrastructure – RSL Rail CGU and Accounting for Software as a Service (SaaS) costs, which were key audit matters last year, are no longer included because of the reduced risk associated with impairment of goodwill following the full impairment of the RSL Rail CGU in the prior year, as well as the immaterial amount of Software as a Service costs in the current year. Otherwise, the key audit matters below are consistent with last year.

Independent Auditors' Report continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables and accrued income (group)	
Refer to page 75 (Audit Committee Report), Note 1.17 (The Group and Company Significant Accounting Policies) and Note 16 (Trade and Other Receivables). At 31 July 2023, the group had gross trade receivables and accrued income balances of £49,351,000 (2022: £57,931,000 (restated)) and provisions of £2,137,000 (2022: £2,759,000). The recoverability of trade receivables, accrued income and the level of provisions for expected credit losses at 31 July 2023 are considered to be an audit risk due to the quantum of these balances to the financial statements and the judgements required in determining the level of provisions.	In order to test the recoverability of trade receivables and accrued income, we performed the following procedures: • We audited the appropriateness of judgements regarding the level of expected credit loss assessed at 31 July 2023 for trade receivables and accrued income. We considered whether the associated provisions were calculated in accordance with the group's expected credit loss policies and IFRS 9 'Financial Instruments' and whether there was evidence of management bias in provisioning, obtaining supporting evidence as necessary; • We assessed recoverability of individual trade receivable balances by testing a sample of invoices to cash received subsequent to year end, and issue of credit notes post year end; • We assessed and validated the reasons for which certain debtor balances are specifically provided for; • We evaluated the group's credit control procedures, including the use of non-recourse invoice financing and validated the ageing profile of trade receivables; • We challenged management as to whether the methodology applied in determining the appropriate expected credit loss provision rates appropriately reflected the level of risk in the total receivables balance and the historical collection of cash and levels of write offs in prior years; • We researched the financial viability of a sample of customers with whom amounts receivable are held, considered the counterparty risk of the markets that Gattaca serves in the context of the economic environment at the year end and compared to expected credit loss provisioning levels of their competitors. • We evaluated the appropriateness of disclosures made in the financial statements. There were no material issues identified in testing the recoverability of trade receivables or accrued income, the respective expected credit loss provisions and associated disclosures.

Independent Auditors' Report continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Risk of fraud in revenue recognition – permanent and contractors (group)	
Refer to page 75 (Audit Committee Report), Note 1.6 (The Group and Company Significant Accounting Policies), Note 2 (Segmental Information) and Note 3 (Revenue from Contracts With Customers). For the period ended 31 July 2023, revenue included in Note 2 amounted to £385,174,000 (2022: £404,654,000 (restated)). There is an inherent incentive to manipulate income through the fraudulent posting of journals to revenue during the year to meet financial targets. At the year end, journals are posted to record accrued income, in respect of time worked by contractors that has not been billed. The audit risk includes both of the above aspects. We determined that these specifically impact the occurrence of revenue. We have considered whether the prior period restatement, described in Note 1.24 could be indicative of fraud, and whether our original risk assessment remains appropriate.	We performed the following procedures to address the risk that revenue had been recorded fraudulently: • We assessed the design and implementation of key controls around all streams of revenue recognised. This included conducting an end to end walkthrough of the contractor pay to bill process. Testing of a key control was performed for the contractor revenue stream; • For contractor revenue we tested the occurrence of revenue journals posted throughout the year using a combination of data auditing techniques and corroboration of transactions to third party documentation for a sample of invoices; • For permanent revenue, using our data auditing techniques, we conducted testing over 'unexpected' journals impacting the permanent revenue stream ledger codes, corroborating the transactions to appropriate audit evidence; • We tested a sample of credit notes post year end to identify where revenue recognised during the year has been subsequently reversed; • We tested the accrued income associated with work performed by contractors before the year end, by comparing the amounts to customer approved timesheets submitted after year end; • We considered the appropriateness and accuracy of cut-off by considering, on a sample basis, the start date of permanent placements and the term of a temporary placement with reference to the year end date; and • We conducted analytical procedures over revenue on a month-by-month basis and validated the appropriateness of significant variations. With regard to the prior period restatement, we tested the accuracy of data driving the adjustments. The restatement is factual, and reconciled to precise data. We do not consider there to be any evidence of management bias or fraudulent activity in how revenue has been recognised in this regard. There were no instances of material fraud in revenue recognition identified from our testing of revenue posting journals through the year and cut-off at the year end.

Independent Auditors' Report continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Valuation of investments (parent)	
Refer to page 75 (Audit Committee Report), Note 1.11 (The Group and Company Significant Accounting Policies) and Note 14 (Investments in Subsidiary Undertakings). The Company holds investments of £38,550,000 in its subsidiary undertakings. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of the investment in subsidiaries may not be recoverable. If such circumstances are identified, an impairment review is undertaken to establish whether the carrying amount of the investments exceeds its recoverable amount, being the higher of fair value less costs to sell or value in use. The directors identified that as a result of performance of the group at an NFI level falling below budget during the year ended 31 July 2023 and market capitalisation of the group remaining below the carrying value of the investment, a trigger did exist and hence conducted an assessment of whether the investment carrying value could be supported by its recoverable amount. This review indicated the value was supported and hence no impairment has been recorded.	We obtained management's impairment assessment for the investments in subsidiaries held by the Company. We assessed the methodology used and key assumptions made, as follows: • We tested the mathematical integrity of the underlying discounted cash flow models; • We validated that the budgeted cash flows used in the model have been approved by the Board; • We challenged the cash flow projections used within the model, by reference to historical forecasting accuracy and by validating the reasonableness of anticipated growth through comparing to past trends, our wider business understanding and external evidence regarding market forecasts; • We reviewed disclosures in the financial statements and considered these appropriate based on the results of the assessment and the requirements of accounting standards. Through review of the impairment assessment performed by management and the disclosures made, we did not identify any material misstatements.

Independent Auditors' Report continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group has 35 operating units which fall into 8 reportable segments.

Of the group's 35 operating units, we performed audits of complete financial information at 3 operating units in the UK due to their financial significance to the group representing 92% of the group's revenue and 84% of the group's NFI (gross profit).

In addition, we performed analytical procedures on the remaining 32 operating units to understand key balances and transactions in the year and performed additional procedures on any unusual balances identified.

All testing was performed by the group engagement team with no component teams utilised.

The combination of the work referred to above, together with additional procedures performed at group level including over goodwill and intangible assets, share-based payments, taxation and testing of the consolidation and adjustments made to the financial statements gave us the evidence we needed for our opinion on the financial statements as a whole.

We performed testing over material financial statement line items in the company financial statements, including impairment testing over the carrying value of the investment.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and support the disclosures made within. In addition to enquiries with management, we also developed an understanding of the governance processes in place to assess climate risk and read the Group's carbon reduction plan.

We challenged the completeness of management's climate risk assessment by reading the entity's website and communications for details of climate related impacts, as well as using our wider knowledge of the customer base to identify other risks.

Management have made commitments, outlined on page 36, including to achieve net zero emissions on or before 2050. This commitment does not directly impact financial reporting, as management has not yet developed a pathway to deliver this commitment and will only be able to model the impact once the pathway is developed. However, management has not identified any climate-related risks that will significantly impact the Group's ability to implement its wider business strategy in the short, medium or long term and therefore has concluded that the impact of climate risk does not give rise to a potential material financial statement impact.

We specifically considered whether there was a risk that non current assets could potentially be materially impacted by climate risk and consequently we focused our audit work in this area. To respond to the audit risks identified in these areas we tailored our audit approach to address these, in particular, we challenged management on how the impact of climate related risks and opportunities determined by the Group would impact the assumptions within the discounted cash flows prepared by management that are used in the Group's impairment analysis.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Sustainability section) within the Annual Report with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the year ended 31 July 2023.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Independent Auditors' Report continued

Materiality continued

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£344,000 (2022: £350,000).	£385,000 (2022: £415,000).
How we determined it	approximately 0.8% of net fee income (gross profit) from continuing operations	approximately 1% of total assets
Rationale for benchmark applied	Group profitability is around break even. Net fee income is considered to be a benchmark we believe best reflects the performance of the business.	We believe that total assets are an appropriate metric for assessing the company as it holds the investment instruments of the group and intercompany positions with subsidiaries. We applied a lower materiality of £326,000 to certain line items, account balances and disclosures that were in scope for the audit of the group financial statements.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £260,000 and £330,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £258,000 (2022: £260,000) for the group financial statements and £288,750 (2022: £311,250) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £17,200 (group audit) (2022: £17,000) and £17,200 (company audit) (2022: £17,200) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the inputs and underlying assumptions of the base case going concern model prepared by management.
- Verifying the mathematical accuracy of the going concern forecasts.
- Assessing the severe but plausible downside scenario which has been used to sensitise the base case model, including consideration of the underlying assumptions within this forecast.
- Assessing the liquidity headroom on the group's invoice financing facility on both the base case and severe but plausible downside. We are satisfied from our enquiries that there is nothing to suggest that the invoice financing facility will be altered or withdrawn or replaced with another provider.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report continued

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 July 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent Auditors' Report continued

Responsibilities for the financial statements and the audit continued

Auditors' responsibilities for the audit of the financial statements continued

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment matters, tax legislation, including areas such as the Construction Industry Scheme, compliance with accounting standards and specific areas of dispute and potential litigation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- With regard to potential non-compliance with laws and regulations, we held discussions with group board members and management at multiple levels across the business and the group's legal counsel throughout the year, as well as at year end. These discussions have included enquiries of known or suspected instances of non-compliance with laws and regulations and fraud, outcomes of investigations and actions taken.
- With regard to legal matters discussed in Note 27 (Contingent Liabilities), we enquired with the group's external legal counsel.
- With regard to fraudulent manipulation, we sought to identify and test journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.
- Incorporating elements of unpredictability into the audit procedures performed, including an analysis of significant payments made to contractors.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Julian Gray
(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

23 October 2023

Consolidated Income Statement

For the year ended 31 July 2023

	Note	2023 £'000	Restated[1] 2022 £'000
Continuing operations			
Revenue	2	385,174	403,873
Cost of sales		(341,773)	(359,672)
Gross profit	2	43,401	44,201
Administrative expenses		(40,967)	(49,244)
Profit/(loss) from continuing operations	4	2,434	(5,043)
Finance income	6	408	570
Finance cost	7	(87)	(253)
Profit/(loss) before taxation		2,755	(4,726)
Taxation	9	(1,004)	451
Profit/(loss) for the year after taxation from continuing operations		1,751	(4,275)
Discontinued operations			
Loss for the year from discontinued operations (attributable to equity holders of the Company)	10	(522)	(346)
Profit/(loss) for the year		1,229	(4,621)

Profit/(loss) for the year is wholly attributable to equity holders of the Company. The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company Income Statement.

Total earnings per ordinary share	Note	2023 pence	Restated[1] 2022 pence
Basic earnings/(loss) per share	11	3.8	(14.3)
Diluted earnings/(loss) per share	11	3.8	(14.3)

Earnings per ordinary share from continuing operations	Note	2023 pence	Restated[1] 2022 pence
Basic earnings/(loss) per share	11	5.4	(13.2)
Diluted earnings/(loss) per share	11	5.4	(13.2)

1 FY22 results have been restated as explained further in Note 1.24.

Reconciliation to adjusted profit measure

Underlying profit is the Group's key adjusted profit measure; profit from continuing operations is adjusted to exclude non-underlying income and expenditure as defined in the Group's accounting policy, amortisation and impairment of goodwill and acquired intangibles, impairment of leased right-of-use assets and net foreign exchange gains or losses.

	2023 £'000	Restated[1] 2022 £'000
Profit/(loss) from continuing operations	2,434	(5,043)
Add:		
Non-underlying items included within administrative expenses	(175)	558
Amortisation and impairment of goodwill and acquired intangibles and impairment of leased right-of-use assets	68	5,051
Depreciation of property, plant and equipment, leased right-of-use assets and amortisation of software and software licences	1,475	2,210
Underlying EBITDA	3,802	2,776
Less:		
Depreciation of property, plant and equipment, leased right-of-use assets and amortisation of software and software licences	(1,475)	(2,210)
Net finance income/(costs) excluding foreign exchange gains and losses	241	(249)
Underlying profit before taxation from continuing operations	2,568	317
Underlying taxation	(1,096)	(163)
Underlying profit after taxation from continuing operations	1,472	154

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2023

	2023 £'000	Restated[1] 2022 £'000
Profit/(loss) for the year	1,229	(4,621)
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(243)	72
Other comprehensive (loss)/income for the year	(243)	72
Total comprehensive income/(loss) for the year attributable to equity holders of the parent	986	(4,549)

	2023 £'000	Restated[1] 2022 £'000
Attributable to:		
Continuing operations	1,708	(3,972)
Discontinued operations	(722)	(577)
	986	(4,549)

1 FY22 results have been restated as explained further in Note 1.24.

Consolidated and Company Statements of Financial Position

As at 31 July 2023

	Note	Group 31 July 2023 £'000	Group Restated[1] 31 July 2022 £'000	Company 31 July 2023 £'000	Company 31 July 2022 £'000
Non-current assets					
Goodwill and intangible assets	12	1,962	2,072	8	11
Property, plant and equipment	13	1,024	1,359	–	–
Right-of-use assets	21	1,873	3,065	–	–
Investments	14	–	–	38,550	38,608
Deferred tax assets	15	440	595	–	–
Total non-current assets		5,299	7,091	38,558	38,619
Current assets					
Trade and other receivables	16	52,168	58,245	1,357	2,757
Corporation tax receivables		534	1,263	145	238
Cash and cash equivalents		23,375	17,768	8	7
Total current assets		76,077	77,276	1,510	3,002
Total assets		81,376	84,367	40,068	41,621
Non-current liabilities					
Deferred tax liabilities	15	(101)	(25)	–	–
Provisions	17	(366)	(517)	–	–
Lease liabilities	21	(964)	(2,490)	–	–
Total non-current liabilities		(1,431)	(3,032)	–	–

1 FY22 results have been restated as explained further in Note 1.24.

Consolidated and Company Statements of Financial Position continued

As at 31 July 2023

		Group		Company	
	Note	31 July 2023 £'000	Restated[1] 31 July 2022 £'000	31 July 2023 £'000	31 July 2022 £'000
Current liabilities					
Trade and other payables	18	(46,895)	(46,419)	(2,742)	(3,006)
Provisions	17	(1,046)	(1,187)	–	–
Current tax liabilities		(330)	(340)	–	–
Lease liabilities	21	(857)	(1,135)	–	–
Bank loans and borrowings	19	–	(1,801)	–	–
Total current liabilities		(49,128)	(50,882)	(2,742)	(3,006)
Total liabilities		(50,559)	(53,914)	(2,742)	(3,006)
Net assets		30,817	30,453	37,326	38,615
Equity					
Share capital	22	319	323	319	323
Share premium		8,706	8,706	8,706	8,706
Capital redemption reserve		4	–	4	–
Merger reserve		224	224	–	–
Share-based payment reserve		334	350	334	350
Translation reserve		696	1,137	–	–
Treasury shares reserve		(331)	(147)	(244)	(107)
Retained earnings		20,865	19,860	28,207	29,343
Total equity		30,817	30,453	37,326	38,615

1 FY22 results have been restated as explained further in Note 1.24.

The amount of loss generated by the parent company was £588,000 for the year ended 31 July 2023 (2022: profit of £296,000).

The accompanying notes on pages 110 to 150 form part of these financial statements.

The financial statements on pages 102 to 150 were approved by the board of directors on 23 October 2023 and signed on its behalf by

Oliver Whittaker
Chief Financial Officer

Consolidated and Company Statements of Changes in Equity

For the year ended 31 July 2023

A) Consolidated

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share-based payment reserve £'000	Translation reserve £'000	Treasury shares reserve £'000	Restated[1] Retained earnings £'000	Restated[1] Total £'000
At 1 August 2021, as originally presented	323	8,706	–	28,750	454	134	(37)	(3,223)	35,107
Retrospective adjustments to revenue cut-off (Note 1.24)	–	–	–	–	–	–	–	404	404
Restated total equity at 1 August 2021	323	8,706	–	28,750	454	134	(37)	(2,819)	35,511
Loss for the year	–	–	–	–	–	–	–	(4,621)	(4,621)
Other comprehensive income	–	–	–	–	–	72	–	–	72
Total comprehensive loss	–	–	–	–	–	72	–	(4,621)	(4,549)
Share-based payments charge (Note 22)	–	–	–	–	145	–	–	-	145
Share-based payments reserves transfer	–	–	–	–	(249)	–	–	249	-
Deferred tax movement in respect of share options	–	–	–	–	-	–	–	(60)	(60)
Purchase of treasury shares	–	–	–	–	–	–	(110)	–	(110)
Translation reserve movements on disposal of foreign operations[2]	–	–	–	–	–	931	–	(931)	-
Dividends paid in the year	–	–	–	–	–	–	–	(484)	(484)
Transfer of merger reserve	–	–	–	(28,526)	–	–	–	28,526	-
Transactions with owners	–	–	–	(28,526)	(104)	931	(110)	27,300	(509)
At 31 July 2022	323	8,706	–	224	350	1,137	(147)	19,860	30,453
At 1 August 2022	**323**	**8,706**	**–**	**224**	**350**	**1,137**	**(147)**	**19,860**	**30,453**
Profit for the year	–	–	–	–	–	–	–	1,229	1,229
Other comprehensive loss	–	–	–	–	–	(243)	–	–	(243)
Total comprehensive income	–	–	–	–	–	(243)	–	1,229	986
Share-based payments credit (Note 22)	–	–	–	–	(64)	–	–	-	(64)
Share-based payments reserves transfer	–	–	–	–	48	–	–	(48)	-
Deferred tax movement in respect of share options	–	–	–	–	-	–	–	126	126
Purchase of treasury shares	–	–	–	–	-	–	(184)	–	(184)
Purchase and cancellation of own shares[3] (Note 22)	(4)	–	4	–	–	–	–	(500)	(500)
Translation reserve movements on disposal of foreign operations[2]	–	–	–	–	–	(198)	–	198	-
Transactions with owners	(4)	–	4	–	(16)	(198)	(184)	(224)	(622)
At 31 July 2023	**319**	**8,706**	**4**	**224**	**334**	**696**	**(331)**	**20,865**	**30,817**

1 FY22 results have been restated as explained further in Note 1.24.

2 The movement through the translation reserve in the year ended 31 July 2023 is in respect of the liquidation of MSB International GmbH and the realisation of previously unrealised foreign exchange gains. The movement through the translation reserve in the year ended 31 July 2022 is in respect of disposal of foreign operations relating to the sale of the South African recruitment operations in December 2021 and the realisation of previously unrealised foreign exchange losses.

3 During the year ended 31 July 2023, Gattaca plc undertook a public share buyback and a capital redemption reserve was created as a result of the subsequent cancellation of these shares, as discussed in Note 22.

Consolidated and Company Statements of Changes in Equity continued

For the year ended 31 July 2023

B) Company

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share-based payment reserve £'000	Treasury shares reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2021	323	8,706	-	28,526	454	(16)	756	38,749
Profit and total comprehensive income for the year (Note 8)	–	–	–	–	–	–	296	296
Share-based payments charge (Note 22)	–	–	–	–	145	–	–	145
Share-based payments reserves transfer	–	–	–	–	(249)	–	249	–
Purchase of treasury shares	–	–	–	–	–	(91)	–	(91)
Dividends paid in the year	–	–	–	–	–	–	(484)	(484)
Transfer of merger reserve	–	–	–	(28,526)	–	–	28,526	–
Transactions with owners	–	–	–	(28,526)	(104)	(91)	28,291	(430)
At 31 July 2022	323	8,706	–	–	350	(107)	29,343	38,615
At 1 August 2022	**323**	**8,706**	**–**	**–**	**350**	**(107)**	**29,343**	**38,615**
Loss and total comprehensive loss for the year (Note 8)	–	–	–	–	–	–	(588)	(588)
Share-based payments credit (Note 22)	–	–	–	–	(64)	–	–	(64)
Share-based payments reserves transfer	–	–	–	–	48	–	(48)	–
Purchase of treasury shares	–	–	–	–	–	(137)	–	(137)
Purchase and cancellation of own shares[1] (Note 22)	(4)	–	4	–	–	–	(500)	(500)
Transactions with owners	(4)	–	4	–	(16)	(137)	(548)	(701)
At 31 July 2023	**319**	**8,706**	**4**	**–**	**334**	**(244)**	**28,207**	**37,326**

1 During the year ended 31 July 2023, Gattaca plc undertook a public share buyback and a capital redemption reserve was created as a result of the subsequent cancellation of these shares, as discussed in Note 22.

Consolidated and Company Cash Flow Statements

For the year ended 31 July 2023

	Note	Group 2023 £'000	Group Restated[1] 2022 £'000	Company 2023 £'000	Company 2022 £'000
Cash flows from operating activities					
Profit/(loss) for the year		1,229	(4,621)	(588)	296
Adjustments for:					
Depreciation of property, plant and equipment and amortisation of intangible assets, software and software licences	4	591	1,078	2	2
Depreciation of leased right-of-use assets	4	952	1,552	–	–
Loss from sale of subsidiary, associate or investment		–	82	–	–
Loss on disposal of property, plant and equipment	4	17	33	–	–
Loss on disposal of software and software licences	4	8	12	–	–
Impairment of goodwill and acquired intangibles	4	–	3,780	–	–
Impairment of right-of-use assets	4	–	852	–	–
Profit on reassessment of lease term	21	(672)	(27)	–	–
Profit on reassessment of dilapidation asset	21	(58)	–	–	–
Interest income	6	(328)	(4)	(93)	(1)
Interest costs	7	87	253	–	–
Taxation expense/(credit) recognised in the Income Statement	9	1,007	(458)	(145)	(235)
Decrease in trade and other receivables		6,243	8,841	1,400	582
Increase/(decrease) in trade and other payables		476	(12,249)	(531)	(67)
Decrease in provisions	17	(285)	(54)	–	–
Share-based payment (credit)/charge	22	(64)	145	–	–
Dividends received		–	–	–	(1,350)
Foreign exchange gains		37	30	–	–
Cash generated from/(used in) operations		9,240	(755)	45	(773)
Interest paid	7	(19)	(138)	–	–
Interest paid on lease liabilities	7	(68)	(115)	–	–
Interest received	6	328	4	93	1
Income taxes repaid/(paid)		61	(200)	–	–
Cash generated from/(used in) operating activities		9,542	(1,204)	138	(772)

1 FY22 results have been restated as explained further in Note 1.24.

Consolidated and Company Cash Flow Statements continued

For the year ended 31 July 2023

	Note	Group 2023 £'000	Group Restated[1] 2022 £'000	Company 2023 £'000	Company 2022 £'000
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(178)	(370)	–	–
Purchase of intangible assets	12	–	(29)	–	–
Sublease rent receipts		130	–	–	–
Dividends received		–	–	–	1,350
Cash (used in)/generated from investing activities		(48)	(399)	–	1,350
Cash flows from financing activities					
Lease liability principal repayments		(1,200)	(1,923)	–	–
Purchase of treasury shares		(184)	(110)	(137)	(91)
Purchase of own shares for cancellation		(500)	–	–	–
Working capital facility repaid		(1,801)	(7,547)	–	–
Dividends paid		–	(484)	–	(484)
Cash used in financing activities		(3,685)	(10,064)	(137)	(575)
Effects of exchange rates on cash and cash equivalents		(202)	197	–	–
Increase/(decrease) in cash and cash equivalents		5,607	(11,470)	1	3
Cash and cash equivalents at the beginning of the year		17,768	29,238	7	4
Cash and cash equivalents at end of year[2]	26	23,375	17,768	8	7

1 FY22 results have been restated as explained further in Note 1.24.

2 Cash and cash equivalents as at 31 July 2023 and 31 July 2022 includes restricted cash balances, for further details please refer to Note 26.

Net decrease in cash and cash equivalents from discontinued operations was £281,000 (2022: decrease of £742,000).

Notes Forming Part of the Financial Statements

1 The Group and Company Significant Accounting Policies

1.1 The Business of the Group

Gattaca plc ('the Company') and its subsidiaries (together 'the Group') is a human capital resources business providing contract and permanent recruitment services in the private and public sectors across the UK, Europe and North America regions. The Company is a public limited company, which is listed on the Alternative Investment Market (AIM) and is incorporated and domiciled in England, United Kingdom. The Company's address is: 1450 Parkway, Solent Business Park Whiteley, Fareham, Hampshire, PO15 7AF. The registration number is 04426322.

1.2 Basis of preparation of the financial statements

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

These financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently to all years throughout both the Group and the Company for the purposes of preparation of these Financial Statements. A summary of the principal accounting policies of the Group is set out below.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 1.23.

1.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity are described in the Chief Financial Officer's Report.

At the year end the Group reported a strong balance sheet with net cash of £21.6m. The Group ensures the availability of working capital through close management of customer payment terms. There is sufficient headroom on our working capital facilities to absorb a level of customer payment term extensions, but we would also manage supply to the customer if payment within an appropriate period was not being made. Whilst there is no evidence that it would occur, a significant deterioration in average payment terms has the potential to impact the Group's liquidity.

The Directors have prepared detailed cash flow forecasts, covering a period of at least 12 months from the date of approval of these financial statements. This base case is drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Group operates. The base case assumes a steady growth in the Group's NFI year on year.

Improvements in quality of earnings and gross margin during FY23 have provided a platform for contract NFI growth, with increases in contractor numbers and average timesheet value being key focuses for FY24. Whilst we expect customer and candidate challenges in permanent recruitment to continue during FY24, strong contract pipelines in Defence and Mobility sectors, combined with increasing customer demand for Statement of Works contracts, underpin the Group's NFI growth expectations in FY24 and beyond.

A key assumption in preparing the cash flow forecasts is the continued availability of Group's invoice financing facility throughout the forecast period. At the year end, the unutilised facility headroom after restrictions was £27.6m. The current £50m facility has no contractual renewal date; the Directors remain confident that the facility will remain available.

The output of the base case forecasting process has been used to perform sensitivity analysis on the Group's cash flow to model the potential effects should principal risks actually occur either individually or in unison. The sensitivity analysis modelled scenarios with significantly lower NFI growth rates, significantly increased operating cost inflation and increased customer payment terms considered. The Group has modelled the impact of a severe but plausible scenario including nil growth in contract and permanent NFI across FY24 to FY26, operating cost inflation of 10% and an increase in DSO by five days.

After making appropriate enquiries and considering the uncertainties described above, the Directors have a reasonable expectation at the time of approving these financial statements that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Following careful consideration the Directors do not consider there to be a material uncertainty with regards to going concern and consider it is appropriate to adopt the going concern basis in preparing these financial statements.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.4 New standards and interpretations

The following are new standards or improvements to existing standards that are mandatory for the first time in the Group's accounting period beginning on 1 August 2022 and no new standards have been early adopted. The Group's July 2023 consolidated financial statements have adopted these amendments to IFRS:

- Amendments to IAS 16 – Property, plant and equipment: proceeds before intended use
- Amendments to IAS 37 – Onerous contracts – cost of fulfilling a contract
- Amendments to IFRS 3 – Reference to the conceptual framework
- Amendments to IFRS Standards 2018-2022 – Annual improvements on IFRS 9, IFRS 16 and IFRS 1

There have been no alterations made to the accounting policies as a result of considering all of the amendments above that became effective in the year, as these were either not material or were not relevant to the Group or Company.

New standards in issue, not yet adopted

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are effective for the Group accounting periods beginning on or after 1 August 2023. These new pronouncements are listed as follows:

- IFRS 17, "Insurance contracts" as amended in December 2021 (effective 1 January 2023)
- Amendments to IAS 1 – Classification of liabilities as current or non-current (effective 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2 – Improve accounting policy disclosures (effective 1 January 2023)
- Amendments to IAS 8 – Clarify distinction between accounting policies and accounting estimates (effective 1 January 2023)
- Amendments to IAS 12 – Deferred tax relating to assets and liabilities arising from a single transaction (effective 1 January 2023)

The Directors are currently evaluating the impact of the adoption of all other standards, amendments and interpretations but do not expect them to have a material impact on the Group's operations or results.

Forthcoming requirements

The following amendments are required for application for the Group's periods beginning after 1 August 2023 or later:

Standard		Effective date (annual period beginning on or after)
IAS 1	Non-current liabilities with covenants: Clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability	1 January 2024
IFRS 16	Requirements for sale and leaseback transactions explaining how a seller-lessee accounts for a sale and leaseback after the date of the transaction	1 January 2024

1.5 Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases. The results of all subsidiaries, including those with non-coterminous reporting dates, are consolidated in line with the Group's financial reporting period.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangements. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.6 Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services provided, excluding VAT and trade discounts.

Temporary placements

Revenue from temporary, or contract, placements is recognised at the point in time when the candidate provides services, upon receipt of a client-approved timesheet or equivalent proof of time worked. Timing differences between the receipt of a client-approved timesheet and the raising of an invoice are recognised as accrued income. The Group has assessed its use of third party providers to supply candidates for temporary placements under the agent or principal criteria and has determined that it is the principal on the grounds that it retains primary responsibility for provision of the services.

A number of contractual rebate arrangements are in place in respect of volume and value of sales; these are accounted for as variable consideration reducing revenue and estimated in line with IFRS 15.

Any consideration payable at the start of contracts to customers is recognised as a prepayment and released to profit or loss over the terms of the contract it relates to, as a reduction to revenue.

Permanent placements

Revenue from permanent placements, which is based on a percentage of the candidate's remuneration package, is recognised when candidates commence employment which is the point at which the performance obligation of the contract is considered met. Some permanent placements are subject to a 'claw-back' period whereby if a candidate leaves within a set period of starting employment, the customer is entitled to a rebate subject to the Group's terms and conditions. Provisions as a reduction to revenue are recognised for such arrangements if considered probable. In addition, a number of contractual rebate arrangements are in place in respect of volume and value of sales; these are accounted for as variable consideration reducing revenue and estimated in line with IFRS 15.

Revenue cut-off: temporary and permanent placements

Revenue from temporary and permanent placements is recognised in the financial year to which it relates, to the extent that the Group has, within two months of the year-end date, received confirmation that the contractual performance obligation has been satisfied; either through receipt of a client-approved timesheet, or confirmation of commencement of employment (for permanent placements).

Late timesheets and placements approved after this period are recognised in the subsequent financial year; remaining timesheets or placements would not be expected to be material, with a low confidence level over any further estimate being highly probable not to reverse as a long submission delay is highly unusual.

Other

Other revenue streams are generated from the provision of engineering management services through Statement of Work packages and other fees.

Revenue from the provision of engineering management services is recognised either over a period of time (where the customer benefits from the services provided as the Group performs those services) or at a point in time upon receipt of client-approved timesheets. Where the Group determines revenue should be recognised over time an estimate is made of progress using an input method, by reference to the proportion of costs incurred to date compared to total expected costs for the contract. This is considered to best reflect the benefit the customer receives from the Group's performance.

Other fees mainly relate to account management fees for providing recruitment services. Revenue from other fees is recognised following client commitment to the agreement at either a point in time or over time in accordance with terms of each individual agreement.

1.7 Non-underlying items

Non-underlying items are income or expenditure that are considered unusual and separate to underlying trading results because of their size, nature or incidence and are presented within the consolidated Income Statement but highlighted through separate disclosure. The Group's Directors consider that these items should be separately identified within the Income Statement to enable a proper understanding of the Group's business performance.

Items which are included within this category include but are not limited to:

- material restructuring costs, including related professional fees and staff costs, and costs relating to disposal of discontinued business;
- costs of acquisitions;
- lease exit costs; and
- integration costs followings acquisitions.

In addition, the Group also excludes from underlying results amortisation and impairment of goodwill and acquired intangibles, impairment of leased right-of-use assets and net foreign exchange gains or losses.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.7 Non-underlying items continued

Specific adjusting items are included as non-underlying based on the following rationale:

Item	Distorting due to irregular nature year on year	Distorting due to fluctuating nature (size)	Does not reflect in-year operational performance of continuing business
Material restructuring costs	✓	✓	✓
Lease exit costs	✓	✓	✓
Amortisation and impairment of goodwill and acquired intangibles	✓	✓	✓
Impairment of leased right-of-use assets	✓	✓	✓
Net foreign exchange gains and losses		✓	✓
Tax impact of the above	✓	✓	✓

1.8 Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset in terms of annual depreciation as follows:

Fixtures, fittings and equipment	12.5% to 33.3%	Straight line
Leasehold improvements	Over the period of the lease term	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.9 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the fair value of the consideration given for a business over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is stated at cost less accumulated impairment.

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is allocated to cash-generating units, being the lowest level at which goodwill is monitored. The carrying value of the assets of the cash-generating unit, including goodwill, intangible and tangible assets and working capital balances, is compared to its recoverable amount, which is the higher of value in use and fair value less costs to sell. Any excess in carrying value over recoverable amount is recognised immediately as an impairment expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

1.10 Intangible assets

Customer relationships

Customer relationships comprise principally of existing customer relationships which may give rise to future orders (customer relationships), and existing order books. They are recognised at fair value at the acquisition date, and subsequently measured at cost less accumulated amortisation and impairment. Customer relationships are determined to have a useful life of ten years and are amortised on a straight-line basis.

Trade names and trademarks

Trade names and trademarks have either arisen on the consolidation of acquired businesses or have been separately purchased and are recognised at fair value at the acquisition date. They are subsequently measured at cost less accumulated amortisation and impairment. Trade names and trademarks are determined to have a useful life of ten years and are amortised on a straight-line basis.

Software and software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight-line method to allocate the cost of the software licences over their useful lives of between two and five years. Subsequent licence renewals are expensed to profit or loss as incurred. Software licences are stated at cost less accumulated amortisation and impairment.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.10 Intangible assets continued

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets and depreciated over a useful life of between two and ten years.

Implementation costs for cloud-based software under Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. In most cases, this will not meet the definition of an intangible asset under IAS 38.

Implementation costs relating to cloud-based software under SaaS arrangements are assessed as they are incurred. These would include implementation support, consultancy, configuration costs, customisation costs and testing services. If the services are provided by the cloud supplier or a third party and are considered to be distinct from the access to the software, then they are either recognised as an intangible asset under IAS 38 if they meet the relevant capitalisation criteria or, more likely, they are expensed to the Income Statement as incurred. If the implementation services are provided by the cloud provider but are not considered to be distinct from access to the software, which generally is the case for customisation costs for cloud-based software, then they are recognised as an expense over the period of the service contract, resulting in a prepayment asset if the services are paid for in advance.

Internally generated intangible assets

Internal development costs that are directly attributable to the design and testing of identifiable and unique non-cloud based software products are capitalised as part of internally generated software and include employee costs and professional fees attributable to the development of the asset. Other internal expenditure that does not meet these criteria is recognised as an expense to profit or loss as incurred. Software development internal costs recognised as assets are amortised on a straight-line basis over their estimated useful lives of between two and ten years.

Expenditure on internally generated brands and other intangible assets is expensed to profit or loss as incurred.

Other

Other intangible assets acquired by the Group have a finite useful life between five and ten years and are measured at cost less accumulated amortisation and accumulated losses.

Amortisation of intangible assets and impairment losses are recognised in profit or loss within administrative expenses.

Intangible assets are tested for impairment either as part of a goodwill-carrying cash-generated unit, or when events arise that indicate an impairment may be triggered. An impairment loss is recognised for the amount by which the carrying value of intangible assets exceeds the recoverable amount. The recoverable amount is the higher of the assets' fair value less costs of disposal and value in use. Impairment losses on intangible assets are recognised in the Income Statement in administrative expenses.

1.11 Investments

Investments in subsidiary undertakings are initially recognised at cost and subsequently carried at cost less accumulated impairment.

Investments are tested for impairment at the reporting date if events arise that indicate an impairment may be triggered. An impairment loss is recognised for the amount by which the carrying amount of the investment exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Impairment losses on investments are recognised in the Income Statement in administrative expenses.

1.12 Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the Income Statement at the time of disposal.

1.13 Leases

The Group leases office property, motor vehicles and equipment. Rental contracts range from monthly to five years.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts may contain both lease and non-lease components, and consideration is allocated in the contract to the lease and non-lease components based on their relative stand-alone prices.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.13 Leases continued

Assets and liabilities arising from a lease are initially measured on a present value basis at the lease commencement date. Lease liabilities include the net present value of the fixed payments less any lease incentives receivable, variable lease payments that are based on an index or a rate, amounts expected to be payable by the group under residual value guarantees, the exercise price of any purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating the lease if that option is expected to be taken.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted at either the interest rate implicit in the lease or when this interest rate cannot be readily determined, the Group's incremental borrowing rate associated with a similar asset. When calculating lease liabilities, the Group uses its incremental borrowing rate, being the rate it would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic climate with similar terms, security and conditions. This is estimated using publicly available data adjusted for changes specific to the lease in financing conditions, lease term, country and currency.

The Group does not have leases with variable lease payments based on an index or rate.

Extension or termination options are included in a number of the Group's leases. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise, or not to exercise, an option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease term is reassessed if an option is actually exercised or the Group becomes obliged to exercise (or not to exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs that is within the control of the Group.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease with depreciation expense recognised in the Income Statement.

Right-of-use assets are tested for impairment either as part of a goodwill-carrying cash-generated unit, or when events arise that indicate an impairment may be triggered. An impairment loss is recognised for the amount by which the carrying value of right-of-use assets exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. Impairment losses on right-of-use assets are recognised in the Income Statement in administrative expenses.

Lease modifications are a change in scope of a lease that was not part of the original lease. Any change that is triggered by a clause already part of the original lease contract is a re-assessment and not a modification. Changes to lease cash flows as part of a re-assessment result in a re-measurement of the lease liability using an updated discount rate and a corresponding adjustment to the carrying value of the right-of-use asset.

Advantage has been taken of the practical expedients for exemptions provided for leases with less than 12 months to run, for leases of low value, to account for leases with similar characteristics as a portfolio with a single discount rate and to present existing onerous lease provisions against the carrying value of right-of-use assets. Payments associated with short-term leases and leases of low value are recognised on a straight-line basis as an expense in profit or loss.

Sublease of office space at certain of the Group's leased properties is accounted for in accordance with IFRS 16; the right-of-use asset relating to the head lease is derecognised to the extent that control of the asset (or a proportion thereof) is transferred to the sublessee, and the net investment in the sublease is recognised as a net finance lease receivable. The lease liability relating to the head lease, representing future lease payments due to the head lessor, is unaffected by the sublease arrangement.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.14 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided for if these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to the offset and there is an intention to settle balances on a net basis.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Income Statement, except where they relate to items that are charged or credited directly to equity (such as share-based payments) in which case the related deferred tax is also charged or credited directly to equity.

1.15 Pension costs

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in other creditors in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

1.16 Share-based payments

All share-based remuneration is ultimately recognised as an expense in the Income Statement with a corresponding credit to the share-based payment reserve. All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options, proceeds received net of attributable transaction costs are credited to share capital and share premium.

The Company is the granting and settling entity in the Group share-based payment arrangement where share options are granted to employees of its subsidiary companies. The Company recognises the share-based payment expense as an increase in the investment in subsidiary undertakings.

The Group operates Long-Term Incentive Plan Options which have exercise prices above £0.01. Grants have been made as part of a CSOP scheme, depending on the terms of specific grants.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.16 Share-based payments continued

The Group also operates a Share Incentive Plan ('SIP'), the Gattaca plc Share Incentive Plan ('The Plan'), which is approved by HMRC. The Plan is held by Gattaca plc UK Employee Benefit Trust ('the EBT'), the purpose of which is to enable employees to purchase Company shares out of pre-tax salary. For each share purchased the Group grants an additional share at no cost to the employee. The expense in relation to these 'free' shares is recorded as employee remuneration and measured at fair value of the shares issued as at the date of grant. The assets and liabilities of the EBT are included in the Gattaca Plc Consolidated Statement of Financial Position.

1.17 Financial instruments

Financial assets

IFRS 9 contains a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Under IFRS 9, all financial assets are measured at either amortised cost, fair value through profit and loss ('FVTPL') or fair value through other comprehensive income ('FVOCI').

Financial assets: debt instruments

The Group classifies its debt instruments in the following measurement categories depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

(i) those to be measured subsequently at fair value through other comprehensive income (OCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the Income Statement.

(ii) those to be measured subsequently at FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the year in which it arises.

(iii) those to be measured subsequently at amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the Income Statement.

The Group holds unclaimed aged sales ledger credits on the balance sheet that arise in the course of normal trading operations due to the high volume of timesheet invoices and customer receipts. The Group releases any unclaimed sales ledger credits to the Income Statement after all reasonable steps have been taken to return funds to the customer and two years have elapsed since receipt of the funds.

Financial assets: equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

IFRS 9 require the application of the 'Expected Credit Loss' model ('ECL'). This applies to all financial assets measured at amortised cost or FVOCI, except equity investments.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.17 Financial instruments continued

Impairment of financial assets continued

The Group has reviewed each category of its financial assets to assess the level of credit risk and ECL provision to apply:

- Trade receivables: the Group has chosen to take advantage of the practical expedient in IFRS 9 when assessing default rates over its portfolio of trade receivables, to estimate the ECL based on historical default rates specific to groups of customers by industry and geography that carry similar credit risks. Separate ECL's have been modelled for UK customers in different industries, and customers in the Americas, Europe, Asia and Africa.
- Accrued income is in respect of temporary placements where a client-approved timesheet has been received or permanent placements where a candidate has commenced employment, but no invoice has been raised. Default rates have been determined by reference to historical data.
- Cash and cash equivalents are held with established financial institutions. The Group has determined that based on the external credit ratings of counterparties, this financial asset has a very low credit risk and that the estimated expected credit loss provision is not material.

At each reporting date, the expected credit loss provision will be reviewed to reflect changes in credit risk and historical default rates and other economic factors. Changes in the ECL provision are recognised in profit or loss.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument and comprise trade and other payables and bank loans. Financial liabilities are recorded initially at fair value, net of direct issue costs and are subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Non-recourse receivables factoring is not recognised as a financial liability as there is no contractual obligation to deliver cash; subsequently, the receivables are de-recognised and any difference between the receivable value and amount received through non-recourse factoring is recognised as a finance cost.

1.18 Cash and cash equivalents

In the Consolidated Cash Flow Statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position and Cash Flow Statement, bank overdrafts are netted against cash and cash equivalents where the offsetting criteria are met.

Cash in transit inbound from, or outbound to, a third party is recognised when the transaction is no longer reversible by the party making the payment. This is determined to be in respect of all electronic payments and receipt transactions that commence before or on the reporting date and complete within one business day after the reporting date.

Restricted cash and cash equivalent balances are those which meet the definition of cash and cash equivalents but are not available for wider use by the Group. These balances arise from the Group's non-recourse working capital arrangements as well as from balances for which the Group can no longer access the accounts and hence cannot withdraw or control funds, but is still the legal owner.

1.19 Provisions

Provisions are recognised where the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

1.20 Dividends

Dividend distributions payable to equity shareholders are included in 'other short term financial liabilities' when the dividends are approved in a general meeting prior to the reporting date.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.21 Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ("the functional currency"). The consolidated financial statements are presented in Pounds Sterling (£GBP), which is the Group's presentation currency.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Income and expenses are translated at the actual rate.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the Income Statement in the year in which they arise.

The assets and liabilities in the financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the reporting date.

The individual financial statements of each Group company are presented in its functional currency. On consolidation, the assets and liabilities of overseas subsidiaries, including any related goodwill, are translated to Sterling at the rate of exchange at the reporting date. The results and cash flows of overseas subsidiaries are translated to Sterling using the average rates of exchange during the period. Exchange adjustments arising from retranslation of the opening net investment and the results for the period to the period end rate are accounted for in the translation reserve in the Statement of Comprehensive Income. On divestment, these exchange differences are reclassified from the translation reserve to the Income Statement.

1.22 Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Capital redemption reserve" represents the nominal value of equity shares that have been cancelled and are no longer in issue.
- 'Merger reserve' represents the equity balance arising on the merger of Matchtech Engineering and Matchmaker Personnel and, previously, to record the excess fair value above the nominal value of the share consideration on the acquisition of Networkers International plc, less any amounts realised and reclassified to distributable reserves. During the year to 31 July 22, the realised merger reserve created in 2015 in Gattaca plc under section 612 of the Companies Act 2006, relating to the acquisition of Networkers plc, was transferred to retained earnings to present all distributable reserves in one place. The balance retained in the Group's merger reserve relates to the merger of Matchtech Engineering and Matchmaker Personnel.
- "Share-based payment reserve" represents equity-settled share-based employee remuneration until such share options are exercised or lapse.
- "Translation reserve" represents the foreign currency differences arising on translating foreign operations into the presentational currency of the Group.
- "Treasury shares reserve" represents Company shares purchased directly by the Group to satisfy obligations under the employee share plan.
- "Retained earnings" represents retained profits.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.23 Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements

The Directors are of the opinion there are no critical accounting judgements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date that carry a risk of causing a material adjustment within the next 12 months are discussed below:

ECL provisions in respect of trade receivables

The Group's policy for default risk over receivables is based on the on-going evaluation of the credit risk of its trade receivables. Estimation is used in assessing the ultimate realisation of these receivables, including reviewing the potential likelihood of default, the past collection history of each customer, any insurance coverage in place and the current economic conditions. As a result, expected credit loss provisions for impairment of trade receivables have been recognised, as discussed in Note 16.

Valuation of investments

The parent company's investments in subsidiary undertakings are tested for impairment at the reporting date if events arise that indicate an impairment may be triggered. This requires an estimate to be made of the recoverable amount of the investments, including forecasting future cash flows of the asset and forming assumptions over the discount rate and long-term growth rate applied. More detail of the assumptions used can be found in Note 14.

1.24 Prior period restatement

Whilst reviewing the Group's revenue cut-off policy during the FY23 year-end, management identified a revenue cut-off error affecting the prior financial year. Data relating to late timesheet approvals and permanent placements was, due to human error, incorrectly extracted during the FY22 year end close process from the Group's ERP system. This resulted in an immaterial understatement in the FY22 Income Statement of Net Fee Income (NFI), the primary trading KPI for the Group, of £204,000. However, whilst the net impact of this error on the FY22 reported profits and net assets is considered immaterial to those accounts as a whole, this net understatement was comprised of a material understatement of FY22 reported revenue in the Income Statement, and accrued income in the Statement of Financial Position, of £1,668,000, and of an understatement of associated costs of sales in the Income Statement, and contractor wages liabilities in the Statement of Financial Position, of £1,464,000 for the same period. The Group's financial position at 31 July 2022, and the results and cash flows for the year then ended, have been restated for correction of this error. The Parent Company's results and financial position as reported are unaffected.

Identification of this error led management to reassess how accrued revenue and accrued cost balances have been calculated at each period end. The Group's upgraded ERP system, implemented during FY21 allowed for a more accurate assessment of the Group's revenue and contractor cost cut-off position. On this basis, management concluded that it would have been appropriate to have extended the cut-off period for late receipt of approved timesheets. This has resulted in an adjustment to FY22 opening reserves and FY22 revenue, cost of sales, accrued income and contractor wages payable as quantified below.

In line with the treatment prescribed in IAS 8 and IAS 1, this change has been applied retrospectively, restating the Group's opening reserves at 1 August 2021, its financial position as at 31 July 2022, and the results and cash flows of the Group for the year then ended. The impact of the change as at 1 August 2021 is to increase Group net assets and retained earnings by £404,000, increase accrued income (trade and other receivables) by £2,951,000 and increase contractor wages payable (trade and other payables) by £2,547,000.

The combined impact of these changes is detailed below:

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.24 Prior period restatement continued

Condensed Consolidated Income Statement For the year ended 31 July 2022	As previously reported £'000	Extension of cut-off assessment period £'000	Adjustment due to incorrect FY22 cut-off data £'000	As restated £'000
Revenue	403,346	(1,141)	1,668	403,873
Cost of sales	(359,206)	998	(1,464)	(359,672)
Gross profit	44,140	(143)	204	44,201
Loss before taxation from continuing operations	(4,787)	(143)	204	(4,726)
Taxation	460	22	(31)	451
Loss after taxation from continuing operations	(4,327)	(121)	173	(4,275)
Loss for the year	(4,673)	(121)	173	(4,621)

Condensed Consolidated Statement of Changes in Equity	As previously reported £'000	Extension of cut-off assessment period £'000	Adjustment due to incorrect FY22 cut-off data £'000	As restated £'000
Total equity at 1 August 2021	35,107	404	-	35,511
Loss for the period	(4,673)	(121)	173	(4,621)
Balance at 31 July 2022	29,997	283	173	30,453

Condensed Consolidated Statement of Financial Position	As previously reported as at 31 July 2022 £'000	Extension of cut-off assessment period £'000	Adjustment due to incorrect FY22 cut-off data £'000	As restated as at 31 July 2022 £'000
Non-current assets				
Deferred tax assets	604	22	(31)	595
Total non-current assets	7,100	22	(31)	7,091
Current assets				
Trade and other receivables	54,767	1,810	1,668	58,245
Total current assets	73,798	1,810	1,668	77,276
Total assets	80,898	1,832	1,637	84,367
Current liabilities				
Trade and other payables	(43,406)	(1,549)	(1,464)	(46,419)
Total current liabilities	(47,869)	(1,549)	(1,464)	(50,882)
Total liabilities	(50,901)	(1,549)	(1,464)	(53,914)
Net assets	29,997	283	173	30,453
Equity				
Retained earnings	19,404	283	173	19,860
Total equity	29,997	283	173	30,453

Notes Forming Part of the Financial Statements continued

2 Segmental Information

An operating segment, as defined by IFRS 8 'Operating segments', is a component of the Group that engages in business activities from which it may earn revenues and incur expenses.

The Gattaca plc group defines its operating segments by reference to the sectors in which it operates. Segmentation of the Group's activities by sector is consistent with the segmentation of information provided internally to the chief operating decision maker, being the Board of Directors of Gattaca plc.

Reportable segments are identified by reference to quantitative and qualitative thresholds prescribed in IFRS 8. There were no operating segments that met the criteria for aggregation with other operating segments.

Year ended 31 July 2023

All amounts in £'000	Mobility	Energy	Defence	Technology, Media and Telecoms	Infrastructure	Gattaca Projects	International[2]	Other	Continuing underlying operations	Non-recurring items and amortisation of acquired intangibles	Discontinued	Total Group
Revenue	40,387	40,605	80,652	27,660	148,843	5,512	6,543	34,972	385,174	–	–	385,174
Gross profit	4,536	4,119	8,003	2,569	14,094	2,091	2,165	5,824	43,401	–	–	43,401
Operating contribution	2,227	2,624	4,768	580	5,776	1,364	(994)	1,580	17,925	–	–	17,925
Depreciation, impairment, and amortisation	(155)	(155)	(309)	(106)	(570)	(21)	(25)	(134)	(1,475)	(68)	–	(1,543)
Central overheads	(1,588)	(685)	(2,018)	(1,160)	(4,473)	(346)	(1,424)	(2,429)	(14,123)	175	(186)	(14,134)
Profit/(loss) from operations	484	1,784	2,441	(686)	733	997	(2,443)	(983)	2,327	107	(186)	2,248
Finance income/(costs), net									241	80	(333)	(12)
Profit before tax									2,568	187	(519)	2,236

Year ended 31 July 2022 restated[1]

All amounts in £'000	Mobility	Energy	Defence	Technology, Media and Telecoms	Infrastructure	Restated[3] Gattaca Projects	International[2]	Restated[3] Other	Continuing underlying operations	Non-recurring items and amortisation of acquired intangibles	Discontinued	Total Group
Revenue	47,828	40,832	69,902	41,714	140,607	5,324	7,979	49,687	403,873	–	781	404,654
Gross profit	4,577	3,889	6,729	4,252	13,580	1,315	2,783	7,076	44,201	–	238	44,439
Operating contribution restated[4]	2,157	2,180	3,287	1,844	5,653	727	(577)	1,838	17,109	–	(440)	16,669
Depreciation, impairment, and amortisation restated[4]	(262)	(223)	(383)	(228)	(769)	(29)	(44)	(272)	(2,210)	(5,051)	(31)	(7,292)
Central overheads	(1,128)	(774)	(2,753)	(992)	(4,418)	(329)	(1,609)	(2,330)	(14,333)	(558)	(100)	(14,991)
Profit/(loss) from operations	767	1,183	151	624	466	369	(2,230)	(764)	566	(5,609)	(571)	(5,614)
Finance (costs)/income, net									(249)	566	218	535
Profit/(loss) before tax									317	(5,043)	(353)	(5,079)

A segmental analysis of total assets has not been included as this information is not used by the Board; the majority of assets are centrally held and are not allocated across the reportable segments.

1 FY22 results have been restated as explained further in Note 1.24.

2 International segment revenue and gross profit is generated from the location of the commission-earning sales consultant, as opposed to the domicile of the respective subsidiary by which they are employed.

3 The Gattaca Projects operating segment met the quantitative thresholds to be reported separately for the first time in the year ended 31 July 2023. In line with the requirements of IFRS 8, the comparative period has been restated to present the Gattaca Projects segment separately from the "Other" segment in which it had previously been presented.

4 Operating contribution and depreciation, impairment and amortisation has been restated for the year ended 31 July 2022 to present depreciation of right-of-use assets in the depreciation line.

Notes Forming Part of the Financial Statements continued

2 Segmental Information continued

Geographical information

All amounts in £'000	Total Group revenue 2023	Total Group revenue Restated[1] 2022	Non-current assets 2023	Non-current assets Restated[1] 2022
UK	375,436	391,359	5,173	6,717
Rest of Europe	775	691	2	1
Middle East and Africa	–	781	24	59
Americas	8,963	11,823	100	314
Total	385,174	404,654	5,299	7,091

1 FY22 results have been restated as explained further in Note 1.24.

Revenue and non-current assets are allocated to the geographical market based on the domicile of the respective subsidiary.

3 Revenue from Contracts with Customers

Revenue from contracts with customers is disaggregated by major service line and operating segment, as well as timing of revenue recognition as follows:

Major service lines – continuing underlying operations

2023	Mobility £'000	Energy £'000	Defence £'000	Technology, Media and Telecoms £'000	Infrastructure £'000	Gattaca Projects £'000	International £'000	Other £'000	Continuing underlying operations £'000
Temporary placements	38,426	40,155	77,916	26,660	146,584	2,572	5,353	31,896	369,562
Permanent placements	1,771	268	2,427	778	1,978	–	1,190	3,037	11,449
Other	190	182	309	222	281	2,940	–	39	4,163
Total	40,387	40,605	80,652	27,660	148,843	5,512	6,543	34,972	385,174

2022 restated[1]	Mobility £'000	Energy £'000	Defence £'000	Technology, Media and Telecoms £'000	Infrastructure £'000	Restated[2] Gattaca Projects £'000	International £'000	Restated[2] Other £'000	Continuing underlying operations £'000
Temporary placements	46,302	40,657	67,729	40,539	138,184	2,821	5,871	45,969	388,072
Permanent placements	1,492	166	1,923	1,123	2,391	–	2,108	3,662	12,865
Other	34	9	250	52	32	2,503	–	56	2,936
Total	47,828	40,832	69,902	41,714	140,607	5,324	7,979	49,687	403,873

1 FY22 results have been restated as explained further in Note 1.24.

2 The Gattaca Projects operating segment met the quantitative thresholds to be reported separately for the first time in the year ended 31 July 2023. In line with the requirements of IFRS 8, the comparative period has been restated to present the Gattaca Projects segment separately from the "Other" segment in which it had previously been presented.

Notes Forming Part of the Financial Statements continued

3 Revenue from Contracts with Customers continued

Timing of revenue recognition – continuing operations

2023	Mobility £'000	Energy £'000	Defence £'000	Technology, Media and Telecoms £'000	Infrastructure £'000	Gattaca Projects £'000	International £'000	Other £'000	Continuing underlying operations £'000
Point in time	40,387	40,605	80,652	27,660	148,843	2,572	6,543	34,972	382,234
Over time	–	–	–	–	–	2,940	–	–	2,940
Total	40,387	40,605	80,652	27,660	148,843	5,512	6,543	34,972	385,174

2022 restated[1]	Mobility £'000	Energy £'000	Defence £'000	Technology, Media and Telecoms £'000	Infrastructure £'000	Restated[2] Gattaca Projects £'000	International £'000	Restated[2] Other £'000	Continuing underlying operations £'000
Point in time	47,828	40,832	69,902	41,714	140,607	2,821	7,979	49,687	401,370
Over time	–	–	–	–	–	2,503	–	–	2,503
Total	47,828	40,832	69,902	41,714	140,607	5,324	7,979	49,687	403,873

No single customer contributed more than 10% of the Group's revenues (2022: none). Revenue recognised over time is recognised based on costs incurred to date as a proportion of total forecast costs.

The Group has determined that its contract assets from contracts with customers are trade receivables and accrued income, and its contract liabilities are deferred income, which are set out below:

	31 July 2023 £'000	Restated[1] 31 July 2022 £'000
Trade receivables (Note 16)	31,905	36,367
Accrued income (Note 16)	15,309	18,805
Deferred income	(129)	(330)

Accrued income relates to the Group's right to consideration for temporary and permanent placements made but not billed by the year end. These transfer to trade receivables once billing occurs. All accrued income at a given reporting date is billed within the following financial year and is classified in current assets. Deferred income at a given reporting date is recognised as revenue in the following financial year once performance obligations are satisfied and is classified in current liabilities.

1 FY22 results have been restated as explained further in Note 1.24.

2 The Gattaca Projects operating segment met the quantitative thresholds to be reported separately for the first time in the year ended 31 July 2023. In line with the requirements of IFRS 8, the comparative period has been restated to present the Gattaca Projects segment separately from the "Other" segment in which it had previously been presented.

Notes Forming Part of the Financial Statements continued

4 Profit from Total Operations

	2023 £'000	2022 £'000
Profit from total operations is stated after charging/(crediting):		
Depreciation of property, plant and equipment (Note 13)	489	570
Depreciation of right-of-use leased assets (Note 21)	952	1,552
Amortisation of acquired intangibles (Note 12)	68	420
Amortisation of software and software licences (Note 12)	34	88
Impairment of goodwill and acquired intangibles (Note 12)	–	3,780
Impairment of right-of-use leased assets (Note 21)	–	852
Release of sales ledger credits[1]	(538)	(6)
Gain on reassessment of lease term[2]	(672)	–
Net impairment release on trade receivables and accrued income (Note 16)	(334)	(295)
Loss on disposal of property, plant and equipment	17	33
Loss on disposal of software and software licences	8	12
Plant and machinery rental expenses for leases out-of-scope of IFRS 16	59	17
Non-recourse working capital facility bank charges	515	323
Share-based payment (credits)/charges[3] (Note 22)	(64)	114

1 The Group holds unclaimed aged sales ledger credits on the balance sheet that arise in the course of normal trading operations due to the high volume of timesheet invoices and customer receipts. Releases of unclaimed sales ledger credits to the income statement are made in accordance with the Group's accounting policy, discussed further in Note 1.17.

2 The profit on reassessment of lease term resulted from the exercise of a break clause on a property that was fully impaired in the prior year, as discussed further in Note 21, and is presented in non-underlying items.

3 The share-based payment credit in the current year arises from the reversal of charges accrued in prior years as a result of a change in expectation of vesting outcomes of LTIP share options.

The aggregate auditors' remuneration was as follows:

	2023 £'000	2022 £'000
Fees payable for the audit of the parent company financial statements	12	11
Fees payable for the audit of the Group's financial statements	367	345
Total auditors' remuneration	**379**	**356**

The auditors do not provide any non-audit services.

Non-underlying items included within administrative expenses were as follows:

Continuing operations	2023 £'000	2022 £'000
Restructuring costs[1]	249	405
Net (income)/costs associated with exiting properties[2]	(614)	153
Write down of acquired working capital balances[3]	190	–
Impairment of goodwill, acquired intangibles and right-of-use leased assets[4]	–	4,632
Non-underlying items included in profit from continuing operations	**(175)**	**5,190**

Discontinued operations	2023 £'000	2022 £'000
Advisory fees[5]	2	33
Costs relating to discontinuation of group undertakings[6]	184	5
Costs associated with exiting properties	–	57
Non-underlying items included in loss from discontinued operations	**186**	**95**
Total non-underlying items	**11**	**5,285**

1 Restructuring costs of £249,000 (2022: £405,000) were recognised in 2023 as a result of personnel re-organisations and changes in the Board and Senior Leadership Team.

2 Net gains of £614,000 (2022: net costs of £153,000) have been recognised in relation to the exit of a number of UK office buildings that are no longer in use by the business. The gain in 2023 includes a £672,000 credit associated with the exercise of a break clause for an office that was fully impaired in the prior year, as discussed in more detail in Note 21.

3 Write down of unsupportable and uncollectable working capital balances in subsidiaries acquired during previous years' business combinations.

4 Impairment losses were recognised in 2022 with respect to the "Infrastructure - RSL Rail" CGU, as discussed in further detail in Note 12.

5 Legal fees incurred relating to the Group's co-operation with certain voluntary enquiries from the US Department of Justice, as discussed in further detail in Note 27.

6 Ongoing costs relating to closure of entities affected by the cessation of the contract Telecoms Infrastructure business in 2018 as well as the ongoing closure costs of the Group's operations in Russia, Mexico and Germany, including the write off of certain working capital balances.

Notes Forming Part of the Financial Statements continued

5 Particulars of Employees

The monthly average number of staff employed by the Group, including executive directors, during the financial year amounted to:

Total operations	2023 No.	2022 No.
Sales	347	381
Administration	148	146
Directors	7	7
Total	**502**	534

UK employees are directly contracted with the ultimate parent company, Gattaca plc, and staff costs are paid by the Matchtech Group (UK) Limited, then recharged to fellow UK subsidiaries.

The aggregate payroll costs of the above were:

Total operations	2023 £'000	2022 £'000
Wages and salaries	24,877	26,215
Social security costs	2,978	3,166
Other pension costs	915	911
Share-based payments[1] (Note 22)	(64)	114
Total	**28,706**	30,406

1 The share-based payments credit in the current year arises from the reversal of costs accrued in prior years as a result of a change in expectation of vesting outcomes of LTIP share options.

Amounts due to defined contribution pension providers at 31 July 2023 were £158,000 (2022: £149,000).

Disclosure of the remuneration of the statutory directors is further detailed in the single-figure table in the Remuneration Report on page 86. The Group's key management personnel are defined as the Board and Senior Leadership Team. Disclosure of the remuneration of Group's key management personnel, as required by IAS 24, is detailed below:

Key management personnel remuneration	2023 £'000	2022 £'000
Short-term employee benefits	1,739	2,009
Contributions to defined contribution pension schemes	77	133
Share-based payments	(5)	34
Total	**1,811**	2,176

6 Finance Income

Continuing operations	2023 £'000	2022 £'000
Interest income	328	4
Net gains on foreign currency translation	80	566
Total	**408**	570

7 Finance Costs

Continuing operations	2023 £'000	2022 £'000
Bank interest expense	19	138
Interest expense on lease liabilities	68	115
Total	**87**	253

8 Parent Company (Loss)/Profit

	2023 £'000	2022 £'000
The amount of (loss)/profit generated by the parent company was:	(588)	296

Notes Forming Part of the Financial Statements continued

9 Taxation

Analysis of charge in the year	Continuing 2023 £'000	Discontinued 2023 £'000	Restated[1] Continuing 2022 £'000	Discontinued 2022 £'000
Current tax:				
UK corporation tax	641	–	(654)	(33)
Overseas corporation tax	(1)	3	26	26
Adjustments in respect of prior years	5	–	(138)	–
	645	3	(766)	(7)
Deferred tax (Note 15):				
Origination and reversal of temporary differences	421	–	454	–
Adjustments in respect of prior years	(46)	–	(56)	–
Changes in tax rate	(16)	–	(83)	–
	359	–	315	–
Income tax charge/(credit) for the year	1,004	3	(451)	(7)

UK corporation tax has been charged at 21% (2022: 19%).

The charge for the year can be reconciled to the profit/(loss) as per the income statement as follows:

	Continuing 2023 £'000	Discontinued 2023 £'000	Restated[1] Continuing 2022 £'000	Discontinued 2022 £'000
Profit/(loss) before tax	2,755	(519)	(4,726)	(353)
Profit/(loss) before tax multiplied by the standard rate of corporation tax in the UK of 21% (2022: 19%)	579	(109)	(898)	(67)
Expenses not deductible for tax purposes	145	112	15	(11)
Income not taxable	(182)	–	–	–
Effect of goodwill impairment loss	–	–	502	–
Effect of share-based payments	(1)	–	60	–
Irrecoverable withholding tax	2	–	3	–
Overseas losses not recognised as deferred tax assets	563	–	152	47
Difference between UK and overseas tax rates	(45)	–	(8)	24
Adjustment to tax charge in respect of prior years	(41)	–	(194)	–
Changes in tax rate	(16)	–	(83)	–
Total taxation charge/(credit) for the year	1,004	3	(451)	(7)

1 FY22 results have been restated as explained further in Note 1.24.

Notes Forming Part of the Financial Statements continued

9 Taxation continued

Tax charge recognised in equity:

	2023 £'000	2022 £'000
Deferred tax (credit)/charge recognised directly in equity	(126)	60
Total tax (credit)/charge recognised directly in equity	**(126)**	60

Reconciliation of statutory continuing tax charge to continuing underlying tax charge:

	2023 £'000	Restated[1] 2022 £'000
Income tax expense	1,004	(451)
Impairment and amortisation of goodwill, acquired intangibles and leased right-of-use assets	–	517
Non-underlying items	75	106
Foreign currency exchanges differences	17	(9)
Underlying income tax expense	**1,096**	163

1 FY22 results have been restated as explained further in Note 1.24.

Future tax rate changes

The main UK corporation tax rate of 19% increased to 25% from 1 April 2023. Deferred tax has been valued based on the substantively enacted rates at each balance sheet date at which the deferred tax is expected to reverse.

10 Discontinued Operations

Losses from discontinued operations during the current and prior year include ongoing closure costs in connection with the closed operations in Germany, Malaysia, Singapore, Qatar, Mexico and South Africa. In addition, discontinued operations in 2022 also included trading results from the Group's South African recruitment operations up until its sale as part of a management buy-out in December 2021 and the net loss on disposal of the business.

Financial performance and cash flow information

	2023 £'000	2022 £'000
Revenue	–	781
Cost of sales	–	(543)
Gross profit	–	238
Administrative expenses[1]	(186)	(809)
Loss from operations	**(186)**	(571)
Finance income	–	–
Finance costs	–	–
Exchange (loss)/gain	(333)	218
Loss before taxation	**(519)**	(353)
Taxation	(3)	7
Loss for the year after taxation from discontinued operations	**(522)**	(346)
Exchange differences on translation of discontinued operations	(200)	(231)
Total comprehensive loss from discontinued operations	**(722)**	(577)

	2023 £'000	2022 £'000
Net cash outflow from operating activities	(281)	(650)
Net cash outflow from investing activities	–	–
Net cash outflow from financing activities	–	(92)
Effect of exchange rates on cash and cash equivalents	–	–
Net cash used by discontinued operations	**(281)**	(742)

1 Included in administrative expenses are £186,000 (2022: £95,000) of non-underlying items, as detailed in Note 4.

Notes Forming Part of the Financial Statements continued

11 Earnings Per Share

Earnings per share (EPS) has been calculated by dividing the consolidated profit or loss after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share has been calculated on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares has been added to the denominator. The Group's potential ordinary shares, being the Long Term Incentive Plan Options, are deemed outstanding and included in the dilution assessment when, at the reporting date, they would be issuable had the performance period ended at that date.

The effect of potential ordinary shares are reflected in diluted EPS only when they are dilutive. Potential ordinary shares are considered to be dilutive when the monetary value of the subscription rights attached to the outstanding share options is less than the average market share price of the Company's shares during the period. Furthermore, potential ordinary shares are only considered dilutive when their inclusion in the calculation would decrease earnings per share, or increase loss per share, in accordance with IAS 33. There are no changes to the profit numerator as a result of the dilution calculation.

The earnings per share information has been calculated as follows:

	2023 £'000	Restated[1] 2022 £'000
Total profit/(loss) attributable to ordinary shareholders	1,229	(4,621)

Number of shares	2023 '000	2022 '000
Basic weighted average number of ordinary shares in issue	32,196	32,290
Dilutive potential ordinary shares	487	210
Diluted weighted average number of shares	**32,683**	**32,500**

Total earnings per share		2023 pence	Restated[1] 2022 pence
Earnings/(loss) per ordinary share	Basic	3.8	(14.3)
	Diluted	3.8	(14.3)

Earnings from continuing operations	2023 £'000	Restated[1] 2022 £'000
Total profit/(loss) for the year	1,751	(4,275)

Total earnings per share for continuing operations		2023 pence	Restated[1] 2022 pence
Earnings/(loss) per ordinary share from continuing operations	Basic	5.4	(13.2)
	Diluted	5.4	(13.2)

Earnings from discontinued operations	2023 £'000	2022 £'000
Total loss for the year	(522)	(346)

Total earnings per share for discontinued operations		2023 pence	2022 pence
Loss per ordinary share from discontinuing operations	Basic	(1.6)	(1.1)
	Diluted	(1.6)	(1.1)

Earnings from continuing underlying operations	2023 £'000	Restated[1] 2022 £'000
Total profit for the year	1,472	154

Total earnings per share from continuing underlying operations		2023 pence	Restated[1] 2022 pence
Earnings per ordinary share from continuing underlying operations	Basic	4.6	0.5
	Diluted	4.5	0.5

1 FY22 results have been restated as explained further in Note 1.24.

Notes Forming Part of the Financial Statements continued

12 Goodwill and Intangible Assets

		Goodwill £'000	Customer relationships £'000	Trade names £'000	Software and software licences £'000	Other £'000	Total £'000
Cost	At 1 August 2021	28,739	22,245	5,346	2,602	3,809	62,741
	Additions	–	–	–	29	–	29
	Disposals	–	–	–	(70)	–	(70)
	At 31 July 2022	28,739	22,245	5,346	2,561	3,809	62,700
	Disposals[1]	**–**	**–**	**–**	**(1,956)**	**–**	**(1,956)**
	At 31 July 2023	**28,739**	**22,245**	**5,346**	**605**	**3,809**	**60,744**
Amortisation and impairment	At 1 August 2021	24,382	20,862	5,102	2,354	3,698	56,398
	Amortisation for the period	–	269	43	88	108	508
	Impairment	2,645	946	189	–	–	3,780
	Released on disposal	–	–	–	(58)	–	(58)
	At 31 July 2022	27,027	22,077	5,334	2,384	3,806	60,628
	Amortisation for the period	**–**	**62**	**3**	**34**	**3**	**102**
	Released on disposal[1]	**–**	**–**	**–**	**(1,948)**	**–**	**(1,948)**
	At 31 July 2023	**27,027**	**22,139**	**5,337**	**470**	**3,809**	**58,782**
Net book value	At 31 July 2022	1,712	168	12	177	3	2,072
	At 31 July 2023	**1,712**	**106**	**9**	**135**	**–**	**1,962**

1 Assets in relation to legacy systems no longer in use with a cost of £1,956,000 and net book value of £nil were disposed in the year.

Notes Forming Part of the Financial Statements continued

12 Goodwill and Intangible Assets continued

The carrying amount of goodwill allocated to Cash Generating Units (CGUs) is as follows:

	2023 £'000	2022 £'000
Energy	1,712	1,712
Total	1,712	1,712

Goodwill and acquired intangibles within the Energy CGU relate to the Networkers acquisition.

Impairment testing

Goodwill and intangible assets are reviewed and tested for impairment on an annual basis or more frequently to determine if there is an indication of impairment.

If any indication of impairment exists, then the recoverable amount of the CGU, including goodwill, intangible assets and right-of-use assets, is determined as the higher of its value in use or fair value less costs to sell.

As a result of the impairment testing completed, no impairments have been recorded in either 2023 or 2022 in relation to the Energy CGU. In 2022, impairment charges of £3,780,000 were recorded to fully impair the goodwill, acquired intangibles and right-of-use assets associated with the 'Infrastructure - RSL Rail' CGU due to the ongoing challenges of the UK rail industry combined with the sustained post-pandemic loss of a substantial number of legacy temporary workers with some of the UK rail industry's core customers, management undertook a substantial review of the long-term expectations of the sector and reduced the long-term growth forecasts further in FY22 resulting in a material reduction to the VIU terminal value which could not sustain the CGU's asset base.

Amounts recognised in the Income Statement with respect to impairment of acquired intangible assets:

Impairment expenses	Goodwill 2023 £'000	Intangible assets 2023 £'000	Total 2023 £'000	Goodwill 2022 £'000	Intangible assets 2022 £'000	Total 2022 £'000
Infrastructure – RSL Rail	–	–	–	2,645	1,135	3,780
Total	–	–	–	2,645	1,135	3,780

The key assumptions and estimates used when calculating a CGU's value-in-use, are as follows:

Cash flows from operations

Discounted cash flows from operations have been prepared based on the Group's Board-approved 3 year business plan, starting with the FY24 budget and applying over-arching NFI and cost growth rates in FY27 and FY28. The Group prepares cash flow forecasts adjusted for allocations of group overhead costs, and extrapolates cash flows into perpetuity based on long-term growth rates. The Group's working capital requirement, assessed at 2.2% of revenue for FY23, is expected to increase proportionately with revenue growth.

Discount rates

The pre-tax rate used to discount the forecast cash flows was 18.7% (2022: a range from 13.9% to 14.4%) reflecting the Group's weighted average cost of capital, adjusted for specific risks associated with the asset's estimated cash flows. The nominal discount rate is based on the weighted average cost of capital (WACC). The risk-free rate, based on UK Government bond rates, is adjusted for equity and industry risk premiums, reflecting the increased risk compared to an investor who is investing the market as a whole. Net present values are calculated using pre-tax discount rates derived from the Group's post-tax WACC of 14.1% (2022: 13.8%) for all CGUs assessed.

Growth rates

The medium-term growth rates are based on management forecasts, reflecting past experience and the economic environment. Long-term growth rates are based on external sources of an average estimated growth rate of 2.0% (2022: 2.0%), using a weighted average of operating country real growth expectations.

Notes Forming Part of the Financial Statements continued

13 Property, Plant and Equipment

Group		Leasehold improvements £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost	At 1 August 2021	3,001	4,948	7,949
	Additions	–	370	370
	Disposals	(41)	(586)	(627)
	Effects of movements in exchange rates	26	10	36
	At 31 July 2022	2,986	4,742	7,728
	Additions	**61**	**117**	**178**
	Disposals	**(800)**	**(3,790)**	**(4,590)**
	Effects of movements in exchange rates	**(7)**	**(16)**	**(23)**
	At 31 July 2023	**2,240**	**1,053**	**3,293**
Depreciation and impairment	At 1 August 2021	1,879	4,492	6,371
	Charge for the year	–	570	570
	Released on disposal	(41)	(553)	(594)
	Effects of movements in exchange rates	18	4	22
	At 31 July 2022	1,856	4,513	6,369
	Recategorisation of accumulated depreciation	**207**	**(207)**	**-**
	Charge for the year	**290**	**199**	**489**
	Released on disposal	**(800)**	**(3,773)**	**(4,573)**
	Effects of movements in exchange rates	**(6)**	**(10)**	**(16)**
	At 31 July 2023	**1,547**	**722**	**2,269**
Net book value	At 31 July 2022	1,130	229	1,359
	At 31 July 2023	**693**	**331**	**1,024**

During the year, management have rationalised the Group's property, plant and equipment registers and have recorded disposals of assets that are fully depreciated and are no longer in use by the business.

There were no capital commitments as at 31 July 2023 or 31 July 2022.

Notes Forming Part of the Financial Statements continued

14 Investments in Subsidiary Undertakings

	Company	
Cost and carrying value:	2023 £'000	2022 £'000
Balance at 1 August	38,608	38,463
Capital contributions to subsidiaries/ (reversal of capital contributions)	(58)	145
Balance at 31 July	38,550	38,608

The movement in investments in the parent company represents capital contributions made relating to share-based payments.

Impairment testing

The Directors have assessed that the carrying amount of investments exceeding the Group's market capitalisation at the year-end, and the Group's financial performance, in terms of NFI, falling below its budget for the year ended 31 July 2023, to be indicators of impairment of the Parent Company's investments in subsidiary undertakings and as a result have performed an impairment review in accordance with IAS 36.

The recoverable amount of investments in subsidiaries has been determined based on value-in-use calculations, which require the use of estimates. Discounted cash flows from operations have been prepared based on the Group's Board-approved 3 year business plan, starting with the FY24 budget and applying over-arching NFI and cost growth rates in FY27 and FY28. A pre-tax discount rate of 18.7% has been used, reflecting the Group's post-tax weighted average cost of capital, adjusted for specific risks associated with the asset's estimated cash flows. Medium-term growth rates modelled are based on management forecasts, reflecting past experience and the economic environment. Long-term growth rates, based on external sources of information, are an average estimated growth rate of 2.0%. The Group's working capital requirement, assessed at 2.2% of revenue for FY23, is expected to increase proportionately with revenue growth.

At 31 July 2023, the recoverable amount of investments was £46,233,000, an excess of £7,683,000 above the carrying amount. The Directors have therefore concluded that the Parent Company's investment in subsidiary undertakings is not impaired.

The Directors have considered and assessed reasonably possible changes in the key assumptions and have performed sensitivity analysis on the estimates of recoverable amount. The following changes, when considered individually or in aggregate, do not result in a material impairment of the Parent Company's investments in subsidiary undertakings:

- 100 basis points increase in the pre-tax discount rate;
- 200 basis points increase in the Group's working capital requirement, from 2.2% to 4.2% of revenue;
- 30% reduction in medium-term (FY27 to FY28) NFI growth rates, with no corresponding costs reduction.

The Directors do not consider that these changes would have a consequential effect on other key assumptions.

Details of the Group's subsidiary undertakings are provided in Note 30.

Notes Forming Part of the Financial Statements continued

15 Deferred Tax

2023 Group	Asset £'000	Liability £'000	Net £'000	Credited/ (charged) to profit £'000	Credited/ (charged) to equity £'000	Foreign exchange £'000
Share-based payments	172	–	172	3	126	–
Accelerated capital allowances	126	(92)	34	16	–	–
Acquired intangibles	17	(23)	(6)	12	–	–
Tax losses	–	–	–	(418)	–	–
Other temporary and deductible differences	139	–	139	28	–	2
Gross deferred tax assets/(liabilities)	454	(115)	339	(359)	126	2
Amounts available for offset	(14)	14	–			
Net deferred tax assets/(liabilities)	**440**	**(101)**	**339**			

2022 restated[1] Group	Asset £'000	Liability £'000	Net £'000	Credited/ (charged) to profit £'000	Credited to equity £'000	Disposal of subsidiaries £'000	Foreign exchange £'000
Share-based payments	43	–	43	(41)	(60)	–	–
Accelerated capital allowances	22	(4)	18	53	–	–	–
Internally generated intangibles	–	–	–	(1,050)	–	–	–
Acquired intangibles	–	(18)	(18)	351	–	–	–
Tax losses	418	–	418	418	–	–	–
Other temporary and deductible differences	109	–	109	(46)	–	(16)	(5)
Gross deferred tax assets/(liabilities)	592	(22)	570	(315)	(60)	(16)	(5)
Amounts available for offset	3	(3)	–				
Net deferred tax assets/(liabilities)	595	(25)	570				

1 FY22 results have been restated as explained further in Note 1.24.

Notes Forming Part of the Financial Statements continued

15 Deferred Tax continued

The movement on the net deferred tax is shown below:

	Group	
	2023 £'000	Restated[1] 2022 £'000
At 1 August	570	957
Recognised in income (Note 9)	(359)	(315)
Recognised in equity	126	(60)
Disposal of subsidiaries	–	(16)
Foreign exchange	2	(5)
Reclassification to assets held for sale	–	9
At end of year	339	570

	2023 £'000	Restated[1] 2022 £'000
Deferred tax assets reversing within 1 year	188	463
Deferred tax liabilities reversing within 1 year	(90)	(18)
At end of year	98	445

	2023 £'000	2022 £'000
Deferred tax assets reversing after 1 year	252	132
Deferred tax liabilities reversing after 1 year	(11)	(7)
At end of year	241	125

1 FY22 results have been restated as explained further in Note 1.24.

Deferred tax has been valued based on the substantively enacted rates at each reporting date at which the deferred tax is expected to reverse.

Unrecognised deferred tax assets

	Group	
	2023 £'000	Restated[1] 2022 £'000
Tax losses carried forward against profits of future years	2,347	2,396
Net deferred tax assets	2,347	2,396

Of the unused tax losses £5,465,000 (2022 restated: £5,595,000) can be carried forward indefinitely, £887,000 (2022: £1,257,000) expires within 10 years and £3,763,000 (2022: £3,649,000) expires within 20 years. £139,000 (2022 restated: £133,000) of the unused tax losses carried forward indefinitely relate to unrecognised capital losses which may be offset against future chargeable (capital) gains only.

No deferred tax is recognised on unremitted earnings of overseas subsidiaries as the Group is in a position to control the timing of the reversal of temporary differences and it is probable that such differences will not reverse in the foreseeable future. The temporary differences associated with the investments in subsidiaries for which a deferred tax liability has not been recognised aggregate to £902,000 (2022: £2,345,000). If the earnings were remitted, tax of £nil (2022: £2,000) would be payable.

Notes Forming Part of the Financial Statements continued

16 Trade and Other Receivables

	Group		Company	
	2023 £'000	Restated[1] 2022 £'000	2023 £'000	2022 £'000
Trade receivables from contracts with customers, net of loss allowance	31,905	36,367	–	–
Amounts owed by group undertakings	–	–	1,357	2,757
Other receivables[2]	3,809	1,701	–	–
Prepayments	1,145	1,372	–	–
Accrued income	15,309	18,805	–	–
Total	52,168	58,245	1,357	2,757

1 FY22 results have been restated as explained further in Note 1.24.

2 Other receivables includes retentions of £2,838,000 (2022: £1,181,000) on trade receivable balances assigned to HSBC under the non-recourse invoice factoring facility, discussed further in Note 19.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Amounts owed to the Company by group undertakings includes an intercompany loan receivable totalling £1,350,000, upon which interest is charged at a variable rate of 3-month GBP LIBOR plus 2.5%. Amounts owed by group undertakings are unsecured, repayable on demand and accrue no interest, with the exception of the loan receivable noted above, and are considered to approximate fair value.

Accrued income relates to the Group's right to consideration for temporary and permanent placements made but not billed at the year end. These transfer to trade receivables once billing occurs.

Impairment of trade receivables from contracts with customers

	Group	
	2023 £'000	2022 £'000
Trade receivables from contracts with customers, gross amounts	33,538	38,444
Loss allowance	(1,633)	(2,077)
Trade receivables from contracts with customers, net of loss allowance	31,905	36,367

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally settled within 30-60 days and are therefore all classified as current.

The Group uses a third party credit scoring system to assess the creditworthiness of potential new customers before accepting them. Credit limits are defined by customer based on this information. All customer accounts are subject to review on a regular basis by senior management and actions are taken to address debt ageing issues.

Trade receivables are subject to the expected credit loss model. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics by geographical region or customer industry.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before the relevant period end and the corresponding historical credit losses experienced within this period. The historic loss rates are adjusted to reflect any relevant current and forward-looking information expected to affect the ability of customers to settle the receivables. Additionally, external economic forecasts and scenario analysis has been taken into account along with other macroeconomic factors when assessing the credit risk profiles for specific industries and geographies.

Notes Forming Part of the Financial Statements continued

16 Trade and Other Receivables continued

The loss allowance for trade receivables can be analysed as:

31 July 2023	Current	More than 30 days past	More than 60 days past	More than 90 days past	Total
Weighted expected loss rate (%)	3.6%	3.7%	15.4%	69.5%	
Gross carrying amount – trade receivables (£'000)	31,973	903	13	649	33,538
Loss allowance (£'000)	1,147	33	2	451	1,633

31 July 2022	Current	More than 30 days past	More than 60 days past	More than 90 days past	Total
Weighted expected loss rate (%)	4.0%	8.0%	15.9%	48.0%	
Gross carrying amount – trade receivables (£'000)	35,817	1,241	327	1,059	38,444
Loss allowance (£'000)	1,418	99	52	508	2,077

The loss allowance for trade receivables at year end reconciles to the opening loss allowance as per below:

	Group 2023 £'000	Group 2022 £'000
Opening loss allowance at 1 August	2,077	3,449
(Decrease)/increase in loss allowance recognised in the year	(156)	136
Receivables written off during the year as uncollectable	(288)	(1,508)
Closing loss allowance at 31 July	1,633	2,077

Impairment of accrued income

	Group 2023 £'000	Group Restated[1] 2022 £'000
Gross accrued income	15,813	19,487
Loss allowance	(504)	(682)
Accrued income, net of loss allowance	15,309	18,805

The loss allowance for accrued income can be analysed as:

31 July 2023	Current	More than 30 days past	More than 60 days past	More than 90 days past	Total
Weighted expected loss rate (%)	2.3%	2.8%	18.3%	98.5%	
Gross carrying amount – accrued income (£'000)	15,476	143	60	134	15,813
Loss allowance (£'000)	357	4	11	132	504

31 July 2022 restated[1]	Current	More than 30 days past	More than 60 days past	More than 90 days past	Total
Weighted expected loss rate (%)	2.0%	2.5%	2.5%	30.6%	
Gross carrying amount – accrued income (£'000)	16,747	1,090	649	1,001	19,487
Loss allowance (£'000)	333	27	16	306	682

1 FY22 results have been restated as explained further in Note 1.24.

The loss allowance for accrued income at year reconciles to the opening loss allowance as per below:

	Group 2023 £'000	Group 2022 £'000
Opening loss allowance at 1 August	682	1,065
Decrease in loss allowance recognised in profit and loss during the year	(178)	(383)
Closing loss allowance at 31 July	504	682

Notes Forming Part of the Financial Statements continued

17 Provisions

Group	2023 Dilapidations £'000	2023 Other provisions £'000	2023 Total £'000	2022 Dilapidations £'000	2022 Other provisions £'000	2022 Total £'000
Balance at 1 August	880	824	1,704	1,680	53	1,733
Provisions made in the year	187	194	381	18	824	842
Provisions utilised	(353)	(79)	(432)	(145)	(40)	(185)
Provisions released	(35)	(199)	(234)	(698)	(13)	(711)
Effect of movements in exchange rates	(2)	(5)	(7)	25	–	25
Balance at 31 July	677	735	1,412	880	824	1,704

Group	2023 Dilapidations £'000	2023 Other provisions £'000	2023 Total £'000	2022 Dilapidations £'000	2022 Other provisions £'000	2022 Total £'000
Non-current	347	19	366	517	–	517
Current	330	716	1,046	363	824	1,187
Total	677	735	1,412	880	824	1,704

Dilapidation provisions are held in respect of the Group's office properties where lease obligations include contractual obligations to return the property to its original condition at the end of the lease term, ranging between one and five years. During the year the Group agreed dilapidation settlements for two office properties which were both exited in the prior year. Remaining dilapidation provisions have been reassessed reflecting new information available, including the cost of settlements in the year.

Other provisions held at 31 July 2023 are primarily in relation to claims for legal and tax matters, relating to both UK and operations and certain discontinued operations.

No provisions are held by the Parent Company (2022: £nil).

18 Trade and Other Payables

	Group 2023 £'000	Group Restated[1] 2022 £'000	Company 2023 £'000	Company 2022 £'000
Trade payables	5,048	3,753	–	–
Amounts owed to group undertakings	–	–	2,742	3,006
Taxation and social security	7,139	6,672	–	–
Contractor wages payable	27,146	28,854	–	–
Accruals and deferred income	4,256	3,828	–	–
Other payables	3,306	3,312	–	–
Total	46,895	46,419	2,742	3,006

1 FY22 results have been restated as explained further in Note 1.24.

Amounts owed to group undertakings are unsecured, repayable on demand and accrue no interest. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Notes Forming Part of the Financial Statements continued

19 Loans and Borrowings

	Group	
	2023 £'000	2022 £'000
Recourse working capital facility	–	1,801
Total bank loans and borrowings	–	1,801

The Group holds both recourse and non-recourse working capital facilities. Under the terms of the non-recourse facility, the trade receivables assigned to the facility are owned by HSBC and so have been de-recognised from the Group's statement of financial position; in addition, the non-recourse working capital facility does not meet the definition of loans and borrowings under IFRS. The Group continues to collect cash from trade receivables assigned to the non-recourse facility on behalf of HSBC which is then transferred to them periodically each month. Any cash collected from trade receivables under the non-recourse facility at the end of reporting period that had not been transferred to HSBC, is presented as restricted cash included within the Group's cash balance. At 31 July 2023, the Group had agreed invoice financing working capital facilities with HSBC totalling £50m (31 July 2022: £60m) (covering both recourse and non-recourse).

The Group's working capital facilities are secured by way of an all assets debenture, which contains fixed and floating charges over the assets of the Group. This facility allows certain companies within the Group to borrow up to 90% of invoiced or accrued income up to a maximum of £50m (31 July 2022: £60m). Interest is charged on the recourse borrowings at a rate of 1.90% (31 July 2022: 1.90%) over the Bank of England base rate of 5.00% (2022: 1.25%).

The Company did not have any loans or borrowings during 2023 or 2022.

20 Financial Assets and Liabilities Statement of Financial Position Clarification

The carrying amount of the Group's financial assets and liabilities at the reporting date may also be categorised as follows:

Financial assets are included in the Statement of Financial Position within the following headings:

	Group		Company	
	2023 £'000	Restated[1] 2022 £'000	2023 £'000	2022 £'000
Trade and other receivables (Note 16)				
– Financial assets recorded at amortised cost	51,023	56,873	1,357	2,757
Cash and cash equivalents				
– Financial assets recorded at amortised cost	23,375	17,768	8	7
Total	74,398	74,641	1,365	2,764

Financial liabilities are included in the Statement of Financial Position within the following headings:

	Group		Company	
	2023 £'000	Restated[1] 2022 £'000	2023 £'000	2022 £'000
Borrowings (Note 19)				
– Financial liabilities recorded at amortised cost	–	1,801	–	–
Leases (Note 21)				
– Financial liabilities recorded at amortised cost	1,821	3,625	–	–
Trade and other payables (Note 18)				
– Financial liabilities recorded at amortised cost	39,756	39,747	2,742	3,006
Total	41,577	45,173	2,742	3,006

1 FY22 results have been restated as explained further in Note 1.24.

Notes Forming Part of the Financial Statements continued

21 Leases

The Statement of Financial Position reports the following amounts related to leases where the Group is a lessee:

Right-of-use assets		Buildings £'000	Vehicles £'000	Other £'000	Total £'000
Cost	At 1 August 2021	10,245	348	8	10,601
	Additions	183	44	–	227
	Effect of reassessment of dilapidation assets	(412)	–	–	(412)
	Effect of reassessment of lease terms	(965)	–	–	(965)
	Effect of change in lease consideration	440	–	–	440
	Effect of movement in exchange rates	64	–	–	64
	At 31 July 2022	9,555	392	8	9,955
	At 1 August 2022	**9,555**	**392**	**8**	**9,955**
	Additions	**–**	**20**	**–**	**20**
	Disposals	**(1,905)**	**(352)**	**–**	**(2,257)**
	Effect of reassessment of dilapidation assets	**161**	**–**	**–**	**161**
	Derecognition of assets sub-let to third parties[1]	**(740)**	**–**	**–**	**(740)**
	Effect of movement in exchange rates	**(34)**	**–**	**–**	**(34)**
	At 31 July 2023	**7,037**	**60**	**8**	**7,105**

Right-of-use assets		Buildings £'000	Vehicles £'000	Other £'000	Total £'000
Accumulated depreciation and impairment	At 1 August 2021	4,629	295	3	4,927
	Depreciation charge	1,491	59	2	1,552
	Impairment[2]	827	25	–	852
	Effect of reassessment of dilapidation assets	(481)	–	–	(481)
	Effect of movement in exchange rates	40	–	–	40
	At 31 July 2022	6,506	379	5	6,890
	At 1 August 2022	**6,506**	**379**	**5**	**6,890**
	Depreciation charge	**937**	**13**	**2**	**952**
	Disposals	**(1,904)**	**(352)**	**–**	**(2,256)**
	Effect of reassessment of dilapidation assets	**103**	**–**	**–**	**103**
	Derecognition of assets sub-let to third parties[1]	**(444)**	**–**	**–**	**(444)**
	Effect of movement in exchange rates	**(13)**	**–**	**–**	**(13)**
	At 31 July 2023	**5,185**	**40**	**7**	**5,232**
Net book value	At 1 August 2022	3,049	13	3	3,065
	At 31 July 2023	**1,852**	**20**	**1**	**1,873**

1 During the year the Group entered into sublease agreements with third parties to sublet a portion of the office space within the London and Toronto offices. The right-of-use assets corresponding to the sublet portion of the offices have been derecognised in line with the requirements of IFRS 16. Finance lease receivables of £275,000 were recognised in other receivables.

2 An impairment was recognised in 2022 in relation to right-of-use assets belonging to the "Infrastructure – RSL Rail" CGU, as discussed in more detail in Note 12.

At 31 July 2023, included within property right-of-use assets is costs of £677,000 (2022: £854,000) and net book value of £198,000 (2022: £248,000) relating to dilapidation assets.

During the year, management have rationalised the Group's right-of-use asset registers and have recorded disposals of assets that are fully depreciated and are no longer in use by the business.

Notes Forming Part of the Financial Statements continued

21 Leases continued

Lease liabilities

	2023				2022			
	Buildings £'000	Vehicles £'000	Other £'000	Total £'000	Buildings £'000	Vehicles £'000	Other £'000	Total £'000
Current	840	15	2	857	1,112	21	2	1,135
Non-current	945	18	1	964	2,470	17	3	2,490
Total	1,785	33	3	1,821	3,582	38	5	3,625

Lease liabilities for properties have lease terms of between one and five years.

The discount rates used to measure the lease liabilities at 31 July 2023 range between 2.0% to 6.15% for properties (2022: 2.0% to 7.5%), 4.7% to 6.0% for vehicles (2022: 4.7%) and 10.1% for other leases (2022: 10.1%).

Reconciliation of lease liabilities movement in the year

	Buildings £'000	Vehicles £'000	Other £'000	Total £'000
At 1 August 2021	5,691	64	6	5,761
Additions	165	40	–	205
Lease payments	(1,968)	(68)	(2)	(2,038)
Interest expense of lease liabilities	112	2	1	115
Effect of changes in lease consideration	440	–	–	440
Effect of reassessment of lease terms	(892)	–	–	(892)
Effect of movement in exchange rates	34	–	–	34
At 31 July 2022	3,582	38	5	3,625
At 1 August 2022	**3,582**	**38**	**5**	**3,625**
Additions	**–**	**20**	**–**	**20**
Lease payments	**(1,171)**	**(27)**	**(2)**	**(1,200)**
Interest expense of lease liabilities	**66**	**2**	**–**	**68**
Effect of reassessment of lease terms	**(672)**	**–**	**–**	**(672)**
Effect of movement in exchange rates	**(20)**	**–**	**–**	**(20)**
At 31 July 2023	**1,785**	**33**	**3**	**1,821**

Amounts in respect of leases recognised in the Income Statement

	2023 £'000	2022 £'000
Depreciation expense of right-of-use assets	952	1,552
Impairment of right-of-use assets	–	852
Interest expense on lease liabilities	68	115
Expense relating to leases of low-value assets and short-term leases (included in administrative expenses)	59	17

22 Share Capital

Authorised share capital:

	2023 £'000	2022 £'000
40,000,000 (2022: 40,000,000) ordinary shares of £0.01 each	400	400

Allotted, called up and fully paid:

	2023 £'000	2022 £'000
31,856,612 (2022: 32,290,400) ordinary shares of £0.01 each	319	323

The number of shares in issue in the Company is shown below:

	2023 '000	2022 '000
In issue at 1 August	32,290	32,290
Exercise of LTIP share options	14	-
Shares cancelled	(447)	-
In issue at 31 July	31,857	32,290

The Company has one class of ordinary shares. Each share is entitled to one vote in the event of a poll at a general meeting of the Company. Each share is entitled to participate in dividend distributions.

Notes Forming Part of the Financial Statements continued

22 Share Capital continued

Share buyback and cancellation

During April and May 2023 the Company made market purchases of and subsequently cancelled 447,000 of its own ordinary shares as part of a public share buyback. The buyback and cancellation were approved by shareholders at the Annual General Meeting held in December 2022. The shares were acquired at an average price per share of £1.11, with prices ranging from £0.94 to £1.16. The total cost of the share buyback, financed from the Group's cash reserves, was £500,000 which has been deducted from retained earnings. On cancellation of the shares, the aggregate nominal value of shares was transferred out of share capital to a capital redemption reserve.

Share Options

Share option arrangements exist over the Company's shares, awarded under the Long-Term Incentive Plan ("LTIP") to maximise the Group's medium- and long-term performance and therefore drive higher returns for shareholders.

Under the LTIP, participants are granted options which vest if certain performance conditions are met over the vesting period, typically three years. Performance conditions upon which option vesting is assessed in current live grants include total shareholder return ("TSR") ranking, growth in adjusted earnings per share ("EPS"), growth in underlying profit before tax ("PBT") and reduction in people attrition.

Once vested, each option may be converted into one ordinary share of the Company for consideration of £0.01 or above. The options remain exercisable for a period of up to 10 years from the grant date.

Participation in the LTIP and the quantum and timing of awards is at the Board's discretion, and no individual has a contractual right to receive any guaranteed benefits.

The movement in share options is shown below:

	2023			2022		
	Number '000	Weighted average exercise price (pence)	Weighted average share price (pence)	Number '000	Weighted average exercise price (pence)	Weighted average share price (pence)
Outstanding at 1 August	1,103	1.0		1,456	1.2	
Granted	864	1.0		1,026	1.0	
Forfeited/lapsed	(230)	1.0		(1,379)	1.3	
Exercised	(13)	1.0	73.5	–	–	–
Expired	(7)	1.0		–	–	
Outstanding at 31 July	1,717	1.0		1,103	1.0	
Exercisable at 31 July	102	1.0		171	1.0	

The numbers and weighted average exercise prices of share options vesting in the future are shown below.

	2023			2022		
Exercisable from	Weighted average remaining contract life (months)	Number '000	Weighted average exercise price (pence)	Weighted average remaining contract life (months)	Number '000	Weighted average exercise price (pence)
20 January 2023	–	–	–	6	162	1.0
1 December 2023	4	160	1.0	16	160	1.0
16 December 2024	17	461	1.0	29	480	1.0
9 May 2025	22	130	1.0	33	130	1.0
6 December 2025	29	864	1.0	–	–	–
Outstanding at 31 July		1,615			932	

Notes Forming Part of the Financial Statements continued

22 Share Capital continued

Share Options continued

Fair value of options granted

For share options granted during the year, the fair value at grant date was independently determined with the valuation method depending on the performance condition:

- Fair values of EPS, PBT and people attrition awards are determined with reference to the share price at grant date, discounted to exclude any expected dividends.
- Fair value of TSR awards is determined using a Monte Carlo simulation model that takes into account the probability of achieving the performance conditions, based on the expected volatility of the Company and the comparator companies.

The model inputs and associated fair values determined for options granted during the year are as follows:

	2023		2022			
	EPS, PBT and people attrition	TSR	EPS and PBT (Dec)	TSR (Dec)	EPS and PBT (May)	TSR (May)
Exercise price (£)	0.01	0.01	0.01	0.01	0.01	0.01
Grant date	06/12/2022	06/12/2022	16/12/2021	16/12/2021	11/05/2022	11/05/2022
Expiry date	06/12/2032	06/12/2032	16/12/2031	16/12/2031	11/05/2032	11/05/2032
Share price at grant date (£)	0.74	0.74	1.29	1.29	0.66	0.66
Expected volatility of the Company's shares[1]	66.06%	60.41%	59.20%	62.39%	66.94%	67.60%
Expected dividend yield	6.00%	6.00%	3.00%	3.00%	2.83%	2.83%
Risk-free rate	3.22%	3.22%	0.51%	0.51%	1.36%	1.38%
Fair value per option at grant date (£)	0.61	0.44	1.18	0.63	0.60	0.37

1 Expected volatility was calculated independently, by using the historical daily share price of the Company over a term commensurate with the expected life of the award.

At 31 July 2023, liabilities arising from share-based payment transactions total £33,000 (31 July 2022: £nil). This relates to a provision for employer's National Insurance contributions that would be payable on exercise of LTIP share options.

Notes Forming Part of the Financial Statements continued

22 Share Capital continued

Other share-based payment arrangements

In addition to the share option schemes the Group operated a Share Incentive Plan ("SIP"), which is a HMRC approved plan available to all employees enabling them to purchase shares out of pre-tax salary. For each share purchased the Company grants an additional share at no cost to the employee which vests after a three-year period of employment. During the year the Company purchased 75,809 shares (2022: 25,711) under this scheme.

The Group's Share Incentive Plan is held by an Employee Benefit Trust ("the SIP EBT") for tax purposes. The SIP EBT buys Company shares at market value with funds from the Group and employees, and shares held by the SIP EBT are distributed to employees once vesting conditions are satisfied. The Group has control over the SIP EBT and therefore it has been consolidated at 31 July 2023 and 31 July 2022.

A second EBT ('the Apex EBT') exists as a branch of Gattaca plc to purchase Company shares to be used to settle LTIP share-based payment arrangements that are due to vest in the future. Apex Financial Services Limited is appointed as the Trustee and the administrator to this EBT.

As at 31 July 2023, excess funds of £13,000 (2022: £27,000) were held by the SIP EBT and the Apex EBT, which has been included in cash and cash equivalents.

Expenses arising from equity-settled share-based payment transactions

The following expenses or credits were recognised in the Income Statement in relation to equity-settled share-based payment transactions:

	2023 £'000	2022 £'000
Long-term Incentive Plan options	(81)	106
Share Incentive Plan	17	39
Total	**(64)**	**145**

23 Transactions with Directors and Related Parties

There were no related party transactions with entities outside of the Group.

During the year Matchtech Group (UK) Limited charged the Company £607,000 (2022: £1,028,000) for provision of management services.

At the reporting date the Company had advanced a loan of £1,350,000 to Matchtech Group (UK) Limited (2022: £1,350,000), upon which interest has accrued at a rate of 3-month GBP LIBOR plus 2.5%.

Further details of transactions with directors are included in the Directors' Remuneration Report on page 86. The remuneration of key management personnel is disclosed in Note 5.

24 Financial Instruments

The financial risk management policies and objectives including those related to financial instruments and the qualitative risk exposure details, comprising credit and other applicable risks, are included within the Chief Financial Officer's Report under the heading "Group financial risk management".

Maturity of financial liabilities

The following table sets out the contractual maturities of financial liabilities, including interest payments. This analysis assumes that interest rates prevailing at the reporting date remain constant:

Group	0 to < 1 years £'000	1 to < 2 years £'000	2 to < 5 years £'000	5 years and over £'000	Contractual cash flows £'000
2023					
Invoice financing working capital facility	–	–	–	–	–
Lease liabilities	1,002	444	611	–	2,057
Trade and other payables	35,500	–	–	–	35,500
Total	**36,502**	**444**	**611**	**–**	**37,557**

Group restated[1]	0 to < 1 years £'000	1 to < 2 years £'000	2 to < 5 years £'000	5 years and over £'000	Contractual cash flows £'000
2022					
Invoice financing working capital facility	1,801	–	–	–	1,801
Lease liabilities	1,271	1,093	1,616	48	4,028
Trade and other payables	35,919	–	–	–	35,919
Total	38,991	1,093	1,616	48	41,748

1 FY22 results have been restated as explained further in Note 1.24.

Notes Forming Part of the Financial Statements continued

24 Financial Instruments continued

Company

The Company had no financial liabilities at the reporting date (2022: £nil) other than amounts due to group undertakings, which are unsecured and repayable on demand.

Interest rate sensitivity

The Group's exposure to fluctuations in interest rates on borrowing is limited to its recourse working capital facility, as explained in Note 19. The Directors have considered the potential increase in finance costs and reduction in pre-tax profits due to increases in the Bank of England's base rate over a range of possible scenarios. Having performed sensitivity analysis, based upon the actual utilisation of the facility during the year ended 31 July 2023, the effect of a 100 basis point increase in interest rates would be an increase to the 2023 net interest expense of £1,000 (2022: £68,000).

Borrowing facilities

The Group makes use of working capital facilities, details of which can be found in Note 19. The undrawn working capital facilities available at year end in respect of which all conditions precedent had been met was as follows:

	Group	
	2023 £'000	2022 £'000
Undrawn working capital facility	27,565	33,051

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group has a robust approach to forecasting both net cash/debt and trading results on a monthly basis, looking forward to at least the next 12 months. At 31 July 2023, the Group had agreed banking facilities with HSBC totalling £50m (2022: £60m) comprised solely of a £50m invoice financing working capital facility (2022: £60m invoice financing working capital facility). The Directors consider that the available financing facilities in place are sufficient to meet the Group's forecast cash flows.

Foreign currency risk

The Group's principal foreign currency risk is the short-term risk associated with the trade receivables denominated in US Dollars and Euros relating to the UK operations whose functional currency is Sterling. The risk arises on the difference between exchange rates at the time the invoice is raised to when the invoice is settled by the client. For sales denominated in foreign currency, the Group ensures that direct costs associated with the sale are also denominated in the same currency. Further foreign exchange risk arises where there is a gap in the amount of assets and liabilities of the Group denominated in foreign currencies that are required to be translated into Sterling at the year end rates of exchange. Where the risk to the Group is considered to be significant, the Group will enter into a matching forward foreign exchange contract with a reputable bank. No such contracts existed at 31 July 2023.

Net foreign currency monetary assets are shown below:

	Group	
	2023 £'000	2022 £'000
US Dollar	4,968	5,696
Euro	1,142	2,119

The Directors have considered the effect of a change in the Sterling exchange rate with the US Dollar and Euro on the balances of cash, aged receivables and aged payables held at the reporting date, assuming no other variables have changed. The effect of a 10% (2022: 10%) strengthening and weakening of Sterling against the US Dollar and Euro is set out below. The Group's exposure to other foreign currencies is not material.

	Group	
	2023 £'000	2022 £'000
USD / EUR exchange rate – increase 10% (2022: 10%)	527	704
USD / EUR exchange rate – decrease 10% (2022: 10%)	(449)	(596)

The Company only holds balances denominated in its functional currency and so is not exposed to foreign currency risk.

Notes Forming Part of the Financial Statements continued

25 Capital Management Policies and Procedures

Gattaca plc's capital management objectives are:

- to ensure the Group's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the Statement of Financial Position.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. Capital for the reporting year under review is summarised as follows:

	Group	
	2023 £'000	Restated[1] 2022 £'000
Total equity	30,817	30,453
Cash and cash equivalents	(23,375)	(17,768)
Capital	**7,442**	12,685
Total equity	30,817	30,453
Borrowings	–	1,801
Lease liabilities	1,821	3,625
Overall financing	**32,638**	35,879
Capital to overall financing ratio	**23%**	35%

1 FY22 results have been restated as explained further in Note 1.24.

26 Net Cash

Net cash is the total amount of cash and cash equivalents less interest-bearing loans and borrowings, including finance lease liabilities.

Net cash flows include the net drawdown of loans and borrowings and cash interest paid relating to loans and borrowings.

2023	1 August 2022 £'000	Net cash flows £'000	Non-cash movements £'000	31 July 2023 £'000
Cash and cash equivalents	17,768	5,809	(202)	23,375
Working capital facilities	(1,801)	1,801	–	–
Lease liabilities	(3,625)	1,200	604	(1,821)
Total net cash	**12,342**	**8,810**	**402**	**21,554**

2022	1 August 2021 £'000	Net cash flows £'000	Non-cash movements £'000	31 July 2022 £'000
Cash and cash equivalents	29,238	(11,667)	197	17,768
Working capital facilities	(9,348)	7,547	-	(1,801)
Lease liabilities	(5,761)	2,038	98	(3,625)
Total net cash	14,129	(2,082)	295	12,342

Notes Forming Part of the Financial Statements continued

26 Net Cash continued

Restricted cash

Included in cash and cash equivalents is the following restricted cash which meets the definition of cash and cash equivalents but is not available for use by the Group:

	2023 £'000	2022 £'000
Balances arising from the Group's non-recourse working capital arrangements	253	615
Cash on deposit in accounts controlled by the Group but not available for immediate drawdown	1,101	1,662
Total restricted cash	1,354	2,277

Included within restricted cash is £391,000 (2022: £698,000) held on deposit in a Russian bank account, to which the Group currently has no access. Following legal consultation, the Directors have implemented a plan to regain access to this account with a view to repatriating the cash to the UK at the earliest opportunity.

27 Contingent Liabilities

We continue our cooperation with the United States Department of Justice and in the year ended 31 July 2023 have incurred £2,000 (2022: £33,000) in advisory fees on this matter. The Group is not currently in a position to know what the outcome of these enquiries may be and therefore we are unable to quantify the likely outcome for the Group.

The Directors are aware of other potential claims against the Group from a client which may result in a future liability. The Group considers that at the date of approval of these financial statements, the likelihood of a future material economic outflow is not probable and an estimate of any future economic outflow cannot be measured reliably, therefore no provision is being made.

28 Dividends

	2023 £'000	2022 £'000
Equity dividends proposed after the year end (not recognised as a liability) at 5.0 pence per share (2022: nil pence per share)	1,580	–

On 16 August 2023, the Board announced its intentions to recommend a full year dividend in line with its policy of 2.5 pence per share, accompanied by a one-off special dividend of 2.5 pence per share, both of which are expected to be paid in December 2023.

29 Events After the Reporting Date

During August and September 2023, the Company made market purchases and subsequently cancelled 313,941 of its own ordinary shares as part of another public share buyback. The buyback and cancellation was approved by shareholders at the Annual General Meeting held in December 2022. The shares were acquired at an average price per share of £1.11, with prices ranging from £0.94 to £1.16. The total cost of the share buyback, financed from the Group's cash reserves, was £390,000.

On 22 September 2023 the Company issued and allotted 82,844 ordinary shares upon the exercise of LTIP share options.

On 3 October 2023, Matchtech Group (Holdings) Limited purchased 1 ordinary share of Matchtech Group (UK) Limited, being the entire minority interest in the subsidiary, from George Materna, a director of Gattaca plc. The share purchase was made at market value.

The Group has not identified any subsequent events in addition to those detailed above.

Notes Forming Part of the Financial Statements continued

30 Subsidiary Undertakings

The subsidiary undertakings at the year end are as follows:

	Registered Office Note	Country of Incorporation	Share Class	% Held 2023	% Held 2022	Main Activities
Alderwood Education Ltd[1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Barclay Meade Ltd[1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Cappo Group Limited[1,6]	1	United Kingdom	Ordinary	100%	100%	Holding
Cappo International Limited[1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
CommsResources Limited[1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Connectus Technology Limited[1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Elite Computer Staff Ltd[5]	1	United Kingdom	Ordinary	100%	100%	Non-trading
Gattaca Projects Limited[1]	1	United Kingdom	Ordinary	100%	100%	Non-trading
Gattaca Recruitment Limited[5]	1	United Kingdom	Ordinary	100%	100%	Non-trading
Gattaca Solutions Limited[1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Matchtech Engineering Limited[5]	1	United Kingdom	Ordinary	100%	100%	Non-trading
Matchtech Group (Holdings) Limited[1]	1	United Kingdom	Ordinary	100%	99.7%	Holding
Matchtech Group (UK) Limited[1,7]	1	United Kingdom	Ordinary	99.998%	99.998%	Provision of recruitment consultancy
Matchtech Group Management Company Limited[1,6]	1	United Kingdom	Ordinary	100%	100%	Non-trading
MSB Consulting Services Limited[2,5]	1	United Kingdom	Ordinary	100%	100%	Non-trading
Networkers International (UK) Limited[1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International Limited[1,6]	1	United Kingdom	Ordinary	100%	100%	Holding
Networkers International Trustees Limited[3]	1	United Kingdom	Ordinary	0%	100%	Non-trading
Networkers Recruitment Services Limited[1,6]	1	United Kingdom	Ordinary	100%	100%	Non-trading
Resourcing Solutions Limited[1]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
The Comms Group Limited[1,6]	1	United Kingdom	Ordinary	100%	100%	Holding
Gattaca BV	1	Netherlands	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca GmbH	2	Germany	Ordinary	100%	100%	Provision of recruitment consultancy
MSB International GmbH[3]	3	Germany	Ordinary	0%	100%	Non-trading (dissolved)
Gattaca Information Technology Services SLU	4	Spain	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca Recruitment ETT, SLU[3]	4	Spain	Ordinary	0%	100%	Non-trading (dissolved)

Notes Forming Part of the Financial Statements continued

30 Subsidiary Undertakings continued

	Registered Office Note	Country of Incorporation	Share Class	% Held 2023	% Held 2022	Main Activities
Cappo Inc.	5	United States	Ordinary	100%	100%	Non-trading
Networkers Inc.	5	United States	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International LLC	6	United States	Ordinary	100%	100%	Non-trading
Networkers International (Canada) Inc.	7	Canada	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca Mexico Services, S.A. de C.V	8	Mexico	Ordinary	100%	100%	Non-trading
NWI Mexico, S. de R.L. de C.V.	8	Mexico	Ordinary	100%	100%	Non-trading
Gattaca Services South Africa Pty Limited	9	South Africa	Ordinary	100%	100%	Provision of support services
Networkers International (China) Co. Limited	10	China	Ordinary	100%	100%	Non-trading
CommsResources Sdn Bhd	11	Malaysia	Ordinary	100%	100%	Non-trading
Networkers International (Malaysia) Sdn Bhd	11	Malaysia	Ordinary	100%	100%	Non-trading
Cappo Qatar LLC[4]	12	Qatar	Ordinary	49%	49%	Non-trading
Networkers Consultancy (Singapore) PTE. Limited	13	Singapore	Ordinary	100%	100%	Non-trading

1 For the year ended 31 July 2023, Gattaca plc has provided a legal guarantee dated 23 October 2023 under s479a-s479c of the Companies Act 2006 to these subsidiaries for audit exemption.

2 These dormant companies are exempt from preparing audited individual financial statements by virtue of s480 of Companies Act 2006.

3 These companies were disposed of or liquidated in the year, with the shareholding remaining the same as per the year ended 31 July 2022 up to the date of disposal or liquidation.

4 Gattaca plc controls 95% of the beneficial interest in Cappo Qatar LLC and consolidates the entity as a subsidiary in line with IFRS 10.

5 These entities were liquidated post year-end on 19 August 2023, with the exception of MSB Consulting Services Limited which was liquidated on 5 September 2023. The shareholding remained the same as per the year ended 31 July 2023 up to the date of liquidation.

6 The trade and assets of these subsidiaries were transferred to Matchtech Group (UK) Limited on 31 July 2023 as part of the legal entity rationalisation project, discussed further below.

7 The minority interest of this subsidiary was purchased by Matchtech Group (Holdings) Limited on 3 October 2023, see Note 29 for more details.

All holdings by Gattaca plc are indirect except for Matchtech Group (Holdings) Limited, Gattaca GmbH and Matchtech Group Management Company Limited.

Networkers International (UK) Limited had a branch in Russia, which is consolidated into the Group's result. The branch ceased trading in FY20 and was deregistered by the Federal Tax Services of Russia in December 2022.

The Group's Share Incentive Plan (SIP) is held by Gattaca plc UK EBT ("the SIP EBT"). The Group has control over the SIP EBT and therefore it has been consolidated in the Group's results.

Gattaca plc has a branch for an Employee Benefit Trust ("the Apex EBT"). Apex Financial Services Limited is the Trustee and the administrator to this EBT. The Group and Company has control over the Apex EBT and therefore it has been consolidated in the Group and Company's results.

During the year, the Group began a legal entity rationalisation project with the aim to simplify the group structure. On 31 July 2023, as part of the rationalisation project, the trade and assets of a number of UK subsidiaries were transferred to the largest UK trading subsidiary, Matchtech Group (UK) Limited, with the intention that the transferring entities become non-trading from 1 August 2023, to enable liquidation or strike off processes to commence once all required regulatory filings are complete. There is no income statement, balance sheet or cash flow impact to the Group or Company as a result of the rationalisation steps undertaken during the financial year.

Notes Forming Part of the Financial Statements continued

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2	c/o ETL Breiler & Schnabl GmbH, Steuerberatungsgesellschaft, Bahnhofstraße, 55–57, 65185 Wiesbaden, Germany
3	c/o ETL Breiler & Schnabl GmbH, Franklinstraße 48, 60486, Frankfurt am Main, Germany
4	Calle General, Moscardo 6. Espaco Office, Madrid 28020, Spain
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