For immediate release **11 August 2021**

RPS Group plc

('RPS' or the 'Group')

Interim Results

'Strong financial performance, proven ESG credentials, significant opportunity, and reinstating dividends'

RPS, a leading multi-sector global professional services firm, today announces its interim results for the six months ended 30 June 2021 ('H1 2021').

	H1 2021	H1 2020	H1 2020 at constant currency[1]	% change	% change constant currency
Alternative performance measures [1]					
Fee revenue (£m) [1]	**233.5**	232.4	233.5	0%	0%
Adjusted operating profit (£m) [1]	**13.1**	7.7	7.8	70%	68%
Adjusted profit before tax (£m) [1]	**9.8**	4.3	4.4	128%	123%
Adjusted earnings per share (diluted) (p) [1]	**2.54**	2.03	1.94	25%	31%
Cash and debt measures					
Conversion of profit into cash [1]	**10%**	346%	346%		
Net bank borrowings (£m) [1]	**27.8**	57.8	55.6		
Leverage	**1.0**	1.7			
Statutory measures					
Revenue (£m)	**271.8**	272.4	273.5	(0%)	(1%)
Operating profit/(loss)	**10.4**	(30.7)	(29.4)	134%	135%
Statutory profit/(loss) before tax (£m)	**7.1**	(34.1)	(32.8)	121%	122%
Statutory earnings/(loss) per share (diluted) (p)	**1.78**	(14.06)	(13.66)	113%	113%
Dividend per share (p)	**0.26**	-	-		

Financial highlights

- H1 2021 performance in line with expectations
- Improving Fee Revenue trajectory, with growth in Fee Revenue per day compared to H2 2020 and Q1 2021. Fee Revenue per day returned to Q1 2020 level
- Continued focus on margins; adjusted operating margin increased to 5.6% (H1 2020: 3.3%)
- Turnaround from statutory loss before tax to statutory profit before tax due to improved performance
- Continued strong cash performance on the back of disciplined billing and cash collections with lock up days below industry average at 60 days (H1 2020: 68 days)
- Strong cash focus with net bank borrowings of £27.8 million significantly lower than at 30 June 2020 (30 June 2020: £57.8 million, 31 December 2020 £10.8 million). With low net bank borrowings and improving profit, the net debt to EBITDA (leverage) at 30 June 2021 was 1.0x (30 June 2020: 1.7x), at the bottom end of our target range of 1.0x to 2.0x
- Revolving credit facility ('RCF') extended for two years to July 2024 and new seven-year financing in place to replace the Pricoa Private Placement loan notes that expire in September 2021. This provides significant liquidity and substantial headroom enabling RPS to make investment decisions for the medium term
- Dividends reinstated with interim dividend of 0.26 pence per share proposed (H1 2020: nil)

Business headlines

- The diversity of RPS' sectors and services offering, coupled with its exposure to government and quasi government organisations, continues to provide resilience and growth opportunities from increased spending by governments
- Private sector sentiment is now improving and creating growth opportunities in those segments with a greater exposure to private sector, notably Consulting UK & Ireland
- Continued focus on renewables which now accounts for just under 20% of Fee Revenue of our Energy Segment (H1 2020: 8%). Other segments also work extensively in renewables and this now represents 5% of RPS' overall Fee Revenue
- Key strategic renewable wins in Energy with project delivery supported by other RPS segments
- Improving total contracted order book (COB); up 7% (at constant currency) on December 2020
- Having retained capability through the pandemic, RPS continues to match capacity to market and increase headcount as Fee Revenue recovers. Cost measures to manage through COVID-19 now broadly reversed with all but 36 people, mainly in Energy, now back to full hours and pay
- Increased Fee Revenue, closure of marginal offices and maintaining efficiencies achieved in 2020 are driving improved operating margins

A quality business with significant opportunity

- A business with a clear portfolio strategy that balances cohesion of capabilities and diversification of clients and which is focused on three key thematics of urbanisation, natural resources, and sustainability
- Benefitting from operating in favourable geographies, government investment, and a global sustainability focus, as well as the recovering economic confidence in the UK
- Following investment in people, clients, and connectivity, RPS is a technology enabled consulting firm that is a tighter and more robust business
- Significant growth opportunities in our areas of focus – renewables, project management, infrastructure and sustainability

Proven ESG credentials

RPS has a long history of environmental and social engagement dating back to 1970, when Rural Planning Services was formed.

With proven ESG credentials that are embedded in its purpose, promise and behaviours, RPS is at the forefront of a global and complex shift in resource supply and consumption. The momentum towards greater renewable energy development is proving to be an exciting and rewarding opportunity for RPS with increasing Fee Revenue deriving from renewables in all segments.

In addition, improved people practices ensure RPS has an increasingly safe, engaged, diverse and inclusive workforce:

- 85% of employees participated in 2021 employee engagement survey (2018: 80%)
- 88% of employees feel they work in a safe environment (2018: 83%)
- Employee engagement increased in 2021 to 70% (2018: 67%)
- RPS Group – industry leading gender diversity
- RPS North America – industry leading racial diversity

RPS has a strong Board representing a good mix of background, skills, geography, and gender. The Directors drive robust governance, engagement and transparency with stakeholders which is evidenced by increasing dialogue with investors and analysts in 2020 and into 2021.

Today RPS also announces the appointment of Matt Farnsworth, effective 1 September 2021, as Global Director for ESG and Sustainability, to lead RPS' global sustainability strategy, and progress RPS' environmental, social and governance performance. Matt is an internal hire and a well-established and respected professional in his field.

Commenting on the interim results, John Douglas, Chief Executive of RPS, said:

"We achieved good momentum in the first half of the year and, as a result of this and to demonstrate our confidence going forward, I am pleased to announce we have reinstated our dividend.

"Our focus on our core growth markets of natural resources, urbanisation, and sustainability across a good mix of geographies positions us well as markets began to recover in the first half of the year. Backed up by strong, and proven, ESG credentials, both in what we do for our clients and how we conduct ourselves, we are creating an increasingly resilient, technology enabled, high quality business that is competitive in our key markets.

"We continue to benefit from operating in favourable geographies with government investment and recovering economic confidence and see significant growth opportunities in renewables, project management, infrastructure and sustainability. With a strong cash position and significant available debt facilities, RPS is well placed to capitalise on these growth opportunities.

"We remain focused on building a business that can deliver mid-single digit rates of organic revenue growth and a double-digit operating margin in the medium term and are confident in our ability to do so."

(1) Alternative Performance Measures are used consistently throughout this announcement: these include adjusted profit before tax, fee revenue, items prefaced 'adjusted' such as adjusted EPS, segment profit, underlying profit, adjusted operating profit, amounts labelled 'at constant currency', EBITDAS, conversion of profit into cash, net bank borrowings, leverage. For further details of their purpose, definition and reconciliation to the equivalent statutory measures see note 2.

An analyst presentation will be held via live video webcast at 9.30am (UK time) today. To participate please contact Buchanan via RPS@buchanan.uk.com to request joining details. A recording of the presentation will be available later today at the RPS website, www.rpsgroup.com.

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Notes to Editors

Founded in 1970, RPS is a leading global professional services firm with proven ESG credentials. With c.5,000 consultants and service providers and having operated in 125 countries across six continents - RPS defines, designs, and manages projects that create shared value for a complex, urbanising and resource-scarce world.

Our three thematics – natural resources, urbanisation, and sustainability – are specifically targeted to growth markets where RPS delivers a broad range of services in six sectors: property, energy, transport, water, defence and government services and resources. Services provided across RPS' six sectors cover twelve service clusters: project and program management, design and development, water services, environment, advisory and management consulting, exploration and development, planning and approvals, health, safety and risk, oceans and coastal, laboratories, training and communications, creative and digital services.

RPS stands out for its clients by using technology enabled consulting, combined with deep expertise, to solve problems that matter, making them easy to understand. Making complex easy.

RPS' London Stock Exchange ticker is RPS.L. For further information, please visit www.rpsgroup.com

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of RPS Group plc. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are many factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

This announcement contains inside information. The person responsible for arranging the release of this announcement on behalf of RPS is Judith Cottrell, Group Finance Director.

Trading summary

The Group's performance in H1 2021 was in line with expectations. As COVID-19 restrictions eased in many of the jurisdictions in which the Group operates, Fee Revenue continued on a positive growth trajectory. Whilst overall Fee Revenue was broadly flat on H1 2020, this was against a backdrop of a strong Q1 2020 prior to the onset of COVID-19. Fee Revenue per day continues to improve quarter on quarter and has returned to the pre COVID-19 levels achieved in Q1 2020. H1 2021 Fee Revenue increased by 4% on H2 2020.

The actions taken in FY 2020 to improve efficiency and restructure lower margin operations have driven an improvement in Adjusted Operating Profit margin compared to H1 2020; and it has also enabled the Group to deliver a margin in line with H2 2020 despite the significant COVID-19 staff cost saving measures reversing in early 2021.

Adjusted Profit Before Tax (PBT) for the six months to 30 June 2021 was £9.8 million (H1 2020: £4.3 million, £4.4 million at constant currency), on Fee Revenue of £233.5 million (H1 2020: £232.4 million, £233.5 million at constant currency). The Group generated a PBT of £7.1 million (H1 2020: loss £34.1 million, £32.8 million at constant currency), after exceptional items of £0.6 million (H1 2020: £35.4 million).

The effective tax rate for the period on Adjusted PBT is estimated to be 28.6% (H1 2020: (7.0)%). The tax rate has returned to more normal pre COVID-19 levels with 2020 benefitting from the impact of carry back of losses and reduced taxable profits.

Adjusted diluted earnings per share (EPS) was 2.54p (H1 2020: 2.03p, 1.94p at constant currency). Statutory diluted profit per share was 1.78p (H1 2020: loss 14.06p, 13.66p at constant currency).

Movements in foreign currency exchange rates have impacted the performance in H1 2021. Fee Revenue in H1 2021 would have been £0.7 million lower and Adjusted PBT would have been unchanged had 2020 exchange rates been repeated in 2021. The impact of retranslating H1 2020 results at H1 2021 rates was an increase of £1.1 million on Fee Revenue and an increase of £0.1 million on Adjusted PBT.

Fee Revenue

	H1 2021	H1 2020	H1 2020 at constant currency
Energy	**32.9**	41.6	40.9
Consulting - UK and Ireland	**57.9**	55.6	55.4
Services - UK and Netherlands	**44.1**	41.1	40.9
Norway	**31.0**	28.5	29.8
North America	**18.2**	20.5	18.7
Australia Asia Pacific	**49.4**	45.1	47.8
Fee Revenue	**233.5**	232.4	233.5

Against a backdrop of a strong Q1 in 2020 with limited COVID-19 impact, H1 2021 Fee Revenue was flat on H1 2020 but showed an improved trajectory as lockdown restrictions in the regions in which we operate eased, and market sentiment began to recover. RPS' government exposed businesses in Norway and Australia Asia Pacific have continued to perform well and generate growth. Our Consulting UK and Ireland business delivered good growth as COVID-19 restrictions eased and private sector confidence improved. In Services UK and Netherlands, the UK business delivered growth as the AMP7 cycle continues to ramp up and the UK comes out of lockdown but COVID-19 restrictions have continued to impact activities in the Netherlands. Ongoing travel restrictions and subdued exploration activity as our gas and oil clients transition from gas and oil to renewables mean that the recovery in our Energy segment will be slower. In North America, Fee Revenue is slightly down on the prior year as the performance was very strong in Q1 2020 and we continue to experience delays in project activation in our Infrastructure business.

Adjusted operating profit

£m	**H1 2021**	H1 2020	H1 2020 at constant currency
Energy	**1.8**	2.3	2.3
Consulting - UK and Ireland	**4.6**	2.9	2.9
Services - UK and Netherlands	**3.0**	1.8	1.7
Norway	**2.6**	2.1	2.2
North America	**1.9**	1.2	1.1
Australia Asia Pacific	**5.2**	3.5	3.7
Total segment profit	**19.1**	13.8	13.9
Unallocated costs	**(6.0)**	(6.1)	(6.1)
Adjusted operating profit	**13.1**	7.7	7.8

In response to COVID-19 the Group took swift and considered action in 2020 to match capacity to market demand, reduce discretionary spend, and make changes to the operating model. As Fee Revenue continues its recovery towards pre COVID-19 levels, several of the measures to reduce capacity costs are unwinding. However, we are maintaining the efficiencies from changes to our operating model. As a result, segment profit margin has improved to 8.2% (H1 2020 at constant currency: 6.0%) and unallocated costs are in line with prior year. With the exception of Energy, where Fee Revenue remains impacted by COVID-19 and there is transition in its core markets, all other segments have delivered an improved operating profit margin as the Group drives Fee Revenue growth and efficiencies.

Exceptional items

Exceptional items of £0.6 million have been recognised in the period (H1 2020: £35.4 million), a significant reduction on both H1 2020 and H2 2020. The exceptional items are detailed in note 5 and include:

- ERP stabilisation activities of £0.8 million in respect of the removal of Hitachi's Essentials package and reversion to native Dynamics 365;
- Further legal fees of £0.5 million investigating potential issues regarding the administration of US government contracts and/or projects; and
- A credit in restructuring costs of £0.7 million relating to the sublet of a property vacated and impaired in the prior year.

Borrowings and cash flow

As at 30 June 2021, net bank borrowings were £27.8 million (30 June 2020: £57.8 million; 31 December 2020: £10.8 million), whilst higher than December 2020 borrowings reduced significantly on 30 June 2020 following a successful equity fundraising in September 2020 and good cash generation in the business over the last twelve months.

Net cash outflow from operating activities for the six months to June 2021 was £2.9 million (H1 2020: inflow £48.6 million). Our conversion of profit into operating cash flow was 10% (H1 2020: 346%) and was impacted by payment of COVID-19 related tax deferrals (with £4.9 million paid and a further £5.0 million left to repay), increased working capital due to fee growth and normalising of lock up days. Lock up days at 30 June 2021 were good and below the industry average at 60 days (30 June 2020: 68 days, December 2020: 48 days). Over the last twelve months cash conversion remained strong at 90% (June 2020: 203%).

Net cash used in investing activities was £6.6 million (H1 2020: £7.2 million) including deferred consideration of £2.5 million in respect of the Corview acquisition (H1 2020: £2.4 million). The net purchase of property, plant, equipment, and intangible assets was £4.1 million (H1 2020: £4.8 million). This includes investment in ERP of £0.1 million (H1 2020: £2.2 million). The amount paid in respect of dividends was £nil (H1 2020: £nil).

Deferred consideration outstanding at 30 June 2021 was £3.2 million (30 June 2020: £6.5 million; 31 December 2020: £5.8 million).

Our leverage (as defined in note 2) calculated in accordance with our bank's financial covenants was 1.0x at the period end (30 June 2020: 1.7x; 31 December 2020: 0.7x). The bank covenant limit that applies to all our facilities is 3.25x for June 2021 and 3.0x thereafter.

Net finance costs were £3.3 million (H1 2020: £3.4 million), which includes £0.9 million (H1 2020: £1.0 million) interest relating to IFRS 16 leases.

New financing secured

The Group's main banking facility, a committed multi-currency revolving credit facility (RCF) with Lloyds, HSBC and NatWest totalling £100.0 million, was due to expire in July 2022 but, in August, was successfully extended to July 2024.

In addition, the Group has in issue seven-year US Private placement notes of US$34.1 million and £30.0 million repayable in September 2021. The Group has recently secured replacement financing for these loan notes in the form of £25.0 million of term loans from Aviva Investors and £30.0 million from Legal and General Investment Management. These will expire in September 2028.

As a result of the successful replacement of the US Private placement notes and extension of the RCF, the £60.0 million additional RCF liquidity facility, due to expire in July 2022, has been retired.

The Group continues to have significant headroom in respect of the committed bank facilities. As at 30 June 2021 headroom was £160.0 million, which is in addition to £26.4 million of cash held on that date.

Dividends

In 2019, the Board announced a dividend policy of a pay-out ratio of 40% of profit after tax before amortisation of intangibles and transaction-related costs and the tax thereon. To protect the Group's financial position at the start of the COVID-19 pandemic, the Board made the decision to cancel the final dividend in respect of FY 2019 and, due to the ongoing impact of COVID-19 and the uncertainty over timing of recovery of markets, withdrew our dividend policy. The Board recognises the importance of dividends and, given the markets we operate in are starting to recover, is proposing to resume a modest dividend for 2021 and will pay circa one third as an interim dividend. Management intends to hold a Capital Markets Day in early November and plans to set out its capital allocation policy in more detail then.

In light of the need to invest in growth opportunities and the ongoing volatility in some markets, the Board is proposing a modest interim dividend of 0.26p per ordinary share (H1 2020: nil). This is a level which the Board considers appropriate based on the need to balance the size of dividend with the pace of market recovery and the opportunities that exist for RPS to invest for future growth. It will be paid on 8 October 2021 to shareholders on the register of members at the close of business on 10 September 2021.

Segment review

Energy

	H1 2021	H1 2020	H1 2020 at constant currency
Fee Revenue (£m)	**32.9**	41.6	40.9
Segment profit (£m)	**1.8**	2.3	2.3
Margin (%)	**5.5**	5.5	5.6

Fee Revenue was down 20% (at constant currency) on H1 2020 but with the backdrop of an exceptionally strong Q1 2020. Although the oil price has increased, projects, particularly in marine seismic and metocean measurements, are still being impacted by COVID-19 and further delayed as clients balance their plans for sustainability in their businesses and transition to a changing mix of energy sources in which renewable energy sources will be an increasing part of the mix. Costs continue to be well managed through our variable associate cost structure. The restructuring of the Technical Advisory business in 2020 and the move to the associate model has seen continued improved performance through H1 2021, with expectations of similar performance in H2 2021.

As our clients and the market transition to sustainable energy and a low carbon environment this is creating significant opportunities for the business. Fee Revenue from renewables, at £6.3 million, doubled when compared to the same period in 2020, including some notable strategic wins with new and existing energy clients including BP/EnBW and Equinor.

Whilst recovery in the Energy segment will be slower as markets, particularly outside the developed economies, continue to be impacted by COVID-19, RPS is responding to significant opportunities in the renewable and sustainability sectors. Our total contracted order book is ahead of December 2020, and with the impact of COVID-19 reducing, renewable opportunities continuing to increase, and our traditional clients initiating new projects, we expect Fee Revenue to recover.

Consulting - UK and Ireland

	H1 2021	H1 2020	H1 2020 at constant currency
Fee Revenue (£m)	**57.9**	55.6	55.4
Segment profit (£m)	**4.6**	2.9	2.9
Margin (%)	**7.9**	5.2	5.2

Fee Revenue was up 5% (at constant currency) on H1 2020 and continued its positive trajectory with Fee Revenue per day increasing in Q2-2021 compared to Q1-2021. The strong public sector demand from 2020 continued across the UK and Ireland. With lockdown restrictions easing, confidence is returning in the private sector, and investment started to increase from Q2 2021. Many private sector projects that were on hold are now restarting. We have strong positions in a number of sectors such as Logistics, Health, Data Centres, and Affordable Housing that are likely to experience sustained growth post COVID-19. As a result of the improved Fee Revenue, all staff have now returned from furlough and all salaries have been reinstated. Increased efficiency and improved Fee Revenue have increased margins to 7.9% (H1 2020: 5.2%).

Our total contracted order book has grown significantly, both on December 2020, and March 2021. We expect that private sector projects will continue the upwards momentum and public sector spending should be maintained. The key to delivering ongoing growth is now the attraction and retention of talent. A talent attraction and retention strategy has been implemented that focuses on sustainability, career development and showcasing our high-profile projects.

Services - UK and the Netherlands

	H1 2021	H1 2020	H1 2020 at constant currency
Fee Revenue (£m)	**44.1**	41.1	40.9
Segment profit (£m)	**3.0**	1.8	1.7
Margin (%)	**6.8**	4.4	4.2

Fee Revenue growth of 8% at constant currency was driven principally by increased activity in our UK Health & Labs business as the UK lockdown restrictions eased. The performance of the UK Water business improved as the AMP7 cycle began to gradually ramp up, and the business has secured some key wins including with Yorkshire Water. Conditions in the Netherlands were more challenging as a result of national elections and lockdown restrictions and this impacted Fee Revenue in Q1 2021. However, improving Fee Revenue trajectory in the UK has allowed us to reverse all salary measures that had been implemented. Despite this, margins increased to 6.8% as increased Fee Revenue drove efficiency within the business.

The segment enters H2 2021 with an improving total contracted order book; we expect growth to continue as the delayed AMP7 cycle accelerates and lockdown restrictions in the Netherlands continue to ease.

Norway

	H1 2021	H1 2020	H1 2020 at constant currency
Fee Revenue (£m)	**31.0**	28.5	29.8
Segment profit (£m)	**2.6**	2.1	2.2
Margin (%)	**8.4**	7.4	7.4

The segment delivered a solid performance in H1 2021 with Fee Revenue growth of 4% (at constant currency). Fee Revenue per day in Q2 2021 was back to pre COVID-19 levels and the profit margin improved. The Norway segment has retained its leading market position within Project and Program Management in Norway and is increasing market share in the private sector whilst growing in public sector in line with the market.

While the total contracted order book has declined since the year end due to the impact of COVID-19 restrictions on clients initiating new projects, the outlook remains positive. Activity and investment levels remain strong in the public sector, there is growth within digitalisation and large capital projects investments, and we are well placed to capitalise on new opportunities arising in emerging markets such as renewables and green technology.

North America

	H1 2021	H1 2020	H1 2020 at constant currency
Fee Revenue(£m)	**18.2**	20.5	18.7
Segment profit (£m)	**1.9**	1.2	1.1
Margin (%)	**10.4**	5.9	5.9

North America has seen an improving fee trajectory during H1 2021, with Fee Revenue down only 3% (at constant currency) on H1 2020. This was an encouraging result given the strong performance in Q1 2020, the impact of severe weather conditions in Texas on our Infrastructure division in Q1 2021, and the loss of revenue streams arising from reorganisation activity during 2020. Ocean Science and Environmental Risk both delivered Fee Revenue growth in H1 2021 on the back of expansion in renewable activity and a robust private equity market. Growth in Infrastructure was limited by the severe weather conditions and public sector project delays, although these are showing signs of improvement. Profit margins have improved significantly, driven by the reorganisation activity in 2020 and increased efficiency.

The delays in project activations have resulted in some reductions in our total contracted order book, but public sector activity is expected to improve in H2 2021 with the new fiscal year and budget cycle. This should support growth in Infrastructure and Ocean Science. With the US economy on track to return to pre-pandemic levels by 2022, this provides a favourable backdrop for private sector growth. While investment in enhancing staff engagement is showing signs of progress, the tightening labour market will require careful management of recruitment and retention in H2 2021.

Australia Asia Pacific

	H1 2021	H1 2020	H1 2020 at constant currency
Fee Revenue (£m)	**49.4**	45.1	47.8
Segment profit (£m)	**5.2**	3.5	3.7
Margin (%)	**10.5**	7.8	7.7

Strong government spending in defence and transport infrastructure, and an active residential property market have enabled 3% growth in Fee Revenue at constant currency. We are also seeing the renewable growth initiative starting to yield benefits in Australia and across Southeast Asia. Continued focus on costs and driving overhead efficiency has delivered improved margins.

The total contracted order book is strong going into H2 2021 and the business is well positioned to continue to win new Federal and state government infrastructure work as well as supporting the infrastructure projects that will be driven by Queensland hosting the 2032 Olympics. However, there remains some market uncertainty owing to the potential for some softening in the residential property market and any impact on construction from a strong government response to COVID-19.

Group Outlook

The good momentum achieved in the first half of the year has continued into H2 2021.

With a strong cash position and significant available debt facilities, RPS is well placed to capitalise on the growth opportunities that are clearly available. Net debt is expected to increase in H2 2021 as the working capital benefits of 2020 continue to unwind as the Group returns to growth and tax deferrals are paid. However, the recent refinancing will provide significant liquidity and leverage is expected to be comfortably within the target range.

The Group will continue to benefit from operating in favourable geographies, government investment and a global sustainability focus as well as the recovering confidence in the UK. There remain significant growth opportunities in our areas of focus – renewables, project management, transport infrastructure and sustainability.

Looking ahead, the total contracted order book ('COB') at 30 June 2021 is up 7% on 31 December 2020. The growth in COB in Australia Asia Pacific, Services UK and Netherlands, and Consulting UK and Ireland is encouraging for H2 2021. The COB remains solid in Norway and North America and is slowly improving in Energy, where we anticipate ongoing disruption in H2 2021 from the impact of COVID-19 and the transition of our energy clients from traditional energy to renewable energy.

We remain focused on building a business that can deliver mid-single digit rates of organic revenue growth and a double-digit operating margin in the medium term and are confident in our ability to do so.

The Group expects to update the market at its Q3 2021 trading update in late October and will host a Capital Markets Event for sell-side analysts and investors in early November. Further details will be provided in due course.

Board of Directors
RPS Group plc
11 August 2021

Condensed consolidated income statement

£m	Note	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Year ended 31 December 2020
Revenue	3	**271.8**	272.4	542.1
Less: passthrough costs	2,3	**(38.3)**	(40.0)	(84.8)
Fee revenue	2,3	**233.5**	232.4	457.3
Adjusted operating profit	2,3	**13.1**	7.7	20.5
Amortisation of acquired intangibles and transaction-related costs	2,4	**(2.1)**	(3.0)	(5.5)
Exceptional items	2,5	**(0.6)**	(35.4)	(39.2)
Operating profit/(loss)	3	**10.4**	(30.7)	(24.2)
Finance costs		**(3.3)**	(3.5)	(7.2)
Finance income		**-**	0.1	0.1
Adjusted profit before tax	2	**9.8**	4.3	13.4
Profit/(loss) before tax		**7.1**	(34.1)	(31.3)
Tax (expense)/credit	6	**(2.2)**	2.2	0.2
Profit/(loss) for the period attributable to equity holders of the parent		**4.9**	(31.9)	(31.1)
Basic earnings/(loss) per share (pence)	7	**1.80**	(14.20)	(12.95)
Diluted earnings/(loss) per share (pence)	7	**1.78**	(14.06)	(12.83)
Adjusted basic earnings per share (pence)	2,7	**2.57**	2.05	4.33
Adjusted diluted earnings per share (pence)	2,7	**2.54**	2.03	4.29

Condensed consolidated statement of comprehensive income

£m	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Year ended 31 December 2020
Profit/(loss) for the period	**4.9**	(31.9)	(31.1)
Foreign exchange differences on translation of foreign operations*	**(7.3)**	12.5	8.9
Actuarial losses on remeasurement of defined benefit pension scheme	**-**	-	(0.1)
Total other comprehensive (expense)/income	**(7.3)**	12.5	8.8
Total recognised comprehensive (expense)/income for the period attributable to equity holders of the parent	**(2.4)**	(19.4)	(22.3)

*may be reclassified subsequently to profit or loss in accordance with IFRS

Condensed consolidated balance sheet

£m	Note	**As at 30 June 2021**	As at 30 June 2020	As at 31 December 2020
Assets				
Non-current assets:				
Intangible assets	8	**343.2**	356.8	350.5
Property, plant and equipment	9	**27.6**	31.4	28.5
Right-of-use assets		**38.0**	44.2	42.1
Deferred tax asset		**11.5**	8.1	11.2
		420.3	440.5	432.3
Current assets:				
Trade and other receivables	10	**137.3**	142.5	130.8
Corporation tax receivable		**1.0**	4.8	2.4
Cash and cash equivalents		**26.4**	16.7	43.2
		164.7	164.0	176.4
Liabilities				
Current liabilities:				
Borrowings	12	**54.2**	-	54.0
Deferred consideration		**2.9**	3.1	3.1
Lease liabilities	12	**10.3**	10.5	10.8
Trade and other payables	11	**114.2**	126.0	129.2
Corporation tax		**3.7**	2.5	3.0
Provisions		**5.9**	2.0	5.7
		191.2	144.1	205.8
Net current (liabilities)/assets		**(26.5)**	19.9	(29.4)
Non-current liabilities:				
Borrowings	12	**-**	74.5	-
Deferred consideration		**0.3**	3.4	2.7
Lease liabilities	12	**33.8**	41.0	38.1
Other payables		**-**	1.5	0.2
Deferred tax liability		**6.8**	6.6	8.4
Provisions		**4.7**	2.7	4.5
		45.6	129.7	53.9
Net assets		**348.2**	330.7	349.0
Equity				
Share capital	13	**8.3**	6.9	8.3
Share premium		**126.1**	123.6	125.3
Retained earnings		**171.8**	164.4	166.3
Merger reserve		**38.7**	21.2	38.7
Employee trust		**(11.3)**	(10.9)	(11.5)
Translation reserve		**14.6**	25.5	21.9
Total shareholders' equity		**348.2**	330.7	349.0

Condensed consolidated cash flow statement

£m	Note	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Year ended 31 December 2020
Net cash from operating activities	15	**(2.9)**	48.6	84.0
Cash flows from investing activities:				
Deferred consideration		**(2.5)**	(2.4)	(3.0)
Purchase of property, plant and equipment		**(4.0)**	(2.8)	(5.0)
Purchase of intangible assets		**(0.2)**	(2.3)	(2.8)
Proceeds from sale of property, plant and equipment		**0.1**	0.3	0.4
Proceeds from sale of business		**-**	-	0.7
Net cash used in investing activities		**(6.6)**	(7.2)	(9.7)
Cash flows from financing activities:				
Proceeds from issue of share capital		**-**	-	19.4
Decrease in bank borrowings		**-**	(37.7)	(55.4)
Payment of lease liabilities		**(5.7)**	(5.0)	(11.0)
Bank arrangement fees		**-**	(0.4)	(1.0)
Net cash used in financing activities		**(5.7)**	(43.1)	(48.0)
Net (reduction)/increase in cash and cash equivalents		**(15.2)**	(1.7)	26.3
Cash and cash equivalents at beginning of period		**43.2**	16.4	16.4
Effect of exchange rate fluctuations		**(1.6)**	2.0	0.5
Cash and cash equivalents at end of period		**26.4**	16.7	43.2

Cash and cash equivalents comprise cash at bank for all periods

Condensed consolidated statement of changes in equity

£m	Share capital	Share premium	Retained earnings	Merger reserve	Employee trust	Translation reserve	Total equity
At 1 January 2021	8.3	125.3	166.3	38.7	(11.5)	21.9	349.0
Profit for the period	-	-	4.9	-	-	-	4.9
Other comprehensive expense	-	-	-	-	-	(7.3)	(7.3)
Total comprehensive income/(expense) for the period	-	-	4.9	-	-	(7.3)	(2.4)
Issue of new ordinary shares	-	0.8	(0.5)	-	(0.3)	-	-
Share-based payment expense	-	-	1.6	-	-	-	1.6
Transfer on release of shares	-	-	(0.5)	-	0.5	-	-
At 30 June 2021	8.3	126.1	171.8	38.7	(11.3)	14.6	348.2
At 1 January 2020	6.8	121.9	195.7	21.2	(10.1)	13.0	348.5
Loss for the period	-	-	(31.9)	-	-	-	(31.9)
Other comprehensive income	-	-	-	-	-	12.5	12.5
Total comprehensive (expense)/income for the period	-	-	(31.9)	-	-	12.5	(19.4)
Issue of new ordinary shares	0.1	1.7	(0.7)	-	(1.1)	-	-
Share-based payment expense	-	-	1.6	-	-	-	1.6
Transfer on release of shares	-	-	(0.3)	-	0.3	-	-
At 30 June 2020	6.9	123.6	164.4	21.2	(10.9)	25.5	330.7

Notes to the condensed consolidated financial statements

1. Basis of preparation

RPS Group Plc (the 'Company') is a company domiciled in England. The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the 'Group'). The condensed consolidated interim financial statements are presented in pounds sterling and have been rounded to the nearest £0.1 million.

The condensed interim financial statements have been prepared using accounting policies set out in the Report and Accounts 2020. They are unaudited and have not been reviewed by the Company's auditor. They are in accordance with IAS 34 *Interim Financial Reporting*. The results for the year ended 31 December 2020 and the balance sheet as at that date are abridged from the Company's Report and Accounts 2020 which have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006.

The condensed interim financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

In assessing the going concern basis for the financial statements, the Directors considered a range of scenarios modelling recovery out of the COVID-19 pandemic on the Group's activities over the next 12 months from signing.

At 30 June 2021 net bank borrowings were £27.8 million, an increase of £17.0 million from 31 December 2020. The Group has agreed terms on the extension of the £100.0 million revolving credit facility which was due to expire in July 2022 (with its existing RCF lenders) and the replacement of the £30.0 million and $34.1 million loan notes the Group holds with Pricoa which expire in September 2021 with term loans from Aviva Investors and Legal and General Investment Management. The going concern modelling includes these new arrangements in all scenarios.

COVID-19 continues to impact our operations but to a lesser degree than in 2020 (as detailed throughout this report). The key judgements in the going concern modelling are around the continued speed of recovery in our key markets and the potential impact of increased staff sickness or absence in the short term. For each segment we have considered different recovery scenarios. The Group is no longer taking advantage of job retention schemes and has much reduced tax deferrals, so the modelling included minimal cash inflows and outflows in respect of these items.

Under each scenario we have modelled the headroom available on our revolving credit facility and calculated the covenants (leverage and interest cover) at each testing date. Leverage is calculated as the ratio of adjusted net bank borrowings to annualised EBITDAS and must not exceed 3.0x at any testing date. Interest cover is the ratio of annualised EBITAS to annualised net finance costs and must be at least 4.0x at each testing date.

Leverage and interest cover covenant tests are within the permitted limits at all test dates in the base case and are within the covenant limits in all scenarios with no mitigating actions required. The Group also has sufficient headroom on its facilities in all scenarios with no mitigating actions required.

After fully considering the current uncertain economic environment and the forecasting and modelling performed, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for at least 12 months from the date of signing this report and that it is therefore appropriate to adopt the going concern basis in preparing the Group's financial statements.

2. Alternative performance measures

Throughout this document the Group presents various non-GAAP performance measures ('alternative performance measures'). The measures presented are those adopted by the Chief Operating Decision Maker and analysts who follow us in assessing the performance of the business.

Group profit and earnings measures

Adjusted operating profit and adjusted profit before tax

Adjusted profit before tax is used by the Board to monitor and measure the trading performance of the Group. It excludes certain items which the Board believes distort the trading performance of the Group. These items are either acquisition and disposal related, non-cash items, or they are exceptional in nature.

Delivering the Group's strategy includes investment in selected acquisitions that enhance the depth and breadth of services that the Group offers in the territories in which it operates. In addition, from time to time the Group chooses to exit a particular market or service offering because it is not offering the desired returns. By excluding acquisition and disposal related items from adjusted profit before tax, the Board has a clearer view of the performance of the Group and is able to make better operational decisions to support its strategy.

Accordingly, transaction-related costs including costs of acquisition and disposal, losses on the closure of businesses and amortisation of intangible assets are excluded from the Group's preferred performance measure. Similarly, exceptional items are excluded as they are not reflective of the Group's trading performance in the period.

Items are treated consistently year-on-year, and these adjustments are also consistent with the way that performance is measured under the Group's incentive plans and its banking covenants.

Adjusted operating profit is a derivative of adjusted profit before tax. A reconciliation is shown below.

	£m	**Six months ended 30 June 2021**	Six months ended 30 June 2020
	Profit/(loss) before tax	**7.1**	(34.1)
Add:	Amortisation of acquired intangibles and transaction-related costs (note 4)	**2.1**	3.0
	Exceptional items (note 5)	**0.6**	35.4
	Adjusted profit before tax	**9.8**	4.3
Add:	Net finance costs	**3.3**	3.4
	Adjusted operating profit	**13.1**	7.7

Adjusted profit attributable to ordinary shareholders and adjusted earnings per share

It follows that the Group uses adjusted profit attributable to ordinary shareholders as the input to its adjusted EPS measures (note 7). Again, this profit measure excludes amortisation of acquired intangibles, transaction-related costs and exceptional items, but is an after tax measure. The Board considers adjusted EPS to be more reflective of the Group's trading performance in the period.

	£m	**Six months ended 30 June 2021**	Six months ended 30 June 2020
	Profit/(loss) attributable to equity holders of the parent	**4.9**	(31.9)
Add:	Amortisation of acquired intangibles and transaction-related costs	**2.1**	3.0
	Exceptional items	**0.6**	35.4
Deduct:	Tax on amortisation of acquired intangibles and transaction-related costs and exceptional items	**(0.6)**	(1.9)
	Adjusted profit attributable to equity holders of the parent	**7.0**	4.6

Constant currency

The Group generates revenues and profits in various territories and currencies because of its international footprint. Those results are translated on consolidation at the foreign exchange rates prevailing at the time. These exchange rates vary from year to year, so the Group presents some of its results on a constant currency basis. This means that the prior year's results have been retranslated using current year exchange rates. This eliminates the effect of exchange from the year-on-year comparison of results. The difference between the reported numbers and the constant currency numbers is the 'constant currency effect'.

£m	Six months ended 30 June 2020	Constant currency effect	Six months ended 30 June 2020 at constant currency
Revenue	272.4	1.1	273.5
Fee revenue	232.4	1.1	233.5
Adjusted profit before tax	4.3	0.1	4.4
Loss before tax	(34.1)	1.3	(32.8)

Segment profit and underlying profit

Segment profit is presented in our segmental disclosures. This excludes the effects of financing and amortisation which are metrics outside of the control of segment management. It also excludes unallocated expenses. Segment profit is then adjusted by excluding reorganisation costs to give underlying profit for the segment. This reflects the underlying trading of the business. A reconciliation between segment profit and operating profit is given in note 3.

Unallocated expenses

Certain central costs are not allocated to the segments because they predominantly relate to the stewardship of the Group. They include the costs of the main board and the Group finance, marketing and people functions and related IT costs.

Revenue measures

The Group disaggregates revenue into fee revenue and passthrough costs. This provides insight into the performance of the business and our productive output. This is reconciled on the face of the income statement. Fee revenue by segment is reconciled in note 3.

Fee revenue is revenue from activity where RPS adds value. Specifically, this is the revenue from the Group's resource pool, that consists of its employees and associates, equipment and software, plus profit on passthrough costs.

Passthrough costs is a category of revenue representing costs incurred when delivering projects that are not directly related to the Group's resource pool. Such costs are recovered from clients and examples include the cost of subcontractors, travel, accommodation and subsistence.

Contracted order book
Contracted order book ('COB') is the value of fee revenue work won, being contracts received from customers, purchase orders or similar commitment, where fee revenue is yet to be recognised at the balance sheet date.

Cash flow measures

EBITDAS and EBITAS

EBITDAS is operating profit adjusted by adding back non-cash expenses, tax and financing costs. The adjustments include interest, tax, depreciation, amortisation and transaction-related costs and share scheme costs. This generates a cash-based operating profit figure which is the input into the cash flow statement. A reconciliation between operating profit and EBITDAS is given in note 15. EBITAS is an equivalent measure, but is after depreciation costs.

Conversion of profit into cash

A measure of the Group's cash generation is the conversion of profit into cash. This is the cash generated from operations divided by EBITDAS expressed as a percentage. This metric is used as a measure against which the Group's long and short-term performance incentive schemes are judged and reflects how much of the Group's profit has been collected as cash in the period.

Net bank borrowings

Net bank borrowings is the total of cash and cash equivalents and interest bearing bank loans. This measure gives the external indebtedness of the Group and is an input into the leverage calculations. This is reconciled in note 15.

Leverage
Leverage is the ratio of net bank borrowings (adjusted to include bonds, indemnities and guarantees and to exclude restricted cash) plus deferred consideration to annualised EBITDAS and is one of the financial covenants included in our bank facilities.

Tax measures

We report one adjusted tax measure, which is the tax rate on adjusted profit before tax ('adjusted effective tax rate'). This is the tax charge applicable to adjusted profit before tax expressed as a percentage of adjusted profit before tax and is set out in note 6.

3. Business segments

Segment information is presented in the financial statements in respect of the Group's business segments, as reported to the Chief Operating Decision Maker. The business segment reporting format reflects the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The business segments of the Group are as follows:

- Energy
- Consulting – UK and Ireland
- Services – UK and Netherlands
- Norway
- North America
- Australia Asia Pacific

Segment results for the six months ended 30 June 2021:

£m	External revenue	Intersegment revenue	Passthrough costs	Fee revenue	Segment profit
Energy	38.2	0.7	(6.0)	32.9	1.8
Consulting – UK and Ireland	72.6	0.7	(15.4)	57.9	4.6
Services – UK and Netherlands	48.1	0.8	(4.8)	44.1	3.0
Norway	31.7	-	(0.7)	31.0	2.6
North America	21.5	0.2	(3.5)	18.2	1.9
Australia Asia Pacific	59.7	0.1	(10.4)	49.4	5.2
Group eliminations	-	(2.5)	2.5	-	-
Total	271.8	-	(38.3)	233.5	19.1

Segment results for the six months ended 30 June 2020:

£m	External revenue	Intersegment revenue	Passthrough costs	Fee revenue	Segment profit
Energy	48.2	0.5	(7.1)	41.6	2.3
Consulting – UK and Ireland	67.5	0.5	(12.4)	55.6	2.9
Services – UK and Netherlands	47.0	0.7	(6.6)	41.1	1.8
Norway	29.1	-	(0.6)	28.5	2.1
North America	25.4	0.4	(5.3)	20.5	1.2
Australia Asia Pacific	55.2	-	(10.1)	45.1	3.5
Group eliminations	-	(2.1)	2.1	-	-
Total	272.4	-	(40.0)	232.4	13.8

Segment results for the year ended 31 December 2020:

£m	External revenue	Intersegment revenue	Passthrough costs	Fee revenue	Segment profit
Energy	89.5	1.0	(14.8)	75.7	4.5
Consulting – UK and Ireland	135.5	1.2	(28.7)	108.0	6.3
Services – UK and Netherlands	96.6	1.9	(12.8)	85.7	5.4
Norway	57.8	0.1	(1.9)	56.0	4.5
North America	48.7	0.6	(10.3)	39.0	2.9
Australia Asia Pacific	114.0	0.1	(21.2)	92.9	8.2
Group eliminations	-	(4.9)	4.9	-	-
Total	542.1	-	(84.8)	457.3	31.8

Group reconciliation

£m	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Year ended 31 December 2020
Revenue	**271.8**	272.4	542.1
Less: passthrough costs	**(38.3)**	(40.0)	(84.8)
Fee revenue	**233.5**	232.4	457.3
Segment profit	**19.1**	13.8	31.8
Unallocated expenses	**(6.0)**	(6.1)	(11.3)
Adjusted operating profit	**13.1**	7.7	20.5
Amortisation of acquired intangibles and transaction-related costs	**(2.1)**	(3.0)	(5.5)
Exceptional items	**(0.6)**	(35.4)	(39.2)
Operating profit/(loss)	**10.4**	(30.7)	(24.2)
Net finance costs	**(3.3)**	(3.4)	(7.1)
Profit/(loss) before tax	**7.1**	(34.1)	(31.3)

Total segment assets were as follows:

£m	**As at 30 June 2021**	As at 30 June 2020	As at 31 December 2020
Energy	**71.9**	76.7	73.0
Consulting – UK and Ireland	**156.4**	164.7	158.1
Services – UK and Netherlands	**100.0**	103.6	102.3
Norway	**50.4**	48.0	51.8
North America	**48.5**	57.2	50.3
Australia Asia Pacific	**114.7**	118.5	115.9
Unallocated	**43.1**	35.8	57.3
Total	**585.0**	604.5	608.7

4. Amortisation of acquired intangibles and transaction-related costs

£m	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Year ended 31 December 2020
Amortisation of acquired intangibles	**2.1**	3.0	5.5
Transaction-related costs	**-**	-	-
Total	**2.1**	3.0	5.5

5. Exceptional items

£m	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Year ended 31 December 2020
Impairment of goodwill	**-**	25.9	25.9
Restructuring (credit)/costs	**(0.7)**	3.8	6.0
Legal fees	**0.5**	1.3	1.8
ERP implementation costs	**0.8**	1.5	2.2
Impairment of ERP	**-**	2.9	2.9
Loss on disposal	**-**	-	0.4
Total	**0.6**	35.4	39.2

The Group recognised a goodwill impairment charge of £25.9 million in the prior year relating to the impairment of the Consulting and North America CGU groups associated with the market uncertainty caused by the COVID-19 pandemic.

A restructuring credit of £0.7 million (six months ended 30 June 2020: cost £3.8 million) relates to the sublet of a property vacated and impaired in the prior year. Restructuring costs in the previous period were incurred as a result of actions taken to mitigate the impact of COVID-19 on the Group. These costs comprised the impairment of right-of-use assets for properties that have been vacated, onerous contract provisions for associated property costs and the redundancy costs incurred when matching our resource base to market demand.

Further legal fees of £0.5 million (six months ended 30 June 2020: £1.3 million) were incurred investigating potential issues regarding the administration of US government contracts and/or projects and the investigation is ongoing (note 17).

The new ERP was implemented in the Netherlands and part of Australia towards the end of 2019 and stabilisation activities proceeded throughout 2020. Costs of £0.8 million were incurred in the current year on further implementation activities in preparation for the global roll out to restart (six months ended 30 June 2020: £1.5 million). The Group recognised an impairment of £2.9 million in the prior year in respect of those parts of the system which needed to be redeveloped or are no longer part of the global design for future implementations.

On 31 December 2020, the Group disposed of the trade and assets of its specialist geology business in the Energy segment. The cash consideration was £0.7 million and the loss on disposal of £0.4 million primarily related to the goodwill associated with the business.

6. Income taxes

The tax charge for the period has been calculated using an estimate of the effective annual rate of tax for each taxing jurisdiction for the full year. These rates have been applied to the pre-tax profits for each jurisdiction for the six months ended 30 June 2021. The Group has separately calculated the tax rates applicable to amortisation of intangibles and transaction-related costs and exceptional items for the period. Tax rate changes that were substantively enacted at the balance sheet date have been factored into the calculation of the effective tax rates.

Analysis of the tax expense in the income statement for the period:

£m	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Year ended 31 December 2020
Current tax expense	**3.5**	1.6	5.2
Deferred tax credit	**(1.3)**	(3.8)	(5.4)
Total tax expense/(credit) in the income statement	**2.2**	(2.2)	(0.2)
Add back:			
Tax on amortisation of acquired intangibles and transaction-related costs and exceptional items	**0.6**	1.9	3.2
Adjusted tax charge/(credit) on adjusted profit for the period	**2.8**	(0.3)	3.0
Tax rate on profit/(loss) before tax	**31.0%**	6.5%	0.6%
Tax rate on adjusted profit before tax	**28.6%**	(7.0%)	22.4%

7. Earnings per share

The calculations of earnings per share are based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the period as shown below:

£m	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Year ended 31 December 2020
Profit/(loss) attributable to ordinary shareholders	**4.9**	(31.9)	(31.1)
000's			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**271,887**	224,682	240,155
Effect of employee share schemes	**3,414**	2,176	2,162
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**275,301**	226,858	242,317
Basic earnings/(loss) per share (pence)	**1.80**	(14.20)	(12.95)
Diluted earnings/(loss) per share (pence)	**1.78**	(14.06)	(12.83)

The calculations of adjusted earnings per share were based on the number of shares as above, and are shown in the table below:

£m	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Year ended 31 December 2020
Profit/(loss) attributable to ordinary shareholders	**4.9**	(31.9)	(31.1)
Amortisation of acquired intangibles and transaction-related costs	**2.1**	3.0	5.5
Exceptional items	**0.6**	35.4	39.2
Tax on amortisation of acquired intangibles and transaction-related costs and exceptional items	**(0.6)**	(1.9)	(3.2)
Adjusted profit attributable to ordinary shareholders	**7.0**	4.6	10.4
Adjusted basic earnings per share (pence)	**2.57**	2.05	4.33
Adjusted diluted earnings per share (pence)	**2.54**	2.03	4.29

8. Intangible assets

During the six months ended 30 June 2021 the Group capitalised internally generated software with a cost of £0.2 million (six months ended 30 June 2020: £1.4 million).

An impairment charge of £2.9 million was recorded in the previous year against the net book value of the Group's global ERP system which is recorded as an internally generated software asset (note 5).

Goodwill

The Group tests annually for impairment or when there are any impairment triggers. Review of the Group's performance in the first half of 2021 and its forecast for the remainder of the year has not identified any triggers of impairment and so no impairment testing of goodwill has been undertaken in the period.

In the previous year a full impairment review was undertaken and the Group recognised impairment charges of £17.4 million and £8.5 million against the goodwill allocated to the Consulting (UK & Ireland) CGU and North America CGU groups respectively due to impact of COVID-19 on the performance of these two CGUs in the first half of 2020.

9. Property, plant and equipment

During the six months ended 30 June 2021 the Group acquired assets with a cost of £4.0 million (six months ended 30 June 2020: £2.8 million). Assets with a net book value of £nil were disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: £0.2 million).

10. Trade and other receivables

£m	**As at 30 June 2021**	As at 30 June 2020	As at 31 December 2020
Trade receivables	**73.9**	82.0	78.4
Contract assets	**47.5**	45.3	36.8
Prepayments	**10.5**	9.8	12.5
Other receivables	**5.4**	5.4	3.1
Total	**137.3**	142.5	130.8

11. Trade and other payables

£m	**As at 30 June 2021**	As at 30 June 2020	As at 31 December 2020
Trade payables	**18.6**	21.9	30.4
Accruals	**47.1**	45.8	43.5
Contract liabilities	**26.1**	24.0	25.7
Creditors for taxation and social security	**20.2**	27.9	27.5
Other payables	**2.2**	6.4	2.1
Total	**114.2**	126.0	129.2

12. Borrowings

£m	**As at 30 June 2021**	As at 30 June 2020	As at 31 December 2020
Bank loans	**-**	17.7	-
US loan notes	**54.7**	57.6	54.9
Bank overdraft	**-**	-	-
Total bank loan, notes and overdraft	**54.7**	75.3	54.9
Arrangement fees	**(0.5)**	(0.8)	(0.9)
Borrowings	**54.2**	74.5	54.0
Lease liabilities	**44.1**	51.5	48.9
Total borrowings (including lease liabilities)	**98.3**	126.0	102.9

£m	**As at 30 June 2021**	As at 30 June 2020	As at 31 December 2020
The bank loan, notes and overdraft are repayable as follows:			
Due for settlement within 12 months	**54.7**	-	54.9
Due between 1 and 2 years	**-**	57.6	-
In third to fifth year inclusive	**-**	17.7	-
Total	**54.7**	75.3	54.9

The principal features of the Group's debt facilities as at 30 June 2021 were as follows:

i) An uncommitted £3.0 million bank overdraft facility, repayable on demand.

ii) An uncommitted Australian Dollar denominated overdraft facility of AUD 1.5 million repayable on demand.

iii) A multicurrency revolving credit facility of £100.0 million with Lloyds Bank plc, HSBC UK Bank plc and National Westminster Bank plc, expiring in July 2022 (the 'A Facility').

iv) A multicurrency revolving credit facility of £60.0 million Lloyds Bank plc, HSBC UK Bank plc and National Westminster Bank plc, expiring in July 2022 (the 'B Facility').

Term loans drawn under the A and B facilities carry interest fixed for the term of the loan equal to LIBOR (or the currency equivalent) plus a margin determined by reference to the leverage of the Group.

There were no loans drawn against the A and B facilities at 30 June 2021 (30 June 2020: £17.7 million drawn against the A facility).

The A and B Facilities are together guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists.

In September 2014 the Group issued seven year non-amortising US private placement notes of $34.1 million and £30.0 million with fixed interest chargeable at 3.84% and 3.98% respectively, that are repayable in September 2021. Following the amendment to the Group's facilities made in April 2020, the interest payable on the notes has increased by 75bps for the duration of the B Facility. The notes are guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists.

Extension of RCF and replacement of loan notes

The Group has agreed the extension of the A facility and the replacement of the Pricoa loan notes since the period end.

The A facility expiry date has been extended to July 2024 (with the same lenders), with the B facility expiring on the signature of the extension agreement. The A facility limit remains at £100.0 million.

The Group will repay the Pricoa loan notes in September 2021 and this core debt will be replaced with the following:

i) A £30.0 million 7 year fixed rate loan held with Legal and General Investment Management.
ii) A £12.5 million 7 year floating rate loan held with Aviva Investors.
iii) A £12.5 million 7 year fixed rate loan, also held with Aviva Investors.

Key covenant tests for all facilities remain the same: maximum leverage is 3.0x and minimum interest cover is 4.0x. Calculation of these covenants is consistent with the Group's existing facilities.

13. Share capital

	As at 30 June 2021		As at 30 June 2020	
	Number 000's	**£m**	Number 000's	£m
Issued and fully paid:				
Ordinary shares of 3p each at 1 January	**276,903**	**8.3**	227,139	6.8
Issued under employee share schemes	**608**	**-**	1,788	0.1
At 30 June	**277,511**	**8.3**	228,927	6.9

14. Dividends

An interim dividend in respect of the six months ending 30 June 2021 of 0.26 pence per share, amounting to a total dividend of £0.7 million, was approved by the Directors of RPS Group Plc on 9th August 2021. These condensed consolidated interim financial statements do not reflect this dividend payable.

There were no dividends paid during the period to 30 June 2021 or during the 2020 financial year.

15. Note to the condensed consolidated cash flow statement

£m	**Six months ended 30 June 2021**	Six months ended 30 June 2020	Year ended 31 December 2020
Operating profit/(loss)	**10.4**	(30.7)	(24.2)
Adjustments for:			
Depreciation	**9.3**	10.1	20.3
Amortisation of internally generated software	**0.3**	0.4	0.5
Amortisation of acquired intangibles	**2.1**	3.0	5.5
Impairment of goodwill	**-**	25.9	25.9
Impairment of internally generated software	**-**	2.9	2.9
Impairment of right-of-use assets and property, plant and equipment	**-**	1.9	2.0
Net investment in sublease	**(0.7)**	-	-
Non-cash movement on provisions	**0.2**	0.5	2.3
Share-based payment expense	**1.6**	1.6	3.4
Profit on sale of assets	**(0.1)**	-	-
Loss on sale of business	**-**	-	0.4
EBITDAS	**23.1**	15.6	39.0
(Increase)/decrease in trade and other receivables	**(7.2)**	20.2	29.0
(Decrease)/increase in trade and other payables	**(13.6)**	18.2	25.4
Cash generated from operations	**2.3**	54.0	93.4
Interest paid	**(3.1)**	(2.7)	(6.0)
Interest received	**-**	0.1	0.1
Income taxes paid	**(2.1)**	(2.8)	(3.5)
Net cash from operating activities	**(2.9)**	48.6	84.0

The table below provides an analysis of liabilities arising from financing which comprises net bank borrowings, interest bearing bank loans and leases, during the six months ended 30 June 2021.

			Non-cash changes			
£m	At 1 January 2021	Financing cash flows	Prepaid arrangement fees	Lease accounting adjustments[1]	Foreign exchange	At 30 June 2021
Cash at bank	43.2	(15.2)	-	-	(1.6)	26.4
Overdrafts	-	-	-	-	-	-
Cash and cash equivalents	43.2	(15.2)	-	-	(1.6)	26.4
Bank loans and notes	(54.0)	-	(0.4)	-	0.2	(54.2)
Net bank borrowings	(10.8)	(15.2)	(0.4)	-	(1.4)	(27.8)
Less: cash and cash equivalents	(43.2)	15.2	-	-	1.6	(26.4)
Lease liabilities	(48.9)	5.7	-	(1.7)	0.8	(44.1)
Liabilities arising from financing	(102.9)	5.7	(0.4)	(1.7)	1.0	(98.3)

£m	At 1 January 2020	Financing cash flows	Non-cash changes: Prepaid arrangement fees	Non-cash changes: Lease accounting adjustments[1]	Foreign exchange	At 30 June 2020
Cash at bank	17.7	(3.0)	-	-	2.0	16.7
Overdrafts	(1.3)	1.3	-	-	-	-
Cash and cash equivalents	16.4	(1.7)	-	-	2.0	16.7
Bank loans and notes	(110.5)	37.7	0.2	-	(1.9)	(74.5)
Net bank borrowings	(94.1)	36.0	0.2	-	0.1	(57.8)
Less: cash and cash equivalents	(16.4)	1.7	-	-	(2.0)	(16.7)
Lease liabilities	(49.8)	5.0	-	(5.4)	(1.3)	(51.5)
Liabilities arising from financing	(160.3)	42.7	0.2	(5.4)	(3.2)	(126.0)

[1] Includes lease additions, remeasurements and disposals

The cash balance includes £0.8 million (30 June 2020: £0.9 million) that is restricted in use, either as security or client deposits.

16. Events after the balance sheet date

The status of the extension of the A facility and the replacement of the Pricoa loan notes has been described in note 12. There were no other post balance sheet events.

17. Contingencies

From time to time the Group receives claims from clients and suppliers. Some of these result in payments to the claimants by the Group and its insurers. The Board reviews all significant claims at each Board meeting and more regularly if required.

Where we consider there to be a potential outflow, we have fully provided for the lower of the insurance excess or the expected outflow at the balance sheet date.

Where we have provided up to the excess, in some cases the Group has not shown the gross value of any outflow and the potential insurance recovery where it does not have sufficient information at this time to assess what an insured settlement value could be and therefore what the gross settlement and insurance recovery would be.

The Board is currently satisfied that the Group has sufficient provisions at the balance sheet date to meet all likely uninsured liabilities.

As previously announced, RPS has notified the US government of potential issues regarding its administration of government contracts and/or projects. We are continuing to identify the implications, if any, of the conduct under review. The impact, if any, is unknown. During the six months ended 30 June 2021 a further £0.5 million of legal fees were incurred investigating this matter and were presented within exceptional items (note 5).

18. Principal risks and uncertainties

The nature of the principal risks and uncertainties faced by the Group have not changed significantly since the 2020 Report and Accounts was published. These risks, together with a description of the approach to mitigate them, are set out on pages 51 to 54 of the 2020 Report and Accounts (available on the Group's website at www.rpsgroup.com) and are summarised as follows:

- Health, safety and wellbeing
- COVID-19
- Recruitment and retention of staff
- Political events
- Economic environment
- Financial risks environment
- Business acquisitions
- Regulatory and compliance
- Information technology and security risks
- Service failures

19. Related party transactions

There are no significant changes to the nature and treatment of related party transactions for the period to those reported in the 2020 Report and Accounts.

20. Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of RPS Group Plc. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are numerous factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. The continuing uncertainty in global economic outlook inevitably increases the risks to which the Group is exposed. Statements in respect of the Group's performance in the year to date are based upon unaudited management accounts for the period January to June 2021. Nothing in this announcement should be construed as a profit forecast.

21. Publication

A copy of this announcement will be posted on the Company's website at www.rpsgroup.com.

22. Responsibility Statement

The Directors confirm that, to the best of their knowledge this condensed set of financial statements has been prepared in accordance with IAS 34 and that this Interim Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

On behalf of the Board:

John Douglas
Chief Executive
11 August 2021

Judith Cottrell
Group Finance Director
11 August 2021