For immediate release **16 March 2022**

RPS GROUP PLC

('RPS' or the 'Group')

Final Results

'Delivering strong growth, improved margins, robust balance sheet.
Contracted order book up 14% on 2020, positive outlook'

RPS, a leading multi-sector global professional services firm, today announces its Final Results for the year ended 31 December 2021 ('2021').

	2021	2020	2020 at constant currency(1)	% change	% change constant currency
Alternative performance measures (1)					
Fee revenue (£m)	**476.1**	457.3	454.3	4	5
Adjusted operating profit (£m)	**28.3**	20.5	20.2	38	40
Adjusted operating profit margin	**5.9%**	4.5%	4.4%		
Adjusted profit before tax (£m)	**21.5**	13.4	13.2	60	63
Adjusted earnings per share (diluted) (p)	**5.61**	4.29	4.13	31	36
Cash and debt measures					
Conversion of profit into cash (%) (1)	**73%**	239%	239%		
Net bank borrowings (£m) (1)	**13.5**	10.8	11.9		
Leverage (1)	**0.6x**	0.7x			
Statutory measures					
Revenue (£m)	**560.4**	542.1	537.8	3	4
Gross profit (£m)	**220.1**	203.8	202.2	8	9
Operating profit/(loss) (£m)	**19.2**	(24.2)	(23.3)		
Statutory profit/(loss) before tax (£m)	**12.4**	(31.3)	(30.3)		
Statutory earnings/(loss) per share (diluted) (p)	**2.14**	(12.83)	(12.55)		
Dividend per share (p)	**0.70**	-	-		

Financial highlights

- Strong Fee Revenue growth of 5% at constant currency as markets recovered from the global pandemic
- Adjusted Operating Profit growth of 40% and margin improved to 5.9% (2020: 4.5%, 4.4% at constant currency) with all segments delivering improved margins
- Improved segment performance and reduction in exceptional items delivered statutory profit before tax of £12.4m (2020: loss £31.3m)
- Excellent cash performance and lock up days at 31 December 2021 of 49 days (31 December 2020: 48 days). Fee Revenue growth and repayment of £9.4m of the £10.0m COVID-19 related tax deferrals, resulted in a cash conversion of 73% (2020: 239%), 91% excluding repayment of tax deferrals
- Net bank borrowings of £13.5m at 31 December 2021 (31 December 2020: £10.8m), and successful refinancing provides ability to make investment decisions for the medium term

- Net debt to EBITDAS leverage of 0.6x at 31 December 2021 (31 December 2020: 0.7x), below the bottom end of our target range of 1.0x to 2.0x
- In line with our new capital allocation policy, a final dividend of 0.44 pence per share is proposed (2020: nil pence per share) bringing the total dividend for the year to 0.70 pence per share (2020: nil pence per share)
- Trading to date in 2022 is in line with management expectations

A quality business with significant opportunity

- Increased demand for our services driven by our three thematics of urbanisation, natural resources and sustainability - delivering growth in four out of our six segments in 2021
- Improving total contracted order book (COB); up 14% (at constant currency) on December 2020
- Whilst COVID-19 lock down restrictions impacted the business at the start of 2021 these impacts are reducing and now confined to a few geographies
- Private sector sentiment is 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 19% of Fee Revenue of our Energy Segment (2020: 15%), 24% growth in 2021. Other segments also work extensively in renewables, and this now represents 5% of RPS' overall Fee Revenue, 55% growth in 2021
- Having retained capability through the pandemic, the business is now focused on recruitment and retention to drive further Fee Revenue growth

Proven ESG credentials

- Proven ESG credentials that are embedded in our 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.
- On 1 September 2021 appointed a Global Director of ESG and Sustainability
- Set ambitious path to Net Zero position in 2021 backed by verified and approved science-based targets, ensuring RPS plays its own part in delivering a low-carbon future
- Work to set out our sustainability strategy has started and will continue throughout 2022

Update on Ukraine

RPS has been closely monitoring the situation in Ukraine, including the sanctions being imposed on Russia, and are mindful of the potential impact on the economies we operate within. Our Energy segment is the only one that would have exposure to Russia or Ukraine. The business does not have any employees or offices in these locations and is not currently working in Russia. We have no plans to pursue opportunities in Russia at this time.

Commenting on the Final Results, John Douglas, Chief Executive, said:

"I am pleased with the strong financial and operational progress delivered in 2021 with the much-improved momentum in our business driving these results. Our alignment with the key thematics of urbanisation, natural resources and sustainability has driven strong demand for our services and we have continued to benefit from operating in favourable markets which are seeing significant government and private sector investment.

"As highlighted at our Capital Markets Day in November, there are significant growth opportunities where we can link our circa 5,000 colleagues with their deep expertise in high-value niche services to our areas of focus – including renewables, project management, transport infrastructure and sustainability. Previous investment has built a tighter, better business. Alongside a robust cash

position and significant available debt facilities, we are well positioned to drive further growth in line with our ambition to deliver mid-single digit rates of organic revenue growth and a double-digit operating margin. Therefore, creating sustainable shared value for all our stakeholders.

"I would like to take this opportunity to thank our employees for their focus and hard work in 2021. As we move ahead, we remain committed to making RPS a great place to do great work."

(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, adjusted operating profit, amounts labelled 'at constant currency', EBITDAS, conversion of profit into cash, net bank borrowings, leverage, and contracted order book. For further details of their purpose, definition and reconciliation to the equivalent statutory measures see note 2.

An analyst presentation will be held via video webcast at 9.30am 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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Founded in 1970 and built on a legacy of environmental and social engagement, RPS is a diversified global professional services firm of circa 5,000 consultants, designers, planners, engineers, and technical specialists.
As an established technology enabled consultancy, RPS provides specialist services to government and private sector clients.
RPS creates shared value for all stakeholders. Focusing on natural resources, urbanisation, and sustainability, RPS concentrates its expertise on the parts of project lifecycles that have the biggest impact on project outcomes. Solving problems that matter in a complex, urbanising, resource-scarce world.
Listed on the Main Market of the London Stock Exchange (LSE: RPS.L), RPS is classified within the Professional Business Support Services subsector.

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.

The above announcement contains inside information for the purpose of Article 7 of the Market Abuse Regulation.

Next trading update: RPS will announce a Q1-2022 trading update in late April 2022.

Trading summary

Revenue for 2021 grew by 4% at constant currency to £560.4m (2020: £542.1m, £537.8m at constant currency). Our key performance measure of Fee Revenue for 2021 was £476.1m (2020: £457.3m, £454.3m at constant currency). The growth in Revenue is being driven by the Fee Revenue growth as discussed below. The Group made a statutory operating profit of £19.2m (2020: loss £24.2m) and a statutory profit before tax of £12.4m (2020: loss £31.3m, £30.3m at constant currency) as business performance improved and exceptional items reduced on 2020. The profit performance of the business is measured using Adjusted Operating Profit. During 2021, the growth in Fee Revenue and recovering margins meant Adjusted Operating Profit grew by 40% at constant currency to £28.3m (2020: £20.5m, £20.2m at constant currency). The trading performance of the Group by segment is summarised in the tables below.

The effective tax rate for the year on adjusted profit before tax (PBT) is 27.9% (2020: 22.4%). In 2020 the tax rate was distorted by the impacts of COVID-19, including carry back of losses and a change in mix of profit by tax jurisdiction with different jurisdictions facing differing COVID-19 impacts. The tax rate is now returning to more normal levels. The increase in effective tax rate is mainly due to the impact of carrying back US losses in 2020 under the US CARES Act and an increase in tax provisions for potential overseas tax exposures. The increase was partly offset by updating the rate used for UK deferred balances to the rate that is effective from April 2023. Our underlying tax rate prior to these adjustments reduced in the year due to a reduction in the proportion of taxable profit from higher rate tax jurisdictions, mainly Australia.

The statutory tax charge for the year was £6.5m (2020 credit: £0.2m) on a profit before tax of £12.4m (2020 loss before tax: £31.3m). The effect of tax on the impairment of goodwill incurred in 2020 of £25.9m was £nil.

Adjusted diluted EPS was 5.61p (2020: 4.29p, 4.13p at constant currency), an increase of 36% over last year at constant currency. The Board considers that adjusted EPS, which is statutory EPS excluding exceptional items and amortisation of intangible assets and transaction-related costs and the tax thereon, provides a useful indication of performance and trends over time. Statutory diluted EPS was 2.14p (2020: loss per share 12.83p, 12.55p at constant currency).

Profit in 2021 saw a marginal impact from exchange movements on the conversion of overseas results in comparison to 2020. Adjusted profit before tax (PBT) in 2021 would have been £0.3m higher than reported had 2020 exchange rates been repeated in 2021. The Adjusted PBT in 2020 would have been £0.2m lower than reported if 2021 exchange rates had prevailed in 2020. The statutory loss before tax in 2020 would have been £1.0m lower than reported if 2021 exchange rates had prevailed in 2020.

Contracted order book up 14% on 2020, well positioned for growth

Good momentum in the business as the year progressed was supported by the structural tailwinds and the retention of the workforce through COVID-19. Total contracted order book (COB) was up 14% on December 2020 at constant currency with good growth in three out of our six segments. Of the remaining three segments, both Energy and North America secured some key wins in December 2021, which are being converted into COB as contracts are signed in early Q1 2022. As a result, in Energy COB at the end of January 2022 was up 20% on December 2020 and in North America the COB plus won not yet in contract at end of December 2021 was broadly flat on December 2020. In Services UK & Netherlands, COB is growing with the exception of Water Operations where the business contracts through long-term contracts and hence COB reduces as these contracts are worked and experiences large increases when new contracts are awarded. The COB growth, coupled with a 5% increase in available headcount compared to December 2020, ensures we are well positioned to deliver future Fee Revenue growth.

	COB growth (compared to December 2020 at constant currency)	Headcount growth (compared to December 2020)
Group	14%	5%
Energy	-7%	61%
Consulting UK & Ireland	27%	5%
Services UK & Netherlands	-8%	-6%
Norway	49%	4%
North America	-8%	-7%
Australia Asia Pacific	24%	13%

Fee Revenue recovering as markets emerge from the global pandemic, Fee Revenue up 5% on 2020

£m	**2021**	2020	2020 at constant currency
Energy	**71.5**	75.7	74.5
Consulting UK & Ireland	**115.1**	108.0	107.0
Services UK & Netherlands	**87.3**	85.7	84.5
Norway	**61.9**	56.0	57.5
North America	**35.6**	39.0	36.6
Australia Asia Pacific	**104.7**	92.9	94.2
Fee Revenue	**476.1**	457.3	454.3

Performance for the period under review was in line with the Board's expectations, with Fee Revenue growth and adjusted operating profit margins improving. The positive trends in our markets and improved business momentum that we signalled in the H1-2021 results continued into H2-2021.

Full year Fee Revenue of £476.1m was up 5% (at constant currency) on the prior year. Whilst the impact of COVID-19 diminished in 2021 compared to 2020 some markets in which we operate continue to be impacted by lockdown restrictions. RPS generates circa 55% of Fee Revenue from government or quasi-government organisations, which provided some resilience to the ongoing impact of COVID-19 in our segments.

Urbanisation trends continue to drive strong demand for our services. Increased UK private sector confidence, buoyant property markets and government spending on urbanisation and transport infrastructure projects is driving demand for our services and good Fee Revenue growth in Consulting UK & Ireland and Australia Asia Pacific. Growth in these segments is also being supported by increased market demand for our environmental and ESG offerings.

With an increase in government and private sector funded projects in urbanisation, transport infrastructure and sustainability we are delivering good growth in Fee Revenue in project management in Norway and Australia Asia Pacific.

Demand for natural resources is supporting growth in parts of our Energy and Services UK & Netherlands segments. In Energy, Fee Revenue from renewables grew by 24% while activity in gas and oil remains subdued despite oil price increases. However, demand for conventional energy is expected to continue and we expect activity levels in this area to pick up. The UK AMP cycle has continued to ramp up during 2021 and underpinned Fee Revenue growth in the UK part of our Services UK &

Netherlands business. Whilst demand remains strong for our service offerings in Netherlands, increased COVID-19 restrictions at various times during 2021 impacted our property and laboratory businesses.

Strong market drivers of sustainability and ESG, alongside ongoing Private Equity transactions, have driven organic Fee Revenue growth in our North American Environmental Risk business and Consulting UK and Ireland. Overall, Fee Revenue in our North America segment is down due to the closure of less profitable business streams in 2020 and some delay in the year of the activation of government projects awarded to our Infrastructure division.

Adjusted Operating Profit up 38% on 2020, adjusted operating profit margin improving

£m	**2021**	2020	2020 at constant currency
Energy	**4.8**	4.5	4.3
Consulting UK & Ireland	**9.0**	6.3	6.2
Services UK & Netherlands	**6.9**	5.4	5.4
Norway	**5.1**	4.5	4.7
North America	**3.5**	2.9	2.7
Australia Asia Pacific	**10.8**	8.2	8.2
Total segment profit	**40.1**	31.8	31.5
Unallocated costs	**(11.8)**	(11.3)	(11.3)
Adjusted operating profit	**28.3**	20.5	20.2

Improving Fee Revenue, recovering gross margins and benefits from the restructuring we undertook in 2020 are delivering improving margins across all segments. In Energy, our flexible associate cost base enables us to manage costs and mitigate the impact of lower revenue. At constant currency, Segment profit increased by £8.6m at constant currency to £40.1m (2020: £31.8m, £31.5m constant currency) and profit margin improved from 7.0% in 2020 to 8.4%.

Unallocated costs were higher in 2021 due to continued investment in functions and the relaxing of COVID-19 cost reduction measures initiated in 2020 but remain at 2.5% of Fee Revenue.

Exceptional items

Exceptional items of £5.3m have been recognised in 2021 (2020: £39.2m), of which £2.8m are non-cash. The exceptional items are detailed in note 5 to the financial statements and include:

£m	**2021**	2020	
Restructuring costs	**2.8**	6.0	Costs arising from actions taken in light of the pandemic to align our operating model to the new environment. These include closure of offices with surplus space resulting in an impairment of right-of-use assets and onerous contract provisions for associated property costs and, in 2020, limited redundancy costs. Offsetting the costs in 2021 is the release of property provisions made in 2020 where the property was successfully sublet in 2021.
ERP costs	**1.7**	2.2	Change management and data migration costs for ongoing roll-out of the ERP plus costs of stabilising the 2019 pilot rollouts including removal of the Hitachi Essentials solution.

Legal fees	**0.8**	1.8	Legal fees investigating potential issues regarding the administration of US government contracts and/or projects. The investigation is ongoing. This matter is disclosed as a contingent liability in note 16 to the financial statements.
Loss on divestment	**-**	0.4	Divestment of Specialist Geology in 2020.
Impairment of goodwill	**-**	25.9	Impairment of goodwill in 2020 in Consulting UK and Ireland and North America due to the impact of the COVID-19 pandemic.
Impairment of ERP	**-**	2.9	Impairment in 2020 in respect of those parts of the system that are no longer part of the global design following the removal of Hitachi Essentials.
Total	**5.3**	39.2	

We anticipate that exceptional costs will be incurred in 2022 associated with the continued rollout of the ERP system and ongoing legal fees in respect of the US government contracts investigation.

Amortisation of intangible assets and transaction-related costs

Amortisation of intangible assets and transaction-related costs totalled £3.8m (2020: £5.5m). Included in this total is amortisation of acquired intangibles £3.8m (2020: £5.5m), and acquisition related third-party transaction costs of £nil (2020: £nil).

Robust balance sheet, net bank borrowings at 31 December 2021 of £13.5m and low leverage at 0.6 times EBITDAS

During the 12-month period, as the business emerged out of COVID-19, investment recommenced in capital projects and in growing revenues. This investment, alongside the payment of £9.4m of sales and payroll taxes deferred in 2020 under government COVID-19 schemes, resulted in net bank borrowings rising by £2.7m to £13.5m at 31 December 2021 (31 December 2020: £10.8m).

Net cash from operating activities was £24.7m (2020: £84.0m). Our conversion of operating profit into operating cash was lower than historic norms at 73% (2020: 239%). Despite the significant focus on billing and collections, working capital increased as revenue grew 3% and we also paid £9.4m of sales and payroll taxes that had been deferred under government COVID-19 schemes. Lock-up days at the end of December 2021 remained low at best-in-class levels of 49 days compared to 48 days at the end of 2020 and 69 days at the end of 2019. Our continued focus on billing and collections is demonstrated by average lock-up days for the year of 57 days for 2021 compared to 65 days for 2020.

Net cash used in investing activities was £13.2m (2020: £9.7m), with the increase due to higher capital expenditure of £10.4m (2020: £7.8m) and the proceeds on the divestment of Specialist Geology received in 2020. The capital expenditure figure includes £0.9m (2020: £2.5m) invested in our new ERP system.

Deferred consideration outstanding at the year end reduced to £2.6m (31 December 2020: £5.8m).

The amount paid in respect of dividends was £0.7m (2020: £nil) reflecting the reinstatement of dividends with the 2021 interim dividend. In 2020, included within financing activities were the £19.4m net proceeds of the September 2020 share placing.

Our leverage (being net bank borrowings plus deferred consideration expressed as a percentage of adjusted EBITDAS) at the year end was 0.6x (31 December 2020: 0.7x) compared to our target operating range of 1.0x to 2.0x. We expect this will increase during 2021 to within our target operating range of 1.0x to 2.0x as we invest in growing the business. The bank covenant limit that applies to all our facilities is 3.0x.

Net finance costs were £6.8m (2020: £7.1m), which includes £1.7m in respect of IFRS 16 (2020: £1.9m). The reduction in net financing costs reflects the lower levels of net bank borrowings over the year and a reduction in the margins on our recently secured long term debt.

Substantial liquidity

Total borrowings net of cash of £50.4m at 31 December 2021 (31 December 2020: £59.7m) comprised cash and cash equivalents of £40.1m (2020: £43.2m), borrowings and overdrafts net of capitalised debt issuance costs of £53.6m (2020: £54.0m), and IFRS 16 lease liabilities of £36.9m (2020: £48.9m).

In September 2021 the Group secured new 7-year term loans of £25.0m from Aviva Investors and £30.0m from Legal and General Investment Management. These loans represent the Group's core debt with £42.5m at fixed interest rates between 3.56% and 3.57% and the remainder at 2.75% above SONIA.

The Group's main banking facility is a committed multi-currency revolving credit facility (RCF) with Lloyds, HSBC, and NatWest totalling £100m which expires in July 2024. This attracts interest at variable rates, depending on the Group's leverage.

The amount drawn under the facility at the year end was £nil resulting in headroom of £100m.

Dividends

In response to COVID-19 the Group suspended dividend payments in 2020 and cancelled the 2019 final dividend. With the improving market conditions and growth in the business, the Group reinstated dividends in 2021 with a modest interim dividend of 0.26p per share (£0.7m was paid on 8 October 2021).

The Board has declared a final dividend of 0.44p per share (£1.2m) (2020: nil) which will be paid on 20 May 2022 to holders of ordinary shares on the Company's register of members at the close of business on 22 April 2022, subject to approval at the Annual General Meeting on 26 April 2022. This aligns with the Group's recently announced capital allocation policy and reflects the Board's desire to return to paying dividends to shareholders balanced with the need to retain capital in the business to capitalise on organic and acquisitive growth opportunities. In the medium term, the Board intends to return to a sustainable dividend pay-out of circa 30% of earnings pre amortisation.

Sustainability at RPS

To better respond to emerging global challenges and stakeholder requirements, an internal Environmental-Social-Governance (ESG) and Sustainability team was appointed in 2021. The team is responsible for setting Group strategy, engagement, and direction on operational sustainability, ESG and reporting.

RPS is taking a fresh look and re-evaluating our position with a view to strengthening our ESG credentials. An accelerated climate change action plan for our own operations has been drawn up and an ambitious Net Zero position and science-based targets marking out our path in delivering a low-carbon future are in place.

Segment review

Energy

	2021	2020	2020 at constant currency
Fee Revenue (£m)	**71.5**	75.7	74.5
Segment profit (£m)	**4.8**	4.5	4.3
Profit margin (%)	**6.7**	5.9	5.8

Fee Revenue in Energy was down 4% at constant currency against a backdrop of a very strong Q1-2020, but margins improved, which delivered a 12% growth in segment profit at constant currency. From Q2-2021 onwards Fee Revenue has grown on the prior year and improved quarter on quarter. Activity in gas and oil was subdued despite the increased oil prices with weakness in conventional met ocean programmes and seismic exploration services. However, the diverse nature of our operations business, with strong demand in protected species observations and unexploded ordnance activities, coupled with our variable associates model, delivered improved profitability.

Demand for renewables remains strong, but COVID-19-related travel restrictions did impact delivery of projects in 2021. During 2021 we continued to increase our exposure to renewables with 24% growth in Fee Revenue. Renewables now account for 19% of Fee Revenue in 2021 compared to 15% in 2020, thereby continuing to reduce the segment's dependence on oil and fossil fuels.

Energy maintained its capability through 2020 and 2021 and is well placed to capitalise on the opportunities from energy transition. Renewable energy opportunities now form a consistent share of the segment's fees and profits and there is an expectation of increased activity in traditional energy exploration projects through 2022. Several awards at the year end provide reliable expectations of improved performance in 2022.

Consulting UK & Ireland

	2021	2020	2020 at constant currency
Fee Revenue (£m)	**115.1**	108.0	107.0
Segment profit (£m)	**9.0**	6.3	6.2
Profit margin (%)	**7.8**	5.8	5.8

Fee Revenue growth of 8% and strong margin improvement delivered 45% growth in segment profit at constant currency. Strong public sector demand continued into 2021 and improved private sector sentiment drove a significant increase in private sector projects in H2-2021. The market drivers of urbanisation and sustainability are delivering good growth in our sectors, especially in logistics, data centres and health. Planning approvals in the UK residential market are now back to 2019 levels.

With pricing keeping pace with construction inflation, and improved operational leverage and efficiency coming through, the Consulting segment has improved profit margins.

Demand is expected to continue across all sectors, with strong growth expected in our key focus areas of residential, logistics, data centres and health. Recruitment and retention are the key focus to deliver further growth and our talent attraction strategy, which builds on a strong employee value proposition, is increasing application rates.

Services UK & Netherlands

	2021	2020	2020 at constant currency
Fee Revenue (£m)	**87.3**	85.7	84.5
Segment profit (£m)	**6.9**	5.4	5.4
Profit margin (%)	**7.9**	6.3	6.4

The current AMP7 UK water cycle goals are driving good demand for our consultancy, operational and digital services. The ramp up of the AMP7 water cycle as well as increased activity in our UK Health and Labs businesses as COVID-19 restrictions eased, delivered over 6% Fee Revenue growth within Services UK. The performance in Netherlands, where COVID-19 restrictions have been tighter than in 2020, has been more muted, with lower activity in our property inspection and laboratory businesses. When restrictions eased in Q3-2021 activity levels improved but then subsided in Q4-2021 as tighter lock down restrictions were imposed once more. Overall, Fee Revenue for the segment grew by 3% at constant currency.

Growth in Fee Revenue in our higher margin consultancy and digital services, coupled with strong control of overhead costs, has delivered an improvement in segment profit margins and 28% growth in segment profit at constant currency.

Continued growth is expected across our UK markets and, in Netherlands, demand for our services remains strong with Fee Revenue expected to recover as lock down restrictions ease. The segment is well positioned to exploit growing markets in flooding, pollution, and drainage, with recruitment being the biggest challenge as market demand increases.

Norway

	2021	2020	2020 at constant currency
Fee Revenue (£m)	**61.9**	56.0	57.5
Segment profit (£m)	**5.1**	4.5	4.7
Profit margin (%)	**8.2**	8.0	8.2

Strong demand for our consultancy services has delivered 8% Fee Revenue growth at constant currency, notwithstanding the ongoing impact of COVID-19 lockdown restrictions on the training and software parts of the business. The business has retained its market leading position within Project and Program Management in Norway, enabling it to maintain its position in the stable public sector and increase market share in the private sector.

A strong focus on cost control enabled the business to hold profit margins and deliver good segment profit growth of 9% at constant currency.

COVID-19 has continued to impact the business at the start of 2022, but activity and investment levels remain stable in the public sector and growth opportunities exist in the private sector. The segment is well placed to benefit from this as well as from new opportunities in emerging markets such as renewables and green technology.

North America

	2021	2020	2020 at constant currency
Fee Revenue (£m)	**35.6**	39.0	36.6
Segment profit (£m)	**3.5**	2.9	2.7
Profit margin (%)	**9.8**	7.4	7.4

Streamlining of the portfolio in 2020 resulted in a reduction of Fee Revenue but improved profit margins as the business exited less profitable business streams. With increased government funding in infrastructure there is good demand for our services but delays in the release of projects and public spending in H1-2021 impacted our Infrastructure business, although this began to recover in Q4. Sustainability market drivers leading to growing demand for ESG and compliance services, together with a robust private equity market, benefited our Environment Risk division. In Ocean Science, good growth in renewables partially mitigated the impact on Fee Revenue of subdued gas and oil activity. Overall, Fee Revenue was down 3% at constant currency but segment profit grew by 30% at constant currency.

The US economy has returned to pre-pandemic output with continued growth forecast in 2022, which is providing a favourable environment for private sector investment. Public sector spending on infrastructure is also expected to grow. As a result, demand for our services is expected to remain strong in 2022. However, wage inflation and a tight labour market will result in continued recruitment and retention challenges that will need to be carefully managed.

Australia Asia Pacific

	2021	2020	2020 at constant currency
Fee Revenue (£m)	**104.7**	92.9	94.2
Segment profit (£m)	**10.8**	8.2	8.2
Profit margin (%)	**10.3**	8.8	8.7

Excellent Fee Revenue growth of 11% at constant currency on the back of continued strong government spending in defence and transport infrastructure and a buoyant property market. There is also growing demand for end to end advisory and project management services in major government programmes and projects. Within the private sector, confidence in renewable energy investments delivered growth in regulatory approval fees and the residential property market was stronger than expected.

Growth in Fee Revenue and a focus on operational efficiency delivered a 32% increase in segment profit at constant currency with segment profit margins now exceeding 10%.

Whilst there is some uncertainty from government elections in 2022, the order book is strong and the key to growth will be the ability to recruit and retain in a constrained and competitive labour market.

Group Outlook

Our investment to date in people, clients and connectivity has strengthened the business and provides a stronger platform from which to deliver growth. We remain focused on building a business that can deliver mid-single digit rates of organic growth and a double-digit operating margin in the medium term and are confident about our ability to do so.

The total COB at 31 December 2021 was up 14% on 31 December 2020. The growth in COB in Australia Asia Pacific, Consulting UK & Ireland, and Norway is encouraging for 2022. The COB remains solid in North America and Energy, with key win notifications in December not reflected in the COB. Since the year end, many of these wins are now in contract with Energy COB up 20% on December 2020. In Services UK & Netherlands, COB is impacted by the nature of the framework agreements in the water sector where COB reduces over the period of the framework, but underlying workload remains good.

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.

Trading to date in 2022 is in line with management expectations. The key challenges in 2022 will be managing the impact of inflationary pressures on our business and our ability to pass these increases onto clients as well as our focus on recruitment and retention to drive continued Fee Revenue growth. While the disruption of COVID-19 has reduced in most jurisdictions some limited impact may continue into 2022. Nevertheless, we will continue to demonstrate the resilience of our business by managing uncertainty and taking advantage of opportunities as they arise.

With a strong cash position and significant available debt facilities, RPS is well placed to capitalise on the organic growth opportunities that are clearly available and invest in selective acquisitions. Net bank borrowings are expected to increase in 2022 as the working capital benefits of 2020 continue to unwind and as the Group continues to grow organically. However, the recent refinancing will provide significant liquidity and leverage is expected to be comfortably within the target range.

Board of Directors
RPS Group plc
15 March 2022

Consolidated income statement

£m	Notes	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	3	560.4	542.1
Less: passthrough costs	2, 3	(84.3)	(84.8)
Fee revenue	2, 3	476.1	457.3
Cost of sales		(256.0)	(253.5)
Gross profit		220.1	203.8
Adjusted administrative expenses	2	(191.8)	(183.3)
Amortisation of acquired intangibles and transaction-related costs	2, 4	(3.8)	(5.5)
Exceptional items	2, 5	(5.3)	(39.2)
Administrative expenses		(200.9)	(228.0)
Operating profit/(loss)		19.2	(24.2)
Adjusted operating profit	2, 3	28.3	20.5
Finance costs	6	(6.8)	(7.2)
Finance income	6	-	0.1
Adjusted profit before tax	2	21.5	13.4
Profit/(loss) before tax		12.4	(31.3)
Tax (expense)/credit	7	(6.5)	0.2
Profit/(loss) for the year attributable to equity holders of the parent		5.9	(31.1)
Basic earnings/(loss) per share (pence)	8	2.17	(12.95)
Diluted earnings/(loss) per share (pence)	8	2.14	(12.83)
Adjusted basic earnings per share (pence)	2, 8	5.70	4.33
Adjusted diluted earnings per share (pence)	2, 8	5.61	4.29

Consolidated statement of comprehensive income

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Profit/(loss) for the year	**5.9**	(31.1)
Actuarial gains and losses on remeasurement of defined benefit pension scheme	**(0.2)**	(0.1)
Tax on share schemes	**0.2**	-
Cumulative foreign exchange differences reclassified to profit or loss on cessation of foreign operations	**0.2**	-
Foreign exchange differences on translation of foreign operations	**(9.0)**	8.9
Other comprehensive (expense)/income	**(8.8)**	8.8
Total recognised comprehensive expense for the year attributable to equity holders of the parent	**(2.9)**	(22.3)

Consolidated balance sheet

£m	Notes	**As at 31 December 2021**	As at 31 December 2020
Assets			
Non-current assets:			
Intangible assets	**9**	**340.8**	350.5
Property, plant and equipment		**27.1**	28.5
Right-of-use assets		**28.9**	42.1
Deferred tax asset		**13.0**	11.2
		409.8	432.3
Current assets:			
Trade and other receivables	**10**	**159.8**	130.8
Corporation tax receivable		**0.5**	2.4
Cash at bank		**40.1**	43.2
		200.4	176.4
Liabilities			
Current liabilities:			
Borrowings	**12**	**-**	54.0
Lease liabilities		**10.9**	10.8
Deferred consideration	**14**	**2.3**	3.1
Trade and other payables	**11**	**129.9**	129.2
Corporation tax liability		**3.6**	3.0
Provisions		**22.0**	5.7
		168.7	205.8
Net current assets/(liabilities)		**31.7**	(29.4)
Non-current liabilities:			
Borrowings	**12**	**53.6**	-
Lease liabilities		**26.0**	38.1
Deferred consideration	**14**	**0.3**	2.7
Other payables		**0.1**	0.2
Deferred tax liability		**8.4**	8.4
Provisions		**4.5**	4.5
		92.9	53.9
Net assets		**348.6**	349.0
Equity			
Share capital		**8.3**	8.3
Share premium		**126.1**	125.3
Retained earnings		**173.2**	166.3
Merger reserve		**38.7**	38.7
Employee trust		**(10.8)**	(11.5)
Translation reserve		**13.1**	21.9
Total shareholders’ equity		**348.6**	349.0

Consolidated cash flow statement

£m	Notes	**Year ended 31 December 2021**	Year ended 31 December 2020
Net cash from operating activities	**13**	**24.7**	84.0
Cash flows from investing activities:			
Deferred consideration		**(3.1)**	(3.0)
Purchase of property, plant and equipment		**(9.3)**	(5.0)
Purchase of intangible assets		**(1.1)**	(2.8)
Proceeds from sale of assets		**0.3**	0.4
Proceeds from sale of business		**-**	0.7
Net cash used in investing activities		**(13.2)**	(9.7)
Cash flows from financing activities:			
Proceeds from issue of share capital		**-**	19.4
Net repayment of bank borrowings		**-**	(55.4)
Repayment of US loan notes		**(54.8)**	-
Proceeds from term loans		**55.0**	-
Payment of bank arrangement fees		**(1.6)**	(1.0)
Payment of lease liabilities		**(10.5)**	(11.0)
Dividends paid		**(0.7)**	-
Net cash used in financing activities		**(12.6)**	(48.0)
Net (decrease)/increase in cash and cash equivalents		**(1.1)**	26.3
Cash and cash equivalents at beginning of year		**43.2**	16.4
Effect of exchange rate fluctuations		**(2.0)**	0.5
Cash and cash equivalents at end of year		**40.1**	43.2
Cash and cash equivalents comprise:			
Cash at bank	**13**	**40.1**	43.2
Bank overdraft	**13**	**-**	-
Cash and cash equivalents at end of year		**40.1**	43.2

Consolidated statement of changes in equity

	Share capital	Share premium	Retained earnings	Merger reserve	Employee trust	Translation reserve	Total equity
At 1 January 2020	6.8	121.9	195.7	21.2	(10.1)	13.0	348.5
Loss for the year	-	-	(31.1)	-	-	-	(31.1)
Other comprehensive (expense)/ income	-	-	(0.1)	-	-	8.9	8.8
Total comprehensive (expense)/ income for the year	-	-	(31.2)	-	-	8.9	(22.3)
Issue of new ordinary shares	1.5	3.4	(0.9)	17.5	(2.1)	-	19.4
Share-based payment expense	-	-	3.4	-	-	-	3.4
Transfer on release of shares	-	-	(0.7)	-	0.7	-	-
At 31 December 2020	**8.3**	**125.3**	**166.3**	**38.7**	**(11.5)**	**21.9**	**349.0**
Profit for the year	-	-	5.9	-	-	-	5.9
Other comprehensive expense	-	-	-	-	-	(8.8)	(8.8)
Total comprehensive income/(expense) for the year	-	-	5.9	-	-	(8.8)	(2.9)
Issue of new ordinary shares	-	0.8	(0.6)	-	(0.2)	-	-
Share-based payment expense	-	-	3.2	-	-	-	3.2
Transfer on release of shares	-	-	(0.9)	-	0.9	-	-
Dividends paid	-	-	(0.7)	-	-	-	(0.7)
At 31 December 2021	**8.3**	**126.1**	**173.2**	**38.7**	**(10.8)**	**13.1**	**348.6**

Notes to the results

1. Basis of preparation

The financial information attached has been extracted from the audited financial statements for the year ended 31 December 2021 which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK adopted International Financial Reporting Standards. The financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB.

The Group has prepared these accounts on the same basis as the 2020 Report and Accounts.

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 and adjusted operating profit are used by the Board to monitor and measure the trading performance of the Group. They exclude certain items which the Board believes distorts the trading performance of the Group. These items are either acquisition or 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 clear and consistent view of the performance of the Group and is able to make informed 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 year. Adjusted administrative expenses also excludes the amortisation of intangible assets and exceptional items.

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	**Year ended 31 December 2021**	Year ended 31 December 2020
Profit/(loss) before tax	**12.4**	(31.3)
Amortisation of acquired intangibles and transaction-related costs	**3.8**	5.5
Exceptional items	**5.3**	39.2
Adjusted profit before tax	**21.5**	13.4
Net finance costs	**6.8**	7.1
Adjusted operating profit	**28.3**	20.5

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. 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 year.

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Profit/(loss) attributable to equity holders of the parent	**5.9**	(31.1)
Amortisation of acquired intangibles and transaction-related costs	**3.8**	5.5
Exceptional items	**5.3**	39.2
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items	**0.5**	(3.2)
Adjusted profit attributable to equity holders of the parent	**15.5**	10.4

<u>Constant currency</u>
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	2020	Constant currency effect	2020 at constant currency
Revenue	542.1	(4.3)	537.8
Fee revenue	457.3	(3.0)	454.3
Adjusted profit before tax	13.4	(0.2)	13.2
Loss before tax	(31.3)	1.0	(30.3)

<u>Segment profit</u>
Segment profit is presented in our segmental disclosures. This excludes the effects of financing, amortisation and exceptional items which are metrics outside of the control of segment management. It also excludes unallocated expenses. This reflects the underlying trading of the business. A reconciliation between segment profit and operating profit is given in note 3.

<u>Unallocated expenses</u>
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.

<u>Revenue measures</u>

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.

<u>Contracted order book</u>
Contracted order book is the value of fee revenue work won and in contract, being contracts received from customers, purchase orders or similar commitment, where fee revenue is yet to be recognised at the balance sheet date.

A reconciliation of contracted order book at constant currency to unsatisfied performance obligations is shown below:

£m	**As at 31 December 2021**	As at 31 December 2020
Total unsatisfied performance obligations	**391.7**	357.1
Less: passthrough costs	**(43.1)**	(44.7)
Constant currency adjustment	**-**	(6.1)
Contracted order book at constant currency	**348.6**	306.3

Cash flow measures

EBITDAS

EBITDAS is operating profit adjusted by adding back non-cash expenses, tax and financing costs. The adjustments include interest, tax, depreciation, amortisation, 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 13.

EBITAS is an equivalent measure, but is after depreciation costs.

Conversion of profit into cash

A key 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 year.

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 (excluding lease liabilities) and is an input into the leverage calculations. This is reconciled in note 13.

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 as a percentage of adjusted profit before tax and is set out in note 7.

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 & Ireland
- Services UK & Netherlands

- Norway
- North America
- Australia Asia Pacific

Segment results for the year ended 31 December 2021

£m	External revenue	Intersegment revenue	Passthrough costs	Fee revenue	Segment profit
Energy	83.3	1.6	(13.4)	71.5	4.8
Consulting UK & Ireland	147.3	1.8	(34.0)	115.1	9.0
Services UK & Netherlands	95.4	1.7	(9.8)	87.3	6.9
Norway	62.7	-	(0.8)	61.9	5.1
North America	42.8	0.3	(7.5)	35.6	3.5
Australia Asia Pacific	128.9	0.1	(24.3)	104.7	10.8
Group eliminations	-	(5.5)	5.5	-	-
Total	560.4	-	(84.3)	476.1	40.1

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 & Ireland	135.5	1.2	(28.7)	108.0	6.3
Services UK &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	**Year ended 31 December 2021**	Year ended 31 December 2020
Revenue	**560.4**	542.1
Less: passthrough costs	**(84.3)**	(84.8)
Fee revenue	**476.1**	457.3
Segment profit	**40.1**	31.8
Unallocated expenses	**(11.8)**	(11.3)
Adjusted operating profit	**28.3**	20.5
Amortisation of acquired intangibles and transaction-related costs	**(3.8)**	(5.5)
Exceptional items	**(5.3)**	(39.2)
Operating profit/(loss)	**19.2**	(24.2)
Net finance costs	**(6.8)**	(7.1)
Profit/(loss) before tax	**12.4**	(31.3)

The table below shows revenue and fee revenue to external customers based upon the country from which billing took place:

£m	Revenue		Fee revenue	
	Year ended 31 December 2021	Year ended 31 December 2020	**Year ended 31 December 2021**	Year ended 31 December 2020
UK	**207.5**	190.9	**171.1**	160.8
Australia	**140.7**	128.6	**115.2**	105.5
USA	**71.9**	81.1	**60.4**	64.7
Norway	**62.9**	57.7	**61.9**	56.0
Netherlands	**35.9**	39.9	**30.7**	32.6
Ireland	**31.4**	34.4	**29.3**	30.5
Canada	**6.4**	6.4	**5.2**	5.2
Other	**3.7**	3.1	**2.3**	2.0
Total	**560.4**	542.1	**476.1**	457.3

4. Amortisation of acquired intangibles and transaction-related costs

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Amortisation of acquired intangibles	**3.8**	5.5
Transaction-related costs	**-**	-
Total	**3.8**	5.5

5. Exceptional items

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Impairment of goodwill	**-**	25.9
Restructuring costs	**2.8**	6.0
Loss on disposal	**-**	0.4
Legal fees	**0.8**	1.8
ERP implementation costs	**1.7**	2.2
Impairment of ERP	**-**	2.9
Total	**5.3**	39.2

The Group recognised a goodwill impairment charge in the previous year of £25.9 million relating to the impairment of the Consulting and North America CGU groups caused by the market uncertainty from the COVID-19 pandemic. No goodwill impairments have been recorded in the current year.

Restructuring costs are costs arising from actions taken in light of the pandemic to align our operating model to the new environment. In the current year these comprise the impairment of right-of-use assets and onerous contract provisions for associated property costs for excess office space following a move to hybrid working once COVID-19 lockdown restrictions eased in 2021. These costs were partly offset by a restructuring credit of £0.8 million for the sublet of a property vacated and impaired in the prior year. Restructuring costs of £6.0 million in the previous year 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 had 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 £0.8 million (2020: £1.8 million) were incurred investigating potential issues regarding the administration of US government contracts and/or projects and the investigation is ongoing (note 16).

ERP implementation costs of £1.7 million (2020: £2.2 million) were incurred in the current year on change management and data migration plus stabilising the 2019 pilot rollouts including the removal of the Hitachi Essentials solution. The Group recognised an impairment charge of £2.9 million in the previous 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. Net financing costs

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Finance costs:		
Interest on loans and overdraft	**(3.8)**	(4.4)
Interest on lease liabilities	**(1.7)**	(1.9)
Amortisation of prepaid financing costs	**(1.2)**	(0.7)
Unwind of discount on deferred consideration	**(0.1)**	(0.2)
	(6.8)	(7.2)
Finance income:		
Deposit interest receivable	**-**	0.1
Net financing costs	**(6.8)**	(7.1)

7. Income taxes

Analysis of the tax expense/(credit) in the consolidated income statement for the year:

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Current tax:		
UK corporation tax	**(0.1)**	0.1
Overseas tax	**8.6**	6.2
Adjustments in respect of prior years	**(0.3)**	(1.1)
	8.2	5.2
Deferred tax:		
Origination and reversal of temporary differences	**(2.6)**	(5.5)
Effect of change in tax rate	**0.9**	0.6
Adjustments in respect of prior years	**-**	(0.5)
	(1.7)	(5.4)
Total tax charge/(credit) for the year	**6.5**	(0.2)

In addition to the amount credited to the consolidated income statement, the following items related to tax have been recognised:

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Deferred tax credit in other comprehensive income	**(0.2)**	-

The effective tax rate for the year on profit/(loss) before tax was 52.4% (2020: 0.6%). The effective tax rate for the year on adjusted profit before tax was 27.9% (2020: 22.4%) as shown in the table below:

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Total tax expense/(credit) in income statement	**6.5**	(0.2)
Add back:		
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items	**(0.5)**	3.2
Adjusted tax charge on the profit for the year	**6.0**	3.0
Adjusted profit before tax	**21.5**	13.4
Adjusted effective tax rate	**27.9%**	22.4%
Tax rate impact of amortisation of acquired intangibles, transaction-related costs and exceptional items	**24.5%**	(21.8%)
Statutory effective tax rate	**52.4%**	0.6%

The Group operates in and is subject to income tax in many jurisdictions. The weighted average tax rate is derived by weighting the rates in those jurisdictions by the profits before tax earned there. It is sensitive to the statutory tax rates that apply in each jurisdiction and the geographic mix of profits. The statutory tax rates in our main jurisdictions were UK 19.0% (2020: 19.0%), US 21.0% (2020: 21.0%) and Australia 30% (2020: 30%) and the weighted average tax rate increased to 29.2% in 2021 (2020: 16.8%).

The actual tax charge differs from the weighted average tax charge for the reasons set out in the following reconciliation:

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Profit/(loss) before tax	**12.4**	(31.3)
Tax at the weighted average rate of 29.2% (2020: 16.8%)	**3.6**	(5.3)
Effect of:		
Irrecoverable withholding tax suffered	**0.7**	0.8
Adjustments in respect of prior years	**(0.3)**	(1.6)
Effect of change in tax rates	**0.9**	(0.1)
Impairment of goodwill	**-**	5.7
Losses not recognised	**0.2**	-
Income not taxable	**(0.4)**	-
Other differences	**1.8**	0.3
Total tax expense/(credit) for the year	**6.5**	(0.2)

The Group operates, mainly through our gas and oil exposed businesses, in jurisdictions that impose withholding taxes on revenue earned in those jurisdictions. This tax may be offset against domestic corporation tax either in the current year or in the future within certain time limits. To the extent that full recovery is not achieved in the current year or is not considered possible in future years the withholding tax is charged to the income statement. Whilst the overall irrecoverable withholding tax decreased in the year, it represented a larger proportion of the overall tax rate.

Enacted changes in the tax rate impact the carrying value of deferred tax balances, principally those related to the amortisation of intangible assets. The UK corporation tax rate is increasing to 25% on 1 April 2023, the impact of this is included in the deferred tax balances that are not expected to unwind before that date.

Adjustments in respect of prior years arise when amounts of tax due calculated when tax returns are submitted differ from those estimated at the year end. In 2021 the credit relates to adjustments in respect of 2020 filed tax returns and additional losses carried back in the UK.

Other differences include expenses not deductible for tax purposes such as entertaining, share scheme charges, and depreciation of property, plant and equipment which do not qualify for capital allowances. They also include items that are deductible for tax purposes, such as goodwill and other asset amortisation, but are not included in the income statement.

8. Earnings per share

The calculations of basic and diluted earnings per share were based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year as shown in the table below:

£m / 000's	**Year ended 31 December 2021**	Year ended 31 December 2020
Profit/(loss) attributable to equity holders of the parent	**5.9**	(31.1)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**272,073**	240,155
Effect of employee share schemes	**4,069**	2,162
Diluted weighted average number of ordinary shares	**276,142**	242,317
Basic earnings/(loss) per share (pence)	**2.17**	(12.95)
Diluted earnings/(loss) per share (pence)	**2.14**	(12.83)

The calculations of adjusted earnings per share (see note 2) were based on the number of shares as above and are shown in the table below:

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Profit/(loss) attributable to equity holders of the parent	**5.9**	(31.1)
Amortisation of acquired intangibles and transaction-related costs (note 4)	**3.8**	5.5
Exceptional items (note 5)	**5.3**	39.2
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items	**0.5**	(3.2)
Adjusted profit attributable to equity holders of the parent	**15.5**	10.4
Adjusted basic earnings per share (pence)	**5.70**	4.33
Adjusted diluted earnings per share (pence)	**5.61**	4.29

9. Intangible assets

Goodwill
The Group tests annually for impairment or when there are any impairment triggers.

The determination of whether or not goodwill is impaired requires an estimate to be made of the value in use of the CGU groups to which goodwill has been allocated. Those value in use calculations include estimates about the future financial performance of the CGUs based on budgets and forecasts, medium-term and long-term growth rates, discount rates and the markets in which the business operates. The cash flow projections in the first five financial years reflect management's expectations of the medium-term operating performance of the CGU and the growth prospects in the CGU's market, including recovery from the impact of COVID-19. Thereafter a perpetuity is applied.

The Group has considered the impact of climate change as part of its projections. As a people business the impact on the valuation of our assets is limited and the Group is not involved in many activities and client projects that may be affected detrimentally by climate change. The Group sees significant opportunity across the business from the impact of climate change, specifically around renewables, sustainability and the effect of increasing regulation on our clients.

The key assumptions in the value in use calculations are the discount rates applied, the growth rates and margins assumed over the forecast period.

Discount rate applied

The discount rate applied to a CGU represents a pre-tax rate that reflects the market assessment of the time value of money at the end of the reporting period and the risks specific to the CGU. The Group bases its estimate for the pre-tax discount rate on its weighted average cost of capital (WACC). The inputs to this calculation are a combination of market, industry and company-specific data.

	31 December 2021	31 December 2020
Consulting (UK & Ireland)	**12.4%**	12.2%
Services (UK)	**13.0%**	13.1%
Services (Netherlands)	**13.7%**	14.2%
Norway	**12.4%**	12.2%
North America	**12.7%**	12.3%
AAP	**14.4%**	14.7%
Energy	**13.6%**	15.8%

Growth rates

The growth rates applied reflect management's judgement regarding the potential future performance of the business. The medium term comprises the years 2023 to 2026 and includes higher growth rates in the earlier years in some CGUs as the economies and markets in which we operate continue to recover from the COVID-19 related downturn. Recovery to the level of profits seen prior to the pandemic will be gradual.

The long-term growth rate applied to the perpetuity calculations was between 2.0% and 2.5% per annum. The Energy CGU rates have been amended in the current year to reflect the longer term prospects of this business including the continued investment in gas and oil and the move to renewables. Renewables is a key global growth market for the Group. These rates reflect the average long-term growth rates of the economies in which the CGUs are based and our assessment of the longer term prospects of the businesses.

	31 December 2021	31 December 2020
Consulting (UK & Ireland)	**2.1%-2.5%**	2.1%-2.5%
Services (UK)	**2.1%**	2.1%
Services (Netherlands)	**2.0%**	2.0%
Norway	**2.3%**	2.3%
North America	**2.3%**	2.3%
AAP	**2.5%**	2.5%
Energy	**2.1%-2.5%**	(2.0%)

Summary of results

There were no indicators of impairments and no further impairments were identified in the modelling performed.

Sensitivity of results to changes in estimates
The valuation of goodwill allocated to CGU groups is most sensitive to the achievement of the 2022 budget, the medium-term growth rates assumed for the following four years and the discount rate. Whilst we are able to manage staff costs, direct costs and overheads, the revenue projections are inherently uncertain due to the short-term nature of our order books in some areas of the business and the continuing impact COVID-19 is having on market conditions in certain sectors.

Consequently, further underperformance against the budget and medium-term growth rates is possible which could lead to an additional reduction in the carrying value of the CGUs. It is also reasonably possible that the budget and growth rates are exceeded if market conditions allow.

Our modelling considers the reasonably possible impact on our budgets of a worsening of the COVID-19 pandemic, potential climate change upside and downside and a general worsening of economic conditions. The directors believe there to be no reasonable changes in estimates on the achievement of the 2022 budget and the discount rate applied that would result in a material adjustment to the carrying amounts of goodwill as at 31 December 2021.

10. Trade and other receivables

Trade and other receivables comprise the following balances:

£m	**31 December 2021**	31 December 2020
Trade receivables	**86.3**	78.4
Contract assets	**38.6**	36.8
Prepayments	**14.5**	12.5
Other receivables	**20.4**	3.1
Total trade and other receivables	**159.8**	130.8

Trade receivables and contract assets net of loss allowance are shown below:

£m	**31 December 2021**	31 December 2020
Trade receivables	**88.7**	81.2
Loss allowance	**(2.4)**	(2.8)
Trade receivables net	**86.3**	78.4

£m	**31 December 2021**	31 December 2020
Contract assets	**44.3**	42.9
Loss allowance	**(5.7)**	(6.1)
Contract assets net	**38.6**	36.8

All amounts shown under trade and other receivables fall due within one year.

The carrying value of trade and other receivables is considered a reasonable approximation of fair value due to their short-term nature and the loss allowances recorded against them. The individually impaired balances mainly relate to items under discussion with customers.

At the year end the debtor days of the Group were 44 (2020: 41).

The following table shows the movement in lifetime expected credit losses that have been recognised for trade receivables and contract assets in accordance with the simplified approach set out in IFRS 9:

£m	Trade receivables	Contract assets	Total
As at 1 January 2021	2.8	6.1	8.9
Income statement impact of movement on loss allowance	0.1	1.0	1.1
Amounts written off	(0.4)	(1.2)	(1.6)
Exchange differences	(0.1)	(0.2)	(0.3)
As at 31 December 2021	2.4	5.7	8.1

£m	Trade receivables	Contract assets	Total
As at 1 January 2020	3.0	5.3	8.3
Income statement impact of movement on loss allowance	0.5	2.0	2.5
Amounts written off	(0.8)	(1.4)	(2.2)
Exchange differences	0.1	0.2	0.3
As at 31 December 2020	2.8	6.1	8.9

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

Other receivables includes the expected insurance recoveries related to warranties provisions.

11. Trade and other payables

£m	**31 December 2021**	31 December 2020
Trade payables	**23.4**	30.4
Accruals	**52.2**	43.5
Contract liabilities	**31.5**	25.7
Creditors for taxation and social security	**20.4**	27.5
Other payables	**2.4**	2.1
Total trade and other payables	**129.9**	129.2

All amounts shown under trade and other payables fall due for payment within one year. The carrying values of trade and other payables are a reasonable approximation of fair value due to the short-term nature of these liabilities.

12. Borrowings

£m	**31 December 2021**	31 December 2020
US loan notes	**-**	54.9
Term loans	**55.0**	-
Total bank loans, notes and overdrafts	**55.0**	54.9
Arrangement fees	**(1.4)**	(0.9)
Net bank debt	**53.6**	54.0
Lease liabilities	**36.9**	48.9
Total borrowings	**90.5**	102.9

The term loans, loan notes and overdrafts are repayable as follows:

£m	**31 December 2021**	31 December 2020
Amounts due for settlement within 12 months	**-**	54.9
In the second year	**-**	-

In the third to fifth years inclusive	**-**	-
After more than five years	**55.0**	-
Total	**55.0**	54.9

The principal features of the Group's borrowings are as follows:

i) An uncommitted £3.0 million bank overdraft facility, repayable on demand (undrawn at year end).

ii) 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 2024.

There were loans drawn totalling £nil at 31 December 2020 (2020: £nil).

In September 2021, the Group agreed to extend the revolving credit facility by two years to July 2024 and on the same date the multicurrency revolving credit facility of £60.0 million with the same lenders expired.

iii) In September 2021, the Group repaid the US private placement notes of $34.1 million and £30.0 million and replaced these with the following loans, all expiring in September 2028:

- A £30.0 million 7 year fixed rate loan held with Legal and General Investment Management
- A £12.5 million 7 year floating rate loan held with Aviva Investments
- A £12.5 million 7 year fixed rate loan held with Aviva Investments

The key covenant tests for the revolving credit facility and the 7 year loans remain the same as the previous facilities: maximum leverage is 3.0x and minimum interest cover is 4.0x.

The revolving credit facility and loans are guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists.

The carrying amounts of borrowings approximate their fair values, as the impact of discounting is not significant.

13. Notes to the consolidated cash flow statement

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Operating profit/(loss)	**19.2**	(24.2)
Adjustments for:		
Depreciation of owned assets	**8.0**	9.4
Depreciation of right-of-use assets	**10.4**	10.9
Impairment of owned assets	**1.7**	-
Impairment of right-of-use assets	**1.4**	2.0
Amortisation of internally generated software	**0.7**	0.5
Amortisation of acquired intangibles	**3.8**	5.5
Impairment of goodwill	**-**	25.9
Impairment of internally generated software	**-**	2.9
Net investment in sublease	**(0.7)**	-
Non-cash movement on provisions	**2.2**	2.3
Share-based payment expense	**3.2**	3.4
Loss on sale of business	**-**	0.4
Other non cash movements	**0.2**	-
Profit on sale of assets	**(0.2)**	-
EBITDAS	**49.9**	39.0
(Increase)/decrease in trade and other receivables	**(14.9)**	29.0
Increase in trade and other payables	**1.2**	25.4
Cash generated from operations	**36.2**	93.4
Interest paid	**(5.9)**	(6.0)

Interest received	**-**	0.1
Income taxes paid	**(5.6)**	(3.5)
Net cash from operating activities	**24.7**	84.0

The table below provides an analysis of liabilities arising from financing which comprises net bank borrowings, comprising cash and cash equivalents, interest bearing loans and finance leases, during the year ended 31 December 2021.

£m	At 1 January 2021	Financing cash flows	Non-cash changes: Prepaid arrangement fees	Non-cash changes: Lease accounting adjustments[1]	Foreign exchange	**At 31 December 2021**
Cash at bank	43.2	(1.1)	-	-	(2.0)	**40.1**
Overdrafts	-	-	-	-	-	**-**
Cash and cash equivalents	43.2	(1.1)	-	-	(2.0)	**40.1**
Bank loans and notes	(54.0)	1.4	(1.1)	-	0.1	**(53.6)**
Net bank borrowings	**(10.8)**	**0.3**	**(1.1)**	**-**	**(1.9)**	**(13.5)**
Less: cash and cash equivalents	(43.2)	1.1	-	-	2.0	**(40.1)**
Leases	(48.9)	10.5	-	0.6	0.9	**(36.9)**
Liabilities arising from financing	(102.9)	11.9	(1.1)	0.6	1.0	**(90.5)**

£m	At 1 January 2020	Financing cash flows	Non-cash changes: Prepaid arrangement fees	Non-cash changes: Lease accounting adjustments[1]	Foreign exchange	**At 31 December 2020**
Cash at bank	17.7	25.0	-	-	0.5	**43.2**
Overdrafts	(1.3)	1.3	-	-	-	**-**
Cash and cash equivalents	16.4	26.3	-	-	0.5	**43.2**
Bank loans and notes	(110.5)	56.4	(0.7)	-	0.8	**(54.0)**
Net bank borrowings	**(94.1)**	**82.7**	**(0.7)**	**-**	**1.3**	**(10.8)**
Less: cash and cash equivalents	(16.4)	(26.3)	-	-	(0.5)	**(43.2)**
Leases	(49.8)	11.0	-	(9.2)	(0.9)	**(48.9)**
Liabilities arising from financing	(160.3)	67.4	(0.7)	(9.2)	(0.1)	**(102.9)**

[1] Includes lease additions, remeasurements and disposals

The cash balance at 31 December 2021 includes £1.4 million (2020: £1.4 million) that is restricted in its use, either as security or client deposits.

14. Deferred consideration

£m	**31 December 2021**	31 December 2020
Amount due within one year	**2.3**	3.1
Amount due between one and two years	**-**	2.4
Amount due between two and five years	**-**	-
Amount due after five years	**0.3**	0.3
Total deferred consideration	**2.6**	5.8

15. Dividends

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Interim dividend for the year ended 31 December 2021 of 0.26 pence (2020: nil) per share	**0.7**	-
Amounts recognised as distributions during the year	**0.7**	-
Proposed final dividend for the year ended 31 December 2021 of 0.44 pence (2020: nil) per share	**1.2**	-

16. Contingent liabilities

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 probable 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 year a further £0.8 million of legal fees were incurred investigating this matter and were presented within exceptional items (note 5).

17. Auditor's report on Report and Accounts 2021

The financial information set out above does not constitute the Company's full statutory accounts for the year ended 31 December 2021 for the purposes of section 435 of the Companies Act 2006, but it is derived from those accounts. The auditors have reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006. Statutory accounts for 2020 have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified and did not include an emphasis of matter statement. The auditor's report did not contain statements under the Companies Act 2006, s498 (2) or (3).

18. Publication of Report and Accounts 2021

This announcement has been posted on the Company's website at www.rpsgroup.com. A copy of the Report and Accounts will be posted on this website on 24 March 2022. It is expected that the Report and Accounts together with the notice of the Company's Annual General Meeting will be posted to shareholders on or before 24 March 2022. Further copies may be obtained after that date from the Company Secretary, RPS Group plc, 20 Western Avenue, Milton Park, Abingdon, Oxfordshire OX14 4SH. Copies of these documents, together with the form proxy for use at the Company's Annual General Meeting, have or will be submitted to the Financial Conduct Authority via the National Storage Mechanism.

19. Risk management

The Group has a well-established and embedded system of internal control and risk management that is designed to safeguard shareholders' investment as well as the Group's personnel, assets and reputation. The principal risks and uncertainties for the Group are described in the Group's Report and Accounts. These risks include health, safety and wellbeing, COVID-19, the recruitment and retention of staff, political events, the economic environment, financial risks environment, business acquisitions, regulatory and compliance risks, information technology and security risks, service failures, and climate change.

Responsibility statement of the Directors in respect of the Report and Accounts 2021

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face and;

- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

- Ends -