14 September 2021

STAFFLINE GROUP PLC
('Staffline', the 'Company' or the 'Group')

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Staffline Group PLC, the recruitment and training group, announces its unaudited results for the six months ended 30 June 2021.

Continuing activities	**Six months to 30 June 2021 Unaudited**	Six months to 30 June 2020 Unaudited Restated***	Change
Revenue	**£450.7m**	£430.3m	+4.7%
Gross profit	**£39.0m**	£34.2m	+14.0%
Underlying operating profit*	**£4.6m**	£0.1m	+4,500%
Underlying EBITDA (pre-IFRS 16)**	**£6.3m**	£1.9m	+231.6%
Finance costs ****	**£1.4m**	£2.1m	-33.3%
(Loss) before tax	**£(0.8)m**	£(46.8)m	+98.3%
Net cash/(debt) (pre-IFRS 16)	**£20.9m**	£(36.2)m	+£57.1m

* Operating profit before amortisation of intangible assets arising on business combinations and, in the six months ended 30 June 2020, goodwill impairments and other non-underlying charges (see note 3).

** EBITDA after operating lease payments and before, in the six months ended 30 June 2020, non-underlying charges (see note 3).

***Comparative results for the period ended 30 June 2020 have been restated to exclude the activities that were discontinued in 2020.
**** Excludes non-underlying refinancing costs relating to 2020 only.

Key financial highlights

- Gross profit of £39.0m up 14% (H1 2020: £34.2m)
- Gross profit margin increased to 8.7% (H1 2020: 7.9%)
- Underlying operating profit increased to £4.6m (H1 2020: £0.1m)
- Gross profit conversion to operating profit increased to 11.8% (H1 2020: 0.3%)
- Finance costs reduced by 33.3% to £1.4m (H1 2020: £2.1m)
- Strengthened balance sheet, with net cash of £20.9m (H1 2020: net debt £(36.2)m)
- The net cash/(debt) improvement reflects the net proceeds of £46.4m from the equity raise, further improvements in trading cash flow and cash collection, including c.£15m of timing differences
- New receivables facility of £90.0m over a period of 4.5 years

Key operational highlights:

- Group underlying overhead cost base broadly flat versus last year at £34.4m and down 12.9% versus H1 2019 (H1 2020: £34.1m; H1 2019: £39.5m)
- Staff productivity improvements
    - Recruitment: Gross profit per fee earner up 21.4% on H1 2020 to £37.5k (H1 2020: £30.9k)
    - Training: Revenue per employee up 30.6% on H1 2020 to £30.7k (H1 2020: £23.5k)
- Strong six months of trading across the Group
    - All three divisions delivered operating profit growth for the six months to 30 June 2021
    - Exposure to resilient growth sectors such as food, logistics and e-commerce underpinned performance
- Blue-collar market share gains with strong customer retention rates and new business wins
- PeoplePlus secured three Restart sub-contracts with prime providers worth up to a maximum of £90m revenue over four years dependent on performance

Current trading and outlook

- The Group continues to benefit from increased levels of client activity across the UK and Ireland. However, the Board remains mindful of the economic uncertainty and risks to the economy represented by the pandemic and sector-specific labour shortages

- The Group is trading in line with the revised, increased market expectations (further to the July trading update) for the full year 2021

- The Board remains confident in the Group's prospects after a period of transformation and restructuring to streamline operations in 2020, followed by the recent refinancing which materially strengthened the platform for future growth

Albert Ellis, Chief Executive Officer of Staffline, commented:

"I am delighted to report such a strong performance in the first six months of the year from Staffline, during which, we've seen a return to growth in revenue, gross profit, operating margins and underlying operating profit.

"I am extremely proud of the operational turnaround delivered by our leadership teams and employees who have transformed the business, building on the Group's well-established reputation for unrivalled excellence in service delivery.

"Throughout the Covid-19 pandemic we have continued to focus on the protection and wellbeing of our staff and customers and will continue to do so despite the easing of lockdowns in the UK and Republic of Ireland.

"Looking ahead, whilst we expect to see continued sector-specific labour shortages, we believe Staffline is well placed to capitalise on its position as the clear leader in many markets. In addition, our recent refinancing has transformed the Company's balance sheet providing a strong platform for growth in the medium term. The Group is trading in line with the revised, increased market expectations for the full year 2021."

Retail investor webcast

Management will be hosting a presentation for retail investors in relation to the Company's interim results on Wednesday, 15 September 2021 at 1:00 pm BST.

The presentation will be hosted on the Investor Meet Company ("IMC") digital platform and is open to all existing and potential shareholders. Investors can sign up to IMC for free and add to meet Staffline via: https://www.investormeetcompany.com/staffline-group-plc/register-investor

Investors who have already registered and have added to meet the Company will be automatically invited.

Forward looking statements

Certain statements in this announcement are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties or assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward looking statements contained in this announcement regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Readers should not place undue reliance on forward looking statements, which apply only as of the date of this announcement.

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Market Abuse Regulation
For the purposes of MAR, Article 2 of Commission Implementing Regulation (EU) 2016/1055 and the UK version of such implementing regulation, the person responsible for arranging for the release of this Announcement on behalf of the Company is Daniel Quint, Chief Financial Officer.

About Staffline

Providing workforce solutions
Staffline is the UK's market leading Recruitment and Training group. It has three divisions:

Recruitment GB
Staffline is a leading provider of flexible blue-collar workers, supplying c.37,000 staff per day on average to around 450 client sites, across a wide range of industries including agriculture, supermarkets, drinks, driving, food processing, logistics and manufacturing.

Recruitment Ireland
The Recruitment Ireland business is a leading end to end solutions provider operating across 20 industries, 10 branch locations, 15 onsite customer locations, supplying c.5,000 staff per day on average, and offering RPO, MSP, temporary and permanent solutions across the island of Ireland.

PeoplePlus
PeoplePlus is a leading skills and employability business with a clear purpose to help people transform their lives, get jobs and keep jobs, and develop their careers. The division works with employers to develop workforces of the future, and with central, local and devolved governments to support their economic and social policy agendas.

Chief Executive Officer's review

Introduction

The positive trading momentum generated in H2 2020 continued in the first half of 2021, with significant improvement in revenue, gross profit and underlying operating profit delivered during the period.

Revenue for H1 2021 increased 4.7% to £450.7m (H1 2020: £430.3m), with gross profit increasing by 14.0% to £39.0m (H1 2020: £34.2m) and underlying operating profit increasing significantly to £4.6m (H1 2020: £0.1m).

This positive trend not only reflects the transformation and restructuring implemented during 2020, which resulted in a much lower cost base, but also the growth in market share across Staffline's three core divisions, as existing customers extended their arrangements and new customers were added.

Central to this, was our placing, subscription and open offer, which raised net proceeds of £46.4m alongside a refinancing of the Group's working capital facilities, transforming the Company's balance sheet and providing a strong platform for growth in the medium term.

Market

The labour market continues to adjust to the broader macro environment which has been shaped by the pandemic. Sectors providing essential services such as food distribution have seen unprecedented demand particularly during lockdown. Home delivery and logistics networks have benefitted from the shift to on-line and meal delivery services have experienced significant growth. This has created increased demand for HGV drivers at a time when the supply of labour has contracted.

The reopening of the economy has increased demand for labour in many sectors and has driven up the number of people in work. According to the latest Office for National Statistics Labour Market Data, the unemployment rate dropped to 4.7% in the three months to June, down 0.2 percentage points on the previous quarter. Data for July showed the number of job vacancies passed one million for the first time on record and online job sites are reporting record levels of job advertising. The end of the jobs furlough scheme in September should further help ease the supply constraints.

Consequently, employers have responded to their recruitment and resourcing challenges by engaging with the Group's management on a more strategic basis recognising the benefit of Staffline's scale, flexibility, geographic coverage and training capabilities.

Strategy

Given the changes we have seen in the labour market, we are confident of our sustainable growth strategy which rests on four key drivers:

- **Capitalise on market leadership** - *position and scale in contingent workforce management*
- **Broaden the portfolio -** *driving growth in permanent and white-collar recruitment*
- **Unlock the potential in training -** *return PeoplePlus to sustainable profit growth*
- **Republic of Ireland -** *grow market share in a highly attractive market*

Pleasingly, the Group has made good headway across all of these areas, and as the broader economy further unlocks, we would anticipate this progress to accelerate.

Operational review

As our clients respond to the overall impact of the pandemic, they continue to manage their staff as their employment requirements continue to shift. Given Staffline's market position, particularly in many key sectors across the UK and Irish economies, our ability to both support and evolve our customer offering sits at the heart of our business.

Recruitment GB
The division performed well throughout H1 2021, driven by the well documented demand in the food, logistics and e-commerce sectors, in addition to new business wins providing additional margin improvement, replacing unattractive legacy contracts. As expected, worker productivity was exceptionally high during the lockdown in line with the strong demand.

Against this backdrop, well documented labour shortages have created headwinds in the Group's market leading "HGV drivers" recruitment division. The division is working closely with some of the largest employers in the market to mitigate the effects of the shortage, and we are confident the market will rebalance in the longer term through improved pay and increased investment in training.

Significant progress has been made in the Group's white-collar brands, with engineering recruiter, Omega and Scottish based Brightworks both reporting solid year on year gross profit and operating profit increases as client activity improved, particularly in permanent recruitment. The Group's recruitment process outsourcing business, Datum, has also recovered sharply as demand from its core construction sector increased.

Recruitment Ireland
Staffline Ireland reported an excellent return to profit growth in the period, supported mainly by a strong performance in Q2 2021, driven by a bounce back in permanent hiring and also benefitting from a much lower cost base despite lower levels of revenue. Good trading in its core, market leading Northern Ireland business was supported by a solid result from the Republic of Ireland despite the severity of the lockdown. Increased permanent recruitment and management actions to improve temporary margins resulted in gross margins of 10.1% compared to 9.0% in the comparative 2020 period. Tight control of the cost base was reflected in a gross profit to operating profit conversion rate of 21.4% in H1 2021 (H1 2020: 19.6%).

PeoplePlus
PeoplePlus has been transformed over the last 12 months and is now fully focused on employability and skills as the UK labour market continues to respond to the lasting impact on skills availability as a result of the pandemic. The business reported a strong bounce back to profit from a loss in the prior year particularly in employability, despite the social distancing restrictions imposed on skills centres. In June 2021, the business announced it had secured three contracts with prime Restart suppliers representing a c. £90m revenue opportunity over four years subject to performance, commencing in the second half of this year.

Board appointment

On 28 July 2021, the Board welcomed Tom Spain on his appointment as a Non-Executive Director of the Company. Mr Spain is the Board representative of Henry Spain Investment Services Limited, currently the largest shareholder in the Company.

Outlook

Trading for the first half exceeded the Board's expectations and momentum is expected to continue into the second half. The Group is trading in line with the revised, increased market expectations (further to the July trading update) for the full year 2021. In addition, our recent refinancing has transformed the Company's balance sheet providing a strong platform for growth in the medium term.

The Board remains mindful of the economic uncertainty and risks to the economy represented by the pandemic and sector-specific labour shortages. However, we believe Staffline is well placed to capitalise on its position as the clear leader in many markets.

Albert Ellis
Chief Executive Officer
13 September 2021

Financial Review

Introduction

Trading in the first half of 2021 showed continuing momentum from last year, supported by the gradual lifting of some of the lockdown restrictions. In June 2021, an equity raise and the refinancing of the Group's debt facilities were successfully completed to ensure that the business has a stronger balance sheet to position it for future growth.

Trading performance

Total revenue for H1 2021 increased by 4.7% to £450.7m (H1 2020 restated: £430.3m).

The Group comprises three divisions: Recruitment GB, flexible blue-collar recruitment; Recruitment Ireland, generalist recruitment; and PeoplePlus, an adult skills and training provider.

	Six months ended 30 June 2021					Six months ended 30 June 2020				
	Recruitment GB Unaudited	**Recruitment Ireland Unaudited**	**PeoplePlus Unaudited**	**Group costs Unaudited**	**Total Group Unaudited**	Recruitment GB Unaudited Restated	Recruitment Ireland Unaudited Restated	PeoplePlus Unaudited Restated	Group costs Unaudited Restated	Total Group Unaudited Restated
	£m	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
Revenue	**355.0**	**55.2**	**40.5**	**-**	**450.7**	332.8	61.9	35.6	-	430.3
Period-on-period % change	***6.7%***	***(10.8)%***	***13.8%***	**-**	***4.7%***	*(18.1)%*	*(18.0)%*	*(1.9)%*	-	*(17.0)%*
Gross profit	**24.0**	**5.6**	**9.4**	**-**	**39.0**	21.6	5.6	7.0	-	34.2
Period-on-period % change	**11.1%**	**-**	**34.3%**	**-**	**14.0%**	(23.7)%	(30.9)%	(28.6)%	-	(26.0)%
Gross profit %	***6.8%***	***10.1%***	***23.2%***	**-**	***8.7%***	*6.5%*	*9.0%*	*19.7%*	-	*7.9%*
Underlying operating profit /(loss)	**3.2**	**1.2**	**1.9**	**(1.7)**	**4.6**	1.3	1.1	(1.1)	(1.2)	0.1
Underlying operating profit as a % of revenue	***0.9%***	***2.2%***	***4.7%***	**-**	***1.0%***	*0.4%*	*1.8%*	*(3.1%)*	-	-
Underlying operating profit as a % of gross profit	***13.3%***	***21.4%***	***20.2%***	**-**	***11.8%***	*6.0%*	*19.6%*	*(15.7)%*	-	*0.3%*
Pre-IFRS16 net cash/(debt)	**-**	**-**	**-**	**-**	**20.9**	-	-	-	-	(36.2)
Post-IFRS16 net	**-**	**-**	**-**	**-**	**16.2**	-	-	-	-	(43.1)
Hours worked by temporary workers	**26.1m**	**3.6m**	**-**	**-**	**29.7m**	27.4m	3.9m	-	-	31.3m

Revenues in the Recruitment GB division increased by £22.2m (6.7%) to £355.0m. The increase is as a result of new contract wins, notwithstanding the strategic exit from a low margin, large customer, as well as organic growth from existing customers following the easing of some lockdown restrictions.

Revenues in the Recruitment Ireland division decreased by £(6.7)m (10.8%) to £55.2m, reflecting a broader exposure to white collar and permanent recruitment, which were harder hit than the temporary recruitment market by lockdown restrictions.

PeoplePlus revenues increased by £4.9m (13.8%) to £40.5m, primarily as a result of an excellent performance from its 'employability' division and higher levels of activity in 2021 compared to the initial lockdown in 2020.

The sales mix between the operating divisions was unchanged compared with H1 2020, with the recruitment businesses accounting for 91% of revenue (2020: restated 92%).

Overall, gross profit increased by 14.0% to £39.0m (H1 2020: £34.2m) with Group gross profit margin (to which all three divisions contributed) increasing to 8.7% (H1 2020: 7.9%).

The gross margin for Recruitment GB increased year-on-year, from 6.5% in H1 2020 to 6.8% in H1 2021, despite the increase in the National Living Wage in April 2020, from £8.21 to £8.72 per hour for over 25s. This does not impact absolute gross profit but does negatively impact the gross margin percentage achieved. This dynamic will continue with the increase in April 2021 to £8.91 per hour for over 25s. As the lockdown restrictions have eased, the contract mix has changed reducing the proportion of activity with the supermarkets, which are traditionally lower margin contracts.

The gross margin for Recruitment Ireland increased from 9.0% in H1 2020 to 10.1% in H1 2020, close to the pre-pandemic level, which was achieved by very tight margin management.

The gross margin for PeoplePlus increased from 19.7% in H1 2020 to 23.2% in H1 2021 due to the return to normal contractual pricing following a period in which some Government contracts were supported by cost plus recovery.

Reflecting the solid performance by all three divisions in the period as well as the continued overhead cost disciplines initiated in 2020, underlying operating profit was £4.6m (H1 2020 restated: £0.1m). Total non-underlying charges before tax were £(4.0)m (H1 2020 restated: £(44.8)m) as described below. Finance charges were £(1.4)m (H1 2020 restated, underlying: £(2.1)m). These movements generated a reported loss before taxation of £(0.8)m in H1 2021 (H1 2020 restated: £(46.8)m).

The reported loss after tax on continuing activities for H1 2021 was £(0.6)m (H1 2020 restated: £(45.9)m).

Non-underlying administrative charges

Non-underlying charges before tax have decreased to £4.0m in H1 2021 (H1 2020 restated: £44.8m), as shown below.

Non-underlying charges	**Six-months ended 30 June Unaudited 2021 £m**	Six-months ended 30 June Unaudited 2020 £m
Reorganisation, rationalisation & restructuring costs	**-**	1.9
Transaction costs – business acquisitions and strategic options	**-**	0.6
Finance costs – Refinancing arrangement fees and exit fees	**-**	2.1
Amortisation of intangible assets arising on business combinations	**4.0**	4.8
Goodwill impairment	**-**	35.3
Share-based payment charges	**-**	0.1
Total non-underlying charges before tax	**4.0**	44.8

Taxation

There is £nil tax charge for the period (H1 2020: £0.9m) due to the use of brought forward tax losses offset against chargeable profits.

Statement of financial position, cash generation and financing

The Group's total equity increased by £46.5m over the six months from 31 December 2020, following the equity fundraise in June 2021.

The movement in net debt is shown in the table below. The movement in working capital includes an increase in trade and other receivables and accrued income of £11.9m. As part of the new receivables financing agreement ("RFA"), £17.8m of previously non-recourse financed receivables were brought onto the balance sheet and included in the RFA. This increase was offset by further improvement in trade receivables collection.

Movement in net debt	H1 2021 Unaudited £m	H1 2020 Unaudited £m
Opening net debt (pre IFRS16)	**(8.8)**	(59.5)
Cash generated before change in working capital and share options (note 11)	**7.2**	0.1
Movements in working capital	**(24.2)**	30.4
Net taxation and interest received/(paid)	**4.5**	(4.9)
Capital investment (net of disposals)	**(1.9)**	(1.1)
Net proceeds from the issue of share capital (note 10)	**46.4**	-
Payments from restricted funds for NMW	**0.9**	9.2
Settlement of NMW liabilities from restricted funds	**(0.5)**	(9.2)
Principal repayments of lease liabilities	**(0.8)**	(1.7)
Debt transaction costs	**(1.9)**	-
Employee equity settled share options	**-**	0.1
Impact of foreign exchange loss on operating activities	**-**	0.4
Closing net cash/(debt) (pre-IFRS16)	**20.9**	(36.2)
IFRS16 lease liabilities	**(4.7)**	(6.9)
Closing net cash/(debt) (post-IFRS16)	**16.2**	(43.1)

The Group ended H1 2021 with pre-IFRS16 net cash of £20.9m, compared to net debt of £(36.2)m at H1 2020. Post-IFRS16 net cash was £16.2m at H1 2021 compared to net debt of £(43.1)m at H1 2020. This turnaround is principally due to the net proceeds of the equity raise of £46.4m in June 2021, c.£15m of timing benefits which are expected to unwind and further improvements in trading cash flow and cash collection efficiency, which have generated an additional c.£10m. The equity and debt refinancing have transformed the Company's balance sheet and repositioned the Group for the medium term.

The table below reconciles underlying EBITDA (earnings before interest, taxation, depreciation and amortisation), to operating loss.

Reconciliation of operating loss to EBITDA	H1 2021 Unaudited £m	H1 2020 Unaudited Restated £m
Operating profit/(loss)	**0.6**	(42.6)
Non-underlying charges	**4.0**	42.7
Underlying operating profit	**4.6**	0.1
Depreciation	**2.6**	3.5
Underlying EBITDA	**7.2**	3.6
Lease rental payments	**(0.9)**	(1.7)
Underlying EBITDA (pre-IFRS16)	**6.3**	1.9

Note: Operating profit before amortisation of intangible assets arising on business combinations and, in the six months ended 30 June 2020, goodwill impairments and other non-underlying charges.

The Group's headroom relative to available committed banking facilities as at 30 June 2021 was £87.8m (30 June 2020: £38.4m) as set out below:

	H1 2021 Unaudited £m	H1 2020 Unaudited £m
Cash at bank	**29.2**	32.3
Available receivables finance facility unutilised	**58.6**	6.1
Banking facility headroom	**87.8**	38.4

Refinancing: New Credit Facilities June 2021

On 10 June 2021, the Group entered into a new Receivables Financing Agreement ("RFA") to replace the existing Group funding arrangements. The RFA contained certain requirements to be met before completion, the most significant of which was that the Company raise new equity capital of at least £40.0m. This condition was satisfied and the RFA became effective on 10 June 2021.

The key terms of the new facility, which is provided jointly by RBS Invoice Finance Limited, ABN AMRO Asset Based Finance N.V., UK Branch and Leumi ABL Limited, are set out below:

I. Maximum receivables financing facility of £90.0m over a four-and-a-half-year term, with a one-year extension option;
II. An Accordion option of up to an additional £15.0m, subject to lender approval;
III. Security on all of the assets and undertakings of the Company and certain subsidiary undertakings;
IV. Interest accruing at 2.75% over SONIA, with a margin ratchet downward to 2.00%, dependent upon the Group's leverage multiple reducing to 3.00x;
V. A non-utilisation fee of 0.35% of the margin;
VI. Maximum net debt (averaged over a rolling three months) to EBITDA leverage covenant commencing at 5.95x followed by a gradual reduction to 4.0x by October 2023; and
VII. Minimum interest cover covenant of 2.25x the last twelve months EBITDA to finance charges.

The new facility enabled the cancellation of the existing facilities, comprising a Revolving Credit Facility ("RCF") of £20.0m and a Receivables Financing Facility ("RFF") of £68.2m, and also the non-recourse Receivables Purchase Facility of £25.0m.

The Group also has available a number of separate, non-recourse, Customer Financing arrangements whereby specific customer invoices are settled in advance of their normal settlement date. At 30 June 2021, the value of invoices funded under these arrangements was £39.1m (H1 2020: £23.1m).

Dividend policy

No dividends will be declared by the Company for the 2021 financial year.

Going concern

The Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due over the assessment period. The Directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least eighteen months from when the financial statements are authorised for issue. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

International Financial Reporting Standards

There have been no new accounting standards or interpretations in the first half of 2021 which materially impact the Group's reported performance or financial position.

Daniel Quint
Chief Financial Officer
13 September 2021

Consolidated statement of comprehensive income
For the six months ended 30 June 2021

	Note	Six-month period ended 30 June 2021 Total Unaudited £'m	Six-month period ended 30 June 2020 Unaudited Restated £'m	Year ended 31 December 2020 Audited £'m
Continuing operations				
Revenue	2	450.7	430.3	927.6
Cost of sales		(411.7)	(396.1)	(853.0)
Gross profit		**39.0**	**34.2**	**74.6**
Administrative expenses		(38.4)	(76.8)	(118.9)
Operating profit/(loss)		**0.6**	**(42.6)**	**(44.3)**
Underlying operating profit before non-underlying administrative expenses		4.6	0.1	4.8
Administrative expenses (non-underlying)	3	(4.0)	(42.7)	(49.1)
Operating profit/(loss)	2	0.6	(42.6)	(44.3)
Finance costs		(1.4)	(4.2)	(7.3)
Loss for the period before taxation		**(0.8)**	**(46.8)**	**(51.6)**
Tax credit		0.2	0.9	3.1
Loss from continuing operations		**(0.6)**	**(45.9)**	**(48.5)**
Loss from discontinued operations		-	(0.9)	(4.2)
Loss for the period		**(0.6)**	**(46.8)**	**(52.7)**
Items that will not be reclassified to the statement of comprehensive income - actuarial gains and losses, net of deferred tax		0.7	(0.6)	(0.8)
Items that may be reclassified to the statement of comprehensive income – cumulative translation adjustment		-	0.4	(0.1)
Total comprehensive income/(loss) for the period		**0.1**	**(47.0)**	**(53.6)**
Earnings per ordinary share	4			
Continuing operations:				
Basic		(0.0p)	(67.7p)	(71.5p)
Diluted		(0.0p)	(67.7p)	(71.5p)

Comparative results for the period ended 30 June 2020 have been restated for the effect of the activities that were discontinued in 2020.

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity
For the six months ended 30 June 2021

Unaudited	Share capital £'m	Own shares JSOP £'m	Share premium £'m	Share-based payment reserve £'m	Profit and loss account £'m	Total equity £'m
At 1 January 2021	**6.9**	**(4.8)**	**75.1**	**0.6**	**(55.6)**	**22.2**
Issue of share capital	9.7	-	38.7	-	-	48.4
Costs of issue of share capital	-	-	(2.0)	-	-	(2.0)
Transactions with owners	9.7	-	36.7	-	-	46.4
Loss for the period	-	-	-	-	(0.6)	(0.6)
Actuarial gain, net of taxation	-	-	-	-	0.7	0.7
Total comprehensive income for the period, net of tax	-	-	-	-	**0.1**	**0.1**
At 30 June 2021	**16.6**	**(4.8)**	**111.8**	**0.6**	**(55.5)**	**68.7**

Consolidated statement of changes in equity
For the six months ended 30 June 2020

Unaudited	Share capital £'m	Own shares JSOP £'m	Share premium £'m	Share-based payment reserve £'m	Profit and loss account £'m	Total equity £'m
At 1 January 2020	**6.9**	**(4.8)**	**75.1**	**0.5**	**(1.9)**	**75.8**
Save As you Earn ("SAYE") share scheme – equity settled	-	-	-	0.1	-	0.1
Transactions with owners	-	-	-	0.1	-	0.1
Loss for the period	-	-	-	-	(46.8)	(46.8)
Actuarial losses	-	-	-	-	(0.6)	(0.6)
Cumulative translation adjustments	-	-	-	-	0.4	0.4
Total comprehensive loss for the period, net of tax	**-**	**-**	**-**	**-**	**(47.0)**	**(47.0)**
At 30 June 2020	**6.9**	**(4.8)**	**75.1**	**0.6**	**(48.9)**	**28.9**

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2020

Audited	Share capital £m	Own shares JSOP £m	Share premium £m	Share-based payment reserve £m	Profit and loss account £m	Total equity £m
At 1 January 2019	**2.8**	**(4.8)**	**41.2**	**0.3**	**43.0**	**82.5**
Issue of share capital	4.1	-	36.9	-	-	41.0
Costs of issue of share capital	-	-	(3.0)	-	-	(3.0)
Save As You Earn (“SAYE”) share scheme – equity-settled	-	-	-	0.2	(0.2)	-
Transactions with owners	4.1	-	33.9	0.2	(0.2)	38.0
Loss for the year	-	-	-	-	(44.0)	(44.0)
Actuarial loss, net of taxation	-	-	-	-	(0.7)	(0.7)
Total comprehensive loss for the year, net of tax	**-**	**-**	**-**	**-**	**(44.7)**	**(44.7)**
At 31 December 2019	**6.9**	**(4.8)**	**75.1**	**0.5**	**(1.9)**	**75.8**
Save As You Earn (“SAYE”) share scheme – equity-settled	-	-	-	0.1	(0.1)	-
Transactions with owners	-	-	-	0.1	(0.1)	-
Loss for the year	-	-	-	-	(52.7)	(52.7)
Actuarial loss, net of taxation	-	-	-	-	(0.8)	(0.8)
Cumulative translation adjustments	-	-	-	-	(0.1)	(0.1)
Total comprehensive loss for the year, net of tax	**-**	**-**	**-**	**-**	**(53.6)**	**(53.6)**
At 31 December 2020	**6.9**	**(4.8)**	**75.1**	**0.6**	**(55.6)**	**22.2**

The accompanying notes form an integral part of these financial statements.

Consolidated statement of financial position
As at 30 June 2021

	Note	**30 June 2021 Unaudited £'m**	30 June 2020 Unaudited £'m	31 December 2020 Audited £'m
Assets				
Non-current assets				
Goodwill	5	59.6	59.6	59.6
Other intangible assets		20.4	28.9	24.3
Property, plant and equipment		8.6	12.6	9.6
Deferred tax asset		3.7	1.9	4.4
		92.3	103.0	97.9
Current assets				
Trade and other receivables (due after more than one year £nil, 2020: £0.6m)	6	118.1	123.3	105.1
Current tax asset		-	6.0	1.7
Cash and cash equivalents	7	29.2	32.3	24.5
Restricted cash	7	-	3.5	0.9
		147.3	165.1	132.2
Total assets		**239.6**	268.1	230.1
Liabilities				
Current				
Trade and other payables	8	151.3	150.7	153.3
Borrowings	9	8.3	38.5	13.3
Other liabilities		-	1.3	-
Provisions		1.5	5.1	3.8
Lease liabilities	9	1.6	2.3	1.6
		162.7	197.9	172.0
Non-current				
Borrowings	9	-	30.0	20.0
Other liabilities		0.3	0.4	7.3
Provisions		2.0	2.1	1.2
Lease liabilities	9	3.1	4.6	3.9
Deferred tax liabilities		2.8	4.2	3.5
		8.2	41.3	35.9
Total liabilities		**170.9**	239.2	207.9
Equity				
Share capital	10	16.6	6.9	6.9
Own shares		(4.8)	(4.8)	(4.8)
Share premium		111.8	75.1	75.1
Share-based payment reserve		0.6	0.6	0.6
Profit and loss account		(55.5)	(48.9)	(55.6)
Total equity		**68.7**	28.9	22.2
Total equity and liabilities		**239.6**	268.1	230.1

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows
For the six months ended 30 June 2021

	Note	**Six months ended 30 June 2021 Unaudited**	Six months ended 30 June 2020 Unaudited Restated	Year ended 31 December 2020 Audited
		£'m	£'m	£'m
Cash flows from operating activities	11	**(17.4)**	31.0	65.8
Taxation received/(paid)		5.9	(0.7)	(0.5)
Net cash (outflow)/inflow from operating activities		**(11.5)**	30.3	65.3
Cash flows from investing activities - trading				
Purchase of intangible assets – software		-	(0.5)	(1.3)
Sale of property, plant and equipment		-	-	0.2
Purchases of property, plant and equipment		(1.9)	(0.6)	(1.3)
Cash flows from investing activities - acquisitions				
Acquisition of businesses – deferred consideration for prior year acquisitions		-	-	(0.3)
Total cash flows arising from investing activities		**(1.9)**	(1.1)	(2.7)
Total cash flows arising from operating and investing activities		**(13.4)**	29.2	62.6
Cash flows from financing activities:				
New loans		-	38.5	43.0
Reduction in Receivables Finance Facility		(4.6)	-	(29.7)
Debt transaction costs		(1.9)	-	-
Loan repayments	9	(20.0)	(48.1)	(58.1)
Finance lease principal repayments		(0.8)	(1.7)	(3.4)
Interest paid		(1.4)	(4.2)	(8.5)
Payment from restricted fund		0.9	9.2	11.8
Settlement of NMW liabilities from restricted funds		(0.5)	(9.2)	(11.8)
Net proceeds from the issue of share capital	10	46.4	-	-
Net cash flows from/(used in) financing activities		**18.1**	(15.5)	(56.7)
Net change in cash and cash equivalents		**4.7**	13.7	5.9
Cash and cash equivalents at beginning of period		**24.5**	18.6	18.6
Cash and cash equivalents at end of period	7	**29.2**	32.3	24.5

The accompanying notes form an integral part of these financial statements.

Notes to the summary financial statements
For the six months ended 30 June 2021

1 Interim accounts and accounting policies

Staffline Group plc, a Public Limited Company, is incorporated and domiciled in the United Kingdom.

The unaudited condensed interim Group financial statements for the six-month period ended 30 June 2021 (including the comparatives for the six-month period ended 30 June 2020 and the year ended 31 December 2020) were approved and authorised for issue by the Board of Directors on 13 September 2021.

It should be noted that accounting estimates and assumptions are used in the preparation of the interim financial information. Although these estimates are based on management's best knowledge and judgement of current events, actual results may ultimately differ from those estimates. The unaudited interim Group financial statements have been prepared using the accounting policies as described in the December 2020 audited year-end Annual Report and have been consistently applied.

The interim Group financial information contained within this report does not constitute statutory accounts as defined in the Companies Act 2006, section 434. The full accounts for the year ended 31 December 2020 received an unqualified report from the auditors and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies.

Basis of preparation

The unaudited interim Group financial statements, which should be read in conjunction with the audited Annual Report for the year ended 31 December 2020, have been prepared in accordance with AIM Rules for Companies – Part One, Section 18 "Half-yearly reports".

The interim Group financial statements consolidate those of the parent company and all its subsidiaries as at 30 June 2021. Subsidiaries are all entities to which the Group is exposed, or has rights, to variable returns and has the ability to affect those returns through power over the subsidiary.

The unaudited Group financial statements have been prepared on a going concern basis using the significant accounting policies and measurement bases summarised in the December 2020 audited year-end Annual Report, and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with the Companies Act 2006, as applicable to companies reporting under IFRS. The financial statements are prepared under the historical cost convention except for contingent consideration and cash settled share options which are measured at fair value. The consolidated financial statements are presented in sterling, which is also the functional currency of the parent company.

Going concern

The Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due over the assessment period. The Directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least 18 months from when the financial statements are authorised for issue. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Notes to the summary financial statements (continued)
For the six months ended 30 June 2021

2 Segmental reporting

Management currently identifies three reportable segments: Recruitment GB, the provision of workforce recruitment and management to industry; Recruitment Ireland, the provision of generalist recruitment services; and PeoplePlus, the provision of skills training and probationary services. The Group's reportable segments are determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Group Chief Executive, with support from the Board.

Whilst there are individual legal entities within the three reportable segments, they are operated and reviewed as single units by the Board of Directors. Each legal entity within a reportable segment has the same management team, head office and have similar economic characteristics. Historically and going forward, practice has been to integrate new acquisitions into the main trading entities within each reportable segment.

Segment information for the reporting half-year is as follows:

	Six months ended 30 June 2021					Six months ended 30 June 2020				
Segment continuing operations	**Recruitment GB Unaudited £'m**	**Recruitment Ireland Unaudited £'m**	**PeoplePlus Unaudited £'m**	**Group costs Unaudited £'m**	**Total Group Unaudited £'m**	**Recruitment GB Unaudited £'m**	**Recruitment Ireland Unaudited £'m**	**PeoplePlus Unaudited Restated** £'m**	**Group costs Unaudited £'m**	**Total Group Unaudited Restated** £'m**
Revenue from external customers	355.0	55.2	40.5	-	**450.7**	332.8	61.9	35.6	-	**430.3**
Cost of sales	(331.0)	(49.6)	(31.1)	-	**(411.7)**	(311.2)	(56.3)	(28.6)	-	**(396.1)**
Segment gross profit	**24.0**	**5.6**	**9.4**	**-**	**39.0**	**21.6**	**5.6**	**7.0**	**-**	**34.2**
Administrative expenses (underlying)	(19.5)	(4.2)	(6.4)	(1.7)	**(31.8)**	(18.7)	(4.1)	(6.6)	(1.2)	**(30.6)**
Depreciation and software amortisation (underlying)	(1.3)	(0.2)	(1.1)	-	**(2.6)**	(1.6)	(0.4)	(1.5)	-	**(3.5)**
Segment underlying operating profit/(loss)*	**3.2**	**1.2**	**1.9**	**(1.7)**	**4.6**	**1.3**	**1.1**	**(1.1)**	**(1.2)**	**0.1**
Share-based payment charge	-	-	-	-	**-**	-	-	(0.1)	-	**(0.1)**
Amortisation of intangible assets arising on business combinations	(3.9)	-	(0.1)	-	**(4.0)**	(4.7)	-	(0.1)	-	**(4.8)**
Reorganisation costs	-	-	-	-	**-**	(0.3)	(0.1)	(1.2)	(0.3)	**(1.9)**
Strategic options	-	-	-	-	**-**	-	-	-	(0.6)	**(0.6)**
Goodwill impairment	-	-	-	-	**-**	(18.8)	-	(16.5)	-	**(35.3)**
Segment operating profit/(loss)	**(0.7)**	**1.2**	**1.8**	**(1.7)**	**0.6**	**(22.5)**	**1.0**	**(19.0)**	**(2.1)**	**(42.6)**
Refinancing costs – non-underlying	-	-	-	-	**-**	-	-	-	(2.1)	**(2.1)**
Finance costs	(0.8)	(0.2)	-	(0.4)	**(1.4)**	(0.6)	-	-	(1.5)	**(2.1)**
(Loss)/profit for the period before taxation	**(1.5)**	**1.0**	**1.8**	**(2.1)**	**(0.8)**	**(23.1)**	**1.0**	**(19.0)**	**(5.7)**	**(46.8)**
Tax credit	0.4	(0.2)	-	-	**0.2**	0.7	-	0.2	-	**0.9**
Net (loss)/profit for the period	**(1.1)**	**0.8**	**1.8**	**(2.1)**	**(0.6)**	**(22.4)**	**1.0**	**(18.8)**	**(5.7)**	**(45.9)**

* Segment underlying operating profit before amortisation of intangible assets arising on business combinations, reorganisation costs, other non-underlying costs and the non-cash charge/credit for share-based payment costs

** Prior year results have been restated to exclude Apprenticeships from People Plus

Notes to the summary financial statements (continued)
For the six months ended 30 June 2021

2 Segmental reporting (continued)

Segment continuing operations	Six months ended 30 June 2021					Six months ended 30 June 2020				
	Recruitment GB Unaudited £'m	Recruitment Ireland Unaudited £'m	PeoplePlus Unaudited £'m	Group costs Unaudited £'m	Total Group Unaudited £'m	Recruitment GB Unaudited £'m	Recruitment Ireland Unaudited £'m	PeoplePlus Unaudited £'m	Group costs Unaudited £'m	Total Group Unaudited £'m
Total non-current assets	42.4	11.3	38.6	-	**92.3**	47.2	15.8	40.0	-	103.0
Total current assets	104.6	22.4	20.3	-	**147.3**	123.6	21.3	20.2	-	165.1
Total assets	**147.0**	**33.7**	**58.9**	**-**	**239.6**	170.8	37.1	60.2	-	268.1
Total liabilities	**133.0**	**16.7**	**21.2**	**-**	**170.9**	161.4	23.0	24.2	30.6	239.2
Capital expenditure inc software	1.3	-	0.6	-	**1.9**	0.6	-	0.5	-	1.1

Segment information for the year ended 31 December 2020 is as follows:

Segment continuing operations	**Recruitment GB 2020 £m**	**Recruitment Ireland 2020 £m**	**PeoplePlus 2020 £m**	**Group Costs 2020 £m**	**Total Group 2020 £m**
Sales revenue from external customers	732.1	120.5	75.0	-	**927.6**
Cost of sales	(685.9)	(110.0)	(57.1)	-	**(853.0)**
Segment gross profit	**46.2**	**10.5**	**17.9**	**-**	**74.6**
Administrative expenses	(38.2)	(8.2)	(13.4)	(2.6)	**(62.4)**
Depreciation, software & lease amortisation	(3.8)	(0.7)	(2.9)	-	**(7.4)**
Segment underlying operating profit/(loss)*	**4.2**	**1.6**	**1.6**	**(2.6)**	**4.8**
Reorganisation costs	(2.0)	(0.7)	-	(1.3)	**(4.0)**
Transaction costs	-	-	-	(0.5)	**(0.5)**
Amortisation of intangibles arising on business combinations	(7.6)	(1.4)	(0.2)	-	**(9.2)**
Goodwill impairment	(18.8)	-	(16.5)	-	**(35.3)**
Share-based payment charge	-	-	(0.1)	-	**(0.1)**
Segment loss from operations	**(24.2)**	**(0.5)**	**(15.2)**	**(4.4)**	**(44.3)**
Finance costs	(2.5)	(0.2)	(0.1)	(4.5)	**(7.3)**
Segment loss before taxation	**(26.7)**	**(0.7)**	**(15.3)**	**(8.9)**	**(51.6)**
Tax credit	0.6	0.2	0.7	1.6	**3.1**
Segment loss from continuing operations	**(26.1)**	**(0.5)**	**(14.6)**	**(7.3)**	**(48.5)**
Total non-current assets	45.9	11.5	40.5	-	**97.9**
Total current assets	97.9	15.6	18.4	-	**131.9**
Total assets (consolidated)	**143.8**	**27.1**	**58.9**	**-**	**229.8**
Total liabilities (consolidated)	**142.3**	**22.4**	**21.9**	**20.6**	**207.2**
Capital expenditure inc software	1.2	0.1	1.3	-	**2.6**

No customer contributed more than 10% of the Group's revenue in either of the six months ended 2021 or 2020.

Notes to the summary financial statements (continued)
For the six months ended 30 June 2021

3 Non-underlying expenses

Administrative expenses	**Six months ended 30 June 2021 Unaudited £'m**	Six months ended 30 June 2020 Unaudited £'m	Year ended 31 December 2020 Audited £'m
Reorganisation costs	-	1.9	4.0
Transaction costs - business acquisitions and strategic options	-	0.6	0.5
Goodwill impairment (see note 5)	-	35.3	35.3
Amortisation of intangible assets arising on business combinations (licences and customer contracts)	4.0	4.8	9.2
Share-based payment charges	-	0.1	0.1
	4.0	42.7	49.1
Refinancing costs (included in Finance costs)	-	2.1	3.2
	4.0	**44.8**	**52.3**
Tax credit on above non-underlying costs	(0.8)	(0.3)	(0.4)
Post taxation effect on above non-underlying costs	**3.2**	**44.5**	**51.9**

Reorganisation costs related to restructuring of the Recruitment GB division and represents staff redundancy and property closure costs.

Transaction costs related to advice in connection with the Group's strategic options.

Costs incurred for refinancing the Group's bank credit facilities, comprise arrangement fees and legal and advisory fees.

Goodwill impairment arose from the revision of the carrying values of the Recruitment GB and PeoplePlus divisions using forecasts updated for the effect of the COVID-19 pandemic. Further details are provided in note 5.

Notes to the summary financial statements (continued)
For the six months ended 30 June 2021

4 Earnings per share and dividends

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period, after deducting any shares held in the Joint Share Ownership Plan or "JSOP" – "own shares" (1,140,000 shares at 30 June 2021, at 30 June 2020 and at 31 December 2020). The calculation of the diluted earnings per share is based on the basic earnings per share as adjusted to further take into account the expected issue of ordinary shares resulting from any share options granted to certain Directors and share options granted to employees in 2017, 2018 and 2019 under the SAYE scheme.

Details of the earnings and weighted average number of shares used in the calculations are set out below:

	Basic six- month period ended 30 June 2021 Unaudited	Basic six-month period ended 30 June 2020 Unaudited Restated	Basic Year ended 31 December 2020 Audited	**Diluted six-month period ended 30 June 2021 Unaudited**	Diluted six-month period ended 30 June 2020 Unaudited Restated	Diluted Year ended 31 December 2020 Audited
Loss from continuing operations (£m)	**(0.8)**	(45.9)	(48.5)	**(0.8)**	(45.9)	(48.5)
Weighted daily average number of shares	**78,926,391**	67,790,086	67,790,086	**78,926,391**	67,790,086	67,790,086
Loss per share from continuing operations (p)	**(0.0)p**	(67.7)p	(71.5)p	**(0.0)p**	(67.7)p	(71.5)p
Underlying earnings/(loss) from continuing operations (£m)*	**2.4**	(2.0)	3.4	**2.4**	(2.0)	3.4
Underlying earnings/(loss) per share (p)*	**3.0p**	(3.0)p	5.0p	**3.0p**	(3.0)p	5.0p

*Underlying earnings after adjusting for amortisation of intangible assets arising on business combinations, business acquisition costs, exceptional reorganisation costs, the non-cash charge/credit for share-based payment costs.

Dividends

No interim dividend for 2021 is proposed (2020: £nil).

Notes to the summary financial statements (continued)
For the six months ended 30 June 2021

5 Goodwill

The breakdown of Goodwill carrying value by division is listed below:

	30 June 2021 Unaudited £'m	30 June 2020 Unaudited £'m	31 December 2020 Audited £'m
Recruitment GB	21.4	21.4	21.4
Recruitment Ireland	5.7	5.7	5.7
PeoplePlus	32.5	32.5	32.5
Total	**59.6**	**59.6**	**59.6**

Impairment – Goodwill
Management consider there to be three cash-generating units ("CGU"), being Recruitment GB, Recruitment Ireland and PeoplePlus, in line with the reportable segments defined in note 2. These three cash-generating units have been tested for impairment.

The recoverable amount of goodwill was determined based on a value-in-use calculation, using forecasts for 2021-23, followed by an extrapolation of expected cash flows over the next two years with a 0% growth rate for each cash-generating unit. Pre-tax discount rates of 13.0% for Recruitment GB, 12.0% for Recruitment Ireland and 10.8% for PeoplePlus (2020: 11.7% for Recruitment GB, 10.9% for Recruitment Ireland and 11.7% for PeoplePlus) were used based on the weighted average costs of capital for each operating segment.

The recoverable amounts of the CGU's, having considered the higher of value-in-use and fair value less costs to sell, were £78.3m for Recruitment GB, £21.3m for Recruitment Ireland and £53.0m for PeoplePlus, all being value-in-use.

The results of the impairment review performed showed headroom in all cash-generating units and accordingly no impairment needed. The review also indicated that no provision is required to write down the carrying value of other intangible assets and tangible fixed assets (year ended 31 December 2020: £nil).

In making the assessment of the recoverability of assets within each CGU a number of judgements and assumptions were required.

The critical judgement relates to the determination of the CGU's. Whilst there are individual legal entities within the three segments, they are operated and reviewed as single units by the Board of Directors. Each reportable segment has its own management team and head office. The Group's strategy, historically and going forward, has been to integrate new acquisitions into the main trading entities within each reportable segment.

Notes to the summary financial statements (continued)
For the six months ended 30 June 2021

5 Goodwill (continued)

The key estimates in determining the value of each CGU are:

1. *The discount rate.* In the calculations we have utilised a pre-tax discount rate of 13.0% (2020: 11.7%) for Recruitment GB, 12.0% (2020: 10.9%) for Recruitment Ireland and 10.8% (2020: 11.7%) for PeoplePlus and a terminal growth value of 0%. The calculations highlighted no impairment was needed. A 1% increase in the discount rates still results in no impairment.

2. *The achievability of the forecasted future cash flows.* There is an inherent uncertainty regarding the achievability of forecasts, as there are macro-economic factors outside of the Group's control. A sustained underperformance of 10% reduces headroom to £28.9m, £8.6m and £11.3m for Recruitment GB, Recruitment Ireland and PeoplePlus respectively. A sustained underperformance of 43% would be required before any impairment was necessary to the goodwill.

6 Trade and other receivables

	30 June 2021 Unaudited £'m	30 June 2020 Unaudited Restated £'m	31 December 2020 Audited £'m
Trade and other receivables	105.7	113.2	89.4
Accrued income	12.4	9.5	15.7
	118.1	**122.7**	**105.1**
Amounts falling due after more than one year			
Other receivable	-	0.6	-
	118.1	**123.3**	**105.1**

Notes to the summary financial statements (continued)
For the six months ended 30 June 2021

7 Cash and cash equivalents

	30 June 2021 Unaudited £'m	30 June 2020 Unaudited £'m	31 December 2020 Audited £'m
Cash and cash equivalents	29.2	32.3	24.5
Restricted cash	-	3.5	0.9

Cash and cash equivalents consist of cash on hand and balances with banks only. At 30 June 2021, £29.2m (30 June 2020: £32.3m, 31 December 2020: £24.5m) of cash on hand and balances with banks were held by subsidiary undertakings but these balances are available for use by the Group.

Restricted cash relates to amounts held in escrow to satisfy the NMW remediation and financial penalties relating to historic HMRC National Minimum Wage breaches.

Long term credit ratings for the four banks used by the Group are currently as follows:

	Fitch	Standard & Poors	Moody's
Lloyds Banking Group plc	A+	BBB+	A3
Bank of Ireland Group plc	BBB	BBB-	Baa2
HSBC Holdings plc	A+	A-	A2
Royal Bank of Scotland plc	A+	A	A1*/A2

The group's banking facility headroom versus available bank facilities is as follows:

	30 June 2021 Unaudited £'m	30 June 2020 Unaudited £'m	31 December 2020 Audited £'m
Cash and cash equivalents	29.2	32.3	24.5
Available receivables finance facility balance	58.6	6.1	54.9
Banking Facility Headroom	**87.8**	**38.4**	**79.4**

Notes to the summary financial statements (continued)
For the six months ended 30 June 2021

8 Trade and other payables

	30 June 2021 Unaudited £'m	30 June 2020 Unaudited Restated £'m	31 December 2020 Audited £'m
Trade and other payables	8.8	8.6	18.7
Accruals and deferred income	60.1	64.4	54.0
Other taxation and social security	82.4	77.7	80.6
	151.3	**150.7**	**153.3**

The Group took advantage of the UK Government scheme for the deferral of VAT payments between March and June 2020. The total deferral under the scheme amounted to £42.4m after offset of a Corporation Tax refund due from 2018. Repayment of the balance is due to be paid over instalments commencing from June 2021. As at 30 June 2021 £40.7m (31 December 2020: £42.9m) is outstanding.

9 Borrowings

	30 June 2021 Unaudited £'m	30 June 2020 Unaudited £'m	31 December 2020 Audited £'m
Current liabilities:			
Receivables finance facility	(8.3)	(38.5)	(13.3)
Lease liabilities	(1.6)	(2.3)	(1.6)
	(9.9)	**(40.8)**	**(14.9)**
Non-current liabilities:			
Revolving credit facility	-	(30.0)	(20.0)
Lease liabilities	(3.1)	(4.6)	(3.9)
	(3.1)	**(34.6)**	**(23.9)**
Total borrowings	**(13.0)**	**(75.4)**	**(38.8)**
Less: Cash and cash equivalents (note 7)	29.2	32.3	24.5
Net cash/(debt) as disclosed in consolidated statement of cash flows (note 11)	**16.2**	**(43.1)**	**(14.3)**

9 Borrowings (continued)

Refinancing on 10 June 2021

On 10 June 2021, the Group entered into a new Receivables Financing Agreement ("RFA") to replace the existing Group funding arrangements. The RFA contained certain requirements to be met before completion, the most significant of which was that the Company raise new equity capital of at least £40.0m. This condition was satisfied and the RFA became effective on 10 June 2021.

The key terms of the new facility, which is provided jointly by RBS Invoice Finance Limited, ABN AMRO Asset Based Finance N.V., UK Branch and Leumi ABL Limited, are set out below:

i) Maximum receivables financing facility of £90.0m over a four-and-a-half-year term, with a one-year extension option;
ii) An Accordion option of up to an additional £15.0m, subject to lender approval;
iii) Security on all of the assets and undertakings of the Company and certain subsidiary undertakings;
iv) Interest accruing at 2.75% over SONIA, with a margin ratchet downward to 2.0%, dependent upon the Group's leverage reducing to 3.00x;
v) A non-utilisation fee of 0.35% of the margin;
vi) Maximum net debt (averaged over a rolling three months) to EBITDA leverage covenant commencing at 5.95x followed by a gradual reduction to 4.0x by October 2023; and
vii) Minimum interest cover covenant of 2.25x the last twelve months EBITDA to finance charges.

The new facility enabled the cancellation of the existing facilities, comprising the RCF of £20.0m and the RFF of £68.2m and also the non-recourse Receivables Purchase Facility of £25.0m. The Group is also funded through customer financing agreements with some of its key customers.

Notes to the summary financial statements (continued)
For the six months ended 30 June 2021

10 Share capital

	30 June 2021 Unaudited £'m	30 June 2020 Unaudited £'m	31 December 2020 Audited £'m
Allotted and issued			
165,767,728 (June and December 2020: 68,930,486) ordinary 10p shares	**16.6**	6.9	6.9

	Six months ended 30 June 2021 '000	Six months ended 30 June 2020 '000	Year ended 31 December 2020 '000
Shares issued and fully paid at the beginning of the period	**68,930**	68,930	68,930
Shares issued during the period	96,838	-	-
Shares issued and fully paid at end of period	**165,768**	68,930	68,930

All Ordinary Shares have the same rights and there are no restrictions on the distribution of dividends or repayment of capital with the exception of the 1,140,400 shares held at 30 June 2021 (2020: 1,140,400 shares) by the Employee Benefit Trust where the right to dividends has been waived.

On 21 May 2021 the Group announced a proposed Placing, Subscription and Open Offer (the "Fundraise"), following conditional agreement of a new debt refinancing the previous day. The Fundraise comprised the following elements:

- A total of 87,249,500 new ordinary shares of 10 pence each placed at a price of 50 pence per share (the "Issue Price") to certain existing shareholders and new institutional investors;
- A total of 750,500 new ordinary shares of 10 pence each to certain Directors and employees of the Group at the issue price; and
- An open offer to existing shareholders for 10 shares for every 78 ordinary shares held, for a total of 8,837,242 new ordinary shares of 10 pence each at the issue price.

The total funds raised amounted to £48,418,621, from which issue costs of £1,998,950 were paid.

Notes to the summary financial statements (continued)
For the six months ended 30 June 2021

11 Cash flows from operating activities

Reconciliation of loss before taxation to net cash inflow from operating activities

	Six-month period ended 30 June 2021 Unaudited £'m	**Six-month period ended 30 June 2020 Unaudited Restated £'m**	Year ended 31 December 2020 Audited £'m
Loss before taxation			
- Continuing operations	(0.8)	(46.8)	(51.6)
- Discontinued operations	-	(0.9)	(5.0)
	(0.8)	(47.7)	(56.6)
Adjustments for:			
Finance costs	1.4	4.2	7.3
Depreciation and amortisation - underlying	2.6	3.5	7.4
Depreciation and amortisation - non-underlying	4.0	4.8	9.2
Loss on disposal of property, plant and equipment – discontinued operations	-	-	0.8
Impairment of goodwill	-	35.3	35.3
Cash generated before changes in working capital and share options	**7.2**	**0.1**	**3.4**
Change in trade and other receivables	(15.5)	9.1	27.6
Change in trade, other payables and provisions	(9.1)	21.3	34.6
Impact of foreign exchange loss on operating activities	-	0.4	0.1
Cash (utilised)/generated from operations	**(17.4)**	**30.9**	**65.7**
Employee equity settled share options	-	0.1	0.1
Net cash (outflow)/inflow from operating activities	**(17.4)**	**31.0**	**65.8**

Movement in net debt

	Six-month period ended 30 June 2021 Unaudited £'m	**Six-month period ended 30 June 2020 Unaudited £'m**	Year ended 31 December 2020 Audited £'m
Net debt at beginning of the period	(14.3)	(67.9)	(67.9)
Lease payments, additions, disposals and interest	0.8	1.5	2.9
Loan repayments	20.0	48.1	58.1
New loans, including RFF/RCF drawdowns/repayments	5.0	(38.5)	(13.3)
Change in cash and cash equivalents	4.7	13.7	5.9
Net cash/(debt) at end of period	**16.2**	**(43.1)**	**(14.3)**
Represented by:			
Cash and cash equivalents (note 7)	29.2	32.3	24.5
Current borrowings (note 9)	(8.3)	(38.5)	(13.3)
Lease liabilities (note 9)	(4.7)	(6.9)	(5.5)
Non-current borrowings (note 9)	-	(30.0)	(20.0)
Net cash/(debt) at end of period	**16.2**	**(43.1)**	**(14.3)**

Notes to the summary financial statements (continued)
For the six months ended 30 June 2021

12 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There were no material transactions with Directors of the Company during the period, except for those relating to remuneration.

The directors holding office at 30 June 2021 have the following beneficial interests in the Company's share capital:

	Number
Ian Lawson	231,577
Albert Ellis	320,000
Daniel Quint	225,320
Catherine Lynch	10,000
Ian Starkey	50,000
Richard Thomson	42,579
	879,476

Under the terms of the Company's 2021 long term incentive plan (the "2021 LTIP"), the Board has approved the award of and granted nil cost options (the "Options") over 1,678,279 ordinary shares of ten pence each in the Company ("Ordinary Shares") to certain employees, including persons discharging managerial responsibilities ("PDMRs"), as set out below.

Director / PDMR	**Position**	**Options granted**
Albert Ellis	Chief Executive Officer	573,770
Daniel Quint	Chief Financial Officer	450,820
Martina McKenzie	MD – Recruitment Ireland	180,328
Simon Rouse	MD – PeoplePlus	180,328
Frank Atkinson	MD – Recruitment GB	180,328

The vesting of the Options is subject to the satisfaction of the Company achieving certain financial performance criteria for the financial year ending 31 December 2023. 50% of the Options awarded are subject to achieving earnings per share hurdles and 50% are subject to achieving EBITDA hurdles. In addition, no Options will vest unless the average closing price of the Ordinary Shares for the last 30 business days of 2023 is above a minimum target. The Options will vest from 30 June 2024 (the "Vesting Period") and will be exercisable until 30 June 2031.

Following the grant of the Options, the total number of Ordinary Shares outstanding under the 2021 LTIP is 1,678,279, representing 1.0% of the Company's issued share capital.