

**Leading.
Trusted.
Changing lives.**

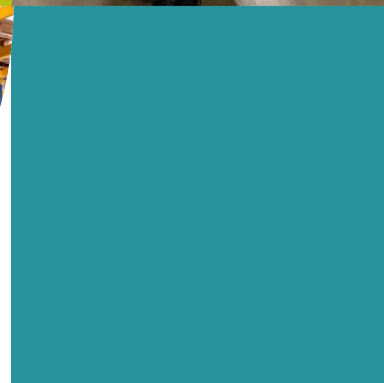
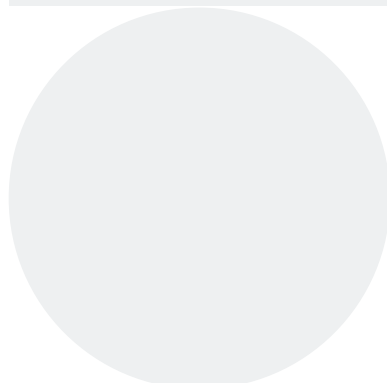
FY 2023 Results

Albert Ellis, Group CEO

Daniel Quint, Group CFO

19 March 2024

Staffline
Group PLC

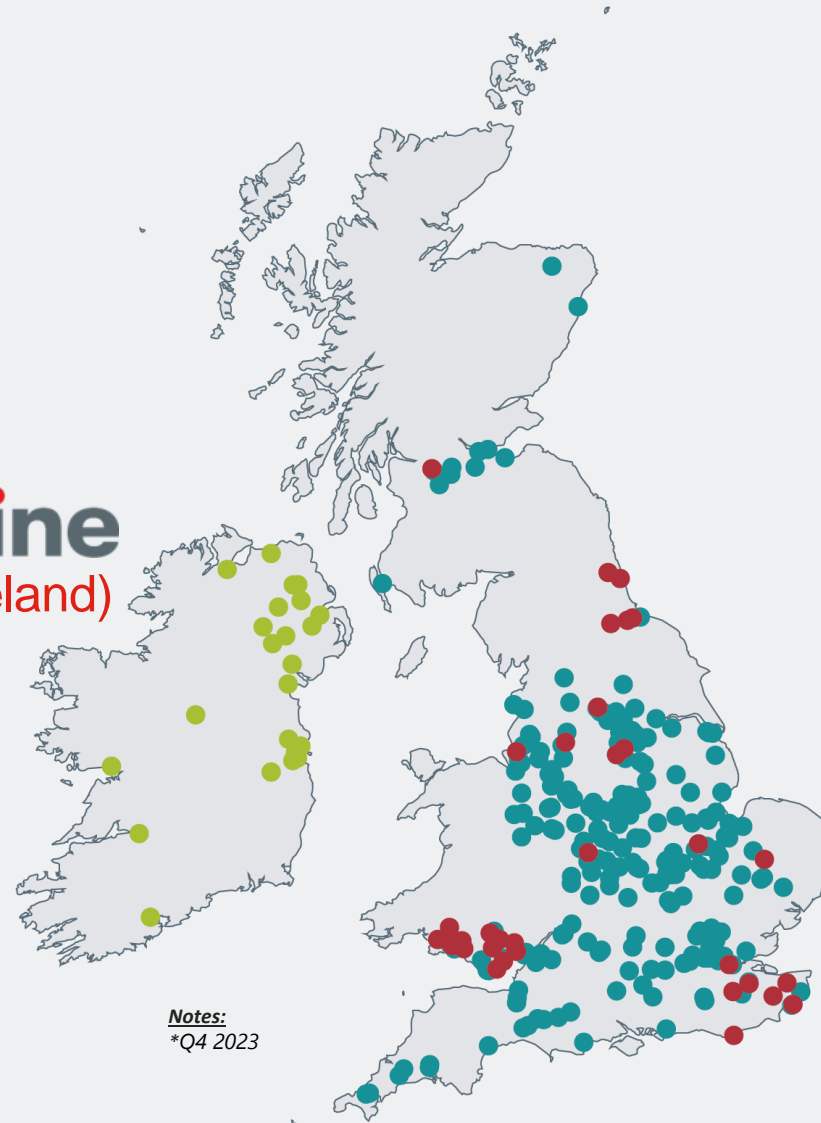


A leading national recruitment and training provider

Staffline
(Ireland)

Locations key:
● - Recruitment GB
● - PeoplePlus
● - Recruitment Ireland

Notes:
*Q4 2023



Staffline

DatumRPO

Omega

Brightwork
Recruitment

PeoplePlus
skills for growth

c. 35,000*
Temp workers

c. 400
On-sites

c. 69
Driving On-sites

c. 25
Branches

c. 15,000
Learners

72
Prisons



Our Vision

“ To be a **world class** recruitment and training group, the clear **market leader** and **trusted partner** known for **excellent service** and **integrity**, driven forward by **digital innovation**. ”

Strategy



MARKET LEADERSHIP

Using the Group’s scale and delivery expertise to organically grow market share



BROADEN THE PORTFOLIO

Increase white collar, RPO and new services such as Medical



REPUBLIC OF IRELAND

Expand operational footprint and win large new contracts



COMPLETE TURNAROUND OF PEOPLEPLUS

Secure the bulk of the current pipeline



DRIVE CASH GENERATION

Maintain strong balance sheet as competitive advantage and return excess cash to shareholders

Market share growth against challenging backdrop



- Resilient results and good strategic progress
- Revenue increase despite widely reported sector declines
- Significant organic opportunities secured and new contracts in Recruitment
- Material further reduction in the ongoing cost base despite wage and cost inflation
- Transformation of PeoplePlus into a focused business with a large pipeline
- Group underlying operating profit* 1.5% ahead of expectations
- Cash generation well ahead of expectations**
- Bank facilities refinanced on more favourable terms
- 10% share buy back

Notes:

**Presented on a continuing basis. Underlying operating profit results exclude goodwill impairment, amortisation of intangible assets arising on business combinations, reorganisation costs and other non-underlying charges*

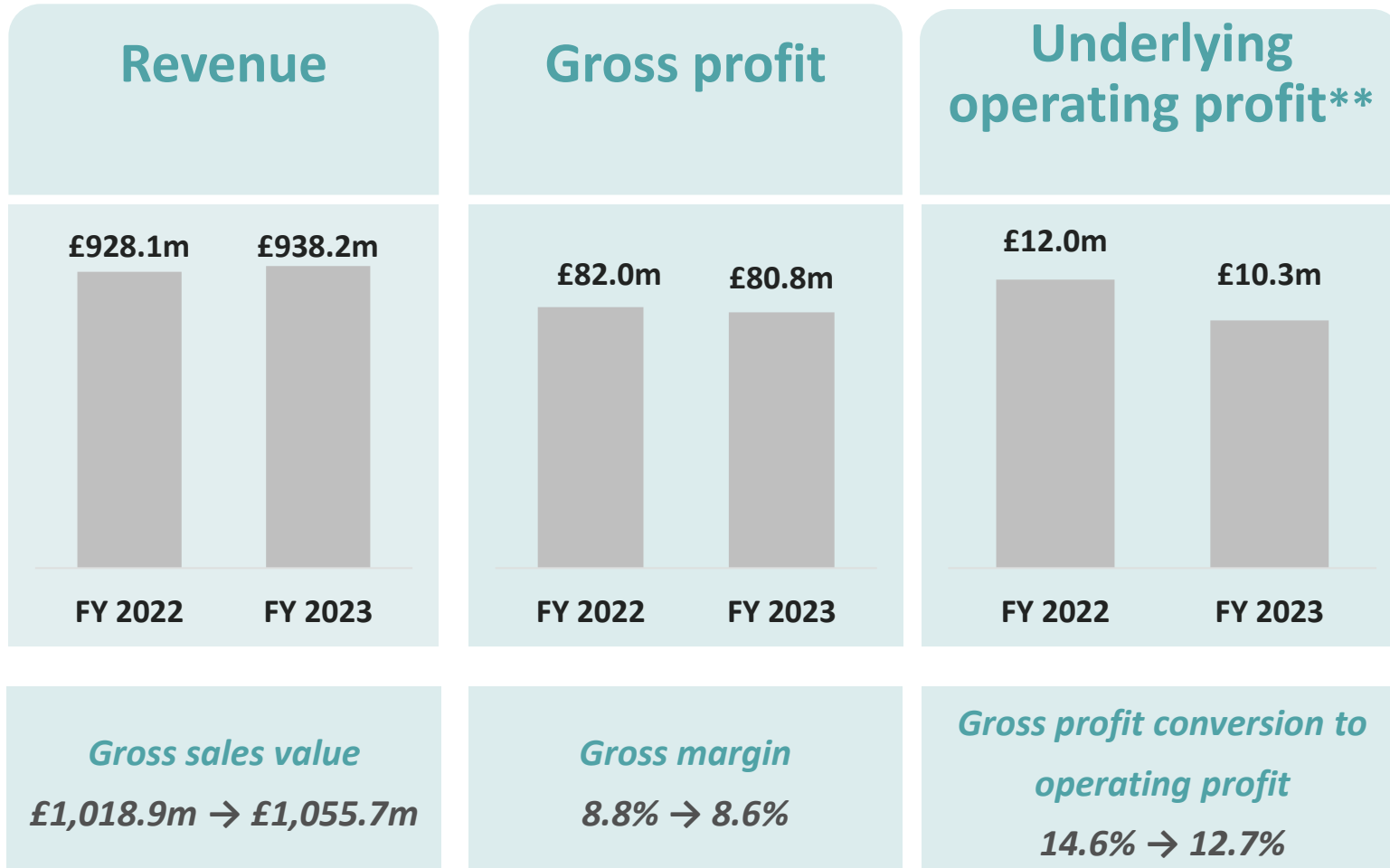
***Company-compiled consensus for FY 2023 underlying operating profit and Net debt (pre-IFRS 16), based on the mean average of two analyst estimates, stands at £10.15m and £3.0m, respectively*

Financial review

Daniel Quint, Group CFO



Revenue and profits*



- Revenue up by 1.1% highlighting market share gains
- Gross profit resilient vs. larger recruiters with Staffline being +90% temp
- Underlying operating profit slightly ahead of expectations
- Loss after tax of £(11.0)m includes:
 - £1.8m restructuring charge in Recruitment GB
 - £3.4m discontinued costs mainly from PeoplePlus in-person Skills business
 - £8.9m goodwill impairment in PeoplePlus

Notes:

*Presented on a continuing basis.

**Underlying results exclude goodwill impairment, amortisation of intangible assets arising on business combinations, reorganisation costs and other non-underlying charges

Strong cash generation and balance sheet, refinanced at reduced cost

- +£1.9m of income from interest rate cap offsets impact of steep interest rate increases on Net finance charge
- Strong cash generation underpinned £5m Share buyback, leaving residual net cash at year end
- Significant financing and covenant headroom
- Refinanced banking facilities at materially reduced costs
- OPPORTUNITY FOR INVESTMENT IN ORGANIC GROWTH

Net finance charges

£3.7m

+1.0m vs. last year

Net cash*

£3.8m

-1.2m vs. last year

Financing headroom

£62.4m

-13.5m vs. last year

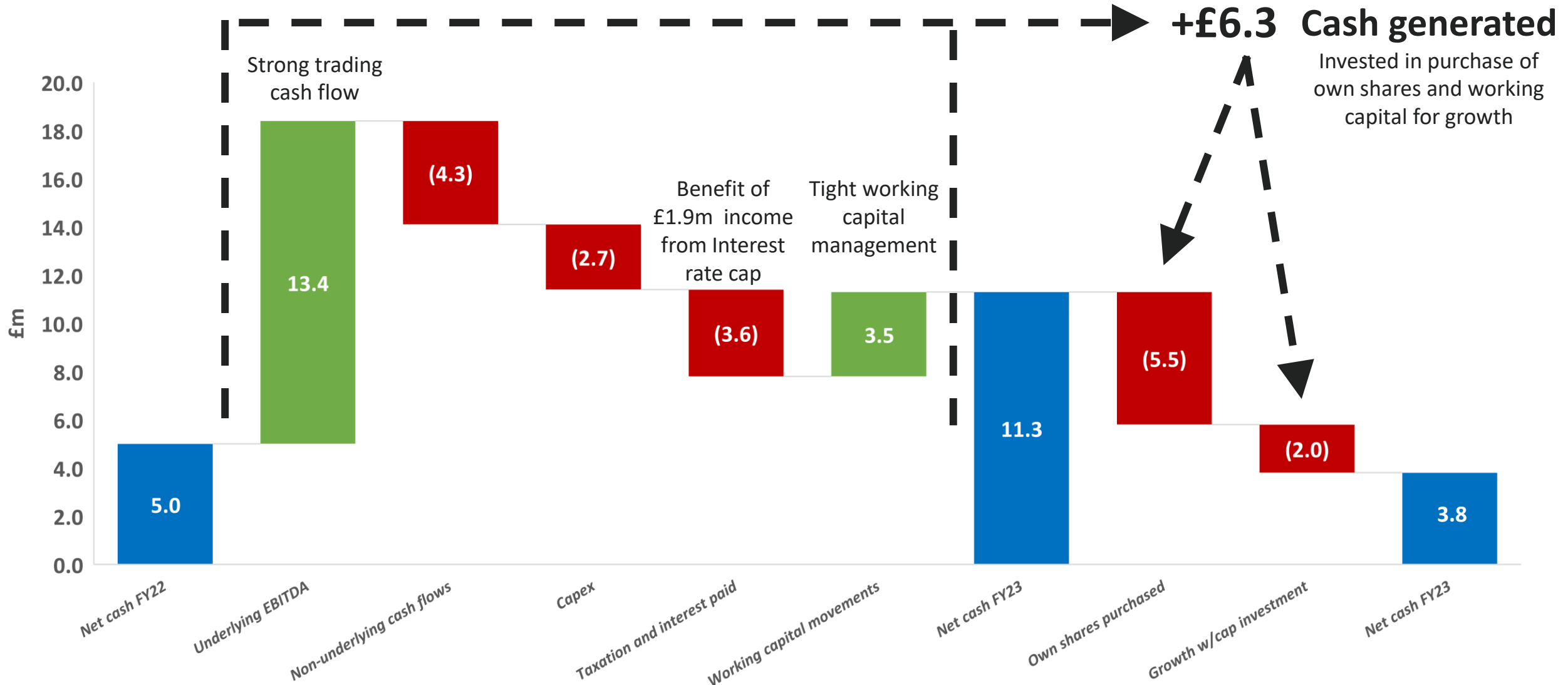
Leverage

0.5x EBITDA

Interest rate cover

3.5x

Strong cash generation enabling £5.5m own share purchase



Operational review

Albert Ellis, Group CEO



Recruitment GB 2023 results

- Organic growth increased revenue, gross profit & operating profit despite market decline
- Expansion in existing blue-collar customers
- Temp hours up during peak driven by organic growth
 - Q4 23 Hours ↑5.2%
- Perm recruitment resilient, down just ↓10.3%
- Engineering recruitment (Omega) reported strong year
- Efficiency programme increasing GP/OP conversion
- Compliance & assurance a significant factor in the current market

Revenue

£763.0m

+1.5% vs. last year

Gross profit

£51.9m

+0.2% vs. last year

Gross margin 6.9% → 6.8%

Underlying operating profit

£8.6m

+3.6% vs. last year

Gross profit conversion to
operating profit
16.0% → 16.6%

Three drivers of secular growth for Recruitment in 2024

New
organic
sites



“Following 3-year renewal to supply Tesco with labour, extending our relationship to over 18 years, we recently agreed to take over supply of four further warehouses and distribution operations in Daventry and Hinckley, involving the transfer of over 1,000 workers. This new award is testament to the growing strength of our strategic partnership”

Sole
supply



“Staffline have (subject to contract) renewed agreement with Morrisons to supply labour to their manufacturing and warehouse operations, running through to December 2025. Morrisons also agreed to transfer six operational sites to Staffline resulting in an increase to 95% of supply to all UK operations”

Sector
Consolidation



In 2023 secured 14 new warehouses, with more potential in the pipeline

Recruitment Ireland 2023 results

- 2023 year of investment and securing future growth
- Investment in Rep of Ireland, new services and tech
- Market affected by impasse in government
 - Permanent & temp fees down
 - Public sector spend on hold
- Multiple new contract wins
- Northern Ireland government up and running 2024
- Largest perm fee pipeline since 2019

Revenue

£108.3m

-2.4% vs. last year

Gross profit

£12.3m

-4.7% vs. last year

Gross margin 11.7% → 11.4%

Underlying operating profit

£1.8m

-1.4m vs. last year

Gross profit conversion to
operating profit

24.8% → 14.6%

New contract wins will drive growth in H2 2024



“We are thrilled to have been chosen by An Garda Síochána as its trusted recruitment partner. This partnership underscores our dedication to providing the highest quality workforce solutions and will allow us to contribute to the important work that An Garda Síochána does in keeping people safe.”

- T McKenzie, MD Staffline Ireland



**Energy for
generations**

Success in the Republic of Ireland continues with a new contract with the Electricity Board



Tier One Supplier of Recruitment to the Independent Commission for Reconciliation and Independent Recovery

PeoplePlus 2023 results

- **Market: low unemployment continues**
- **Politics: general election looming**
- **Cyclical commissioning trough for large contracts & new initiatives**
- **However... solid results from Prison Education & Employability**
- **Exited in-person skills and training, reduced overheads despite wage and cost inflation**

RESTART 2 year extension proposed
SCHEME

Revenue

£66.9m

+1.8% vs. last year

Gross profit

£16.6m

-4.0% vs. last year

Gross margin **26.3% → 24.8%**

Underlying operating profit

£3.1m

-0.7m vs. last year

Gross profit conversion to
operating profit

22.0% → 18.7%

£310m outstanding tenders, results to be announced in 2024



Ministry
of Justice

£288m

Direct **£190m**
Partners **£66m**
Other **£32m**



Department
for Work &
Pensions

£21m

Mental Health **£20m**
Glasgow **£1m**



Department for Levelling Up,
Housing & Communities

£1m

ESG

Daniel Quint, Group CFO



“Our focus is to make a positive difference to people’s lives and deliver social value to the communities in which we operate”

Staffline

 **PeoplePlus**

Making a positive difference to society

Supporting and developing our people

Reducing our environment impact

Doing business in a responsible way



The 'S' in E'S'G

Leading. Trusted. Changing lives.

ESG is a competitive
advantage.....

Staffline
Group PLC



Got work for
c.96,000 people
during 2023

Supported 16,850
unemployed
people through
the Restart
scheme

Trained c.8,500
for vacancies
available via our
Social
Recruitment
partners in 2023



20.4%
reduction in
CO2
emissions



Helped over
10,000
unemployed
people into work
during 2023

Support
c.10,000 carers
with Direct
payments



11,700 learners in
72 prisons started
over 27,000
courses in 2023

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Current trading & Outlook

“

Management are encouraged by the uplift in temp working hours which are c.5% higher for the first 10 weeks of 2024 compared to prior year, and the pipeline of permanent fees in Ireland, which is at record levels as a result of contract wins, and we await the outcomes from PeoplePlus' large outstanding bid pipeline

”



GB Recruitment

Working hours up c.5% in Q1
Logistics sector consolidation



Ireland

Largest perm pipeline
since 2019



PeoplePlus

c.£310m tenders outstanding,
Restart extension



Improved conversion ratio

Annualised benefit of cost
reduction flows into 2024



Q1 2024

Year has started well
“In line with management
expectations”

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Appendices

Divisional performance FY23

	Recruitment GB	Recruitment Ireland	PeoplePlus	Group costs	Total Group	Recruitment GB	Recruitment Ireland	PeoplePlus	Group costs	Total Group
	2023	2023	2023	2023	2023	2022	2022	2022	2022	2022
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	763.0	108.3	66.9	-	938.2	751.8	110.6	65.7	-	928.1
Gross sales	880.5	108.3	66.9	-	1,055.7	842.6	110.6	65.7	-	1,018.9
Gross profit	51.9	12.3	16.6		80.8	51.8	12.9	17.3		82.0
Gross profit margin	6.8%	11.4%	24.8%	-	8.6%	6.9%	11.7%	26.3%	-	8.8%
Underlying operating profit	8.6	1.8	3.1	(3.2)	10.3	8.3	3.2	3.8	(3.3)	12.0
Operating profit margin	1.1%	1.7%	4.6%	-	1.1%	1.1%	2.9%	5.8%	-	1.3%
Operating profit as % of gross profit	16.6%	14.6%	18.7%	-	12.7%	16.0%	24.8%	22.0%	-	14.6%

Balance sheet @ 31 December 2023

	2023 £'m	2022 £'m
Assets: Non-current		
Goodwill, intangibles, PPE	63.4	76.8
Deferred tax asset	4.4	5.0
	67.8	81.8
Assets: Current		
Trade and other receivables	129.4	119.8
Current tax asset	-	0.3
Derivative financial instrument	1.7	3.0
Cash	13.3	31.0
	144.4	154.1
Total assets	212.2	235.9
Liabilities: Current		
Trade and other payables	140.8	130.3
Borrowings	9.5	26.0
Other liabilities and provisions	3.4	2.4
	153.7	158.7
Liabilities: Non-current		
Other liabilities and provisions	3.6	5.5
	3.6	5.5
Total liabilities	157.3	164.2
Equity		
Share capital, premium, own shares	96.4	126.0
Profit and loss account	41.5	(54.3)
Total equity	54.9	71.7
Total equity and liabilities	212.2	235.9

Cash flow for FY 2023

	2023	2022
	£'m	£'m
(Loss)/profit before taxation from		
Continuing operations	(7.9)	1.9
Discontinued activities	(3.1)	-
Add back: Finance costs, depreciation, amortisation	22.1	16.1
Cash generated before movements in working capital	11.1	18.0
Change in receivables	(9.5)	(3.8)
Change in payables and provisions	10.8	(8.7)
Cash generated from operations	12.4	5.5
Tax	0.1	0.4
Capex	(2.7)	(3.3)
New loans, reduction in Receivables Finance Facility, loan repayments	(16.5)	3.1
Principal repayment of lease liabilities	(1.8)	(1.6)
Interest paid	(3.7)	(2.5)
Own shares purchased	(5.5)	(0.4)
Cash flows from investing and financing activities	(30.1)	(4.3)
Net change in cash and cash equivalents	(17.7)	1.2
Cash at beginning of the year	31.0	29.8
Cash at end of the year	13.3	31.0

Top 10 shareholders at 18 March 2024 represent 86.7 of shares in issue

	%
Henry Spain Investment Services	24.1
HRnet Group	17.0
Schroder Investment Management	12.8
Gresham House Asset Management	11.4
Aberdeen Standard Investments	7.1
Hargreaves Lansdown Stockbrokers	4.6
Interactive Investor	3.3
Fidelity International	3.2
AJ Bell	1.9
HDSL	1.3

Financing: margin and covenants

- **Interest margin accruing at 1.50% over SONIA**
 - ✓ margin of 1.50%, with the Group's leverage below 1.00 x Underlying EBITDA
 - ✓ A non-utilisation fee of 0.35%
- **Maximum leverage covenant**
 - ✓ 4.0x average net debt over rolling 3 months to Underlying EBITDA
- **Minimum interest cover covenant**
 - ✓ 2.25x the last twelve months Underlying EBITDA to finance charges

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