

A photograph of a warehouse interior. In the foreground, two workers wearing yellow hard hats and high-visibility yellow safety vests are standing and talking. One worker is holding a mobile device. To their left, a yellow forklift is partially visible. The background is filled with tall blue metal shelving units (pallet racks) stacked with numerous cardboard boxes. The floor is a smooth, light-colored concrete.

Full year results

Albert Ellis, CEO

Daniel Quint, CFO

A leading national recruitment and training provider

c. 38,000

temp
workers

c. 400

Onsites

c. 45

Driving
Onsites

c. 30

branches

c. 15,000

learners

54

prisons

c.20,000

prisoners

Staffline
(Ireland)

Staffline

DatumRPO

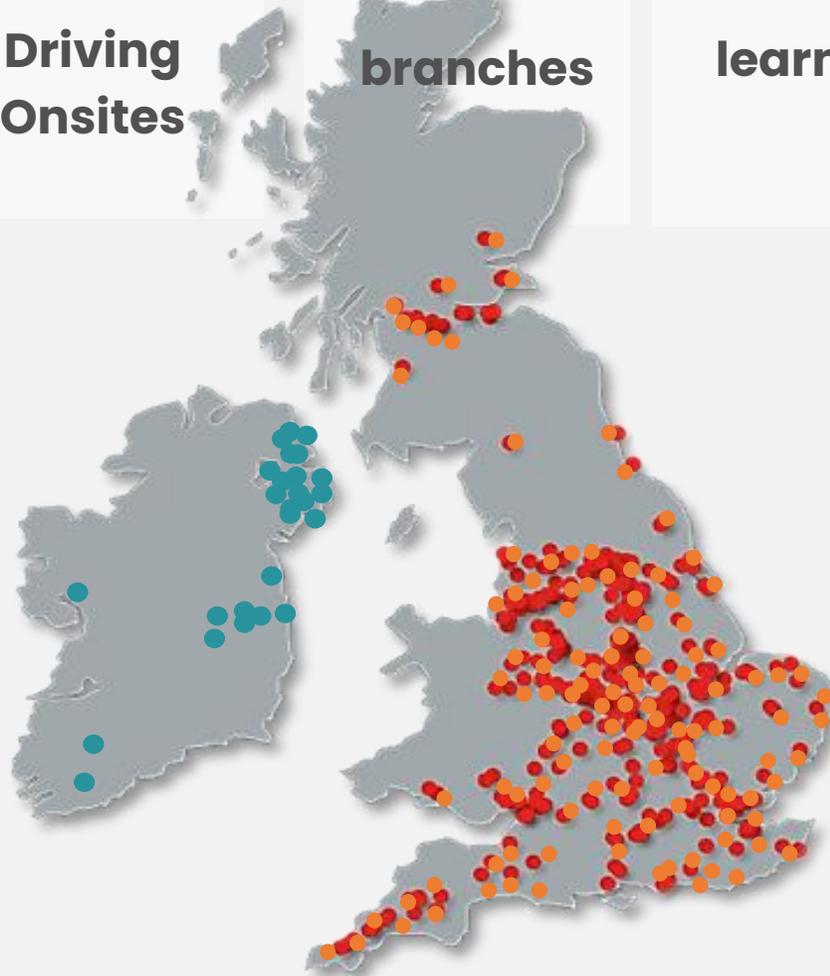
Omega

Brightwork
Recruitment

 **PeoplePlus**
skills for growth

Locations key:

- - Recruitment GB
- - PeoplePlus
- - Recruitment Ireland





Highlights 2021

Results ahead of expectations

Significant improvements

- Margins
- Conversion ratios
- Productivity

Strong organic like-for-like growth

All 3 divisions grew profitability

Strategic priorities achieved

New contracts

Equity raise & refinancing completed in 2021



Full year results

Daniel Quint, CFO

Revenue and profits

Revenue
+1.6%

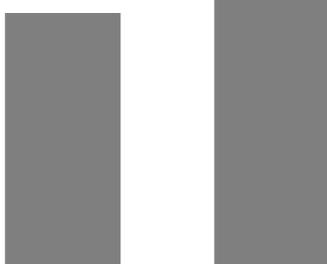
£927.6m £942.7m



2020 2021

Gross profit
+11.0%

£74.6m £82.8m



2020 2021

Gross margin
8.0% → 8.8%

Underlying operating profit*
+114.6%

£4.8m £10.3m



2020 2021

Gross profit conversion to operating profit
6.4% → 12.1%

- Exit from low margin customers
- Lockdown release led to recovery in higher margin customers
- Strong control of overheads drives conversion

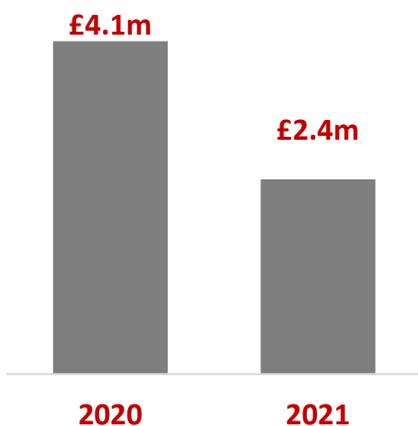
Notes:

These results relate to continuing activities. The 2020 results excluded the results of the Apprenticeships business sold in December 2020 and the Poland subsidiaries, which are held for sale.

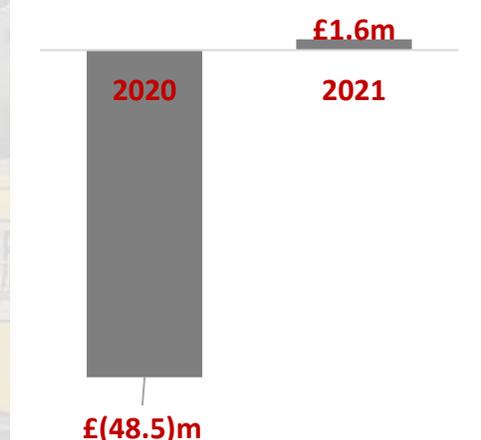
*Underlying operating profit before amortisation of intangible assets arising on business combinations, goodwill impairments, reorganisation costs and other non-underlying charges

Finance costs, Profit after tax and Net cash

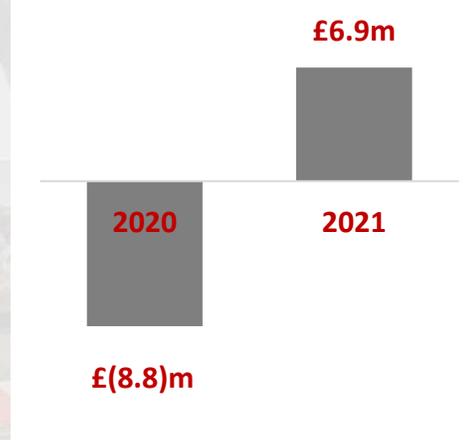
Finance costs
-41.5%



**Profit/(loss)
after tax**
+50.1m



**Net (debt)/cash
(pre-IFRS16)***
+15.7m



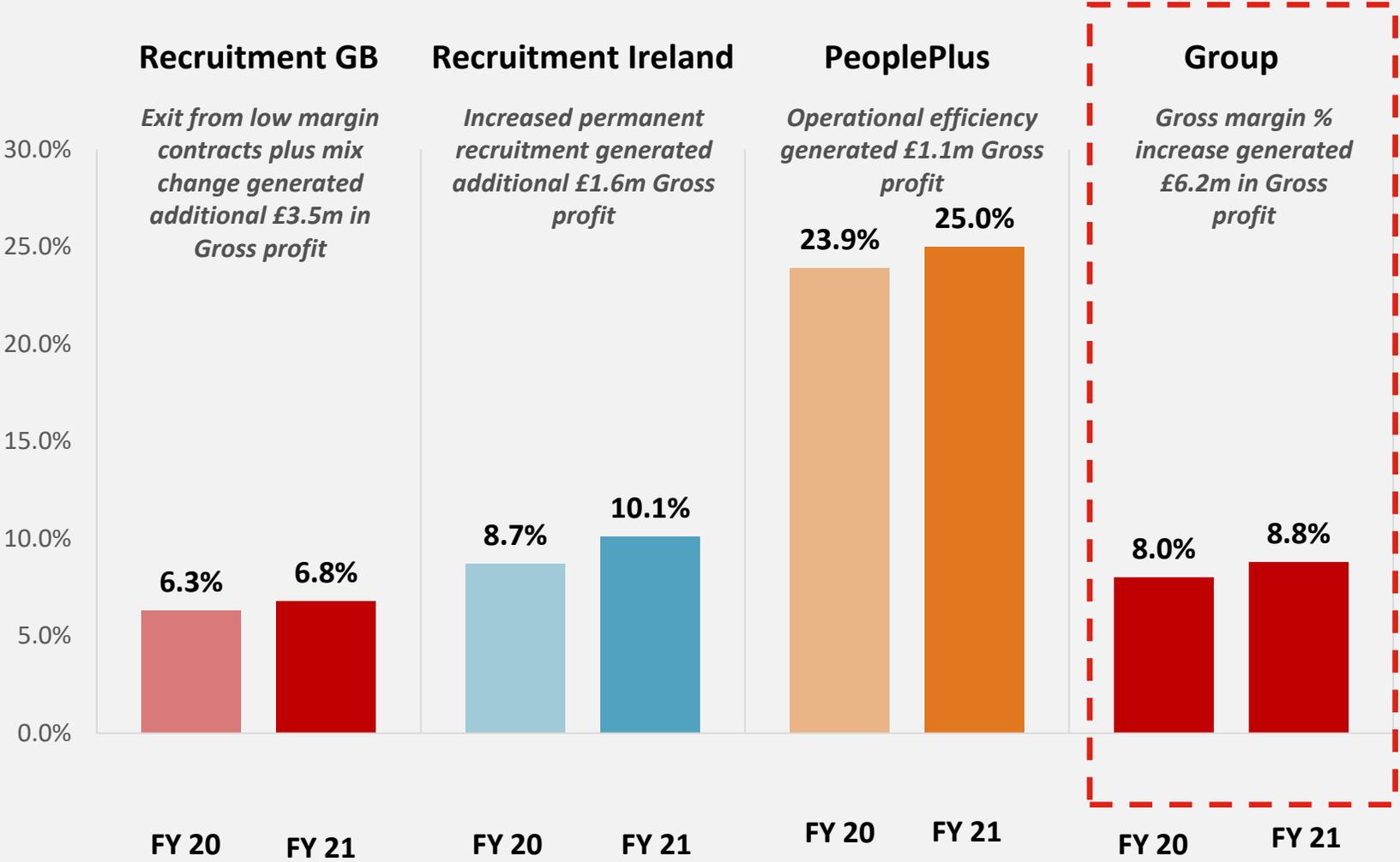
- Reduced Finance costs
- Strengthened balance sheet achieved through:
 - Equity raise of £46.4m net of costs
 - Improved trading cash flow
 - Strong cash collections
 - c.£10m of timings
- Notwithstanding the repayment of £40.7m deferred VAT relief. Final £5.8m instalment repaid on 31 January 2022

Notes:

These results relate to continuing activities. The 2020 results are restated to exclude the results of the Apprenticeships business sold in December 2020 and the Poland subsidiaries, which are held for sale.

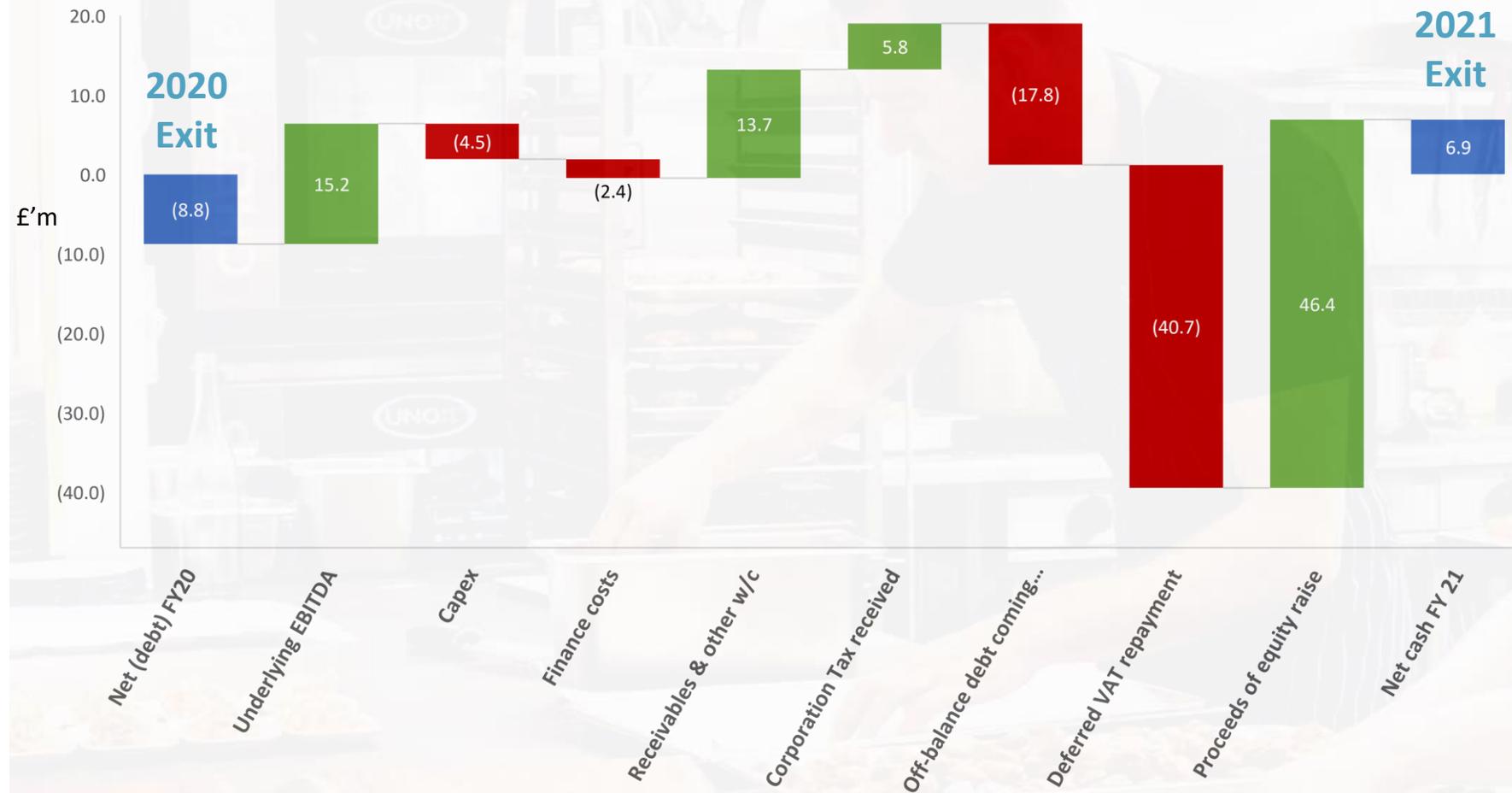
*Presented on a pre-IFRS16 basis, which excludes lease liabilities, and also excludes refinancing costs.

Increase in gross profit margins across all divisions



- Exit from low margin contracts
- Lockdown release led to recovery in non-food supply chain higher margin contracts
- Mix change in favour of permanent hiring

Net debt (pre-IFRS16*) bridge FY 2020 – FY 2021



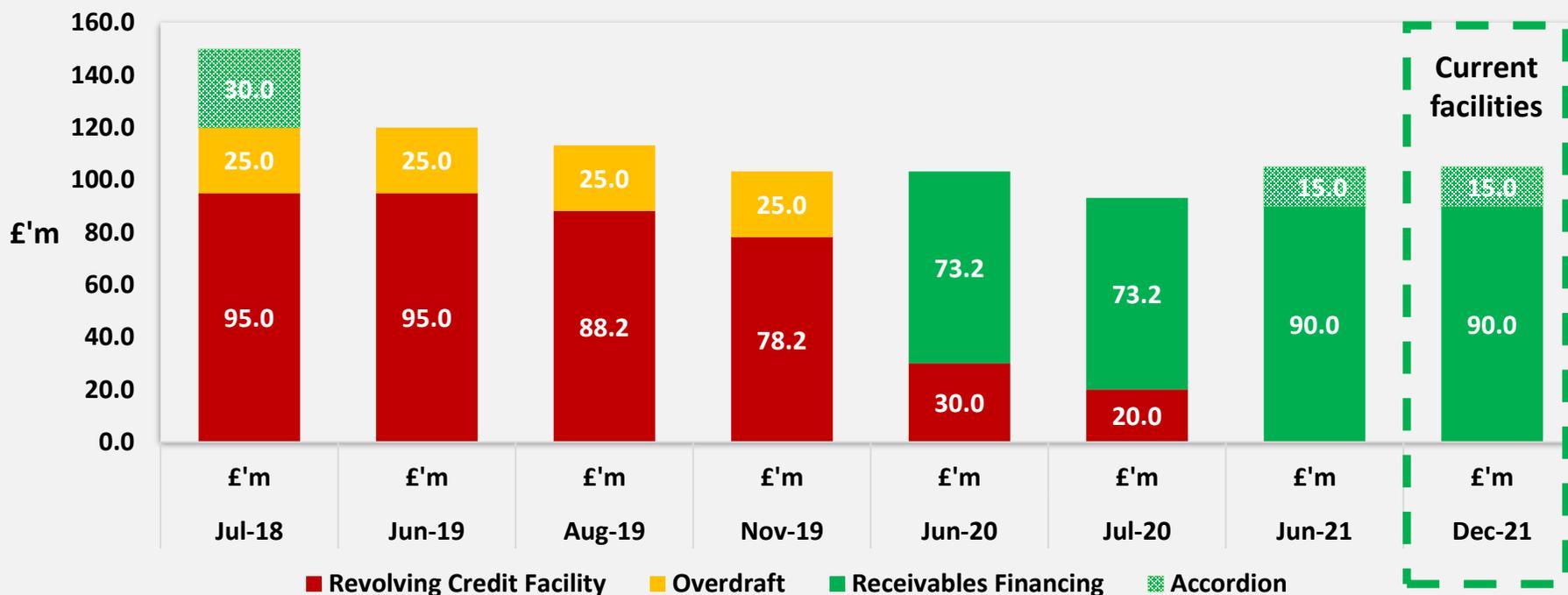
- £15.7m year-over-year improvement to net cash
- Strong trading cash flow
- Lower finance costs
- Further improved cash collections
- Corporation tax reclaim
- Off-balance sheet item brought on balance sheet
- Majority of deferred VAT repaid
- Successful equity raise

Notes:

*Presented on a pre-IFRS16 basis, which excludes lease liabilities, and also excludes refinancing costs.

Finance facilities

Transition away from fixed debt to receivables facilities completed in June 2021



At 31 December 2021 there was total Banking facility headroom of £78.4m provided by £48.6m unutilised on the Receivables Finance Agreement and £29.8m cash

- Receivables Facility of £90.0m + accordion option of £15.0m replaces legacy Revolving Credit Facility & non-recourse off balance sheet Receivables Purchase Facility
- New club of senior lenders
- 4.5 year term + 1 year extension option
- Significantly lower interest cost @ 2.0% + SONIA, once leverage reduced to 3.0x EBITDA

Notes:

The Group uses Customer Financing arrangements whereby specific customer invoices are settled in advance of their normal settlement date. The value of invoices funded under the Customer Financing arrangements was £42.3m at 31 December 2021 (2020: £43.0m)



Operational review

Albert Ellis, CEO

Recruitment GB 2021 results

Revenue
+2.2%

£732.1m £747.9m

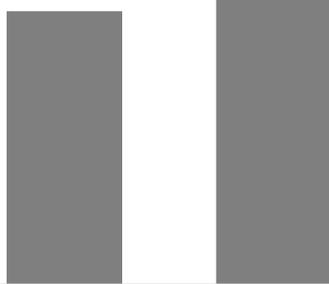


2020

2021

Gross profit
+9.7%

£46.2m £50.7m



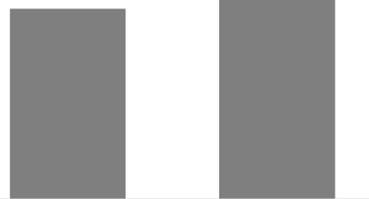
2020

2021

Gross margin
6.3% → 6.8%

Underlying operating profit
+69.0%

£4.2m £7.1m



2020

2021

Gross profit conversion to operating profit
9.1% → 14.0%

'Like-for-like' revenues
+c.6%

Strong organic growth
in food and logistics

Permanent

Staffline solutions for
Driver shortages

Labour shortage

New client wins

Gross profit per fee
earner up by 14.6% to
£71.5k (2020: £62.4k)

Recruitment Ireland 2021 results

Revenue
-7.3%

£120.5m



£111.7m

2020

2021

Gross profit
+7.6%

£10.5m



£11.3m

2020

2021

**Underlying
operating profit**
+56.3%

£1.6m



£2.5m

2020

2021

Gross margin
8.7% → 10.1%

**Gross profit conversion
to operating profit**
15.2 → 22.1%

Severe Covid-19
restrictions

Strong momentum in
H2 2021

Pivot to white collar
recruitment

Strong recovery in
permanent fees

Strategic focus on
pricing, margins

Incentives

Gross profit per fee
earner up by 2.2% to
£111.5k (2020:
£109.1k)

PeoplePlus 2021 results

Revenue
+10.8%



Gross profit
+16.2%



Underlying operating profit
+156.3%



Gross margin
23.9% → 25.0%

Gross profit conversion to operating profit
8.9 → 19.7%

Turnaround

- ✓ Strategy
- ✓ Management
- ✓ Costs
- ✓ Incentivisation

Skills headwinds

Employability driving profit growth

Restart

Revenue per employee up by 18.3% to £62.6k (2020: £52.9k)

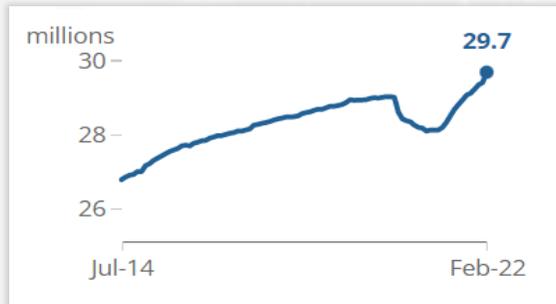


Market trends

Albert Ellis, CEO

Unprecedented strong jobs market – Feb 2022

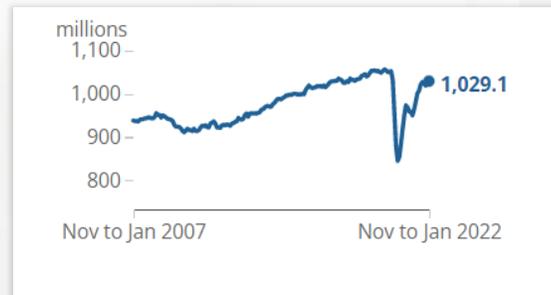
Payroll employees



Tight labour markets are beneficial to recruitment

Employee numbers growth is a growing market

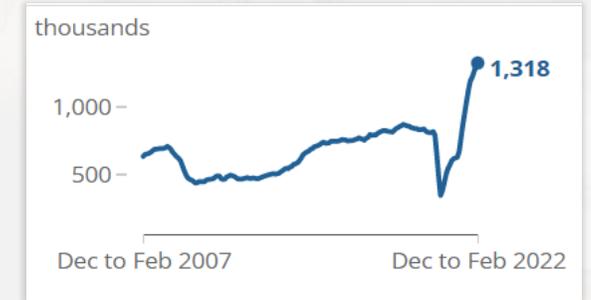
Hours worked



Future upside from expected increase in hours

When sectors open further and economically inactive return to the workplace

Job vacancies



Unprecedented demand for labour

1,318,000 job vacancies
A record high

Solving the labour shortage (blue-collar market)



Fully costed accounting

Review: site by site analysis

Payment terms

ROCE scores

Candidate attraction

PeoplePlus training

Pay rate +c.17%

2021 v 2019

Competitive advantage, ESG and supply chain dynamics

To build and develop the most reliable integrated workforce in the country, underpinned by three key pillars:



ENVIRONMENT

- CO2 emissions -43% [2021 v 2019]
- Reduced property estate delivers lower emissions in the future
- Reducing unnecessary travel through new flexible meeting and working policies
- Group supply chain initiatives



SOCIAL

- PeoplePlus one of the largest social recruitment and training businesses in the country
- c15,000 learners into jobs
- Training for c20,000 prisoners
- Provided “Good Work” to c.38,000 temp workers on average per day
- +5,000 candidates trained in 2021 through Social Recruitment Division



GOVERNANCE

- New group compliance function
- Consolidated Internal Audit function
- Reviewed culture policies & ethics
- Transparency reporting
- Board strengthened
- New management



Strategy in action

Albert Ellis, CEO

Albert Ellis, CEO

Staffline
Group PLC

Strategy and Vision



CAPITALISE ON MARKET LEADERSHIP

position & scale in contingent workforce management



BROADEN THE PORTFOLIO

driving permanent & white-collar recruitment



UNLOCK THE POTENTIAL IN TRAINING

return PeoplePlus to sustainable growth



REPUBLIC OF IRELAND

grow market share in a highly attractive market

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.**”

Capitalising on market leadership – new business c.£120m annualised

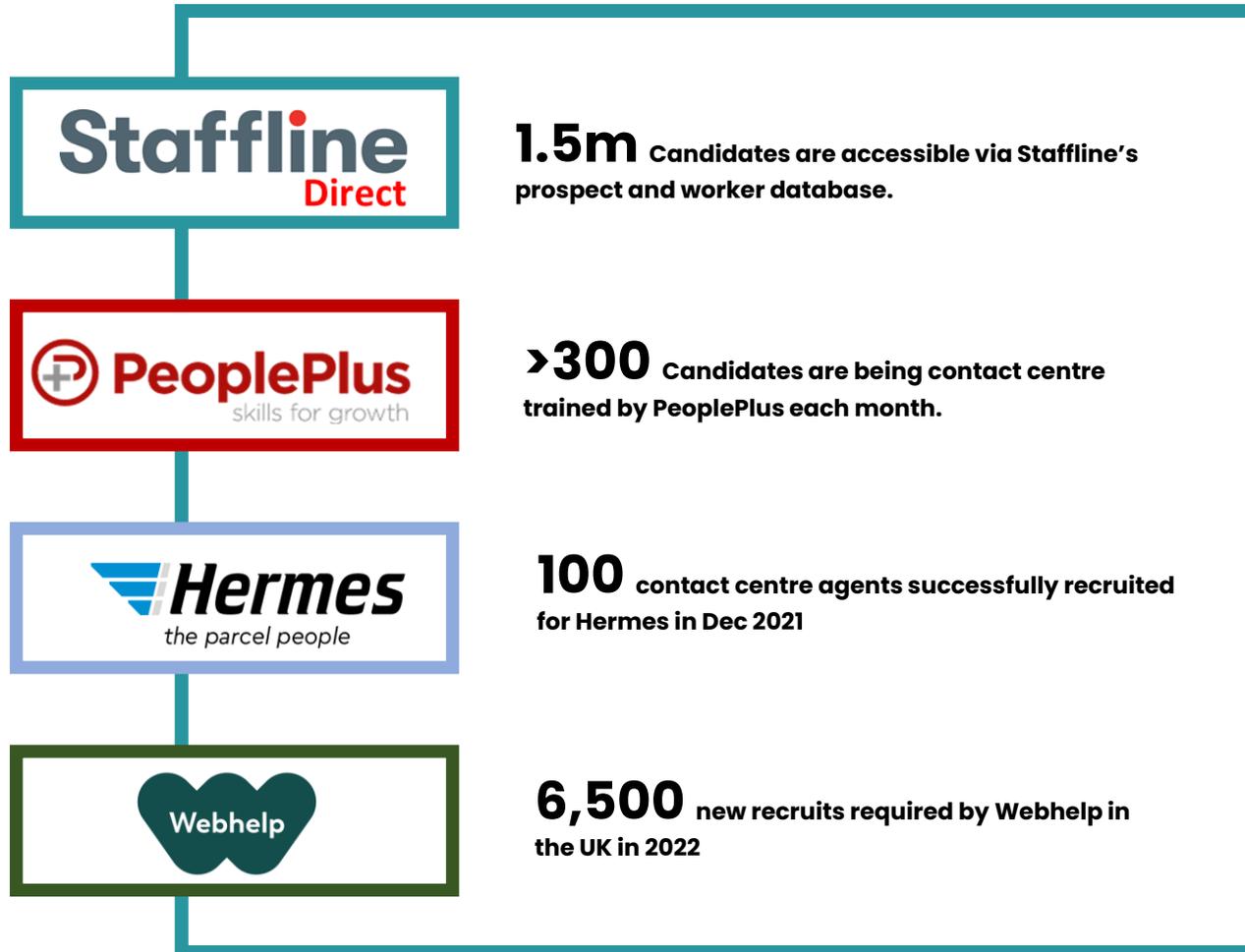
2021



2022



Broadening the portfolio higher-margin call centre recruitment



UK call centres

Market seeing unprecedented growth

Labour shortages, in-house turning to recruitment agencies

Database volume-driven service

In December 2021 Webhelp awarded Staffline Preferred Supplier Listing (PSL) status and have begun sourcing roles on a fee per hire basis

Evolving beyond blue-collar – permanent/direct hire



Blue Collar Support

- Began supplying volume temporary labour to warehouse operations in 2017

Strategic Relationship

- As a result of H2 2021 labour shortages Ocado's demand for perm staff outside of blue collar exceeded in-house recruitment capacity
- Staffline engaged strategically to grasp 'Beyond Blue' collar opportunities

Direct Hire Solution

- Introduced "Direct Hire" operation as highly scalable recruitment method to recruit high value roles on a fee per hire basis requiring minimal working capital
- New roles included Delivery Drivers, Personal Shoppers + higher paid roles

Outcome

- Hundreds of vacancies passed to Staffline
- 184 placements already achieved in last quarter



Investment summary and Outlook

Albert Ellis, CEO



Investment summary

- **Market leader** in volume recruitment & training, reputation for delivery
- **Experienced management team**, successful turnaround, exceeding expectations
- **Attractive portfolio of services**, long term customer relationships
- **Digital Technologies** driving margin and efficiency gains
- **Strong growth sectors** with exposure to fast online markets
- **Resilience in uncertain times**, lower cyclicality in food and critical workers
- **Cash generative operating model**

“Management fully focused on accelerating a sustainable organic growth strategy”

Outlook

- **Momentum** into 2022
- **UK & Ireland economic recovery** from Covid-19
- **Strong pipeline** secured - BMW & Restart
- Organic growth from existing customers
- **Directors confidence** in Staffline Group
 - “... that current trading is in line with expectations...”
 - “..... to deliver ongoing sustainable growth in the future...”

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Staffline

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Appendices

2021 Results

Divisional performance of Continuing operations

	Recruitment GB	Recruitment Ireland	PeoplePlus	Group costs	Total Group	Recruitment GB	Recruitment Ireland	PeoplePlus	Group costs	Total Group
	2021	2021	2021	2021	2021	2020	2020	2020	2020	2020
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	747.9	111.7	83.1	-	942.7	732.1	120.5	75.0	-	927.6
Gross profit	50.7	11.3	20.8	-	82.8	46.2	10.5	17.9	-	74.6
Gross profit margin	6.8%	10.1%	25.0%	-	8.8%	6.3%	8.7%	23.9%	-	8.0%
Underlying operating profit	7.1	2.5	4.1	(3.4)	10.3	4.2	1.6	1.6	(2.6)	4.8
Operating profit margin	0.9%	2.2%	4.9%	-	1.1%	0.6%	1.3%	2.1%	-	0.5%
Operating profit as % of gross profit	14.0%	22.1%	19.7%	-	12.4%	9.1%	15.2%	8.9%	-	6.4%

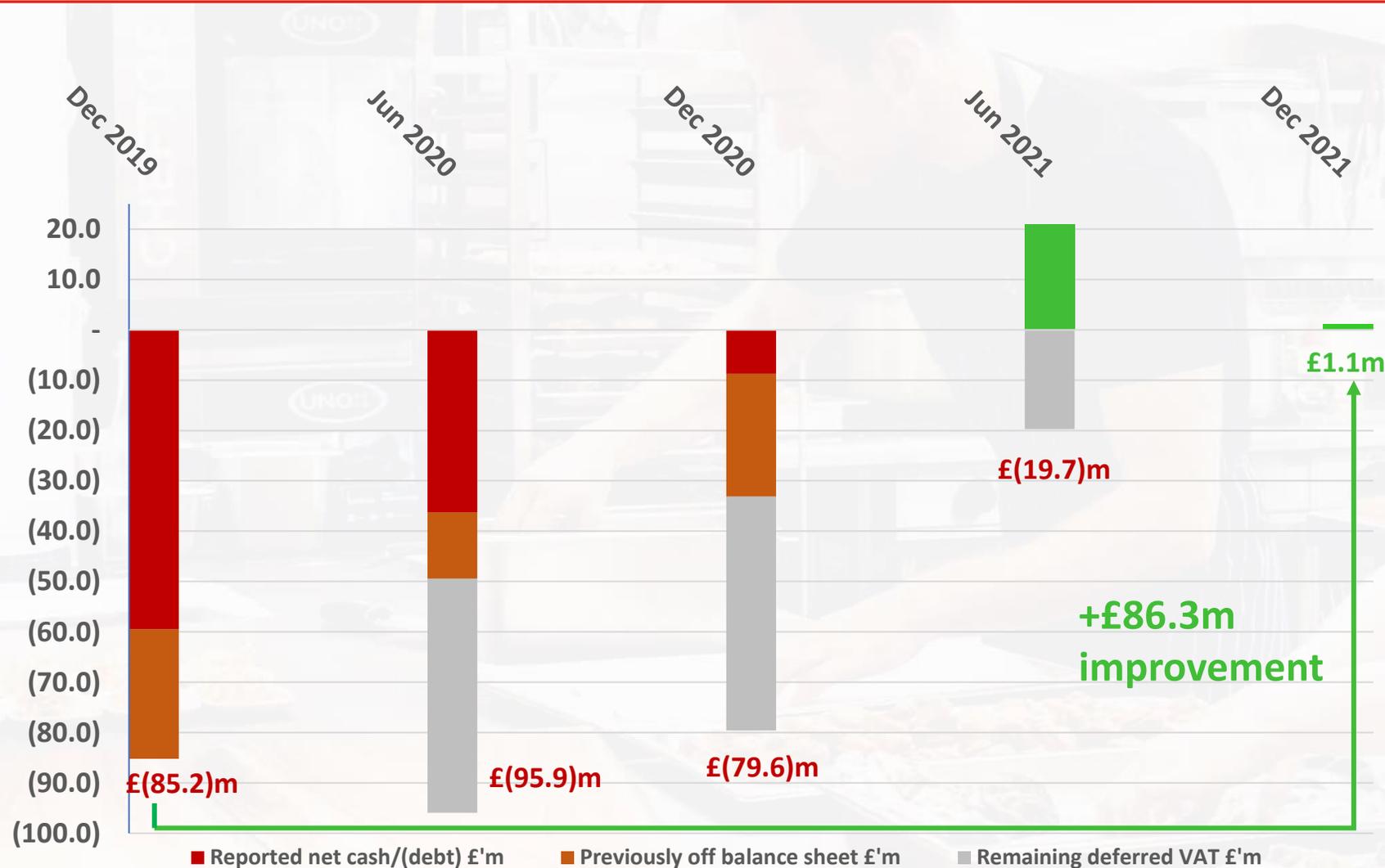
Balance sheet as at 31 December 2021

	2021	2020
	£'m	£'m
Assets: Non-current		
Goodwill, intangibles, PPE	84.1	93.5
Deferred tax asset	4.6	4.4
	88.7	97.9
Assets: Current		
Trade and other receivables	116.2	104.8
Current tax asset	0.6	1.7
Derivative financial instrument	0.5	-
Cash	29.8	24.5
Restricted cash	0.0	0.9
	147.1	131.9
Total assets	235.8	229.8
Liabilities: Current		
Trade and other payables	134.3	155.6
Borrowings	22.9	13.0
Other liabilities and provisions	2.7	5.4
	159.9	174.0
Liabilities: Non-current		
Borrowings	-	20.0
Other liabilities and provisions	7.7	15.9
	7.7	35.9
Total liabilities	167.6	209.9
Equity		
Share capital, premium, own shares	124.1	77.8
Profit and loss account	(55.9)	(57.9)
Total equity	68.2	19.9
Total equity and liabilities	235.8	229.8

Cashflow for the year ended 31 December 2021

	2021	2020
	£'m	£'m
Loss before taxation (including discontinued operations)	(0.5)	(56.6)
Add back: Finance costs, depreciation, amortisation, goodwill impairment	17.1	60.0
Cash generated before movements in working capital	16.5	3.4
Change in receivables	(12.2)	27.6
Change in payables and provisions	(33.0)	34.8
Cash generated from operations	(28.7)	65.8
Tax	5.8	(0.5)
Capex	(4.5)	(2.4)
Acquisitions	-	(0.3)
New loans, reduction in Receivables Finance Facility, loan repayments	(10.1)	(44.8)
Principal repayment of lease liabilities	(1.7)	(3.4)
Interest paid	(1.9)	(8.5)
Proceeds from the issue of share capital	46.4	-
Cash flows from financing activities	5.3	5.9
Cash at beginning of the year	24.5	18.6
Cash at end of the year	29.8	24.5

£86.3m net debt (pre-IFRS16)* reduction in two years



- Transformed balance sheet over two year period through combination of:
 - Improved trading profits
 - Strong cash collections
 - Corporation tax reclaim
 - Equity raise

Notes:
 * Presented on a pre-IFRS16 basis, which excludes lease liabilities, and also excludes refinancing costs. Net debt reduction is over two years and normalized for deferred VAT (including the final £5.8m payment made on 31/1/22), as well as previously off-balance sheet debt

Significant Shareholders

Top 10 represents 86.47% of shares in issue

Top 10 shareholders as at 8 March 2022	%
Henry Spain Investment Services	15.97
HRNetGroup	14.47
Schroder Investment Management	10.97
Gresham House Asset Management	10.26
Fidelity International	9.55
Aberdeen Standard Investments	6.86
Lombard Odier Investment Managers	6.82
Hargreaves Lansdown Stockbrokers	4.52
Interactive Investor	3.94
Teviot Partners	3.11

Financing - covenants

- **Interest margin accruing at 2.75% over SONIA**
 - ✓ with a margin ratchet downward to 2.0%, dependent upon the Group's leverage reducing to 3.00 x Underlying EBITDA
 - ✓ A non-utilisation fee of 35% of the margin
- **Maximum leverage covenant – average net debt over rolling 3 months to Underlying EBITDA**
 - ✓ Commencing at 5.95x Underlying EBITDA
 - ✓ Followed by a gradual reduction to 4.0x Underlying EBITDA by October 2023
- **Minimum interest cover covenant**
 - ✓ 2.25x the last twelve months Underlying EBITDA to finance charges

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