

**Leading.
Trusted.
Changing lives.**

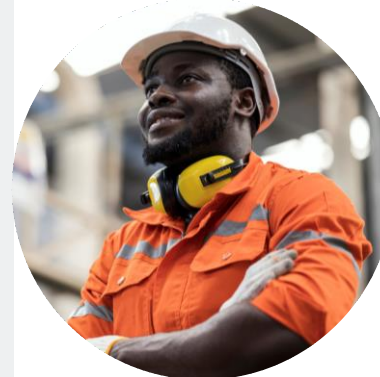
FY 2022 Results

Albert Ellis, CEO

Daniel Quint, CFO

21 March 2023

Staffline
Group PLC



A leading national recruitment and training provider

c. 36,000

Temp
workers

c. 400

On-sites

c. 45

Driving
Onsites

c. 30

Branches

c. 15,000

Learners

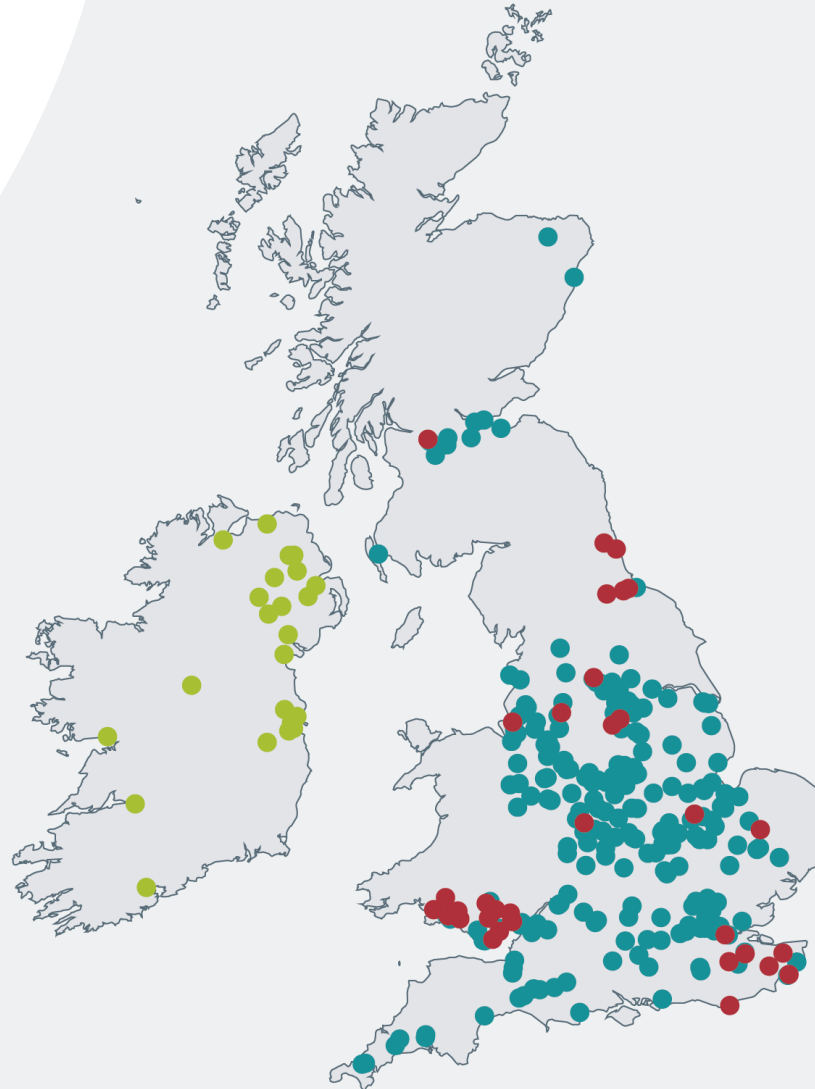
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Prisons

Staffline
(Ireland)

Locations key:

- - Recruitment GB
- - PeoplePlus
- - Recruitment Ireland



Staffline

DatumRPO

Omega

Brightwork
Recruitment

 **PeoplePlus**
skills for growth

Highlights



Operating
profit
+16.5%

- **FY2022 profits ahead of market expectations**
 - Revenue growth achieved in H2 2022
 - Gross profit up 0.5%
 - Underlying* operating profit up 16.5%
 - Permanent fees up 65%
 - Net cash of £5m after all Covid related liabilities settled
- **Successful onboarding of new contracts with BMW & VINCI**
- **Restart contract mobilised and profitable H2**
- **Further expansion in the Republic of Ireland**
- **H2 contract wins**
 - Recruitment: Sainsbury's Argos (managed service)
 - PeoplePlus: £15m education contract (Ministry of Justice)

Notes:

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

What we said in H1 2022

H1 2022

- **Recruitment BMW & VINCI**
 - H1 incurred implementation costs
 - H2 will benefit from full 6 months of operating profit
- **Restart (PeoplePlus)**
 - Operating profit commencing H2
- **H2 standard seasonal peak uplift**
 - Traditional H2 seasonal uplift & World Cup
- **Organic market share growth**
 - Seeing organic growth pipeline of opportunity in existing customers

Actual H2 outcomes

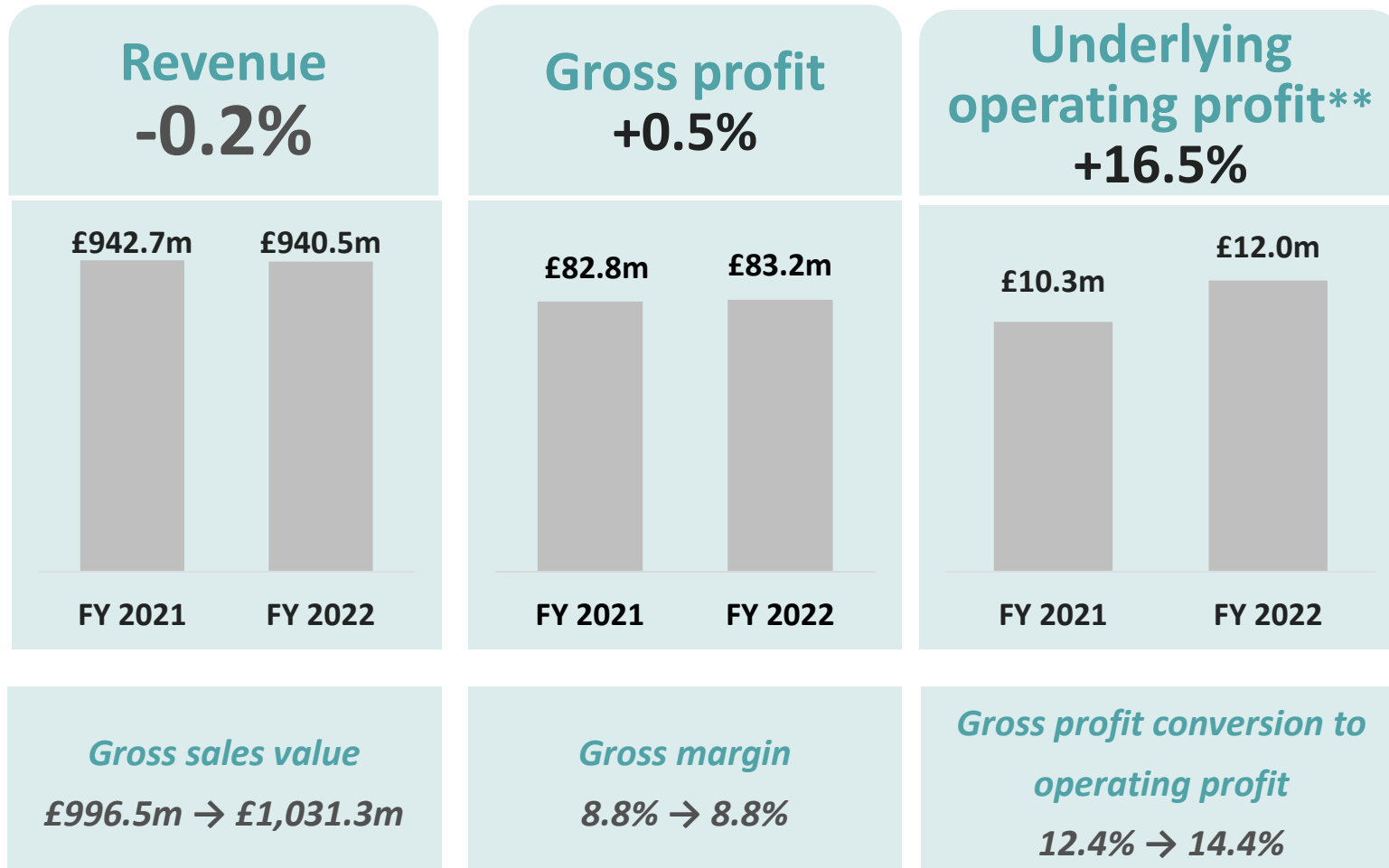
- **BMW (Recruitment GB)**
 - Onboarded c.1,800 workers during H2
 - £60m revenue per annum, 3 year contract with option for 2 year extension
- **Restart (PeoplePlus)**
 - Successful delivery of first operating profit of £1.2m
- **H2 standard seasonal peak uplift**
 - Achieved excellent delivery KPIs
- **Organic market share growth**
 - Sainsbury's Argos Managed Service

Financials FY 2022

Daniel Quint, CFO



Tight cost control delivers improved profits



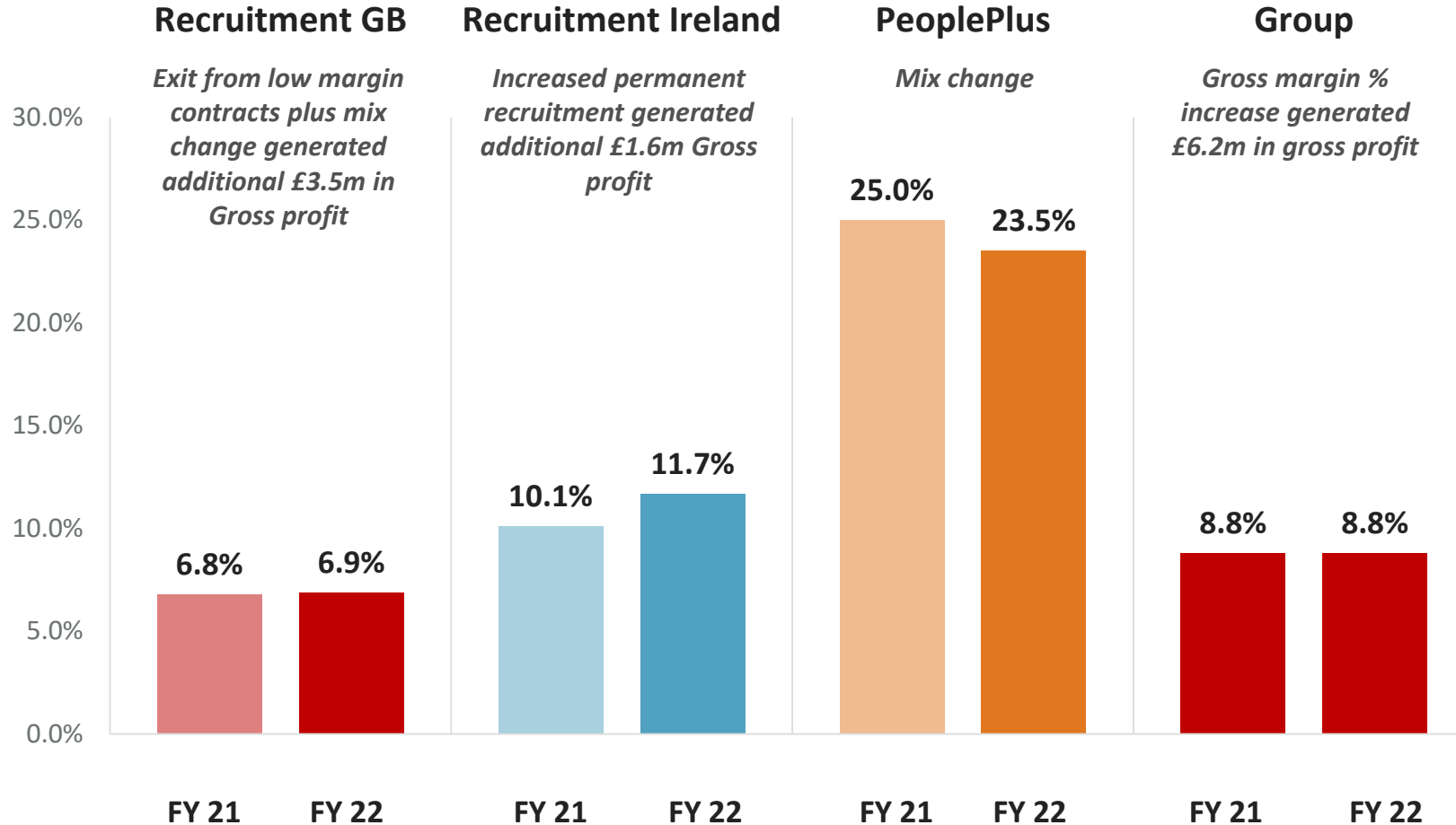
- Gross sales value up 3.5% to £1,031.3m (2021: £996.5m) driven by new MSP wins
- Mix change: New wins offsetting softening demand from clients whose operations benefitted from Covid and weaker average hours
- Recruitment offsetting reduction in PeoplePlus
- Perm fees up 65% v 2021 and 177% v 2020
- Tight control of costs
- Increased conversion ratio
- Underlying operating profit ahead of expectations

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

Gross profit margins up across recruitment



Group

- Stable despite rises to minimum wage and average pay rates of c.10% in 2022

Recruitment

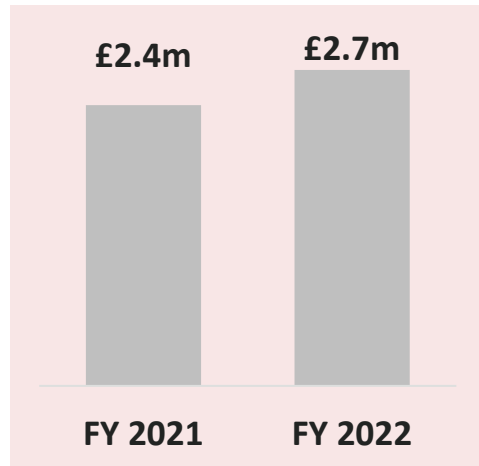
- Exit from some low margin contracts (Q1 2021)
- Strategic focus on margins
- Impact of Perm Fees

PeoplePlus

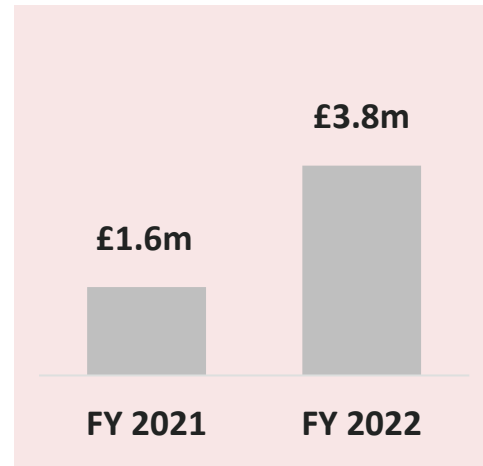
- Change in mix

Capped net finance charges supported growth in PAT and ongoing net cash position

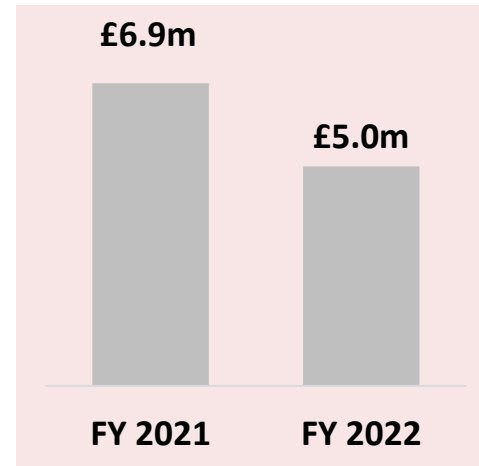
Net finance charges
+0.3m



Profit after tax ('PAT')
+2.6m



Net cash (pre-IFRS16)*
-£1.9m



- Strong trading cashflow
- Net cash up by £10.1m before repayment of c.£12m of COVID support
- Interest rate cap @ 1.00% SONIA protects from high interest rates through to October 2024
- Significant headroom of c£76m working capital facilities
- Leverage covenant @ 0.65x EBITDA

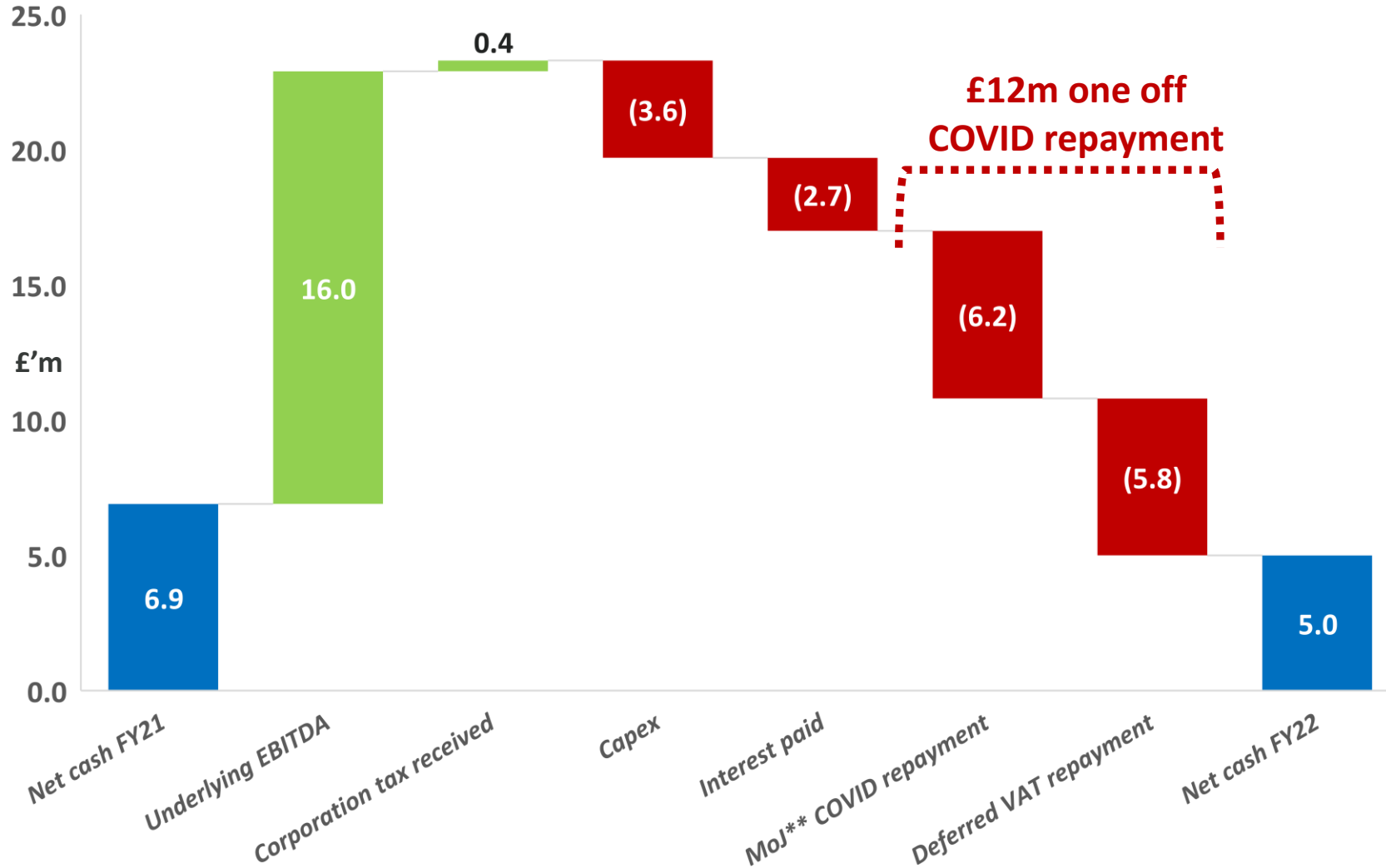
Notes:

These results relate to continuing activities.

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

Net debt (pre-IFRS16*) bridge FY 21 – FY 22

.....> **Underlying net cash generation of +£10.1m** <.....



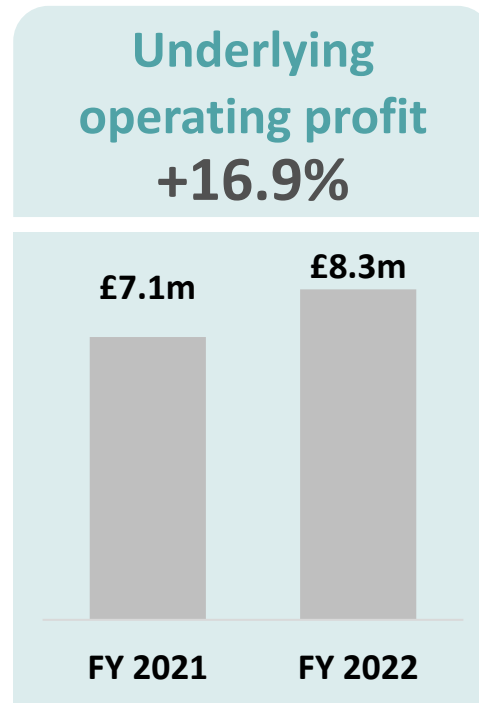
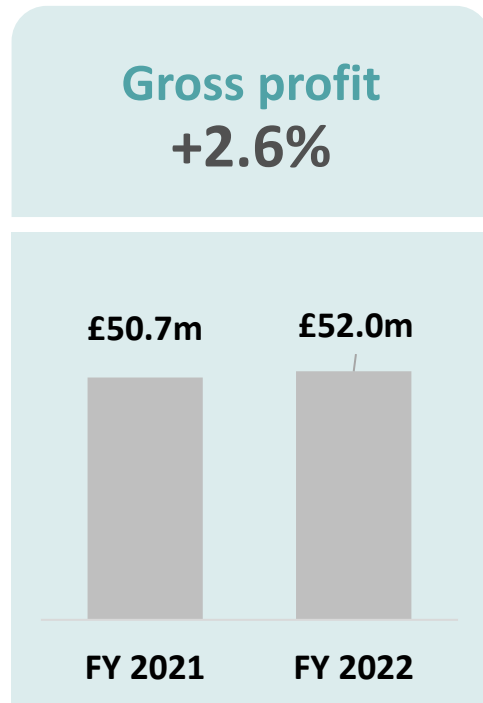
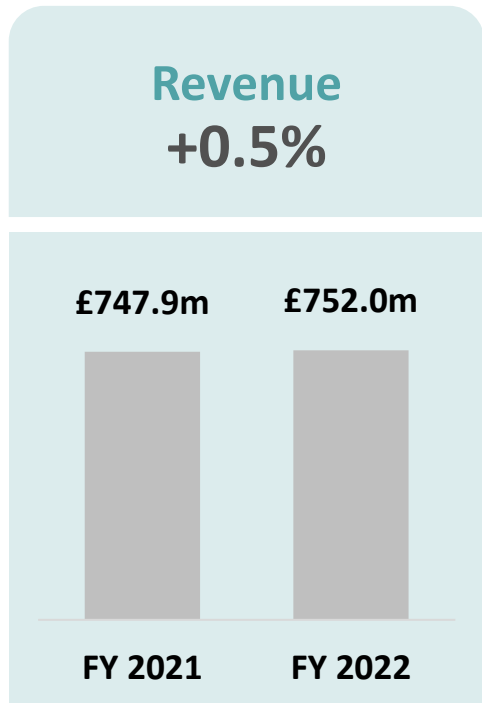
- Strong trading cash flow of £16.0m
- Tight control of working capital
- Underlying net cash generation of £10.1m after adjusting for £12.0m COVID repayments
- Sheltered from interest rate with benefit of Interest rate cap @1.00% SONIA
- Sustained good cash collections

Divisional review

Albert Ellis, CEO



Recruitment GB 2022 results

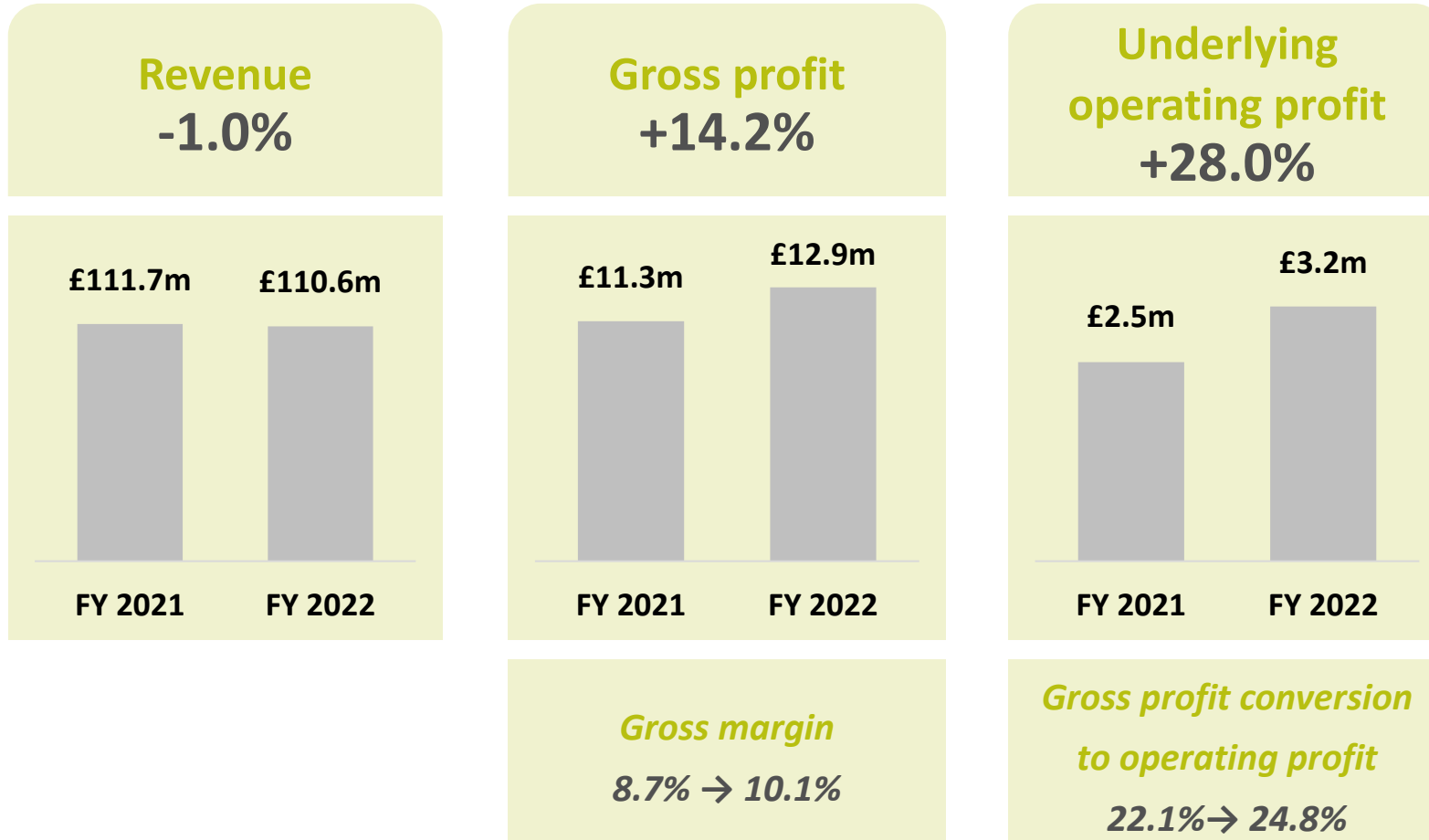


Gross margin
6.8% → 6.9%

Gross profit conversion to operating profit
14.0% → 16.0%

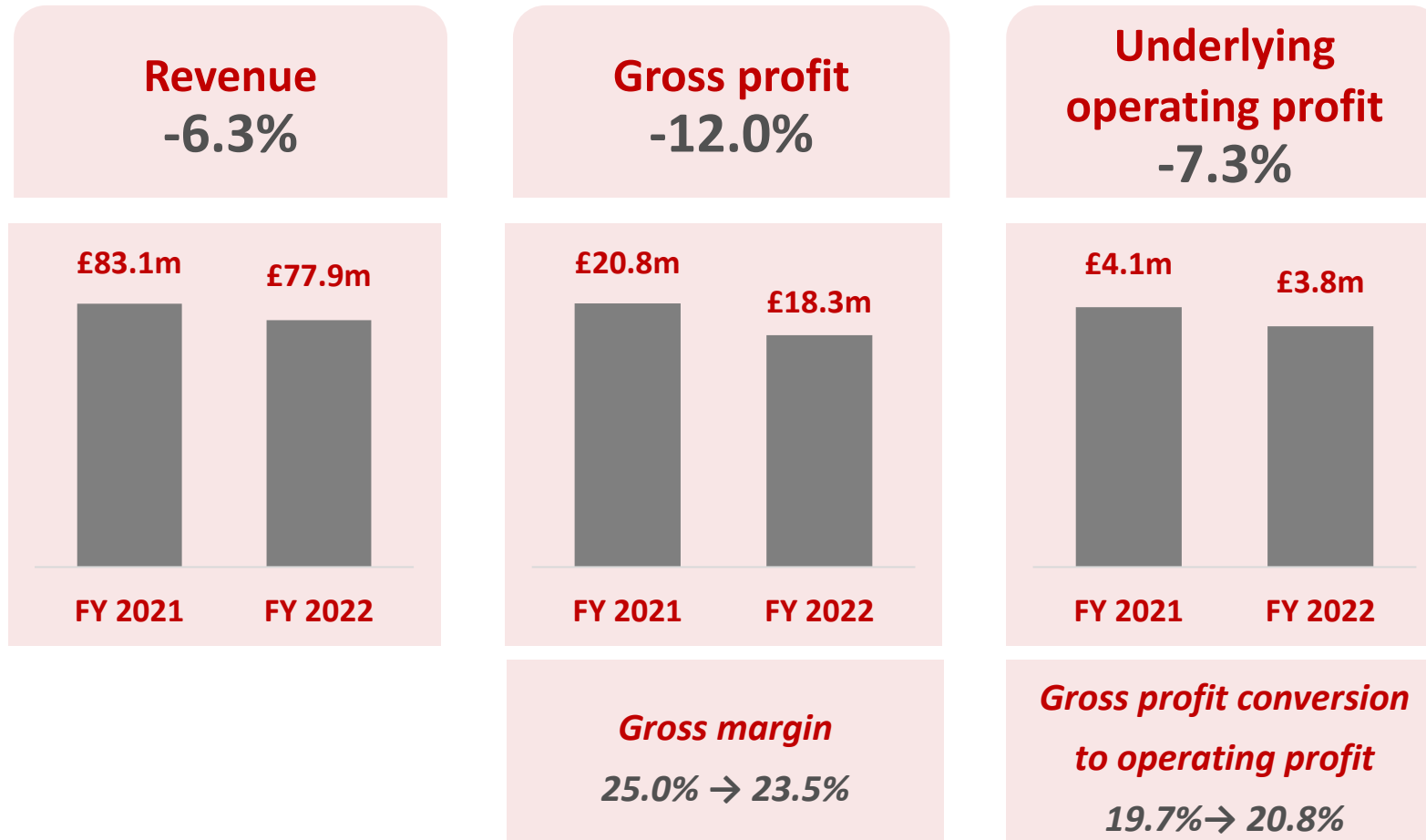
- Lower average hours across the temp business and customer churn Q1 2022
- New client wins
- Perm Fees up 80.1%
- Tight labour market - driver shortages, challenges in aviation and automotive
- Managed Services (VINCI and Sainsbury's Argos)
- Tight control of costs and efficiency savings

Recruitment Ireland 2022 results



- Pivot to white-collar Perm up % but temps down
- Focus on gross margins lifting conversion rates
- Secured new 5 year contract extension with Causeway Coast & Glen's Council
- Excellent results in Republic of Ireland (contribution up 19.2%)
- New office opened in Limerick, Republic of Ireland

PeoplePlus 2022 results



- Headwinds in Skills and training
- Strong results from Employability & Prison Education
- Slower period for new material contracts
- Tight control of the cost base mitigating revenue decline
- Restart mobilised successfully with first operating profit £1.2m

Market trends

Albert Ellis, CEO



Resilient UK labour market



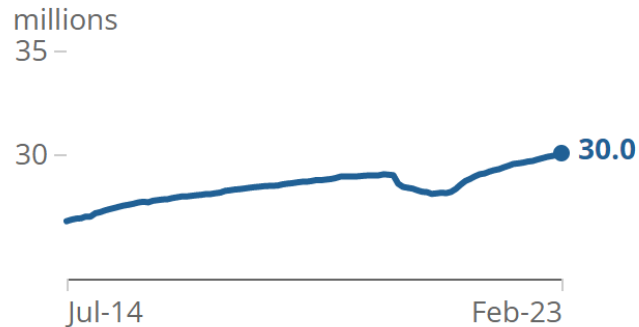
Payroll employees



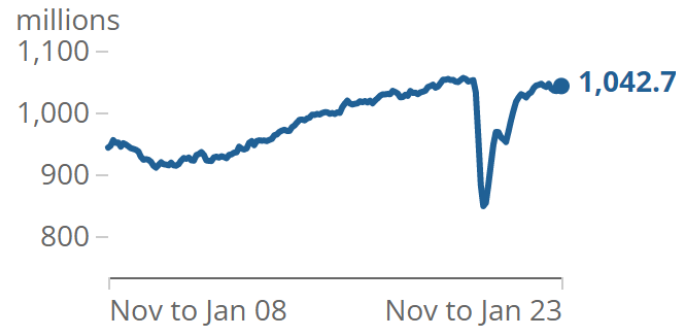
Hours worked



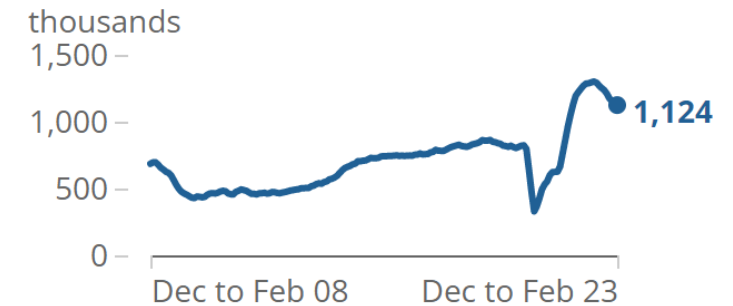
Job vacancies



Good payroll figures 30m+
Above pre-pandemic levels
Growing employment



Productivity remains flat
Below pre-pandemic levels,
Demand and inflation headwinds



Job vacancies declining
Above pre-pandemic levels
Candidate confidence



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

Making a positive difference to society

Through skills and employability training we help unlock potential to improve prospects and get people into jobs

Supporting and developing our people

We aim to improve the working lives of our people every day, investing in all stages of the employee journey, effectively engaging our people, whilst creating a sense of belonging

Reducing our environmental impact

We place great importance on seeking to minimize our environmental impact, and recognise that our environmental responsibilities are integral to our business

Doing business in a responsible way

Sound governance and doing business in a responsible way supported by our policies and values are fundamental to the way we operate.

Leading. Trusted. Changing lives.

ESG is a competitive
advantage.....

Staffline
Group PLC



Got work for
c.93,000 people
during 2022

Supported 16,850
unemployed
people through
the Restart
scheme

Made a
difference to
the lives of
1,001,147
people
between
2018-2022



Trained c.8,500
for vacancies
available via our
Social
Recruitment
partners in 2022



Helped 5,562
unemployed
people to get a job
since July 2021

Support
c.10,000 carers
every year with
Direct payments



10,506 learners in
72 prison started
26,233 courses in
2022 with 91%
success rate

Staffline
Group PLC

Strategy

Albert Ellis, CEO



Capitalising on market leading position



- Leveraging competitive advantage –the quality supplier in the sector
- Investment in transparency, compliance and governance
- Focused on exceptional delivery despite labour shortages
- Technology –bringing world class data and insight to customers
- Building relationships with outsourcing market leaders

Expanding market share and winning new accounts



Samworth Brothers

QUALITY FOODS



RESTART
SCHEME



Permanent Recruitment



Perm Gross
profit over 2
years
+177%

Perm
recruitment
9.4%
of recruitment
gross profit
(2020: 3.9%)

- Hired new perm placement teams
- Increased fee-earning capacity in the branch network
- Broadened contracts to include both perm and temporary labour
- Focused on niche sectors with high demand, technical, engineering, automotive supply chain, defence
- Leveraged perm delivery expertise into existing major accounts

Getting the most out of PeoplePlus



Employability and skills are at the heart of everything we do at PeoplePlus. We achieved our mission to make a direct difference to the lives of 1 million people by 2022

1,001,147

Number of people supported since 2018

3,019

Number of people supported last week

9,374

Number of people supported in December

- Implementing deep changes in culture, operations and reward structure through new leadership
- Focus on core Employability & Education markets
- Investing in digital services
- Continued review of costs
- Unlocking the new contract pipeline

Ireland



Operating
profit
+28%

- A strong platform for growth
- Investing in Medical / Healthcare
- Expanding branch presence
- Focus on increasing Republic of Ireland's fee-earning capacity
- Considering small bolt-on acquisitions from trading cash flow

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



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

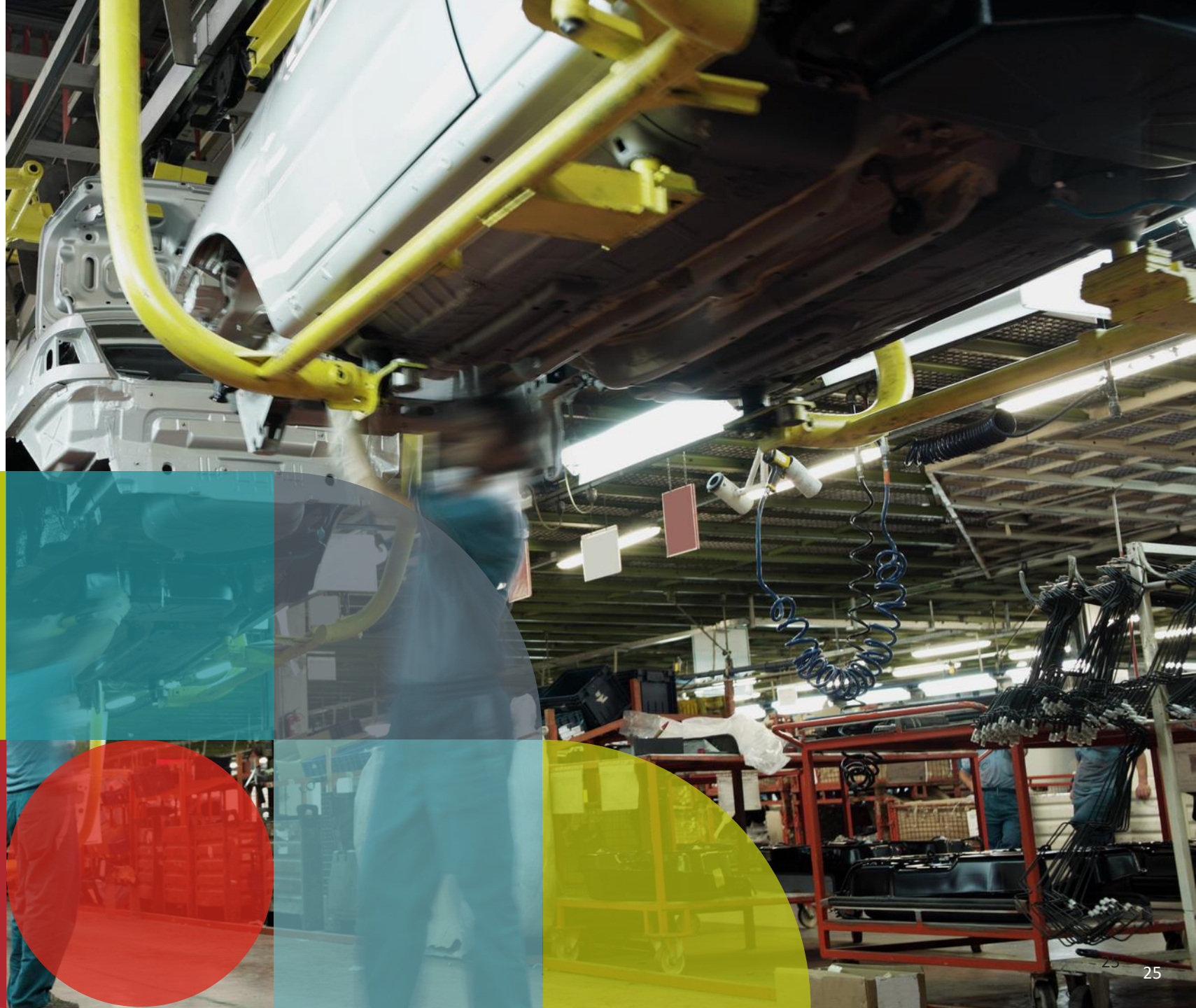


REPUBLIC OF IRELAND

grow market share in a highly attractive market

Investment summary and Outlook

Albert Ellis, CEO



Outlook



- Staffline's competitive strengths increasingly recognised by customers and wider recruitment market
- Currently pursuing a healthy pipeline of new opportunities in both Recruitment & PeoplePlus
- Tight cost control and continued cash generation
- Macroeconomic challenges to continue in FY 23
Productivity (lower hours) & Training (Skills/Restart)
- Positioning Staffline to take advantage of challenging market and grow
- In line with revised expectations in January 2023

Investment summary

Staffline
Group PLC

Staffline  **PeoplePlus**
skills for growth

- **Market leader:** scale and geographic coverage, perceived as *the* quality supplier in the sector
- **Blue-chip customers:** Envidable relationships with large brands and strong position in niche markets
- **Growth:** turnaround complete, pursuing attractive organic growth opportunities
- **Experienced management:** aligned with shareholders
- **Resilient:** Strongly cash generative, healthy balance sheet and defensive sectors such as food and logistics
- **Upside into the recovery** when it comes

Staffline

Group PLC

Appendices

Divisional performance FY22

	Recruitment GB	Recruitment Ireland	PeoplePlus	Group costs	Total Group	Recruitment GB	Recruitment Ireland	PeoplePlus	Group costs	Total Group
	2022	2022	2022	2022	2022	2021	2021	2021	2021	2021
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	752.0	110.6	77.9	-	940.5	747.9	111.7	83.1	-	942.7
Gross sales	842.8	110.6	77.9	-	1,031.3	801.7	111.7	83.1	-	996.5
Gross profit	52.0	12.9	18.3		83.2	50.7	11.3	20.8		82.8
Gross profit margin	6.9%	11.7%	23.5%	-	8.8%	6.8%	10.1%	25.0%	-	8.8%
Underlying operating profit	8.3	3.2	3.8	(3.3)	12.0	7.1	2.5	4.1	(3.4)	10.3
Operating profit margin	1.1%	2.9%	4.9%	-	1.3%	0.9%	2.2%	4.9%	-	1.1%
Operating profit as % of gross profit	16.0%	24.8%	20.8%	-	14.4%	14.0%	22.1%	19.7%	-	12.4%

Balance sheet

@ 31 December 2022

	FY 2022 £'m	FY 2021 Restated £'m
Assets: Non-current		
Goodwill, intangibles, PPE	76.8	84.1
Deferred tax asset	5.0	4.9
	81.8	89.0
Assets: Current		
Trade and other receivables	119.8	113.6
Current tax asset	0.3	0.6
Derivative financial instrument	3.0	0.5
Cash	31.0	29.8
Restricted cash	0.0	0.0
	154.1	144.5
Total assets	235.9	233.5
Liabilities: Current		
Trade and other payables	130.3	134.3
Borrowings	26.0	22.9
Other liabilities and provisions	2.4	2.7
	158.7	159.9
Liabilities: Non-current		
Borrowings	-	-
Other liabilities and provisions	5.5	7.7
	5.5	7.7
Total liabilities	164.2	167.6
Equity		
Share capital, premium, own shares	126.2	124.1
Profit and loss account	(54.5)	(58.2)
Total equity	71.7	65.9
Total equity and liabilities	235.9	233.5

Cash flow for FY 2022

	FY 2022 £'m	FY 2021 £'m
Profit/(loss) before taxation	1.9	(0.5)
Add back: Finance costs, depreciation, amortisation	16.1	17.1
Cash generated before movements in working capital	18.0	16.6
Change in receivables	(3.8)	(12.2)
Change in payables and provisions	(8.7)	(33.1)
Cash generated from operations	5.5	(28.7)
Tax	0.4	5.8
Capex	(3.3)	(4.5)
Acquisitions	-	-
New loans, reduction in Receivables Finance Facility, loan repayments	3.1	(10.1)
Principal repayment of lease liabilities	(1.6)	(1.7)
Interest paid	(2.5)	(1.9)
Own shares purchased	(0.4)	-
Proceeds from the issue of share capital	-	46.4
Cash flows from financing activities	1.2	5.3
Cash at beginning of the year	29.8	24.5
Cash at end of the year	31.0	29.8

Top 10 shareholders at 8 March 2023 represent 87.9% of shares in issue

Top 10 shareholders as at 8 March 2023	%
Henry Spain Investment Services	17.8
HRnet Group	15.5
Schroder Investment Management	11.1
Gresham House Asset Management	10.4
Fidelity International	10.0
Aberdeen Standard Investments	7.6
Lombard Odier Investment Managers	5.4
Hargreaves Lansdown Stockbrokers	4.3
Interactive Investor	3.6
Teviot Partners	2.2

Financing: margin and covenants

- **Interest margin accruing at 2.00% over SONIA**
 - ✓ margin of 2.0%, with the Group's leverage below 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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