1 August 2023

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

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Resilient H1 performance with full year trading in line with market expectations*

Board committed to Share buyback programme of up to £4 million

Staffline Group PLC, the recruitment and training group, announces its unaudited interim results for the six months ended 30 June 2023 ("H1 2023").

Financial highlights

Continuing activities	**Six months to 30 June 2023 Unaudited**	Six months to 30 June 2022 Unaudited	Change
Revenue	**£434.1m**	£438.0m	-0.9%
Gross sales value[1]	**£496.4m**	£474.9m	+4.5%
Gross profit	**£38.0m**	£39.9m	-4.8%
Gross margin %	*8.8%*	*9.1%*	*-0.3ppts*
Underlying operating profit[2]	**£2.4m**	£4.0m	-40.0%
Gross profit to underlying operating profit conversion %	*6.3%*	*10.0%*	*-3.7ppts*
(Loss) before tax	**£(4.3)m**	£(1.0)m	-330.0%
Pre-IFRS16 Net debt[3]	**£(3.5)m**	£(9.7)m	+£6.2m

Alternative performance measures

1. *Gross sales value represents the fair value of consideration received or receivable for the supply of services, including agency sales, (excluding fees), net of VAT*
2. *Underlying operating profit before Skills onerous contract (£1.0m) and exit costs provisions (£1.3m) and amortisation of intangible assets arising on business* combinations (£2.6m)
3. *On a Post-IFRS16 basis, net debt was £(8.0)m at 30 June 2023 (2022: net debt £(13.9)m)*

Key highlights:

- Revenues broadly flat in a challenging market
- All three divisions remained profitable on an underlying basis
- Organic growth and renewals across a number of existing customers
    - Contract renewal with M&S, a three-year contract extension with Tesco and sole supply secured with AM Fresh Group, one of the UK's largest suppliers of fresh produce
    - Two-year extension of PeoplePlus' contract with the Ministry of Justice to provide Prison Education Services
- Restructuring of PeoplePlus' Skills training activities, closing of in-person training and focus on digital delivery

** Underlying operating profit in line with expectations*

- Solid results from the Republic of Ireland
- Positive cash generation with net debt (pre-IFRS16) reduced year on year by £6.2m
- Increased interest costs limited by interest rate cap
- £4m share buyback programme to be implemented

Current trading and outlook

- Management expects a significant improvement in H2 2023, in line with the traditional second-half weighting of the Group's Recruitment division
- FY 2023 performance will be underpinned by contributions from several new opportunities, the anticipated upswing in seasonal retail trading volumes, and benefits of cost reductions across the Group
- Staffline's strategy is to continue leveraging its scale and balance sheet strength to increase market share during this period of macroeconomic uncertainty - optimising the business' operational gearing to benefit in a recovery
- Accordingly, the Board expects the Group's FY 2023 results to be in line with expectations*

Albert Ellis, Chief Executive Officer of Staffline, commented:

"The business has delivered a resilient first half performance amidst a challenging market environment for the recruitment industry. Our management team has demonstrated exceptional leadership by securing new business wins, implementing significant structural and cost changes across all businesses, and strengthening customer relationships with a focus on service delivery. These actions have underpinned the Board's confidence in full year trading being in line with expectations, alongside implementing a £4m share buyback programme.*

We anticipate better trading conditions in the second half of the year with improved consumer confidence stimulating growth. Whilst the outlook for permanent recruitment is more subdued, a number of new temporary staffing contract opportunities are currently in the pipeline, in addition to the seasonal boost expected in the final half of the year including the Women's Football and Men's Rugby World Cups.

There is no question, the broader economic environment in the UK and Ireland will continue to dominate headlines. However, with the increasing return to work of many classified as economically inactive in the most recent ONS labour market report, we are cautiously optimistic that the tight labour market is starting to ease and this will support the economy going forward."

Retail investor webcast

Management will be hosting a presentation for retail investors in relation to the Company's interim results at 8.30am (BST) on Tuesday, 1 August 2023.

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 themselves to meet Staffline via: https://www.investormeetcompany.com/staffline-group-plc/register-investor

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

** Underlying operating profit in line with expectations*

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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.31,000 staff per day on average to around 400 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 twenty industries, ten branch locations and ten onsite customer locations, supplying c.4,500 staff per day on average, and offering RPO, MSP, temporary and permanent solutions across the island of Ireland.

PeoplePlus
Staffline is the leading adult skills and training provider in the UK, delivering adult education, prison education and skills-based employability programmes across the country.

Chief Executive Officer's review

Introduction

The business delivered a resilient overall performance in the context of the highly challenging macro-environment.

Revenue remained broadly flat at £434.1 million (H1 2022: £438.0 million), with gross margin slightly down at 8.8% (H1 2022: 9.1%) due to changes in mix. Underlying operating profit declined by 40% as expected, on the back of a slowdown within the retail sector, reduced hours worked in our top customers and weaker demand for permanent recruitment, particularly in the first quarter. However, all three divisions remained profitable on an underlying basis over the period, generating better than expected positive cashflows, with tight control of costs and debtor days.

Our temporary staffing pipeline has been a key underpin in the first half, with organic expansion in existing customers expected in both the UK and Ireland in H2 2023. This growth will come mainly from Recruitment GB's existing logistics partner, GXO logistics, alongside M&S, Tesco, and Morrisons. Furthermore, PeoplePlus has secured a two-year extension to its contract with the Ministry of Justice, to deliver prison education programmes.

Tight control of costs, including the restructuring of the Skills business within PeoplePlus, continues and the streamlining of operations across the Group is a key priority to improve overall performance.

The Group continues to enjoy substantial financing headroom created through strong cash flow including the benefits from its interest rate cap. It is this stability and confidence that has encouraged the Board to set aside up to £4 million for a share buyback programme.

Market

The broader macro-economic environment continues to shape the UK and Ireland labour markets as both Staffline's customers and consumers adjust to the rising cost of living and interest rate increases caused by high inflation. In the first half, lower levels of demand from the food and online distribution sectors have been reflected in a decline of "hours worked" in the blue-collar sector. Conversely, the resilient jobs market seen across the UK has impacted the Group's skills and training businesses as candidates opt to take up employment rather than attend training. We remain optimistic about the white-collar engineering and manufacturing sectors as they continue to show resilience. Omega, the Group's professional engineering recruiter, report steady job flows in the first half of the year which are expected to continue in the second half. In particular, the aerospace manufacturing sector and its associated supply chain is experiencing high levels of demand as airlines seek to replenish their fleets following the pandemic.

The latest UK labour market statistics from the ONS depict mixed trends over the period. The unemployment rate has risen to 4.0% due to the stagnant economy, and the cost-of-living crisis has led to formerly economically inactive workers re-entering the workforce. Overall, job vacancies declined by 85,000 in the quarter ending June 2023, leaving around 1,034,000 vacancies. Despite the reduced demand, there is still resilience in the job market, which, combined with an easing in the skills shortage in blue-collar, supports a more favourable environment for fulfilment.

Customers have responded to the current market conditions by reviewing their supply chains and engaging with the Group, recognising the benefit of Staffline's scale and reach and Datum's managed service product. Companies are now driven to find cost savings, with the result that our pipeline of potential managed services is stronger than it has been in a long time.

Strategy

The Group remains focused on delivering across its strategic, operational, and financial objectives:-

- Capitalising on market leadership in the blue-collar market to grow organically and gain market share
- Cross selling and expanding the recruitment portfolio; managed services and permanent recruitment
- Transformation of PeoplePlus through focusing on Employability (Restart) and Prison Education
- Investing in the Republic of Ireland

The Group's balance sheet has been further strengthened, providing a solid foundation for continued investment and initiating cash returns to shareholders.

Operational review

Recruitment

The core of the Group's recruitment activities remains our sizable temporary blue-collar footprint across the UK and Ireland, which is yielding both new business opportunities and organic growth in existing customers. It is clear that the Group's scale, reach, delivery excellence and strengthening financial position continue to attract new and existing customers. Our strategy is to grow and achieve permanent market share gains.

Recruitment GB

	H1 2023	H1 2022	% Var
	£'m	£'m	
Revenue	341.2	345.2	-1.2%
Gross Profit	23.5	24.6	-4.5%
Underlying operating profit	1.8	2.3	-21.7%

A combination of macro-economic headwinds and lower levels of consumer spending impacted volumes of permanent recruitment, particularly in the first quarter, as well as also affecting client demand for temporary labour. This led to reduced hours across the blue-collar market, alongside lower staff numbers in the automotive sector.

Nevertheless, Recruitment GB continued to gain market share with their major customers securing multiple renewals in the period, most notably the expansion announced today with GXO Logistics, the three-year contract extension with Tesco, as well as with a number of other major logistics customers, the majority of which will come on stream towards in H2 2023.

Mixed results from specialist recruitment saw Omega report good results as the engineering and defence sectors faced acute skills shortages, but Datum saw lower levels of activity from its construction clients and the Driving business remains well below historical levels.

Recruitment Ireland

	H1 2023	H1 2022	% Var
	£'m	£'m	
Revenue	54.5	55.8	-2.3%
Gross Profit	6.1	6.3	-3.2%
Underlying operating profit	0.8	1.5	-46.7%

Our Irish operations have been affected by both the wider economic headwinds as well as the ongoing power sharing impasse at Stormont. These factors have contributed to the weakening permanent recruitment market, particularly in relation to public sector clients in Northern Ireland. The prior year comparatives benefitted from exceptionally strong demand for permanent recruitment. The division produced solid results from customer on-site locations and ongoing growth across the Republic of Ireland, which partly mitigated against the shortfall in permanent recruitment.

Despite the above challenges, gross profit margin percentage overall only declined by 0.1ppts to 11.2% in H1 2023, with temporary recruitment margin up to 9.4% (H1 2022: 9.2%), reflecting the changes in mix in favour of the Republic of Ireland.

PeoplePlus

	H1 2023 £'m	H1 2022 £'m	% Var
Revenue	38.4	37.0	+3.8%
Gross Profit	8.4	9.0	-6.7%
Underlying operating profit	1.2	1.6	-25.0%

Operating profit is down 25% due to the change in mix, with a greater proportion of higher margin employability and self-employment activity in the prior year comparatives. Additionally, H1 2023 includes the losses resulting from ongoing market headwinds in relation to the demand for in-person Adult Education support (Skills). In response, PeoplePlus is in the process of closing its classroom-based operations in England, to focus on digital education delivery and growing B2B support services, whilst working to deliver broader overhead reductions to improve efficiencies and margins.

PeoplePlus has remained profitable, supported by the ongoing delivery of the Restart programme, which continues to perform in line with expectations. Elsewhere, our sizable new contract to provide education services within the Werrington Young Offender Institution is progressing well, in addition to our broader Prison Education contracts where we have entered the first year of a successful two-year extension. Preparation is well underway ahead of the subsequent recommissioning of these services.

Board changes

On 17 April 2023, Amanda Aldridge joined the Company as a Non-Executive Director ("NED"). Amanda is an experienced NED and worked at KPMG LLP for 33 years until 2017, including 20 years as a partner. Amanda chairs the Group's Audit Committee and has been appointed to Staffline's Remuneration and Nomination Committees, replacing Ian Starkey.

Outlook

Staffline remains well placed to capitalise on its market leadership, bolstered by additional market share gains during the first half and a pipeline of solid opportunities expected to come on stream in H2 2023, particularly in Recruitment GB and Ireland.

Whilst Staffline's Northern Irish business has been impacted by the decline in demand for public sector permanent recruitment, new staffing opportunities in H2 2023 look promising. On the UK mainland, increasing demand for temporary staff for the pre-Christmas peak trading period, and a number of global sporting events in H2, underpin our expectations of increased profits in the remainder of the year. In addition, the Group's ongoing cost reduction programme, specifically the closure of in-person Skills training in PeoplePlus, will benefit the second half.

Confidence in the Group's balance sheet and future cash flows underpins the Board's decision to set aside up to £4 million for a share buyback programme.

Accordingly, the Board expects the Group's FY 2023 results to be in line with expectations*.

Albert Ellis
Chief Executive Officer
1 August 2023

** Underlying operating profit in line with expectations*

Financial Review

Introduction

The Group delivered resilient results in the context of the challenging macro-economic environment, as evidenced in reduced temporary worker hours as a result of declining consumer spend. In addition, permanent recruitment has also softened in H1 2023. Notwithstanding these pressures, the Group's balance sheet strengthened with pre-IFRS16 net debt reducing by £6.2m to £(3.5)m. Significant headroom of £58.7m (2022: £46.7m) exists in the Group's banking facility alongside material headroom in financial covenants.

The Group continues to protect its financial position, having purchased a three-year interest rate cap product in October 2021 limiting the Group's exposure to increases in interest rates. This has been hugely beneficial during the last twelve months, when the Bank of England base rate increased from 1.25% to 5.00%.

Trading performance

Total revenue for H1 2023 decreased by (0.9)% to £434.1m (2022: £438.0m) resulting from reduced food and distribution sector volumes, offset by the new revenues from the BMW contract that commenced toward the end of H1 2022. Gross profit has decreased to £38.0m (2022: £39.9m) alongside a marginal decrease in gross margin to 8.8% from 9.1% in 2022. The reduction in gross margin % is driven by both the softening in permanent recruitment, as well as the reduction in higher margin employability training activity in H1 2022.

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

Underlying divisional performance

	Six months ended 30 June 2023					Six months ended 30 June 2022				
	Recruitment GB Unaudited	**Recruitment Ireland Unaudited**	**PeoplePlus Unaudited**	**Group costs Unaudited**	**Total Group Unaudited**	Recruitment GB Unaudited	Recruitment Ireland Unaudited	PeoplePlus Unaudited	Group costs Unaudited	Total Group Unaudited
	£'m	**£'m**	**£'m**	**£'m**	**£'m**	£'m	£'m	£'m	£'m	£'m
Revenue	**341.2**	**54.5**	**38.4**	-	**434.1**	345.2	55.8	37.0	-	438.0
Period-on-period % change	***(1.2)%***	***(2.3)%***	***3.8%***	-	***(0.9)%***	*(2.8)%*	*1.1%*	*(8.6)%*	-	*(2.8)%*
Gross sales value[1]	**403.5**	**54.5**	**38.4**	**-**	**496.4**	382.1	55.8	37.0	-	474.9
Period-on-period % change	***5.6%***	***(2.3)%***	***3.8%***	**-**	***4.5%***	*0.8%*	*1.1%*	*(8.6)%*	-	-
Gross profit	**23.5**	**6.1**	**8.4**	-	**38.0**	24.6	6.3	9.0	-	39.9
Period-on-period % change	***(4.5)%***	***(3.2)%***	***(6.7)%***	**-**	***(4.8)%***	*2.5%*	*12.5%*	*(4.3)%*	-	*2.3%*
Gross margin %	***6.9%***	***11.2%***	***21.9%***	-	***8.8%***	*7.1%*	*11.3%*	*24.3%*	-	*9.1%*
Underlying operating profit /(loss)	**1.8**	**0.8**	**1.2**	**(1.4)**	**2.4**	2.3	1.5	1.6	(1.4)	4.0
Underlying operating profit as a % of revenue	***0.5%***	***1.5%***	***3.1%***	**-**	***0.6%***	*0.7%*	*2.7%*	*4.3%*	-	*0.9%*
Underlying operating profit as a % of gross profit	***7.7%***	***13.1%***	***14.3%***	**-**	***6.3%***	*9.3%*	*23.8%*	*17.8%*	-	*10.0%*
Post-IFRS16 net (debt)/cash	-	-	-	-	**(8.0)**	-	-	-	-	(13.9)
Pre-IFRS16 net (debt)/cash	-	-	-	-	**(3.5)**	-	-	-	-	(9.7)

[1] Gross sales value represents the fair value of consideration received or receivable for the supply of services, including agency sales, (excluding fees) net of VAT.

Key performance indicators

	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Recruitment GB Unaudited	**Recruitment Ireland Unaudited**	**PeoplePlus Unaudited**	**Total Group Unaudited**	Recruitment GB Unaudited	Recruitment Ireland Unaudited	PeoplePlus Unaudited	Total Group Unaudited
Hours worked by temporary workers	**18.8m**	**3.2m**	-	**22.0m**	21.4m	3.4m	-	24.8m
Gross profit per fee earner	**£36.3k**	**£47.0k**	-	**£38.0k**	£36.6k	£50.0k	-	£38.7k
Revenue per employee	**-**	**-**	**£26.4k**	**-**	-	-	£27.9k	-

For management reporting purposes, the Recruitment GB division presents its 'gross sales', which includes sales under agency arrangements. The reporting of gross sales gives an indication of the full level of activity undertaken by the division. The value is adjusted for revenue reporting in accordance with IFRS15. The adjustment relative to reported revenue for the Group is as follows:

	H1 2023 Unaudited £'m	H1 2022 Unaudited £'m
Gross sales value	**496.4**	474.9
Agency sales	**(62.3)**	(36.9)
Revenue as reported	**434.1**	438.0

Revenues in the Recruitment GB division decreased by £4.0m, (1.2%), to £341.2m (2022: £345.2m). The decrease is as a result of reducing year-on-year supermarket and online retail volumes, partially offset by the new revenues from the BMW contract that commenced during H1 2022. The decline in retail volumes is as a direct result of the ongoing cost-of-living challenges.

The gross profit for Recruitment GB decreased year-on-year, from £24.6m in 2022 to £23.5m, with the gross margin % decreasing from 7.1% in H1 2022 to 6.9% this year. This was significantly impacted by a 9.7% increase in the National Living Wage from April 2023, from £9.50 to £10.42, which was the largest increase in the last five years. This contributed to an average increase in our temporary worker pay rates of c.8.5%. This does not impact absolute gross profit as it is passed through to customers, but does negatively impact the gross margin % achieved. Gross profit margin % was further diluted by the softening in the higher margin activity of permanent recruitment, which generated £1.8m of gross profit, down slightly from £1.9m in H1 2022.

Revenues in the Recruitment Ireland division were broadly flat at £54.5m (2022: £55.8m), reflecting resilience in onsite temporary recruitment activity, offset by a 23% reduction in permanent recruitment. The gross profit for Recruitment Ireland decreased slightly from £6.3m (11.3%) in H1 2022 to £6.1m in H1 2023 (11.2%). Permanent recruitment generated £1.0m of gross profit compared to £1.3m in H1 2022, reflecting cautious sentiment. Revenues and gross profits were also reduced in the branch networks in both Northern Ireland and the Republic of Ireland, as well as with our Northern Irish public sector clients.

PeoplePlus revenues increased by £1.4m (3.8%), to £38.4m (2022: £37.0m), primarily as a result of increased revenues from the Restart contracts and the prison education contract transition from COVID-driven cost plus basis to payment by results. These gains are partially offset by declining revenue from Skills education, which has led to our decision to exit from that business. The continued tight labour market along with inflationary cost pressures made the financial model of the Skills business sub-optimal. The losses of £(0.6)m generated in the Skills business in H1 contributed to the gross profit for PeoplePlus decreasing from £9.0m in H1 2022 to £8.5m in H1 2023, whilst gross margin reduced from 24.3% in H1 2022 to 21.9% in H1 2023.

Group underlying operating profit was £2.4m (2022: £4.0m), with gross profit to underlying operating profit conversion reducing to 6.3% compared to 10.0% in H1 2022. Excluding the £(0.6)m of losses in the Skills business, which will be treated as a discontinued operation in the Group's full-year financial statements, the underlying operating profit would have been £3.0m (see note 3). Similar to 2022, the Group expects underlying operating profit to be H2 weighted due to the main peak trading period in the lead up to Christmas and the New Year. The Board expects full-year results to be in line with expectations*.

Non-underlying charges

Total non-underlying charges of £4.9m for the period include new onerous contract and exit cost provisions of £2.3m following the decision to exit the in-person Skills training business and £2.6m (2022: £3.8m) for amortisation of the intangible assets arising on business combinations.

Finance costs and interest rate hedge

Net finance costs were £1.8m (2022: £1.2m), which includes £0.3m (2022: £0.2m) of non-cash charges for amortisation of debt re-financing costs and the hedging instrument. The increased cost arises from the significant increase in SONIA rates during the last 18 months, which has been significantly mitigated by income from the interest rate cap product purchased in October 2021. The Group's exposure to an increase in interest rates is limited to SONIA up to 1.00% on two thirds of the aggregate of its bank borrowings and customer finance arrangements.

These costs resulted in a reported loss before taxation of £(4.3)m in H1 2023 (2022: £(1.0)m).

Taxation

There is a £1.1m tax credit (2022: £0.3m) for the period due principally to the movement on deferred tax balances.

The reported loss after tax on continuing activities for H1 2023 was £(3.2)m (2022: £(0.7)m).

** Underlying operating profit in line with expectations*

Statement of financial position, cash generation and financing

The Group ended H1 2023 with pre-IFRS16 net debt of £(3.5)m, (2022: £(9.7)m). Post-IFRS16 net debt was £(8.0)m at H1 2023 (2022: £(13.9)m). The movement in net debt is shown in the table below. The change in working capital includes the Q1 VAT payment, representing VAT collections in the Group's peak seasonal Q4 2022 trading period. This was partly offset by continued tight working capital management. The net debt position has also benefitted from the completion of previous capital projects leading to a reduction in capital expenditure during H1 2023.

Movement in net debt	**H1 2023 Unaudited £'m**	H1 2022 Unaudited £'m
Opening net cash (pre-IFRS16)	**5.0**	6.9
Cash generated before changes in working capital (note 13)	**2.7**	7.1
Movements in working capital	**(7.7)**	(20.9)
Net taxation and interest paid	**(1.4)**	(0.4)
Capital investment (net of disposals)	**(1.0)**	(1.8)
Own shares purchased	**(0.5)**	-
Principal repayment of lease liabilities	**(0.9)**	(0.8)
Employee equity settled share options	**0.3**	0.2
Closing net (debt) (pre-IFRS16)	**(3.5)**	(9.7)
IFRS16 lease liabilities	**(4.5)**	(4.2)
Closing net (debt) (post-IFRS16)	**(8.0)**	(13.9)

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

Reconciliation of operating loss to EBITDA	**H1 2023 Unaudited £'m**	H1 2022 Unaudited £'m
Operating (loss)/profit	**(2.5)**	0.2
Non-underlying charges	**4.9**	3.8
Underlying operating profit	**2.4**	4.0
Depreciation	**2.6**	3.1
Underlying EBITDA	**5.0**	7.1
Lease rental payments	**(0.9)**	(0.8)
Underlying EBITDA (pre-IFRS16)	**4.1**	6.3

Note: Underlying operating profit is stated before provisions arising from the closure of the Skills training business and amortisation of intangible assets arising on business combinations.

The Group's banking facility headroom under its available committed banking facilities is set out below:

	H1 2023 Unaudited £'m	H1 2022 Unaudited £'m
Cash at bank	**12.2**	12.6
Available receivables finance agreement unutilised	**46.5**	34.1
Banking facility headroom	**58.7**	46.7

Banking facilities

The Group uses a Receivables Financing Agreement ("RFA") to fund its day-to-day working capital requirements.

The key terms of the facility, which is provided jointly by RBS Invoice Finance Limited, ABN AMRO Asset Based Finance N.V., UK Branch and Leumi UK Group 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 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 2023, the value of invoices funded under these arrangements was £41.3m (2022: £39.1m).

Share repurchase programme ("Share Buyback")

The Board believes the current climate presents a good opportunity to make share purchases. The Company has delivered two years of underlying operating profits of at least £10.0m and net debt (pre-IFRS16) has reduced to £(3.5)m at 30 June 2023 (2022: £(9.7)m) through retained earnings and improvements in working capital. Consequently, the Group has substantial headroom of £58.7m (2022: £46.7m) under its available debt facilities.

Accordingly, the Company today announces the launch of a share buyback, to repurchase ordinary shares in the capital of the Company (the "Ordinary Shares") up to an aggregate value of £4.0 million. The Ordinary Shares purchased pursuant to the Share Buyback will be cancelled.

Dividend policy

No interim dividend for 2023 is proposed (2022: £nil).

Going concern

The Directors have formed a judgement, at the time of approving the unaudited condensed interim Group 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 unaudited condensed interim Group financial statements are authorised for issue. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Post balance sheet event

At the Company's Annual General Meeting held on 12 June 2023, the shareholders approved a special resolution to cancel the entire amount standing to the credit of the Company's share premium account, subject to the approval of the High Court of England and Wales. Approval was granted by the Court on 18 July 2023 and as a result the Company has distributable reserves of £85.8m with effect from 20 July 2023, being the date that the Court's decision was registered at Companies House.

International Financial Reporting Standards

There have been no new accounting standards or interpretations in the first half of 2023 which materially impact the Group's reported performance or financial position.

Daniel Quint
Chief Financial Officer
1 August 2023

Consolidated statement of comprehensive income
For the six months ended 30 June 2023

	Note	**Six-month period ended 30 June 2023 Unaudited £'m**	Six-month period ended 30 June 2022 Unaudited £'m	Year ended 31 December 2022 Audited £'m
Continuing operations				
Revenue	2	**434.1**	438.0	940.5
Cost of sales		**(396.1)**	(398.1)	(857.3)
Gross profit		**38.0**	39.9	83.2
Administrative expenses		**(40.5)**	(39.7)	(78.6)
Operating (loss)/profit		**(2.5)**	0.2	4.6
Underlying operating profit before non-underlying administrative expenses		**2.4**	4.0	12.0
Administrative expenses (non-underlying)	3	**(4.9)**	(3.8)	(7.4)
Operating (loss)/profit	2	**(2.5)**	0.2	4.6
Finance income		**0.7**	-	0.7
Finance charges		**(2.5)**	(1.2)	(3.4)
(Loss)/profit for the period before taxation		**(4.3)**	(1.0)	1.9
Tax credit		**1.1**	0.3	1.9
(Loss)/profit for the period		**(3.2)**	(0.7)	3.8
Items that will not be reclassified to the statement of comprehensive income - actuarial gains and losses, net of deferred tax		**0.1**	1.3	0.4
Items that may be reclassified to the statement of comprehensive income:				
- cumulative translation adjustment		**-**	-	0.1
- movement on cash flow hedge, net of deferred tax		**0.3**	1.0	1.5
Total comprehensive income for the period		**(2.8)**	1.6	5.8
Earnings per ordinary share	4			
Continuing operations: Basic and diluted		**(2.0)p**	(0.4)p	2.3p

The accompanying notes form an integral part of these unaudited condensed interim Group financial statements.

Consolidated statement of changes in equity
For the six months ended 30 June 2023

Unaudited	Share capital £'m	Own shares £'m	Share premium £'m	Share-based payment reserve £'m	Cash flow hedge reserve £'m	Profit and loss account £'m	Total equity £'m
At 1 January 2023	**16.6**	**(4.5)**	**111.8**	**0.6**	**1.7**	**(54.5)**	**71.7**
Issue of shares to management	-	0.3	-	-	-	(0.3)	-
Long term incentive scheme	-	-	-	0.2	-	-	0.2
Save As You Earn (SAYE) share scheme	-	-	-	0.1	-	-	0.1
Own shares purchased	-	(0.5)	-	-	-	-	(0.5)
Transactions with owners	**-**	**(0.2)**	**-**	**0.3**	**-**	**(0.3)**	**(0.2)**
Loss for the period	-	-	-	-	-	(3.2)	(3.2)
Cash flow hedge reserve, net of taxation	-	-	-	-	0.3	-	0.3
Actuarial gain, net of taxation	-	-	-	-	-	0.1	0.1
Total comprehensive income for the period, net of tax	-	-	-	-	**0.3**	**(3.1)**	**(2.8)**
At 30 June 2023	**16.6**	**(4.7)**	**111.8**	**0.9**	**2.0**	**(57.9)**	**68.7**

Consolidated statement of changes in equity
For the six months ended 30 June 2022

Unaudited	Share capital £'m	Own shares £'m	Share premium £'m	Share-based payment reserve £'m	Cash flow hedge reserve £'m	Profit and loss account £'m	Total equity £'m
At 1 January 2022	**16.6**	**(4.8)**	**111.8**	**0.3**	**0.2**	**(55.9)**	**68.2**
Issue of shares to management	-	0.7	-	-	-	(0.6)	0.1
Long term incentive scheme	-	-	-	0.1	-	-	0.1
Save As You Earn (SAYE) share scheme	-	-	-	0.1	-	-	0.1
Transactions with owners	**-**	**0.7**	**-**	**0.2**	**-**	**(0.6)**	**0.3**
Loss for the period	-	-	-	-	-	(0.7)	(0.7)
Cash flow hedge reserve, net of taxation	-	-	-	-	1.0	-	1.0
Actuarial gain, net of taxation	-	-	-	-	-	1.3	1.3
Total comprehensive income for the period, net of tax	-	-	-	-	**1.0**	**0.6**	**1.6**
At 30 June 2022	**16.6**	**(4.1)**	**111.8**	**0.5**	**1.2**	**(55.9)**	**70.1**

The accompanying notes form an integral part of these unaudited condensed interim Group financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2022

Audited	Share capital £'m	Own shares £'m	Share premium £'m	Share-based payment reserve £'m	Cash flow hedge reserve £'m	Profit and loss account £'m	Total equity £'m
At 1 January 2022	**16.6**	**(4.8)**	**111.8**	**0.3**	**0.2**	**(58.2)**	**65.9**
Save As You Earn ("SAYE") share scheme – cash-settled	-	-	-	0.3	-	-	0.3
Issues of shares to management	-	0.7	-	-	-	(0.6)	0.1
Own shares purchased	-	(0.4)	-	-	-	-	(0.4)
Transactions with owners	**-**	**0.3**	**-**	**0.3**	**-**	**(0.6)**	**-**
Profit for the year	-	-	-	-	-	3.8	3.8
Cash flow hedge reserve	-	-	-	-	1.5	-	1.5
Actuarial gain on pension scheme, net of taxation	-	-	-	-	-	0.4	0.4
Cumulative translation adjustments	-	-	-	-	-	0.1	0.1
Total comprehensive income for the year, net of tax	**-**	**-**	**-**	**-**	**1.5**	**4.3**	**5.8**
At 31 December 2022	**16.6**	**(4.5)**	**111.8**	**0.6**	**1.7**	**(54.5)**	**71.7**

The accompanying notes form an integral part of these unaudited condensed interim Group financial statements.

Consolidated statement of financial position
As at 30 June 2023

	Note	**30 June 2023 Unaudited £'m**	30 June 2022 Unaudited £'m	31 December 2022 Audited £'m
Assets				
Non-current assets				
Goodwill	5	59.6	59.6	59.6
Other intangible assets		6.6	12.3	9.4
Property, plant and equipment		6.7	7.8	7.6
Retirement benefit net asset		0.3	1.4	0.2
Deferred tax asset		5.4	3.6	5.0
		78.6	**84.7**	81.8
Current assets				
Trade and other receivables	6	122.7	116.8	119.8
Current tax asset		0.3	-	0.3
Derivative financial instruments	7	3.1	1.8	3.0
Cash and cash equivalents	8	12.2	12.6	31.0
		138.3	**131.2**	154.1
Total assets		**216.9**	**215.9**	235.9
Liabilities				
Current				
Trade and other payables	9	123.5	114.7	130.3
Borrowings	10	15.7	22.3	26.0
Provisions	11	3.1	1.0	0.9
Lease liabilities	10	1.5	1.3	1.5
		143.8	**139.3**	158.7
Non-current				
Provisions	11	0.5	1.6	0.6
Lease liabilities	10	3.0	2.9	3.4
Deferred tax liabilities		0.9	2.0	1.5
		4.4	**6.5**	5.5
Total liabilities		**148.2**	**145.8**	164.2
Equity				
Share capital	12	16.6	16.6	16.6
Own shares		(4.7)	(4.1)	(4.5)
Share premium		111.8	111.8	111.8
Share-based payment reserve		0.9	0.5	0.6
Cash flow hedge reserve		2.0	1.2	1.7
Profit and loss account		(57.9)	(55.9)	(54.5)
Total equity		**68.7**	**70.1**	71.7
Total equity and liabilities		**216.9**	**215.9**	235.9

The accompanying notes form an integral part of these unaudited condensed interim Group financial statements.

Consolidated statement of cash flows
For the six months ended 30 June 2023

	Note	**Six months ended 30 June 2023 Unaudited**	Six months ended 30 June 2022 Unaudited	Year ended 31 December 2022 Audited
		£'m	£'m	£'m
Cash flows from operating activities	13	**(4.7)**	(13.6)	5.5
Taxation received		0.1	0.6	0.4
Net cash outflow from operating activities		**(4.6)**	(13.0)	5.9
Cash flows from investing activities - trading				
Purchase of intangible assets – software		(0.8)	(1.2)	(2.3)
Purchases of property, plant and equipment		(0.2)	(0.6)	(1.0)
Total cash flows arising from investing activities		**(1.0)**	(1.8)	(3.3)
Total cash flows arising from operating and investing activities		**(5.6)**	(14.8)	(2.6)
Cash flows from financing activities				
Net movements on Receivables Finance Agreement		(10.3)	(0.6)	3.1
Finance lease principal repayments		(0.9)	(0.8)	(1.6)
Net interest paid		(1.5)	(1.0)	(2.5)
Own shares purchased		(0.5)	-	(0.4)
Net cash flows from financing activities		**(13.2)**	(2.4)	(1.4)
Net change in cash and cash equivalents		**(18.8)**	(17.2)	1.2
Cash and cash equivalents at beginning of period		**31.0**	29.8	29.8
Cash and cash equivalents at end of period	8	**12.2**	12.6	31.0

The accompanying notes form an integral part of these unaudited condensed interim Group financial statements.

Notes to the summary financial statements
For the six months ended 30 June 2023

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 2023 (including the comparatives for the six-month period ended 30 June 2022 and the year ended 31 December 2022) were approved and authorised for issue by the Board of Directors on 31 July 2023.

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 condensed interim Group financial statements have been prepared using the accounting policies as described in the December 2022 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 2022 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 2022, have been prepared in accordance with AIM Rules for Companies – Part One, Section 18 “Half-yearly reports”.

The unaudited condensed interim Group financial statements consolidate those of the parent company and all its subsidiaries as at 30 June 2023. 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 condensed interim Group financial statements have been prepared on a going concern basis using the significant accounting policies and measurement bases summarised in the December 2022 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 unaudited condensed interim Group 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 unaudited condensed interim Group financial statements are authorised for issue. For this reason, the Directors continue to adopt the going concern basis in preparing the unaudited condensed interim Group financial statements .

Notes to the summary financial statements (continued)
For the six months ended 30 June 2023

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 employability 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 2023					Six months ended 30 June 2022				
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 £'m**	**Group costs Unaudited £'m**	**Total Group Unaudited £'m**
Revenue from external customers	341.2	54.5	38.4	-	**434.1**	345.2	55.8	37.0	-	438.0
Cost of sales	(317.7)	(48.4)	(30.0)	-	**(396.1)**	(320.6)	(49.5)	(28.0)	-	(398.1)
Segment gross profit	**23.5**	**6.1**	**8.4**	-	**38.0**	24.6	6.3	9.0	-	39.9
Administrative expenses (underlying)	(20.4)	(5.0)	(6.2)	(1.4)	**(33.0)**	(20.4)	(4.6)	(6.4)	(1.4)	(32.8)
Depreciation and software amortisation (underlying)	(1.3)	(0.3)	(1.0)	-	**(2.6)**	(1.9)	(0.2)	(1.0)	-	(3.1)
Segment underlying operating profit/(loss)*	**1.8**	**0.8**	**1.2**	**(1.4)**	**2.4**	2.3	1.5	1.6	(1.4)	4.0
Amortisation of intangible assets arising on business combinations	(2.5)	-	(0.1)	-	(2.6)	(3.7)	-	(0.1)	-	(3.8)
Skills closure provisions	-	-	(2.3)	-	(2.3)	-	-	-	-	-
Segment operating profit/(loss)	**(0.6)**	0.8	(1.3)	(1.4)	(2.5)	(1.4)	1.5	1.5	(1.4)	0.2
Finance (costs)/income	(2.4)	(0.1)	-	0.7	(1.8)	(1.1)	(0.1)	-	-	(1.2)
(Loss)/profit for the period before taxation	(3.0)	0.7	(1.3)	(0.7)	(4.3)	(2.5)	1.4	1.5	(1.4)	(1.0)
Tax credit/(charge)	0.8	(0.2)	0.3	0.2	**1.1**	0.7	(0.3)	(0.4)	0.3	0.3
Net (loss)/profit for the period	**(2.2)**	**0.5**	**(1.0)**	**(0.5)**	**(3.2)**	(1.8)	1.1	1.1)	(1.1)	(0.7)

* Segment underlying operating profit before amortisation of intangible assets arising on business combinations

Notes to the summary financial statements (continued)
For the six months ended 30 June 2023

2 Segmental reporting (continued)

	Six months ended 30 June 2023					Six months ended 30 June 2022				
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 £'m**	**Group costs Unaudited £'m**	**Total Group Unaudited £'m**
Total non-current assets	27.8	12.9	37.5	0.4	**78.6**	32.2	12.0	39.7	0.8	84.7
Total current assets	107.2	18.2	9.2	3.7	**138.3**	96.1	21.8	11.5	1.8	131.2
Total assets	**135.0**	**31.1**	**46.7**	**4.1**	**216.9**	128.3	33.8	51.2	2.6	215.9
Total liabilities	**117.9**	**10.5**	**19.3**	**0.5**	**148.2**	114.4	12.5	18.6	0.3	145.8
Capital expenditure inc software	0.6	0.2	0.2	-	**1.0**	1.0	0.2	0.6	-	1.8

Segment information for the year ended 31 December 2022 is as follows:

Segment continuing operations	**Recruitment GB 2022 £'m**	**Recruitment Ireland 2022 £'m**	**PeoplePlus 2022 £'m**	**Group Costs 2022 £'m**	**Total Group 2022 £'m**
Sales revenue from external customers	752.0	110.6	77.9	-	**940.5**
Cost of sales	(700.0)	(97.7)	(59.6)	-	**(857.3)**
Segment gross profit	**52.0**	**12.9**	**18.3**	**-**	**83.2**
Administrative expenses	(40.5)	(9.3)	(12.5)	(3.3)	**(65.6)**
Depreciation, software & lease amortisation	(3.2)	(0.4)	(2.0)	-	**(5.6)**
Segment underlying operating profit/(loss)*	**8.3**	**3.2**	**3.8**	**(3.3)**	**12.0**
Amortisation of intangibles arising on business combinations	(5.9)	(1.3)	(0.2)	-	**(7.4)**
Segment profit from operations	**2.4**	**1.9**	**3.6**	**(3.3)**	**4.6**
Net finance costs	(3.1)	(0.1)	-	0.5	**(2.7)**
Segment loss before taxation	**(0.7)**	**1.8**	**3.6**	**(2.8)**	**1.9**
Tax credit	1.8	-	(0.2)	0.3	1.9
Segment loss from continuing operations	**1.1**	**1.8**	**3.4**	**(2.5)**	**3.8**
Total non-current assets	28.4	12.2	36.2	-	**76.8**
Total current assets	117.6	19.9	13.3	3.3	**154.1**
Total assets (consolidated)	**146.0**	**32.1**	**49.5**	**3.3**	**230.9**
Total liabilities (consolidated)	**135.1**	**11.0**	**17.5**	**0.6**	**164.2**
Capital expenditure inc software	2.0	0.5	0.8	-	**3.3**

* Segment underlying operating profit before amortisation of intangible assets arising on business combinations

No customer contributed more than 10% of the Group's revenue in either of the six months ended 2023 or 2022.

Notes to the summary financial statements (continued)
For the six months ended 30 June 2023

3 Non-underlying expenses

Administrative expenses	**Six months ended 30 June 2023 Unaudited £'m**	Six months ended 30 June 2022 Unaudited £'m	Year ended 31 December 2022 Audited £'m
Amortisation of intangible assets arising on business combinations (licences and customer contracts)	2.6	3.8	7.4
Skills business closure provision	2.3	-	-
Tax credit on non-underlying costs	(1.1)	(1.0)	(1.8)
Post taxation effect on non-underlying costs	**3.8**	**2.8**	**5.6**

Closure of the Skills business within PeoplePlus

During the period a substantial contract operated by the Skills business within the PeoplePlus division concluded and was not renewed. Further contracts are due to conclude during the second half of 2023. The Board has decided that in view of the recent unsatisfactory performance and the impending completion of a number of contracts, that the Skills business should be closed. The business has obligations to provide classroom learning up to August 2023 and consequently is classed as a continuing operation for this reporting period.

The results of the Skills business for the period ended 30 June 2023 are set out below.

Proforma Statement of Comprehensive Income – Skills business

	Six months ended 30 June 2023 Unaudited £'m	Six months ended 30 June 2022 Unaudited £'m	Year ended 31 December 2022 Audited £'m
Revenue	**4.1**	5.6	12.2
Cost of sales	**(4.2)**	(5.2)	(11.2)
Gross (loss)/profit	**(0.1)**	0.4	1.0
Administrative expenses*	**(0.5)**	(0.5)	(1.0)
Operating loss	**(0.6)**	(0.1)	-

*Administrative expenses comprise an allocation of central overheads, relating principally to administrative staff, of the PeoplePlus Division, which has been consistently applied to each period, to represent the element of costs utilised by the Skills business.

Notes to the summary financial statements (continued)
For the six months ended 30 June 2023

3 Non-underlying expenses (continued)

Closure costs from, staff redundancies, property exits and other commitments, will be incurred after completion of contractual obligations in August 2023. Furthermore, the contracts remaining to be completed after 30 June 2023 are considered onerous. The decision to close the business had been formally noted by the Board in May 2023 and provisions for closure and the onerous contracts have been recognised at 30 June 2023, as set out below.

Skills business closure provisions	**Six months ended 30 June 2023 Unaudited £'m**
Onerous contracts	**1.0**
Closure costs	**1.3**
Total	**2.3**

Additional information is provided below to show the Group's performance for the period, with comparatives, that exclude the Skills business as if it had been discontinued with effect from 30 June 2023.

	Six months ended 30 June 2023 Unaudited £'m	Six months ended 30 June 2022 Unaudited £'m	Year ended 31 December 2022 Audited £'m
Revenue	**430.0**	432.4	928.3
Cost of sales	**(391.9)**	(392.9)	(846.1)
Gross profit	**38.1**	39.5	82.2
Administrative expenses	**(37.7)**	(39.2)	(77.6)
Underlying operating profit*	**0.4**	0.3	4.6
Add: Amortisation of intangible assets	**2.6**	3.8	7.4
Underlying operating profit before non-underlying administrative expenses	**3.0**	4.1	12.0

**Underlying operating profit before Skills onerous contract (£1.0m) and exit costs provisions (£1.3m) and amortisation of intangible assets arising on business* combinations (£2.6m)

Notes to the summary financial statements (continued)
For the six months ended 30 June 2023

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 by the Employee Benefit Trust ("EBT") – "own shares" (3,316,391 shares at 30 June 2023, 2,014,511 shares at 31 December 2022 and 964,511 shares at 30 June 2022). 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 Executive Directors and certain senior employees, and share options granted to employees under the SAYE scheme.

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

	Basic six months ended 30 June 2023	Basic six months ended 30 June 2022	Basic Year ended 31 December 2022	**Diluted six months ended 30 June 2023**	Diluted six months ended 30 June 2022	Diluted Year ended 31 December 2022
	Unaudited	Unaudited	Audited	**Unaudited**	Unaudited	Audited
(Loss)/profit from continuing operations (£'m)	**(3.2)**	(0.7)	3.8	**(3.2)**	(0.7)	3.8
Weighted daily average number of shares	**162,451,337**	164,716,595	163,753,217	**163,961,869**	168,682,279	165,163,334
(Loss)/profit per share from continuing operations (p)	**(2.0)p**	(0.4)p	2.3p	**(2.0)p**	(0.4)p	2.3p
Underlying earnings from continuing operations (£'m)*	**0.5**	2.1	9.4	**0.5**	2.1	9.4
Underlying earnings per share (p)*	**0.3p**	1.3p	5.7p	**0.3p**	1.2p	5.7p

*Underlying earnings after adjusting for Skills onerous contract and exit costs provisions and amortisation of intangible assets arising on business combinations.

Dividends

No interim dividend for 2023 is proposed (2022: £nil).

Notes to the summary financial statements (continued)
For the six months ended 30 June 2023

5 Goodwill

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

	30 June 2023 Unaudited £'m	30 June 2022 Unaudited £'m	31 December 2022 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
	59.6	**59.6**	**59.6**

6 Trade and other receivables

	30 June 2023 Unaudited £'m	30 June 2022 Unaudited £'m	31 December 2022 Audited £'m
Trade and other receivables	97.0	102.7	109.2
Accrued income	25.7	14.1	10.6
	122.7	**116.8**	**119.8**

7 Derivative financial instruments

	30 June 2023 Unaudited £'m	30 June 2022 Unaudited £'m	31 December 2022 Audited £'m
Fair value hedge – interest rate cap	**3.1**	**1.8**	**3.0**

In October 2021 the Group entered into an amortising interest rate cap instrument, which reduces exposure to interest rate increases above 1% of SONIA on an aggregated two-thirds of the Receivables Finance Agreement and the customer finance arrangements. The instrument, which expires on 13 October 2024, is based on quarterly notional amounts varying between £39.5m and £62.5m, with an average of £51.9m.

The fair values of derivatives are based on market data to calculate the present value of all estimated flows associated with the derivatives at the balance sheet date. The interest rate cap is classed as a level 2 financial instrument in accordance with IFRS 13 classification hierarchy. Level 2 financial instruments are not traded in an active marked, but the fair value is based on quoted market prices, broker/dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Notes to the summary financial statements (continued)
For the six months ended 30 June 2023

8 Cash and cash equivalents

	30 June 2023 Unaudited £'m	30 June 2022 Unaudited £'m	31 December 2022 Audited £'m
Cash and cash equivalents	**12.2**	**12.6**	**31.0**

Cash and cash equivalents consist of cash on hand and balances with banks only. All cash on hand and balances with banks are held by subsidiary undertakings but these balances are available for use by the Group.

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

	Fitch	Standard & Poors	Moody's
National Westminster Bank plc	A+	A+	A1*
Royal Bank of Scotland plc	A+	A+	A1*

The Group's banking facility headroom is as follows:

	30 June 2023 Unaudited £'m	30 June 2022 Unaudited £'m	31 December 2022 Audited £'m
Cash and cash equivalents	12.2	12.6	31.0
Available receivables finance agreement balance	46.5	34.1	44.9
Banking facility headroom	**58.7**	**46.7**	**75.9**

9 Trade and other payables

	30 June 2023 Unaudited £'m	30 June 2022 Unaudited Restated £'m	31 December 2022 Audited £'m
Trade and other payables	25.3	30.0	30.5
Accruals and deferred income	53.8	40.9	52.6
Other taxation and social security	44.4	43.8	47.2
	123.5	**114.7**	**130.3**

Notes to the summary financial statements (continued)
For the six months ended 30 June 2023

10 Borrowings

	30 June 2023 Unaudited £'m	30 June 2022 Unaudited £'m	31 December 2022 Audited £'m
Current liabilities:			
Receivables finance agreement	(15.7)	(22.3)	(26.0)
Lease liabilities	(1.5)	(1.3)	(1.5)
	(17.2)	**(23.6)**	**(27.5)**
Non-current liabilities:			
Lease liabilities	(3.0)	(2.9)	(3.4)
	(3.0)	(2.9)	(3.4)
Total borrowings	**(20.2)**	**(26.5)**	**(30.9)**
Less: Cash and cash equivalents (note 8)	12.2	12.6	31.0
Net cash/(debt) as disclosed in consolidated statement of cash flows (note 13)	**(8.0)**	**(13.9)**	**0.1**

Credit facilities

The Group uses a Receivables Financing Agreement ("RFA") to fund its day-to-day working capital requirements.

The key terms of the facility, which is provided jointly by RBS Invoice Finance Limited, ABN AMRO Asset Based Finance N.V., UK Branch and Leumi UK Group 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 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 2023, the value of invoices funded under these arrangements was £41.3m (2022: £39.1m).

Notes to the summary financial statements (continued)
For the six months ended 30 June 2023

11 Provisions

Group	**Staff costs £'m**	**Property costs £'m**	**Skills business closure £'m**	**Employee claim £'m**	**2023 Group Total £'m**	2022 Group Total £'m
At 1 January 2023	**0.3**	**1.0**	**-**	**0.2**	**1.5**	2.8
Amounts charged to the income statement	-	0.1	2.3	0.1	2.5	0.5
Amounts utilised	-	(0.1)	-	(0.3)	(0.4)	(0.2)
Unused amounts reversed to the income statement	-	-	-	-	-	(0.5)
At 30 June 2023	0.3	1.0	2.3	-	**3.6**	2.6
Due within one year (current)	0.3	0.5	2.3	-	3.1	1.3
Due after more than one year (non-current)	-	0.5		-	0.5	1.3
At 30 June 2023	0.3	1.0	2.3	-	**3.6**	2.6

The Group makes provision for staff and property costs relating to reorganisation programmes. The staff costs relate to redundancies and the property costs relate to lease dilapidations.

Provision is made for "wear and tear" dilapidation costs at the Group's leased properties. Where possible, dilapidations provisions are determined based on an independent valuation of the estimated total cost payable on expiry of the respective leases. The timing and value of the costs are uncertain due to potential changes to exit dates and the final liability which may be subject to negotiation with the landlord.

As described in note 3, provision has been made for the exit from the Skills training business within the PeoplePlus division. Closure costs arise from, staff redundancies, property exits and other commitments, which will be incurred after completion of contractual obligations in August 2023. An onerous contracts provision has been recognised for the cost of completing contracts after 30 June 2023.

The Company has no provisions (2022: £nil).

12 Share capital

	30 June 2023 Unaudited £'m	30 June 2022 Unaudited £'m	31 December 2022 Audited £'m
Allotted and issued			
165,767,728 ordinary 10p shares	**16.6**	16.6	16.6

	30 June 2023 '000	30 June 2022 '000	31 December 2022 '000
Shares issued and fully paid			
At beginning and end of the period	**165,768**	165,768	165,768

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 3,316,391 shares held at 30 June 2023 (2022: 964,511 shares) by the Employee Benefit Trust where the right to dividends has been waived.

Notes to the summary financial statements (continued)
For the six months ended 30 June 2023

13 Cash flows from operating activities

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

	Six months ended 30 June 2023 Unaudited £'m	**Six months ended 30 June 2022 Unaudited £'m**	Year ended 31 December 2022 Audited £'m
(Loss)/profit before taxation from continuing operations	(4.3)	(1.0)	1.9
Adjustments for:			
Finance income	(0.7)	-	(0.7)
Finance costs	2.5	1.2	3.4
Depreciation and amortisation - underlying	2.6	3.1	5.5
Depreciation and amortisation - non-underlying	2.6	3.8	7.4
Loss on disposal of property, plant and equipment	-	-	0.1
Cash generated before changes in working capital and share options	**2.7**	**7.1**	**17.6**
Change in trade and other receivables	(3.2)	(0.8)	(3.8)
Change in trade, other payables and provisions	(4.5)	(20.1)	(8.6)
Cash (utilised in)/generated from operations	**(5.0)**	**(13.8)**	**5.2**
Employee equity and cash settled share options	0.3	0.2	0.3
Net cash (outflow)/inflow from operating activities	**(4.7)**	**(13.6)**	**5.5**

Movement in net debt

	Six months ended 30 June 2023 Unaudited £'m	**Six months ended 30 June 2022 Unaudited £'m**	Year ended 31 December 2022 Audited £'m
Net cash at beginning of the period	0.1	2.3	2.3
Lease payments, additions, disposals and interest	0.4	0.4	(0.3)
Net repayments to/(drawn from) Receivables Finance Agreement	10.3	0.6	(3.1)
Change in cash and cash equivalents	(18.8)	(17.2)	1.2
Net (debt)/cash at end of period	**(8.0)**	**(13.9)**	**0.1**
Represented by:			
Cash and cash equivalents (note 8)	12.2	12.6	31.0
Current borrowings (note 10)	(15.7)	(22.3)	(26.0)
Lease liabilities (note 10)	(4.5)	(4.2)	(4.9)
Net (debt)/cash at end of period	**(8.0)**	**(13.9)**	**0.1**

Notes to the summary financial statements (continued)
For the six months ended 30 June 2023

14 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.

On 31 March 2023, Albert Ellis, Chief Executive Officer, and Daniel Quint, Chief Financial Officer, were awarded ordinary shares of 10p each in the Company ("Ordinary Shares") in relation to the proportion of their respective annual bonuses for the financial year ended 31 December 2022 payable in Ordinary Shares. Accordingly, the Employee Benefit Trust ("EBT") transferred to Albert Ellis and Daniel Quint 72,884 and 35,837 Ordinary Shares respectively.

The directors holding office at 30 June 2023 have the following beneficial interests in the Company's share capital:

	Number
Albert Ellis	645,291
Daniel Quint	484,914
Tom Spain	1,300,000
Catherine Lynch	10,000
	2,440,205

Albert Ellis and Daniel Quint have interests in 2,389,141 and 1,890,057 respectively for options for ordinary shares, awarded under the Company's 2021 long term incentive plan in July 2021, May 2022, and February 2023 and SAYE scheme 2022. The other directors have no current interests in share options or the SAYE scheme.