8 April 2025

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

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

- *Strong performance with* ***underlying operating profit exceeding market expectations***[1]
- ***Net cash (pre-IFRS 16) significantly ahead of market expectations***[1] *reflecting balance sheet strength*
- ***£12m disposal of PeoplePlus*** *to create pure-play recruitment platform, underpinning further share buybacks and providing working capital for growth*

Staffline, the recruitment group, announces its audited results for the year ended 31 December 2024 ('FY 2024' or the 'Period').

Financial Highlights[2]

	FY 2024	FY 2023	Change
Revenue	**£992.9m**	£871.3m	+14.0%
Gross sales value[3]	**£1,122.3m**	£988.8m	+13.5%
Gross profit	**£70.8m**	£64.2m	+10.3%
Gross profit margin %	**7.1%**	7.4%	-0.3%pts
Underlying operating profit[4]	**£10.1m**	£7.2m	+40.3%
Gross profit to operating profit conversion %	**14.3%**	11.2%	+3.1%pts
(Loss) after tax (total activities)	**£(8.3)m**	£(11.0)m	-24.5%
Underlying EBITDA	**£12.6m**	£10.0m	+26.0%
Net cash (pre-IFRS 16) [5]	**£9.6m**	£3.8m	+£5.8m

[1]Company-compiled consensus for FY 2024 underlying operating profit, and net debt (pre-IFRS 16), based on the mean average of two analyst estimates, stands at £10.1m and £(0.6)m, respectively.
[2]Except where otherwise stated, all results disclosed relate to continuing activities, and comparatives have been restated where necessary. This excludes PeoplePlus, which was divested in February 2025.

Alternative performance measures
[3]Gross sales value represents the value of the consideration received or receivable for the supply of services, including agency sales, (excluding fees) which are subject to an IFRS 15 agency adjustment, net of value added tax, rebates and discounts.
[4]Underlying results exclude goodwill impairment, amortisation of intangible assets arising on business combinations, reorganisation costs and other non-underlying charges.
[5]Presented on a pre-IFRS16 basis which excludes lease liabilities and also excludes refinancing costs.

- 14.0% increase in revenue due to market share gains and the increase in the National Living Wage
- 10.3% increase in gross profit driven by strong performances across both Recruitment GB and Recruitment Ireland
- Permanent fees increased 4.7% in Recruitment GB and 38.2% in Recruitment Ireland in contrast to the declining recruitment market
- 40.3% increase in underlying operating profit to £10.1m (2023: £7.2m)
- Conversion ratio of gross profit to operating profit improved to 14.3% (2023: 11.2%) through tight control of costs
- Net cash (pre-IFRS 16) significantly ahead of expectations at £9.6m (2023: £3.8m) due to debtor day reduction and tight control of working capital following peak trading during Q4
- Strong cashflow facilitated a £2.5m share buyback programme during FY 2024

Operational Highlights

- Delivered an excellent trading and cashflow performance across FY 2024 against a challenging macroeconomic backdrop
- In Recruitment GB, hours worked during FY 2024 were 10% ahead of FY 2023
- Increased volumes came from key food retailers; Tesco, Sainsbury's, Morrisons and Marks & Spencer, combined with increased market share from the logistics sector
- In Recruitment Ireland, permanent fees were up 38% on the prior year due to new customers and expanded HR assessment and consulting services
- The An Garda contract secured in 2023 (Republic of Ireland Police Service) was fully operational by the end of the year despite starting slower than expected and is now performing in line with management expectations

Post Period End Highlights

- £7.5m Share buyback programme launched on 25 February 2025
- Creation of a pure-play recruitment platform following the strategic disposal of PeoplePlus for a cash consideration of £12.0m, of which £2.0m is deferred, and subject to a deduction of £5.1m of advanced payments received for future revenue
- Cash proceeds from the disposal to be used for a combination of share buybacks and increasing funding for organic growth

Current Trading and Outlook

- Headwinds caused by the proposed increases in employers national insurance rates have reduced business confidence, which has made us cautious about prospects for the year
- Contributing to this caution around trading are interest rate levels, which remain higher than originally anticipated
- We anticipate continued growth in essential workforce solutions offered by the Group's blue-collar temporary recruitment service driven by a strong pipeline and good momentum in new business
- The Board expects trading to remain in line with current management expectations for FY 2025

Albert Ellis, Chief Executive Officer of Staffline, commented:

"I am delighted with Staffline's outstanding performance in 2024, with the ongoing commitment of the Group's staff and leadership team central to achieving these results, alongside tight control of our cost base. In addition, our success in maintaining excellence in delivery over the crucial Pre-Christmas peak trading period in the food retailing and logistics sectors remains a key feature of our impressive financial performance.

There is no question that the recruitment market remains challenging but the combination of Staffline's extensive scale and reach, market leadership and strong brand has ensured we continue to outperform in an uncertain market, remaining the trusted partner of choice.

Our strategy is now firmly focused on our recruitment activities, and the disposal of PeoplePlus allows us to dedicate greater focus and resources on continuing to deliver the organic growth strategy and accelerating value creation for our shareholders."

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About Staffline – *Recruitment*

Staffline is one of the UK's market leading Recruitment groups. It has two divisions:

Recruitment GB

The Recruitment GB business is a leading provider of flexible blue-collar workers, supplying up to c.35,000 staff per day on average from around 400 sites, across a wide range of industries including supermarkets, drinks, driving, food processing, logistics and manufacturing.

Recruitment Ireland

The Recruitment Ireland business is a leading end to end solutions provider operating across multiple 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 public and private sectors throughout the island of Ireland.

Chairman's Statement

Introduction

I would like to extend my sincere gratitude to our staff and management teams for their outstanding contributions in 2024. Their achievements stem from a combination of skilled expertise, dedication, and the strength of our market position.

Despite operating in a challenging market, our economies of scale and trusted relationships with key customers enabled us to defy the trend. Thanks to the tireless efforts of our people, we increased market share, delivering 14.0% year-on-year revenue growth and a 10.3% increase in gross profit. Our goal for the year ahead is clear: to drive further progress, improve operating profit, and ultimately enhance net profit after tax — a challenging but essential mission.

At Staffline, our core principle is simple: creating value for our clients translates into positive results for our shareholders. As Henry Ford once said, "I hold it is better to sell a large number of cars at a reasonably small margin than to sell a few cars at a large margin of profit." Replace "sell" with "place" and "cars" with "people," and you'll understand our approach.

A Strategic Focus on Value Creation

Since joining the Board, we have taken significant steps to strengthen Staffline's financial position. We have transitioned to a cash-positive business, grown operating profits, sold a non-core asset, and taken a disciplined approach to capital allocation.

Our primary objective is increasing per-share intrinsic value. While short-term results may not always be immediately apparent, our responsibility lies in the long-term value we create.

Intrinsic value is determined by the total future cash flows we expect to return to investors (either directly or through retained earnings), discounted at an appropriate rate. Market volatility often creates discrepancies between price and value. When our shares trade at a significant discount to their intrinsic value, we will act decisively — reducing shares outstanding and increasing each shareholder's claim on future cash flows. Conversely, when no such discount exists, we will preserve capital and allocate it prudently.

With this disciplined approach in mind, we were pleased to announce a net cash balance (pre-IFRS 16) of £9.6 million at 31 December 2024 (2023: £3.8 million), exceeding expectations. Following the sale of PeoplePlus, we have further strengthened our financial position, enabling us to initiate an initial share buyback programme of up to £7.5 million.

For those interested in a deeper understanding of our capital allocation philosophy, I encourage you to refer to my previous Chairman's Statement.

Thinking Like Owners

For a business to be run with an ownership mindset, its leaders must first be significant owners themselves. With a major shareholder at the helm, we are committed to reshaping Staffline's culture from the top down.

Our strategy is to transform the business into a cash-generating machine rather than a cash-consuming one. Given our inherently thin margins, success requires a relentless focus on efficiency — reducing expenses, improving cost structures, and embedding a culture of financial discipline. Incentives must be aligned with value creation because, as the saying goes: "Show me the incentive, and I will show you the outcome."

Board changes

I am delighted to announce that Amanda Aldridge, Independent Non-Executive Director, will assume the role of the Senior Independent Director with immediate effect.

Looking Ahead

As we navigate the inevitable challenges of 2025 and beyond, I am confident in Staffline's resilience and ability to seize opportunities, even in a difficult macroeconomic environment.

We are not just a people business; we are a people-focused business — dedicated to matching talented individuals with meaningful employment opportunities. Our enduring relationships with key customers and our ability to secure top-tier contracts demonstrate our ongoing commitment to excellence. We look forward to continuing this momentum in the year ahead.

Thank you for your continued trust.

Tom Spain
Chairman
7 April 2025

Chief Executive Officer's Review

Introduction

The Group delivered an outstanding trading and cash flow performance across FY 2024, reflecting the resilience of our organic growth strategy and business model. We continued to strengthen our balance sheet, which enabled us to carry out a £2.5m share buyback programme during FY 2024 and, with the sale of PeoplePlus we are well positioned to continue to deliver growth through our market-leading, recruitment focused Group.

In FY 2024, revenue from our continuing activities (excluding PeoplePlus) grew 14.0% to £992.9m (2023: £871.3m), driven mainly by market share gains across our recruitment divisions. Underlying operating profit was 40.3% higher than last year at £10.1m (2023: £7.2m), exceeding expectations. Cash flow performance was also significantly ahead of market expectations reflecting the strength and resilience of our cash-generative business model. These results were achieved despite a subdued recruitment market and a challenging macroeconomic backdrop.

A 10.3% increase in gross profit was reported as a result of good volumes from key food retailers, increased market share in the logistics sector and an excellent performance in permanent fees despite the widely reported challenges for permanent hires in the wider recruitment sector.

In February 2025, we completed the strategic disposal of the PeoplePlus division for £12m, which includes a deferred consideration of £2m. This followed a successful run of contract wins. The transaction has enabled us to focus on our pure-play recruitment platform, with greater focus and resources deployed across recruitment activities.

Results for FY 2024 have seen the delivery of almost all of the operational targets set at the end of 2020, after which the Group was recapitalised and the transformation implemented, with Staffline now evolving a number of strategic growth targets.

Strategy

The Group's strategy is to simplify the business model by focusing on organic growth in recruitment and continued market share gains across the UK and Ireland. The leverage our market-leading position within the recruitment sector gives is particularly pertinent during this time of macro uncertainty where scale and reach are key to attracting and retaining customers. The disposal of PeoplePlus sharpens our operational focus on recruitment and has resulted in increased cash resources available to deliver further shareholder value.

Our strategic focus remains constant across FY 2025, namely:

- ***Maintain and increase the Group's market-leading positions*** by leveraging Staffline's scale and reach and excellence in delivery to organically grow market share in blue-collar temporary recruitment.
- ***Broaden our portfolio*** by growing, where appropriate, white-collar and adjacent recruitment activities, including managed services.
- Continue to ***invest in the strong economy of the Republic of Ireland*** by securing material new contracts and investing in new branches.
- ***Increase shareholder returns*** whilst maintaining a healthy balance sheet and returning excess cash to shareholders in the form of share buybacks from strong trading cash flows.

A key part of our strategy is ensuring that we remain disciplined in our allocation of capital, with the main objective being to enhance shareholder value. Across FY 2024, we undertook a £2.5m share buyback programme, and in February 2025 launched a further £7.5m share buyback programme. Our strategy provides a solid foundation for continued investment and providing cash returns to shareholders.

Operational review

Recruitment GB

Revenue for the division was up 15.9% compared with 2023. Gross profit increased 9.2% to £56.7m and operating profit at £11.1m was up 29.1% year on year. Operational efficiency, measured by gross profit to operating profit conversion, reached a record 19.6% (2023: 16.6%) increase, and double the conversion achieved in 2020. This was driven by operational gearing, combined with tight overhead cost control.

Hours worked during the December peak outstripped the 2023 peak by 12% and on a full-year basis, hours were 10% ahead of FY 2023. Worker headcount grew, peaking at 35,372 workers, with a full-year average of 29,151.

Despite weaker like-for-like retail sales and declining demand in many sectors, Recruitment GB's growth continues to be driven by market share gains in third-party outsourcing and large supermarket customers, marking the fifth consecutive year of revenue and gross profit growth for Recruitment GB. Strong volumes from our key food retailers including Tesco, Sainsbury's, Morrisons and Marks & Spencer, combined with strong demand from the logistics sector underpinned the division's performance across 2024.

Significant growth was secured across major retailers, logistics providers, and food manufacturers, with several opportunities won which will continue to progress in 2025. Automotive performed well compared to 2023 but a slowdown in new car sales and reduced production toward the end of the year has resulted in a slightly weaker outlook for 2025 in this market. Logistics saw strong demand post-Black Friday, and supermarkets performed well with improved operating profit due to efficiency measures. Whilst like-for-like demand is expected to be flat or declining in some areas in logistics, customers are indicating increased appetite for greater agency workforce share as part of their strategy to counteract expected headwinds, influenced by changes to employer National Insurance contributions.

Mandates secured with new customer G4S in H1 2024 delivered a 5.7% growth in permanent recruitment during the year, further expanding our permanent placement service within the sector and reinforcing our strategy to increase the proportion of permanent recruitment.

To further improve efficiency and update the Group's technology advantage, a project to implement performance and security improvements on the main database platform including replacing adjacent finance and payroll remains on track.

Finally, operational and financial stability remain a priority, with ongoing strategic reviews on cost efficiency and system optimisation continuing into 2025.

Recruitment Ireland

In Recruitment Ireland, gross profit increased by 14.6% mainly due to the increase in permanent recruitment with underlying operating profit increasing by 55.6%. Permanent placement fees were up 38% on the prior year due to new customers and expanded HR assessment and consulting services. The previously reported An Garda contract win (Republic of Ireland Police Service) started slower than expected which held back the final result for the year, but and is now performing as expected.

A longer-term shift in the mix of services resulted in revenues marginally lower than prior year. This has been the consequence of a successful strategy to focus on higher margin recruitment services particularly in the Republic of Ireland. Investment in increased fee-earning capacity and general office and technology infrastructure was substantially completed during 2024.

This highly creditable performance was set against the backdrop of the wider economic headwinds, weak results reported from peers in the sector, and the power sharing impasse at Stormont persisting during the first half of the year. With power sharing now resolved, we believe this will support demand for recruitment services in Northern Ireland's core public services sector.

PeoplePlus

On 25 February 2025, we announced the sale of PeoplePlus, for cash consideration of £12.0m, which includes £2.0m of deferred consideration and is partially offset by a deduction of £5.1m of advanced payments received in respect of future revenue. PeoplePlus has been an important part of our service offering for a number of years but following our renewed strategic focus on our recruitment divisions, 2025 was an opportune moment to implement this change. Cash proceeds from the disposal will be used for a combination of share buybacks and increasing funding capacity for the Group's successful organic growth strategy.

Looking back at FY 2024, the financial performance of PeoplePlus was slightly ahead of expectations, which were reset at the beginning of 2024. This was mainly as a result of a focus on overheads and restructuring.

Whilst the UK general election created significant uncertainty and delays in PeoplePlus's bid pipeline, an extension to the Restart (employability) contract was secured to 2028. In addition, a c.£49 million agreement to provide education and industry services at the newly built HMP Millsike over a 10-year period, in support of Mitie Care & Custody was secured. Results for the Prison Education Services bid, representing a c.£190m revenue opportunity, remain outstanding.

Board changes

The Group announces that Amanda Aldridge, Independent Non-Executive Director, will assume the role of the Senior Independent Director with immediate effect.

Current trading and outlook

Staffline's recruitment business delivered outstanding results for FY 2024, exceeding expectations in both underlying operating profit and cash flow. The ongoing macroeconomic headwinds particularly affecting permanent recruitment, and the increases in employer National Insurance rates will reduce visibility in the sector as customers continue to respond to the increase in labour costs.

Nevertheless, the recent divestment of PeoplePlus has strengthened the Group's balance sheet, providing additional working capital to support further share buybacks and ongoing organic growth. The Group's focus remains on market share growth and delivering shareholder value. We anticipate continued growth in blue-collar recruitment across Great Britain, driven by good momentum in new business, and sustained demand for essential workforce solutions.

Accordingly, the Board expects trading to remain in line with current management expectations for the year ending 31 December 2025.

Albert Ellis
Chief Executive Officer
7 April 2025

Financial Review

Introduction

The Group delivered a strong trading and cash flow performance for the year in both recruitment divisions, against a challenging macroeconomic and market sector backdrop in the UK. Underlying operating profit on continuing activities of £10.1m (2024: £7.2m), was ahead of market expectations and strong cashflow was well ahead of market expectations, resulting in net cash of £9.6m (2023: £3.8m).

The disposal of PeoplePlus, which is described more fully below, led to a write down of its net asset value to the expected net consideration after costs. The write down, which amounted to £14.5m, is included within the overall loss on discontinued operations of £12.4m. This item contributed to a reported loss for the year of £8.3m (2023: loss £11.0m).

Discontinued operation

On 24 February 2025, the Group disposed of its wholly owned subsidiary PeoplePlus Group Ltd, which encompassed the whole of the PeoplePlus division. The consideration for the sale was £12.0m, including £2.0m of deferred consideration. The consideration was on a cash free, debt free basis, subject to a deduction of £5.1m of advanced payments received for future revenue. The net proceeds of the disposal (including the deferred consideration) are expected to be £6.9m. The £2.0m of deferred consideration is contingent on the commencement of potential new contracts expected to take place within the next 12 months.

During the year, partly as a result of the general election, the pipeline for new contracts and the timing of tender results stalled considerably, impacting the prospects for the division. As a consequence, recognising a likely downturn in future profitability, an impairment charge of £12.9m was recognised at 30 June 2024. The annual impairment charge was increased to £14.5m based on the expected disposal proceeds.

Negotiations for the disposal had commenced during H2 of 2024 and, accordingly, the division is reported as held for sale in the statement of financial position, and as a discontinued operation in the statement of comprehensive income. Except where otherwise stated, all results disclosed in this review relate to continuing activities and comparatives have been restated where necessary.

Continuing activities

Gross sales for 2024 increased by 13.5% to £1,122.3m (2023: £988.8m) reflecting significant new business growth in the Recruitment GB division. Total revenue for the year of £992.9m (2023: £871.3m) was higher than the previous year by 14.0%.

Gross profit across the recruitment businesses increased by 10.3% to £70.8m (2023: £64.2m), with gross profit margin reducing slightly to 7.1% from 7.4%.

The Group continued to control overhead costs tightly, despite considerable inflationary pressures. This contributed towards underlying operating profit increasing by 40.3% to £10.1m (2023: £7.2m).

Net underlying finance charges were £4.9m (2023: £3.7m), reflecting the ongoing high interest rate environment during the year. The Group's purchase of a 3-year interest rate cap in October 2021, in order to manage its debt financing costs, meant that the impact of the high interest rate was partly mitigated.

The Group has continued to pursue its policy of organic growth with a focus on cost control and tight working capital management, conserving cash reserves, and further strengthening the balance sheet, while also carrying out share buybacks.

The Group ended the year with pre-IFRS 16 net cash of £9.6m (2023: £3.8m), after returning £2.5m to shareholders via a share buyback programme as well as buying shares for the EBT to the value of £1.9m. This means that the Group generated an underlying improvement in net cash of £10.2m.

The Group's balance sheet and its significant financing headroom have enabled a strong performance, despite the significant global macroeconomic headwinds, and remain a strong platform to enable the Group to capitalise on market share growth opportunities.

Underlying[1] divisional performance – continuing activities

	Recruitment GB 2024 £m	**Recruitment Ireland 2024 £m**	**Group costs 2024 £m**	**Continuing activities 2024 £m**	**Discontinued operations 2024 £m**	Recruitment GB 2023 £m	Recruitment Ireland 2023 £m	Group costs 2023 £m	Continuing activities 2023 £m	Discontinued operations 2023 £m
Revenue	**884.4**	**108.5**	**–**	**992.9**	**65.6**	763.0	108.3	–	871.3	66.9
Year-on-year revenue increase/(decline)	***15.9%***	***0.1%***	**–**	***14.0%***	***(1.9)%***	*1.5%*	*(2.1)%*	–	*10.3%*	*1.8%*
Gross sales value[3]	**1,013.8**	**108.5**	**–**	**1,122.3**	**65.6**	880.5	108.3	–	988.8	66.9
Year-on-year gross sales value increase	***15.1%***	***0.1%***	**–**	***13.5%***	***(1.9)%***	*4.5%*	*(2.1)%*	–	*3.7%*	*1.8%*
Gross profit	**56.7**	**14.1**	**–**	**70.8**	**17.3**	51.9	12.3	–	64.2	16.6
Year-on-year gross profit increase/(decline)	***9.2%***	***14.6%***	**–**	***10.3%***	***4.2%***	*0.2%*	*(4.7)%*	–	*(0.8)%*	*(4.0)%*
Gross profit as a % of revenue	***6.4%***	***13.0%***	**–**	***7.1%***	***26.4%***	*6.8%*	*11.4%*	–	*7.4%*	*24.8%*
Underlying operating profit before tax	**11.1**	**2.8**	**(3.8)**	**10.1**	**1.3**	8.6	1.8	(3.2)	7.2	3.1
Underlying operating profit as a % of revenue	***1.3%***	***2.6%***	**–**	***1.0%***	***2.0%***	*1.1%*	*1.7%*	–	*0.8%*	*4.6%*
Underlying operating profit as a % of gross profit	***19.6%***	***19.9%***	**–**	***14.3%***	***7.5%***	*16.6%*	*14.6%*	–	*11.2%*	*18.7%*
Pre-IFRS 16[2] net cash excluding unamortised refinancing costs	**–**	**–**	**–**	**9.6**	**–**	–	–	–	3.8	–
Post-IFRS 16 net cash excluding unamortised refinancing costs	**–**	**–**	**–**	**4.9**	**–**	–	–	–	(0.2)	–

Key performance indicators – continuing activities

	Recruitment GB 2024	**Recruitment Ireland 2024**	**Total Group 2024**	Recruitment GB 2023	Recruitment Ireland 2023	Total Group 2023
Hours worked by temporary workers[4]	**45.6m**	**5.6m**	**51.2m**	41.4m	6.2m	47.6m
Gross profit per fee earner[5]	**£86.6k**	**£107.2k**	**£90.0k**	£76.5k	£98.8k	£79.9k

Alternative performance measures

1 Underlying results exclude goodwill impairment, amortisation of intangible assets arising on business combinations, reorganisation costs and other non-underlying charges.
2 Presented on a pre-IFRS 16 basis, which excludes lease liabilities, and also excludes refinancing costs.
3 Gross sales value represents the value of consideration received or receivable for the supply of services, including agency sales, (excluding fees) net of VAT.
4 Hours worked by temporary workers is the number of hours worked by temporary workers and charged to customers in the year.
5 Gross profit per fee earner is the gross profit for the year divided by the average number of operational staff responsible for revenue generation.

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. This value is adjusted for reporting revenue in accordance with IFRS 15. The adjustment relative to reported revenue for the Group is as follows:

	2024 £m	2023 £m Restated
Gross sales value	**1,122.3**	988.8
Agency sales excluding fees	**(129.4)**	(117.5)
Revenue as reported	**992.9**	871.3

Recruitment GB

Revenues in the Recruitment GB division increased by £121.4m to £884.4m. The division benefitted from its strategy of driving organic growth, by the expansion of key strategic partnerships and renewed contracts with key customers during 2023 and in 2024.

Increased gross profit of £56.7m (2023: £51.9m) was accompanied by a gross profit margin reduction to 6.4% (2023: 6.8%), reflecting the sector-wide reduction in permanent recruitment activity. Increases in general pay rates combined with the increase in the National Minimum Wage in April 2024, from £10.42 to £11.44 per hour for over 21s (previously over 23s), do not impact absolute gross profit, as they are passed through to customers, but do negatively impact gross margin percentage achieved.

Gross profit generated from temporary recruitment increased slightly as a proportion of the total to 93.6% (2023: 93.3%), with the remaining 6.4% (2023: 6.7%) of gross profit generated from permanent recruitment. Permanent recruitment fees increased by 5.7% to £3.7m (2023: £3.5m). Hours worked increased by 10.1% to 45.6m (2023: 41.4m), reflecting increased year-over-year supermarket and online retail volumes and new third-party logistics business.

The division's revenues are traditionally weighted toward the second half of the year due to increased 'peak' workload during the run up to Christmas. Revenues in H2 2024 were 16.5% higher than H2 2023 at £491.4m (2023: £421.8m). This was driven by organic growth from contracts won in H2 2023 and H1 2024.

Notwithstanding the combined effect of growth and inflationary pressures, particularly on staff costs, causing an increase in overheads, gross profit to underlying operating profit conversion rate increased from 16.6% to 19.6%. This delivered a 29.1% increase in underlying operating profit to £11.1m (2023: £8.6m).

Recruitment Ireland

Revenues in the Recruitment Ireland division increased slightly to £108.5m (2023: £108.3m), reflecting a stagnant market across the island. Temporary worker hours reduced to 5.6m (2023: 6.2m). This was offset by a 38.1% increase in permanent recruitment fees from £2.1m to £2.9m. Despite the difficulties in the local market, the division achieved a significant improvement in profitability after the reduction experienced in 2023.

Gross profit increased to £14.1m (2023: £12.3m) and gross profit margin increased to 13.0% (2023: 11.4%), in part due to an increase in permanent recruitment income from new customers and expanded HR assessment and consulting services. Gross profit generated from temporary recruitment accounted for 79.5% (2023: 83.2%) of the total, with the remaining 20.5% (2023: 16.8%) of gross profit generated from permanent recruitment.

The division successfully commenced operations on its significant contract with An Garda in the Republic of Ireland, albeit later than expected. Underlying operating profit for the year was £2.8m (2023: £1.8m).

Group costs

Group costs, which include Directors' remuneration costs, have increased to £3.8m (2023: £3.2m) reflecting previously held back inflationary pressures on all areas of corporate spend and increased bonus provision.

Group result

Underlying operating profit, which was ahead of market expectations, was £10.1m (2023: £7.2m), an increase of 40.3%. Total non-underlying charges on continuing activities before tax, which are described below, were £0.2m before taxation (2023: £5.1m).

The underlying profit before taxation on continuing activities for 2024 was £5.2m (2023: £3.5m) and the underlying profit after tax on continuing activities for the year was £4.3m (2023: £2.7m).

The Group's reported profit on continuing activities before taxation was £5.0m in the year (2023: loss £2.1m).

Net finance charges

Net underlying finance charges incurred in the year amounted to £4.9m (2023: £3.7m), reflecting the increased overnight SONIA rates averaging c.5.1% in the year. The Group limited its exposure to the interest rate through the use of an interest rate cap, which was purchased in October 2021. This reduced exposure to interest rates above 1% of SONIA is on an aggregated two-thirds of the combined Receivables Finance Agreement ("RFA") and Customer Financing borrowings. The instrument, which expired on 13 October 2024, delivered receipts totalling £1.3m (2023: £1.9m).

On 20 September 2024, the Group entered into an amortising interest rate collar agreement, comprising a cap element to reduce exposure to a SONIA interest rate above 4.75% and a floor element to pay a fixed rate of 2.51%. The instrument has a term of 5 years effective from 14 October 2024, based on quarterly nominal amounts varying between £39.5m and £62.5m based on forecast borrowings over the term.

Taxation

The total tax charge for the year was £0.9m (2023: credit £0.9m), which relates principally to the movement of deferred tax balances. The estimated current corporation tax liability for the year amounts to £0.2m. Remaining tax losses of £12.1m carried forward in both divisions have been recognised as a deferred tax asset.

The amortisation charge in 2023, relating to intangible assets arising on business combinations and the goodwill impairment charge, which are not deductible under UK corporation tax, have been added back to taxable profits.

Alternative Performance Measures

In the reporting of its financial performance, the Group uses a limited number of alternative performance measures that are not defined under IFRS, the Generally Accepted Accounting Principles ("GAAP") under which the Group reports. The Directors believe that these non-GAAP measures assist with the understanding of the performance of the business and are not given undue prominence in these financial statements. These non-GAAP measures are not a substitute for, or superior to, any IFRS measures of performance, but they have been included as an additional means of comparing performance year on year. The alternative performance measures used are described in Note 3.

Non-underlying items

Non-underlying items of income or expenditure are items that are either non-recurring or of a particular size or nature such that they require separate identification. Non-underlying items are included in total reported results but are excluded from underlying results. Certain items can vary significantly from year to year and therefore create volatility in reported earnings. It should be noted that whilst the amortisation of intangible assets arising on business combinations has been added back, the revenue from those acquisitions has not been eliminated.

Non-underlying charges on continuing activities before tax amounted to £0.2m in the year (2023: £5.1m), which is analysed below.

Non-underlying expenses – continuing activities	**2024** **£m**	2023 £m
Reorganisation, rationalisation and restructuring costs	**–**	1.8
Strategic consultancy	**0.2**	–
Amortisation of intangible assets arising on business combinations	**–**	3.3
	0.2	5.1
Tax credit on above non-underlying expenses	**–**	(1.2)
	0.2	3.9

During the year the Group incurred costs for strategic consultancy.

In 2023, the Recruitment GB division undertook a reorganisation, rationalisation and restructuring programme in response to the impact of economic and inflationary cost pressures on customers' permanent and temporary worker requirements. The scope of the activities included a reduction in administration headcount, a streamlining of the property portfolio and the consolidation of selected third-party spends.

The charge in 2023 for amortisation of intangible assets arising on business combinations related to the following acquisitions: Vital Recruitment (charge of £0.7m: asset was fully amortised by February 2023); Passionate about People (charge of £1.7m: asset was fully amortised by October 2023); and Grafton (charge £0.9m: asset was fully amortised by June 2023). The intangible assets on business combinations were fully amortised at the end of 2023.

Share buyback programme

On 1 August 2023, the Group announced the launch of a share buyback programme to repurchase Ordinary Shares in the capital of the Company up to an aggregate value of £4.0m. The 12,672,174 Ordinary Shares purchased at an average price of 31.6p, pursuant to the share buyback, were immediately cancelled.

On 4 October 2023, the Group announced the launch of a further share buyback programme to repurchase up to 3,904,598 Ordinary Shares in the capital of the Company. The 3,904,598 Ordinary Shares purchased at an average price of 26.4p, pursuant to the share buyback, were immediately cancelled. As a result of the programmes in 2023, the Company reduced the Ordinary Shares in issue from 165,767,728 to 149,190,956.

On 10 June 2024, the Group announced the launch of a share buyback programme to repurchase Ordinary Shares in the capital of the Company up to an aggregate value of £2.5m. The 6,860,792 Ordinary Shares purchased at an average price of 36.4p, pursuant to the share buyback were immediately cancelled. As a result of this programme, the Company reduced the Ordinary Shares in issue from 149,190,956 to 142,330,164.

The share buybacks were operated in accordance with the terms of the Company's general authority to repurchase Ordinary Shares granted by shareholders at its Annual General Meetings, held on 12 June 2023 and 22 May 2024.

Cancellation of share premium account

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 had distributable reserves of £85.8m with effect from 20 July 2023, being the date that the Court's decision was registered at Companies House.

Earnings per share

Statutory basic earnings per share on continuing activities in 2024 was 3.0p and diluted earnings per share was 2.9p (2023: both (0.8)p restated).

Following the share buyback programme, under which the shares purchased were cancelled, the weighted average number of shares (basic) is 138,868,494 (2023: 157,247,639).

Removing the non-underlying charges, and their respective taxation impacts, results in underlying basic and diluted earnings per share of 3.1p (2023: both 2.0p) on continuing activities.

Earnings before interest, taxation, depreciation and amortisation, "EBITDA"

The table below reconciles underlying EBITDA on continuing activities to operating profit.

Reconciliation of operating profit to EBITDA	**2024 £m**	2023 £m Restated
Operating profit	**9.9**	2.1
Non-underlying costs	**0.2**	5.1
Underlying operating profit	**10.1**	7.2
Depreciation and loss on disposals	**3.1**	3.1
Underlying EBITDA	**13.2**	10.3
Share-based payments	**0.7**	0.6
Lease rental payments	**(1.3)**	(0.9)
Underlying EBITDA (pre-IFRS 16)	**12.6**	10.0

Note: Underlying operating profit is before goodwill impairment, amortisation of intangible assets arising on business combinations, reorganisation costs and other non-underlying expenses. EBITDA represents earnings before interest, taxation, depreciation and amortisation.

Statement of financial position, cash generation and financing

The Group has continued to deliver strong trading cash flows with net cash (pre-IFRS 16) at the end of the year significantly ahead of market expectations, maintaining ongoing balance sheet strength.

The movement in net debt is shown in the table below. Strong trading cash flows were offset by the outflows from increased finance charges, the share buyback programme and capital expenditure investment.

Movement in net debt	**2024 £m**	2023 £m
Opening net cash (pre-IFRS 16)	**3.8**	5.0
Cash generated before change in working capital and share options	**16.9**	10.5
Principal repayment of lease liabilities	**(2.0)**	(1.8)
Change in trade and other receivables	**(20.0)**	(9.5)
Change in trade, other payables and provisions	**23.9**	10.8
Taxation and interest	**(4.9)**	(3.6)
Capital investment (net of disposals)	**(4.4)**	(2.7)
Own shares purchased	**(4.4)**	(5.5)
Other	**0.7**	0.6
Closing net cash (pre-IFRS 16)	**9.6**	3.8
IFRS 16 lease liabilities	**(4.7)**	(4.0)
Closing net cash/(debt) (post-IFRS 16)	**4.9**	(0.2)

Note: Underlying operating profit is before goodwill impairment, amortisation of intangible assets arising on business combinations, reorganisation costs and other non-underlying expenses. EBITDA represents earnings before interest, taxation, depreciation and amortisation.

The Group's headroom relative to available committed banking facilities as at 31 December 2024 was £75.9m (2023: £62.4m) as set out below:

	2024 **£m**	2023 £m
Cash at bank	**14.6**	13.3
Undrawn receivables finance agreement	**61.3**	49.1
Banking facility headroom	**75.9**	62.4

Working capital financing

The Group manages its working capital requirements using a Receivables Finance Agreement and a number of separate, non-recourse, customer financing arrangements whereby specific customers' invoices are settled in advance of their normal settlement date via a funding intermediary.

The RFA leverages the Group's trade receivables with sufficient headroom and flexibility to manage the variability and size of weekly cash outflows. The key terms of the facility are set out below:

I) maximum receivables financing facility of £60.0m (previously £90.0m) over a four-year term, with a one-year extension option;
ii) an Accordion option of up to an additional £20.0m (previously £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 a maximum of 2.25% (previously 2.75%) over SONIA, with a margin ratchet downward to 1.5% (previously 2.0%), dependent upon the Group's leverage reducing to less than 1.00x;
v) a non-utilisation fee of 0.35% (previously 0.7% during 2023);
vi) maximum net debt (averaged over a rolling three months) to EBITDA leverage covenant of 4.0x; and
vii) minimum interest cover covenant of 2.25x the last 12 months EBITDA to finance charges.

The balance outstanding on the RFA at 31 December 2024 was £5.0m (2023: £9.5m).

The balance funded under the customer financing arrangements at 31 December 2024 was £74.1m (2023: £63.1m).

Dividends

The Board is not proposing a final dividend payment for 2024 (2023: £nil).

Going concern

For the period to 31 December 2026, the Group's cash flow forecasts indicate ongoing headroom in the RFA and also full compliance with the financial covenants contained therein. The Group has sufficient day-to-day liquidity to ensure that short-term liabilities can be satisfied as and when they fall due.

The financial statements have been prepared on a going concern basis. The Directors have reviewed this basis and have made full disclosure in Note 3, concluding that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Daniel Quint
Chief Financial Officer
7 April 2025

Consolidated statement of comprehensive income

For the year ended 31 December 2024

	Note	**2024 £m**	2023 £m Restated*
Continuing operations			
Revenue	4	**992.9**	871.3
Cost of sales	5	**(922.1)**	(807.1)
Gross profit		**70.8**	64.2
Administrative expenses	5	**(60.9)**	(62.1)
Operating profit		**9.9**	2.1
Underlying operating profit before non-underlying administrative expenses		**10.1**	7.2
Administrative expenses (non-underlying)	5	**(0.2)**	(5.1)
Operating profit		**9.9**	2.1
Finance income	6	**1.5**	1.9
Finance charges – underlying	6	**(6.4)**	(5.6)
Finance charges – non-underlying	6	–	(0.5)
Net finance charges		**(4.9)**	(4.2)
Profit/(loss) for the year before taxation		**5.0**	(2.1)
Tax (expense)/credit	7	**(0.9)**	0.9
Profit/(loss) from continuing activities		**4.1**	(1.2)
Loss from discontinued operations		**(12.4)**	(9.8)
Loss for the year		**(8.3)**	(11.0)
Items that will not be reclassified to profit and loss – actuarial (loss)/gain, net of tax		**(0.3)**	0.2
Items that will be reclassified to profit and loss:			
– effective portion of loss on hedging instrument measured at fair value		**(0.7)**	(0.8)
– foreign exchange translation loss		**(0.2)**	(0.4)
Other comprehensive income for the year net of deferred tax		**(1.2)**	(1.0)
Total comprehensive income		**(9.5)**	(12.0)
Earnings per ordinary share	8		
Continuing operations: Basic		**3.0p**	(0.8)p
Continuing operations: Diluted		**2.9p**	(0.8)p
Discontinued operations: Basic and diluted		**(8.9)p**	(6.2)p
Total earnings per share: Basic and diluted		**(5.9)p**	(7.0)p

* Comparative values have been restated to exclude discontinued operations, refer to Note 9.

All profits and losses are attributable to the owners of the Company.

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

Consolidated statement of changes in equity

For the year ended 31 December 2024

	Share capital £m	Own shares £m	Share premium £m	Capital redemption reserve £m	Share-based payment reserve £m	Cost of hedging reserve £m	Foreign exchange translation reserve £m	Profit and loss account £m	Total equity £m
At 1 January 2023	**16.6**	**(4.5)**	**111.8**	–	**0.6**	**1.7**	**(0.2)**	**(54.3)**	**71.7**
Share-based payments – equity-settled	–	–	–	–	0.6	–	–	–	0.6
Transfer of share premium	–	–	(111.8)	–	–	–	–	111.8	–
Issue of shares to management	–	0.3	–	–	–	–	–	(0.2)	0.1
Shares purchased and cancelled	(1.7)	–	–	1.7	–	–	–	(5.0)	(5.0)
Own shares purchased	–	(0.5)	–	–	–	–	–	–	(0.5)
Transactions with owners	**(1.7)**	**(0.2)**	**(111.8)**	**1.7**	**0.6**	**–**	**–**	**106.6**	**(4.8)**
Loss for the year	–	–	–	–	–	–	–	**(11.0)**	**(11.0)**
Other comprehensive income	–	–	–	–	–	(0.8)	(0.4)	0.2	(1.0)
Total comprehensive income for the year, net of tax	**–**	**–**	**–**	**–**	**–**	**(0.8)**	**(0.4)**	**(10.8)**	**(12.0)**
At 31 December 2023	**14.9**	**(4.7)**	**–**	**1.7**	**1.2**	**0.9**	**(0.6)**	**41.5**	**54.9**
Share-based payments – equity-settled	–	–	–	–	0.7	–	–	–	0.7
Issue of shares to management	–	0.2	–	–	(0.4)	–	–	(0.1)	(0.3)
Shares purchased and cancelled	(0.7)	–	–	0.7	–	–	–	(2.5)	(2.5)
Own shares purchased	–	(1.9)	–	–	–	–	–	–	(1.9)
Transactions with owners	**(0.7)**	**(1.7)**	**–**	**0.7**	**0.3**	**–**	**–**	**(2.6)**	**(4.0)**
Loss for the year	–	–	–	–	–	–	–	(8.3)	**(8.3)**
Other comprehensive income	–	–	–	–	–	(0.7)	(0.2)	(0.3)	(1.2)
Total comprehensive income for the year, net of tax	**–**	**–**	**–**	**–**	**–**	**(0.7)**	**(0.2)**	**(8.6)**	**(9.5)**
At 31 December 2024	**14.2**	**(6.4)**	**–**	**2.4**	**1.5**	**0.2**	**(0.8)**	**30.3**	**41.4**

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

Consolidated statement of financial position

As at 31 December 2024

	Note	**2024 £m**	2023 £m
Assets			
Non-current			
Goodwill	10	**27.1**	50.7
Other intangible assets		**10.0**	6.7
Property, plant and equipment	11	**3.2**	5.5
Deferred tax asset		**2.5**	4.4
Retirement benefit net asset		**–**	0.5
Derivative financial instruments	13	**1.0**	1.7
		43.8	69.5
Current			
Trade and other receivables		**141.5**	129.4
Cash and cash equivalents	14	**14.6**	13.3
Assets included in disposal group classified as held for sale	9	**19.7**	–
		175.8	142.7
Total assets		**219.6**	212.2
Liabilities			
Current			
Trade and other payables		**153.2**	140.8
Borrowings	15	**5.0**	9.5
Current tax liability		**0.2**	0.2
Provisions		**0.2**	1.8
Lease liabilities	12	**1.0**	1.4
Liabilities included in disposal group classified as held for sale	9	**13.9**	–
		173.5	153.7
Non-current			
Provisions		**0.3**	0.5
Lease liabilities	12	**3.7**	2.6
Derivative financial instruments	13	**0.6**	–
Deferred tax liabilities		**0.1**	0.5
		4.7	3.6
Total liabilities		**178.2**	157.3
Equity			
Share capital	16	**14.2**	14.9
Own shares		**(6.4)**	(4.7)
Capital redemption reserve		**2.4**	1.7
Share-based payment reserve		**1.5**	1.2
Cost of hedging reserve		**0.2**	0.9
Foreign exchange translation reserve		**(0.8)**	(0.6)
Profit and loss account		**30.3**	41.5
Total equity		**41.4**	54.9
Total equity and liabilities		**219.6**	212.2

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

Consolidated statement of cash flows

For the year ended 31 December 2024

	Note	2024 £m	2023 £m
Cash flows from operating activities	17	**21.5**	12.4
Taxation (paid)/received		**(0.2)**	0.1
Net cash inflow from operating activities		**21.3**	12.5
Cash flows from investing activities – trading			
Purchases of property, plant and equipment	11	**(0.7)**	(0.4)
Purchase of intangible assets – software		**(3.7)**	(2.3)
Total cash flows arising from investing activities		**(4.4)**	(2.7)
Total cash flows arising from operating and investing activities		**16.9**	9.8
Cash flows from financing activities			
Net movements on Receivables Finance Agreement	15	**(4.5)**	(16.5)
Principal repayment of lease liabilities	12	**(2.0)**	(1.8)
Net interest paid		**(4.7)**	(3.7)
Own shares purchased		**(4.4)**	(5.5)
Net cash flows from financing activities		**(15.6)**	(27.5)
Net change in cash and cash equivalents		**1.3**	(17.7)
Cash and cash equivalents at beginning of year		**13.3**	31.0
Cash and cash equivalents at end of year	14	**14.6**	13.3

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

Notes to the financial information

For the year ended 31 December 2024

1 Nature of operations

The principal activities of Staffline Group plc and its subsidiaries ("the Group") include the provision of recruitment and outsourced human resource services to industry.

2 General information and statement of compliance

Staffline Group plc, a Public Limited Company limited by shares listed on AIM ("the Company"), is incorporated and domiciled in England, United Kingdom. The Company acts as the holding company of the Group. The Company's registration number is 05268636.

The financial information set out in this document does not constitute the Group's statutory accounts for the years ended 31 December 2024 or 2023 but is derived from those accounts. Statutory accounts for 2023 have been delivered to the registrar of companies. The auditors have reported on those accounts; their reports were (a) unqualified, and (ii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. Statutory accounts for 2024 will be delivered to the registrar of companies in due course. The auditors have reported on those accounts; their reports were (i) unqualified, and (ii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial statements for the year ended 31 December 2024 (including the comparatives for the year ended 31 December 2023) were approved and authorised for issue by the Board of Directors on 7 April 2025. This results announcement for the year ended 31 December 2024 was also approved by the Board on 7 April 2025.

3 Accounting policies

Basis of preparation

The Consolidated financial statements are prepared for the year ended 31 December 2024. The Consolidated financial statements of the Group have been prepared on a going concern basis using the significant accounting policies and measurement bases summarised below, and in accordance UK adopted International Accounting Standards. The financial statements are prepared under the historical cost convention except for equity-settled share options, derivative financial instruments and the retirement benefit net asset, which are measured at fair value.

There are no new accounting pronouncements which have become effective in the year.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Officer's Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review.

As described in the Chief Executive Officer's Review, despite the challenging trading conditions experienced across all divisions in the Group during the year, the Group reported an underlying operating profit for the year on continuing activities, which exceeded market expectations. The recruitment divisions reported resilient results and are targeting further growth in market share during 2025.

The Directors maintained tight cost control throughout the year, and despite inflationary pressures have achieved an overall decrease in overheads compared to the previous year.

The Directors have prepared updated forecasts and cash flow projections to 31 December 2026, which is considered to be a reasonable period over which a reasonable view can be formed. These forecasts have been used to assess going concern and have been stress-tested by applying basic sensitivity analysis, involving a reduction to revenues across all three divisions, over the forecast period.

In forming their opinion, the Directors have performed a robust assessment of the principal risks and uncertainties facing the Group. Consequently, the Directors believe that the Group is well placed to manage its business risks successfully.

At 31 December 2024, the Group had net cash of £9.6m (2023: net cash of £3.8m), on a pre-IFRS 16 basis, and has committed debt facilities until 1 December 2027. For the period to 31 December 2026, the Group's cash flow forecasts indicate ongoing headroom in the Receivables Finance Agreement and also full compliance with the financial covenants contained therein. The Group has sufficient day to day liquidity to ensure that short-term liabilities can be satisfied as and when they fall due. Further details of the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review.

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

Consolidation of subsidiaries

The Group financial statements consolidate those of the parent Company and all of its subsidiaries as at 31 December 2024 in accordance with IFRS 10. Subsidiaries are all entities to which the Group is exposed to or has rights to variable returns and the ability to affect those returns through control over the subsidiary. The results of subsidiaries whose accounts are prepared in a currency other than sterling; are translated at the average rates of exchange during the period and their year-end balances at the year-end rate of exchange. Translation adjustments are taken to the profit and loss reserves.

Material intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing these financial statements.

Non-GAAP measures of performance

In the reporting of its financial performance, the Group uses certain measures that are not defined under IFRS, the Generally Accepted Accounting Principles ("GAAP") under which the Group reports. The Directors believe that these non-GAAP measures assist with the understanding of the performance of the business. These non-GAAP measures are not a substitute, or superior to, any IFRS measures of performance but they have been included as the Directors consider them to be an important means of comparing performance year-on-year and they include key measures used within the business for assessing performance.

Gross sales value

Gross sales value represents the value of the consideration received or receivable for the supply of services, including agency sales, (excluding fees), which are subject to an IFRS 15 agency adjustment, net of value added tax, rebates and discounts and after eliminating sales within the Group.

Non-underlying items of income and expenditure

These non-underlying charges are regarded as recurring or non-recurring items of income or expenditure of a particular size and/or nature relating to the operations of the business that in the Directors' opinion require separate identification. These items are included in "total" reported results but are excluded from "underlying" results. These items can vary significantly from year to year and therefore create volatility in reported earnings which does not reflect the Group's underlying performance.

Underlying EBITDA

Underlying operating profit before the deduction of underlying depreciation and amortisation charges. This is considered a useful measure because it approximates the underlying cash flow by eliminating depreciation and amortisation charges.

Net debt

Net debt is the amount of bank debt less available cash balances. This is a key measure as it is one on which the terms of the banking facilities are based and shows the level of external debt utilised by the Group to fund operations. Net debt is also presented on a pre-IFRS 16 basis which excludes lease liabilities.

The Directors acknowledge that the adjustments made to arrive at underlying profit may not be comparable to those made by other companies and it should be noted that whilst the amortisation of acquisition-related intangible assets has been added back, the revenue from those acquisitions has not been eliminated.

These alternative performance measures are utilised by the Board to monitor performance and financial position. They show a comparable level of performance excluding one-off items, with which underlying performance and ability to service debt can be judged.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred, liabilities incurred and the equity interests of the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in the statement of comprehensive income immediately.

Segment reporting

During the year, the Group had three material operating segments: the provision of recruitment and outsourced human resource services to industry, in Great Britain (Recruitment GB) an also in Ireland (Recruitment Ireland), plus the provision of skills and employment training and support, together "PeoplePlus". Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. For management purposes, the Group uses the same measurement policies as those used in its financial statements.

On 24 February 2025, the Group sold its wholly owned subsidiary PeoplePlus Group Ltd, which encompassed the PeoplePlus division. Negotiations for the sale had commenced before the end of the year and accordingly the division is reported as held for sale and as a discontinued operation in the statement of comprehensive income.

4 Segment reporting

During the year, management identified three operating segments: Recruitment GB, Recruitment Ireland and PeoplePlus. On 24 February 2025 the Group sold its wholly owned subsidiary PeoplePlus Group Ltd, which encompassed the PeoplePlus division. Negotiations for the sale had commenced before the end of the year and, accordingly, the division is reported as held for sale and as a discontinued operation in the statement of comprehensive income.

The Group's operating 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 operating segments, they are operated and reviewed as single units by the Board of Directors. Each legal entity within an operating segment has the same management team, head office and have similar economic characteristics. Historically and going forward, management will integrate new acquisitions into the main trading entities within each operating segment.

Segment information for the reporting year is as follows:

	Recruitment GB 2024 £m	**Recruitment Ireland 2024 £m**	**Group Costs 2024 £m**	**Continuing activities 2024 £m**	**Discontinued operations 2024 £m**	Recruitment GB 2023 £m	Recruitment Ireland 2023 £m	Group costs 2023 £m	Continuing activities 2023 £m	Discontinued operations 2023 £m
Sales revenue from external customers	**884.4**	**108.5**	**–**	**992.9**	**65.6**	763.0	108.3	–	871.3	66.9
Cost of sales	**(827.7)**	**(94.4)**	**–**	**(922.1)**	**(48.3)**	(711.1)	(96.0)	–	(807.1)	(50.3)
Segment gross profit	**56.7**	**14.1**	**–**	**70.8**	**17.3**	51.9	12.3	–	64.2	16.6
Administrative expenses	**(43.2)**	**(10.6)**	**(3.8)**	**(57.6)**	**(14.4)**	(40.8)	(9.9)	(3.2)	(53.9)	(11.7)
Depreciation, software & lease amortisation	**(2.4)**	**(0.7)**	**–**	**(3.1)**	**(1.6)**	(2.5)	(0.6)	–	(3.1)	(1.8)
Segment underlying operating profit*	**11.1**	**2.8**	**(3.8)**	**10.1**	**1.3**	8.6	1.8	(3.2)	7.2	3.1
Reorganisation costs	**–**	**–**	**–**	**–**	**–**	(1.8)	–	–	(1.8)	–
Strategic consultancy costs	**(0.1)**	**–**	**(0.1)**	**(0.2)**	**–**	–	–	–	–	–
Release of prior year provision	**–**	**–**	**–**	**–**	**1.0**	–	–	–	–	–
Goodwill impairment	**–**	**–**	**–**	**–**	**(14.5)**	–	–	–	–	(8.9)
Amortisation of intangibles arising on business combinations	**–**	**–**	**–**	**–**	**–**	(3.2)	(0.1)	–	(3.3)	–
Segment (loss)/profit from operations	**11.0**	**2.8**	**(3.9)**	**9.9**	**(12.2)**	3.6	1.7	(3.2)	2.1	(5.8)
Finance income	**–**	**–**	**1.5**	**1.5**	–	–	–	1.9	1.9	–
Finance costs	**(6.0)**	**(0.1)**	**(0.3)**	**(6.4)**	–	(5.5)	(0.1)	–	(5.6)	–
Refinancing costs	**–**	**–**	**–**	**–**	**–**	–	–	(0.5)	(0.5)	–
Total finance charges	**(6.0)**	**(0.1)**	**1.2**	**(4.9)**	**–**	**(5.5)**	**(0.1)**	**1.4**	**(4.2)**	**–**
Segment (loss)/profit before taxation	**5.0**	**2.7**	**(2.7)**	**5.0**	**(12.2)**	(1.9)	1.6	(1.8)	(2.1)	(5.8)
Tax (expense)/credit	**(1.4)**	**(0.1)**	**0.6**	**(0.9)**	**(0.2)**	0.9	(0.2)	0.2	0.9	(1.4)
Segment profit/(loss) from continuing operations	**3.6**	**2.6**	**(2.1)**	**4.1**	**(12.4)**	(1.0)	1.4	(1.6)	(1.2)	(7.2)

* Segment underlying operating profit before goodwill impairment, amortisation of intangible assets arising on business combinations, reorganisation costs and other non-underlying costs.

	Recruitment GB 2024 £m	Recruitment Ireland 2024 £m	Staffline Group 2024 £m	Continuing activities 2024 £m	Discontinued operations 2024 £m	Recruitment GB 2023 £m	Recruitment Ireland 2023 £m	Staffline Group 2023 £m	Continuing activities 2023 £m	Discontinued operations 2023 £m
Total non-current assets	**26.0**	**14.3**	**1.0**	**41.3**	**–**	24.7	12.3	–	37.0	26.4
Total current assets	**133.7**	**17.4**	**5.0**	**156.1**	**18.8**	112.6	15.7	2.3	130.6	13.8
Total assets (consolidated)	**159.7**	**31.7**	**6.0**	**197.4**	**18.8**	137.3	28.0	2.3	167.6	40.2
Total liabilities (consolidated)	**154.1**	**9.6**	**0.6**	**164.3**	**13.9**	131.8	9.6	0.1	141.5	15.3
Cash capital expenditure inc. software	**3.2**	**0.8**	**–**	**4.0**	**0.4**	1.9	0.6	–	2.5	1.1

The analysis above excludes deferred tax assets and liabilities as required by IFRS 8, Operating segments.

Revenues for continuing activities can be analysed by country as follows (97.0% of revenues arising within the UK in 2024, 97.0% in 2023):

	Recruitment GB 2024 £m	Recruitment Ireland 2024 £m	Total Group 2024 £m	Recruitment GB 2023 £m	Recruitment Ireland 2023 £m	Total Group 2023 £m
UK	**884.4**	**82.7**	**967.1**	763.0	79.7	842.7
Republic of Ireland	**–**	**25.8**	**25.8**	–	28.6	28.6
	884.4	**108.5**	**992.9**	763.0	108.3	871.3

No customer contributed more than 10% of the Group's revenue during either 2024 or 2023.

5 Expenses by nature

Expenses by nature are as follows:

Underlying expenses

	2024 £m	2023 £m Restated
Employee benefits expenses – cost of sales	**911.6**	802.7
Other cost of sales	**10.5**	4.4
Employee benefits expenses – administrative expenses	**46.7**	43.3
Depreciation and software amortisation	**3.1**	3.1
Operating lease expenses	**0.3**	0.3
Other administrative expenses	**10.6**	10.3
	982.8	864.1
Disclosed as:		
Cost of sales	**922.1**	807.1
Administrative expenses – excluding non-underlying expenses	**60.7**	57.0
	982.8	864.1

Auditors' remuneration

	2024 £'000	2023 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**17**	17
Fees payable to the Company's auditor and its associates for other services:		
– Audit of the accounts of subsidiaries	**732**	748
– Audit of the pension scheme	**18**	17
– Audit-related assurance services	**20**	18
– Audit fee expenses	**13**	13
Total	**800**	813

Non-underlying expenses – continuing activities

	2024 £m	2023 £m
Strategic consultancy costs	**0.2**	–
Reorganisation costs	**–**	1.8
Amortisation of intangible assets arising on business combinations (licences, customer contracts)	**–**	3.3
Tax credit on above non-underlying expenses	**–**	(1.2)
Post taxation effect on above non-underlying expenses	**0.2**	3.9

During the year, the Group incurred costs relating to strategic consultancy.

During 2023, the Recruitment GB division undertook a reorganisation, rationalisation and restructuring programme in response to the impact of economic and inflationary cost pressures on customer permanent and temporary worker requirements. The scope of the activities included a reduction in administration headcount, a streamlining of the property portfolio and the consolidation of selected third-party spends.

The charge for amortisation of intangible assets arising on business combinations relates principally to the acquisitions of the Endeavour Group, Passionate About People, Grafton Recruitment and Brightwork.

6 Finance income and charges

Finance income

	2024 £m	2023 £m
Receipts from derivative	**1.3**	1.9
Derivative ineffectiveness	**0.2**	–
Total	**1.5**	1.9

Finance charges

Underlying finance charges	2024 £m	2023 £m
Interest payable on bank and other funding	**5.9**	5.0
Interest on lease liabilities	**0.1**	0.1
Derivative ineffectiveness	**0.2**	0.1
Amortisation of refinancing costs	**0.1**	0.3
Amortisation of derivative cost	**0.1**	0.1
Total	**6.4**	5.6

Non-underlying finance charges	2024 £m	2023 £m
Arrangement fees and refinancing costs	**–**	0.5

Net finance charges	**4.9**	4.2

7 Tax expense

The tax expense on the profit for the year consists of:

Continuing activities	**2024 £m**	2023 £m Restated
Corporation tax		
UK corporation tax at 25.0% (2023: 23.5%)	**0.2**	–
Adjustments in respect of prior years	**(0.1)**	–
UK current tax expense	**0.1**	–
Deferred tax		
Timing differences arising in the year	**1.0**	(0.5)
Adjustments in respect of prior years	**(0.2)**	(0.4)
UK deferred tax expense/(credit)	**0.8**	(0.9)
Total UK tax expense/(credit) for the year	**0.9**	(0.9)

The tax expense/(credit) for the year, as recognised in the statement of comprehensive income, is lower than the standard rate of corporation tax in the UK of 25.0% (2023: lower than the 23.5% standard rate). The differences are explained below:

	2024 £m Total	2023 £m Total Restated
Profit/(loss) for the year before taxation	**5.0**	(2.1)
Tax rate	**25.0%**	23.5%
Tax on profit/(loss) for the year at the standard rate	**1.2**	(0.5)
Effect of:		
Expenses not allowable	**–**	0.2
Income not taxable	**(0.4)**	(0.3)
Adjustments in respect of prior years	**(0.3)**	0.6
Tax losses available	**0.4**	(0.9)
Deferred tax not recognised	**–**	–
Actual tax expense/(credit)	**0.9**	(0.9)
On underlying profit	**0.9**	0.3
On non-underlying loss	**–**	(1.2)
Actual tax expense/(credit)	**0.9**	(0.9)

The total tax expense for the year of £0.9m (2023: credit £0.9m) arises principally from the movement of deferred tax balances. The Group has an estimated current corporation tax liability for the current year of £0.2m (2023: £0.2m). Corporation tax losses of £12.1m carried forward in all divisions and the Company have been recognised as a deferred tax asset. Previously, a deferred tax liability was recognised in respect of intangible assets arising on acquired businesses. This asset was fully amortised in 2023 and the associated deferred tax liability was extinguished.

The deferred tax assets and liabilities at 31 December 2024 and at 31 December 2023 have been calculated based on 25%, reflecting the expected timing of reversal of the related timing differences.

No material tax charges arise on overseas profits or losses and accordingly no disclosures relating to overseas tax are included within the financial statements.

8 Earnings per share and dividends

Earnings per share

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 year, after deducting the "own shares" held in the Group's Employee Benefit Trust of 8,535,706 shares (2023: 3,316,391 shares).

The calculation of the diluted earnings per share is based on the basic earnings per share as adjusted to further take into account the potential issue of Ordinary Shares resulting from share options granted to certain Directors and senior staff under long-term incentive schemes 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 2024	Basic 2023	**Diluted 2024**	Diluted 2023
Profit/(loss) from continuing activities (£m)	**4.1**	(1.2)	**4.1**	(1.2)
Weighted average number of shares	**138,868,494**	157,247,639	**140,160,630**	157,788,528
Earnings per share from continuing activities (p)	**3.0p**	(0.8)p	**2.9p**	(0.8)p
Underlying earnings (post tax) from continuing activities (£m)	**4.3**	3.2	**4.3**	3.2
Underlying earnings per share (p)*	**3.1p**	2.0p	**3.1p**	2.0p
Loss from discontinued operations (£m)	**(12.4)**	(9.8)	**(12.4)**	(9.8)
Weighted average number of shares	**138,868,494**	157,247,639	**140,160,630**	157,788,528
Loss per share from discontinued operations (p)	**(8.9)p**	(6.2)p	**(8.9)p**	(6.2)p
Loss for the year (£m)	**(8.3)**	(11.0)	**(8.3)**	(11.0)
Weighted average number of shares	**138,868,494**	157,247,639	**140,160,630**	157,788,528
Total loss per share (p)	**(5.9)p**	(7.0)p	**(5.9)p**	(7.0)p

* Underlying earnings before goodwill impairment, amortisation of intangible assets arising on business combinations, reorganisation costs and other non-underlying costs.

During the year the Company purchased and immediately cancelled 6,860,792 shares (2023: 16,576,772 shares) under its share buyback programme.

The total number of dilutive share options held in LTIP and SAYE schemes is 1,292,136 (2023: 540,889).

After the year-end, and up to the date of this announcement, the Company purchased and immediately cancelled 8,103,462 Ordinary shares of 10p each.

Dividends

The Board is not proposing a final dividend payment for 2024 (2023: £nil).

9 Disposal group classified as held for sale and discontinued operations

PeoplePlus Group Ltd

On 24 February 2025, the Group sold its wholly owned subsidiary PeoplePlus Group Ltd, which encompassed the PeoplePlus division, for cash consideration of £12.0m, which includes £2.0m of deferred consideration. The consideration is on a cash free, debt free basis and subject to a deduction of £5.1m of advanced payments received in respect of future revenue. The net proceeds of the disposal (including the deferred consideration) were £6.9m. The £2.0m of deferred consideration is contingent on the commencement of potential new contracts expected to take place within the next 12 months.

Negotiations for the sale had commenced before the end of the year and accordingly the division is reported as held for sale and as a discontinued operation in the statement of comprehensive income in accordance with IFRS 5. The results of the division for the year were as follows:

	2024 **£m**	2023 £m
Revenue	**65.6**	66.9
Cost of sales	**(48.3)**	(50.3)
Gross profit	**17.3**	16.6
Administrative expenses	**(16.0)**	(13.5)
Underlying operating profit	**1.3**	3.1
Non-underlying credit – provision reversal	**1.0**	–
Non-underlying costs – goodwill impairment	**(14.5)**	(8.9)
Operating loss	**(12.2)**	(5.8)
Tax expense	**(0.2)**	(1.4)
Loss for the period	**(12.4)**	(7.2)

The cash flows of the business were as follows:

	2024 **£m**	2023 £m
Net cash inflow from operating activities	**2.3**	1.4
Net cash flows from financing activities		
Purchases of intangible assets – software	**(0.2)**	(0.4)
Purchases of property, plant and equipment	**(0.2)**	(0.1)
Principal repayment of lease liabilities	**(0.8)**	**(0.8)**
	1.1	0.1

The carrying amounts of assets and liabilities in this disposal group are summarised as follows:

	2024 **£m**
Non-current assets	
Goodwill	**9.1**
Intangible assets	**0.7**
Property, plant and equipment	**1.0**
Deferred tax asset	**0.9**
Current assets	
Trade and other receivables	**8.0**
Assets classified as held for sale	**19.7**
Current liabilities	
Trade and other payables	**13.4**
Non-current liabilities	
Provisions	**0.4**
Other payables	**0.1**
Liabilities classified as held for sale	**13.9**

Skills training business

On 1 August 2023, the Group announced the restructuring of the PeoplePlus division's Skills training activities with the closure of in-person training to focus on digital delivery in other parts of the division. The Skills training business was subsequently wound down. The results of the Skills business, which was treated as discontinued in accordance with IFRS5, were as follows:

	2023 £m
Revenue	4.5
Cost of sales	(5.3)
Gross (loss)/profit	(0.8)
Administrative expenses	(0.7)
Underlying operating loss	(1.5)
Non-underlying costs – redundancies and property exit	(1.6)
Operating loss	(3.1)
Tax credit	0.7
Loss for the period	(2.4)

The cash flows of the business were as follows:

	2023 £m
Net cash outflow from operating activities	(3.1)

Portugal operations

During December 2023 the Group closed its operations in Portugal, the results of which were treated as discontinued in accordance with IFRS5, and were as follows:

	2023 £m
Revenue	0.1
Cost of sales	–
Gross profit	0.1
Administrative expenses	(0.2)
Underlying operating loss	(0.1)
Non-underlying costs – redundancies and property exit	(0.2)
Operating loss	(0.3)
Tax credit	0.1
Loss for the period	(0.2)

The cash flows of the business were as follows:

	2023 £m
Net cash outflow from operating activities	(0.3)

10 Goodwill

Gross carrying amount by operating segment

Gross carrying amount	Recruitment GB £m	Recruitment Ireland £m	PeoplePlus £m	Total £m
At 1 January 2024	54.5	5.7	57.0	117.2
Transfer to disposal group held for sale	–	–	(57.0)	(57.0)
31 December 2024	**54.5**	**5.7**	–	**60.2**
Impairment adjustment				
At 1 January 2024	33.1	–	33.4	66.5
Transfer to disposal group held for sale	–	–	(33.4)	(33.4)
At 31 December 2024	**33.1**	**–**	**–**	**33.1**
Net book amount at 31 December 2024	**21.4**	**5.7**	**–**	**27.1**
Net book amount at 31 December 2023	21.4	5.7	23.6	50.7

Impairment – Goodwill

During the year management considered there to be three cash-generating units, being Recruitment GB, Recruitment Ireland and PeoplePlus, in line with the operating segments defined in Note 4. The Recruitment GB and Recruitment Ireland cash-generating units have been tested for impairment. The goodwill relating to PeoplePlus has been transferred to the disposal group asset held for sale.

An impairment review was conducted as at 31 December 2024. The recoverable amount of goodwill for Recruitment GB and Recruitment Ireland was determined based on a value-in-use calculation, using forecasts for 2025–27, followed by an extrapolation of expected cash flows over the next two years with a long-term growth rate of 2% (2023: 2%) for each cash-generating unit. The forecasts are prepared by the individual operating segments of the Group, which are considered to be the same as the determined CGUs.

Pre-tax discount rates of 17.3% for Recruitment GB and 15.7% for Recruitment Ireland (2023: 17.0% for Recruitment GB, 13.8% for Recruitment Ireland and 14.1% for PeoplePlus) were used based on the weighted average costs of capital for each operating segment. The recoverable amounts of the CGUs, having considered the higher of value-in-use and fair value less costs to sell, were £66.1m for Recruitment GB and £6.1m for Recruitment Ireland (2023: £67.3m for Recruitment GB, £33.9m for Recruitment Ireland) all being value-in-use.

The discount rates used are based on appropriate, current long-term market rate indicators to give a long-term forward view, whilst also acknowledging historical information.

The results of the impairment review showed headroom in the Recruitment GB and Recruitment Ireland cash-generating units but that an impairment adjustment of £17.2m is required for the PeoplePlus CGU, which is monitored for impairment at the same level as investment. The same calculations indicated that an impairment adjustment of £18.8m (2023: £17.0m) is required to the Company's carrying value of its investment in PeoplePlus, but that no other impairment adjustments were indicated. In making the assessment of the recoverability of assets within each CGU a number of judgements and assumptions were required. In making the assessment of the recoverability of assets within each CGU a number of judgements and assumptions were required.

The principal judgement relates to the determination of the CGUs, which align with the operating segments, which each have their own management team and head office and generate distinct cash flows. The Group's strategy, historically and going forward, has been to integrate new acquisitions into the main trading entities within each operating segment.

The key estimates in determining the value of the Recruitment GB and Recruitment Ireland CGUs are:

1. *The discount rate*. The impairment calculations use a pre-tax discount rate of 17.3% for Recruitment GB, 15.7% for Recruitment Ireland and a terminal growth value of 2%. These rates are based on the latest weighted average costs of capital for each operating segment. These rates have decreased this year primarily due to a movement in the risk-free rate and Corporate Bond yields. The calculations highlighted headroom of £37.9m (2023: £42.7m) for Recruitment GB and headroom of £6.1m (2023: £22.8m) for Recruitment Ireland. A 1% increase in the discount rates reduces the headroom to £33.6m (2023: £38.4m) for Recruitment GB and reduces headroom to £4.9m (2023: £20.0m) for Recruitment Ireland.

2. *The achievability of the forecasted future cash flows.* There is an inherent uncertainty regarding the achievability of forecasts, as there are macroeconomic factors outside of the Group's control. A sustained underperformance of 10% reduces the headroom to £31.3m (2023: £37.0m) for Recruitment GB and reduces headroom to £4.3m (2023: £18.5m) for Recruitment Ireland.

11 Property, plant and equipment

Gross carrying amount	Land and buildings £m	Computer equipment £m	Fixtures and fittings £m	Motor vehicles £m	Total £m
At 1 January 2023	**15.7**	**11.0**	**1.4**	**0.4**	**28.5**
Additions	0.9	0.2	0.1	0.1	1.3
Disposals	(0.2)	(1.1)	–	(0.1)	(1.4)
At 31 December 2023	**16.4**	**10.1**	**1.5**	**0.4**	**28.4**
Additions	0.8	0.2	0.1	0.4	1.5
Disposals	(0.3)	(2.1)	(0.3)	(0.1)	(2.8)
Transfer to disposal group held for sale	(13.1)	(1.9)	(0.5)	(0.1)	(15.6)
At 31 December 2024	**3.8**	**6.3**	**0.8**	**0.6**	**11.5**
Depreciation					
At 1 January 2023	**9.6**	**9.6**	**1.3**	**0.4**	**20.9**
Charged in the year – operating	1.9	1.1	0.2	–	3.2
Disposals	(0.2)	(0.9)	–	(0.1)	(1.2)
At 31 December 2023	**11.3**	**9.8**	**1.5**	**0.3**	**22.9**
Charged in the year – operating	1.7	0.7	0.2	0.1	2.7
Disposals	(0.3)	(2.1)	(0.3)	–	(2.7)
Transfer to disposal group held for sale	(11.4)	(2.4)	(0.7)	(0.1)	(14.6)
At 31 December 2024	**1.3**	**6.0**	**0.7**	**0.3**	**8.3**
Net book value					
At 31 December 2024	**2.5**	**0.3**	**0.1**	**0.3**	**3.2**
At 31 December 2023	5.1	0.3	–	0.1	5.5

Land and buildings and intangible assets, software include the following right-of-use assets:

At 31 December 2024

	Carrying amount £m	**Depreciation expense** £m
Office buildings	**2.5**	**(0.9)**
Software	**2.2**	**-**
	4.7	**(0.9)**

At 31 December 2023

	Carrying amount £m	Depreciation expense £m
Office buildings	3.9	(1.7)

12 Leases

Lease liabilities are presented in the statement of financial position as follows:

	2024 £m	2023 £m
Current	**1.0**	1.4
Non-current	**3.7**	2.6
	4.7	4.0

The Group has leases for its operational and administrative offices. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 11).

Unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can typically only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance costs on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the balance sheet:

Right-of-use asset	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term	No of leases with extension options
Office building	**30**	**0.1-10.2**	**2.8**	–
Software	**1**	**7**	**7**	1

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2024 were as follows:

	Minimum lease payments due					
	Within one year £m	1-2 years £m	2-3 years £m	3-4 years £m	After 5 years £m	Total £m
31 December 2024						
Lease payments	**1.2**	**1.0**	**0.9**	**0.6**	**1.6**	**5.3**
Finance charges	**(0.2)**	**(0.1)**	**(0.1)**	**(0.1)**	**(0.1)**	**(0.6)**
Net present value	**1.0**	**0.9**	**0.8**	**0.5**	**1.5**	**4.7**
31 December 2023						
Lease payments	1.5	0.9	0.6	0.5	0.7	4.2
Finance charges	(0.1)	(0.1)	–	–	–	(0.2)
Net present value	1.4	0.8	0.6	0.5	0.7	4.0

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2024 £m	2023 £m
Short-term leases	**0.3**	0.3
Leases of low-value assets	**0.4**	0.4
	0.7	0.7

The Group had not committed to any leases that had not yet commenced.

Total cash outflow for leases for the year ended 31 December 2024 was £1.9m (2023: £1.8m).

13 Derivative financial instruments

	2024 £m	2023 £m
Cash flow hedges – net value	**0.4**	1.7

Effective from 14 October 2024, the Group entered into an amortising interest rate collar instrument, comprising:

- a cap element to reduce exposure to interest rate increases above 4.75% above SONIA on an aggregated two-thirds of the RFA and the customer finance arrangements, and,
- a floor element, based on the same nominal values and over the same period as the cap, to pay the issuer the differential if the SONIA interest rate falls below 2.51%.

The instrument, which has a term of five years from 14 October 2024, is based on quarterly notional amounts varying between £58.9m and £77.3m, with an average of £68.6m. The instrument was acquired for no upfront premium.

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

The Group designates its financial instruments as hedged instruments in a cash flow hedge relationship. All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

The fair value of the derivative is based on market data to calculate the present value of all estimated flows associated with it 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 market, but the fair value is based on quoted market prices, broker/dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

The movements on the fair value of the derivative financial asset and on the cost of hedging reserve are as follows:

	Cost of hedging reserve £m	Derivative financial asset £m
At 31 December 2022	1.7	3.0
Movement through comprehensive income – hedge ineffectiveness	–	(0.1)
Movement through cost of hedging reserve	(1.2)	(1.2)
Deferred taxation	0.4	–
At 31 December 2023	0.9	1.7
Movement through comprehensive income – hedge ineffectiveness	-	-
Movement through cost of hedging reserve	**(0.4)**	**(1.3)**
Deferred taxation	**(0.3)**	–
At 31 December 2024	**0.2**	**0.4**

14 Cash

	2024 £m	2023 £m
Cash and cash equivalents	**14.6**	13.3

Cash and cash equivalents consist of cash on hand and balances with banks only. The majority of cash on hand and balances with banks are held by subsidiary undertakings; however, the balances are available for use by the Group.

Long-term credit ratings for the Group's banks are currently as follows:

	Fitch	Standard & Poor's	Moody's
Royal Bank of Scotland plc	A	BBB+	A3
National Westminster Bank plc	A	BBB+	A3

The Group's headroom versus available committed bank facilities is as follows:

	2024 £m	2023 £m
Cash at bank (as above)	**14.6**	13.3
Undrawn receivables finance agreement	**61.3**	49.1
Banking facility headroom	**75.9**	62.4

15 Borrowings

Borrowings are repayable as follows:

	2023 **£m**	2023 £m
In one year or less or on demand	**6.0**	10.9
In more than one year but not more than two years	**0.9**	0.9
In more than two years but not more than five years	**1.3**	1.4
In more than five years	**1.5**	0.3
Total borrowings	**9.7**	13.5

	2024 **£m**	2023 £m
Split:		
Current liabilities:		
Receivables Finance Agreement	**5.0**	9.5
Lease liabilities	**1.0**	1.4
	6.0	10.9
Non-current liabilities:		
Lease liabilities	**3.7**	2.6
Total borrowings	**9.7**	13.5
Less: Cash (note 14)	**(14.6)**	(13.3)
Net (cash)/debt	**(4.9)**	0.2

On 14 December 2023, the Group and its lenders agreed to a modification of the existing Receivables Finance Agreement.

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

a) Maximum receivables financing facility of £60.0m (previously £90m) over a four-year term, with a one-year extension option;
ii) An Accordion option of up to an additional £20m (previously £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 a maximum of 2.25% (previously 2.75%) over SONIA, with a margin ratchet downward to 1.5% (previously 2.0%), dependent upon the Group's leverage reducing to less than 1.00x;
v) A non-utilisation fee of 0.35% (previously 0.7% during 2023);
vi) Maximum net debt (averaged over a rolling three months) to EBITDA leverage covenant of 4.0x; and
vii) Minimum interest cover covenant of 2.25x the last 12 months EBITDA to finance charges.

EBITDA is defined as earnings before interest, taxation, depreciation and amortisation.

On 12 March 2025, ABN AMRO withdrew from the banking syndicate and were replaced by Leumi ABL Limited.

The Group uses Customer Financing arrangements whereby specific customer invoices are settled on a weekly basis, in advance of their normal settlement date. The value of invoices funded under the Customer Financing arrangements was £74.1m at 31 December 2024 (2023: £63.1m). Costs incurred in relation to these arrangements are charged to profit and loss as finance charges when incurred. The amounts settled under each customer's agreement are limited to the amounts invoiced to that customer each week. The total finance charges incurred during the year amounted to £4.7m (2023: £3.0m).

For the period to 31 December 2026, the Group's cash flow forecasts indicate ongoing headroom in the RFA and full compliance with the financial covenants described above. The likelihood of a breach of the financial covenants is considered to be remote.

16 Share capital

	2024 £m	2023 £m
Allotted and issued		
142,330,164 (2023: 149,190,956) ordinary 10p shares	**14.2**	14.9

	2024 Number	2023 Number
Shares issued and fully paid at the beginning of the year	**149,190,956**	165,767,728
Shares cancelled during the year	**(6,860,792)**	(16,576,772)
Shares issued and fully paid at the end of the year	**142,330,164**	149,190,956

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 8,535,706 shares held at 31 December 2024 (2023: 3,316,391 shares) by the Employee Benefit Trust where the right to dividends has been waived.

On 10 June 2024, the Group announced the launch of a share buyback programme to repurchase Ordinary Shares in the capital of the Company up to an aggregate value of £2.5m. The 6,860,792 Ordinary Shares purchased pursuant to the share buyback, were immediately cancelled.

On 1 August 2023, the Group announced the launch of a share buyback programme to repurchase Ordinary Shares in the capital of the Company up to an aggregate value of £4.0m. The 12,672,174 Ordinary Shares purchased pursuant to the share buyback, were immediately cancelled.

On 4 October 2023, the Group announced the launch of a further share buyback programme to repurchase up to 3,904,598 Ordinary Shares in the capital of the Company. The 3,904,598 Ordinary Shares purchased pursuant to the share buyback at a cost of £1.0m, were immediately cancelled.

The share buybacks were operated in accordance with the terms of the Company's general authority to repurchase Ordinary Shares granted by shareholders at its Annual General Meetings, held on 12 June 2023 and 22 May 2024.

17 Cash flows from operating activities

Reconciliation of profit/(loss) before taxation to net cash inflow from operating activities

	2024 £m	2023 £m Restated
Profit/(loss) before taxation from:		
Continuing activities	**5.0**	(2.1)
Discontinued operations	**(12.2)**	(8.9)
	(7.2)	(11.0)
Adjustments for:		
Finance income	**(1.4)**	(1.9)
Finance charges	**6.3**	6.1
Depreciation and amortisation – underlying	**4.7**	5.0
Amortisation – non-underlying	–	3.2
Goodwill impairment	**14.5**	8.9
Loss on disposal of property, plant and equipment	–	0.2
Cash generated before changes in working capital and share options	**16.9**	10.5
Change in trade and other receivables	**(20.0)**	(9.5)
Change in trade, other payables and provisions	**23.9**	10.8
Cash generated from operations	**20.8**	11.8
Share-based payments expense	**0.7**	0.6
Net cash inflow from operating activities	**21.5**	12.4

Movement in net debt

	2024 £m	2023 £m
Net (debt)/cash at 1 January	**(0.2)**	0.1
Net drawdowns from Receivables Finance Agreement	**4.5**	16.5
Lease payments, additions, disposals and interest	**(0.7)**	0.9
Change in liabilities arising from financing activities	**3.6**	17.5
Change in cash and cash equivalents	**1.3**	(17.7)
Net cash/(debt) at 31 December	**4.9**	(0.2)
Represented by:		
Current borrowings (note 15)	**(5.0)**	(9.5)
Lease liabilities (note 12)	**(4.7)**	(4.0)
	(9.7)	(13.5)
Cash and cash equivalents	**14.6**	13.3
Net (debt)/cash at 31 December	**4.9**	(0.2)

The movements in net debt can be further summarised as follows:

	Lease Liabilities £m	Receivables Finance Agreement £m	Movements from financing activities £m	Cash £m	Total £m
Net debt as at 1 January 2023	(4.9)	(26.0)	**(30.9)**	31.0	0.1
Cash flows during the year	1.8	16.5	**18.3**	(17.7)	**0.6**
Non-cash movements in leases	(0.9)	–	**(0.9)**	–	**(0.9)**
Net cash/(debt) at 31 December 2023	**(4.0)**	**(9.5)**	**(13.5)**	**13.3**	**(0.2)**
Cash flows during the year	2.5	4.5	**7.0**	1.3	**8.3**
Non-cash movements in leases	(3.2)	–	**(3.2)**	–	**(3.2)**
Net cash/(debt) at 31 December 2024	**(4.7)**	**(5.0)**	**(9.7)**	**14.6**	**4.9**

18 Changes in accounting policies

There were no new accounting pronouncements requiring adoption in the year.

19 Post balance sheet events

On 24 February 2025, the Group sold its wholly owned subsidiary PeoplePlus Group Ltd, which encompassed the PeoplePlus division, for cash consideration of £12.0m, which includes £2.0m of deferred consideration. Further details are provided in Note 9.

On 25 February the Group announced the commencement of a share buyback programme to purchase Ordinary Shares of 10p each in the Company for up to a maximum consideration of £7.5m. The Ordinary Shares purchased pursuant to the buyback will be cancelled.

There were no other events between the balance sheet date of 31 December 2024 and the approval of these accounts on 7 April 2025, that are required to be brought to the attention of shareholders.