

24 September 2024

## SThree plc

### FY24 Q3 Trading Update

#### Contract extensions continue to underpin performance and full-year visibility

SThree plc ("SThree" or the "Group"), the only global specialist talent partner focused on roles in Science, Technology, Engineering and Mathematics ('STEM'), today issues a trading update covering the period 1 June 2024 to 31 August 2024.

#### Q3 Highlights

- Group net fees down 8% YoY<sup>(1)</sup> against the continuing backdrop of challenging market conditions, with Contract down 8%, representing 84% of net fees.
- Contractor order book<sup>(2)</sup> down 6% YoY to £167 million, representing sector-leading visibility (c.4 months of net fees).
- Robust balance sheet with net cash of £45 million at 31 August 2024 (31 August 2023: £83 million), reflective of the timing of certain client payments, with net cash expected to return towards normalised levels over the coming months.
- Technology Improvement Programme remains on track, with the US and UK live and the deployment in Germany progressing as anticipated.
- Performance for FY24 currently expected to be in line with market expectations<sup>(3)</sup>.

#### Timo Lehne, Chief Executive, commented:

*"Despite the challenging conditions in the market, which have extended beyond our industry's expectations, our strategic focus on Contract continues to underpin the Group's competitive positioning. The Contract order book, down 6%, reflects protracted soft new placement activity partially offset by ongoing strong Contract extensions.*

*Supported by a robust financial position, we continue to invest for the future, with the phased implementation of our Technology Improvement Programme being a core element. This is progressing to plan, providing a clear pathway to significant operational enhancements over the mid-to-long term and enabling us to lead the way in our industry.*

*We are ideally positioned at the heart of global STEM secular trends, and we have the right platform for when the market recovers to enable the delivery of long-term sustainable growth."*

#### Business performance highlights

Against tough market conditions Group net fees were down 8% YoY reflecting the ongoing softness in new business across Contract and Permanent, partially offset by strong Contract extensions.

Technology, our largest skill vertical, delivered a sequential improvement in performance, down 7% YoY. Engineering was also down 7% against a record prior year performance, while Life Sciences declined 14% YoY as global activity in that sector remains subdued.

Regionally, the Group delivered strong net fee growth in the Middle East and Asia, underpinned by an impressive performance in Japan across all our main skill verticals. Within the Group's three largest markets, which now represent 72% of net fees, Germany delivered a sequential improvement benefitting from the lower rate of decline in demand for Technology skills. Our USA performance reflected declines in Life Sciences and Technology, whilst the Netherlands saw lower levels of demand for Engineering and Technology skills versus record levels in the prior year.

The Group remains well placed to respond when market conditions improve, with Group period-end headcount broadly unchanged from the end of the last financial year. The Group continues to maintain a robust balance sheet with net cash of £45 million at 31 August 2024, reflective of the timing of certain client payments, with net cash expected to return towards normalised levels over the coming months.

	Q3	Q3	Q3 2024	Q2 2024	Q1
<b>Net fees</b>	<b>2024</b>	<b>2023</b>	<b>YoY (1)</b>	<b>YoY (1)</b>	<b>2024 YoY (1)</b>
Contract	£78.1m	£86.2m	-8%	-6%	-2%
Permanent	£14.6m	£16.8m	-9%	-15%	-21%
<b>GROUP</b>	<b>£92.7m</b>	<b>£103.0m</b>	<b>-8%</b>	<b>-8%</b>	<b>-6%</b>
<b>Regions</b>					
DACH (4)	£33.4m	£36.6m	-8%	-10%	-13%
Netherlands (incl. Spain) (5)	£19.0m	£21.5m	-10%	+5%	+8%
Rest of Europe (6)	£15.3m	£17.8m	-13%	-10%	-10%
USA	£20.1m	£22.6m	-10%	-15%	-10%
Middle East & Asia (7)	£4.9m	£4.5m	+20%	+1%	+20%
<b>GROUP</b>	<b>£92.7m</b>	<b>£103.0m</b>	<b>-8%</b>	<b>-8%</b>	<b>-6%</b>
<b>Top five countries</b>					
Germany	£29.6m	£32.2m	-7%	-11%	-14%
Netherlands	£16.9m	£20.1m	-15%	-	+6%
UK	£9.6m	£11.6m	-17%	-11%	-7%
USA	£20.1m	£22.6m	-10%	-15%	-10%
Japan	£3.2m	£2.1m	+60%	+16%	+41%
ROW (8)	£13.3m	£14.3m	-6%	-2%	-4%
<b>Group</b>	<b>£92.7m</b>	<b>£103.0m</b>	<b>-8%</b>	<b>-8%</b>	<b>-6%</b>

<b>Service mix</b>	<b>Q3 2024</b>	<b>Q3 2023</b>
Contract	84%	84%
Permanent	16%	16%

<b>Skills mix</b>	<b>Q3 2024</b>	<b>Q3 2023</b>
Technology	49%	48%
Life Sciences	16%	17%
Engineering	28%	27%
Other	7%	7%

(1) All YoY growth rates expressed at constant currency.

(2) The contractor order book represents value of net fees until contractual end dates, assuming all contractual hours are worked.

(3) Current consensus PBT expectation is £69.4m for FY24. Source: SThree compiled consensus.

(4) DACH - Germany, Austria and Switzerland.

(5) Netherlands (incl. Spain) - Netherlands and Spain, which is managed from the Netherlands.

(6) Rest of Europe - UK, Belgium, France.

(7) Middle East & Asia - Japan and UAE.

(8) ROW - All other countries we operate in.

#### Analyst conference call

SThree is hosting a conference call for analysts and investors today at 8.30am to discuss the FY24 Q3 Trading

Update. If you would like to register for the conference call, please contact [SThree@almastrategic.com](mailto:SThree@almastrategic.com).

### **Forward looking dates**

The Group will issue its trading update for the year ending 30 November 2024 on 17 December 2024.

### **Enquiries:**

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### **Notes to editors**

SThree plc brings skilled people together to build the future. We are the only global specialist talent partner focused on roles in Science, Technology, Engineering and Mathematics ('STEM'), providing permanent and flexible contract talent to a diverse base of over 5,400 clients (with whom we worked in the Q3 year to date period) across 11 countries. Our Group's c.2,600 staff cover the Technology, Life Sciences and Engineering sectors. SThree is part of the Industrial Services sector. We are listed on the London Stock Exchange's Main Market, trading with ticker code STEM.

#### **Important notice**

*Certain statements in this announcement are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Certain data from the announcement is sourced from unaudited internal management information and is before any exceptional items. Accordingly, undue reliance should not be placed on forward looking statements.*

- Ends -

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