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4 February 2025

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

Trading Update

- *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*
- *£2.5m share buyback programme completed in 2024 demonstrates **ongoing confidence in Staffline's operating model and market position***

Staffline, the recruitment and training group, provides the following trading update for the year ended 31 December 2024 ('FY 2024'), as well as the outlook for 2025 ('FY 2025').

Financial Highlights²

	FY 2024	FY 2023	Change
Revenue	£1,058.5m	£938.2m	+12.8%
Gross profit	£88.1m	£80.8m	+9.0%
<i>Gross profit margin %</i>	8.3%	8.6%	-0.3pts
Underlying operating profit³	£11.1m	£10.3m	+7.8%
<i>Gross profit to operating profit conversion %</i>	12.6%	12.7%	-0.1pts
Net cash (pre-IFRS 16)	£9.7m	£3.8m	+£5.9m
Net cash/(debt) (post-IFRS 16)	£4.4m	£(0.7)m	+£5.1m

- 12.8% increase in revenue, reflecting market share gains, and strength of Staffline's business model despite a challenging market for recruitment and training.
- 9.0% increase in gross profit driven by a strong performance across the Group's recruitment activities and underpinned by an excellent result in permanent placement fees from new customers.
- 7.8% increase in underlying operating profit to £11.1m (2023: £10.3m), with stronger performance from Recruitment GB and Recruitment Ireland offsetting a weaker performance from PeoplePlus.
- Underlying profit before tax exceeded market expectations, notwithstanding the impact of the slower than expected reduction in interest rates, which partially offset the strong underlying operating profit performance.
- Net cash (pre-IFRS 16) well ahead of expectations at £9.7m (2023: £3.8m) due to debtor day reduction and tight control of working capital following peak trading during Q4.

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 Presented on a continuing basis. These figures are unaudited and provisional.

³ Underlying results exclude goodwill impairment, amortisation of intangible assets arising on business combinations, reorganisation costs and other non-underlying charges.

Summary

Staffline delivered an excellent trading and cashflow performance across FY 2024 against a continued challenging macroeconomic backdrop. Trading was supported by strong financial results across the Group's recruitment activities.

with the recruitment businesses reporting a 10.1% increase in gross profit. Cashflow was strong, facilitating a £2.5m share buyback programme during FY 2024.

Recruitment GB

Blue-collar recruitment had an excellent year, with the traditional trading peak during December in the run up to Christmas delivering a 12.3% year-on-year increase in hours worked, bringing the full-year uplift to +10% vs. the prior year. Despite weak retail sales and declining demand for temporary workers in many sectors, the Group'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, and Marks & Spencer, combined with good demand from the logistics sector, bolstered by strong volumes over the Black Friday period, supported Recruitment GB's performance. Mandates secured with new customer G4S in H1 2024 delivered a 5% 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.

Recruitment Ireland

Recruitment Ireland also had a remarkable year following a challenging FY 2023 with gross profit increasing alongside tight control of costs. Permanent placement fees were up 38% on 2023 due to new customers and expanded HR assessment and consulting services. The previously reported Garda contract win (Ireland Police Service) started slower than expected but ended the year broadly in line with management expectations.

PeoplePlus

PeoplePlus reported resilient results despite being affected by a weak market for training and employability. The division is still awaiting delayed bid results in England and Wales due to uncertainty following the UK general election; these are multi-year contracts worth an estimated £190m of revenue. Pleasingly, PeoplePlus saw a marked increase in new business wins, with new contracts secured with HMP Millsike alongside our partner Mitie Plc, and an exclusive partnership secured with Scottish Prison Services to provide education and training in Scotland for the first time. This £28m contract will go live in September 2025 with 16 prisons and circa 89 staff joining the PeoplePlus Justice Division.

FY 2025 Outlook

We believe FY 2025's performance will be impacted by ongoing macroeconomic uncertainty. This may affect our recruitment customers operating in blue-collar markets, as a result of the increase in employers' national insurance, and also impact permanent white-collar demand, to which our Ireland division is more exposed.

Nevertheless, we anticipate continued growth in blue-collar recruitment across Great Britain, driven by market share expansion, strong momentum in new business wins, and sustained demand for essential workforce solutions.

PeoplePlus faces challenges due to prolonged delays in public sector bid announcements, which will weigh on short-term results.

Interest rate levels higher than originally anticipated, will increase the cost of working capital compared to previous expectations.

Despite these challenges, Staffline remains confident in its ability to navigate the evolving landscape. The Group's extensive scale, reach and financial strength, combined with a proven track record of exceptional service, position it well to leverage the opportunities in the markets in which it operates.

Albert Ellis, Chief Executive Officer of Staffline, commented:

"The Group delivered an outstanding operational and financial performance in 2024, driven by increased market share and new customers combined with a disciplined approach to costs. The traditional peak trading period in the run up to Christmas was a success due to the Company's commitment to service excellence. Strong trading cash flow exceeded expectations, underpinning the share buy-back programme, and resulted in £9.7m of net cash (pre-IFRS16) at the end of the year."

Staffline remains a trusted strategic partner across a number of key sectors, both in the UK and Ireland, and I am confident that despite the challenging backdrop, our track record in continuing to increase market share will continue to support growth in 2025."

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About Staffline - Recruitment, Training and Support

Enabling the Future of Work™

Staffline is the UK's market leading Recruitment and Training group. It has three 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.

PeoplePlus Division

The PeoplePlus business is a leading provider of employability, adult training, prison education and skills-based programmes across the country to those who are disadvantaged in society. In addition, it delivers Community Service support as well as social value services and expertise to employers.

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