

18 March 2025

SThree plc

FY25 Q1 Trading Update

Stable performance in challenging conditions

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 December 2024 to 28 February 2025.

Q1 Highlights

- Group net fees down 15% YoY⁽¹⁾, consistent with Q4 FY24 performance against the backdrop of the ongoing challenging market conditions.
- Contract (84% of net fees) down 15% YoY, whilst Permanent down 13% YoY.
- Contractor order book⁽²⁾ of £168 million, down 7% YoY, a reduced rate of decline versus FY24 year-end, continuing to represent sector-leading visibility with the equivalent of circa five months' net fees.
- Robust balance sheet with net cash of £45 million at 28 February 2025 (30 November 2024: £70 million), reflective of the buyback programme, and as previously disclosed, temporary impact from clients' payment processes transitioning to our new billing system. Net cash expected to return towards normalised levels over coming months.
- Share buyback programme of up to £20 million launched in December, with £10.5 million purchased as of 17 March 2025.
- Technology Improvement Programme (TIP) remains on track and on budget, with a key focus this quarter on enhancing functionality and the productivity of our sales consultants.
- Performance for FY25 expected to be in line with previously announced £25 million PBT guidance⁽³⁾.

Timo Lehne, Chief Executive, commented:

"The Group has delivered a stable Q1 performance consistent with Q4 FY24 despite the anticipated challenging market conditions driven by the ongoing global political and economic conditions. New business continues to be soft, however extensions remain robust across our core STEM Contract service offering, providing sector-leading visibility. Our Employed Contractor Model business, which represents 47% of our Contract focus continues to outperform Independent Contract, and we continue to see good opportunities in this space to leverage our global scale, skills focus and first-mover advantage to deliver flexible solutions to our customers. Within Permanent, we have seen a sequential improvement, particularly in the US.

A key focus in the period has been further embedding our state-of-the-art technology infrastructure through our Technology Improvement Programme across our live regions, representing 80% of our global operations. As a result, we have been able to refine backend processes and client integrations, and deliver significant enhancements to the platform, including the launch of a range of new features and AI-enabled tools to help drive further efficiencies and the productivity of our teams.

"As we look ahead, business leaders are continuing to navigate an evolving macro-economic backdrop which is weighing on investment decisions. Despite this, we are highly confident, supported by independent industry analysis⁽⁴⁾, that the future economy is based on hard-to-find STEM skills, and we are ensuring SThree is in the best place to deliver on this demand."

Business performance highlights

Amid the persistent challenging trading conditions, Group net fees were down 15% YoY reflecting the continued

softness in new business across Contract and Permanent, partially offset by strong Contract extensions. The sequential improvement in Permanent versus Q4 FY24 was led by a lower rate of decline in Germany and growth in the USA.

The Group's Life Sciences net fees were down 11% YoY, whilst Engineering net fees were down 15% YoY against a record prior year performance. Technology declined 17% YoY reflecting the tough market conditions.

Regionally, the challenging macro-economic conditions resulted in declines across the Group's three largest markets, which now represent 73% of net fees. However, our two largest markets, being Germany and the USA, delivered a lower rate of decline versus Q4 FY24. The performance in the Netherlands reflected lower levels of demand for Engineering and Technology skills versus record levels in the prior year.

Group period-end headcount was down 5% from the end of the last financial year attributable to the careful management of natural churn, whilst being highly selective about where we choose to hire.

The Group continues to maintain a robust balance sheet with net cash of £45 million at 28 February 2025 contributing to total accessible liquidity of £100 million⁽⁵⁾. This is reflective of the buyback programme, and as previously disclosed, temporary impact from clients' payment processes transitioning to our new billing system, including the impact of the recent roll-out of TIP to the Netherlands. Net cash is expected to return towards more normalised levels over the coming months.

	Q1	Q1	Q1	Q4 2024	Q3 2024	Q2	Q1
Net fees	2025	2024	2025	YoY (1)	YoY (1)	2024	2024
			YoY (1)			YoY (1)	YoY (1)
Contract	£65.8m	£78.9m	-15%	-12%	-8%	-6%	-2%
Permanent	£12.6m	£14.8m	-13%	-26%	-9%	-15%	-21%
GROUP	£78.4m	£93.7m	-15%	-15%	-8%	-8%	-6%
Regions							
DACH ⁽⁶⁾	£26.2m	£31.5m	-14%	-18%	-8%	-10%	-13%
Netherlands (incl. Spain) ⁽⁷⁾	£16.2m	£19.8m	-16%	-10%	-10%	+5%	+8%
Rest of Europe ⁽⁸⁾	£12.6m	£15.6m	-18%	-14%	-13%	-10%	-10%
USA	£19.4m	£21.1m	-9%	-13%	-10%	-15%	-10%
Middle East & Asia ⁽⁹⁾	£4.1m	£5.7m	-26%	-18%	+20%	+1%	+20%
GROUP	£78.4m	£93.7m	-15%	-15%	-8%	-8%	-6%
Top five countries							
Germany	£23.1m	£27.6m	-13%	-17%	-7%	-11%	-14%
Netherlands	£14.6m	£18.4m	-18%	-13%	-15%	-	+6%
UK	£6.9m	£10.0m	-30%	-21%	-17%	-11%	-7%
USA	£19.4m	£21.1m	-9%	-13%	-10%	-15%	-10%
Japan	£2.3m	£2.5m	-7%	-1%	+60%	+16%	+41%
ROW ⁽¹⁰⁾	£12.1m	£14.1m	-12%	-12%	-6%	-2%	-4%
Group	£78.4m	£93.7m	-15%	-15%	-8%	-8%	-6%

Service mix	Q1 2025	Q1 2024
Contract	84%	84%
Permanent	16%	16%

Skills mix	Q1 2025	Q1 2024
Technology	46%	47%
Life Sciences	17%	16%
Engineering	30%	29%
Other	7%	8%

(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) As guided on 12 December 2024, the Board expects FY25 profit before tax to be c.£25 million.
- (4) World Economic Forum, *Future of Jobs Report 2025*.
- (5) Group total accessible liquidity of £100 million, made up of £45 million net cash, £50 million revolving credit facility (RCF), and £5 million overdraft facility (RCF and overdraft fully undrawn).
- (6) DACH - Germany, Austria and Switzerland.
- (7) Netherlands (incl. Spain) - Netherlands and Spain, which is managed from the Netherlands.
- (8) Rest of Europe - UK, Belgium, France.
- (9) Middle East & Asia - Japan and UAE.
- (10) 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 FY25 Q1 Trading Update. If you would like to register for the conference call, please contact SThree@almastrategic.com.

The Group will issue its trading update for the six months ended 31 May 2025 on 24 June 2025.

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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 around 6,000 clients across 11 countries. Our Group's c.2,700 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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