

16 September 2025

SThree plc

FY25 Q3 Trading Update

Modest sequential improvement, FY25 guidance reiterated; Overall new business activity remains challenging into FY26

SThree plc ("SThree" or the "Group"), the global STEM workforce consultancy, today issues a trading update covering the period 1 June 2025 to 31 August 2025.

Q3 Highlights

- Group net fees down 12% YoY⁽¹⁾, with a modest sequential improvement quarter-on-quarter in Q3 supported by a return to growth in the US during the period.
- Contract (83% of net fees) down 13% YoY, whilst Permanent down 5% YoY.
- Contractor order book⁽²⁾ of £156 million, down 6% YoY, continuing to represent sector-leading visibility with the equivalent of circa five months' net fees.
- Robust balance sheet with net cash of £42 million at 31 August 2025 (31 May 2025: £48 million).
- Technology Improvement Programme (TIP) rollout nearing completion, with 10 of 11 markets now actively using the platform, following the onboarding of two additional markets⁽³⁾.
- Realisation of further operational efficiencies to drive £6 million of in-year net savings on track.

Outlook

- Performance for FY25 expected to be in line with previously announced £25 million PBT guidance⁽⁴⁾.
- Although the Group has seen positive momentum in certain markets and verticals, macro uncertainty has persisted for longer than expected, impacting levels of new business activity. As a result, the Board is now taking the prudent view that this subdued activity will continue into FY26.
- To build on the foundations created by TIP, and following the ongoing evaluation of the use of agentic AI, the Board has decided to further invest in next generation AI to capitalise on the new opportunities emerging in our industry.
- Additionally, following the initial benefits materialising from TIP, the Board has committed to invest in a further cost optimisation programme in FY26 to deliver future benefits thereafter.
- Persistent softness in new business activity is expected to impact FY26 PBT consensus⁽⁵⁾ by c.£20 million due to the Group's operational gearing. This alongside our investment initiatives, which are fully funded through careful cost management in FY25, is expected to result in a FY26 PBT of c.£10 million.
- The Board is confident that the planned investments will provide an optimised cost base for greater efficiency and scalability, and position the Group at the forefront of the AI opportunity within our industry.
- The Board intends to commence a further share buyback programme in FY26 in line with our capital allocation policy, and will provide a further update in early FY26.

Timo Lehne, Chief Executive, commented:

"Our Q3 performance demonstrates a continuation of the positive momentum as reported at the half year across certain segments and markets. The Group delivered a modest sequential improvement in net fee performance, driven by growth in our US and Middle East & Asia regions, and supported once again by strong extension rates. A key factor currently offsetting this growth, is the challenges within our two largest markets in continental Europe, Germany and the Netherlands, and our focus is on ensuring we are well placed for when these markets turn.

More broadly, new business remains challenging, however, with a disciplined cost base reinforced by operational efficiencies, we remain confident in our ability to deliver on our FY25 PBT guidance. As we look further ahead, we are encouraged by pockets of improving momentum, however we have not yet seen a broader market recovery and,

prudently, do not think this will start to materialise near-term, albeit not worsen.

With the TIP nearing completion as planned, we are now well advanced in our journey of embedding agile, future-ready technology deep within the organisation. This new digital backbone is already helping to unlock early signs of scalability with the efficiencies realised to date. It is also enhancing productivity, including improved placement levels among our most junior cohorts and a reduction in time to first interviews in our early adopter markets. At the same time, we are now benefiting from actionable, data-driven insights through a unified platform, positioning us to seize rapidly emerging opportunities in our markets.

Our tech-enabled model gives us the platform to invest in agentic AI functionality, to deliver quality STEM candidates quicker and more efficiently, which when coupled with certain investment initiatives and further cost optimisation, will result in a stronger, more agile business. Together with our specialist expertise in delivering STEM workforce solutions, we have the digital foundations, scale, and differentiated value proposition to be the market leader in an evolving STEM talent landscape."

Business performance highlights

Against a backdrop of prolonged challenging trading conditions, the Group's net fees declined by 12% YoY. Our Contract business declined 13% YoY, reflecting continued softness in new placements, though this was partially offset by resilient contract extensions. Notably, Contract in the US returned to growth this quarter, helping to partially mitigate softer performances in both Germany and the Netherlands. Our Permanent business declined 5% YoY, but showed a strong sequential improvement in the rate of decline compared to Q2, driven by growth in both the US and Middle East & Asia regions.

Within our skill verticals, the Group's Engineering net fees were down 1% YoY, supported by strong demand in the US. Whilst Life Sciences declined 12% and Technology by 22% YoY, reflecting ongoing market uncertainty.

Regionally, the Group delivered strong net fee growth in the Middle East & Asia, with both Japan and Dubai contributing positively. Among the Group's three largest markets, accounting for 70% of net fees, the USA notably returned to growth, underpinned by strong demand for skills in Energy. Meanwhile, the performance in Germany primarily reflected levels of demand for Technology skills, relative to Germany's strongest quarter in the prior year. In the Netherlands, results were impacted by reduced demand for Technology and Engineering skills.

Group period-end headcount was down 16% 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, and the realisation of further operational efficiencies.

	Q3 2025	Q3 2024	Q3 2025 YoY (1)	Q2 2025 YoY (1)	Q1 2025 YoY (1)
Net fees					
Contract	£67.9m	£78.1m	-13%	-13%	-15%
Permanent	£13.6m	£14.6m	-5%	-13%	-13%
GROUP	£81.5m	£92.7m	-12%	-13%	-15%
Regions					
DACH ⁽⁶⁾	£26.8m	£33.4m	-21%	-16%	-14%
Netherlands (incl. Spain) ⁽⁷⁾	£13.3m	£19.0m	-31%	-24%	-16%
Rest of Europe ⁽⁸⁾	£12.9m	£15.3m	-16%	-17%	-18%
USA	£22.5m	£20.1m	17%	-	-9%
Middle East & Asia ⁽⁹⁾	£5.8m	£4.9m	22%	9%	-26%
GROUP	£81.5m	£92.7m	-12%	-13%	-15%
Top five countries					
Germany	£23.6m	£29.6m	-21%	-14%	-13%
Netherlands	£11.3m	£16.9m	-35%	-26%	-18%

UK	£7.0m	£9.6m	-27%	-27%	-30%
USA	£22.5m	£20.1m	17%	-	-9%
Japan	£3.8m	£3.2m	20%	34%	-7%
ROW (10)	£13.3m	£13.3m	-1%	-13%	-12%
Group	£81.5m	£92.7m	-12%	-13%	-15%

Service mix	Q3 2025	Q3 2024
Contract	83%	84%
Permanent	17%	16%

Skills mix	Q3 2025	Q3 2024
Technology	44%	49%
Life Sciences	16%	16%
Engineering	31%	28%
Other	9%	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) Dubai and Belgium

(4) As guided on 12 December 2024, the Board expects FY25 profit before tax to be c.£25 million.

(5) Current consensus PBT expectation is £30.5 million for FY26. Source: SThree compiled consensus.

(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 calls

SThree is hosting a conference call for analysts and investors today at 8.30am to discuss the FY25 Q3 Trading Update. If you would like to register for the conference call, please contact SThree@almastrategic.com.

Forward looking dates

The Group will issue its trading update for the year ending 30 November 2025 on 16 December 2025.

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Notes to editors

SThree plc brings skilled people together to build the future. We are the global STEM workforce consultancy, placing highly skilled, STEM specialist workers in the industries where they are needed most. We advise businesses, build expert teams, and deliver project solutions for our clients. With more than 38 years of experience in pure-play STEM and a global team with local expertise across 11 countries, we cover high-demand skills across Engineering, Life Sciences and Technology roles.

We provide permanent and flexible contract talent to a diverse base of around 6,000 clients. By combining advanced technology with expertise, we push beyond traditional boundaries to deliver tailored solutions, leveraging data and insight from our world-class operating platform.

Outpace tomorrow, together

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