Full year results

For the year ended
31st July 2024

July 2024

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Presenting today

Matt Wragg – CEO

Matt has been with Gattaca for 22 years and was appointed as CEO in April 2022. His previous roles within Gattaca included Chief Customer Officer and Group Business Development Director and has been a Senior Leadership Team member since 2016. He has substantial knowledge of the recruitment industry and a deep understanding of Gattaca.

Oliver Whittaker – CFO

Oliver was appointed to the Board as CFO in April 2022, having joined Gattaca in January 2018 as Group Director of Financial Planning. Oliver was previously UK Finance Director for Fitness First where he was instrumental in the transformation and return to growth between 2012 and 2018, prior to which he held a number of operational finance roles within Serco and IBM. Oliver trained and qualified as a chartered accountant with RSM Robson Rhodes.

Summary

- Group NFI of £40.1m, down 5% year-on-year ("YoY")
  - Contract NFI up 3% YoY, with 8% increase in contractors out over H2
  - Gattaca Projects Statement of Work ("SoW") business achieved 35% YoY NFI growth
  - The Group's two largest sectors showed positive trends, with Defence up 10% YoY on a like-for-like basis[2], whilst Infrastructure grew by 12% in H2
  - Contract vs SoW vs Perm split 74% / 7% / 19% of Group NFI (FY23: 68% / 5% / 27%)
  - Permanent NFI down 33% YoY in challenging market
- Continuing underlying profit before tax of £2.9m ahead of expectations (FY23 restated: £3.7m)
- Total sales headcount of 291, down 8% versus 31 July 2023; investing to ensure greater critical mass in focus areas, whilst recognising challenging market conditions and cost balancing elsewhere
- Net cash stable at £20.7m (31 July 2023: £21.6m) after payment of dividend and share buyback
- Continued progress against all four strategic objectives, with further refinement in FY25
- Loss making US-based operations exited in year

[1] The presentation is presented on a continuing underlying basis.

[2] This excludes £1.4m NFI associated with a large permanent Recruitment Process Outsourcing (RPO) client which we decided to exit in 2023.

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Key initiatives delivered in 2024

External focus

- Built and deployed our new **Business Development team** as part of our investment in front-line sales capability
- **Doubled our Energy sales team**, with a focus on **Renewables**
- **Implemented two** new Solutions accounts and retained 100% of accounts that retendered during the period
- **Client and candidate service feedback** surveys improved, with average ratings of 8.8 and 9.0 (out of 10) respectively

Culture

- **Winner of two Business Culture awards;** Best Transformation and Leading with Purpose
- **People engagement score solid** at 8.1 for 24 (FY23: 8.1)
- **Reduction in attrition maintained at 31% at 31 July 2024** (31 July 2023: 33%)

Operational performance

- US-based operations **exited**
- **Average NFI** per sales head +13%, and +11% per total head YoY, (excluding an exited RPO perm client from H1 23)
- Externally focused improvements in Group technology stack, such **increased use of automations**, driving an improved candidate and contractor journey
- **Reset** of operational leadership structure

Cost rebalancing

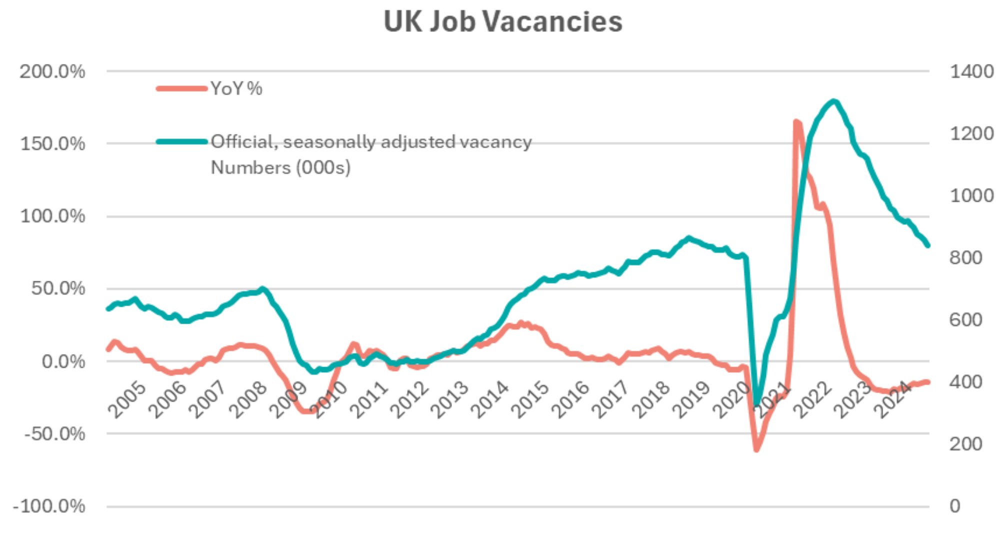
- **Optimisation of our UK property portfolio completed**, more than 60% reduction in space across two UK locations
- **Slimmed down cost base, including Board**
- **Implementation of a single billing entity arrangement**, consolidating client billing from nine to two entities in FY24

- For more details, see Appendix slide 19 - 22

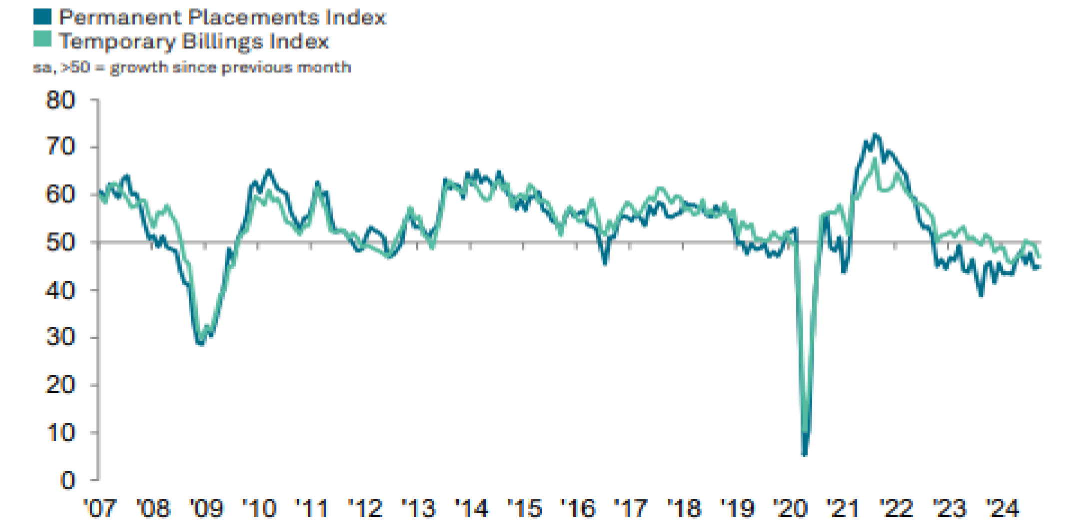
Sector overview

	Overall economic sector growth		Demand trajectory for labour in our specific focus areas: CONTRACT	Demand trajectory for labour in our specific focus areas: PERM	Are we in a dominant position?
DEFENCE 	✓	• Continued commitment linked to % of GDP for NATO • Continued demand due to global market	→	↘	TOP 5
INFRASTRUCTURE 	✓	• Recovering market with funding being released post HS2 changes • New economic cycles commencing across Rail and Water	↗	→	TOP 10
ENERGY 	✓	• Continued investment in Renewable Energy generation • Significant investment into Transmission and Distribution digitalisation and efficiency	↗	↗	TOP 50
MOBILITY 	✓	• Continued recovery within the Aerospace market post-COVID • Further technological advancements across Auto and Marine	→	→	TOP 50
TMT 	✓	• Large market, Tech has been hit hard over past 12-14 months • Growing confidence and investment will result in increased demand	↗	↘	TOP 100

Labour market trends



Source: ONS data

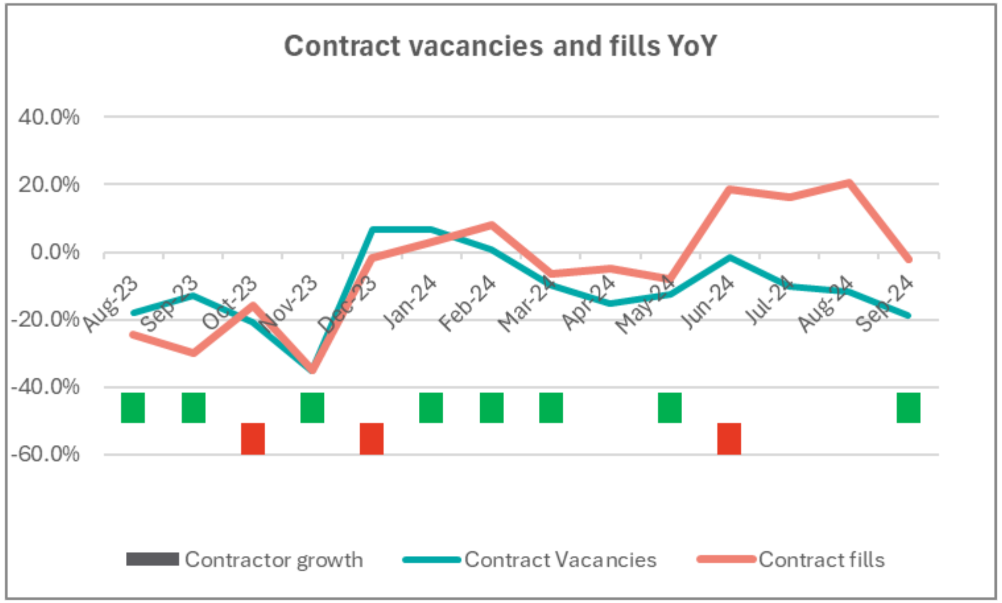


Source: KPMG and REC, UK Report on Jobs October 24

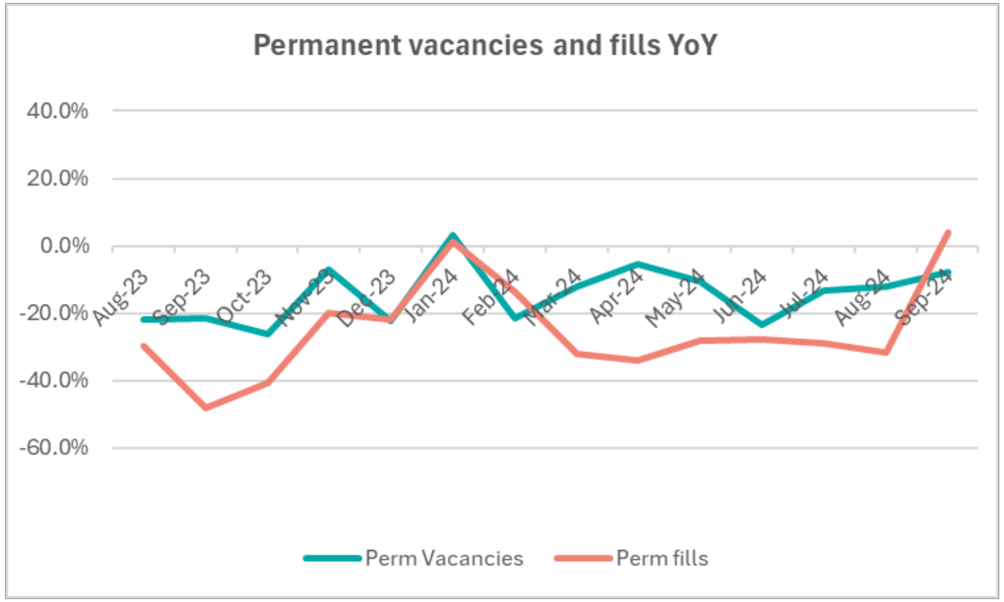
- Latest data from the Office for National Statistics (ONS) indicated a further fall in the number of vacancies during the three months to September. It was the twenty-seventh consecutive period that a quarterly decline has been registered
- The overall number of vacancies was at 841,000, down 141,000 (14.4%) from a year ago

- KPMG and REC reported in September 2024 that both Permanent placements and temporary billings continued to decline.
- Permanent billings have now been reported as in decline for two years, whilst contract has been reported as in decline for the last three months.

Gattaca vacancy and fill trends



- Contract vacancy flow rates have dropped by 10%-20% during the last 12 months when compared to our H2 FY23 baseline
- Our effectiveness in filling contract vacancies has improved. Since Jan 24 we have seen YoY growth in contract fills, enabling us to achieve contractor growth and take share,
- Contractor growth achieved in 8 of last 14 months



- Perm vacancy flow rates 10 to 20% down YoY
- Perm fill rates have been further behind the vacancy rates, as client and candidate nervousness has lengthened hire times and made it more challenging to achieve a successful placement
- Average perm fees up 15% YoY have partially offset volume decline

UK legislation changes: Employment Rights Bill

- The new UK Government published a new Employment Rights Bill (ERB) on 10th October 2024. Much of the reform is subject to consultation and will not take effect until early 2026.
- Key areas which we expect will have an impact on the recruitment market and our clients' hiring decisions are:

Zero-Hours contracts	A new Fair Work Agency	Pay Gap Reporting and Equal Pay
Ending Fire-and-Rehire practices	Minimum Wage and the low pay commission	Stronger protection against sexual harassment
New "Day 1" Rights	Extended unpaid bereavement leave	

- Not expected to be included within the ERB:

Single worker status: Government has opted to undertake a longer consultation

Right to disconnect: Guidance, but will not be legislated for

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Financial results

Continuing Group NFI by sector

Net Fee Income (NFI)[1] £'m	2024	2023 (restated)[2]	Change
Infrastructure	13.9	14.1	-1%
Defence	7.1	8.0	-11%
Mobility	4.6	4.5	2%
Energy	3.6	4.1	-12%
Technology, Media & Telecoms	2.9	2.6	10%
Gattaca Projects	2.8	2.1	35%
Other	4.5	5.8	-22%
UK	**39.4**	**41.2**	**-4%**
International	0.7	1.0	-36%
Continuing Total Group NFI[3]	**40.1**	**42.2**	**-5%**
Contract	29.6	28.7	3%
Perm	7.7	11.4	-33%
Statement of Work	2.8	2.1	35%
Continuing	**40.1**	**42.2**	**-5%**
Discontinued	0.3	1.2	-75%
Total Group NFI	40.4	43.4	-7%

1. Net Fee Income ("NFI") is calculated as revenue less contractor payroll costs, on a like for like currency basis

2. FY23 results have been restated to recognise the impact of the Group discontinuing US-based operations. The aggregated impact of this on FY23 reported results is recognising a £2.2m loss before tax as discontinuing, which was previously held within the International segment. Further details are provided in Note 1 of the FY24 Consolidated Financial Statements.

3. On a continuing basis there is no material impact from constant currency adjustments.

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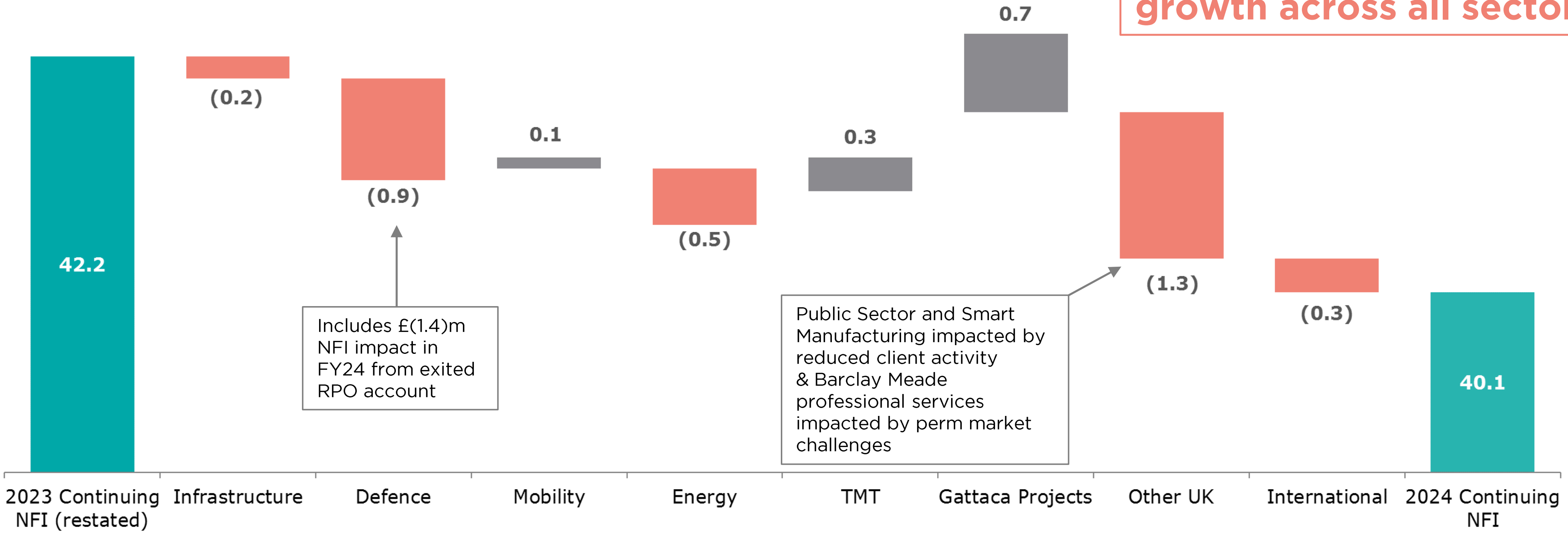
Continuing business NFI bridge £'m

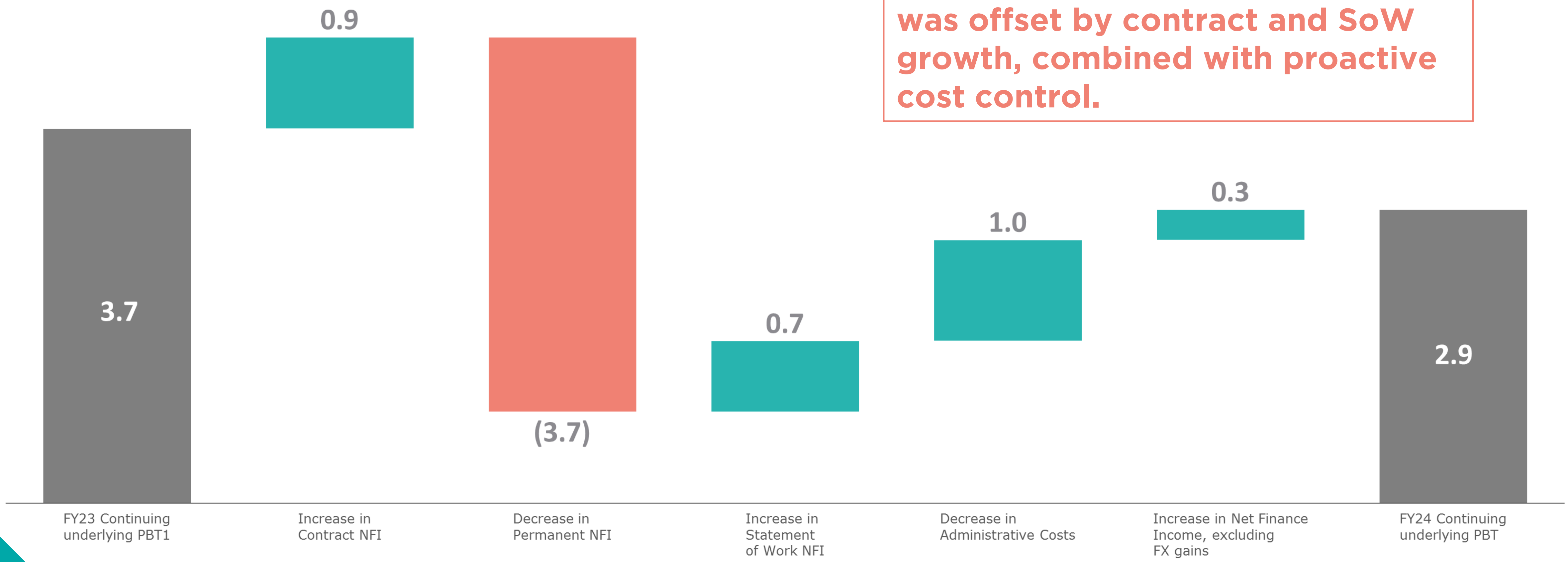
A challenging perm market impacted NFI growth across all sectors



- Continuing underlying Group NFI down 5% YoY, UK NFI down 4%
- Contract & SoW vs Perm split represents 74% / 7% / 19% of Group NFI (FY23: 68% / 5% / 27%)
- Permanent NFI down 33% YoY in challenging market

Underlying PBT bridge £'m

The challenging perm NFI market was offset by contract and SoW growth, combined with proactive cost control.

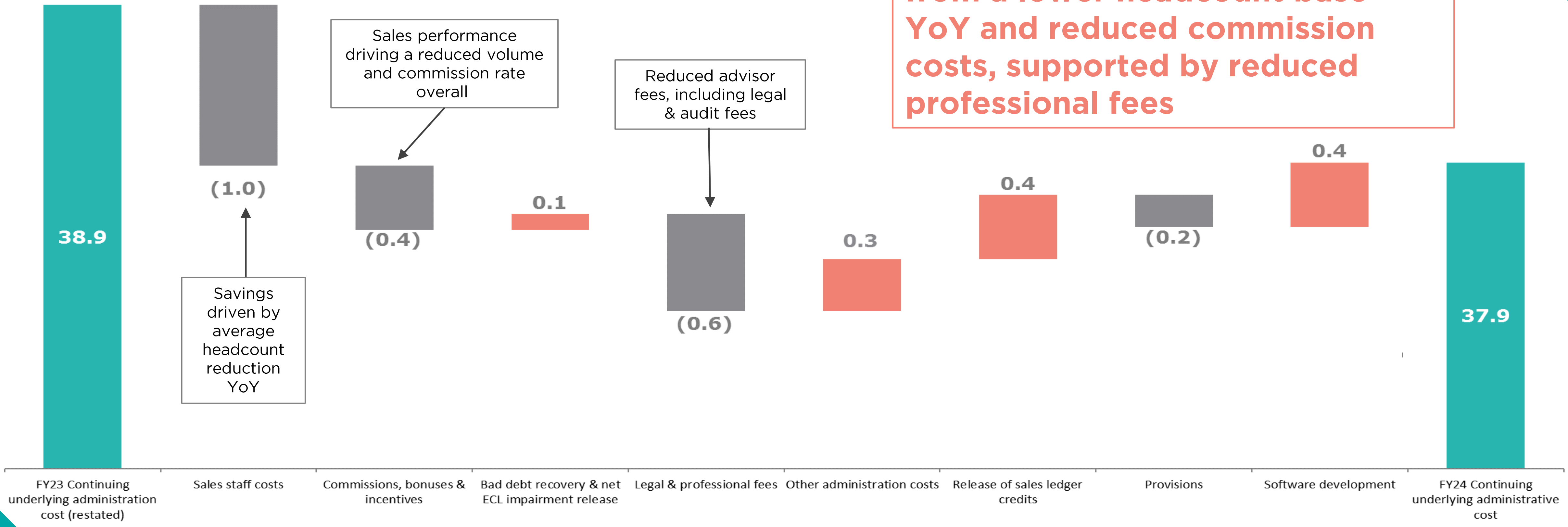


- Continuing underlying profit before tax £2.9m (2023 restated: £3.7m)
- Admin cost detail, see slide 13

1 2023 results have been restated for the presentation of discontinued operations, principally the Group's US based operations.

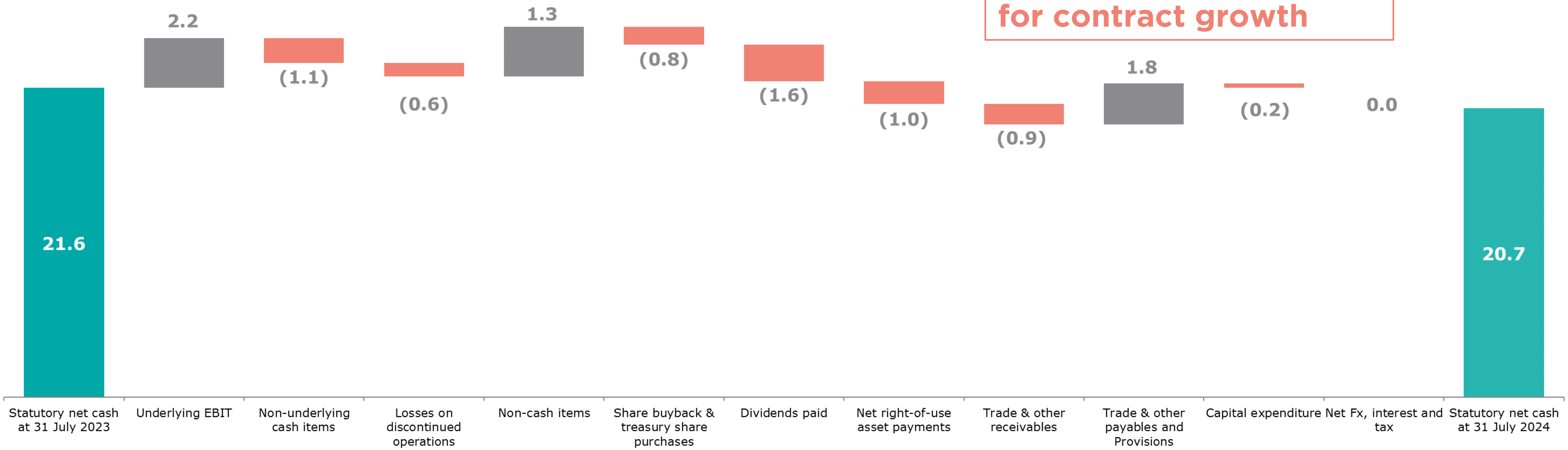
Administrative cost bridge £'m

Our overhead cost savings came from a lower headcount base YoY and reduced commission costs, supported by reduced professional fees



Net cash bridge £'m

Strong net cash position, in readiness for contract growth



- Group reported Net Cash of £20.7m at 31 July 2024 (31 July 2023: £21.6m net cash)
- DSO (days sales outstanding) at 31 July 2024 was 43 days (31 July 2023: 43 days)
- £(2.7)m of non-recourse invoice finance facility drawn at 31 July 2024 (31 July 2023: £(3.8)m)

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Summary and outlook

Outlook

- We remain mindful of the macro-economic headwinds, which continue to impact demand and candidate sentiment across the recruitment sector and negatively affect performance.
- We are seeing permanent recruitment remaining subdued and are increasing our focus on contractor growth. We remain fully focused on our four strategic priorities, which will continue to improve the business week on week ensuring that we are ready to capitalise
- Our proactive measures, including increased market focus, cost control initiatives and operational streamlining, have positioned Gattaca favourably. We are only actively pursuing growth opportunities in sectors, services, and geographies where we believe we can be a dominant provider. Our strategic investments will aim to enhance our capability in those markets.
- We expect 2025 continuing underlying PBT to be in line with previous guidance of £3.0m, with profitability weighted towards the second half of the year.

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Appendices

Gattaca at a glance

WHAT WE DO

We **solve our clients' workforce challenges** with our range of recruitment solutions.

HOW WE DO IT

By shaping workforce strategy, **finding and engaging talent** and delivering technical outcomes.

OUR PURPOSE

Providing the skills needed to **build a better future**, one job at a time.

OUR MISSION

Every day we deliver a service that is so trusted that **our clients, candidates, colleagues and suppliers recommend us** without hesitation.

OUR VISION

To be the STEM **talent partner of choice**.

OUR VALUES

Ambition, Professional, Trust and Fun.

OUR SECTORS

DEFENCE

INFRASTRUCTURE

ENERGY

TMT

MOBILITY

OTHER, GATTACA PROJECTS & INTERNATIONAL

LOCATIONS
4

PEOPLE
420

OFFICES
6

Our brands

GATTACA SOLUTIONS
Enabling the success of our clients' people strategies

MATCHTECH
STEM recruitment specialists with 40 years' heritage

BARCLAYMEADE
Professional staffing recruitment specialists

GATTACA PROJECTS
Solving complex technical and operational challenges

Continuing underlying PBT

Year to 31 July	2024			2023 (restated)				
	Continuing Reported £m	Adjustments £m	Continuing underlying £m	Continuing Reported £m	Adjustments £m	Continuing underlying £m	Continuing reported change %	Continuing underlying change %
Revenue	389.5		389.5	382.1		382.1	+2%	+2%
Contract NFI	29.6		29.6	28.7		28.7	+3%	+3%
Contract gross margin (%)	*8.0%*		*8.0%*	*8.1%*		*8.1%*		
Permanent fees	7.7		7.7	11.4		11.4	-32%	-32%
Statement of Work	2.8		2.8	2.1		2.1	+33%	+33%
Gross Profit (NFI)	40.1		40.1	42.2		42.2	-5%	-5%
Gross margin (%)	*10.3%*		*10.3%*	*11.0%*		*11.0%*		
Admin expenses	(39.0)	1.1	(37.9)	(38.7) -	0.2	(38.9)	+1%	-3%
EBIT	1.1	1.1	2.2	3.5 -	0.2	3.3	-69%	-32%
NFI conversion (%)	*2.7%*		*5.5%*	*8.3%*		*7.7%*		
Operating margin (%)	*0.3%*		*0.6%*	*0.9%*		*0.9%*		
Financing	0.6	0.1	0.7	0.9	(0.5)	0.4	-31%	+87%
Profit before tax	1.7	1.2	2.9	4.4	(0.7)	3.7	-61%	+10%

1. FY23 results have been restated to recognise the impact of the Group discontinuing US-based operations. The aggregated impact of this on FY23 reported results is recognising a £2.2m loss before tax as discontinuing, which was previously held within the International segment. Further details are provided in Note 1 of the FY24 Consolidated Financial Statements.
2. Net Fee Income is calculated as revenue less contractor payroll costs
3. Continuing underlying results exclude the losses before taxation of discontinued operations (2024: £(0.6)m, 2023 restated: £(2.2)m), non-underlying items within administrative expenses relating to restructuring costs (2024: £(0.5)m, 2023 restated: £(0.2)m), gains associated with exiting properties (2024: £nil, 2023: £0.6m) and other items (2024: £(0.6)m, 2023: £(0.2)m), amortisation of acquired intangibles (2024: £(0.1)m, 2023: £(0.1)m), and net foreign exchange (losses)/ gains (2024: £(0.1)m loss, 2023 restated: £0.5m gain). NFI commentary is on a continuing underlying like for like constant currency basis
4. NFI commentary is on a continuing underlying like for like constant currency basis

Continuing profit after tax and EPS

Year to 31 July	2024		2023 (restated)		Continuing underlying change
	Continuing reported	Continuing underlying	Continuing reported	Continuing underlying	
	£m	£m	£m	£m	%
Profit before tax	1.7	2.9	4.4	3.7	-22%
Taxation	(0.9)	(1.0)	(1.0)	(1.1)	-9%
Profit after tax	0.8	1.9	3.4	2.6	-27%
Earnings per share					
	pence	pence	pence	pence	
Basic	2.4	6.0	10.5	8.0	-25%
Diluted	2.4	5.9	10.5	7.9	-25%
Dividend per share		2.5		5.0	

- Basic continuing underlying EPS 6.0 pence per share (2023 (restated): 8.0 pence per share)
- Dividend of 2.5 pence per share proposed (2023: 5.0 pence per share paid)

Pro forma underlying profit before tax reconciliation

Year to 31 July	2024 £m	2023 (restated) £m	Change £m
Group Profit before tax	1.1	2.2	(1.1)
Add back: discontinued operations Loss before tax	0.6	2.2	(1.6)
Continuing Profit before tax as reported	**1.7**	**4.4**	**(2.7)**
Add back:			
Non-underlying items	1.1	(0.2)	1.3
Amortisation of intangibles	0.1	0.1	0.0
Foreign exchange differences	0.0	(0.6)	0.6
Continuing underlying Profit before tax	2.9	3.7	(0.8)

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