GATTACA

Interim results

For the

6 months to 31st January 2023

Contents

Presenting today…

Matthew Wragg – CEO

Matt has been with Gattaca for 21 years, and was appointed as CEO in April 2022. His previous roles within Gattaca included Chief Customer Officer and Group Business Development Director and he 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 continuing underlying NFI[1] of £22.7m (+5% YoY), driven by perm growth of 13% and contract growth of 2%
  - UK growth of 6%
  - Contract NFI represents 67% of Group NFI (FY22: 71%)
- Continuing underlying profit before tax in 2023 H1 of £0.9m (2022 H1: loss before tax £(0.3)m)
- Strong growth across Infrastructure, Energy and Defence
- NFI productivity per sales head improved by 20% year-on-year, with enhanced performance management - total sales headcount in the period -11% versus 31 July 2022
- Group statutory net cash £20.9m (31 July 2022: £12.3m)
- Continued positive progress against four strategic priorities set by new management in April 2022
- Demand for STEM skills remains resilient shifting towards contract, candidate shortages continue

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

Key initiatives delivered in 2023 H1

External focus

- Two major client accounts implementations
- Average contingent perm fee +6%, average contract timesheet value +9%
- Implemented client and candidate service feedback surveys, with average NPS of 8.5 and 8.9 respectively
- Reduced fulfilment headcount and increased sales effort
- Launched simplified Brand Architecture

Culture

- Completed two quarters of our new Performance Scorecard process
- Integrated attrition reduction targets into our FY23 LTIP share option grant
- Engagement score improved to 8.1 at 2023 H1, up from 7.6 at FY22
- Attrition of 40% at 31 January 2023, improving into H2

Operational performance

- Successfully implement ed nine customer-focused automations
- Contract margin +0.7 pp
- Average NFI per sales head +20%, and +15% per total head
- Appointed a Head of Business Improvement

Cost rebalancing

- UK property footprint from six buildings down to four
- Implemented new automation and sales enablement technologies
- Began the move toward a 'single pay' arrangement for contractors
- 70% of contractors transitioned to online timesheets

- For more details, see Appendix slide 18 - 21

Sector overview

	Labour demand, skill and service line trends	Market investment	Our position
	• Need for Project Managers, Highways and Infrastructure Engineers and Transpo rt Planners is highest • Perm demand softening slightly, whilst contract is increasing	• UK Government committed to public infrastructure programs	• Established contract provider into the large regional and national projects such as HS2, Highway schemes and AMP investment cycles
	• Both permanent and contract demand high; resource demand +15% in the UK Defence sector • Skills demand across; systems, software, and cyber security talent	• UK Government committed to £11bn of Defence spend over the next five years	• Serving over half of the UK MoD top 100 suppliers, across engineering, technology, manufacturing, and IT skills
	• Pressures on global energy production creating opportunity in the UK market; contract demand high • Demand focused on project management, controls and design engineer skills	• Investment strong across all Energy sub sectors, with increase focus on green energy and use of technology	• Well positioned to capture market opportunities in all subsectors across full STEM skill offering • Creating increased scale across sub sectors in UK and North America
	• Permanent demand continues to exceed contract • Quality, manufacturing and production skills in Aerospace. Software, power electronics and systems engineering skills across Automotive	• Investment into the sectors remains strong, increase in airframe orderbook positively impacting supply chain demand	• Solid foundation across large client base to grow with the market • Mature solutions offering; several medium size RPO and MSP programmes

Sector overview (continued)

	Labour demand, skill and service line trends	Market investment	Our position
	• Contract demand has increased despite many technology companies reducing workforce • Focus remains on digital transformation, development, cloud, and security skills	• Funding levels are shifting through the investment lifecycle • International investment is rising and digital transformations still buoyant	• Our experience plays to the market opportunity in UK and North America • Adding scale to niche skill focus where we have core capability • Brand Architecture launch will improve go to market
	• Demand across all STEM and business support roles remain high and candidates in short supply • Increased appetite for statement of work projects within IT and Engineering	• UK mid-sized companies are becoming more aware of benefits of MSP and RPO solutions • Stabilisation of SOW adoption	• Barclay Meade, our professional services business, sees continued strong permanent market conditions • Gattaca Projects supports the trend in STEM markets for SOW, with secure medium term order book
	• High labour demand across North America • Skill trends include cyber security, technology sales, software development and 'big data', alongside energy transmission and distribution, infrastructure, and EPC	• Markets investing for growth or recovery, but cognisant of macro-economic instability, Tech skill layoffs have had ripple effect	• Increased focus on growing our contracting workforce across STEM skills in North America • Better alignment with UK business to increase operational capability

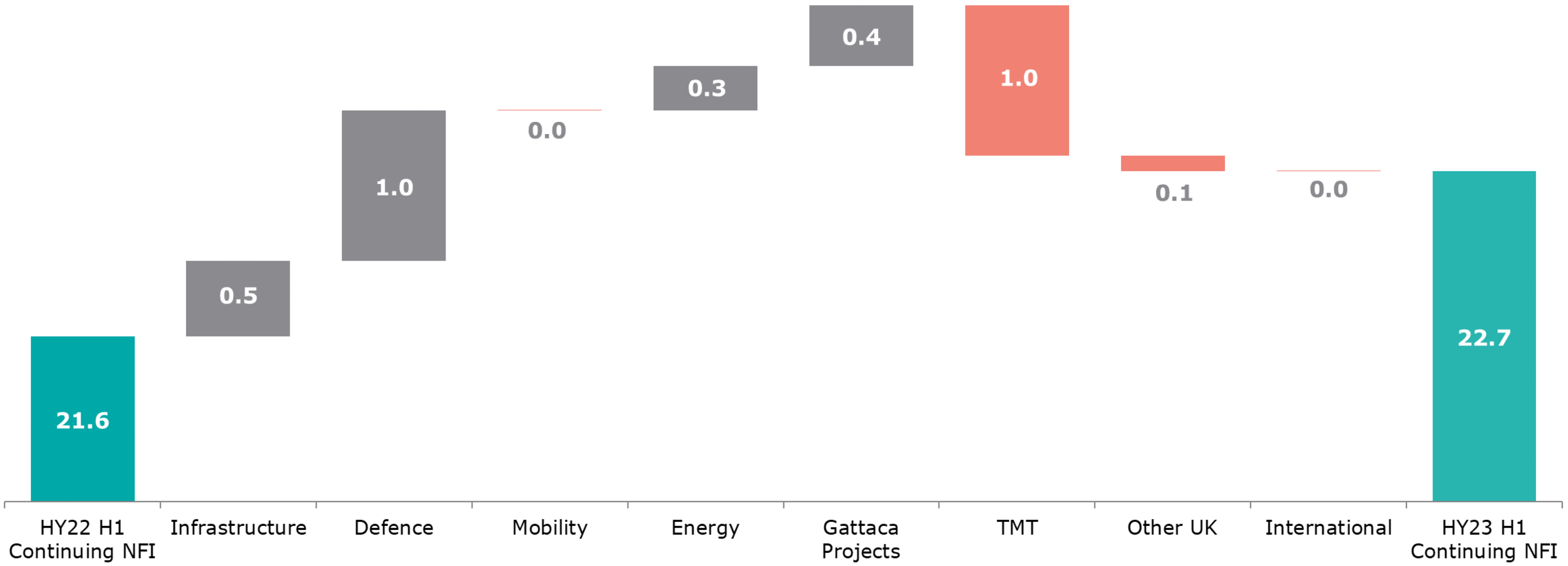
Financial results

Continuing Group NFI up 5% year-on-year

Net Fee Income (NFI)[1] £'m	2023 H1	2022 H1 (restated)[2]	Change
Infrastructure	7.2	6.7	7%
Defence	4.2	3.2	31%
Mobility	2.2	2.2	0%
Energy	2.1	1.8	17%
Technology, Media & Telecoms	1.2	2.2	-45%
Gattaca Projects[2]	1.0	0.6	67%
Other[2]	3.5	3.6	-3%
UK	**21.4**	**20.3**	**5%**
International	1.3	1.3	-3%
Continuing Total Group NFI[3&4]	**22.7**	**21.6**	**5%**
Contract	15.3	15.0	2%
Perm	7.4	6.6	13%
Continuing	**22.7**	**21.6**	**5%**
Discontinued	0.0	0.2	-100%
Total Group NFI	22.7	21.8	4%

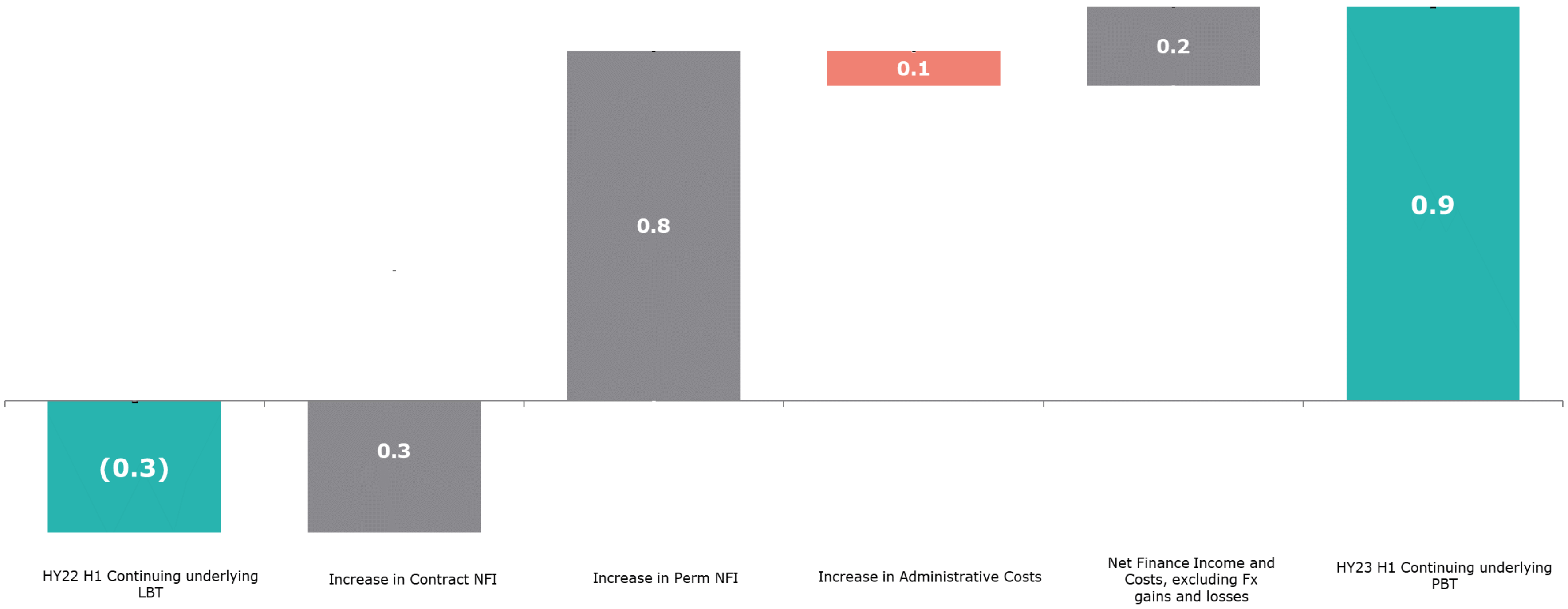
1 Net Fee Income ("NFI") is calculated as revenue less contractor payroll costs.
2 The Gattaca Projects operating segment meets the quantitative thresholds to be reported separately for the first time in the 6-month period to 31 January 2023. In line with the requirements of IFRS 8, comparative periods have been restated to present the Gattaca Projects segment separately from the "Other" segments in which it had previously been presented.
3 Continuing results exclude the results of the South Africa recruitment business which was sold in December 2021.
4 On a continuing basis there is no material impact from constant currency adjustments.

Continuing business NFI bridge £’m



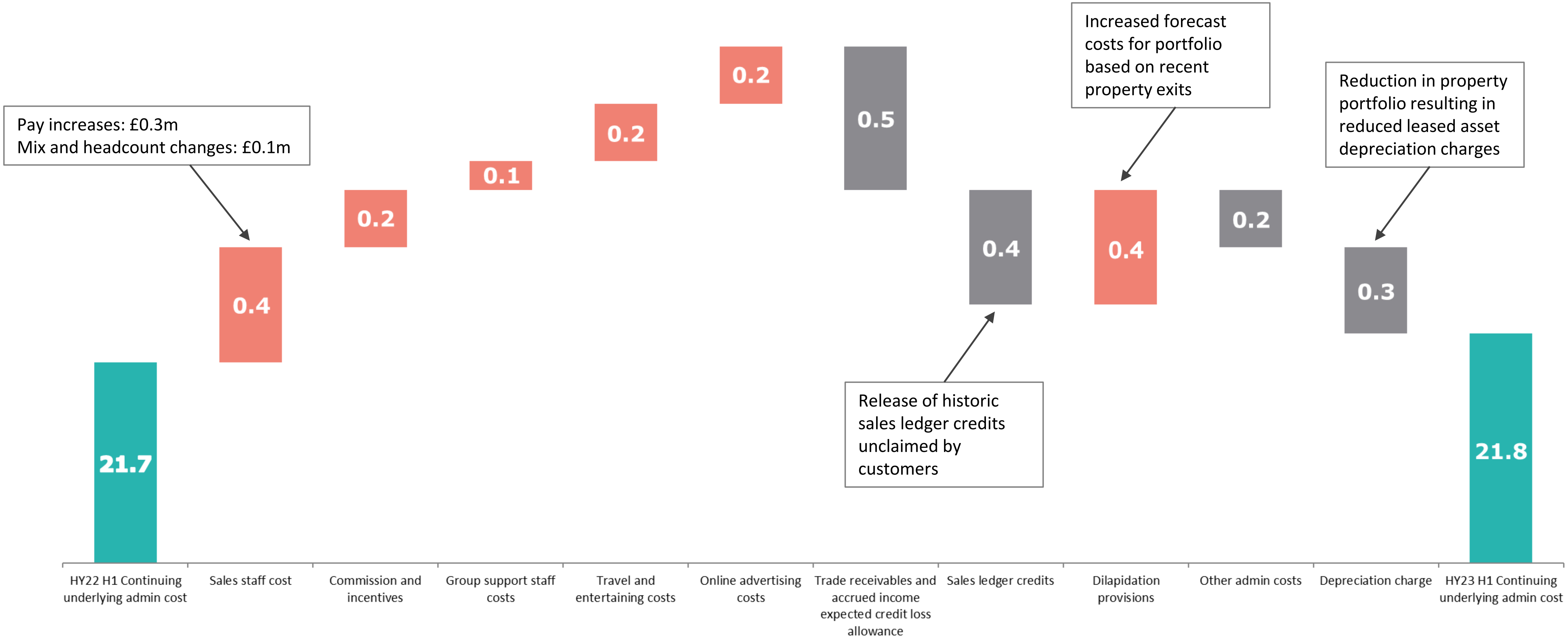
- Continuing underlying Group NFI +5%
- Contract NFI for 2023 H1 was 67% (2022 H1: 70%)

Underlying PBT bridge £'m

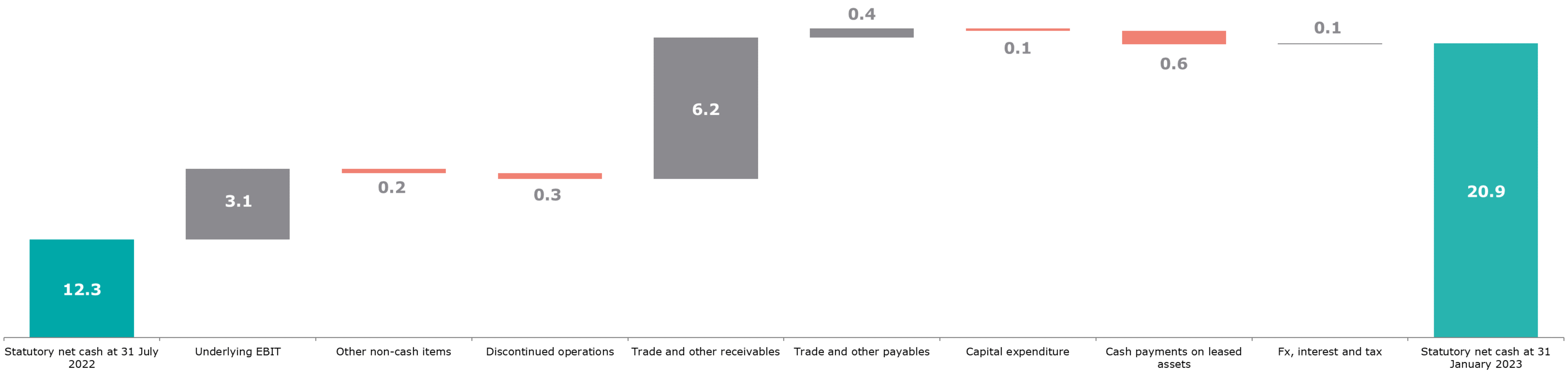


- Continuing underlying profit before tax £0.9m (2022 H1: loss before tax £(0.3)m)
- Admin cost detail, see slide 12

Administrative cost bridge £'m



Net cash bridge £'m



- Group reported Net Cash of £20.9m at 31 January 2023 (31 July 2022: £12.3m net cash)
- DSO (days sales outstanding) at 31 January 2023 was 58 days (31 July 2022: 51 days), a recovery of the DSO position from 62 days reported at 31 January 2022, seasonal decline from year end position
- £0.3m of recourse working capital facility drawn (31 July 2022: £1.8m)

Summary and outlook

Outlook

- Looking forward there remains a high level of macro-economic uncertainty
- We continue to see good levels of vacancies in the STEM markets that we support, which, when combined with talent shortages drives demand
- The shift in demand towards contract labour is in line with our focus and traditional strength of providing contract resource.
- The development of our strategic priorities will continue to strengthen the platform from which we grow in the future.
- Ongoing activities remain fully focused on our four strategic priorities:
  - External focus
  - Culture
  - Operational performance
  - Cost rebalancing
- We expect full year 2023 continuing underlying PBT to be in line with market forecast

Appendices

Gattaca at a glance

Who We Are

We solve workforce challenges through specialised skills recruitment, managed solutions and statement of project delivery. Our vision is to be the STEM talent partner of choice

What We Do

Statement of Work ('SOW') Services

Solving complex technical and operational challenges through engineering or technology-led packages of work.

GATTACA PROJECTS

Technical Recruitment Services

Delivering total coverage through technical engineering, technology, professional and training skill specialists.

MATCHTECH
NETWORKERS
BARCLAYMEADE
ALDERWOOD
Resourcing Solutions

Workforce Solutions

Collaborative workforce solutions for clients with technical skill needs: sourcing, compliance, onboarding and experience.

GATTACA SOLUTIONS

Skills We Recruit

Engineering

- Electrical Mechanical & Civil Design
- Software
- Build & Commissioning
- Concept Design
- Manufacturing & Assembly Installation
- Test & Development
- Project & Programme Management
- Quality, H&S & Environment
- Construction, Site, and Trackside

Technology

- Cloud & Support Infrastructure
- AI
- Data scientists & analysts
- Fibre/Telecommunications
- Project Management & Business Change
- Cyber Security
- ERP

Professional

- Sales & Marketing
- Finance & Accounting
- HR
- Procurement & Supply Chain
- Training & Instruction
- Assessment

MARKETS WE SERVICE:

Delivery against our strategic priorities:
External Focus

FY23: What We Said

- Implement regular client and contractor service feedback surveys
- Implement a structured pricing model and pricing negotiation coaching for our sales teams to be successful in a challenging economic environment
- Continue our investment in front line sales capability and scale
- Complete a review of our go-to-market Brand Architecture with the aim of simplifying our branding model and focusing future investment

2023 H1: How We're Doing

- Implemented client and candidate service feedback surveys, with average NPS of 8.5 and 8.9 respectively
- Improved yield by increasing our average contingent perm fee by +6%, and average contract timesheet value by +9%
- Implemented two major client accounts in 2023 H1
- Reduced fulfilment headcount and increased sales effort, as a result of major account service changes and market dynamics
- Launched our plans of a simplified Brand Architecture, due to 'go live' in Q4

2023 H2: Focus Areas

- Ongoing development of our sales leaders and teams with commerciality training and external leveraging of our market insights
- Investment in front line sales capability and scale in our sectors with greatest opportunity
- 'Go live' externally with our simplified Group-wide Brand Architecture changes
- Leverage our investment in business development resource to fill the sales pipeline for FY24

KPIs

	2023 H1	2022 H2
Group Continuing Revenue	£194.7m	£202.2m
Group Continuing NFI	£22.7m	£21.6m

Delivery against our strategic priorities:
Culture

FY23: What We Said

- Continue embedding our Values to set standards and expectations of behaviours, underpinned by our new Performance Scorecard process
- Implement targets within the bonus and LTIP remuneration scheme for Executive and Senior Leadership Team partially linked to people KPI's such as attrition and engagement
- Target people engagement score for FY23 of 7.9
- Targeted reduction in our people attrition levels to 37% by the end of FY25

2023 H1: How We're Doing

- Completed two quarters of our new Performance Scorecard process
- Integrated attrition reduction targets into our FY23 LTIP share option grant
- Engagement score improved to 8.1 at 2023 H1, up from 7.6 at FY22
- Attrition of 40% at 31 January 2023, improving from 31 July 2022 and seeing further improvement into 2023 H2

2023 H2: Focus Areas

- Further leverage our Performance Scorecard process to embed our new performance management processes
- Maintain our culture focus to exceed our targeted people engagement score for FY23 of 7.9
- Continue our focused work on retention, targeting a sustained reduction in our people attrition levels to 37% by the end of FY25
- Creation of our Inclusive Recruitment and Inclusive Leadership programs

KPIs

	2023 H1	2022 FY
People engagement score	8.1	7.6
Attrition	40%	43%

Delivery against our strategic priorities:
Operational Performance

FY23: What We Said

- Implement an automation platform to increase customer engagement, operational efficiency and data cleanliness as part of our 'automation first' approach
- Appointment of a Head of Business Improvement, to drive forward our PMO (Project management office) and execute change
- Utilisation of improved management information to support a Group-wide review of low-margin work, identify where our productivity needs to be highest to generate acceptable returns or where work should be exited to make room for more profitable delivery

2023 H1: How We're Doing

- Successful implemented nine automations, positively impacting customer experience, engagement, operational efficiency and data quality
- Exited low margin work, resulting in an increase of +0.7 pp in contract margin
- Increased sales productivity due to enhanced Group-wide management information, growing average NFI per sales head +20%, and +15% per total head
- Appointed a Head of Business Improvement leading a team driving positive change in how we operate

2023 H2: Focus Areas

- Further automations planned, focused on sales operational performance improvement
- Focus on sales productivity driving up average NFI per head to meet our 2023 FY target of £89k p/head and conversion target of 5.6%
- Aligning sales performance management objectives to foster a consistent sales funnel approach across the Group
- Maximising the use of our technology stack, making the most out of what we already have

KPIs

	2023 H1	2022 H1
Conversion %	4.0%	-0.5%
Average NFI per head (6-month period)	£46k	£40k

Delivery against our strategic priorities:
Cost Rebalancing

FY23: What We Said

- Ongoing focus on further reduction of third-party costs and elimination of duplicative expenditure
- Focused investment in niche technology solutions as part of our 'automation-first' approach
- Progress the simplification of the Group's corporate structure to reduce cost and transactional inefficiencies
- Focus on migrating clients and candidates to more efficient and technologically advanced online billing and timesheet processes to reduce administration time and costs

2023 H1: How We're Doing

- UK property footprint from six buildings down to four, alongside other third-party cost savings
- Implemented new automation and sales enablement technologies
- Began the move toward a 'single pay' arrangement, with the majority of our contractor base expected to have migrated in 2023 H2, the first step to simplifying the corporate structure to drive down costs
- Moved almost 70% of our manual time sheeting contractors to online timesheet submission, reducing administrative burden and increasing accuracy

2023 H2: Focus Areas

- Delivering on further reductions of third-party costs and elimination of duplicative expenditure
- Continued investment in technology solutions as part of our 'digital and automation-first' approach; increasing the level of clients and candidates with fully digital processing, reducing admin time and cost
- Progress the simplification of the Group's corporate structure
- In preparation for FY24, re-focusing headcount towards higher opportunity markets and service lines

KPIs

	2023 H1	2022 H1
Group continuing underlying PBT	£0.9m	£(0.3)m
Group continuing underlying EPS	2.1p	(0.8)p
Sales / Support staff mix	69/31	73/27

Continuing underlying PBT

Period to 31 January	2023 H1			2022 H1				
	Continuing Reported £m	Adjustments £m	Continuing underlying[2] £m	Continuing Reported £m	Adjustments £m	Continuing underlying £m	Continuing reported change %	Continuing underlying change %
Revenue	194.7		194.7	202.2		202.2	-4%	-4%
Contract NFI	16.0		16.0	15.0		15.0	+2%	+2%
Contract gross margin (%)	*8.5%*		*8.5%*	*7.7%*		*7.7%*		
Permanent fees	6.7		6.7	6.6		6.6	+12%	+12%
Profit (NFI)[1]	22.7		22.7	21.6		21.6	+5%	+5%
Gross margin (%)	*11.7%*		*11.7%*	*10.7%*		*10.7%*		
Admin expenses	(22.1)	0.3	(21.8)	(24.1)	2.4	(21.7)	-8%	+0%
EBIT	0.6	0.3	0.9	(2.5)	2.4	(0.1)	-124%	-936%
NFI conversion (%)	*2.6%*		*4.0%*	*-11.2%*		*-0.5%*		
Operating margin (%)	*0.3%*		*0.5%*	*-1.2%*		*-0.2%*		
Financing	0.2	(0.2)	0.0	(0.1)	(0.1)	(0.2)	-350%	-106%
Profit / (Loss) before tax	0.8	0.1	0.9	(2.5)	2.3	(0.3)	-131%	-449%

1. NFI is calculated as revenue less contractor payroll costs
2. Continuing underlying results exclude the NFI and (losses) before taxation of discontinued operations (2023 H1: £(0.2)m, 2022 H1: £(0.7)m), non-underlying items within administrative expenses primarily related to restructuring costs (2023 H1: £0.2m, 2022 H1: nil), amortisation of acquired intangibles (2023 H1: £0.0m, 2022 H1: £0.3m), impairment of acquired intangibles (2023 H1: nil, 2022 H1 : £2.0m), and exchange gains from revaluation of foreign assets and liabilities (2023 H1: £0.2m, 2022 H1: £0.1m).
3. NFI commentary is on a continuing underlying like for like basis

Profit after tax and EPS

Period to 31 January	2023 H1			2022 H1			Continuing
	Total reported group	Continuing reported	Continuing underlying	Total reported group	Continuing reported	Continuing underlying	underlying change
	£m	£m	£m	£m	£m	£m	%
Profit / (Loss) before tax	0.6	0.8	0.9	(3.2)	(2.5)	(0.3)	n/a
Taxation	(0.4)	(0.2)	(0.2)	0.2	0.1	0.0	n/a
Profit / (Loss) after tax	0.2	0.6	0.7	(3.0)	(2.4)	(0.3)	n/a
Earnings per share							
	pence	pence	pence	pence	pence	pence	
Basic	1.1	1.7	2.1	(9.5)	(7.5)	(0.8)	n/a
Diluted	1.1	1.7	2.0	(9.5)	(7.5)	(0.8)	n/a
Dividend per share			0.0			0.0	

- Basic continuing underlying EPS 2.1 pence per share (2022 H1: (0.8) pence per share)
- Effective continuing underlying tax rate 22% (2022 H1: 5%)
- No proposed interim dividend (2022 H1: nil pence)

Pro forma underlying loss before tax reconciliation

Period to 31 January	2023 H1 £m	2022 H1 £m	Change £m
Group Profit / (Loss) before tax	0.6	(3.2)	3.8
Add back: discontinued operations Loss before tax	0.2	0.7	(0.5)
Continuing Profit / (Loss) before tax as reported	**0.8**	**(2.5)**	**3.3**
Non-underlying items	0.3	0.1	0.2
Amortisation of intangibles	0.0	0.3	(0.3)
Impairment of goodwill	0.0	2.0	(2.0)
Foreign exchange differences	(0.2)	(0.1)	(0.1)
Continuing underlying Profit / (Loss) before tax	0.9	(0.3)	1.2