

NZX release

30 October 2024

Accordant Group posts first half loss, anticipates market recovery.

- **Revenue \$88.9 million and NPAT \$(1.4) million**
- **Net operating cashflow \$1.3 million**
- **Executive Search demand increases**

Accordant Group Limited (NZX: AGL) today announces a \$1.4 million Net Profit after Tax loss for the six months to 30 September 2024.

Revenue for the first half fell by 21%, offset in part by a significant reduction in operating expenses.

Accordant Group CEO Jason Cherrington said the down cycle of economic activity had been unusually protracted and marked by an absence of the pivot from permanent to temporary recruitment seen during previous slowdowns.

“However, in common with most businesses we anticipate recovery in business and consumer confidence as monetary policy easing delivers further interest rate reductions.” Cherrington said.

“We have not subscribed to a ‘Survive till ‘25’ mentality but instead have been focused on positioning all the Group’s businesses to respond to meet conditions by sector and by region, so that we are able to seize demand growth wherever it occurs.”

The Accordant Board has resolved not to pay a dividend, with a focus on return to profitability, modest investment and reduction in debt where possible.

Cherrington said central government austerity measures and subdued demand for roles across many sectors continued to mirror growing unemployment statistics.

Madison Recruitment saw right-sizing activity across the market amid job-hunting inertia and a business sector focus on retaining talent. Emphasis was being given to mid-senior specialist and senior managerial recruitment, where increased capability is expected to lift the average permanent placement fee over the next 12 months.

Absolute IT is now appropriately sized for the current reduced demand for tech talent, whilst retaining enough capacity to deliver on pent up demand expected to materialise next financial year.

Revenue at JacksonStone & Partners was impacted heavily by public sector cost reduction and the delivery team has been moderately reduced. The business remains busy with demand from non-central government sources such as local government, infrastructure and NGOs.

Executive search agency Hobson Leavy experienced a slowdown during the first quarter, but a return to encouraging demand levels across many industries during the second, as business sentiment points to a more positive economic outlook.

AWF's revenue was down 5.1% as the number of its field employees nationally fell compared to the first half of FY2024, whilst producing a better return. As weather-dependent work ramps up and some infrastructure projects start to see government funding released, AWF's deployed field worker numbers are expected to trend upwards over the coming months.

"Our local presence, national reach and our breadth of service ranging from traditional to highly customised solutions, still positions us as the key partner of choice. Our business units are looking ahead and reorganising to meet the expected uplift in demand." Cherrington said.

ENDS

Jason Cherrington

Group CEO

For the Board:

Simon Bennett, Chair

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