

NZX release

29 May 2023

Accordant Group's revenue up 2.7%, despite challenging employment conditions

Accordant Group Limited [NZX: AGL] today announces a \$5.9m increase in revenue to \$227.4 million, with JacksonStone & Partners achieving another year of record growth.

Revenue sourced from the provision of services to Commerce (Madison Recruitment, Absolute IT, JacksonStone & Partners and Hobson Leavy) was up \$9.6m (6.8%).

As a result of one-off costs related to the Queen's memorial public holiday, historic ACC claims and acquisition costs incurred for the Hobson Leavy transaction, profit was impacted. The Group delivered \$2.0 million net profit after tax for the year to 31 March 2023, down from \$3.0 million for the March 2022 year.

"The first half of the year was marked by strong business confidence, boosted to some extent by the opening of New Zealand's border," said Accordant Group CEO Jason Cherrington.

"However, employers started taking a more cautious approach to hiring in the December quarter, and prolonged visa application and job check processing meant the final quarter of the year was challenging."

High demand, acute skills shortages and fierce competition for talent have also proved a challenging backdrop for Absolute IT and AWF, with a significant lack of available talent to fill roles locally leading to lower than expected growth.

The performance of the AWF blue collar business was hampered by the visa processing backlog, which has since improved, and the one-off impact of the Queen's Memorial Day public holiday in September.

"With demand still outweighing supply across most sectors, a strong result in our executive recruitment business and a full year of our migrant workers contribution to profits expected, we remain confident in our ability to deliver a significantly improved financial result for the year ahead," Cherrington said.

The Group's balance sheet remains strong. The acquisition of executive search firm Hobson Leavy for \$5.75 million in January and higher net working capital increased Group net bank debt to \$21.5 million, up from \$13 million in FY22.

The Group continues to invest in social good via The Work Collective initiative, which is helping those facing barriers to employment such as disability, inexperience or long periods out of the workplace.

Cherrington said the overall tight labour market had driven a greater acceptance from employers around more lateral approaches to sourcing, hiring, employer branding, recruitment marketing, training, onboarding, performance management, finance, technology, and integration.

"It is an extensive and challenging list for any organisation to tackle alone.

"Our business units are drawing on the Group to elevate their unique strengths in order to meet this demand with greater efficiency. Accordant's progress in data literacy, digitisation, and automation has strengthened.

“We continue to position our business for growth across the white collar segment, whilst mitigating the risks and uncertainty that has featured over the years within our blue collar business. We remain confident of growing both areas.”

“Our strategy based on optimisation, expansion and diversity of earnings remains relevant and achievable. Our team are cognisant of the levers which require focus in the current market,” said Accordant Board Chair Simon Bennett.

A fully imputed final dividend of 3.0 cents per share (cps) will be paid on 30 June 2023 to shareholders on the register at 16 June 2023.

An interim dividend of 6.5 cps was paid on 1 December 2022.

ENDS

Jason Cherrington
Group CEO

For the Board:
Simon Bennett, Chair

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