

10 September 2020

Prime People plc
("Prime People" or the "Group")

Pre-Close Trading Update

Prime People Plc (AIM: PRP), the global specialist recruitment business for professional and technical staff working in the Real Estate & Built Environment, Energy & Environmental and Technology, Digital & Data Analytics sectors, provides a pre-close unaudited trading update for the financial year ended 31 March 2020 and confirms that it intends to announce final results for the year ended 31 March 2020 at the end of October 2020.

The Company expects to report headline Revenue of approximately £23.85 million (2019: £24.66 million) and Net Fee Income ("NFI") of approximately £15.38 million (2019: £15.78 million) for the year ended 31 March 2020 which is expected to result in a profit before tax and of not less than £1.80 million* (2019: £2.47 million).

The Group's audit is ongoing, and the Directors are evaluating goodwill impairment and are considering an impairment charge for the year to 31 March 2020. The final valuation and subsequent impact on net profit will be disclosed in the full year audited financial statements. In these extraordinary times, the Group's results may be subject to audit adjustments that are unknown to the Directors at the time of this announcement.

Net cash, excluding the CBILS loan, at the date of this announcement is £2.23 million, up from the year-end position of £2.05 million (2019: £2.31 million) and the Group is well positioned to meet its working capital requirements.

Post year end, and as announced on 15 April 2020, as a direct result of COVID-19 we experienced a significant reduction in demand across our businesses with the impact varying by location and sector. Early action was taken by the Board to implement a range of measures to protect our business from the financial impact of COVID-19 including managing staff costs through furlough and other governmental schemes in the countries in which we operate, reductions in remuneration, minimising discretionary spend and rigorous cashflow management.

The depth and speed of impact on the global economy of COVID-19 has been unprecedented. The Group's trading has been severely impacted in the first six months of the new financial year. We have acted swiftly to take the necessary actions to manage our cost base to reflect expected levels of business. Whilst this process is constantly under review, we consider we have taken the right decisions to secure our businesses. We have the necessary cashflows and bank support (including the CBILS loan announced on 12 June 2020) for the foreseeable future and business appears to have settled at a sustainable level.

As previously announced, in order to strengthen the balance sheet and aid liquidity, the Board has taken the prudent decision not to pay a final dividend for the year ending 31 March 2020. The Board remains committed to paying progressive dividends as soon as appropriate and when there is better clarity on the financial consequences of COVID-19. Further, the Board intends to exercise its share buyback authority, as approved at the Group's most recent annual general meeting, and it is expected that the Group will make market purchases of ordinary shares of 10 pence each in the capital of the Group with a value of up to £0.25 million. A further announcement in respect of the share buyback programme will be made by the Group in due course as appropriate.

** this figure does not include the impact of any goodwill impairment charges.*

Peter Moore, Chief Executive Officer, commented:

"The initial financial effects of the global pandemic were experienced as early as January by our Asian business. The effect on our other businesses started to have impact in early March. Our current financial year will be significantly affected by the pandemic as a consequence of material reductions in NFI and new job instructions. In the first six months of trading UK NFI is circa 40% lower than the comparable period last year and job instructions down by 54%. Our Asia business has suffered a circa 26% reduction in NFI and a 26% fall in job instructions.

"Since June there has been a modest increase in activity. However, half and full year profitability will be severely impacted. As a result of challenging trading, we expect to take a material reduction in the value of goodwill on our balance sheet.

“At this time the Group holds a strong cash position aided by CBILS arrangements.

“I would like to thank all our staff for their unfailing support, hard work and commitment during these difficult times.”

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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