

**ADCORP HOLDINGS LIMITED**

(Incorporated in the Republic of South Africa)

Registration number: 1974/001804/06

Share code: ADR

ISIN: ZAE000000139

("Adcorp" or "the Company" or "the Group")



Connecting Human Potential

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**OPERATIONAL UPDATE, VOLUNTARY TRADING UPDATE FOR THE SIX MONTHS ENDED 31 AUGUST 2024 AND RESULTS PRESENTATION**

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**Operational update**

Our Staffing Solutions and Contingent Services divisions have performed strongly, achieving solid revenue and gross profit growth. While Professional Services saw softer demand, our agility in managing costs and adapting to shifting client needs ensured stable overall performance across the business, resulting in positive year-on-year growth in Group revenue and gross profit. The first half of the year was characterised by challenging market conditions in both South Africa and Australia. In response, we proactively launched key restructuring initiatives aimed at reducing costs, enhancing efficiency, and better aligning with market conditions. While once-off restructuring costs have impacted earnings in the short term, these actions are expected to drive significant long-term efficiencies. Working capital across the group remains well managed, underpinning strong cash generation. The balance sheet remains strong, with a net cash (including restricted cash) position of R266.0 million at 31 August 2024.

**Operational Performance by Service Line**

**Contingent Staffing:** The South African division delivered strong performance, with both revenue and gross profit exceeding the previous year's figures. Strategic alignment of our blue-collar staffing and training brands around common client types has enhanced client relationships. The successful relaunch of our hospitality brand ZEST and the integration of occupational health and wellness services further strengthened our offering. Australia Contingent Staffing continues to perform strongly and delivered double-digit growth in revenue and gross profit, supported by continued demand in sectors like manufacturing, horticulture, and the meat industry through the PALM Scheme. Expansion into new sectors such as aged care and aquaculture further diversified revenue streams.

**Staffing Solutions:** The division achieved double-digit revenue growth, bolstered by expanded customer relationships and new business wins. Margins were softened somewhat due to setup costs for clients and adverse weather conditions that impacted output volumes. Our newly launched Telvuka brand is well-positioned to tap into demand for outsourced contact centre services, particularly from international markets.

**Professional Services:** The South African division maintained stable revenue despite broader economic challenges in South Africa, such as high unemployment and inflation. Gross margins were carefully managed and contracted very slightly over the period. Paracon faced IT talent shortages, which affected contract renewals, but disciplined margin management helped mitigate the impact. Charisma posted strong year-on-year growth while DAV and Kelly showed positive momentum following restructuring efforts. In Australia, Paxus underwent a transformation, shifting from a state-based ICT model to a sector-based structure focused on Financial & Professional Services, Emerging Technologies, and Industrial & Energy. This

reorganisation has significantly reduced costs and improved operational efficiency, laying the groundwork for scalable growth.

### Trading update

Adcorp is in the process of finalising its results for the six months period ended 31 August 2024 (“**reporting period**”). Shareholders are accordingly advised that the Company has a reasonable degree of certainty that:

- Earnings per share (“**EPS**”) will be between 26.6 cents and 29.9 cents compared to EPS of 33.1 cents for the six months period ended 31 August 2023 (“**comparable period**”), being a decrease of between 9.7% and 19.7%; and
- Headline earnings per share (“**HEPS**”) will be between 26.6 cents and 29.9 cents compared to HEPS of 33.1 cents for the comparable period, being a decrease of between 9.7% and 19.7%.

Important to note is that the expected change in EPS and HEPS, respectively, for the reporting period compared to the comparable period, have been considerably impacted by once-off restructuring costs of R25.6 million incurred during the reporting period.

The financial information on which this voluntary trading update is based has not been reviewed or reported on by the auditors of the Company.

The unaudited interim financial results for the period ended 31 August 2024 will be published on or about Thursday, 31 October 2024.

### Results presentation

The results presentation will take place electronically on Thursday, 31 October 2024, at 10:00. Should you be interested in attending please contact [ir@singular.co.za](mailto:ir@singular.co.za) and a webcast link will be provided.

Kindly note that a question and answer session will be available at the end of the presentation.

Johannesburg  
22 October 2024

Sponsor  
Valeo Capital (Pty) Ltd

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