

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

SUMMARY OF THE UNAUDITED INTERIM FINANCIAL RESULTS AND DECLARATION OF INTERIM CASH DIVIDEND FOR THE SIX MONTHS ENDED 31 AUGUST 2024

SALIENT HIGHLIGHTS

- Revenue increased by 4.8% to R6.8 billion (2023: R6.5 billion)
- Gross profit increased by 3.3% to R648.1 million (2023: R627.7 million)
- Operating profit decreased by 28.9% to R42.3 million (2023: R59.5 million)
- Profit after taxation decreased by 16.9% to R29.4 million (2023: R35.3 million)
- Net unrestricted cash position of R206.4 million (2023: R82.1 million)
- Earnings per share decreased to 28.2 cents per share (2023: 33.1 cents per share)
- Headline earnings per share decreased to 28.2 cents per share (2023: 33.1 cents per share)
- Interim dividend of 13.4 cents per share declared (2023: 16.1 cents per share)
- B-BBEE level 1 rating in South Africa maintained

INTRODUCTION

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.

Financial overview

The Group achieved revenue growth of 4.8%, reaching R6.8 billion, despite challenging market conditions. Gross profit increased by 3.3% to R648.1 million compared to the six months ended 31 August 2023 ("**prior period**"), with gross profit margins stabilising at 9.6% (2023: 9.7%).

In response to the difficult trading environment, the Group has undertaken several strategic restructurings aimed at recalibrating its cost base. While these initiatives are expected to deliver long-term efficiencies, they resulted in once-off restructuring and other costs totalling R25.6 million. This contributed to an operating profit of R42.3 million (2023: R59.5 million). The decline in profit after tax to R29.4 million (2023: R35.3 million) was partially mitigated by the benefit of taxation credits.

Significant improvement in cash generation was achieved, with R97.6 million generated from operations compared to a cash utilisation of R57.7 million in the prior period. Prudent working capital management has supported the Group's robust financial position, with a positive net cash balance (excluding restricted cash in Angola) of R206.4 million (2023: R82.1 million). Days Sales Outstanding (DSO) remained consistent year-on-year at 35 days.

The Group recorded a tax credit of R5.1 million, yielding an effective tax rate of negative 20.9%. This outcome was driven by effective tax planning, the continued utilisation of tax benefits from the Employment Tax Incentive and learnerships, as well as increased recognition of assessed losses. As of 31 August 2024, total unrecognised tax losses amounted to R775.8 million (2023: R751.6 million), with R244.3 million in recognised tax losses (2023: R174.2 million).

DIVIDEND DECLARATION

Shareholders are hereby advised that the board of directors of Adcorp has approved and declared an interim gross dividend of 13.4 cents per ordinary share (2023: 16.1 cents per ordinary share), from income reserves, for the six months ended 31 August 2024.

The dividend is subject to a South African dividend withholding tax rate of 20%, resulting in a net dividend of 10.72 cents per ordinary share (2023: 12.88 cents per ordinary share), unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate of dividend tax in terms of an applicable double-taxation agreement.

As at the date of this announcement, the Company has 109 880 974 ordinary shares of no par value in issue.

The Company's income tax reference number is 9233680710.

Salient dates and times

Shareholders are hereby advised of the following salient dates and times for the payment of the dividend:

Publication of declaration data and finalisation information	Thursday, 31 October 2024
Last day to trade cum dividend	Tuesday, 14 January 2025
Securities commence trading ex dividend	Wednesday, 15 January 2025
Record date for purposes of determining the registered holders of ordinary shares to participate in the dividend at close of business on	Friday, 17 January 2025
Payment date	Monday, 20 January 2025

Share certificates may not dematerialised or rematerialised between Wednesday, 15 January 2025 and Friday, 17 January 2025 both dates inclusive.

Outlook

Looking ahead, we are optimistic about the second half of the year. In South Africa, economic indicators are improving with reduced inflation, stable interest rates, and the positive impact of no load shedding. These factors are expected to gradually boost demand for our services. In Australia, the transformation of our Professional Services division has been completed, positioning us to unlock cost benefits, while expansion into the aged care and healthcare sectors presents exciting growth opportunities. Despite some ongoing economic challenges, we expect sustained demand in key areas and are well-prepared to capitalise on improving market conditions. Our strategic focus and operational improvements give us confidence in delivering stronger performance in the second half of the year.

SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors and is only a summary of the information contained in the full unaudited interim results for the six months ended 31 August 2024 (“**full interims**”). The full interims are available on the JSE cloudlink at <https://senspdf.jse.co.za/documents/2024/JSE/ISSE/ADR/HY2025.pdf> and on the Group's website at <https://www.adcorpgroup.com/investor-news/interim-results/fy2025-unaudited-adcorp-group-interim-results/>.

Any investment decision should be based on the contents of the full interims available on the JSE's cloudlink and the Group's website, as the information in this short-form announcement does not provide all of the details.

This short-form announcement and the full interims, for the six months ended 31 August 2024, from which the information contained in this short-form announcement was extracted, have not been audited or reviewed by the Company's auditors.

On behalf of the board

Ms GT Serobe
Chairman

Dr JP Wentzel
Chief Executive Officer

Mr N Prendergast
Chief Financial Officer

31 October 2024

Directors

Executive

Dr John Wentzel (Chief Executive Officer)
Mr Noel Prendergast (Chief Financial Officer)

Non-executive

Ms Gloria Serobe (Chairman)
Mr Clive Smith
Mr Timothy Olls

Independent non-executive

Mr Melvyn Lubega
Dr Phumla Mnganga (Lead Independent)
Mr Tshidi Mokgabudi
Mr Herman Singh
Ms Ronel van Dijk

Alternate non-executive

Mr Sam Sithole

JSE Sponsor

Valeo Capital Proprietary Limited, Unit 12 Paardevlei Specialist Medical Centre, Somerset West, 7130

Registered office

Adcorp Holdings Limited, Adcorp Place, 102 Western Service Road, Gallo Manor Ext 6

Company Secretary

Charissa de Jager, +27 (0)010 800 0000,
charissa.dejager@adcorpgroup.com

Transfer secretaries

CTSE Registry Services (Pty) Ltd, 5th Floor, Block B, The Woodstock Exchange Building, 66-68 Albert Road, Woodstock, Cape Town, South Africa, 7915, +27(0)11 100 8352, adcorp@4axregistry.co.za

Investor relations

Singular Systems, Michèle Mackey, 25 Scott Street, Waverley, Johannesburg, 2090, +27 (0)10 003 0700, michele@singular.co.za

External auditors

KPMG Inc., KPMG Crescent, 58 Empire Road, Parktown, Johannesburg, 2193