

adcorp

Connecting Human Potential



INTERIM RESULTS

Six months ended 31 August

H1 FY2025

The statements contained herein may contain certain forward-looking statements relating to the Group that are based on the beliefs of the Group's management as well as assumptions made by and information currently available to the Group's management. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements, include without limitation, statements relating to the Group's business prospects, future developments, trends and conditions in the industry and geographical markets in which the Group operates, its strategies, plans, objectives and goals, its ability to control costs, statements relating to operations, margins, overall market trends, risk management and exchange rates. Forward-looking statements are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

Although forward-looking statements contained in this presentation are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements apply only as of the date on which they are made, and Adcorp undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

Agenda

Overview

- Key indicators
- General business environment
- Performance overview
- Dividend declaration

Dr John Wentzel

Chief Executive Officer

Financial and Operational Overview

- Income statement
- Segmental overview
- Balance sheet
- Cash flow

Noel Prendergast

Chief Financial Officer

Closing

- Outlook

Dr John Wentzel

Chief Executive Officer

Overview

Dr John Wentzel

Chief Executive Officer

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**Revenue
growth**



**Gross
profit**



**Gross
margin**



**Debt
free**



**HEPS
& EPS**



**Dividend
declared**



Recovering Economy

South Africa's economy showed signs of recovery in Q2 2024, with a 0.4% GDP increase after a slight Q1 contraction

Falling Inflation

Inflation eased to 4.4% in August 2024, marking the lowest rate since April 2021, just below the midpoint of the South African Reserve Bank's target

Interest Rates Declining

The Reserve Bank maintained its rate at 8.25%, showing caution amid declining inflation and economic uncertainties

High Unemployment Persists

Unemployment remained high at 33.5% in Q2 2024, disproportionately affecting youth and women

Load-Shedding Reduced

No load-shedding occurred post-March 2024, although years of shortages still impact economic activity and costs for power-reliant businesses

Weak Economy

Australia experienced slow growth from March to August 2024, with a 0.1% GDP rise in Q1, marking the slowest pace since December 2020

Low Inflation but rising

Inflation increased to 3.8% in Q2 2024, the highest in nine quarters, limiting borrowing and investment activities

High Interest Rates

The Reserve Bank maintained high rates to control inflation, keeping borrowing at its highest since December 2011

Low Unemployment

Unemployment edged up to 4.1% in April 2024, with job growth shifting towards part-time roles, signaling a weakening labour market

Government Policy Changes

The Labour government committed to reduced consultant use and promoting "equal work for equal pay"

1

Sector Realignment for Growth



Australia:

- Realigned Professional Services from state-based to sector-based operations, enhancing service offerings in IT and adjacent sectors, positioning Paxus for growth in high-demand areas



South Africa:

- Restructuring involved optimizing resources in Professional Services, including closing TalentCRU and consolidating DAV and Kelly, aligning with market needs

2

Enhanced Revenue Performance in Staffing Solutions

- Strong revenue growth in South Africa as new sales cycles converted into active business, driving gains in Staffing Solutions

3

Australia's Competitive Advantage

- Contingent Staffing Australia delivered impressive year-over-year revenue growth (+20%), well above the market's average, demonstrating Adcorp's strong market position and operational excellence in high-demand areas

4

Stable Contingent Staffing Performance in SA

- While margin pressures persisted, the division remained resilient with efforts to sustain profitability



INTERIM CASH DIVIDEND DECLARED

13,4
cps

Through share buybacks, ordinary and special dividends, Adcorp has returned R260m to shareholders since 2021*

Financial and Operational Overview

Noel Prendergast
Chief Financial Officer

adcorp

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REVENUE

R6,8^{bn}  4.8%

Aug 2023 R6,5bn

CASH GENERATED FROM OPERATIONS*

R97,6^{m}**

Aug 2023 Cash utilised in operations of R57.7m

EARNINGS PER SHARE & HEADLINE EARNINGS PER SHARE

28,2 cents  (14.8%)

Aug 2023 33,1 cents

GROSS PROFIT

R648,1^m  3.3%

Aug 2023 R627,7m

NET CASH POSITION OF

R206^m

excluding restricted cash

INTERIM CASH DIVIDEND DECLARED

13,4 cps  (16.8%)

Aug 2023 16,1 cps

OPERATING PROFIT

R42,3^m  (28.9%)

Aug 2023 R59,5m

PROFIT AFTER TAX

R29,4^m  (16.9%)

Aug 2023 R35,3m

The operating profit includes once-off cost of R25.6 million for restructuring initiatives. Adjusted operating profit is R67.9 million.

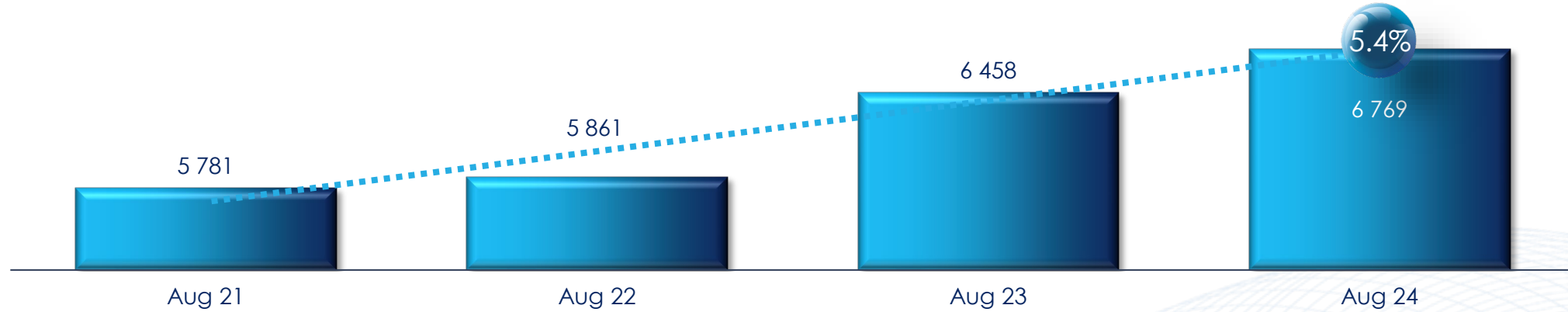
* Before working capital changes

** Cash conversion of 120.4%

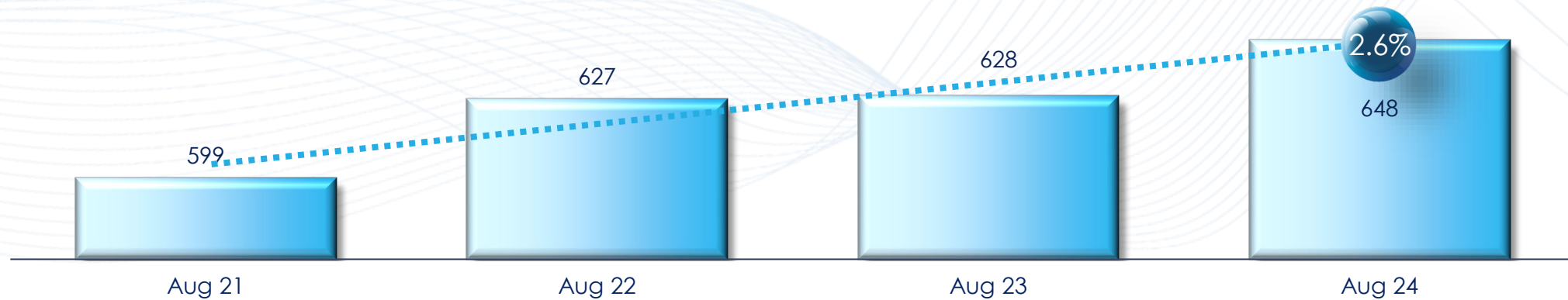
Group Revenue and Gross Profit

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Revenue – R million



Gross profit – R million



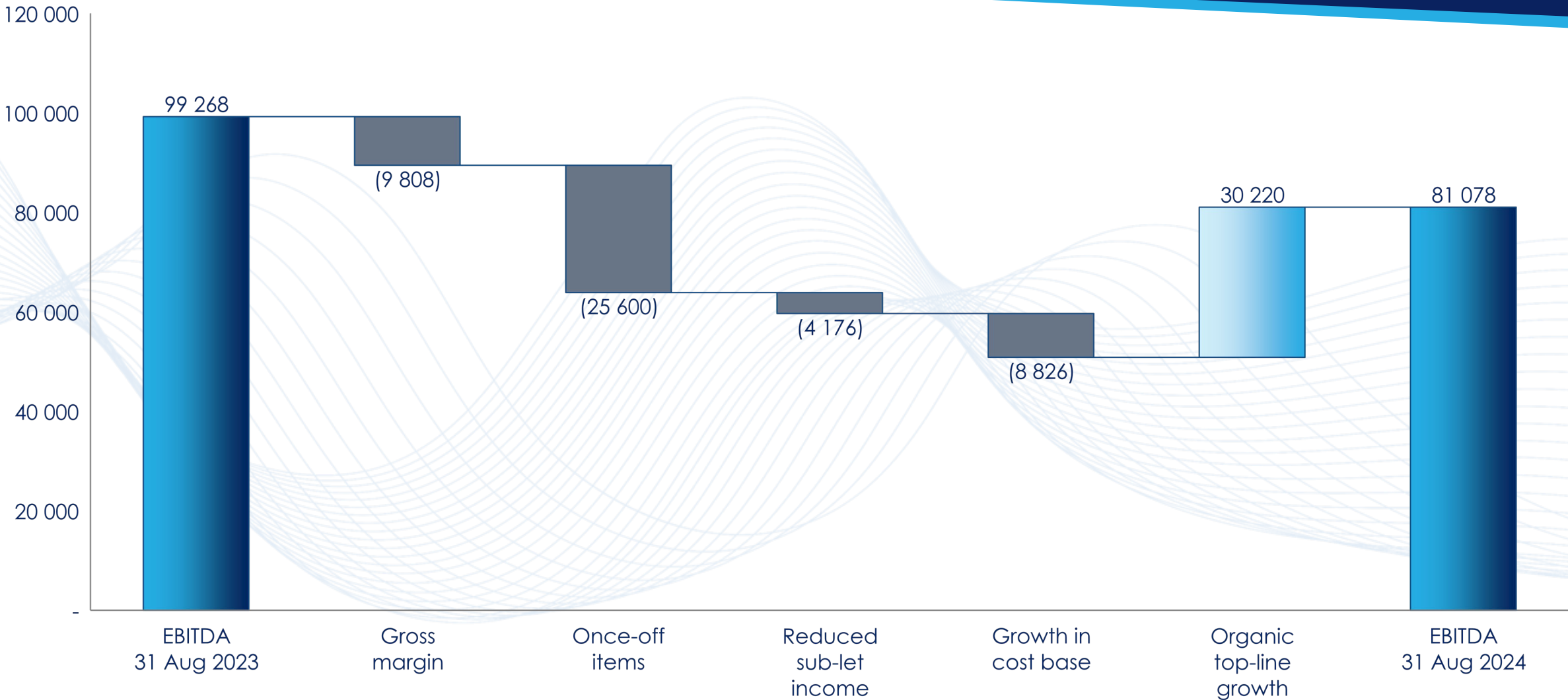
Summarised consolidated statement of profit and loss

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R'000	Unaudited Interim Aug 2024	Unaudited Interim Aug 2023	Var %
Revenue	6 769 014	6 458 108	4.8%
Cost of sales	(6 120 883)	(5 830 389)	(5.0%)
Gross profit	648 131	627 719	3.3%
Gross profit %	9.6%	9.7%	
Other income	5 823	9 999	(41.8%)
Operating expenses	(572 876)	(538 450)	(6.4%)
EBITDA	81 078	99 268	(18.3%)
EBITDA %	1.2%	1.5%	
Depreciation and amortisation	(38 752)	(39 760)	2.5%
Depreciation of PPE and amortisation	(13 330)	(12 908)	(3.3%)
Depreciation of right of use assets (IFRS 16)	(25 422)	(26 852)	5.3%
Operating profit	42 326	59 508	(28.9%)
Net cost of funding	(18 030)	(18 114)	0.5%
Net income	2 570	3 414	(24.7%)
Lease liability interest (IFRS 16)	(20 600)	(21 528)	4.3%
Profit before taxation	24 296	41 394	(41.3%)
Taxation expense	5 075	(6 052)	183.9%
Profit for the period	29 371	35 342	(16.9%)

- Revenue growth of 4.8%
- Strong performance from Staffing Solutions and Contingent Staffing Australia
- Gross profit improvement of 3.3%
- Gross profit margin stabilised
- Operating expenses increased by 6.4%, includes: Restructuring costs of R25,6 million (2% excluding restructuring cost)
- EBITDA margin at 1.2% (1.6% excl once-off costs)
- Net finance costs positive
- Effective tax credit rate of 20.9%

EBITDA movement analysis Aug 2024 vs Aug 2023



Operating expenses



R million

1 000
900
800
700
600
500
400

Aug 2019

Aug 2020

Aug 2021

Aug 2022

Aug 2023

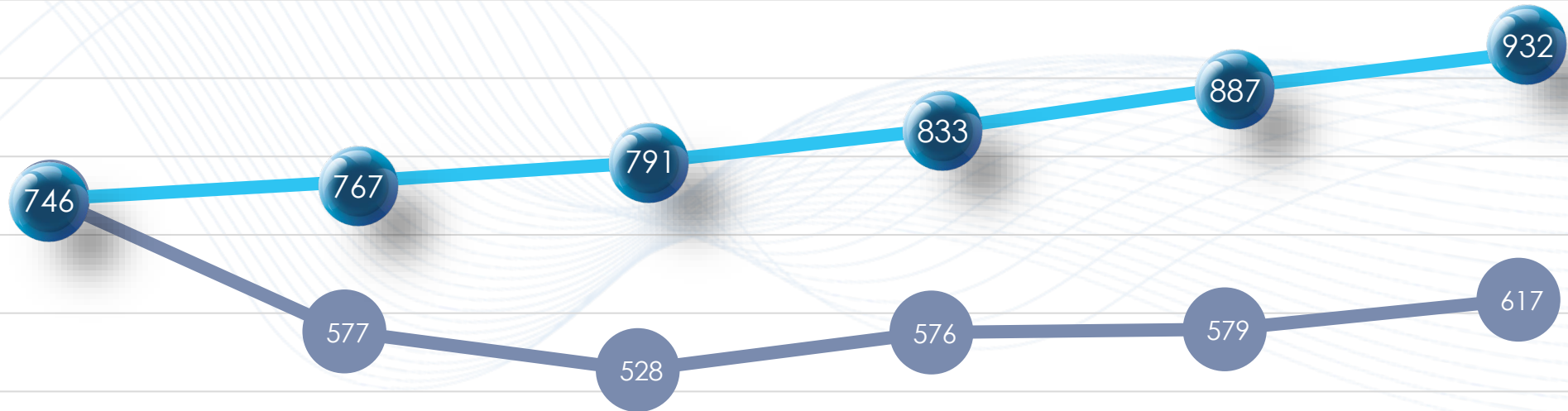
Aug 2024



Operating expenses



Inflation adjusted - since Aug 2019



Segmental performance

R'000	Revenue		Gross profit		Gross profit margin		EBITDA	
	Unaudited Interim Aug 2024	Unaudited Interim Aug 2023	Unaudited Interim Aug 2024	Unaudited Interim Aug 2023	Unaudited Interim Aug 2024	Unaudited Interim Aug 2023	Unaudited Interim Aug 2024	Unaudited Interim Aug 2023
Total South Africa	3 483 166	3 403 727	378 073	373 001	10.9%	11.0%	39 760	48 021
Contingent Staffing - South Africa	1 860 211	1 860 192	219 234	214 655	11.8%	11.5%	135 164	131 198
Professional Services - South Africa	998 347	997 903	113 882	116 214	11.4%	11.6%	32 784	48 604
Staffing Solutions - South Africa	624 608	545 632	44 957	42 132	7.2%	7.7%	27 921	24 913
Business Support - South Africa	-	-	-	-	-	-	(156 109)	(156 694)
Total Australia	3 285 848	3 054 381	270 058	254 718	8.2%	8.3%	41 318	51 247
Contingent Staffing - Australia	1 117 937	922 924	96 913	79 244	8.7%	8.6%	25 699	19 644
Professional Services - Australia	2 167 911	2 131 457	173 145	175 474	8.0%	8.2%	30 510	44 028
Business Support - Australia	-	-	-	-	-	-	(14 891)	(12 425)
Total Group	6 769 014	6 458 108	648 131	627 719	9.6%	9.7%	81 078	99 268



Offering tailored workforce solutions across Australia specialising in blue-collar, industrial and food processing recruitment, striving to match the right candidates with the right jobs.

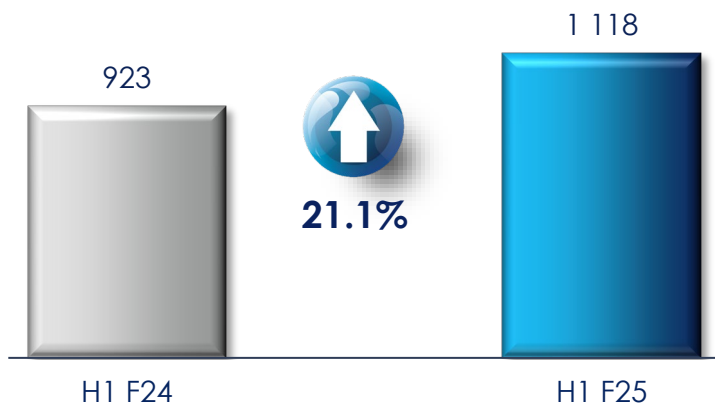
www.laboursolutions.com.au



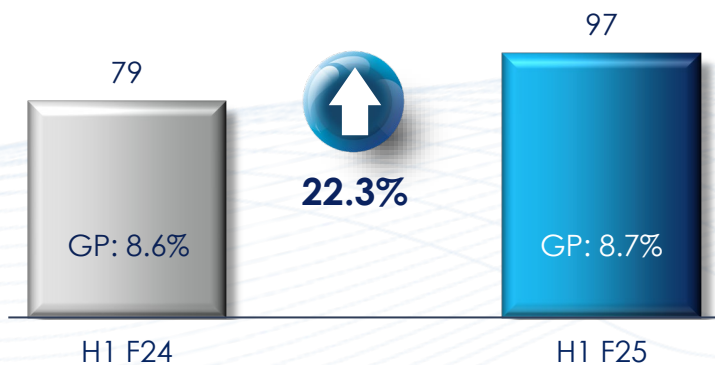
Operating in Australia's healthcare sector providing reliable, compliant, and suitably qualified healthcare professionals. Offering specialised recruitment services including allied health, aged care and hospital staffing.

www.laboursolutions.com.au/employers/healthcare-recruitment

Revenue – R million



Gross profit – R million



- Impressive year-on-year growth
- Consistent demand in PALM
- Strategic initiatives in industrial and healthcare sectors contributing positively
- Continued investment in workforce expansion with strategic focus to support growth ambitions of the division



A leading provider of flexible staffing solutions, specialising in blue-collar temporary staffing across major industries. BLU offers a comprehensive range of services including workforce sourcing, screening, management, payroll and HR administration.

www.blubyadcorp.com



A private higher education institution that specialises in vocational and higher education, focusing on upskilling, re-skilling, and future-skilling across various sectors.

www.pmi-sa.co.za



Specialises in providing front and back of house staffing solutions for the hospitality industry. Zest focusses on recruiting, developing, and managing staff to deliver exceptional customer experiences.

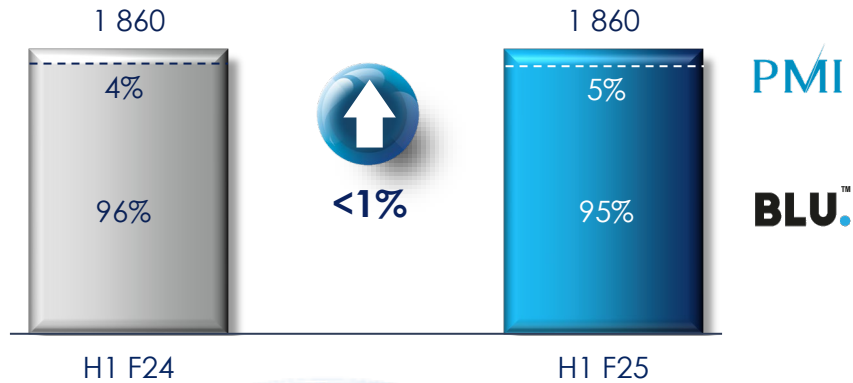
www.zesthospitality.co.za



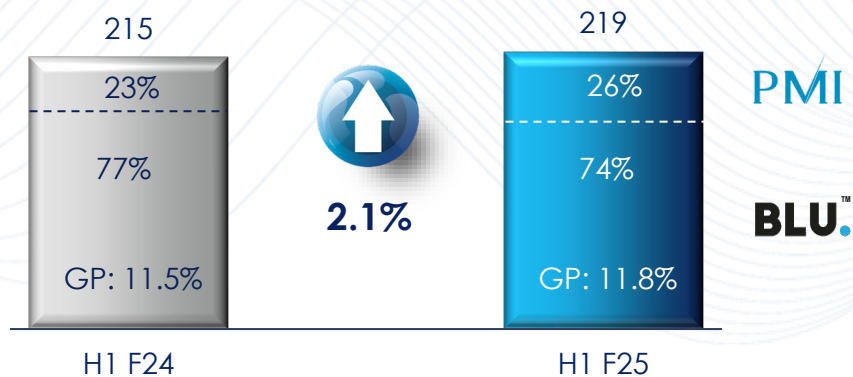
Specialises in providing disability placement services and disability training solutions. Also manage learnerships providing opportunities for employers to engage with persons with a disability.

www.ican-sa.co.za

Revenue – R million



Gross profit – R million



- Robust performance
- Margin upliftment during the period of 0.3%
- Alignment of blue-collar staffing and training brands
- Relaunch of hospitality brand – ZEST



Specialising in outsourced business solutions that leverage technology to enhance operational efficiency and productivity. FunxionO offers a range of services including process automation, data analytics, and workforce planning.

www.funxiono.co.za



A Business Process Outsourcing provider offering customised solutions to enhance customer service and support. Telvuka provides comprehensive services, including inbound and outbound customer interactions.

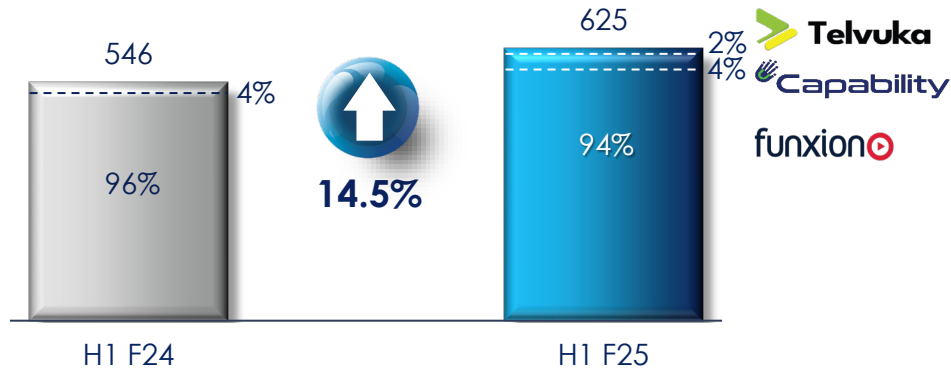
www.telvuka.com



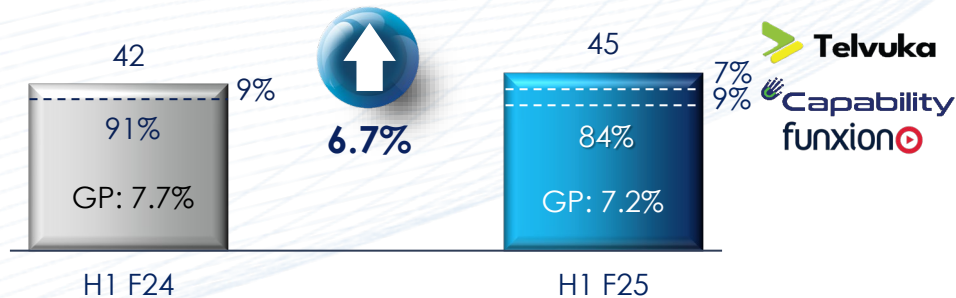
Specialises in high-performance, specialised cleaning services tailored to meet the stringent requirements of industries such as food processing, manufacturing, and distribution centres.

www.capabilitycleaning.co.za

Revenue – R million



Gross profit – R million



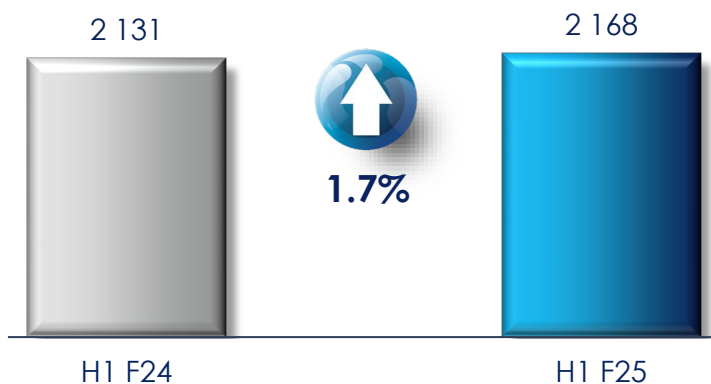
- Double digit revenue growth
- Improved gross profit
- Margin contraction in some key clients
- Telvuka demonstrating growth during the period
- Solid performance from Capability

paxus

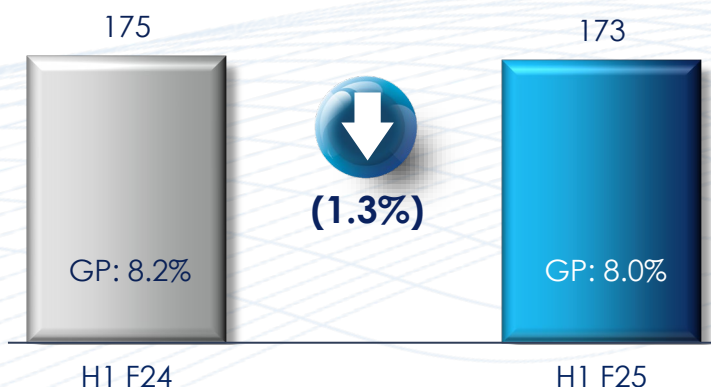
A leading IT recruitment agency, providing extensive services in IT contract recruitment, permanent staffing, and talent solutions. They offer specialised services across various sectors including AI, cybersecurity, and software development.

www.paxus.com.au

Revenue – R million



Gross profit – R million



- Positive revenue trend
- Significant transformation of the division – moving from an ICT model to a sector-based white collar professional structure
- Focusing on Financial & Professional services, Emerging Technologies and Industrial & Energy
- New operating model starting to bear fruit
- Restructuring of the division completed in H1 and expected to improve productivity in H2



A leading IT staffing specialising in technology solutions and staffing services across various industries. Paracon empowers businesses through innovative IT strategies and a robust talent pool, aiming to enhance operational efficiencies.

www.paracon.co.za



Charisma Healthcare specialises in recruiting and staffing nurses and healthcare workers for both private and public healthcare sectors in South Africa. Charisma provides highly trained and reliable nursing professionals.

www.charismahealthcare.co.za



Focused on connecting top talent with leading employers. It offers temporary, permanent, and project staffing solutions into white collar professional sectors.

www.quest.co.za



Is an online job portal that connects job seekers with employment opportunities across various industries. Jobvine also supports freelancers by providing a community and marketplace for freelance work.

www.jobvine.co.za



Kelly provides comprehensive recruitment solutions from general admin to executive levels, including Recruitment Process Outsourcing and Managed Services Provider programs, emphasising rapid, personalised service and strong client relationships.

www.kelly.co.za



A premier IT training and certification academy in South Africa, specialising in vendor-authorised, instructor-led training aimed at enhancing IT skills across various technologies.

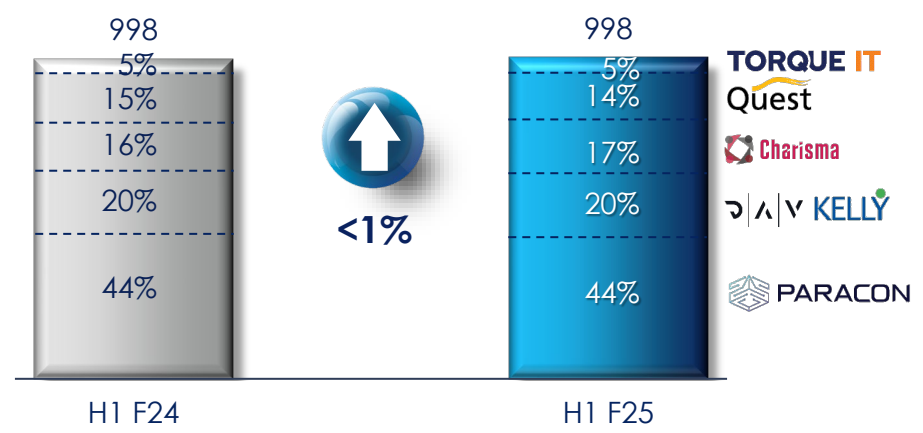
www.torque-it.com



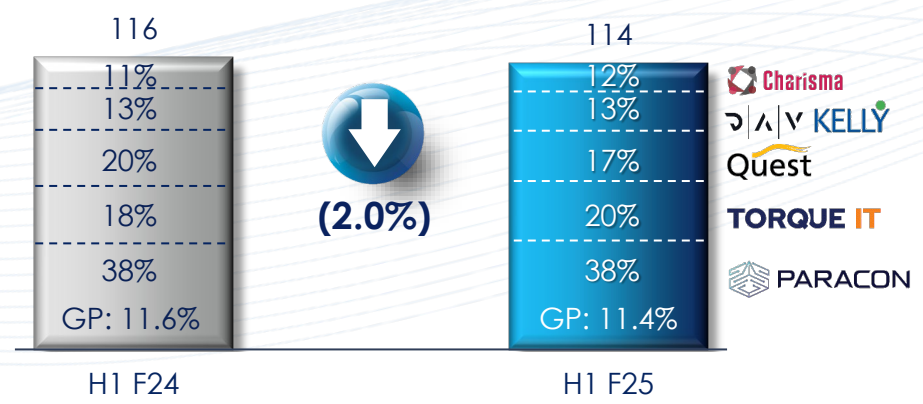
A premier South African recruitment agency specialising in the placement of scarce and specialised skills across various sectors including finance, IT, engineering, and supply chain management.

www.dav.co.za

Revenue – R million



Gross profit – R million



- Stable revenue
- Gross margin managed prudently
- Solid results from Paracon, Charisma and Torque IT
- DAV and Kelly received 16 PMR awards
- Restructuring in certain brands expected to yield positive results in H2



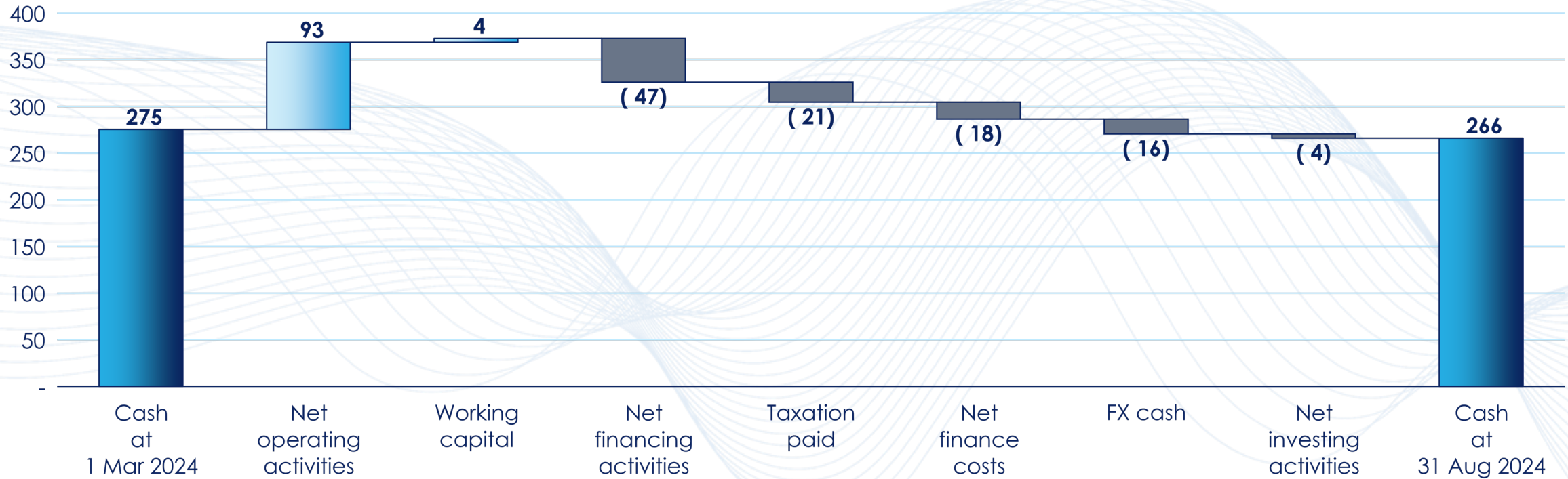
Summarised statement of financial position

R'000	Unaudited Interim Aug 2024	Audited Year end Feb 2024	Var %
Assets			
Property and equipment	23 292	24 678	(5.6%)
Right-of-use lease assets	240 864	249 800	(3.6%)
Intangible assets and Goodwill	601 823	624 829	(3.7%)
Tax and deferred tax asset	264 532	251 629	5.1%
Trade and other receivables	1 703 991	1 696 577	0.4%
Cash and cash equivalents	266 052	275 249	(3.3%)
Total assets	3 100 554	3 122 762	(0.7%)
Equity and liabilities			
Capital and reserves	1 424 649	1 459 705	(2.4%)
Lease liabilities	374 135	379 140	(1.3%)
Tax and deferred tax liability	57 190	66 487	(14.0%)
Provisions, trade and other payables	1 244 580	1 217 430	2.2%
Total equity and liabilities	3 100 554	3 122 762	(0.7%)

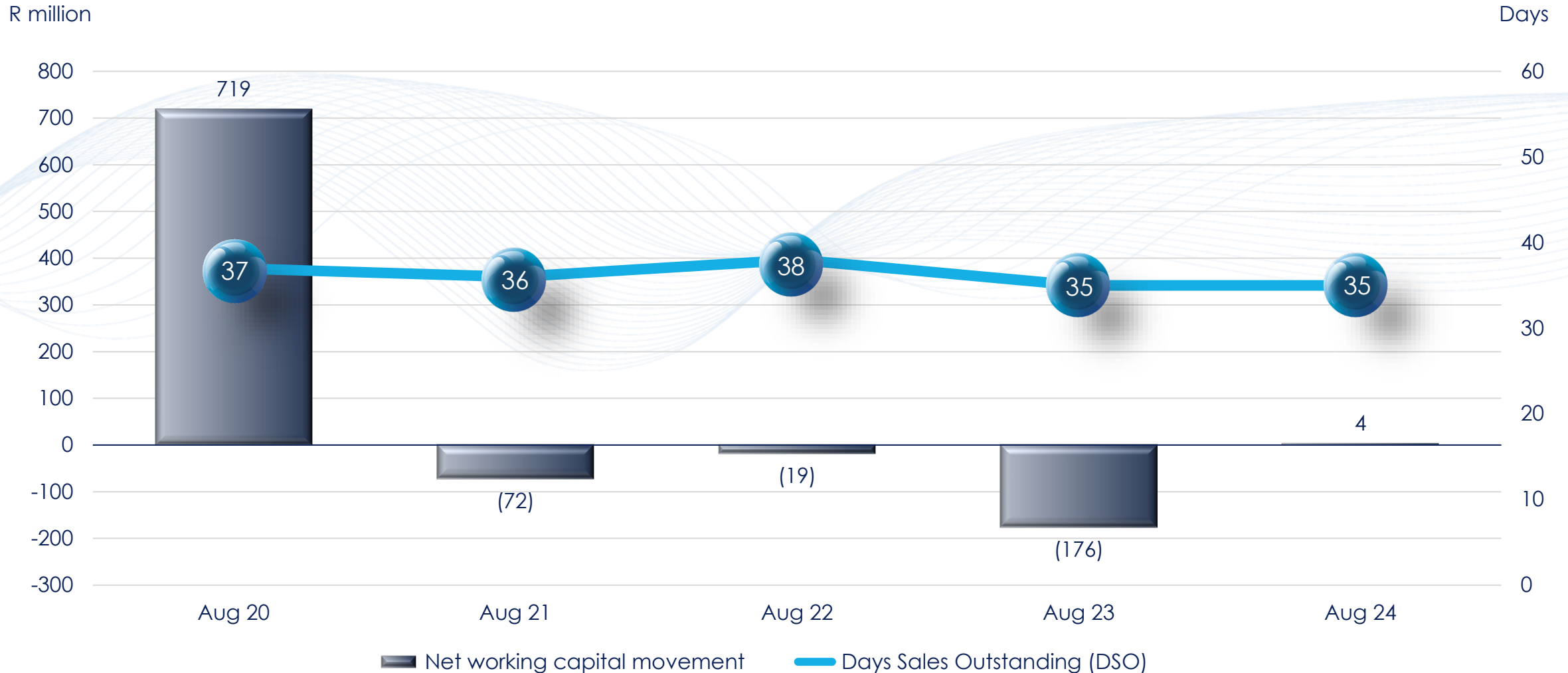
- Strong balance sheet, remains ungeared
- Cash and cash equivalents closed on R266.1 million (includes cash from cell captive liquidated in FY24)
- No goodwill impairment
- Balance sheet provides ability to navigate challenges and capitalise on growth opportunities

Cash flow movements

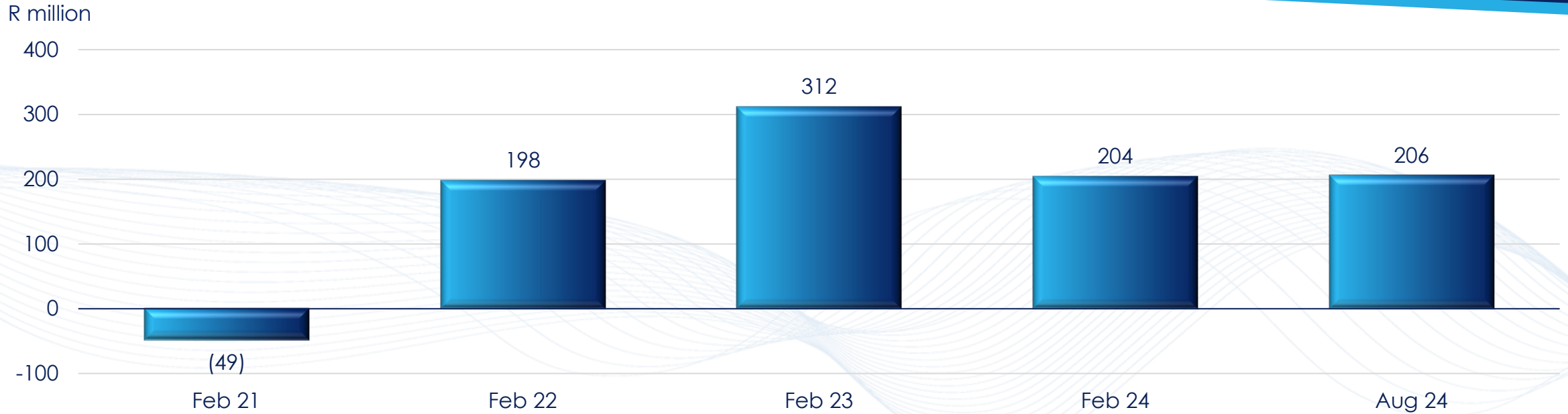
R million



- Cash generated: R98 million over the period
- Cash conversion of 120.4%
- Net financing activities includes an ordinary dividend of R25.2 million



Net cash/(debt) trend



Distribution
to external
shareholders

Nil

Nil

R62m

R128m

R25m

Share
buy-back

Nil

4

R20m

R7m

Nil

Closing

Dr John Wentzel

Chief Executive Officer

adcorp

Connecting Human Potential



Expanding in High-Growth Sectors

H2 will focus on capitalising on high-growth areas identified, especially within Contingent Staffing and a strong pipeline in Staffing Solutions provides a solid foundation for revenue growth

Strategic Expansion of Paxus in Australia

Following the successful restructuring in H1, Paxus is now primed to address demand across expanded sectors

Margin Stability Initiatives in South Africa

Margin improvement efforts within South Africa, paired with a record 230-day period without load shedding, strengthen prospects for sustained margin stabilisation

Restructuring Benefits Realised

Restructuring in both geographies, completed in H1, is expected to yield efficiency gains in H2

Focus on Working Capital Management

With a debt-free status and disciplined working capital management, Adcorp remains agile in the face of economic shifts with plans to continue balanced capital returns in H2

Q&A

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