

ADCORP HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1974/001804/06

Share code: ADR

ISIN: ZAE000000139

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

SHORT FORM ANNOUNCEMENT: SUMMARISED AUDITED CONSOLIDATED RESULTS AND DIVIDEND DECLARATION FOR THE YEAR ENDED 28 FEBRUARY 2022

SALIENT HIGHLIGHTS

- Revenue from continuing operations decreased by 1.7% to R11,5 billion (2021: R11,7 billion)
- Gross profit from continuing operations increased by 7.0% to R1,2 billion (2021: R1,1 billion)
- Operating profit from continuing operations before finance income and finance costs increased by 68.2% to R199 million (2021: R118 million)
- Cash generated by operations of R260 million (2021: R914 million)
- Net cash position improved to positive R198 million (2021: net debt R49 million) *
- Interest-bearing debt excluding leases of R133 million (2021: R456 million)
- Total earnings per share increased by 206.5% to 109,1 cents per share (2021: 35,6 cents per share)
- Total headline earnings per share increased by 190.6% to 99,4 cents per share (2021: 34,2 cents per share)
- Dividend declared increased to 47.0 cents per share (2021: nil)
- B-BBEE Level 1 rating maintained for South African operations

* *Net debt/cash defined as interest-bearing debt excluding leases less unrestricted cash and cash equivalents from continuing operations and this is a non-IFRS measure.*

The focus for the year was to stabilise the Group through improving the quality of earnings, raising the level of earnings and increasing return on invested capital. Adcorp achieved these three objectives. Further emphasis was also placed on improving working capital levels, building a customer focussed commercial engine and strengthening the leadership team. Adcorp deployed a new operating model moving away from the "one Adcorp" philosophy and placing the respective brands at the centre of the business.

The COVID-19 pandemic remains with us, which has affected the Group in both South Africa and Australia. In South Africa, we were further challenged by slow economic recovery and unrest in KwaZulu-Natal in July 2021. In Australia, the lockdowns lasted longer and were more severe than expected. The economic recovery in South Africa remains slow and uneven, and the recovery in Australia was slowed by the further COVID-19 surge.

LIQUIDITY AND CASH FLOW

Significant improvement in collections throughout the Group and other cash positive initiatives resulted in Group debt excluding finance leases decreasing to R133 million from R456 million in 2021.

Group net debt excluding finance leases and restricted cash and cash equivalents has improved by R247 million to R198 million net cash as at 28 February 2022 (2021: net debt R49 million).

The South African operation is in the final stages of renegotiating a facility of R250 million, plus an accordion feature of R100 million, which is expected to be effective from 1 September 2022. This facility is expected to mature in three years from the effective date and will be used to fund working capital requirements.

The lenders of the Australian operation agreed to extend the Revolving Borrowing Base facility. The agreement was extended on the same terms and conditions with a change in maturity date to March 2024.

DIVIDEND DECLARATION

Shareholders are hereby advised that the board of directors of Adcorp has approved and declared a final gross dividend of 47.0 cents per ordinary share, from income reserves, for the year ended 28 February 2022.

The dividend is subject to a South African dividend withholding tax rate of 20%, resulting in a net dividend of 37.6 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 109 954 675 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:

Last day to trade cum dividend	Tuesday, 16 August 2022
Securities commence trading ex dividend	Wednesday, 17 August 2022
Record date for purposes of determining the registered holders of ordinary shares to participate in the dividend at close of business on	Friday, 19 August 2022
Payment date	Monday, 22 August 2022

Share certificates may not dematerialised or rematerialised between Wednesday, 17 August 2022 and Friday, 19 August 2022, both dates inclusive.

PROSPECTS AND OUTLOOK

The focus for the year ahead is on driving both organic and inorganic growth. Adcorp will explore strategic bolt-on acquisitions that add volume consolidation, bring new product capability or drive geographic expansion. Any acquisition would be considered within the bounds of our rigorous capital allocation framework which incorporates strict hurdle rates, and would be weighed up against the potential return on capital of alternative uses such as debt paydown, dividends, share repurchases and organic growth spend.

Adcorp expects the slow recovery in South Africa to persist through FY2023, and remains concerned by rising inflation, high unemployment and ongoing infrastructure and service delivery failures. We have seen early signs of some recovery in permanent and contingent workforce demand.

In Australia, Adcorp expects re-opened borders to enable it to partially address labour supply chain constraints. No policy changes are expected following the federal election whilst recovery in demand is expected to persist. Rising inflation in Australia is a concern.

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 announcement and does not contain full or complete details.

The full announcement is available on the JSE website <https://senspdf.jse.co.za/documents/2022/jse/isse/ADR/ye2022.pdf> and on the Group's website at <https://www.adcorpgroup.com/wp-content/uploads/2022/05/FY22-Adcorp-Group-Results-Booklet.pdf>.

Copies of the full announcement may also be requested from the Group's registered office and at the office of the Group's sponsors during office hours 8:00 - 16:00, Monday - Friday at no cost at the contact details below. Any investment decision should be based on the contents of the full announcement available on the JSE's website and the Group's website.

Deloitte & Touche expressed an unmodified audit opinion on the audited consolidated financial statements in their report dated 30 May 2022. The report also includes communication of key audit matters. Key audit matters are those matters that, in their professional judgement, were of most significance in their audit of the consolidated financial statements for the current period. The full audit report and the full audited consolidated financial statements are available on the Company's website at <https://www.adcorpgroup.com/wp-content/uploads/2022/05/FY2022-Adcorp-Group-Consolidation-Annual-Financial-Statement.pdf>.

The short form announcement has not been audited or reviewed by the Company's auditor.

On behalf of the board

GT Serobe
Chairman

J Wentzel
Chief Executive Officer

N Prendergast
Chief Financial Officer

30 May 2022
Directors

Dr John Wentzel (chief executive officer)
Noel Prendergast (chief financial officer)
Gloria Serobe* (chairman)
Monde Nkosi*
Sam Sithole*
Clive Smith*
Cecil Maswanganyi*
Melvyn Lubega**
Ronel van Dijk**
Prof Herman Singh**
Tshidi Mokgabudi**
Dr Phumla Mnganga**
Timothy Olls***

*Non-executive

**Independent non-executive

***Alternative non-executive

JSE Sponsor

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Registered office

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Company Secretary

Lisa Laporte, Adcorp Place, 102 Western Service Road, Gallo Manor Ext 6

Transfer secretaries

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Investor relations

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Auditors

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