
Workforce Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 2006/018145/06)
Share code: WKF ISIN: ZAE000087847
("Workforce" or "the company" or "the group")

Unaudited Condensed Consolidated Interim Financial Results for the six months ended 30 June 2024

Key features of the six-month period:

- Revenue increased by 10% to R2,355 billion (2023: R2,142 billion)
- Gross profit of R432,6 million achieved (2023: R431,9 million)
- EBITDA increased by 82% to R59,6 million (2023: R32,8 million)
- Cash generated from operations amounted to R42,2 million (2023: R22,5 million)
- EPS and HEPS increased to 12,6 cents per share (2023: 1,7 cents per share)
- Days sales outstanding reduced to 43 days (2023: 48 days)
- Investment cluster operations have continued to trade, contend and adapt exceptionally well in the face of pressures in the operating environment, supported by decades of experience and the digitisation of services
- Level 1 B-BBEE compliance maintained

Results announcement

This results announcement is the responsibility of the directors of Workforce, and is only a summary of the information contained unaudited condensed consolidated interim financial results for the six months ended 30 June 2024 ("Results") and does not contain full or complete details. The Results, as published on SENS, can be found on the company's website at www.workforce.co.za or accessed using the following JSE cloudlink: <https://senspdf.jse.co.za/documents/2024/jse/isse/wkf/HY24.pdf>.

Any investment decision by investors and/or shareholders should be based on consideration of the full announcement. These Results have not been audited or reviewed by the group's auditors, Crowe (Johannesburg).

Commentary

The first six months of the 2024 financial year clearly showed that the quick remedial action taken to counter a previously harsh economic operating environment has started to take effect.

The group had to counter the effects of economic pressure including loadshedding, the country being grey listed, logistics and port infrastructure impediments and high interest rates. All this culminated in margin erosion. By implementing a series of corrective actions and repositioning, operating costs have come down, and profitability has returned, albeit not at the anticipated level. The full benefits of the cost reduction are expected to be realised in the second six months of the 2024 financial year.

Revenue for the period increased by 10% to R2,355 billion (2023: R2,142 billion), and in line with a quick repositioning of the business, operating expenses decreased by 6% to R373,8 million (2023: R399,1 million) for the period.

Pleasingly, EBITDA increased by 82% to R59,6 million (2023: R32,8 million). The total comprehensive income for the period was R25,7 million (2023: R4,2 million) and headline earnings per share ("HEPS") for the period increased from 1,7 cents per share to 12,6 cents per share.

The business generated cash flow from operating activities of R40,9 million, ending the period with cash and cash equivalents of R79,1 million. A deliberate focus on collections allowed for trade receivables to drop to R937,5 million (2023: R977,5 million).

The group is well positioned to benefit from the base of growth and diversification. The debt-to-equity ratio of Workforce over the period was 0,47 (2023: 0,53).

Outlook

The Workforce group has a robust, diverse, and relevant foundation in place that allows expertise, experience, skills, digitalisation, and knowledge to be expanded to optimise the product offering within and across investment clusters and geographies. We continue to make progress in all aspects of our conscious diversification strategy.

We remain hopeful that interest rates in South Africa, which are still running at the highest level the country has experienced in a long time, will be reduced which should stimulate economic growth.

All indications are that the Government of National Unity's impact will increase spending on infrastructure development projects, which will have a favourable impact across the group.

By order of the board

JR Macey
Chairman

RS Katz
Chief executive officer

WP van Wyk
Financial director

Johannesburg
29 August 2024

Corporate information

Executive directors

RS Katz

WP van Wyk

Non-executive directors

JR Macey (Chairman) (Independent)

S Thomas (Independent)

KN Vundla (Independent)

S Naidoo

Designated Adviser

Merchantec Capital

Company Secretary

S van Schalkwyk

Commercial bankers

ABSA Business Bank

Registered office

The registered office, which is also the principal place of business, is:

11 Wellington Road

Parktown, 2193

PO Box 11137
Johannesburg
2193

Transfer secretaries
JSE Investor Services Proprietary Limited
13th Floor
19 Ameshoff Street
Braamfontein
2000

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