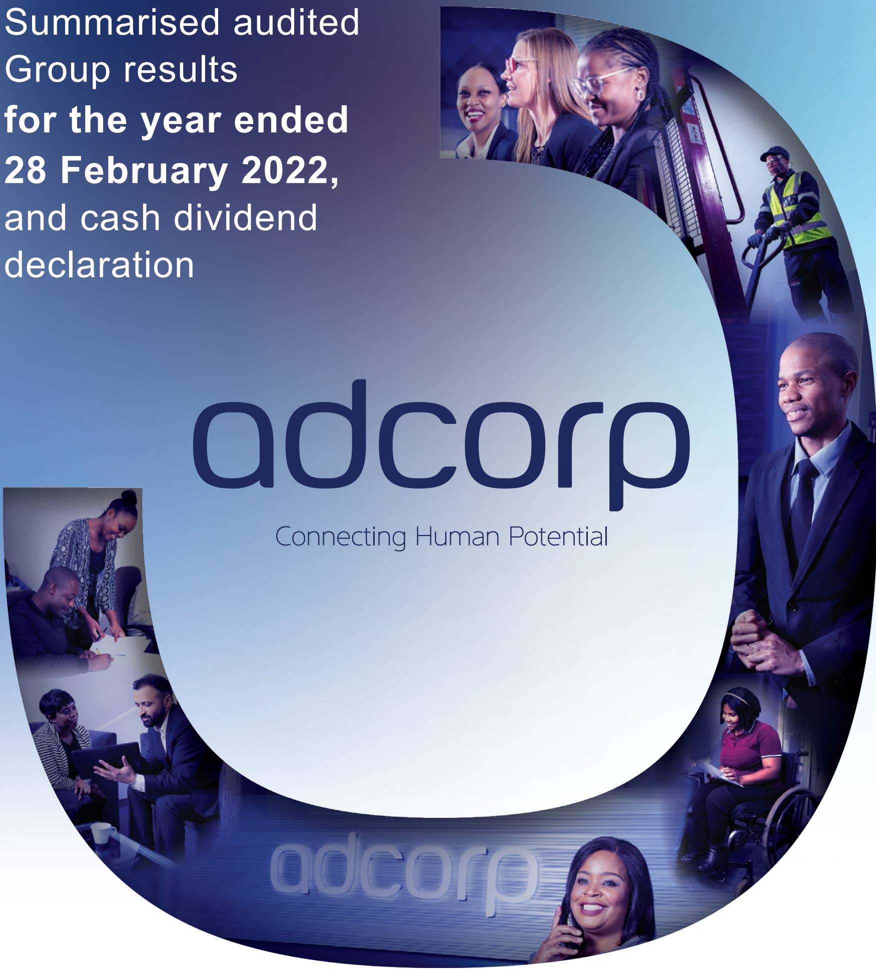
Summarised audited Group results **for the year ended 28 February 2022,** and cash dividend declaration



adcorp

Connecting Human Potential

Contents

www.adcorpgroup.com

Salient highlights

REVENUE
FROM CONTINUING OPERATIONS

R11,5bn

2021 | R11,7bn | -1,7%

GROSS PROFIT
FROM CONTINUING OPERATIONS

R1,2bn

2021 | R1,1bn | +7,0%

OPERATING PROFIT
FROM CONTINUING OPERATIONS BEFORE FINANCE INCOME AND FINANCE COSTS

R199m

2021 | R118m | +68,2%

CASH GENERATED
BY OPERATIONS

R260m

2021 | R914m | -71,6%

INTEREST-BEARING DEBT
EXCLUDING LEASES

R133m

2021 | R456m | -70,8%

NET CASH POSITION*
IMPROVED TO

R198m

2021 | -R49m | +505,0%

TOTAL EARNINGS
PER SHARE

109,1 cents

2021 | 35,6 cents | +206,5%

TOTAL HEADLINE EARNINGS
PER SHARE

99,4 cents

2021 | 34,2 cents | +190,6%

DIVIDEND DECLARED
PER SHARE

47,0 cents

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.*

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Commentary

Company profile

The Adcorp Group is a workforce solutions provider that seeks to connect and develop human potential to shape markets, economies and our shared future. Adcorp and its constituent brands are represented within South Africa and Australia, employing in excess of 1 600 permanent staff, assigning more than 43 000 contingent staff daily and training multiple learners through a vast spectrum of disciplines.

Introduction

The focus for the year was to stabilise the group through improving the quality of earnings, raising the amount of earnings and lifting ROIC. Adcorp achieved these three objectives. Further emphasis was also placed on improving working capital levels, building a customer focused commercial engine and strengthen the leadership team. Adcorp deployed a new operating model moving away from the "one Adcorp" philosophy and placing the 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.

Financial overview

Adcorp Group's revenue from continued operations in South Africa was in line with prior year however Australia was lower in ZAR terms, reporting currency, although revenue increased in AUD (functional currency). Revenue was negatively affected by the strategic exit of low margin contracts, the July KwaZulu-Natal unrest in South Africa, flooding in Australia and the impact of COVID-19 in key markets. The economic recovery in South Africa remains slow and uneven, and the recovery in Australia was slowed by the COVID-19 surge.

Adcorp's revenue from continuing operations increased in the Industrial and Training divisions, however decreased in the Professional and Australia divisions, which resulted in a consolidated group revenue decline of 1,7% from R11,7 billion to R11,5 billion.

The group EBITDA from continuing operations for the year increased by 17,3% to R293 million compared to R250 million in the prior year. Our focus on improving the quality of the earnings has resulted in higher gross margins, improved EBITDA margins and continued prudent cost control resulting in increased profit before tax.

Following the liquidity management measures and interventions introduced to mitigate the impact of COVID-19, the second half of FY2022 has continued to demonstrate good working capital management and effective debt reduction.

Cash generated by operations decreased to R260 million from R914 million in 2021; this was due to the material reduction of working capital that occurred in 2021, however, it is relevant to note that the group's days sales outstanding (DSO) has been maintained at 38 days year on year. The group's consolidated cash and cash equivalents (excluding restricted cash in Angola) totalled R331 million, decreasing by R76 million from the prior year (2021: R407 million).

The group's effective tax rate from continuing operations was 25,0%, largely driven by current year tax losses not recognised and non-deductible expenses. The South African tax system does not operate on group taxation principles and therefore group companies are taxed at an entity level. The effective tax rate was also impacted by the positive financial performance of our Australian operations. As at 28 February 2022, total tax losses not recognised were R776 million (2021: R751 million) and those recognised were R259 million (2021: R332 million).

One of our primary goals for the financial year was stabilising the company. We have now concluded the process of revising our capital allocation strategy, which has resulted in a rigorous shareholder-returns focused framework which seeks to reward shareholders and invest in growth for the organisation.

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 unrestricted cash has improved by R247 million to R198 million net cash as at 28 February 2022 (2021:- 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. The 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 operations 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 10 March 2024.

Commentary *continued*

Operational review

Contingent

At the start of FY2022, the business environment remained constrained as a result of client pressure to cut costs and rationalise employees due to the continuation of the COVID-19 pandemic. Low economic growth and ongoing electricity supply and infrastructure challenges in South Africa negatively affected economic growth and, consequently, demand for contingent labour. Demand was further negatively impacted by the July unrest in KwaZulu-Natal and parts of Gauteng. During the year, the business exited several large contracts that were low margin or negatively impacted working capital.

Divisional performance remained relatively resilient despite the challenges it faced. Revenue for the year was up 3,2% despite the exit of some contracts. BLU performed strongly, lifting revenue by 10,3%. A strong focus on margin management during the year saw margins lift. Cynergy was negatively impacted by the exit of two major clients who were adversely affected by changing business conditions. As a result, revenue declined by 48,8%. The Cynergy brand has been repositioned to serve the emerging renewable energy sector, but the full effect will only be seen in FY2023.

Functional Outsourcing

Functional Outsourcing challenges for the year largely mirrored that of the Contingent business. Revenue declined 1,5% following the exit of large unprofitable contracts. Notwithstanding this, the division delivered a strong performance. The exit of unprofitable contracts and a substantial margin focus lifted gross profit sharply. FunxionO, which focuses mainly on FMCG, warehousing and logistics solutions, also saw its margins lift sharply and sold new business in H2 at higher margins than legacy business. Capability, which focuses on unique and specialised cleaning solutions, also delivered a solid performance and grew revenue whilst lifting gross profit.

Net of strategic exits, client satisfaction and retention were high. The market has responded well to the suite of offerings from the Functional Outsourcing division, and we expect this interest to be converted into sales growth in FY2023. While the economic outlook and recovery in South Africa remain uncertain, we remain optimistic about the future growth outlook in the Functional Outsourcing business. We believe that the additional sales investment in the brands and the change in our operating model will pay dividends in FY2023.

Professional

Professional experienced a tough year. Revenue declined as the economic recovery in South Africa stalled, and demand for its services fell. Many client projects remained on hold, resulting in lower contingent and contract resource needs. Skills shortages in critical sectors continued, particularly amongst nursing and IT resources, affecting Charisma and Paracon. The July unrest further exacerbated the economic challenges of several of our clients, resulting in a further strain on demand. Margin pressures were also felt during the year, as key clients sought to reduce their costs.

Revenue for the year was down 7,3%, and gross profit also decreased. Client retention was high, however, the division experienced an in-contract contraction, which reduced revenue. Despite the contraction in revenue, gross profit margins were largely maintained. There was a strong focus on service excellence amongst current and new clients, with client satisfaction scores averaging 83% over the course of the year. Cost containment continued during the year and has ensured that costs were well controlled. Nursing shortages negatively affected the Charisma business, although focusing on nurse retention and a pivot into COVID-19 contract and vaccine services helped to mitigate the effect.

Quest saw subdued demand through most of the year, however, demand for white-collar contingent and permanent placements lifted in Q4. In Paracon, there was a focus on new higher-margin businesses to drive a more sustainable business model. TalentCRU won several new RPO clients, indicating post-pandemic recovery for this service offering. Towards the end of the financial year, we saw some of our clients' activity increasing, and the demand for staffing has seen some encouraging traction in Q4. There are early signs of a recovery in the professional staffing industry. If the pandemic stays subdued and market recovery continues, the division is well-positioned to respond to clients' needs.

Training

Despite these challenges associated with the COVID-19 pandemic, the division performed strongly, increasing 29,9% in revenue and lifting gross profit. Specific actions were taken to mitigate the challenges and ensure a successful year. Physical training instruction was converted to an online or virtual instructor-led. Investments were made in establishing a "digital campus" to allow an agile approach to changing client requirements. These actions, coupled with a strong drive for new sales, saw gross margin lift over the prior year.

The PMI brand performed strongly following investment in digital delivery channels and a strong focus on driving new sales. Revenue grew 42,7%, and margins were also lifted. Torque-IT optimised its product mix and class size, which raised revenue by 17,4% and improved margins. The conversion of some delivery channels to a digital format allowed the rationalisation of training space, reducing occupation costs. The training brands of Adcorp remain well placed for continued growth given continued client demand for ongoing upskilling of workforces. Skills development remains a national transformation priority, and the division is well established to meet this demand.

Australia

Australia's performance was impacted by the longer than anticipated lockdown at both international and state border levels. Eastern Australia floods in Queensland and New South Wales also negatively affected the business. Australian unemployment remained near record lows at 4,2%, and demand exceeded supply throughout the FY2022 year. Low unemployment rates have driven high competition for resources and higher than usual staff turnover in the contracting market and our workforce, impacting our ability to scale operations. Supply-side constraints have meant contractors have the advantage in the market, driving a higher than usual termination rate.

Revenue for Australia declined 4,1% in ZAR due to a negative currency swing but increased 1,1% in AUD. Paxus reported revenue growth off the back of a move to target mid-tier clients and a greater focus on permanent placements. LSA battled with supply-side shortages throughout the year, and the lockdown saw contingent labour sources significantly reduced. The year-on-year business comparative is distorted substantially by the non-recurrence of income from the Australian Jobkeeper programme, which was in the prior year's other income number. Pleasingly the division has offset this with sustainable earnings from clients.

Toward the end of the financial year, Australia lifted its lockdown, and we expect that access to supply will improve throughout FY2023. On the blue-collar contingent front, we have the advantage of being one of only four companies allowed to access labour through the Pacific Labour Scheme. This will enable us to meet demand more efficiently than most competitors. Australia will invest in expanding the PLS programme through FY2023. The opening of state borders should ease supply-side constraints in Paxus, and we expect this will result in a stronger performance in FY2023. The ongoing demand for scarce skills will remain a challenge through FY2023.

Changes to the board of directors

During the year and post year-end, the following changes to the board occurred:

- Appointment of Dr JP Wentzel as Chief Executive Officer effective 1 April 2021;
- Resignation of P Roux as Chief Executive Officer effective 31 March 2021;
- Resignation of SN Mabaso-Koyana effective 1 March 2021;
- Appointment of T Olls effective 6 December 2021 as alternate director to S Sithole;
- Stepping down of M Nkosi effective 1 June 2022;
- Passing of MW Spicer on 9 March 2022; and
- Appointment of P Mnganga effective 26 May 2022 as lead independent director.

Commentary *continued*

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 be 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. We 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 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.

By order of the board

30 May 2022

Directors

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

* *Non-executive*
** *Independent non-executive*
*** *Alternative non-executive*

Audited summarised consolidated statement of financial position

as at 28 February 2022

	Notes	2022 R'000	2021 R'000
Assets			
Non-current assets		**1 290 954**	1 357 418
Property and equipment		**37 171**	48 286
Right-of-use assets		**323 432**	364 572
Intangible assets		**125 773**	144 346
Goodwill	8	**512 723**	527 216
Other financial assets – investment at fair value		**19 597**	18 971
Deferred taxation		**214 187**	198 832
Prepayments		**58 071**	55 195
Current assets		**1 909 718**	1 962 906
Trade receivables		**1 336 354**	1 377 823
Other receivables		**143 562**	101 297
Taxation prepaid		**9 447**	9 854
Cash and cash equivalents		**420 355**	473 932
Disposal group held for sale	5	**–**	196 553
Total assets		**3 200 672**	3 516 877
Equity and liabilities			
Total equity		**1 472 529**	1 352 254
Share capital and share premium		**1 740 858**	1 740 858
Treasury shares		**(72 172)**	(68 083)
Reserves		**(196 157)**	(320 521)
Non-current liabilities		**438 004**	870 459
Interest-bearing borrowings	9	**–**	400 000
Lease liabilities	9	**348 493**	369 658
Deferred taxation		**89 511**	100 801
Current liabilities		**1 290 139**	1 273 020
Interest-bearing borrowings	9	**133 336**	55 823
Lease liabilities	9	**75 472**	75 281
Bank overdraft		**–**	87
Trade and other payables		**819 610**	908 922
Provisions		**203 930**	183 738
Taxation payable		**57 791**	49 169
Disposal liabilities held for sale	5	**–**	21 144
Total equity and liabilities		**3 200 672**	3 516 877

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Audited summarised consolidated statement of profit or loss

for the year ended 28 February 2022

	Notes	2022 R'000	2021 R'000
Continuing operations			
Revenue	7	11 512 948	11 716 956
Cost of sales		(10 290 896)	(10 575 140)
Gross profit		1 222 052	1 141 816
Other income		19 553	99 399
Loss allowance for expected credit losses – trade receivables		15 673	33 396
Operating expenses		(1 058 130)	(1 156 200)
Operating profit before finance income and finance costs		199 148	118 411
Finance income		5 243	16 204
Finance costs		(69 022)	(106 854)
Profit before taxation		135 369	27 761
Taxation expense		(33 778)	(22 338)
Profit for the year from continuing operations		101 591	5 423
Discontinued operations			
Profit for the year from discontinued operations	5	17 366	35 906
Profit for the year		118 957	41 329
Profit attributable to:			
Owners of the parent from continuing operations		99 037	2 322
Owners of the parent discontinued operations		17 366	35 906
Non-controlling interest		2 554	3 101
Continuing operations basic and diluted earnings per share:			
Basic earnings per share (cents)		92,8	2,2
Diluted earnings per share (cents)		87,8	2,1
Discontinued operations basic and diluted earnings per share:			
Basic earnings per share (cents)		16,3	33,4
Diluted earnings per share (cents)		15,4	32,5
Total earnings per share:			
Basic earnings per share (cents)		109,1	35,6
Diluted earnings per share (cents)		103,2	34,6

Audited summarised consolidated statement of other comprehensive income

for the year ended 28 February 2022

	2022 R'000	2021 R'000
Profit for the year	**118 957**	41 329
Other comprehensive income[1]		
Continuing operations	**(5 261)**	60 284
Exchange differences on translating foreign operations	**10 726**	16 539
Exchange difference reclassified to profit or loss on disposal of foreign business	**–**	(3 770)
Exchange differences arising on the net investment of a foreign operation	**(15 987)**	47 515
Other comprehensive (loss)/income for the year, net of taxation	**(5 261)**	60 284
Total comprehensive income for the year	**113 696**	101 613
Total comprehensive income attributable to:		
Owners of the parent continuing operations	**93 776**	62 927
Owners of the parent discontinued operations	**17 366**	35 906
Non-controlling interest	**2 554**	2 780

[1] *All items included in other comprehensive income/(loss) will be reclassified to profit or loss upon derecognition.*

Audited summarised consolidated statement of cash flows

for the year ended 28 February 2022

	Notes	2022 R'000	2021 R'000
Operating activities			
Profit before taxation		**153 977**	95 317
From continuing operations		**135 369**	27 761
From discontinued operations		**18 608**	67 556
Adjusted for:			
Depreciation on property and equipment		**18 496**	27 960
Depreciation right-of-use assets		**53 645**	63 907
Amortisation of intangibles		**16 880**	42 148
Prepayment released – enterprise technology transformation project		**19 844**	14 373
Impairment of right-of-use assets		**2 770**	5 889
Lease liabilities derecognised net of settlement costs		**–**	(17 740)
Right-of-use assets derecognised		**–**	12 895
Profit on the sale of property and equipment		**2 182**	(7 881)
Share-based payments		**19 709**	12 923
(Profit)/loss on the disposal of businesses		**(13 950)**	(2 592)
Fair value adjustment – investment at fair value		**(626)**	(1 351)
Value added tax accrual		**–**	(21 479)
Decrease in loss allowances for expected credit losses – trade receivables		**(15 673)**	(33 396)
Finance income		**(5 243)**	(16 416)
Finance costs		**69 022**	107 312
Cash generated from operations before working capital changes		**321 033**	281 869
(Increase)/decrease in trade and other receivables		**(13 658)**	745 667
Decrease in trade and other payables		**(66 303)**	(136 457)
Increase in provisions		**18 946**	22 651
Cash generated by operations		**260 018**	913 730
Finance income		**5 243**	16 416
Finance costs		**(24 645)**	(59 201)
Interest expense on lease liabilities		**(45 087)**	(48 111)
Taxation paid		**(49 794)**	(52 229)
Net cash generated from operating activities		**145 735**	770 605

	Notes	2022 R'000	2021 R'000
Investing activities			
Additions to property and equipment		**(10 835)**	(15 750)
Proceeds from sale of property and equipment		**511**	16 930
Additions to intangible assets		**(804)**	(980)
Prepayment – enterprise technology transformation project		**(23 798)**	(57 456)
Proceeds from investment – amortised cost		**–**	37 067
Proceeds on disposal of businesses		**163 684**	29 833
Net cash inflow from investing activities		**128 758**	9 644
Financing activities			
Share repurchases		**–**	(357)
Treasury shares acquired for delivery to share-based payment schemes		**(4 089)**	–
Repayment of borrowings		**(960 000)**	(965 524)
Proceeds from borrowings		**637 509**	386 667
Distributions to non-controlling interests		**(1 991)**	–
Cash flow on increases in ownership interests		**(3 864)**	–
Repayment of lease liabilities and lease settlement cost		**(36 217)**	(69 966)
Net cash outflow from financing activities		**(368 652)**	(649 180)
Net (decrease)/increase in cash and cash equivalents		**(94 159)**	131 069
Cash and cash equivalents at the beginning of the year		**498 356**	360 500
Foreign currency adjustments		**16 158**	6 787
Cash and cash equivalents at the end of the year		**420 355**	498 356

Audited summarised consolidated statement of changes in equity

for the year ended 28 February 2022

	Share capital R'000	Share premium R'000	Treasury shares R'000
Balance as at 29 February 2020	2 749	1 738 109	(68 083)
Share-based payments	–	–	–
Profit for the year	–	–	–
Other comprehensive income/(loss)	–	–	–
Share repurchases	–	–	–
Loss of control	–	–	–
Balance as at 28 February 2021	2 749	1 738 109	(68 083)
Share-based payments	–	–	–
Profit for the year	–	–	–
Other comprehensive income	–	–	–
Treasury share purchases	–	–	(4 947)
Treasury shares sold	–	–	858
Distributions to shareholders	–	–	–
Transactions with non-controlling interests	–	–	–
Balance as at 28 February 2022	**2 749**	**1 738 109**	**(72 172)**

Share-based payment reserve R’000	Foreign currency translation reserve R’000	Accumulated retained earnings/ (loss) R’000	Attributable to equity holders of the parent R’000	Non-controlling interest R’000	Employees’ share option scheme reserve R’000	Total R’000
166 794	(31 823)	(567 474)	1 240 272	4 899	676	1 245 847
12 923	–	–	12 923	–	–	12 923
–	–	38 228	38 228	3 101	–	41 329
–	60 605	–	60 605	(321)	–	60 284
–	–	151	151	–	(508)	(357)
–	–	–	–	(7 772)	–	(7 772)
179 717	28 782	(529 095)	1 352 179	(93)	168	1 352 254
17 381	–	–	17 381	–	–	17 381
–	–	116 403	116 403	2 554	–	118 957
–	(5 124)	–	(5 124)	(137)	–	(5 261)
–	–	-	(4 947)	–	–	(4 947)
(858)	–	–	–	–	–	–
–	–	–	–	(1 991)		(1 991)
–	–	–	–	(3 864)	–	(3 864)
196 240	**23 658**	**(412 692)**	**1 475 892**	**(3 531)**	**168**	**1 472 529**

Segment report

for the year ended 28 February 2022

Information reported to the group's executive committee chief operating decision maker (CODM) for the purposes of making key operating decisions, resource allocation and the assessment of segmental performance is focused on the different service offerings and geographical region of operations. The group's reportable segments under IFRS 8 are as follows:

Industrial

This operating segment provides industrial staffing solutions in the "blue collar" and technical areas and places assignees such as engineers, project support staff, artisans, construction workers, logistics, manufacturing and warehousing staff.

Professional

This operating segment provides highly skilled information technology (IT) and digitally focused professionals. It also delivers consulting, project and management services in a number of specialist domains as well as support staffing solutions in "white collar" areas, such as nursing, clerical, administration, office and call centre positions.

Training

This operating segment facilitates training and provides solutions to external clients and support to other Adcorp service lines.

Central

This segment plays a pivotal support role in the execution and the handling of specialised operational services such as finance, human resources, payroll, IT, legal, risk, compliance and marketing. This segment acts as a service centre for all other operating segments in the group in order to identify efficiencies that will reduce costs and create a higher degree of strategic flexibility and support.

Australia

This operating segment includes both Industrial Services and Professional Services, as well as central services as described above combined into one segment as decisions taken relate to the Australian operating business as a whole.

Geographical segmentation

The geographic segment report is disclosed as (a) South Africa and (b) International (being operations in Australia).

Segment operating profit or loss before finance income and finance costs represents the profit or loss earned by each segment without allocation of, central administration costs including directors' salaries, finance income, finance costs, and income tax expense applicable to the central segment, however, includes internal charges between the central and other segments. The finance income and finance costs includes intra-group charges. This is the measure reported to the group's Chief Executive for the purpose of resource allocation and assessment of segment performance. For the purposes of monitoring segment performance and allocating resources between segments the group's Chief Executive monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of other financial assets (except for trade and other receivables) and taxation assets. Goodwill has been allocated to reportable segments as described in note 8.

Transactions between segments follow the group's accounting policies.

No single customer contributes more than 10% of the group's revenues.

Segment report *continued*

for the year ended 28 February 2022

	Industrial	Professional[1]	Training	Australia	Central
	South Africa R'000	South Africa R'000	South Africa R'000	International R'000	South Africa R'000
– Revenue					
– 2022	**4 709 665**	**1 854 921**	**239 764**	**4 708 598**	**–**
– 2021	4 621 131	2 000 039	184 609	4 911 177	–
Internal revenue					
– 2022	**59 515**	**52 995**	**11 388**	**–**	**–**
– 2021	145 150	7 828	12 844	–	5 262
Loss allowances for expected credit losses and bad debts on trade receivables – income/(expense)					
– 2022	**10 081**	**4 642**	**176**	**774**	**–**
– 2021	4 427	20 763	2 738	5 466	2
Operating profit/(loss) before finance income and finance costs[4,5]					
– 2022	**129 246**	**23 906**	**(22 834)**	**69 007**	**47**
– 2021	125 964	668	(21 654)	62 730	(35 508)
Depreciation and amortisation					
– 2022	**2 079**	**17 968**	**7 604**	**23 612**	**37 622**
– 2021	5 617	22 179	11 645	50 333	40 587
Finance income					
– 2022	**3**	**12**	**58**	**–**	**5 170**
– 2021	1 643	80	138	37	14 306
Finance costs					
– 2022	**(276)**	**(80)**	**(670)**	**(5 664)**	**(62 332)**
– 2021	(4 775)	(152)	(1 074)	(8 970)	(91 883)
Impairment expense[6]					
– 2022	**–**	**–**	**–**	**–**	**(2 770)**
– 2021	–	–	–	–	(5 889)
Taxation (expense)/income					
– 2022	**(19 340)**	**(417)**	**5 118**	**(21 549)**	**2 410**
– 2021	(43 082)	(18 948)	(20 575)	(11 598)	71 865

Group – continued operations R'000	Discontinued operations[2] South Africa R'000	Discontinued operations[3] International R'000	Total group R'000	Geographical segments South Africa R'000	Geographical segments International R'000
11 512 948	**11 024**	**–**	**11 523 972**	**6 815 374**	**4 708 598**
11 716 956	128 624	291 538	12 137 118	6 934 402	5 202 716
123 898	**–**	**–**	**123 898**	**123 898**	**–**
171 084	–	–	171 084	171 084	–
15 673	**–**	**–**	**15 673**	**14 899**	**774**
33 396	–	–	33 396	27 930	5 466
199 372	**4 402**	**–**	**203 774**	**134 767**	**69 007**
132 200	44 623	9 389	186 212	114 093	72 119
88 885	**146**	**–**	**89 031**	**65 419**	**23 612**
130 361	3 654	–	134 015	83 682	50 333
5 243	**31**	**–**	**5 274**	**5 274**	**–**
16 204	212	1	16 417	16 379	38
(69 022)	**–**	**–**	**(69 022)**	**(63 358)**	**(5 664)**
(106 854)	(458)	–	(107 312)	(98 342)	(8 970)
(2 770)	**–**	**–**	**(2 770)**	**(2 770)**	**–**
(5 889)	–	–	(5 889)	(5 889)	–
(33 778)	**(1 242)**	**–**	**(35 020)**	**(13 471)**	**(21 549)**
(22 338)	(17 098)	(14 551)	(53 987)	(27 838)	(26 149)

Segment report *continued*

for the year ended 28 February 2022

	Industrial	Professional[1]	Training	Australia	Central
	South Africa R'000	South Africa R'000	South Africa R'000	International R'000	South Africa R'000
Total assets					
– 2022	**839 565**	**448 313**	**100 096**	**1 146 197**	**666 501**
– 2021	884 450	477 594	78 362	1 169 413	710 505
Total liabilities					
– 2022	**372 681**	**159 618**	**138 677**	**471 515**	**585 652**
– 2021	395 155	170 157	133 242	489 475	955 450
Additions to property and equipment					
– 2022	**997**	**147**	**760**	**8 306**	**625**
– 2021	246	572	119	10 808	627
Additions to right-of-use assets					
– 2022	**1 289**	**243**	**11 266**	**5 203**	**–**
– 2021	2 699	2 271	8 117	7 152	7 338
Additions to intangible assets					
– 2022	**–**	**–**	**804**	**–**	**–**
– 2021	–	–	–	980	–

[1] *Includes Zest, which was previously included in the professional segment in the 2021 financial year which is now managed in the industrial segment. The comparatives have been restated to include Zest in the industrial segment.*

[2] *Relates to the trading performance and financial position of Adcorp Support Services Proprietary Limited classified as a discontinued operation in the 2021 financial year and its related asset and liabilities classified as held for sale.*

[3] *Relates to the trading performance and financial position of Dare Holdings Proprietary Limited and Adcorp Singapore Pte Limited being classified as a discontinued operation in the 2020 financial year and their related assets and liabilities classified as held for sale. The results in the 2021 financial year, includes the trading performance of Dare Holdings Proprietary Limited and Adcorp Singapore Pte Limited up until the disposal date being 30 September 2020.*

Group – continued operations	Discontinued operations[2]	Discontinued operations[3]	Total group	Geographical segments	
R'000	South Africa R'000	International R'000	R'000	South Africa R'000	International R'000
3 200 672	**–**	**–**	**3 200 672**	**2 054 475**	**1 146 197**
3 320 324	196 553	–	3 516 877	2 347 464	1 169 413
1 728 143	**–**	**–**	**1 728 143**	**1 256 628**	**471 515**
2 143 479	21 144	–	2 164 623	1 675 148	489 475
10 835	**–**	**–**	**10 835**	**2 529**	**8 306**
12 372	3 364	–	15 736	4 928	10 808
18 001	**–**	**–**	**18 001**	**12 798**	**5 203**
27 577	–	–	27 577	20 425	7 152
804	**–**	**–**	**804**	**804**	**–**
980	–	–	980	–	980

[4] Includes internal charges charged between segments within continued and discontinued operations. As a result, the amounts presented in the segmental report from continuing operations will not agree to the amounts presented in the consolidated statement of profit or loss for continuing operations.

[5] Includes internal charges charged between segments within continued and discontinued operations. As a result, the amounts presented in the segmental report from continuing operations will not agree to the amounts presented in the consolidated statement of profit or loss for continuing operations. In the current financial year, the central segment did not charge the remaining segments financing costs.

[6] Includes impairment on right-of-use assets.

Notes to the audited summarised consolidated financial statements

for the year ended 28 February 2022

1. Independent audit

The summary consolidated financial statements have been derived from the audited consolidated financial statements. The directors of the company take full responsibility for the preparation of the summary group financial statements and that the financial information has been correctly derived and are consistent in all material respects with the underlying audited group financial statements.

The summary consolidated financial statements for the year ended 28 February 2022 have been audited by our auditor, Deloitte & Touche, who has expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated financial statements, which included a key audit matter from which these summarised consolidated financial statements were derived.

A copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report on the consolidated financial statements are available for inspection during office hours 08:00 to 16:00, Monday to Friday, at the company's registered office, Adcorp Place, 102 Western Service Road, Gallo Manor Ext 6, Johannesburg, South Africa, 2191, together with the financial statements identified in the respective auditor's reports.

The auditor's reports do not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the accompanying financial information from the company's registered office.

Any forward looking statements have not been reviewed or reported on by the company's external auditor.

2. General information

The group carries on business in South Africa and Australia with its activities including the permanent recruitment and flexible staffing, professional IT services as well as the provision of business process outsourcing, training and financial services.

3. Basis of preparation

The summarised consolidated financial statements are prepared in accordance with the JSE Listings Requirements for provisional financial statements and the requirements of the Companies Act, No 71 of 2008 of South Africa applicable to summary financial statements. The summarised consolidated financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the consolidated financial statements from which the summary consolidated financial statements were derived, are in accordance with IFRS and are consistent with those accounting policies applied in the preparation of the consolidated audited financial statements for the year ended 28 February 2021 unless otherwise stated.

The summary consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 28 February 2022, which have been prepared in accordance with IFRS and the Companies Act, No 71 of 2008 of South Africa. A copy of the full set of the audited consolidated financial statements is available for inspection from the Company Secretary or can be downloaded from the website: www.adcorpgroup.com/investors/financials.

These summarised consolidated financial statements and the consolidated financial statements were prepared under the supervision of Noel Prendergast CA(SA), in his capacity as Chief Financial Officer and have been audited by the Company's auditor.

4. Going concern

The directors are responsible for evaluating the group's ability to continue as a going concern and as a consequence the appropriateness of the going concern assumption in the preparation of the financial statements. The directors have assessed the economic environment, current financial position, and the group's expected cash flows for the next 12 months through to the end of May 2023.

Solvency

On 28 February 2022, the total assets of the group exceeded the total liabilities by R1 473 million and the current ratio as at 28 February 2022 was 1,5:1. There are no events anticipated in the year ahead that indicate any risk to the group's solvency position.

Liquidity

In assessing the liquidity position, cash flow forecasts were prepared, which took into consideration, the disposal of non-core assets and the extension of debt facilities. This cash flow forecast covered the period up until the end of May 2023. The cash position is monitored daily by management and the group is comfortable with its liquidity levels.

Notes to the audited summarised consolidated financial statements *continued*

for the year ended 28 February 2022

4. Going concern *continued*

Going concern conclusion

Although it is not possible to make an accurate and complete estimate of the full impact that the COVID- 19 pandemic's continued national level restrictions imposed in South Africa will have on the macroeconomic environment within which the group operates, the directors are of the view that there are no known material uncertainties that cast doubt on the group's ability to operate into the foreseeable future. The directors are also satisfied that the group has sufficient resources, or access to resources, to continue with all operating activities for the foreseeable future. Based on this assessment, the directors have no reason to believe that the group will not be a going concern for the foreseeable future.

For this reason, accounting policies supported by judgements, estimates and assumptions in compliance with IFRS are applied on the basis that the group shall continue as a going concern.

5. Discontinued operations

The group disposed of its investment in Adcorp Support Services Proprietary Limited, a wholly owned indirect subsidiary of Adcorp Holdings Limited, which was disclosed as a discontinued operation in the 2021 financial year and the current financial year until the effective date of disposal on 30 March 2021. The disposal is consistent with the group's long-term policy to focus activities on the core businesses of the group and to utilise the proceeds to reduce the group's gearing.

	2022 R'000	2021 R'000
Profit or loss		
Revenue	**11 024**	420 162
Cost of sales	**(4 199)**	(304 934)
Gross profit	**6 825**	115 228
Other income	**158**	1 536
Operating expenses	**(2 356)**	(48 963)
Operating profit before finance income and finance costs	**4 627**	67 801
Finance income	**31**	213
Finance costs	**–**	(458)
Profit before taxation	**4 658**	67 556
Taxation expense	**(1 242)**	(31 650)
Profit after taxation	**3 416**	35 906
Profit on disposal of discontinued operations	**13 950**	–
Total profit for the year from discontinued operations	**17 366**	35 906

The cash flows presented below relate to Adcorp Support Services Proprietary Limited up until the disposal date on 30 March 2021.

5. Discontinued operations *continued*

	2022 R'000	2021 R'000
Net cash inflow from operating activities	**1 572**	88 183
Net cash outflow/(inflow) from investing activities	**7 788**	(3 361)
Net cash outflow from financing activities	**(3 702)**	(3 113)
Net cash inflow from discontinued operations	**5 658**	81 709

6. Earnings per share

The calculation of earnings per share on continuing operations attributable to the ordinary equity holders of the parent is based on profits of R99,0 million (2021: R2,3 million), profit from discontinued operations of R17,4 million (2021: R35,9 million), and ordinary shares of 106 692 859 (2021: 107 400 053), being the weighted average number of shares relative to the above earnings.

	2022	2021
Continuing operations		
Basic earnings per share – cents	**92,8**	2,2
Diluted earnings per share – cents	**87,8**	2,1
Discontinued operations		
Basic earnings per share – cents	**16,3**	33,4
Diluted earnings per share – cents	**15,4**	32,5
Total basic earnings/(loss) per share		
Basic earnings per share – cents	**109,1**	35,6
Diluted earnings per share – cents	**103,2**	34,6
Weighted average number of ordinary shares outstanding during the period	**106 692 859**	107 400 053
Reconciliation of weighted average number of ordinary shares outstanding to the weighted average diluted number of shares outstanding during the period		
Weighted average number of ordinary shares outstanding during the period	**106 692 859**	107 400 053
Adcorp employee share schemes – potential dilution[1]	**12 204 416**	6 354 260
Adcorp employee share schemes – anti-dilutive shares excluded[1]	**(6 102 208)**	(3 177 130)
Diluted weighted average number of shares outstanding during the period	**112 795 067**	110 577 183

Notes to the audited summarised consolidated financial statements *continued*

for the year ended 28 February 2022

6. Earnings per share *continued*

	2022 R'000	2021 R'000
Reconciliation of headline earnings from continuing operations[2]		
Profit for the year	**99 037**	2 322
Loss/(profit) on sale of property and equipment	**2 182**	(7 881)
Taxation recovered on the sale of property and equipment	**(611)**	2 207
Impairment of right-of-use assets and goodwill	**2 770**	5 889
Taxation on impairment of right-of-use asset	**(776)**	(1 649)
(Profit)/loss from the sale of subsidiaries	**–**	(36)
Headline earnings from continued operations	**102 602**	852
Headline earnings per share – cents	**96,2**	0,8
Diluted headline earnings per share – cents	**91,0**	0,8
Reconciliation of headline earnings/(loss) from discontinued operations[2]		
Profit for the year	**17 366**	35 906
Profits from the sale of businesses	**(13 950)**	–
Headline earnings from discontinued operations	**3 416**	35 906
Headline earnings per share – cents	**3,2**	33,4
Diluted headline earnings per share – cents	**3,0**	32,5
Reconciliation of headline earnings from total operations[2]		
Profit for the year	**116 403**	38 228
Loss/(profit) on sale of property and equipment	**2 182**	(7 881)
Taxation recovered on the sale of property and equipment	**(611)**	2 207
Impairment of goodwill and right-of-use assets	**2 770**	5 889
Taxation on impairment of right-of-use asset	**(776)**	(1 649)
Profits from the sale of businesses	**(13 950)**	(36)
Headline earnings	**106 018**	36 758
Headline earnings per share – cents	**99,4**	34,2
Diluted headline earnings per share – cents	**94,0**	33,2

[1] *The dilution of shares results from the potential exercise of options in the employee share scheme. The potential exercise of options considered to be anti-dilutive are excluded.*

[2] *Headline earnings per share is based on the earnings adjusted for the (profit)/loss on the sale of assets, impairment of goodwill and right-of-use assets.*

7. Revenue

Performance obligation	Description	Timing	2022 R'000	2021 R'000
Permanent placement	Permanent placement involves placing candidates in full-time employment with prospective employers. Once candidates are placed, the group has no further obligations to the customer.	Revenue is recognised when placed candidates begin employment.	**73 004**	59 068
Temporary placement	Adcorp provides temporary employment services to customers – the services are described as a "solution". The services contracted include procurement, screening, payroll administration, maintenance of records, management reporting, labour-related matters etc. Additional services may be required on an ad hoc basis, the terms of which are to be agreed upon between the parties.	Revenue is recognised as the services are rendered.	**9 387 825**	9 513 786

Notes to the audited summarised consolidated financial statements *continued*

for the year ended 28 February 2022

7. Revenue *continued*

Performance obligation	Description	Timing	2022 R'000	2021 R'000
Training	The group provides disability, technical, higher and technological training, as well as other ancillary services. There are no contracts with variable consideration components, as well as multiple performance obligations.	Revenue is recognised as the training is provided.	**239 764**	184 609
Outsource-based solutions	This is focused on managing a wide range of business processes through qualified professionals who use automation and optimisation tools to help improve efficiency, reduce operational costs and increase productivity, while capitalising on process automation technologies. This could also include providing clients with contract management and vendor disbursements for client suppliers.	Revenue is recognised once the solution has been delivered to the customer.	**1 812 355**	1 959 493
Total revenue			**11 512 948**	11 716 956

7. Revenue *continued*

Disaggregation of revenue by geographical region

Region	Segment	Performance obligation	2022 R'000	2021 R'000
South Africa			**6 804 350**	6 805 779
	Industrial		**4 709 665**	4 621 131
		Temporary placement	**3 728 716**	3 672 153
		Outsourced-based solutions	**980 949**	948 978
	Professional		**1 854 921**	2 000 039
		Temporary placement	**994 237**	953 103
		Permanent placement	**29 280**	36 421
		Outsourced-based solutions	**831 404**	1 010 515
	Training			
		Training	**239 764**	184 609
Australia			**4 708 598**	4 911 177
	Australia		**4 708 598**	4 911 177
		Temporary placement	**4 664 872**	4 888 530
		Permanent placement	**43 726**	22 647
Total revenue			**11 512 948**	11 716 956

The timing of revenue recognition is as follows:

	2022 R'000	2021 R'000
Over time	**9 627 589**	9 698 395
At a point in time	**1 885 359**	2 018 561
Total revenue	**11 512 948**	11 716 956

In certain cases the group uses output-based methods to determine when the revenue for performance obligations is recognised over time.

Notes to the audited summarised consolidated financial statements *continued*

for the year ended 28 February 2022

8. Goodwill

An annual impairment test was performed on the 28 February 2022 for all CGU's. No impairment was recognised in the current financial year (2021: Rnil impairment was recognised).

Reconciliation of beginning and ending balance

	2022 R'000	2021 R'000
Cost		
Opening balance at the beginning of the year	1 482 783	1 591 176
Foreign currency movement	(14 493)	40 263
Classified as held for sale	–	(148 656)
Closing balance at the end of the year	1 468 290	1 482 783
Impairments		
Opening balance at the beginning of the year	(955 567)	(955 567)
Closing balance at the end of the year	(955 567)	(955 567)
Carrying amount at the end of the year	512 723	527 216
After recognition of impairment losses, the carrying amount of goodwill is attributable to the following CGUs:		
Industrial Services	83 109	83 109
Adcorp BLU, a division of Adcorp Workforce Solutions Proprietary Limited	83 109	83 109
Professional Services	128 612	128 612
Paracon a division of Fortress Administration Proprietary Limited	128 612	128 612
Australia	301 002	315 495
Australia Group of Companies	301 002	315 495
Total	512 723	527 216

8. Goodwill *continued*

Reconciliation of beginning and ending balance *continued*

The table below illustrates the pre-tax discount rate, growth rates and terminal growth rate used in the valuation calculation to determine the headroom for each CGU.

Segmental CGU	Pre- tax discount rate		Growth rates range		Terminal growth rate		Headroom	
	2022 %	2021 %	**2022 %**	2021 %	**2022 %**	2021 %	**2022 R'000**	2021 R'000
Industrial								
BLU	**24,4**	25,9	**5 – 9**	5 – 17	**2,5**	2	**122 000**	127 000
Professional								
Paracon	**24,2**	24,8	**5 – 12**	5 – 19	**2,5**	2	**45 000**	212 000
Australia								
Paxus	**17,1**	16,4	**2 – 12**	2 – 13	**2**	2	**347 000**	411 000
TalentCru	**20,0**	16,4	**2 – 10**	2 – 26	**2**	2	**66 000**	51 000
Labour Solutions	**17,1**	19,3	**2 – 10**	5 – 14	**2**	2	**45 000**	156 000

Sensitivity analysis

The impairment calculations are most sensitive to the following assumptions:

- Discount rates
- Terminal growth rates
- Growth rates applied to revenue and earnings before interest, taxes,depreciation and amortisation (EBITDA) and EBTDA margins.

Appropriate sensitivity analyses were performed on all CGUs, which included fluctuations in growth rates applied to revenue, earnings before interest, taxes, depreciation and amortisation (EBITDA) in the cash flow forecast, terminal growth rates and discount rates.

Notes to the audited summarised consolidated financial statements *continued*

for the year ended 28 February 2022

8. Goodwill *continued*

Industrial segment CGUs

BLU

A change of 10% in growth rates applied to revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) in the cashflow forecast would result in a valuation difference of R64 million (2021: R85 million), which would not result in an impairment if the deviation in earnings is negative (2021: Rnil).

A change of 1% of the discount rate would result in a R28 million (2021: R17 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2021: Rnil million).

A change of 1% of the terminal growth rate would result in a R18 million difference in the valuation, which would not result in an impairment if the rate decreased by 1%.

Professional segment CGUs

Paracon a division of Fortress Administration Proprietary Limited

A change of 10% in growth rates applied to revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) in the cashflow forecast would result in a valuation difference of R37 million (2021: R53 million), which would not result in an impairment if the deviation in earnings is negative (2021: Rnil).

A change of 1% of the discount rate would result in a R20 million (2021: R13 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2021: Rnil million).

A change of 1% of the terminal growth rate would result in a R13 million difference in the valuation, which would not result in an impairment if the rate decreased by 1%.

Australia segment CGUs

Paxus Australia

A change of 10% in growth rates applied to revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) in the cashflow forecast would result in a valuation difference of R133 million (2021: R141 million) which would not result in an impairment if the deviation in earnings is negative.

A change of 1% of the discount rate would result in a R74 million (2021: R48 million) difference in the valuation, which would not result in an impairment if the rate increased by 1%.

A change of 1% of the terminal growth rate would result in a R44 million difference in the valuation, which would not result in an impairment if the rate decreased by 1%.

TalentCru Proprietary Limited in Australia

A change of 10% in growth rates applied to revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) in the cashflow forecast would result in a valuation difference of R12 million (2021: R10 million) which would not result in an impairment if the deviation in earnings is negative.

8. Goodwill *continued*

TalentCru Proprietary Limited in Australia continued

A change of 1% of the discount rate would result in a R7 million (2021: R36 million) difference in the valuation, which would not result in an impairment if the rate increased by 1%.

A change of 1% of the terminal growth rate would result in a R5 million difference in the valuation, which would not result in an impairment if the rate decreased by 1%.

Labour Solutions Australia

A change of 10% in growth rates applied to revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) in the cashflow forecast would result in a valuation difference of R24 million (2021: R34 million), which would not result in an impairment if the deviation in earnings was negative.

A change of 1% of the discount rate would result in a R19 million (2021: R13 million) difference in the valuation, which would not result in an impairment if the rate increased by 1%.

A change of 1% of the terminal growth rate would result in a R9 million difference in the valuation, which would not result in an impairment if the rate decreased by 1%.

9. Interest-bearing liabilities

	Interest rate	Maturity	**2022 R'000**	2021 R'000
Non-current interest-bearing liabilities			**348 493**	769 658
ZAR revolving credit facility	Johannesburg Interbank Agreed Rate (JIBAR) + agreed margin[1]	31 May 2022	**–**	400 000
Lease liabilities	Incremental borrowing rate (IBR)		**348 493**	369 658
Current interest-bearing liabilities			**208 808**	131 104
ZAR revolving credit facility	JIBAR + agreed margin[1]	31 August 2022	**100 000**	50 000
AUD borrowing base facility	Base rate[2] + margin	10 March 2024	**33 336**	5 823
Lease liabilities	IBR		**75 472**	75 281
Total			**557 301**	900 762

[1] The margin is determined on each measurement date being the last day of each financial quarter with reference to the agreed leverage ratio. The rate ranges between 3,4% and 5,2% on the ZAR revolving credit facility.

[2] The base rate is determined with reference to the Australian Reserve Bank rates at the time of drawdown. The rate ranges between 1,0% and 1,6% on the Australian borrowing base facility.

Notes to the audited summarised consolidated financial statements *continued*

for the year ended 28 February 2022

9. Interest-bearing liabilities *continued*

In the prior year, the group restructured its facilities to include a revolving credit facility of R850 million ("ZAR revolving credit facility") originally maturing on 31 May 2022 and an accordion facility of R150 million which matures three months following the commencement of the availability period for the accordion facility which shall be no later than 31 May 2022. The ZAR revolving credit facility reduced automatically to R400 million on 1 July 2021, with an extension granted on the facility to 31 August 2022.

The AUD borrowing base facility consists of a revolving borrowing base facility of AUD20 million that was expected to mature on 30 June 2022.

On 23 March 2022, the lenders of the Australian operations interest – bearing borrowings agreed to extend the Revolving Borrowing Base facility maturity date until 10 March 2024 at a revised margin of 1,6% (note 14).

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. The facility is expected to mature in three years from the effective date and will be used to fund its working capital requirements.

As security for the South Africa and Australia loan facilities granted to the Group, a shared security agreement was entered into that holds a cession over the trade receivables between specified operating subsidiaries of the Adcorp Group.

10. Management of capital

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of debt, which includes the interest-bearing borrowings, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The group's investment committee has considered the cost of capital and the risks associated with each class of capital. The Group's favourable leverage ratio is 19,5% (2021: 1,3%). The gearing ratio is determined as net debt (being interest-bearing borrowings less unrestricted cash and cash equivalents) excluding finance leases as a percentage of total equity. The investment committee believes that the appropriate leverage ratio for the nature of the business is the gross debt-to-EBITDA ratio and has a target of 1,0x. This is reviewed on an ongoing basis as the strategic transformation of the group progresses.

11. Financial instruments by category

	2022 R'000	2021 R'000
Financial assets		
Other financial assets – investment at fair value	**19 597**	18 971
Trade receivables – amortised cost	**1 336 354**	1 377 823
Other receivables – amortised cost	**82 355**	56 809
Cash and cash equivalents – amortised cost	**420 355**	473 932
Financial liabilities		
Lease liabilities – amortised cost	**423 965**	444 939
Interest-bearing borrowings – amortised cost	**133 336**	455 823
Bank overdraft – amortised cost	**–**	87
Trade and other payables – amortised cost	**317 441**	361 487

12. Financial risk management

12.1 Financial risk management objectives

The group's activities expose it to a variety of financial risks such as market risk (including foreign currency exchange risk), interest rate risk, credit risk and liquidity risk. The group's executive and head office treasury function provides services to the business, co-ordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the group. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The head office treasury function reports quarterly to the board, which monitors risks and policies implemented to mitigate risk exposures.

The table below analyses the impact on the group's revenue, post-tax profit and assets/liabilities. The analysis is based on the assumption that the ZAR had strengthened/weakened by 10% against the foreign currency with all variables held constant.

	Rand weakened		Rand strengthened	
	2022 R'000	2021	2022 R'000	2021
Impact on revenue				
AUD	**470 861**	491 118	**(470 861)**	(491 118)
Impact on profit/(loss) after tax				
AUD	**4 179**	3 704	**(4 179)**	(3 704)
Impact on assets/liabilities				
AUD	**83 014**	80 651	**(83 014)**	(80 651)

Notes to the audited summarised consolidated financial statements *continued*

for the year ended 28 February 2022

12. Financial risk management *continued*

12.2 Foreign currency management

The group was exposed to foreign currency exchange movements related to the investment carried at amortised cost in the prior financial year and cash and cash equivalents denominated in US dollars in the current and prior financial year.

At 28 February 2022, in respect of the cash and cash equivalents denominated in US dollars, if the South Africa Rand had weakened/strengthened 5% against the US dollar, with all other variables held constant, profit or loss for the year would have increased/decreased by R4 million (2021: R3 million).

12.3 Interest risk management

The group is exposed to interest rate risk because it has interest-bearing borrowings (note 9) that attract interest at a floating rate.

At 28 February 2022, if interest rates had been 1% higher/lower and all other variables were held constant, the profit or loss for the year would have decreased/increased by R1 million (2021: decreased/increased by R5 million).

The sensitivity analyses have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting year. The analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

12.4 Credit risk management

The maximum exposure to credit risk is represented by the carrying amount of trade receivables and short-term cash and cash equivalents.

Before accepting any new customer, the South African operations make use of an external credit bureau to assess the potential customer's credit quality and defines credit limits by customer, whereas, Australia only make use of an external credit bureau when vetting customers that trade outside of professional sectors. Customers that trade within professional services are usually government, tier 1 agencies or well-known and established entities within our geography, as such, they are subject to contract review only and not credit sign off.

A customer is considered to be in default when the amount based on customer credit terms is due but is unpaid. The group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

The group's credit terms to clients range between seven to 180 days with an average collection period of 38 days (2021: 38 days) and no interest is charged on the trade receivables.

The group only deposits short-term cash surpluses with financial institutions of high-quality credit standing.

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

12. Financial risk management *continued*

12.5 Liquidity risk management

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The group has undrawn variable rate facilities of R661 million (2021: R835 million). Cash and cash equivalents as at 28 February 2022 is R420 million (2021: R474 million). Included in cash and cash equivalents is restricted cash held in Angola of R89 million (2021: R67 million).

12.6 Maturity analysis of non-derivative financial liabilities (including interest)

	2022 R'000	2021 R'000
Trade and other payables	**317 441**	361 487
Interest-bearing borrowings	**133 336**	55 823
Lease liabilities	**80 396**	83 240
Total due within one year	**531 173**	500 550
After one year but within two years	**75 002**	475 258
After two years but within three years	**68 959**	69 869
After three years but within four years	**62 037**	66 465
After four years but within five years	**62 797**	60 806
After five years	**352 679**	415 367
Total due after one year	**621 474**	1 087 765
Total debt	**1 152 647**	1 588 315

Notes to the audited summarised consolidated financial statements *continued*

for the year ended 28 February 2022

12. Financial risk management *continued*

12.7 Financial instruments measured at fair value

Some of the group's financial assets are measured at fair value at the end of each reporting period. The primary valuation models utilised by the group for valuing unlisted portfolio investments are market-related net asset value of investments. The market-related net asset value used is dependent on independent third party valuations. The following table gives information about how the fair value of these financial assets are determined (in particular, the valuation technique(s) and inputs used):

	2022 R'000	2021 R'000	Valuation technique(s) and key inputs	Fair value hierarchy	Relationships of unobservable inputs to fair value
Investment – fair value	**19 597**	18 971	Fair value – market valuation	Level 3	The fair value is determined based on the net asset value of the insurance cell captive at the reporting date. The net asset value is determined from financial information received from the insurer

13. Contingent liabilities and commitments

The bank has issued guarantees R24 million (2021: R26 million) on behalf of the group, to creditors. The group has commitments relating to information technology development of R11 million.

14. Events after the reporting period

Debt refinance in South Africa

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. The facility is expected to mature in three years from the effective date and will be used to fund its working capital requirements.

It matures in three years. The facility will be used to fund working capital requirements.

Debt extension in Australia

On 23 March 2022, the lenders of the Australian operations interest – bearing borrowings agreed to extend the revolving borrowing base facility maturity date until 10 March 2024.

15. Dividends

15.1 Dividend paid

No dividends were paid in the current financial year (2021: Rnil million)

15.2 Dividend declared

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 be dematerialised or rematerialised between Wednesday, 17 August 2022 and Friday, 19 August 2022, both dates inclusive.

Independent auditor's report on summarised consolidated financial statements

To the shareholders of Adcorp Holdings Limited

Opinion

The summarised consolidated financial statements of Adcorp Holdings Limited, which comprise the summarised consolidated statement of financial position as at 28 February 2022, the summarised consolidated statements of profit and loss, other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Adcorp Holdings Limited for the year ended 28 February 2022.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Adcorp Holdings Limited, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 3 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other Matter

We have not audited future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

Summarised Consolidated Financial Statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Adcorp Holdings Limited and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 30 May 2022. That report also includes communication of a key audit matter as reported in the auditor's report of the audited financial statements.

Directors' Responsibility for the Summarised Consolidated Financial Statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 3 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, *Interim Financial Reporting*.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

DocuSigned by:

Deloitte & Touche

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Deloitte & Touche
Registered Auditors

Per: T Marriday
Partner
30 May 2022

5 Magwa Crescent
2066 Midrand
South Africa

Corporate information

Adcorp Holdings Limited

Registration number 1974/001804/06
Listed 1987
Share code: ADR
ISIN: ZAE000000139
Website: www.adcorpgroup.com

JSE sponsor

PSG Capital
1st Floor Ou Kollege
35 Kerk Street, Stellenbosch
Tel: +27 (0) 21 887 9602
Email: info@psgcapital.com

Registered office

Adcorp Holdings Limited
Adcorp Place
102 Western Service Road
Gallo Manor Ext 6
Johannesburg, South Africa, 2191
PO Box 70635, Bryanston
Johannesburg, South Africa, 2021
Tel: +27 (0) 10 800 0000
Email: info@adcorpgroup.com

Company Secretary

Lisa Laporte
Adcorp Place
102 Western Service Road
Gallo Manor Ext 6
Johannesburg, South Africa, 2191
PO Box 70635, Bryanston
Johannesburg, South Africa, 2021
Tel: +27 (0) 10 800 0000
Direct: +27 (0) 10 800 0786
Email: lisa.laporte@adcorpgroup.com

Investor relations

Singular Systems
Michèle Mackey
25 Scott Street, Waverley
Johannesburg, South Africa, 2090
PO Box 785261, Sandton, 2146
Tel: +27(0) 10 003 0661
Email: michele@singular.co.za

Transfer secretaries

4 Africa Exchange Registry Proprietary Limited
Hill On Empire, 4th Floor, Building A,
16 Empire Road, Parktown, Johannesburg,
South Africa, 2193
Tel: +27 (0) 11 100 8352
Email: adcorp@4axregistry.co.za

Auditors

Deloitte & Touche
5 Magwa Crescent
Midrand 2066
South Africa