adcorp

Connecting Human Potential

2024

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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www.adcorpgroup.com

FY2024
Salient features

REVENUE
from continuing operations

R13,0bn
2023 R12,0bn
7,7%

GROSS PROFIT
from continuing operations

R1,26bn
2023 R1,28bn
2,0%

OPERATING PROFIT
before finance income and finance costs

R128,7m
2023 R163,9m
21,5%

PROFIT FOR THE YEAR

R88,0m
2023 R40,8m
115,9%

TOTAL EARNINGS PER SHARE

83,8 cents
2023 37,3 cents
124,7%

TOTAL HEADLINE EARNINGS PER SHARE

83,8 cents
2023 61,1 cents
37,2%

TOTAL EARNINGS PER SHARE
from continuing operations

83,8 cents
2023 114,7 cents
27,0%

TOTAL HEADLINE EARNINGS PER SHARE
from continuing operations

83,8 cents
2023 147,8 cents
43,3%

NET CASH POSITION*
reduced to

R204m
2023 R312m

FINAL DIVIDEND DECLARED
per share

24,2 cents
2023 16,5 cents

B-BBEE
Level 1 rating
MAINTAINED FOR SOUTH AFRICAN OPERATIONS

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

Commentary

Company profile

Adcorp Holdings Limited (Adcorp or the Company) and its subsidiaries (Group or Adcorp Group) is a workforce solutions provider committed to unlocking human potential to shape the future of markets, economies, and society as a whole. Operating in both South Africa and Australia, Adcorp employs over 1,700 permanent employees and more than 45,000 contingent and contractor employees daily. As one of the 100 largest listed staffing companies globally and the largest on the African continent, Adcorp proudly supports its clients through distinct and iconic brands, some of which have almost 30 to 50 years' experience in the market, each contributing value propositions that align with a customer's entire workforce lifecycle.

Our strategy is rooted in our purpose to enable agile, focused, and skilled workforces for the future of our clients. Our values of respect, teamwork, customer centricity, agility, and diversity and inclusion underscore our commitment to fostering enduring relationships with our clients, candidates, and employees. Every day, we serve over 2,900 clients across hundreds of sites spanning two continents, touching the lives of more than 150,000 people. Our legacy is to positively contribute to the lives of people and the communities and countries we operate in.

Adcorp has secured the market of blue-chip clients across various sectors, remaining as the preferred supplier and partner for workforce solutions, achieving record customer-satisfaction scores and industry awards. As we approach our 50th year of operation and celebrate 36 years of listing on the Johannesburg Stock Exchange, these milestones underscore our profound contribution, longevity, and resilience in the ever-evolving staffing industry. Our commitment to delivering stable dividends reflects our confidence in the sustainability of our business model and our dedication to providing value to our stakeholders.

Introduction

We are proud of several significant achievements during the year. We have grown Group sales, achieved record customer satisfaction scores, employee engagement has lifted, staff retention has improved, and our brands have garnered numerous awards. The Group continues to benefit from geographically-diversified earnings and cash flows. Adcorp remains debt-free, and working capital has been well managed. Our strong balance sheet in a weak macro-economic environment creates valuable capacity for Adcorp to weather difficult times and remain opportunistic.

We are pleased with the performance achieved across several areas of the business, most notably Contingent Staffing in both South Africa and Australia. Persistent load shedding and other infrastructure issues in South Africa led companies to seek more flexible staffing solutions, thereby boosting demand for our services. The Australian market continues to grapple with blue-collar labour shortages, which in turn has driven demand for Adcorp's contingent staffing offering. Contingent Staffing Australia remains the fastest-growing division in the group.

Globally, staffing markets have faced headwinds, and Adcorp has not been an exception. This was a challenging year for the Professional Services South Africa division. The expected recovery in white collar temporary and permanent placements has not yet materialised, and this impacted performance in the current year. The performance of Professional Services Australia was affected by similar market dynamics, but to a lesser degree. These divisions remain well placed for a recovery in their respective markets.

We announced our Brandshift Adcorp strategy three years ago, which refocused Adcorp into a staffing and outsourcing business with a decentralised operating model and a brand-centric customer focus. We have made huge strides on this journey and the delivery of top-line growth validates our strategic changes. Our unwavering commitment to service excellence, brand integrity, and the dedication of our exceptional team have remained steadfast.

Financial overview

The Group's revenue from continuing operations increased by 7,7% from R12,0 billion to R13,0 billion during the year. This marks the second consecutive year of annual revenue growth, a milestone not achieved since the 2016 financial year, particularly noteworthy amid widespread reductions among local and global workforce solution companies. The Group, however, encountered gross margin contraction across several of its brands, declining overall from 10,6% to 9,7%, leading to a slight decrease in gross profit to R1,26 billion from R1,28 billion.

Despite well controlled operating costs, this gross margin contraction had an outsized impact on the profit for the year from continuing operations, resulting in a decrease of 27,1% to R88,0 million (2023: R120,8 million).

Cash generated by operations before working capital changes was resilient, decreasing only slightly to R247,9 million from R274,3 million in 2023. Revenue growth necessitated a net investment in working capital of R124,1 million and the Group's days sales outstanding (DSO) increased only marginally to 37 days year-on-year (2023: 36 days). The Group's consolidated net cash (excluding restricted cash in Angola) ended at R204,2 million (2023: R311,7 million). This is after a share buy-back programme of R6,8 million, payment of ordinary dividends totalling R27,4 million and a special dividend of R100,4 million aligned with the Group's capital allocation framework.

The Group's effective tax rate from continuing operations was 2,1%, largely driven by a non-recurring deferred taxation liability reversal, utilisation of assessed losses and the tax benefits of ETI income and learnerships. As at 29 February 2024, total tax losses not recognised were R788,9 million (2023: R736,7 million) and those recognised were R223,9 million (2023: R182,6 million).

Liquidity and cash flow

The South African facilities include a revolving credit facility of R150 million (ZAR revolving credit facility), an overdraft facility of R100 million and an accordion facility of R100 million, which was effective from 1 September 2022 and matures in three years from the effective date. The Australian borrowings consists of a revolving borrowing facility, a letter of credit, a bank guarantee and set-off facility amounting to AU$25 million that would have matured on 10 March 2024; however, an extension was granted to 10 September 2024. A new facility is currently being negotiated. Neither facility was utilised at year end.

Contingent Staffing SA

Demand for contingent staffing in BLU remained robust throughout the year. Persistent load shedding and other infrastructure issues in South Africa led companies to seek more flexible staffing solutions, lifting demand for our services. At the commencement of FY2024, aligned with the Brandshift Adcorp strategy, we separated the Contingent Staffing and Functional Outsourcing brands into distinct divisions and integrated PMI into Contingent Staffing. The incorporation of PMI into Contingent Staffing to leverage synergies between blue-collar staffing and training has yielded significant dividends, with strong growth achieved in PMI.

Margin compression was experienced within this division as clients sought cost savings to address their own business challenges. Although the division's operating costs were well-contained, these measures were not sufficient to fully offset gross margin pressure. Gross margin upliftment remains the subject of several internal initiatives. In line with the strategy to drive growth, we have re-entered the hospitality sector with the relaunch of the ZEST brand, supported by the resurgence of tourism, particularly in the Western Cape. We have also incorporated occupational health as a lateral expansion, and these strategic moves have resulted in growth and earn superior margins compared to our core contingent staffing.

Professional Services SA

Paracon achieved revenue growth for the first time in six years, driven by strategic and operational changes. The strategic acquisition of Jobvine positions Adcorp as a significant player in the burgeoning gig economy, enabling us to tap into a market of contractors, gig workers, and freelancers, further diversifying our revenue streams.

Responding to client demand, we revitalised iconic brands like Kelly and DAV, both recognised as leading brands in their sectors. At the start of the year, indications pointed to a recovery in permanent placement, and we invested accordingly. Unfortunately, this recovery has not yet materialised, as evidenced by South Africa's worsening unemployment rate. Nonetheless, we believe that our investment in brands such as DAV and Kelly has positioned us well for a recovery in this market. TalentCRU, which focuses on MSP and RPO did not experience similar demand for this higher margin business compared to the prior year.

Charisma continues to be impacted by a shortage of nurses, despite client demand. Torque IT delivered satisfactory results considering prevailing market conditions, as corporates continue to curtail training expenditure. Revenue from Quest was similar to the prior year, however margin contraction and higher costs did lead to lower earnings.

Customer satisfaction scores reached record highs, and the division's brands won 19 awards in the annual PMR awards, recognising exceptional customer experience. Staff turnover also declined significantly.

This was, however, a challenging year for the professional services division in South Africa as a whole as global headwinds in white-collar and permanent staffing solutions significantly impacted South Africa. Many sectors experienced cutbacks, headcount freezes, and redundancies as clients reduced costs in response to persistent economic downturns. Consequently, revenue for this division remained flat compared to the prior year. The anticipated return of the high-margin permanent placement business has not yet materialised due to ongoing challenging employment conditions in South Africa.

Margin compression was most acutely felt in this division. The absence of a recovery in the permanent placement market, a shift in product demand towards lower-margin services, and volume reductions associated with job freezes and headcount reductions led to a substantial reduction in gross profit. Despite significant cost-saving initiatives, the division was unable to fully offset the margin decline, resulting in results that were materially below the prior year. Amidst these challenges, the aforementioned key strategic advancements have established a strong foundation for the future.

Functional Outsourcing

Strong new sales growth was achieved by the Functional Outsourcing division. Revenue decline in a major client was offset by new client wins, resulting in flat revenue compared to the prior year. However, decision-making by clients on significant outsourcing opportunities slowed as they remained cautious ahead of the national election in May 2024. Throughout the year, margins were under pressure as FMCG clients struggled with rising costs related to load shedding and reduced demand from financially constrained consumers. Logistics clients also experienced a decline in demand in the context of domestic growth in South Africa.

Aligned with the Brandshift Adcorp strategy, we continue to pursue growth, higher margins, and revenue diversification. During the year, we expanded into the BPO sector with the launch of the Telvuka brand. This new brand positions the division well for growth in this sector of South Africa's economy, where global demand for South Africa's skilled and English-speaking youth and a weak currency make South Africa an attractive destination for foreign companies seeking to outsource contact centre operations. The core FunxionO brand delivered double-digit revenue growth, with a focus on more specialised offerings yielding positive results.

Commentary continued

Professional Services AUS

In our professional services division, Paxus, our technology and digital talent brand, celebrated its 50th anniversary – a testament to its enduring presence in the industry. The technology and digital sector faced numerous headwinds, which also impacted Paxus. Subdued demand in permanent recruitment persisted throughout the year, coupled with challenging market dynamics in the contracting space. Despite these adversities, Paxus demonstrated agility through a continued focus on new business expansion, securing several large customers across Banking and Finance, State and Federal Government, and the Digital sector.

Many industry demand dynamics in South Africa also manifested in Australia. The division experienced a decline in demand for IT contracting resources, influenced by global trends that emerged at the end of 2022. Client product mix shifted as clients opted for cost-effective resources with lower margins. Early optimism at the start of the year that the high-margin permanent placement business would return has not yet materialised, significantly impacting gross margins. Strategically, the division expanded into RPO and secured initial wins in this space while also growing its Talent Solutions business, onboarding several new projects in both the private and government sectors.

Contingent Staffing AUS

Our blue-collar contingent staffing business reported stellar top-line and gross profit growth. This success was driven by numerous significant wins, including new contracts with major manufacturing, industrial and healthcare clients. Demand for agricultural and protein products, fuelled by increased exports, underpinned the growth in demand for services through the LSA brand, particularly utilising the PALM scheme. Gross margins remained robust. LSA's commitment to excellence was recognised by being named a finalist in the prestigious category of 'Outstanding Progress in Diversity, Equity, and Inclusion' at the Seek Annual Recruitment Awards. This recognition underscores our dedication to creating a diverse and inclusive workforce.

Aligned with our strategy to diversify, LSA launched LSA Health, which gained strong traction in the market as the demand for aged care workers persisted. The Australian market continues to grapple with increasing blue-collar labour shortages, a trend expected to persist in the short to medium term. Currently, growth rates in contingent staffing are constrained more by a shortage of housing to accommodate workers in remote areas than by a shortage of demand, and we are actively addressing this constraint. This division is strategically positioned to capitalise on existing and new opportunities as we move forward.

Outlook

In Australia, inflation is coming under control, growth is picking up, and interest rates are expected to moderate, creating a favourable economic outlook. The easing of tensions between China and Australia has boosted exports, driving demand for our contingent staffing services. There is a growing shortage of blue-collar workers in Australia, a gap that can largely be filled by migrant workers. To maximise this potential, we continue to invest in our contingent staffing division. In response to relative underperformance in our professional services division in Australia during FY2024, we have initiated a repositioning of our brand. This includes deploying a new operating model, leadership changes, and a fresh approach to market. While repositioning costs will be incurred in FY2025, these strategic changes are expected to significantly enhance our performance moving forward.

In South Africa, the business environment remains somewhat challenging. The solid performance of our Contingent Staffing and Functional Outsourcing divisions demonstrates our ability to navigate and adapt to the evolving business landscape. Easing inflation, and a softening of interest rates would be positive for the SA consumer and for business confidence more broadly. The current positive market conditions for Contingent Staffing are likely to persist, giving us optimism for continued growth in that division, and Functional Outsourcing is increasingly converting its strong sales pipeline into notable wins. In response to the underperformance of the Professional Services SA division during FY2024, we have initiated a restructuring of the division, with tangible operational improvements and cost savings identified. This division remains very well placed for a recovery in white collar contingent and permanent placements in SA.

We continue to focus on executing portfolio optimisation, which may involve the disposal of non-core brands, and we remain actively on the lookout for bolt-on acquisition opportunities in our high-growth areas. We will continue to prioritise cost control and cost reduction across the group, setting specific targets for annualised cost savings in FY2025.

In conclusion, our various strategic initiatives should begin to yield positive results, setting a strong foundation for future growth. Our contingent staffing businesses are well positioned in their respective markets and growth is expected to continue. We remain optimistic about growth in the new sectors and products we launched in FY2024 and continue to focus on achieving sustainable growth and delivering long-term shareholder value. We maintain our steadfast focus on unlocking human potential to shape the future of markets, economies, and society as a whole.

By order of the board

31 May 2024

Directors' responsibility for the consolidated annual financial statements

To the shareholders of Adcorp Holdings Limited

The directors are required in terms of the Companies Act 71 of 2008 ("Companies Act") to maintain adequate accounting records and are responsible for the content and integrity of the annual consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa. The external auditor is engaged to express an independent opinion on the consolidated financial statements.

The audited consolidated financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), the Companies Act of South Africa and the JSE Listings Requirements, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a robust control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control to reduce the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be entirely eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the internal control system provides reasonable assurance that the financial records may be relied on for the preparation of the audited consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the cash flow forecast for the 12 months from approval of the consolidated financial statements to 31 May 2025 and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the audited consolidated financial statements. The audited consolidated financial statements have been examined by the external auditor and their report is presented on pages 14 to 16.

The audited consolidated financial statements set out on pages 17 to 87, which have been prepared on the going concern basis, were approved by the directors on 31 May 2024 and are signed on their behalf by:

John Wentzel
Chief Executive Officer

31 May 2024

Chief Executive Officer and Chief Financial Officer responsibility statement

Each of the directors, whose names are stated below, hereby confirm that:

(a) The annual financial statements set out on pages 17 to 87, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;

(b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the issuer;

(d) The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) Where we are not satisfied, we have disclosed to the audit and risk committee and the auditor any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies/taken steps to remedy the deficiencies; and

(f) We are not aware of any fraud involving directors.

John Wentzel
Chief Executive Officer

31 May 2024

Noel Prendergast
Chief Financial Officer

31 May 2024

Company Secretary compliance statement

I certify that, to the best of my knowledge and belief, the Company and its subsidiaries has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns as are required of a public company in terms of the Companies Act 71 of 2008, as amended, in respect of the year ended 29 February 2024 and that all such returns appear to be true, correct and up to date.

Newton Chipswa
Interim Company Secretary

31 May 2024

Report of the audit and risk committee

for the year ended 29 February 2024

Dear Stakeholders

The Group's audit and risk committee (the committee or ARC) presents its report for the financial year ended 29 February 2024. The committee is an independent statutory committee, whose duties are delegated to it by the board of directors. The committee's duties and objectives, allow it to discharge its statutory and other board-delegated duties in keeping with its terms of reference. These duties are briefly set out in this report. The committee performs the requisite statutory functions on behalf of all subsidiaries within the Group.

Composition, meetings and assessment

The four members of the ARC were recommended by the board to the shareholders and were formally appointed at the previous annual general meeting (AGM) held on 27 July 2023.

T Mokgabudi *(Chairman)*
H Singh
M Lubega
R van Dijk

As provided for in the ARC's terms of reference, closed sessions are arranged at least once a year with key relevant parties to ensure confidential assessments and discussions can occur. Six (6) committee meetings were held during the year, of which two (2) were special meetings and four (4) were ordinary meetings.

Roles and responsibilities

The committee is satisfied that it has executed its responsibilities in keeping with the requirements of the Companies Act of South Africa, the JSE Listings Requirements and the recommendations of King IV, as well as additional requirements prescribed by its terms of reference, as approved by the board of directors. The ARC's key areas of responsibility include:

- Perform and fulfil the committee's duties pursuant to section 94 of the Companies Act and its responsibilities as set out in paragraph 3.84(g) of the JSE Listings Requirements, including the appointment and the assessment of the independence of the external auditor;
- Overseeing the integrated reporting process and assessing disclosures made to all stakeholders, which includes the consolidated financial statements for the year under review;
- Overseeing and evaluating the governance of risk and compliance and the related internal control environment, and considering the recommendation of the internal auditors in respect of the effectiveness of the system of internal controls;
- Monitoring and assessing all internal and external assurance providers and the non-audit services rendered during the year;
- Assessing key audit matters;
- Assessing the expertise and experience of the CFO and the resources within the financial function; and
- Reviewing and recommending the consolidated financial statements for approval by the board.

In order to execute her responsibilities, the Chairman of the committee met separately during the course of the year with the CFO, the Company Secretary, management, and the internal and external auditors.

External auditor appointment and independence

The committee has satisfied itself that the appointment of the external auditor has been made in accordance with the provisions of section 22 of the JSE Listings Requirements and that all requisite information in this regard has been received to enable it to arrive at this consensus.

The committee resolved to recommend to the shareholders that KPMG be appointed as the Group's registered external auditor for the 2025 financial year. Mr Fred von Eckardstein has been recommended as the designated individual auditor for Adcorp Holdings Limited for the 29 February 2024 engagement and beyond, replacing Mrs Giuseppina Aldrighetti. Subsequent to the removal of the Auditor Accreditation Model from the JSE Listings Requirements in late 2023, the ARC performed specific additional procedures to ensure the suitability of KPMG as the group external auditor.

The committee satisfied itself that the external auditor of the Group is independent. The requisite assurance was sought and provided by the auditor that the internal governance processes within the audit firm support and demonstrate its claim to independence.

The committee, in consultation with executive management, agreed to the engagement letter terms, audit plan, including the materiality levels proposed, and budgeted audit fees for the year under review. There is a formal procedure and policy that governs the process whereby the auditor is considered for non-audit services.

Report of the audit and risk committee continued

for the year ended 29 February 2024

External auditor appointment and independence continued

The committee continuously assesses the impact of the overall audit professional environment and current challenges. The external auditor shared their significant risk and focus areas and responses thereto. The committee thus satisfied itself of the continued independence and competence of the auditor.

No material non-audit services were provided by the external auditors during the year under review.

Financial statements and accounting policies

The committee has assessed the Group accounting policies and the consolidated financial statements for the year ended 29 February 2024 and is satisfied that they are appropriate and comply in all respects with the Companies Act, IFRS Accounting Standards and the JSE Listings Requirements together with consideration of the findings from the JSE proactive monitoring of financial statements in 2023.

The committee confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act 26 of 2005. The committee did not receive any complaints relating to the accounting practices, internal audit, the content or auditing of the Group's audited consolidated annual financial statements, the internal financial controls of the Group or any related matters.

The committee supports the opinion of the board and the external auditor with regard to the consolidated financial statements, which have been approved by the board and will be presented to shareholders at the AGM to be held on 30 July 2024.

Based on the information and explanations given by directors, the internal and external auditors, the committee believes that the accounting and internal controls, including the internal financial controls, are adequate and that the financial records may be relied upon for preparing the consolidated financial statements in accordance with IFRS Accounting Standards and maintaining accountability for the Group assets and liabilities.

Governance of risk

The committee is responsible for overseeing the governance of risk across the Group. During the year, the committee revisited the risk management framework and determined how to ensure effective cascading of integrated assurance across the various board committees.

Nothing has come to the committee's attention to indicate that any material breakdown in the functioning of internal controls resulting in a material loss to the Group has occurred during the year and up to the date of this report.

Internal audit

The internal audit function outsourced to Ernst & Young reviews and provides assurance on the adequacy and effectiveness of internal controls and internal financial controls.

During the year under review, the committee:

- Reviewed and approved the annual internal audit coverage plan;
- Evaluated the independence, effectiveness and performance of the internal audit function in terms of its scope, execution of its plan, coverage, independence, skills, resourcing, overall performance and position within the organisation and found it to be satisfactory;
- Considered the internal audit reports on the Group's systems of internal controls, including financial controls and accounting records;
- Reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to internal audit findings and considered management's responses to adverse internal audit findings;
- Met with the internal audit independently of management; and
- Assessed the adequacy of the performance of the internal audit function and found it to be satisfactory.

CEO and CFO responsibility statement

The committee evaluated the CEO and CFO's responsibility statement on the consolidated financial statements and internal financial controls as required by the JSE Listings Requirements as set out on page 6.

The CEO and CFO reviewed the controls over financial reporting and presented the findings to the committee. Based on this evaluation management identified certain deficiencies that were largely mitigated by compensating controls and did not lead to any material concerns with the financial reporting process.

A remediation plan has been developed by management to address control deficiencies as part of the Group's ongoing journey towards strengthening the internal controls related to financial reporting, especially as it relates to control improvements associated with control disciplines and the implementation of a new universal ERP system.

The committee received an update on the implementation of the risk and control matrices and discussed management's conclusion and believe the internal controls can be relied upon as a reasonable basis for the preparation of the financial statements.

Going concern

In preparing the consolidated Group financial statements, the committee is responsible for evaluating the Group's ability to continue as a going concern and therefore the appropriateness of the going concern assumption in preparing the financial statements. The committee have assessed the economic environment, current financial position and the expected cash flows for the next 12 months through to the end of May 2025. The liquidity and solvency position has also been reviewed as part of this assessment.

The committee is satisfied that there are no material uncertainties that cast doubt on the Group's ability to operate as a going concern. The Group has sufficient resources, or access to resources, to continue with all operating activities for the foreseeable future. Based on this assessment, the committee considers it appropriate to adopt the going concern assumption for the preparation of the 2024 financial statements and recommends the going concern assumption to the board for approval.

Significant areas of judgement

In arriving at the figures disclosed in the consolidated financial statements, there are certain areas where judgement is needed. The committee has considered various elements of the consolidated financial statements that require judgement and have found all judgements and estimates to be reasonable and provide additional commentary on the goodwill impairment assessment.

Goodwill and impairment assessment

Management performed the annual assessment for impairment of goodwill. The committee has considered the significant estimates and judgements applied in management's valuation and impairment assessments. The committee assessed the following factors:

- The reasonableness of management's assumptions used in determining growth rates applied to revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) and EBITDA margins;
- The terminal growth rate and discount rates applied in management's valuation; and
- The adequacy of the disclosures made in note 7 in the consolidated financial statements.

On this basis, the committee is satisfied that no impairment (2023: R34 million) is required on goodwill for the current year.

Refer to note 7 in the consolidated financial statements for a detailed analysis of the factors, inputs and outcomes of results of impairment testing at the reporting date.

Report of the audit and risk committee continued

for the year ended 29 February 2024

Evaluation of the expertise and experience of the CFO and the finance function

The committee has considered and is satisfied with the appropriateness of the expertise and experience of the CFO, Mr Noel Prendergast. The committee considered the appropriateness of the expertise, diversity and adequacy of resources of the Group's finance function and the effectiveness of the members of management responsible for the finance function.

The committee is satisfied that it has met the obligations as set out in its terms of reference.

The ARC has access to all financial information of the Company, including the financial information of all entities within the Group.

Key focus areas

In addition to executing on its statutory duties and considering key audit matters, the committee also addressed the following key areas of focus during the year ended 29 February 2024:

- Monitor the progress of the Group's financial roadmap and alignment with the Group's strategy, this includes the impact of the current macro and microeconomic conditions prevailing in both South Africa and Australia;
- Continuing monitoring the risk exposure of the Group and ensuring adequate and sound mitigating measures are in place;
- Ensure that the combined assurance model is in place and is applied to provide a coordinated approach to all assurance activities;
- Evaluate the roll-out of a new ERP system in South Africa, with a focus on financial reporting; and
- Evaluating initiatives implemented to monitor cyber security and security of data.

The committee has set the following key areas of focus for 2025:

- **Economic analysis and strategy alignment:** Monitor financial roadmap alignment with strategy. Analyse South African and Australian economic conditions and continued monitoring of strategy execution and ensuring sustained growth and profitability.
- **Risk management and mitigation:** Continuously monitor the Group's risk exposure and implement effective measures to address identified risks.
- **Combined assurance framework implementation:** Ensure a continued application of a robust combined assurance model to coordinate all assurance activities.
- **ERP system evaluation:** Continue to assess the ERP system in South Africa, focusing on the financial reporting processes. Evaluate its effectiveness in streamlining operations, improving data accuracy, enhancing reporting capabilities and supporting strategic decision making.
- **Cybersecurity and data protection initiatives:** Continue to evaluate initiatives aimed at monitoring cybersecurity and ensuring data security across the organisation.

Conclusion

Having considered all the material factors and key audit matters the committee recommended the consolidated financial statements for the year ended 29 February 2024 for approval to the board. The board has approved the annual financial statements which will be open for discussion at the forthcoming AGM of shareholders.

I would like to extend my appreciation to management, the external auditor, internal auditors and fellow committee members for their work and support throughout the year.

AM Mokgabudi

T Mokgabudi
Chairman, audit and risk committee

31 May 2024

Directors' report

for the year ended 29 February 2024

The directors have pleasure in submitting their report and consolidated financial statements for the year ended 29 February 2024.

Nature of business

The Group operates in South Africa and Australia. Areas of activities include the permanent recruitment and flexible staffing sectors, professional IT services, as well as the provision of business process outsourcing and training. There have been no material changes in the nature of the business during the current financial year.

Results of Group operations

The results for the current financial year are detailed in the consolidated financial statements on pages 17 to 87.

Share capital

The authorised share capital is 183 177 151 (2023: 183 177 151) ordinary shares of 2,5 cents per share and 16 822 849 (2023: 16 822 849) "B" ordinary shares of 2,5 cents per share. The issued share capital of the Company at 29 February 2024 was 109 954 675 (2023: 109 954 675) ordinary shares of 2,5 cents per share and 6 729 140 (2023: 6 729 140) "B" ordinary shares of 2,5 cents per share.

Dividend

The board approved a final gross cash dividend of 24,2 cents per ordinary share for the financial year ended 29 February 2024 (2023: Final gross dividend of 16,5 cents per ordinary share and a special dividend of 91,3 cents per ordinary share). The dividend has been declared from income reserves. The directors have performed the required solvency and liquidity tests required by the Companies Act of South Africa.

Property and equipment

There were no significant changes in the nature of the Group's property and equipment during the current financial year. The Group acquired property and equipment to the value of R4,9 million (2023: R8,1 million), during the current financial year.

Special resolutions

At the AGM held on 27 July 2023, Adcorp's shareholders passed the following special resolutions for the purposes indicated:

Special resolution number 1: To approve the remuneration payable to non-executive directors for their services as directors.
Special resolution number 2: To approve that the Company and/or any subsidiary of the Company be authorised to repurchase shares issued by the Company, capped at 10% of issued share capital.
Special resolution number 3: To approve, in terms of section 44 read with section 45 of the Companies Act of South Africa, that the Company provide financial assistance for the provision of any loans or other financial assistance to present or future related and inter-related companies.
Special resolution number 4: Inter-company financial assistance

Except for the above, no other special resolutions, the nature of which might be significant to shareholders in their appreciation of the state of affairs of the Adcorp Group, were passed by the Company or its subsidiaries during the period covered by this directors' report.

Statutory information

The Company was incorporated in the Republic of South Africa on 16 July 1974. The registration number is 1974/001804/06.

Directors' report continued

for the year ended 29 February 2024

Directorate and secretary

The directors during the year and up to the date of this report are as follows:

Name	Current year appointments and resignations
Non-executive directors	
GT Serobe	
P Mnganga	
H Singh	
S Sithole (alternate director)	
R van Dijk	
C Smith	
T Olls	
T Mokgabudi	
M Lubega	
Executive directors	
Dr J Wentzel	
N Prendergast	
Company Secretary	
L Laporte	Resignation effective 30 April 2024
N Chipswa	Appointed effective 28 May 2024 on an interim basis

Directors' and prescribed officers' remuneration and interests held

Details of directors' and prescribed officers' remuneration and interests held in shares appear in notes 26 to 29 of the consolidated financial statements.

Directors' interest in contracts

No material contracts involving directors were entered into during the current year. The directors had no interest in any third party or company responsible for managing any of the business activities of Adcorp.

Going concern

In preparing the consolidated financial statements, 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 consolidated 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 2025. There has been no event of default over the past 12 months on any of the Group's debt facilities. No facilities available to the Group have been withdrawn at the reporting date and remain committed by our lenders; and the Group has forecast that it will achieve the required debt covenants agreed with its lenders for the following 12 months.

Solvency

On 29 February 2024, the total assets of the Group exceeded the total liabilities by R1 460 million and the current ratio as at 29 February 2024 was 1,51. The Group is expected to remain solvent after considering the approved budget and expected performance. 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, covering the period up until the end of May 2025. Based on the forecasts (as per the budget approved by the board of directors), the Group is expected to be able to meet all its short-term obligations through a combination of the cash generated by operations and the utilisation of the current facilities available to the Group. The cash position is monitored daily by management and the Group is comfortable with its liquidity levels.

Going concern conclusion

The board, after considering the factors described above, has concluded that the Group will be able to discharge its liabilities as they fall due in the normal course of business and is therefore of the opinion that the going concern assumption is appropriate in the preparation of the consolidated financial statements.

Interim Company Secretary

The board is satisfied that Newton Chipswa has the requisite knowledge of or experience in relevant laws to fulfil the role.

Compliance with applicable laws

The board hereby confirms that the Company is:

- In compliance with the provisions of the Companies Act or laws of establishment, specifically relating to its incorporation; and
- Operating in conformity with its MOI and/or relevant constitutional documents.

Events after reporting period

Odd-lot offer

Adcorp Holdings Limited made an offer to the Odd-lot Holders (shareholders holding less than 100 ordinary shares in the Company) to repurchase their shares at an offer price at a 5% premium to the 30-day VWAP of an Adcorp ordinary share at the close of business on 22 March 2024. In terms of the Odd-lot Offer, Adcorp repurchased a total of 73 701 Adcorp Shares from 6 955 Odd-lot holders, representing 0,07% of the total issued ordinary share capital of Adcorp for a total Odd-lot Consideration of R295 798.

The Adcorp Shares repurchased by the Company in terms of the Odd-lot Offer were cancelled and delisted on Thursday, 28 March 2024, and accordingly, the total issued ordinary share capital of Adcorp has been reduced from 109 954 675 to 109 880 974 Adcorp Shares.

Dividends declared

The board of directors has approved and declared a final gross dividend of 24,2 cents per ordinary share (2023: 16,5 cents per ordinary share and a special dividend of 91,3 cents per ordinary share), from income reserves, for the year ended 29 February 2024.

Australian facilities

The Australian borrowing base facility that consists of a revolving borrowing base facility, a letter of credit, bank guarantee and set-off facility was extended on 6 March 2024 for a further six months to 10 September 2024. A new facility is currently being negotiated.

Angola restricted cash

All in-country administrative procedures required to obtain unrestricted access to the cash in Angola was completed, however regulatory approval had only been obtained subsequent to the balance sheet date. Management anticipate additional administrative-intensive procedures in order to facilitate the repatriation of the cash.

Independent auditor's report

To the shareholders of Adcorp Holdings Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Adcorp Holdings Limited (the Group) set out on pages 17 to 87, which comprise the consolidated statement of financial position at 29 February 2024, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, segment report, notes to the consolidated financial statements, including material accounting policy information and Annexure A: Details of significant subsidiaries.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Adcorp Holdings Limited and its subsidiaries as at 29 February 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill impairment

Refer to note 7 of the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
Goodwill of R516 million was recognised in the consolidated statement of financial position and no impairment was recognised in the current year. Goodwill represents 17% of the Group's total assets. As required by IAS 36 – Impairment of Assets (IAS 36), management conduct annual impairment assessments to test the recoverability of the carrying amount of goodwill for each cash generating unit. Impairment assessments are performed using discounted cash flow models to determine the value-in-use of the cash generating units ("CGU's"). There are a number of key assumptions made in determining the inputs into these models which include: • Future cash flows; • Terminal growth rates; • Growth rates applied to revenue, earnings before interest, taxes, depreciation and amortisation (EBITDA) and EBITDA margin; and • The discount rate applied to the projected future cash flows. Given the complexity and significant estimation and judgement involved in the discounted cash flow models used to determine the value-in-use of the CGUs, this was considered a key audit matter.	Our team included senior audit team members and valuation specialists who understand the Group's business and industry. We performed the following audit procedures, amongst others: • Tested the design, implementation and operating effectiveness of controls over the goodwill impairment models; • Critically evaluated whether the discounted cash flow models used by management to calculate the value-in-use of each cash generating unit complies with the requirements of IAS 36; • Challenged the key assumptions used by the management in their value-in-use calculations by: – assessing the reasonableness of assumptions relating to revenue and EBITDA growth in relation to our knowledge of the Group and the industries in which it operates; – involved our valuation specialists in assessing the reasonableness of the terminal growth rates in relation to external market data; and – involved our valuation specialists in assessing the reasonableness of the discount rates applied by independently calculating the rates and comparing the rates to those used by management. • Evaluated whether the goodwill had been allocated: – to the appropriate level of CGU or group of CGUs and to those CGUs/ group of CGUs expected to benefit from the synergies of the business combination from which it arose; and – on a consistent basis with the prior period. • Evaluated the future projected cash flows for each cash generating unit to determine whether they are reasonable and supportable given the current macro-economic climate and expected future performance of each cash generating unit; • Compared the projected cash flows, including assumptions relating to EBITDA growth and terminal growth rates, against historical performance to test the accuracy of management's projections; • Involved our valuation specialists in performing sensitivity analyses on key assumptions to assess the impact on the value-in-use calculations; and • Evaluated the adequacy and appropriateness of the disclosures made by management in the consolidated financial statements in accordance with IAS 36.

Accounting for income, deferred and value added taxes Refer to notes 9 and 10 of the consolidated financial statements	
Key audit matter	**How the matter was addressed in our audit**
The Group operates primarily across South Africa and Australia, with exposure to the rest of Africa. The determination of the Group's tax is based on interpretations applied in terms of the respective country tax legislations and may be subject to periodic challenges by tax authorities. This gives rise to significant judgement and estimation being applied in accounting for any uncertain tax positions. The Group has considered their uncertain tax positions at year-end and has maintained a provision for these positions based on the current available facts and circumstances surrounding these uncertainties. Given the significant estimation and judgement involved, accounting for income, deferred and value added taxes in the Group was considered a key audit matter in respect of the consolidated financial statements.	Our team included senior audit team members and taxation and value added taxation specialists who understand the Group's business and industry. Our audit procedures included, amongst others: • Understanding the nature of the uncertain taxation positions and how management had reached their conclusions relating to the exposures identified. • Tested the design and implementation of the review of uncertain tax treatments. • Evaluated the appropriateness of management's conclusions by involving our taxation and value-added taxation specialists. Our evaluation was performed based on our in-depth taxation and value-added taxation knowledge and past experiences with interacting with taxation authorities within the geographical regions that the Group operates in and by reviewing correspondence with the taxation authorities. • Read the summary of the Senior Council opinion obtained by management. • Assessing the appropriateness of the disclosures made in the consolidated financial statements in accordance with IAS 12 - Income Taxes, IFRIC 23 - Uncertainty over Income Tax Treatments and IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Adcorp 2024 Consolidated Annual Financial Statements", which includes the Company Secretary compliance statement, Report of the audit and risk committee and Directors' report as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Annual Report 2024, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent auditor's report continued

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Adcorp Holdings Limited for two years.

Fee-related disclosures

Pursuant to requirements of the IRBA Code, we report that the fees related to the services provided by our firm and network firms are the following:

Categories of services	Amount R'000
Financial statement audits	20 726
Other services	312

F. von Eckardstein

KPMG Inc.
Registered Auditor

Per FHC von Eckardstein
Chartered Accountant (SA)
Registered Auditor
Director

31 May 2024

KPMG Inc.
85 Empire Road
Parktown, 2193
South Africa

Consolidated statement of financial position

as at 29 February 2024

	Notes	2024 R'000	2023 R'000
Assets			
Non-current assets		**1 133 443**	1 238 869
Property and equipment	4	**24 678**	30 811
Right-of-use assets	5.1	**249 800**	291 785
Intangible assets	6	**109 047**	123 684
Goodwill	7	**515 782**	512 695
Other financial assets – investment at fair value	8.1	**–**	21 074
Deferred taxation	9	**219 640**	214 833
Prepayments	13.1	**14 496**	43 987
Current assets		**1 989 319**	1 922 796
Trade receivables	12	**1 512 337**	1 337 049
Other receivables	13.3	**169 744**	136 242
Taxation prepaid	11	**31 989**	33 957
Cash and cash equivalents and restricted cash	14	**275 249**	415 548
Total assets		**3 122 762**	3 161 665
Equity and liabilities			
Total equity		**1 459 705**	1 534 677
Share capital and share premium	15.1	**1 740 858**	1 740 858
Treasury shares	15.2	**(93 864)**	(91 170)
Reserves	16	**(187 289)**	(115 011)
Non-current liabilities		**349 445**	388 936
Lease liabilities	5.2	**303 881**	331 977
Deferred taxation	9	**41 054**	56 959
Provisions	19	**4 510**	–
Current liabilities		**1 313 612**	1 238 052
Lease liabilities	5.2	**75 259**	77 433
Trade and other payables	18	**996 416**	898 855
Provisions	19	**216 504**	234 889
Taxation payable	11	**25 433**	26 875
Total equity and liabilities		**3 122 762**	3 161 665

Consolidated statement of profit or loss

for the year ended 29 February 2024

	Notes	2024 R'000	2023 R'000
Continuing operations			
Revenue	20	**12 982 141**	12 048 951
Cost of sales		**(11 725 110)**	(10 766 543)
Gross profit		**1 257 031**	1 282 408
Other income	21	**24 857**	19 743
Loss allowance for expected credit losses – trade receivables	12	**818**	10 585
Impairment of goodwill	7	**–**	(34 463)
Operating expenses	22	**(1 154 000)**	(1 114 368)
Operating profit before finance income and finance costs		**128 706**	163 905
Finance income	23	**11 161**	5 589
Finance costs	24	**(49 931)**	(50 981)
Profit before taxation		**89 936**	118 513
Taxation	10	**(1 894)**	2 241
Profit for the year from continuing operations		**88 042**	120 754
Discontinued operations			
Loss for the year from discontinued operations	3.1	**–**	(79 980)
Profit for the year		**88 042**	40 774
Profit/(loss) attributable to:			
Owners of the parent from continuing operations		**86 152**	118 562
Owners of the parent from discontinued operations		**–**	(79 980)
Non-controlling interest		**1 890**	2 192
Continuing operations basic and diluted earnings per share:			
Basic earnings per share – cents	25	**83,8**	114,7
Diluted earnings per share – cents	25	**81,4**	110,6
Discontinued operations basic and diluted earnings per share:			
Basic loss per share – cents	25	**–**	(77,4)
Diluted loss per share – cents	25	**–**	(77,4)
Total basic earnings per share			
Basic earnings per share – cents	25	**83,8**	37,3
Diluted earnings per share – cents	25	**81,4**	36,0

Consolidated statement of other comprehensive income

for the year ended 29 February 2024

	2024 R'000	2023 R'000
Profit for the year	**88 042**	40 774
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:	**(35 943)**	100 884
Continuing operations		
Exchange differences on translating foreign operations	**(40 726)**	25 330
Exchange differences arising on the net investment of a foreign operation	**4 783**	72 281
Discontinued operations		
Exchange differences reclassified to profit or loss on disposal of foreign business	**–**	3 273
Other comprehensive income for the year, net of tax	**52 099**	141 658
Non – controlling interest	**65**	309
Total comprehensive income for the year	**52 164**	141 967
Total comprehensive income attributable to:		
Owners of the parent from continuing operations	**50 209**	216 173
Owners of the parent from discontinued operations	**–**	(76 707)
Non-controlling interest	**1 955**	2 501

Consolidated statement of changes in equity

for the year ended 29 February 2024

	Share capital R'000	Share premium R'000
Notes	15.1	15.1
Balance as at 28 February 2022	2 749	1 738 109
Share-based payments	–	–
Transfer to retained earnings	–	–
Profit for the year	–	–
Other comprehensive income	–	–
Treasury share purchases	–	–
Share scheme settlement	–	–
Distributions to shareholders	–	–
Balance as at 28 February 2023	2 749	1 738 109
Share-based payments	–	–
Transfer to retained earnings	–	–
Profit for the year	–	–
Other comprehensive income	–	–
Treasury share purchases	–	–
Share scheme settlement	–	–
Distributions to shareholders	–	–
Balance as at 29 February 2024	2 749	1 738 109

Treasury shares R'000	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Accumulated loss R'000	Attributable to equity holders of the parent R'000	Non-controlling interest R'000	Employees' share Scheme Reserve R'000	Total equity R'000
15.2	16.1	16.2					
(72 172)	196 240	23 658	(412 692)	1 475 892	(3 531)	168	1 472 529
–	1 563	–	–	1 563	–	–	1 563
–	(9 560)	–	9 560	–	–	–	–
–	–	–	38 582	38 582	2 192	–	40 774
–	–	100 884	–	100 884	309	–	101 193
(19 560)	–	–	–	(19 560)	–	–	(19 560)
562	(562)	–	–	–	–	–	–
–	–		(61 822)	(61 822)	–	–	(61 822)
(91 170)	187 681	124 542	(426 372)	1 535 539	(1 030)	168	1 534 677
–	**7 401**	**–**	**–**	**7 401**	**–**	**–**	**7 401**
–	**(176 166)**	**–**	**176 166**	**–**	**–**	**–**	**–**
–	**–**	**–**	**86 152**	**86 152**	**1 890**	**–**	**88 042**
–	**–**	**(35 943)**	**–**	**(35 943)**	**65**	**–**	**(35 878)**
(6 782)	**–**	**–**	**–**	**(6 782)**	**–**	**–**	**(6 782)**
4 088	**(4 088)**	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**(127 756)**	**(127 756)**	**–**	**–**	**(127 756)**
(93 864)	**14 828**	**88 599**	**(291 810)**	**1 458 611**	**925**	**168**	**1 459 704**

Consolidated statement of cash flows

for the year ended 29 February 2024

	Notes	2024 R'000	2023 R'000
Operating activities			
Profit before taxation		89 936	38 533
From continuing operations		89 936	118 513
From discontinued operations	3.1	–	(79 980)
Adjusted for:			
Depreciation on property and equipment	4	10 602	14 581
Depreciation on right-of-use assets	5.1	53 516	54 534
Amortisation of intangible assets	6	15 829	15 906
Prepayment released – enterprise technology transformation project	13.2	30 389	25 472
Impairment of financial asset[1]		–	55 000
Impairment of goodwill	7	–	34 463
Loss/ (profit) on the sale of property and equipment	22	42	(290)
Share-based payments	16.1	10 671	12 428
Profit from the disposal of businesses	32	–	(9 640)
Fair value adjustment – investment at fair value	8.1	(832)	(1 477)
Decrease in loss allowances for expected credit losses – trade receivables	12	(818)	(10 585)
Right-of-use asset derecognised	5.2	816	–
Lease liability derecognised	5.3	(1 074)	–
Finance income	23	(11 161)	(5 589)
Finance costs	24	49 931	50 981
Cash generated from operations before working capital changes		247 847	274 317
(Increase)/decrease in trade and other receivables	12 and 13	(198 578)	31 315
Increase in trade and other payables	18	88 378	54 290
(Decrease)/Increase in provisions	19	(13 875)	17 749
Cash generated by operations		123 772	377 671
Finance income	23	11 161	5 589
Finance costs	24	(7 316)	(6 891)
Interest expense on lease liabilities	5.2	(42 615)	(44 090)
Taxation paid	11	(20 566)	(72 722)
Net cash generated from operating activities		64 436	259 557
Investing activities			
Additions to property and equipment	4	(4 919)	(8 052)
Proceeds from the sale of property and equipment and intangible assets		492	1 100
Proceeds upon settlement of investment at fair value	8.1	21 906	–
Additions to intangible assets	6	(683)	(7 883)
Prepayment – enterprise technology transformation project	13.2	(2 612)	(16 856)
Net cash inflow/(outflow) from investing activities		14 184	(31 691)
Financing activities			
Treasury share purchases	15.2	(6 782)	(19 560)
Repayment of borrowings	17.2	(424 601)	(615 183)
Proceeds from borrowings	17.2	424 601	480 190
Distributions to external shareholders		(127 756)	(61 822)
Capital payment of lease liabilities	5.2	(41 502)	(38 511)
Net cash outflow from financing activities		(176 040)	(254 886)
Net decrease in cash and cash equivalents		(97 420)	(27 020)
Cash and cash equivalents at the beginning of the year	14	311 692	420 355
Foreign currency adjustments		(10 097)	22 618
Restricted cash reclassified to/(from) cash and cash equivalents	14	–	(103 856)
Cash and cash equivalents deconsolidated		–	(405)
Cash and cash equivalents at the end of the year	14	204 175	311 692

[1] *In the prior year, R54 million related to the impairment of trade and other receivables in the discontinued operations of allaboutXpert Technologies Proprietary Limited (aaX). Refer to note 3.*

Segment report

for the year ended 29 February 2024

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. In the current year, the operating segments were reorganised and are grouped into the following categories: contingent staffing, functional outsourcing, professional and business support. The Group's reportable segments under IFRS 8 are as follows:

Contingent Staffing

Contingent Staffing South Africa is a market leading industrial contingent staffing service that offers compliant fixed term employee contracting to FMCG, manufacturing, warehousing and logistics, mining and renewable energy industries, enabling client labour flexibility and improved variable cost management. It also offers strategic skills development solutions through customised programmes.

Contingent Staffing Australia is a leading provider of blue-collar staffing solutions and healthcare personnel across Australia in the food processing, transport and logistics, trade and construction, agricultural and healthcare sectors.

The brands in the contingent staffing operating segment include that of BLU and Labour Solutions Australia.

The South African operating segment includes a brand, PMI, that is a training provider to external clients and support to other Adcorp service lines.

Functional Outsourcing

Functional Outsourcing offers effective non-core process outsourcing related to productivity, process efficiencies and continuous improvement that is focused in the FMCG, warehousing and logistics sectors. It also offers niche industrial and office cleaning.

The brands in the functional outsourcing operating segment include that of FunctionO and Capability.

Professional Services

Professional Services South Africa provides ICT personnel resourcing and project management that sources contractors from multiple ICT disciplines on either a contracting or permanent placement basis. It also offers temporary and permanent placement of front and back-office professionals across multiple industries and operates a 100% digital marketplace where freelancers and hirers connect and transact.

Professional Services Australia is a leading technology and digital staffing and recruitment business in Australia offering temporary and permanent placement of ICT professionals to customers across various industries in Australia for more than 50 years. It also offers Recruitment Process Outsourcing and Managed Service solutions.

The South African operating segment includes a brand that is in the information and communication technologies software training industry and largely a trainer of the Microsoft product suite, delivering in-person and virtual instructor led or demand driven online training.

The brands of the professional services operating segment include that of Paracon, Charisma, Quest, Kelly, DAV, Jobvine, TalentCRU and TorqueIT.

Business Support

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.

Geographical segmentation

The geographic segment report is disclosed as (a) South Africa and (b) 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. It includes directors' salaries, finance income, finance costs, and income tax expense applicable to the business support segment and internal charges between business support 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 7.

Transactions between segments follow the Group's accounting policies.

No single customer contributes more than 10% of the Group's revenue.

Segment report continued

for the year ended 29 February 2024

	Contingent Staffing[1] South Africa (R'000)	Professional Services[2] South Africa (R'000)	Functional Outsourcing South Africa (R'000)	Business Support South Africa (R'000)	Contingent Staffing Australia (R'000)
Revenue					
– February 2024	**3 788 111**	**1 945 836**	**1 136 882**	**–**	**1 900 714**
– February 2023	3 591 607	1 946 941	1 129 795	–	1 408 709
Internal revenue					
– February 2024	**61 045**	**14 831**	**11 961**	**–**	**–**
– February 2023	45 085	23 314	10 833	–	–
Cost of sales					
– February 2024	**(3 356 545)**	**(1 724 542)**	**(1 055 168)**	**–**	**(1 731 110)**
– February 2023	(3 158 979)	(1 686 513)	(1 038 835)	–	(1 280 934)
Gross profit					
– February 2024	**431 566**	**221 294**	**81 714**	**–**	**169 604**
– February 2023	432 628	260 428	90 960	–	127 775
Staff costs					
– February 2024	**(113 740)**	**(102 155)**	**(12 492)**	**(87 453)**	**(98 958)**
– February 2023	(127 042)	(107 807)	(23 298)	(110 974)	(71 831)
Other operating expenditure					
– 2024 (R'000)	**(46 803)**	**(37 626)**	**(21 433)**	**(211 450)**	**(24 250)**
– 2023 (R'000)	(35 152)	(50 057)	(6 353)	(208 997)	(18 700)
Inter-segmental allocated costs					
– 2024 (R'000)	**(167 156)**	**(100 743)**	**(43 008)**	**345 327**	**–**
– 2023 (R'000)	(181 307)	(110 359)	(42 131)	361 853	–
Depreciation on PPE and amortisation					
– 2024 (R'000)	**(489)**	**(17 591)**	**(901)**	**(239)**	**(1 643)**
– 2023 (R'000)	(605)	(16 530)	(576)	(5 803)	(1 537)
Depreciation on right-of-use assets					
– 2024 (R'000)	**(5 329)**	**(370)**	**(204)**	**(30 814)**	**(3 055)**
– 2023 (R'000)	(6 660)	(1 103)	–	(30 171)	(3 474)
Loss allowances for expected credit losses and bad debts on trade receivables					
– February 2024	**767**	**115**	**(196)**	**–**	**–**
– February 2023	12 787	(369)	(60)	–	–
Operating profit/(loss) before finance income and finance costs					
– February 2024	**98 816**	**(37 076)**	**3 480**	**15 371**	**41 698**
– February 2023	94 649	(25 797)	18 543	5 908	32 233

[1] *Includes PMI, which was previously included in the training segment in the 2023 financial year which is now managed in the contingent staffing segment. The comparatives have been restated to include PMI in the contingent staffing segment.*

[2] *Includes Torque IT, which was previously included in the training segment in the 2023 financial year which is now managed in the professional segment. The comparatives have been restated to include Torque IT in the professional segment.*

[3] *Relates to the trading performance and financial position of allaboutXpert Australia Proprietary Limited, allaboutXpert NZ Proprietary Limited and allaboutXpert Technologies Proprietary Limited classified as a discontinued operation in the prior financial year and its related assets and liabilities classified as held for sale.*

Professional Services Australia (R'000)	Business Support Australia (R'000)	Group – continued operations (R'000)	Discontinued operations/ held for sale South Africa (R'000)	Discontinued operations/ held for sale Australia[3] (R'000)	Total Group (R'000)	Geographical segments South Africa (R'000)	Australia (R'000)
4 210 598	**–**	**12 982 141**	**–**	**–**	**12 982 141**	**6 870 829**	**6 111 312**
3 971 899	–	12 048 951	–	107 106	12 156 057	6 668 343	5 487 714
–	**–**	**87 837**	**–**	**–**	**87 837**	**87 837**	**–**
–	–	79 232	–	–	79 232	79 232	–
(3 857 745)	**–**	**(11 725 110)**	**–**	**–**	**(11 725 110)**	**(6 136 255)**	**(5 588 855)**
(3 601 282)	–	(10 766 543)	–	(125 599)	(10 892 142)	(5 884 327)	(5 007 815)
352 853	**–**	**1 257 031**	**–**	**–**	**1 257 031**	**734 574**	**522 457**
370 617	–	1 282 408	–	(18 493)	1 263 915	784 016	479 899
(191 970)	**(22 869)**	**(629 637)**	**–**	**–**	**(629 637)**	**(315 840)**	**(313 797)**
(197 291)	(19 190)	(657 432)	–	(4 190)	(661 622)	(369 121)	(292 501)
(47 141)	**(30 856)**	**(419 559)**	**–**	**–**	**(419 559)**	**(317 312)**	**(102 247)**
(60 042)	(7 444)	(386 743)	–	(12 703)	(399 448)	(300 559)	(98 889)
–	**(34 420)**	**–**	**–**	**–**	**–**	**34 420**	**(34 420)**
–	(28 056)	–	–	–	–	28 056	(28 056)
(5 440)	**(128)**	**(26 431)**	**–**	**–**	**(26 431)**	**(19 220)**	**(7 211)**
(4 898)	(428)	(30 377)	–	(110)	(30 487)	(23 514)	(6 973)
(13 744)	**–**	**(53 516)**	**–**	**–**	**(53 516)**	**(36 717)**	**(16 799)**
(12 623)	(503)	(54 534)	–	–	(54 534)	(37 934)	(16 600)
–	**132**	**818**	**–**	**–**	**818**	**686**	**132**
–	(1 773)	10 585	–	(54 124)	(43 539)	12 358	(55 897)
94 558	**(88 141)**	**128 706**	**–**	**–**	**128 706**	**80 591**	**48 115**
95 763	(57 394)	163 905	–	(89 620)	74 285	93 303	(19 018)

Segment report continued

for the year ended 29 February 2024

	Contingent Staffing[1] South Africa (R'000)	Professional Services[2] South Africa (R'000)	Functional Outsourcing South Africa (R'000)	Business Support South Africa (R'000)	Contingent Staffing Australia (R'000)
Interest income					
– February 2024	**329**	**721**	**22**	**5 646**	**–**
– February 2023	84	538	40	4 871	–
Interest expense					
– 2024 (R'000)	**(409)**	**(116)**	**(19)**	**–**	**–**
– 2023 (R'000)	(40)	–	–	–	–
Interest expense on lease liabilities					
– 2024 (R'000)	**(484)**	**(523)**	**(16)**	**(40 406)**	**(507)**
– 2023 (R'000)	(901)	(176)	–	(41 732)	(263)
Impairment expense[4]					
– February 2024	**–**	**–**	**–**	**–**	**–**
– February 2023	–	–	–	(34 463)	–
Taxation (expense)/income					
– February 2024	**(1 819)**	**16 193**	**(2 852)**	**1 627**	**(11 781)**
– February 2023	(11 925)	4 207	(6 322)	2 275	(10 154)
Total assets					
– February 2024	**782 303**	**444 089**	**100 400**	**427 263**	**261 097**
– February 2023	815 003	415 493	94 082	601 964	163 491
Total liabilities					
– February 2024	**365 448**	**203 910**	**88 890**	**432 638**	**210 242**
– February 2023	394 311	183 771	104 164	470 688	135 204
Additions to property and equipment					
– February 2024	**263**	**122**	**778**	**–**	**342**
– February 2023	569	52	1 356	225	1 305
Additions to right-of-use assets					
– February 2024	**6 635**	**–**	**489**	**3 076**	**–**
– February 2023	2 285	–	–	–	11 912
Additions to intangible assets					
– February 2024	**583**	**–**	**100**	**–**	**–**
– February 2023	1 883	6 000	–	–	–

[1] *Includes PMI, which was previously included in the training segment in the 2023 financial year which is now managed in the contingent staffing segment. The comparatives have been restated to include PMI in the contingent staffing segment.*
[2] *Includes Torque IT, which was previously included in the training segment in the 2023 financial year which is now managed in the professional segment. The comparatives have been restated to include Torque IT in the professional segment.*
[3] *Relates to the trading performance and financial position of allaboutXpert Australia Proprietary Limited, allaboutXpert NZ Proprietary Limited and allaboutXpert Technologies Proprietary Limited classified as a discontinued operation in the prior financial year and its related assets and liabilities classified as held for sale.*
[4] *Includes impairment on goodwill (note 7).*

Professional Services Australia (R'000)	Business Support Australia (R'000)	Group – continued operations (R'000)	Discontinued operations/ held for sale South Africa (R'000)	Discontinued operations/ held for sale Australia[3] (R'000)	Total Group (R'000)	Geographical segments	
						South Africa (R'000)	Australia (R'000)
–	**4 443**	**11 161**	**–**	**–**	**11 161**	**6 718**	**4 443**
–	56	5 589	–	–	5 589	5 533	56
(2 236)	**(4 536)**	**(7 316)**	**–**	**–**	**(7 316)**	**(544)**	**(6 772)**
(2 362)	(4 489)	(6 891)	–	–	(6 891)	(40)	(6 851)
							–
(679)	**–**	**(42 615)**	**–**	**–**	**(42 615)**	**(41 429)**	**(1 186)**
(1 016)	(2)	(44 090)	–	–	(44 090)	(42 809)	(1 281)
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	–	(34 463)	–	–	(34 463)	(34 463)	–
(26 951)	**23 689**	**(1 894)**	**–**	**–**	**(1 894)**	**13 149**	**(15 043)**
(28 687)	52 847	2 241	–	–	2 241	(11 765)	14 006
606 376	**501 234**	**3 122 762**	**–**	**–**	**3 122 762**	**1 754 055**	**1 368 707**
493 105	578 527	3 161 665	–	–	3 161 665	1 926 542	1 235 123
385 127	**(23 198)**	**1 663 057**	**–**	**–**	**1 663 057**	**1 090 886**	**572 171**
334 832	4 018	1 626 988	–	–	1 626 988	1 152 934	474 054
3 379	**35**	**4 919**	**–**	**–**	**4 919**	**1 163**	**3 756**
4 366	179	8 052	–	–	8 052	2 202	5 850
1 955	**–**	**12 155**	**–**	**–**	**12 155**	**10 200**	**1 955**
4 735	–	18 932	–	–	18 932	2 285	16 647
–	**–**	**683**	**–**	**–**	**683**	**683**	**–**
–	–	7 883	–	–	7 883	7 883	–

Notes to the consolidated financial statements

for the year ended 29 February 2024

Corporate information

Principal activities of the Group and its subsidiaries include the rendering of services in areas of permanent recruitment and flexible staffing sectors, professional IT services, as well as the provision of business process outsourcing, and training services. The Group carries on business in South Africa and Australia.

1. Accounting framework

The Group applies all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) to prepare the consolidated financial statements.

Consequently, all IFRS Accounting Standards statements that were effective at 29 February 2024 and are relevant to its operations have been applied.

The principal accounting policies applied in preparing these consolidated financial statements are set out in each of the respective notes. Any accounting policies that are general in nature and are applicable to more than one specific note have been disclosed below.

In preparation of the financial statements, the Group has assessed materiality for each item on the statement of profit or loss and statement of comprehensive income and statement of financial position. In assessing the materiality of the Group, quantitative and qualitative factors were taken into account.

New and amended standards and interpretations

The Group has adopted all new and amended accounting pronouncements that are relevant to its operations and that are effective for financial years commencing on or after 1 March 2023 but these did not have a significant effect on the consolidated financial statements.

Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial statements, are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Standard	Annual reporting periods beginning on or after
The following standards are unlikely to have a material impact:	
Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current & Deferral of Effective Date*	1 January 2024
Amendments to IAS 1 – *Non- current Liabilities with Covenants*	1 January 2024
The following standards may not apply to the Group, as there are currently no transactions that are recognised under these standards:	
Amendments to IFRS 16 – *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendment to IAS 7 and IFRS 7 – *Supplier finance*	1 January 2024
Amendments to IAS 21 – *Lack of Exchangeability*	1 January 2025
IFRS 19 – *Subsidiaries without Public Accountability: Disclosures*	1 January 2027

IFRS 18, effective from 1 January 2027, sets out requirements for the presentation and disclosure of information in the financial statements, and may result in changes to the presentation of the statement of profit and loss as well as the notes to the financial statements. The Group is in the process of assessing the impact of the amendments, particularly with respect to the collation of additional information needed to meet the new disclosure requirements.

2. Material accounting policies

Any accounting policies that are general in nature and are applicable to more than one specific note have been disclosed below.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), International Financial Reporting Interpretations Committee (IFRIC) interpretations effective for the Group's financial year, and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. These consolidated financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa and JSE Listings Requirements. The consolidated financial statements are presented in Rand (ZAR), the currency of South Africa where Adcorp Holdings Limited is incorporated. All values are rounded to the nearest thousand in the tables presented and nearest million in explanatory notes unless otherwise stated.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. These accounting policies are consistent with those of the comparative financial year unless otherwise stated.

These consolidated financial statements were prepared under the supervision of Noel Prendergast CA(SA) in his capacity as Chief Financial Officer.

The consolidated financial statements were authorised by the board of directors for issue on 31 May 2024.

2.2 Restatements

Segmental reporting

The industrial reportable segmental results in the prior year consolidated results have been separated into contingent staffing and functional outsourcing reportable segments as decisions taken by the Chief Operating Decision Maker relate to these segments' activities reviewed separately. The comparative segmental results have accordingly been restated.

The two brands, PMI and Torque IT, that were included in the training reportable segment as disclosed in the prior year consolidated results, have been separated and included into the contingent staffing and professional segments for the year ended 29 February 2024. This is due to the decisions taken by the Chief Operating Decision Maker relating to the services and activities that are reviewed together with the other entities within those segments. The comparative segmental results have accordingly been restated.

The Australian segmental results in the prior year consolidated results, disclosed the Australian operations into one whole reportable segment; however, the Australian operations have been split and separately disclosed into contingent staffing, professional and business support for the period ended 29 February 2024. This is due to the decisions taken by the Chief Operating Decision Maker relating to the Australian operating business as they have been segmented. The comparative segmental results have accordingly been restated.

2.3 Fair value measurements and valuation processes

The Group measures certain financial instruments at fair value at each reporting date (note 8.1 and 35.8).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair values of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 inputs are inputs, other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in note 35.8.

Notes to the consolidated financial statements

continued

for the year ended 29 February 2024

2. Material accounting policies continued

2.4 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in an acquisition of a business (acquiree) comprises the fair values of the assets transferred, the liabilities assumed, the equity interests issued by the Group and the fair value of contingent consideration arrangements where applicable. If the contingent consideration is classified as equity, it is not subsequently remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of contingent consideration are recognised in the income statement.

For each business combination, the Group measures the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's book value of identifiable net assets. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities when decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying amount of any related goodwill.

2. Material accounting policies continued

2.5 Foreign currency transactions and balances

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Subsequent to initial recognition, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The profit or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the profit or loss on change in fair value of the item (i.e. translation differences on items whose fair value profit or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.6 Foreign currency translations

For the purposes of presenting the consolidated financial statements, the presentation currency is the South African Rand. On consolidation, the assets and liabilities of entities with a functional currency other than the Rand are translated into Rand at the rate of exchange prevailing at the reporting date and income and expenses for each statement presenting profit or loss and other comprehensive income are translated at the average exchange rates for the period. Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the foreign currency translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of the net investment. All resulting exchange differences are recognised in other comprehensive income and a corresponding foreign currency translation reserve.

On disposal of a foreign operation or when the Group ceases to consolidate a foreign operation, the deferred cumulative amount recognised in other comprehensive income in the foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

The applicable exchange rates are as follows:

	2024			2023		
	AUD	**USD**	**AOA[1]**	AUD	USD	AOA[1]
Exchange rate at the beginning of the year	**12,38**	**18,39**	**0,0363**	11,11	15,39	0,0313
Exchange rate at the end of the year	**12,50**	**19,21**	**0,0231**	12,38	18,39	0,0363
Average exchange rate during the year	**12,30**	**18,67**	**0,0262**	11,51	16,70	0,0391

[1] *In fraction of rand.*

AUD = Australian dollar
USD = United States dollar
AOA = Angolan kwanza

Notes to the consolidated financial statements continued

for the year ended 29 February 2024

2. Material accounting policies continued

2.7 Financial instruments

2.7.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument and are initially measured at fair value. Trade receivables are recognised when they originate and measured at the transaction price when it does not have a significant financing. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.7.2 Subsequent measurement of financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on their classification of the financial asset.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective to collect contractual cash flows; and
- The contractual terms of the financial asset gives rise to cash flows that are solely payments of principal and interest on principal amount outstanding.

This assessment is referred to as the solely payments of principal and interest (SPPI) test and is performed at instrument level.

The financial assets at amortised cost include trade receivables (note 12) and other receivables (note 13), and cash and cash equivalents (note 14) as the business model is to collect payment of principal and interest.

Financial assets at fair value through profit or loss included an investment in a cell captive arrangement that was housed within an insurance company (note 8.1).

The Group currently does not recognise any financial assets through other comprehensive income.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

2.7.3 Subsequent measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss. The Group currently has no financial liabilities classified as at fair value through profit or loss.

Financial liabilities at amortised cost includes lease liabilities (note 5.2), interest-bearing borrowings (note 17) and trade and other payables (note 18).

2.7.4 Financial asset write-offs

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

2.7.5 Derecognition of financial assets and liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains all the risks and rewards of ownership of a transferred financial asset substantially, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2. Material accounting policies continued

2.7 Financial instruments continued

2.7.5 Derecognition of financial assets and liabilities continued

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it, as an extinguishment of the original financial liability and recognising a new financial liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any costs or fees incurred are recognised as part of the profit or loss on extinguishment. If the modification is not substantial, the difference between the carrying amount of the liability before the modification and the present value of the cash flows after the modification should be recognised in profit or loss. The modification recognised within profit or loss and any costs or fees incurred adjust the carrying amount of the financial liability and are amortised over the remaining term of the modified liability.

2.7.6 Amortised cost and effective interest method

Finance income is recognised in profit or loss and presented in the finance income line item. Finance cost is recognised in profit or loss presented in the finance costs line item.

2.8 Change in accounting policy

During the current financial year there have been no changes to accounting policies made by management as a result of new and amended IFRS Accounting Standards applicable in the current financial year.

2.9 Accounting judgements and estimates

The preparation of the consolidated financial statements necessitates the use of estimates, assumptions and judgements by management. These estimates and assumptions affect the reported amounts of assets, and liabilities at the statement of financial position date as well as the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates. Revisions to estimates are recognised prospectively.

2.9.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 3 – Classification of subsidiary as IFRS 5: N*on-current Assets and Liabilities Held for Sale and Discontinued Operations*, and deconsolidated in terms of IFRS 10: *Consolidated Financial Statements.*

Note 5.3 – Lease term: whether the Group is reasonably certain to exercise extension options.

Note 16.1 – Accounting for share-based payment transactions.

Note 20 – Accounting for revenue transactions as a principal.

2.9.2 Estimates

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts assets and liabilities within in the next financial year is included in the following notes:

Note 7 – Assessment for impairment of goodwill.

Note 9 – Assessing the recoverability of deferred tax assets.

Note 10 – Accounting for uncertain tax positions.

Note 12 – Impairment of financial assets carried at amortised cost.

Notes to the consolidated financial statements

continued

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3. Discontinued operations

Accounting policy

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expenses.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:
- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

allaboutXpert

In the prior year, the requirements of IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations* had been met for allaboutXpert Australia Proprietary Limited, together with its wholly owned subsidiaries allaboutXpert NZ Limited and aaX.

The Group voluntarily initiated an administration process for allaboutXpert Technologies Proprietary Limited and allaboutXpert Australia Proprietary Limited whereby the independent registered administrator assumed control of these entities on 13 December 2022. As a result, the Group also lost control over allaboutXpert NZ limited, a subsidiary of allaboutXpert Australia Proprietary Limited.

Management therefore classified the subsidiaries as discontinued operations up to the date of administration, thereafter the subsidiaries had been deconsolidated. The administration process has been completed.

3. Discontinued operations continued

3.1 Financial performance of discontinued operations

The prior year relates to aaX, that was disposed of on 13 December 2022 and the financial performance is included below up until the disposal date.

Statement of profit or loss

	Notes	2023 R'000
Revenue		107 106
Cost of sales		(125 599)
Gross loss		(18 493)
Loss allowance for expected credit losses – trade receivables		(54 124)
Operating expenses		(17 003)
Operating loss before finance income, finance costs, taxation expense and loss on disposal of discontinued operations		(89 620)
Finance costs		–
Loss before taxation		(89 620)
Taxation expense	10	–
Loss after taxation		(89 620)
Profit on disposal of discontinued operations	32	9 640
Total loss for the year from discontinued operations		(79 980)
Attributable to:		
Australia		(79 980)
		(79 980)
Other comprehensive income		
Exchange differences reclassified to profit or loss on disposal of foreign subsidiary		3 273
Total comprehensive loss for the year		(76 707)

3.2 Cash flows from discontinued operations

The cash flows presented below relate to aaX in the prior year.

	2023 R'000
Cash flow from discontinued operations:	
Net cash inflow from operating activities	3 553
Net cash outflow from investing activities	(46)
Net cash outflow from financing activities	(3 387)
Net cash inflow from discontinued operations	120
Cash and cash equivalents at the beginning of the period	285
Cash and cash equivalents at the end of the period	405

4. Property and equipment

Accounting policy

Property, leasehold improvements, computer equipment and furniture and fittings are initially recognised at cost and thereafter stated at cost, net of accumulated depreciation and accumulated impairment losses. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

All other repair and maintenance costs are recognised in profit or loss as incurred.

The profit or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

An item of property leasehold improvements, computer equipment and fixtures and fittings is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. At the end of each reporting period, the Group reviews the carrying value of property and equipment to determine whether there is an indication of impairment. If there is an indication of impairment, the recoverable amount is estimated to

Notes to the consolidated financial statements continued

for the year ended 29 February 2024

determine the extent of the impairment loss. The recoverable amount is the higher of its fair value less cost to sell and its value in use. An impairment loss is recognised in profit or loss.

Depreciation is calculated on a straight-line basis after taking into account residual values over the estimated useful lives of the assets, as follows:
- Computer and office equipment 1 to 5 years;
- Furniture and fittings 2 to 5 years; and
- Leasehold improvements over the lease period, and is generally recognised in profit and loss. Land is not depreciated.

The above useful lives were also applicable to the comparative period. Depreciation is recognised in profit or loss.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items of property and equipment.

An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the revised recoverable amount exceeds the carrying amount. The reversal of such an impairment loss is recognised in profit and loss.

Reconciliation of beginning and ending balances by classes of assets

	Leasehold improvements 2024 R'000	Computer and office equipment and furniture and fittings 2024 R'000	Total 2024 R'000
Carrying value at the beginning of the year	**15 664**	**15 147**	**30 811**
Assets at cost	53 701	120 150	173 851
Accumulated depreciation	(38 037)	(105 003)	(143 040)
Current year movements			
Additions	159	4 760	4 919
Effect of foreign currency exchange differences	8	51	59
Disposals and assets derecognised	–	(509)	(509)
Depreciation (note 22)	(3 369)	(7 233)	(10 602)
Carrying value at the end of the year	**12 462**	**12 216**	**24 678**
Represented by:			
Cost	54 103	123 929	178 032
Accumulated depreciation	(41 641)	(111 713)	(153 354)
Carrying value at the end of the year	**12 462**	**12 216**	**24 678**

4. Property and equipment continued

Accounting policy continued

	Leasehold improvements 2023 R'000	Computer and office equipment and furniture and fittings 2023 R'000	Total 2023 R'000
Carrying value at the beginning of the year	20 359	16 812	37 171
Assets at cost	49 308	110 603	159 911
Accumulated depreciation	(28 949)	(93 791)	(122 740)
Current year movements			
Additions	1 844	6 208	8 052
Effect of foreign currency exchange differences	458	705	1 163
Disposals and assets derecognised	–	(994)	(994)
Depreciation (note 22)	(6 997)	(7 584)	(14 581)
Carrying value at the end of the year	15 664	15 147	30 811
Represented by:			
Cost	53 701	120 150	173 851
Accumulated depreciation	(38 037)	(105 003)	(143 040)
Carrying value at the end of the year	15 664	15 147	30 811

5. Leases

The Group primarily leases office buildings and IT equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Accounting policy

The Group assesses whether a contract is, or contains a lease, at the inception of the contract. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group as the lessor

The Group acts as a lessor over all its sub-tenant leases. These leases are classified as operating leases at the inception of the lease. The Group recognises lease payments received under an operating lease as income on a straight-line basis over the term as part of other income.

The property leased comprises an insignificant portion that is held to earn rental, and another portion that is substantially held for use by the Group in the supply of services and for administrative purposes. These portions cannot be sold separately and are therefore not accounted for separately.

Group as lessee

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets, at the date at which the leased asset is available for use. Short-term leases have a term of 12 months or less. For short-term and low-value leases the Group applies the permitted exceptions under IFRS 16: *Leases*. The Group recognises the lease payments for short-term and low-value leases as an operating expense in profit or loss on a straight-line basis over the lease term. Refer to note 36.

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continued

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5. Leases continued

Lease liability

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method.

Lease payments included in the measurement of the lease liability comprise the following:
- Fixed lease payments, including in-substance fixed payments, less any lease incentives;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:
- There has been a change to the lease term;
- If the Group changes its assessment of whether it will exercise an extension or termination option;
- If there is a revised in-substance fixed lease payment;
- Interest rate benchmark reform; and
- A change in future lease payments arising from a change in rate. A change in future lease payments arising from a change in rate requires the lease liability to be remeasured by discounting the revised lease payments using a revised discount rate and a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

Right-of-use assets

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the lease term of the underlying asset on a straight-line basis or the asset's useful life. The Group has not entered into any leasing arrangements that contain the option to purchase leased property. Depreciation starts at the commencement date of a lease.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss. The Group tests for impairment of the right-of-use assets on an annual basis when there are indicators of impairment. The Group considers unproductive lease assets for impairment.

An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the revised recoverable amount exceeds the carrying amount. The reversal of such an impairment loss is recognised in profit and loss.

For right-of-use assets which are depreciated over their lease terms, the lease terms are presented as:
- Buildings (one to twelve years) – over the lease period; and
- Printers (two to three years) – over the lease period.

On expiry or exit of the lease arrangement, the right-of-use asset's cost and accumulated depreciation are derecognised to the profit or loss as no future economic benefits are expected to flow to the Group.

5. Leases continued

5.1 Right-of-use assets

Reconciliation of beginning and ending balances by classes of assets

	Buildings 2024 R'000	Printers 2024 R'000	Total 2024 R'000
Carrying value at the beginning of the year	**290 969**	**816**	**291 785**
Cost	**482 916**	**7 603**	**490 519**
Accumulated depreciation	**(183 288)**	**(6 787)**	**(190 075)**
Accumulated impairments	**(8 659)**	**–**	**(8 659)**
Additions	**9 079**	**3 076**	**12 155**
Depreciation (note 22)	**(51 978)**	**(1 538)**	**(53 516)**
Right-of-use assets derecognised	**–**	**(816)**	**(816)**
Foreign exchange movements	**192**	**–**	**192**
Carrying value at the end of the year	**248 262**	**1 538**	**249 800**
Represented by:			
Cost	**477 925**	**3 076**	**481 001**
Accumulated depreciation	**(221 004)**	**(1 538)**	**(222 542)**
Accumulated impairments	**(8 659)**	**–**	**(8 659)**
Carrying value at the end of the year	**248 262**	**1 538**	**249 800**

	Buildings 2023 R'000	Printers 2023 R'000	Total 2023 R'000
Carrying value at the beginning of the year	320 278	3 154	323 432
Cost	454 541	7 603	462 144
Accumulated depreciation	(125 604)	(4 449)	(130 053)
Accumulated impairments	(8 659)	–	(8 659)
Additions	18 932	–	18 932
Depreciation (note 22)	(52 196)	(2 338)	(54 534)
Foreign exchange movements	3 955	–	3 955
Carrying value at the end of the year	290 969	816	291 785
Represented by:			
Cost	482 916	7 603	490 519
Accumulated depreciation	(183 288)	(6 787)	(190 075)
Accumulated impairments	(8 659)	–	(8 659)
Carrying value at the end of the year	290 969	816	291 785

Notes to the consolidated financial statements
continued

for the year ended 29 February 2024

5. Leases continued

5.2 Lease liabilities

Reconciliation of beginning and ending balances by classes of assets

	Buildings 2024 R'000	Printers 2024 R'000	Total 2024 R'000
Current lease liabilities	73 637	1 622	75 259
Non-current lease liabilities	303 881	–	303 881
Carrying value	377 518	1 622	379 140
Reconciliation of beginning and ending balances			
Balance at the beginning of the year	408 336	1 074	409 410
Additions	9 079	3 076	12 155
Payments	(82 413)	(1 704)	(84 117)
Interest expense	42 366	249	42 615
Lease liabilities derecognised	–	(1 074)	(1 074)
Foreign exchange movements	150	1	151
Balance at the end of the year	377 518	1 622	379 140

	Buildings 2023 R'000	Printers 2023 R'000	Total 2023 R'000
Current lease liabilities	76 359	1 074	77 433
Non-current lease liabilities	331 977	–	331 977
Carrying value	408 336	1 074	409 410
Reconciliation of beginning and ending balances			
Balance at the beginning of the year	420 332	3 633	423 965
Additions	18 932	–	18 932
Payments	(79 827)	(2 774)	(82 601)
Interest expense	43 875	215	44 090
Foreign exchange movements	5 024	–	5 024
Balance at the end of the year	408 336	1 074	409 410

5. Leases continued

5.3 Maturity analysis of lease liabilities

	Buildings 2024 R'000	Printers 2024 R'000	Total 2024 R'000
Minimum lease payments	**567 894**	**1 704**	**569 598**
Within one year	**77 193**	**1 704**	**78 897**
Between two and five years	**274 909**	**–**	**274 909**
More than five years	**215 792**	**–**	**215 792**
Made up of:			
The present value of the lease obligation is due as follows:	**377 518**	**1 622**	**379 140**
Within one year	**73 637**	**1 622**	**75 259**
Between two and five years	**114 908**	**–**	**114 908**
More than five years	**188 973**	**–**	**188 973**
The present value of the interest payments is due as follows:	**190 376**	**82**	**190 458**
Within one year	**3 556**	**82**	**3 638**
Between two and five years	**160 001**	**–**	**160 001**
More than five years	**26 819**	**–**	**26 819**

	Buildings 2023 R'000	Printers 2023 R'000	Total 2023 R'000
Minimum lease payments	641 688	1 113	642 801
Within one year	117 486	1 113	118 599
Between two and five years	237 973	–	237 973
More than five years	286 229	–	286 229
The present value of the lease obligation is due as follows:	408 336	1 074	409 410
Within one year	76 359	1 074	77 433
Between two and five years	97 466	–	97 466
More than five years	234 511	–	234 511
The present value of the interest payments is due as follows:	233 352	39	233 391
Within one year	41 127	39	41 166
Between two and five years	140 507	–	140 507
More than five years	51 718	–	51 718

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continued

for the year ended 29 February 2024

5. Leases continued

5.3 Maturity analysis of lease liabilities continued

The Group does not face a significant liquidity risk with regard to its lease liabilities.

Key estimates and judgements

A summary of the policies applied to the Group's leases is as follows:

Extension and termination options

The Group has considered such extension and termination options within a lease where it is reasonably certain to exercise such extension and termination options. The options held are exercisable only by the Group and not by the respective lessor. Consideration of whether extension options should be included in determining the lease term is a significant area of judgement. In determining the lease term, the Group considers all facts and circumstances that create economic incentive to exercise an extension option.

Incremental borrowing rate

In determining the incremental borrowing rate, the Group made use of recent third-party financing received as a starting point, and adjusted the cost of borrowing to reflect specific financing conditions such as a similar term to the lease term; security (collateral) in the lease; and adjustments for entity-specific risk within the Group. The determination of the incremental borrowing rate applied to lease transactions is a significant area of judgement and management estimation. The incremental borrowing rate ranges between 10%– 12,4% in South Africa and between 1,9% – 4,5% in Australia.

5.4 Profit on derecognition of right-of-use assets and lease liabilities

During the current financial year, phase 2 of the lease agreements relating to the Group's high value printers expired and phase 3 was renegotiated at new favourable terms and conditions.

	Notes	2024 R'000	2023 R'000
Lease liabilities derecognised	5.2	1 074	–
Right-of-use asset derecognised	5.1	(816)	–
Profit on derecognition of lease liabilities and right-of-use assets		**258**	**–**

6. Intangible assets

Accounting policy

Intangible assets acquired separately

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis in profit or loss over the estimated useful lives of the intangible assets after taking into account any residual values. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally generated intangible assets

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is recognised in profit or loss in the period in which the expenditure is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised when all of the following criteria can be demonstrated:
- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure the expenditure attributable to the intangible asset reliably during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately. Profits or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

6. Intangible assets continued

Accounting policy continued

Internally generated intangible assets continued

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Indicators of impairment include, but are not limited to: significant underperformance relative to expectations based on historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the Group's overall business and significant negative industry or economic trends. An impairment loss is recognised in profit and loss when the carrying amount of an asset exceeds its recoverable amount. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the revised recoverable amount exceeds the carrying amount. The reversal of such an impairment loss is recognised in profit or loss.

Trademarks are regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Management perform annual impairment assessments to test the recoverability of the carrying amounts of the trademarks. The impairment assessments are performed for internally generated intangibles and the recoverable amount is assessed as the higher of the fair value less costs to sell and value in use. The impairment assessment performed for the trademark in Australia, has been included as part of the Paxus Australia CGU assessed under goodwill. Refer to note 7.

Reconciliation of beginning and ending balances by classes of assets

	Capitalised development 2024 R'000	Trademarks[2] 2024 R'000	Customer Base 2024 R'000	Other[1] 2024 R'000	Total R'000
Carrying value at the beginning of the year	5 929	78 179	29 826	9 750	123 684
Assets at cost	68 412	145 207	578 167	9 889	801 675
Accumulated amortisation	(62 483)	(67 028)	(548 341)	(139)	(677 991)
Additions	–	–	–	683	683
Amortisation expense (note 22)	(1 192)	(5 898)	(8 205)	(534)	(15 829)
Disposal and asset derecognition	–	–	–	(25)	(25)
Cost	–	–	(469 111)	(65)	(469 176)
Accumulated amortisation	–	–	469 111	40	469 149
Net foreign exchange movements	–	523	–	11	534
Cost	–	523	2 145	12	2 680
Accumulated amortisation	–	–	(2 145)	(1)	(2 146)
Carrying value at the end of the year	4 737	72 804	21 621	9 885	109 047
Represented by:					
Assets at cost	68 412	145 750	111 201	10 519	335 882
Accumulated amortisation and impairments	(63 675)	(72 946)	(89 580)	(634)	(226 835)
Carrying value at the end of the year	4 737	72 804	21 621	9 885	109 047

[1] *Other intangible assets relate mainly to accreditation training programme costs capitalised.*
[2] *Included in trademarks, are those with an indefinite useful life of R56,7 million allocated to the Paxus cash-generating unit.*

Notes to the consolidated financial statements continued

for the year ended 29 February 2024

6. Intangible assets continued

Accounting policy continued

Internally generated intangible assets continued

	Capitalised development 2023 R'000	Trademarks 2023 R'000	Customer Base 2023 R'000	Other[1] 2023 R'000	Total R'000
Carrying value at the beginning of the year	7 710	78 256	38 031	1 776	125 773
Assets at cost	68 569	139 386	554 243	1 882	764 080
Accumulated amortisation	(60 859)	(61 130)	(516 212)	(106)	(638 307)
Additions	–	–	–	7 883	7 883
Amortisation expense (note 22)	(1 781)	(5 898)	(8 205)	(22)	(15 906)
Disposal	–	–	–	–	–
Cost	(157)	–	–	–	(157)
Accumulated amortisation	157	–	–	–	157
Net foreign exchange movements	–	5 821	–	113	5 934
Cost	–	5 821	23 924	124	29 869
Accumulated depreciation	–	–	(23 924)	(11)	(23 935)
Carrying value at the end of the year	5 929	78 179	29 826	9 750	123 684
Represented by:					
Assets at cost	68 412	145 207	578 167	9 889	801 675
Accumulated amortisation and impairments	(62 483)	(67 028)	(548 341)	(139)	(677 991)
Carrying value at the end of the year	5 929	78 179	29 826	9 750	123 684

[1] *Other intangible assets relate mainly to accreditation training programme costs capitalised.*

Key estimates and judgements

A summary of the policies applied to the Group's intangible assets is as follows:

Useful lives	**Capitalised development Finite (10 to 15 years)**	**Trademarks Finite (7 to 15 years)**	**Trademarks (Australia) Indefinite**	**Customer base Finite (13 to 15 years)**	**Other intangible assets Finite (4 years)**
Amortisation method used	Amortised on a straight-line basis over its estimated useful life	Amortised on a straight-line basis over its estimated useful life	Not amortised	Amortised on a straight-line basis over its estimated useful life	Amortised on a straight-line basis over its estimated useful life
Internally generated or acquired	Internally generated	Acquired	Acquired	Acquired	Acquired

7. Goodwill

Accounting policy

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill arising on the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill and other indefinite useful life intangible assets are assessed annually for impairment.

For impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGU) (or groups of CGUs) that are expected to benefit from the synergies of the combination.

7. Goodwill continued

Accounting policy continued

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently, when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata, based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The estimated future cash flows and discount rates used are pre-tax, based on an assessment of the current risks applicable to the specific CGU.

The weighted average cost of capital is derived from taking into account market risks and the cost of debt. The variables used in the model are established on the basis of management judgement and current market conditions.

The variables used in the model are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating the future cash flows of the CGUs.

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value-in-use calculation is based on a discounted cash flow (DCF) model. Impairment losses recognised in the comparative financial year were based on the value in use of the relevant cash-generating units.

The cash flow inputs to the DCF were derived from the budget and forecasts for the next four years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for the terminal-value calculation. The key assumptions used to determine the recoverable amount for the different CGUs are discussed further in this note.

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

	Pre-tax discount rate		Growth rates range		Terminal growth rate		Headroom	
Segmental CGU	**2024 %**	2023 %	**2024 %**	2023 %	**2024 %**	2023 %	**2024 R'000**	2023 R'000
Contingent Staffing								
BLU	**26,2**	27,9	**6 – 7**	1 – 8	**2,5**	2,5	**315 886**	122 005
Professional Services								
Paracon	**25,8**	26,2	**0 – 6**	5 – 21	**2,5**	2,5	**21 979**	–
Professional Services Australia								
Paxus	**15,8**	17,1	**8 – 15**	6 – 9	**2**	2	**725 022**	337 898
TalentCRU	**20,3**	20,0	**10 – 20**	10 – 111	**2**	2	**4 210**	2 627
Contingent Staffing Australia								
Labour Solutions	**17,7**	20,0	**10 – 20**	10 – 25	**2**	2	**733 293**	362 129

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7. Goodwill continued

Key estimates and assumptions

Key assumptions include the discount rate, terminal growth rate and cash flows used to determine the value in use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering a period of five years and are extrapolated over the useful life of the asset to reflect the long-term plans for the Group using the estimated growth rate for the specific business which is determined with reference to long-term country specific gross domestic product (GDP) rates.

An annual impairment test was performed at the 29 February 2024 for all CGUs. No impairment was recognised in the current financial year (2023: R34 million).

Sensitivity analysis

The impairment calculations are most sensitive to the following assumptions:

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

Cash flows

Only the plans that are committed to and given effect to at 29 February 2024 were affected in the projected cash flows.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. Adjustments to the discount rates were made at 29 February 2024 to reflect the appropriate level of risk at the reporting date.

Appropriate sensitivity analyses were performed on all CGUs, which included fluctuations in growth rates applied to revenue, EBITDA in the cash flow forecast, terminal growth rates and discount rates.

Contingent Staffing segment CGU

BLU, a division of Adcorp Workforce Solutions Proprietary Limited

A change of 10% in growth rates applied to revenue and EBITDA in the cashflow forecast would result in a valuation difference of R93 million (2023: R68 million), which would not result in an impairment if the deviation in earnings is negative (2023: Rnil).

A change of 1% on the discount rate would result in a R21 million (2023: R14 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2023: Rnil).

A change of 1% on the terminal growth rate would result in a R25 million (2023: R16 million) difference in the valuation, which would not result in an impairment if the rate decreased by 1% (2023: Rnil).

Professional Services segment CGU

Paracon, a division of Fortress Administration Proprietary Limited

A change of 10% in growth rates applied to revenue, and EBITDA in the cashflow forecast would result in a valuation difference of R21 million (2023: R23 million), which would not result in an impairment if the deviation in earnings is negative (2023: Rnil).

A change of 1% on the discount rate would result in a R6 million (2023: R6 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2023: Rnil).

A change of 1% on the terminal growth rate would result in a R6 million (2023: R7 million) difference in the valuation, which would not result in an impairment if the rate decreased by 1% (2023: Rnil).

7. Goodwill continued

Australia segment CGUs

Professional Services Australia segment CGU

Paxus Australia

A change of 10% in growth rates applied to revenue, and EBITDA in the cashflow forecast would result in a valuation difference of R66 million (2023: R102 million) which would not result in an impairment if the deviation in earnings is negative (2023: Rnil).

A change of 1% on the discount rate would result in a R140 million (2023: R87 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2023: Rnil).

A change of 1% on the terminal growth rate would result in a R83 million (2023: R48 million) difference in the valuation, which would not result in an impairment if the rate decreased by 1% (2023: Rnil).

TalentCRU in Australia

A change of 10% in growth rates applied to revenue, and EBITDA in the cashflow forecast would result in a valuation difference of R4 million (2023: R1 million) which would not result in an impairment if the deviation in earnings is negative (2023: Rnil).

A change of 1% on the discount rate would result in a R3 million (2023: R1 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2023: Rnil)

A change of 1% on the terminal growth rate would result in a R1 million (2023: R1 million) difference in the valuation, which would not result in an impairment if the rate decreased by 1% (2023: Rnil).

Contingent Staffing Australia segment CGU

Labour Solutions Australia

A change of 10% in growth rates applied to revenue, and EBITDA in the cashflow forecast would result in a valuation difference of R63 million (2023: R61 million), which would not result in an impairment if the deviation in earnings was negative (2023: Rnil).

A change of 1% on the discount rate would result in a R107 million (2023: R53 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2023: Rnil).

A change of 1% on the terminal growth rate would result in a R135 million (2023: R63 million) difference in the valuation, which would not result in an impairment if the rate decreased by 1% (2023: Rnil).

Reconciliation of beginning and ending balances

	2024 R'000	2023 R'000
Cost		
Opening balances at the beginning of the year	**1 502 725**	1 468 290
Foreign currency movement	**3 087**	34 435
Closing balances at the end of the year	**1 505 812**	1 502 725
Impairments		
Opening balances at the beginning of the year	**(990 030)**	(955 567)
Impairment of goodwill (note 22)	**–**	(34 463)
Closing balances at the end of the year	**(990 030)**	(990 030)
Carrying value at the end of the year	**515 782**	512 695

Notes to the consolidated financial statements continued

for the year ended 29 February 2024

7. Goodwill continued

The carrying amount of goodwill is attributable to the following material CGUs:

	2024 R'000	2023 R'000
Contingent Staffing	83 109	83 109
BLU, a division of Adcorp Workforce Solutions Proprietary Limited	83 109	83 109
Professional Services	94 149	94 149
Paracon, a division of Fortress Administration Proprietary Limited	94 149	94 149
Professional Services Australia	265 722	263 299
Paxus	255 100	252 774
TalentCRU	10 622	10 525
Contingent staffing Australia	72 802	72 138
Labour Solutions	72 802	72 138

8. Other financial assets

8.1 Investment at fair value

Accounting policy

Investments in securities are recognised on a trade date basis and are initially measured at fair value. The investment in the cell captive arrangement detailed below, is classified as held at fair value through profit or loss and measured subsequently at each reporting date at fair value. Refer additionally to note 2.2 Fair value measurements and valuation processes.

The investment at fair value represented an investment in a cell captive arrangement which was housed within an insurance company where the Group owned a special class of shares that entitled the Group to participate in the administration, risk and economic result of the agreed insurance business introduced to the insurance company. The investment in the unlisted shares is not traded in an active market.

Under this cell captive arrangement Adcorp was insured against future adverse events by investing in shares issued by the insurer. The insurer utilised the capital received from Adcorp to purchase a portfolio of income-generating assets. Claims initiated by Adcorp against the insurer were settled from the portfolio of assets and were typically limited to the funds available from the portfolio.

The cell captive arrangement was terminated and subsequently derecognised on 5 October 2023, upon settlement of the unlisted shares.

Reconciliation of beginning and ending balances

	2024 R'000	2023 R'000
Investment at fair value		
Balance at the beginning of the year	21 074	19 597
Fair value gain	832	1 477
Proceeds upon settlement of investment	(21 906)	–
Balance at the end of the year	–	21 074

[1] *Refer to note 35.8 for additional disclosure relating to the investment.*

The Group determined that it did not have control over its insurance cell captive as the assets and liabilities were controlled by the insurer. The Group did not have the ability to direct the relevant activities of the cell captive arrangement or influence returns and the cell captive was therefore not consolidated.

9. Deferred taxation

Accounting policy

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that sufficient taxable profits will be available against which deductible temporary differences, carry forward of unused taxation credits and unused taxation losses can be utilised. Such deferred taxation assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and those deferred taxation liabilities in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future and deferred taxation assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled, based on enacted or substantively enacted rates at the reporting date.

Deferred taxation assets and liabilities are offset when they arise from the same tax reporting entity, and relate to the same authority and when there exists a legal right to offset.

The carrying amount of the deferred taxation assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred taxation asset to be utilised.

Unrecognised deferred taxation assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred taxation asset to be recovered. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred taxation is also recognised in other comprehensive income.

The following is the analysis of the deferred tax balances (after offset) per legal entity for financial reporting purposes:

	2024 R'000	2023 R'000
Aggregate net deferred taxation assets	219 640	214 833
Aggregate net deferred taxation liabilities	(41 054)	(56 959)
Net deferred taxation assets	**178 586**	157 874

Key estimates and judgements

Significant management judgement is required to determine the amount of deferred taxation assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

In evaluating the Group's ability to recover deferred taxation assets in the jurisdiction from which they arise, all available evidence is considered, including projected future taxable income and results of operations.

In projecting future taxable income, historical results are adjusted for the results of discontinued operations where applicable and incorporate assumptions about the amount of future operating income, adjusted for items that do not have taxation consequences. The assumptions about future taxable income requires the use of significant judgement and are consistent with the plans and estimates the Group is using to manage the underlying businesses. The assumptions take into account historical performance of the Group as well as future expected growth.

The estimates of the future taxable income used for determining the recognition of deferred taxation assets, are based on forecast cash flows from operations, assumptions regarding economic growth, inflation rates and the application of existing tax laws. The Group remains confident of its ability to generate future taxable income and thus judgement is applied with regard to the timing of the utilisation of the deferred taxation assets. The taxation losses can be carried forward indefinitely, with no expiration date, for as long as the entity is trading. As a result, the Group has recognised R224 million (2023: R183 million). The unrecognised taxation losses amount to R789 million (2023: R737 million) at the end of the financial year.

Notes to the consolidated financial statements continued

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9. Deferred taxation continued

The following are the major categories of deferred tax assets and liabilities recognised by the Group and movements thereon during the current and comparative reporting period:

	As at 28 February 2023 R'000	Profit or loss movements R'000	Foreign exchange movements R'000	Prior year under/(over) R'000	As at 29 February 2024 R'000
Provisions	58 495	(26 188)	–	10 000	**42 307**
Computed losses	49 329	11 328	–	(203)	**60 454**
Income received in advance	21 525	3 262	–	–	**24 787**
Lease liabilities	100 417	(4 565)	–	–	**95 852**
Intangible assets	33 275	(1 824)	–	–	**31 451**
Other	(94)	3 226	–	(223)	**2 909**
Deferred taxation assets	262 947	(14 761)	–	9 574	**257 760**
Prepayments	(4 184)	1 975	–	–	**(2 209)**
Intangible asset – software	(17 315)	4 421	–	–	**(12 894)**
Section 24C future expense deduction	(8 395)	(2 124)	–	–	**(10 519)**
Accrued revenue	(4 035)	12 186	–	–	**8 151**
Right-of-use asset	(68 571)	7 596	–	133	**(60 842)**
Interest	(2 203)	–	–	1 712	**(491)**
Foreign exchange movements	–	(949)	949	–	**–**
Other	(370)	–	–	–	**(370)**
Deferred taxation liabilities	(105 073)	23 105	949	1 845	**(79 174)**
Net deferred taxation assets	157 874	8 344	949	11 419	**178 586**

9. Deferred taxation continued

	As at 28 February 2022 R'000	Profit or loss movements R'000	Profit or loss rate change R'000	Other comprehensive income movements R'000	Foreign exchange movements R'000	Prior year under/over R'000	As at 28 February 2023 R'000
Provisions	39 406	5 858	(1 704)	(401)	–	15 336	58 495
Operating lease timing adjustments	3 288	(3 288)	–	–	–	–	–
Computed losses	70 743	(19 075)	(199)	–	–	(2 140)	49 329
Income received in advance	18 661	7 060	(797)	–	–	(3 399)	21 525
Lease liabilities	102 124	(1 702)	(5)	–	–	–	100 417
Intangible assets	31 891	1 384	–	–	–	–	33 275
Other	85	(186)	7	–	–	–	(94)
Deferred taxation assets	266 198	(9 949)	(2 698)	(401)	–	9 797	262 947
Prepayments	(3 090)	(1 095)	128	–	–	(127)	(4 184)
Intangible asset – software	(21 735)	4 420	–	–	–	–	(17 315)
Section 24C future expense deduction	(7 079)	(3 760)	311	–	–	2 133	(8 395)
Translation adjustment of foreign loan	(18 938)	–	–	18 938	–	–	–
Accrued revenue	(10 178)	6 143	–				(4 035)
Right-of-use asset	(78 193)	9 552	70	–	–	–	(68 571)
Interest	(2 203)	–	–	–	–	–	(2 203)
Foreign exchange movements	–	(7 752)	–	–	7 752	–	–
Other	(106)	(264)	–	–	–	–	(370)
Deferred taxation liabilities	(141 522)	7 244	509	18 938	7 752	2 006	(105 073)
Net deferred taxation assets	124 676	(2 705)	(2 189)	18 537	7 752	11 803	157 874

	2024 R'000	2023 R'000
Reconciliation of estimated taxation losses available in the Group:		
Estimated taxation losses at the beginning of the year	**919 416**	1 034 171
Increases in taxation losses for the year	**146 355**	25 619
Taxation losses utilised during the year	**(52 875)**	(140 374)
Estimated taxation losses at the end of the year	**1 012 896**	919 416
Consisting of:		
Taxation losses recognised	**223 908**	182 695
Taxation losses not recognised	**788 988**	736 721
	1 012 896	919 416

Notes to the consolidated financial statements continued

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10. Taxation

Accounting policy

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or OCI.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax assets and liabilities are offset only if certain criteria are met.

The tax rates and tax laws used to compute the amount of taxation are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

	2024 R'000	2023 R'000
Current taxation		
– Current year	31 521	6 598
– Prior year over provision	(9 865)	(1 929)
Deferred taxation		
– Current year	(8 344)	4 893
– Prior year over provision	(11 419)	(11 803)
Taxation expense from continuing operations in profit or loss	1 894	(2 241)
Taxation recognised in other comprehensive income		
Deferred taxation:		
– Exchange differences of net investment of foreign operations	–	(18 537)
Taxation income recognised in other comprehensive income	–	(18 537)

Taxation reconciliation on continuing operations

	2024 R'000	2023 R'000
Profit before taxation	89 936	118 513
South African standard tax rate (%)	27	28
Normal tax at standard rate	24 283	33 184
Adjustment for the tax effect at the standard rate for the following items:		
Exempt income		
– Employment Tax Incentive (ETI) income	(12 705)	(13 812)
Non-deductible items charged against income:		
– Non-deductible expenses[1]	2 669	21 349
– Share-based payments	1 073	3 498
Non-taxable income	(2 916)	(1 268)
Fair value adjustments	(228)	(413)
Special allowances claimed:		
– Learnerships	(4 177)	(3 141)
Current year taxation losses not recognised	24 343	19 593
Prior year unrecognised taxation losses utilised in current year	(10 543)	(26 529)
Rate change adjustment	1 336	2 189
Other	43	(764)
Tax attributable to disposal of foreign operations[2]	–	(22 395)
Prior year over provision of current and deferred taxation	(21 284)	(13 732)
Actual taxation charge for the year	1 894	(2 241)

[1] *Includes non-deductible consulting fees, tax penalties and impairment of goodwill.*
[2] *Tax shield from the disposal of aaX during the prior financial year due to the application of the Australian income tax consolidation regime.*

10. Taxation continued

The corporate tax rate for South Africa is 27%. The corporate tax rate in Australia is 30%.

Key estimates and assumptions

The Group considered whether it has any uncertain tax positions at year end, particularly those relating to the deductibility of related party interest, interest on a foreign loan and a tax position in a closed down African operation. The Group has maintained a provision for these positions based on the current available facts and circumstances surrounding these uncertainties.

11. Taxation paid

	2024 R'000	2023 R'000
Net amount receivable/(payable) at the beginning of the year	**7 082**	(48 344)
Taxation prepaid	**33 957**	9 447
Taxation payable	**(26 875)**	(57 791)
Amounts charged to statement of comprehensive income including discontinued operations	**(21 656)**	(4 669)
Interest/penalties paid to the South African Revenue Services	**173**	262
Foreign currency movement	**391**	(12 889)
Net amount receivable at the end of the year	**(6 556)**	(7 082)
Taxation prepaid	**(31 989)**	(33 957)
Taxation payable	**25 433**	26 875
Net cash taxation payment	**(20 566)**	(72 722)

12. Trade receivables

Accounting policy – initial recognition and subsequent measurement

Refer to note 2.7 Financial instruments.

Accounting policy – impairment

The Group recognises expected credit losses (impairment allowances) on financial assets measured at amortised cost and accrued income balances. The Group assesses, on a forward-looking basis, the impairment allowances associated with these financial assets and makes use of provision matrices relevant to its various operations in establishing impairment allowances, specifically for trade receivables.

The Group recognises a loss allowance for ECLs applying the simplified approach and measures the loss allowance at an amount equal to the lifetime ECLs. Lifetime expected credit losses are those losses that result from all possible default events over the expected life of the financial instrument. As there is no significant financing component to trade receivables, the Group uses a specific identification and provision matrix when measuring ECL on the trade receivables.

The simplified approach is forward looking and takes into account historical credit loss experience, time value of money and future economic factors including inflation.

Trade receivables are considered to be in default when contractual payments are past due the standard credit terms which is 30 to 45 days. 64% of all customers have payment terms of 30 days or less. 60 days past due is considered to be an appropriate indicator of default when considered against the Group's customer base, the trading terms for which are predominantly 30 days. This is also informed by the Group's extensive experience with its customer base.

Losses are recognised in the statement of profit or loss and in an impairment allowance account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of profit or loss. The gross carrying amount of the trade receivable is reduced by the impairment loss allowance and is written off when the Group has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. When a trade receivable is uncollectible, it is written off and recognised in profit or loss.

Notes to the consolidated financial statements continued

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12. Trade receivables continued

	2024 R'000	2023 R'000
Gross trade receivables	**1 538 380**	1 363 910
Allowance for ECLs	**(26 043)**	(26 861)
Trade receivables	**1 512 337**	1 337 049
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:		
South Africa	**834 095**	784 247
Australia	**678 242**	552 802
Trade receivables	**1 512 337**	1 337 049
The ageing of trade receivables at the reporting date was:		
Current	**1 239 252**	1 089 444
0 – 30 days from invoice date	**241 578**	214 056
31 – 60 days from invoice date	**36 306**	32 650
61 – 90 days from invoice date	**9 120**	9 345
91 – 365 days from invoice date	**8 324**	18 415
Gross trade receivables	**1 538 380**	1 363 910
Movement in the allowance for ECLs		
Balance at the beginning of the year	**26 861**	37 446
Allowance adjustment	**(247)**	(3 700)
Amounts released during the year	**(571)**	(6 885)
Balance at the end of the year	**26 043**	26 861

The trade receivables are provided as security for all banking facilities available to the Group as disclosed in note 17. The eligible receivables are defined as those with outstanding invoices aged up to 90 days. The Group is permitted under its facility agreement to enter into factoring arrangements up to R60 million in South Africa. Any invoiced receivables that have been factored may not be included in the eligible receivables and become ineligible for inclusion in the borrowing base calculations.

Exposure to credit risk

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowance for ECLs, based on past due status, is not further distinguished between the Group's different customer base. The Group's expected credit loss rate is 1,7% (2023: 2,0%).

	2024		2023	
	R'000	ECL per ageing category	R'000	ECL per ageing category
The ageing of the expected credit loss at the reporting date was:				
Current	**2 123**	**0,2%**	2 096	0,2%
0 – 30 days from invoice date	**1 597**	**0,7%**	1 445	0,7%
31 – 60 days from invoice date	**1 003**	**2,8%**	654	2,0%
61 – 90 days from invoice date	**750**	**8,2%**	495	5,3%
91 – 365 days from invoice date	**5 773**	**47,6%**	6 769	36,8%
Specifically identified[1]	**14 797**	**100%**	15 402	100%
Total allowance for ECLs	**26 043**	**1,7%**	26 861	2,0%

[1] *Fully provided for based on specific identification criteria: customers' financial difficulty, inability to pay and when it is perceived that there is no realistic prospect of recovery.*

12. Trade receivables continued

Exposure to credit risk continued

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 37 days (2023: 36 days) and no interest has been charged on the trade receivables.

The carrying value approximates the fair value due to their short-term nature.

Key estimates and assumptions

To measure the ECLs, trade receivables are grouped based on shared credit risk characteristics and the days past due. The probability of a customer defaulting and the realised loss with defaulted accounts has been determined using historical data of 12 months.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors when affecting the ability of the customers to settle the receivables. The measurement of the ECLs also reflects the recovery expected from any credit risk insurance relating to trade receivables. The insured portion of the South African trade receivables are not impaired and insured at 85% (2023: 85%) of their value against default. The value insured is R630 million (2023: R595 million) capped at claims of R350 million annually. The trade receivables relating to the Labour Solutions Australia business are insured at 90% of any defaults (less $5,000 excess). The value insured under the policy is AUD140 million.

Historical estimated losses are calculated as the average losses for the past year. The estimated loss value is adjusted to be forward-looking by taking into account the Group's credit control measures and collection policies. When measuring ECLs the Group uses reasonable and supportable forward-looking information based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group has considered quantitative forward-looking information such as the core inflation rate, economic growth (GDP), unemployment rates and interest rates. Qualitative assessments have also been performed, of which the impact was found to be immaterial. The forward-looking adjusted loss rate is applied to each receivables terms' bucket based on the unpaid balance by the total estimated loss rate. The expected loss rate is applied to the outstanding buckets to derive the allowance for ECLs. A qualitative assessment of the impact of forward-looking information has been performed and found to be immaterial.

There have not been any changes in the estimation techniques or significant assumptions applied during the current financial year.

13. Other receivables and non-current prepayments

13.1 Non-current prepayments

Accounting policy

Costs for software development to customise, develop, or modify the software, during the development phase is capitalised as a prepayment and amortised over the term of the hosting arrangement. The term of that arrangement is the initial non-cancellable period, as well as any extension periods, as long as it is reasonably certain to be exercised.

	2024 R'000	2023 R'000
Prepayment – enterprise technology transformation project	**14 496**	43 987
Total non-current prepayments	**14 496**	43 987

Notes to the consolidated financial statements continued

for the year ended 29 February 2024

13. Other receivables and non-current prepayments continued

13.2 Reconciliation of current and non-current prepayments – enterprise technology transformation project

	2024 R'000	2023 R'000
Balance at the beginning of the year	**72 098**	80 303
Additions	**2 612**	16 856
Amounts expensed during the year (note 22)	**(30 389)**	(25 472)
Foreign currency movement	**(2)**	411
Balance at the end of the year	**44 319**	72 098
Non-current	**14 496**	43 987
Current[1]	**29 823**	28 111
Total non-current prepayments	**44 319**	72 098

[1] *Current prepayment relating to the enterprise technology transformation project is included in prepayments in other receivables in note 13.3.*

13.3 Other receivables

Accounting policy – initial recognition and subsequent measurement

Refer to note 2.7 Financial instruments.

Accounting policy – impairment

The Group recognises a loss allowance for ECLs applying the simplified approach and measures the loss allowance at an amount equal to the lifetime ECLs. As there is no significant financing component to other receivables, the Group uses a specific identification and provision matrix when measuring ECL on the other receivables.

	2024 R'000	2023 R'000
Deposits	**2 774**	2 425
Prepayments	**40 014**	32 417
Enterprise technology transformation project prepayment	**29 823**	28 111
Sundry billings[1]	**57 712**	50 356
Lease receivable	**2 105**	3 500
Sundry loans	**1 216**	1 680
Value added taxation	**6 227**	4 132
Other[2]	**29 873**	13 621
Total other receivables	**169 744**	136 242

[1] *Includes billings accrued for services performed but not yet invoiced.*
[2] *Comprises SETA government grants, withholding tax and other incentives receivable.*

The Group considered the fact that no material write-offs have been made on other receivables in the past and raised no expected credit loss on these financial assets.

The carrying value approximates the fair value due to their short-term nature.

14. Cash and cash equivalents and restricted cash

Accounting policy – initial recognition and subsequent measurement

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised costs and stated at carrying amount which reflects its fair value.

Certain bank accounts are provided as security for banking facilities available to the Group as disclosed in note 17.

Refer to note 2.7 Financial instruments.

Cash and cash equivalents and restricted cash comprise the following:

	2024 R'000	2023 R'000
Cash resources[1]	**204 175**	311 692
Restricted cash comprises of:		
Value of restricted cash held in Angola[2,3]	**71 074**	103 856
Total cash and cash equivalents and restricted cash per statement of financial position	**275 249**	415 548
Total cash and cash equivalents per statement of cash flows	**204 175**	311 692

[1] *The counterparties have a South African Moody's Rating of Ba2, and Australian Moody's ratings of Aaa.*
[2] *The counterparties have an Angolan Moody's Ratings of B3.*
[3] *The Group reassessed the classification of restricted cash held in Angola due to regulatory restrictions placed on the ability of the subsidiary to access the cash in Angola at year-end, and as a result, cash and cash equivalents per the statement of cash flows excludes the restricted cash at year-end. At the date of approval of these financial statements access is no longer restricted.*

Credit risk

The maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents. 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.

Liquidity risk

The cash in Angola is restricted due to sovereign exchange control restrictions and the completion of certain administrative processes that have only been completed subsequent to the balance sheet date, as a result the Group's ability to remit money out of Angola is limited.

Currency risk

Angola faces a systemic risk of currency devaluation over time. The Angolan currency market is currently illiquid and poses a risk to Adcorp's ability to repatriate funds to South Africa which is exacerbated by foreign exchange restrictions. The Group continues to hold cash until such time as these can be remitted back to South Africa or utilised within Angola.

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15. Share capital and share premium

15.1 Share capital and share premium

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from equity.

	2024 '000	2023 '000
Authorised share capital:		
183 177 151 ordinary shares of 2,5 cents each (2023: 183 177 151)	**4 579**	4 579
16 822 849 "B" ordinary shares of 2,5 cents each (2023: 16 822 849)	**421**	421
Total authorised share capital	**5 000**	5 000
Number of ordinary shares ('000):		
Balance at the beginning of the year excluding treasury shares	**103 388**	106 693
Ordinary shares at the beginning of the year	**109 955**	109 955
Treasury shares at the beginning of the year	**(6 567)**	(3 262)
Treasury share purchases	**(1 541)**	(3 395)
Transferred to employee share-based scheme	**1 021**	90
Balance at the end of the year	**102 868**	103 388
Consisting of:		
Total ordinary shares in issue	**109 955**	109 955
Less: Treasury shares	**(7 087)**	(6 567)
Balance at the end of the year excluding treasury shares	**102 868**	103 388
Number of "B" ordinary shares ('000):		
Number at the beginning of the year	**6 729**	6 729
Number at the end of the year	**6 729**	6 729
	2024 R'000	**2023 R'000**
Issued share capital and premium comprises:		
109 954 675 ordinary shares of 2,5 cents each (2023: 109 954 675)	**2 749**	2 749
Total issued share capital	**2 749**	2 749
Share premium	**1 738 109**	1 738 109
Total share capital and share premium	**1 740 858**	1 740 858
Reconciliation of share capital and premium movement:		
Balance at the beginning of the year	**1 740 858**	1 740 858
Balance at the end of the year	**1 740 858**	1 740 858

Voting and dividend rights

In terms of the memorandum of incorporation, both ordinary and B ordinary shareholders have voting rights, however only ordinary shares shareholders are entitled to a dividend.

15. Share capital and share premium continued

15.2 Treasury shares

Accounting policy

Where subsidiaries hold Adcorp Holdings Limited ordinary shares, the consideration paid to acquire those shares, including attributable incremental costs, is deducted from shareholders' equity and presented separately as treasury shares. When treasury shares are sold, reissued or cancelled subsequently, the amount received is an increase in equity and the resulting surplus or deficit on the transaction is recognised in share premium.

As part of the Group's capital allocation framework, one of the levers to return value to shareholders is through share buybacks, if the share price is materially below intrinsic value. Refer to the statement of changes in equity for the reconciliation of the current year movement in treasury shares.

	2024 R'000	2023 R'000
Adcorp Fulfilment Services Proprietary Limited – 556 605 shares (2023: 556 605)	**(22 834)**	(22 834)
Torque IT Proprietary Limited – 6 530 120 shares (2023: 6 010 428)	**(70 862)**	(68 168)
Adcorp Employee Benefit Trust 2 (AEBT 2) consolidated – 6 729 140 "B" shares (2023: 6 729 140)	**(168)**	(168)
Total treasury shares	**(93 864)**	(91 170)

16. Reserves

	2024 R'000	2023 R'000
The reserves consist of:		
Share-based payment reserve (note 16.1.1)	**14 828**	187 681
Employee share scheme reserve (note 16.1.2)	**168**	168
Foreign currency translation reserve (note 16.2)	**88 599**	124 542
Accumulated loss	**(291 809)**	(426 372)
Non-controlling interest	**925**	(1 030)
Total reserves	**(187 289)**	(115 011)

16.1 Share-based schemes

Accounting policy

Share-based payment schemes are all settled by providing shares of the Group to the recipients. The Group accounts for all share-based payments as equity settled.

Equity-settled share-based payment transactions are measured at the fair value of the equity instruments granted. The fair value is measured at the grant date. IFRS 2 defines the grant date as the date at which the entity and another party agree to a share-based payment arrangement, being when the entity and counterparty have a shared understanding of the terms and conditions of the arrangement.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense in profit and loss, with a corresponding increase in equity, over the vesting period of the awards.

Notes to the consolidated financial statements continued

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16. Reserves continued

16.1 Share-based schemes continued

16.1.1 Share-based payment reserve

A reconciliation of the share-based payment reserve (per share scheme) for the year is provided below:

	2024 R'000	2023 R'000
Balance at the beginning of the year	**187 681**	196 240
Senior management long-term incentive scheme	**11 865**	27 630
AEBT 2 and Broad-Based Black Economic Empowerment (B-BBEE) shareholders' trust	**172 229**	165 023
AEBT 3 transaction	**3 587**	3 587
Share-based expense recognised during the year	**10 671**	12 428
Senior management long-term incentive scheme	**7 068**	5 222
AEBT 2 and B-BBEE shareholders' trust	**3 603**	7 206
Transfer to accumulated loss	**(176 166)**	(9 560)
AEBT 2 and B-BBEE shareholder's trust[1]	**(175 832)**	–
Senior management long-term incentive scheme[2]	**(334)**	(9 560)
Other movement in share-based payment reserve	**(7 358)**	(11 427)
Senior management long-term incentive scheme	**(7 358)**	(11 427)
Balance at the end of the year	**14 828**	187 681
Made up of:		
Senior management long-term incentive scheme	**11 241**	11 865
AEBT 2 and B-BBEE shareholders' trust	**–**	172 229
AEBT 3 transaction	**3 587**	3 587
Total share-based payment reserve	**14 828**	187 681

[1] *Relates to the transfer of share based payment reserve related to the 2013 B-BBEE scheme that has fully vested.*
[2] *Relates to vesting of share awards.*

The Group awards performance shares (PS) under share-based payment schemes as part of the Group's retention policy and to align management remuneration with the achievement of short and long-term strategic and financial performance targets. The PS awards are subject to the fulfilment of service conditions, as well as performance conditions and are made up of conditional and/or forfeitable shares.

Senior management long-term incentive scheme (awards made prior to 2024)

The scheme includes one type of PS award:

- Conditional shares (CS): A conditional right to Adcorp Holdings Limited shares, the vesting of which is subject to the fulfilment of service conditions as well as performance conditions. The performance conditions are based on targets set around growth of return on invested capital (ROIC) (50%), and growth of headline earnings per share (HEPS) (50%). Participants will not be entitled to dividends or have any voting rights on the CS until the awards vest. Vesting periods are three years from date of award.

16. Reserves continued

16.1 Share-based schemes continued

16.1.1 Share-based payment reserve continued

The following reconciles the outstanding share awards granted under the senior management long-term incentive scheme at the end of the financial year:

	Number of share awards 2024	Weighted average grant price 2024	Number of share awards 2023	Weighted average grant price 2023
Senior management long-term incentive scheme				
Outstanding balance at the beginning of the year	**9 442 033**	**3,92**	13 435 079	5,11
Granted during the year	**–**	**–**	2 556 041	4,25
Vested during the year	**(1 839 394)**	**4,00**	(162 205)	23,46
Forfeited during the year	**(1 558 738)**	**4,24**	(6 386 882)	5,76
Outstanding balance at the end of the year	**6 043 901**	**3,94**	9 442 033	3,92

The following share awards were issued under the senior management long-term incentive scheme in the current and comparative financial years:

	Number	Grant date	Vesting date	Type	Fair value at grant date
Issued in 2022	453 048	2021/04/01	2024/04/01	CS	4,88
Issued in 2022	3 376 228	2021/06/30	2024/06/30	CS	3,82
Issued in 2023	2 214 625	2022/12/14	2025/12/13	CS	4,52
	6 043 901				

The fair values at grant date are independently determined using a binomial model. The inputs to the model determining the fair value of the shares awarded at grant date are set out below:

	2024	2023
Spot price (R)	**5,20 – 6,25**	5,34 – 24,94
Expected volatility (%)	**91,81 – 93,04**	32,67 – 93,04
Expected life (years)	**3 – 6**	3 – 6
Risk-free rate (%)	**4,97 – 7,77**	4,20 – 8,80
Expected dividend yield (%)	**7,56 – 10,27**	1,77 – 10,27

2024 Long-term incentive scheme

The scheme includes two types of performance share awards:

- CS: A conditional right to Adcorp Holdings Limited shares, the vesting of which is subject to the fulfilment of service conditions as well as performance conditions. The performance conditions are based on targets set around growth of return on invested capital (ROIC) (50%), and growth of headline earnings per share (HEPS) (50%). Participants will not be entitled to dividends or have any voting rights on the CS until the awards vest. Vesting periods are three years from date of award.
- Forfeitable share (FS): The vesting of these shares is subject to continued employment, and is conditional upon achievement of performance targets, measured over a three-year period, for directors and senior management. The performance conditions are based on targets set around growth of return on invested capital (ROIC) (50%), and growth of headline earnings per share (HEPS) (50%). The fair value of the share awards on grant date were measured using the quoted market price of an Adcorp Holdings Limited share without adjusting for expected dividends and non-market conditions.

Notes to the consolidated financial statements
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16. Reserves continued

16.1 Share-based schemes continued

16.1.1 Share-based payment reserve continued

The following reconciles the shares awards granted under the 2024 long-term incentive scheme at the end of the financial year:

	Number of share awards 2024	Weighted average grant price 2024
Long-term incentive scheme		
Forfeitable shares		
Outstanding balance at the beginning of the year	–	–
Granted during the year	1 949 402	3,92
Outstanding balance at the end of the year	**1 949 402**	**3,92**
Conditional shares		
Outstanding balance at the beginning of the year	–	–
Granted during the year	1 824 252	3,92
Outstanding balance at the end of the year	**1 824 252**	**3,92**

The following share awards were issued under the 2024 long-term incentive scheme in the current financial year:

	Number	Grant date	Vesting date	Type	Fair value at grant date
Issued in 2024	1 949 402	2024/02/29	2026/06/01	FS	3,92
Issued in 2024	1 824 252	2024/02/29	2026/06/01	CS	3,92
	3 773 654				

The number of shares available for utilisation for the above share-based schemes is 10% of the issued ordinary share capital being a total of 10 995 467 shares.

Key estimates and judgements

The assessed fair value at grant date of share awards granted during the 29 February 2024 financial year is disclosed above. The conditional shares at grant date are independently determined with the present value of future expected dividends discounted at a risk-free rate. The valuation models take into account the exercise price, the term of the share award, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the share award and the correlations and volatilities of the peer group companies.

2020 B-BBEE Empowerment transaction

In the 2021 financial year, a B-BBEE transaction was completed and a new company was established, Adcorp Group South Africa Proprietary Limited and a trust registered, Adcorp Employee Benefit Trust 3 (AEBT 3) as contemplated by the B-BBEE transaction. As a result of the B-BBEE transaction, Adcorp Group South Africa Proprietary Limited became the new holding company of Adcorp Management Services Proprietary Limited (which was an indirect subsidiary of Adcorp Holdings Limited) and Adcorp Workforce Management Solutions Proprietary Limited (which was a direct subsidiary of Adcorp Holdings Limited). AEBT 3 was issued with 23,95% of the issued ordinary no par value shares in Adcorp Group South Africa Proprietary Limited, Thornbird Trade and Invest 33 Proprietary Limited 4,16% and Quest Strategic Partners Proprietary Limited 7,31% with Adcorp Holdings Limited holding 64,58% of Adcorp Group South Africa Proprietary Limited ordinary shares and 100% of the “A” preference shares in Adcorp Group South Africa Proprietary Limited.

Thornbird Trade and Invest 33 Proprietary Limited and Quest Strategic Partners Proprietary Limited have effectively received an option in Adcorp Group South Africa Proprietary Limited as consideration for Adcorp Group South Africa Proprietary Limited receiving empowerment credentials.

16. Reserves continued

16.1 Share-based schemes continued

2020 B-BBEE Empowerment transaction continued

The AEBT 3 trust is consolidated in the current financial year as Adcorp Holdings Limited has control over the trust as it has the ability to direct the relevant activities of the Trust through the drafting of the trust deed which sets out the decision making powers relevant to the Trust which are pre-determined in the trust deed. Through the trust deed Adcorp Holdings Limited has exercised power to direct the relevant activities of the Trust. Adcorp Holdings Limited will furthermore obtain variable returns through access to future resources or future contracts from maintaining the Group's B-BBEE credentials. Furthermore, the beneficiaries of the Trust are employees of the Group which exposes the Group to variable returns through their employment services.

The Group applied its judgement in determining the appropriate IFRS 2 expense that should be recognised as a result of the B-BBEE transaction as approved by the shareholders on 14 December 2020 utilising the principles as outlined in IFRS 2: *Share-based Payment.* In determining the share-based expense, the Group obtained an expert valuation. This valuation was then subjected to a sensitivity analysis based on the assumptions applied in the model. The valuation model is sensitive to the expected percentage volatility and the expected dividend yield percentage assumptions.

The Group determined that additional information surrounding the impact of the sensitivities on these key assumptions should be disclosed to the users of these financial statements to understand the magnitude of changes. Due to the nature of the scheme, the share-based payment expense (R3,6 million) is non-recurring and vested in FY21 on implementation of the scheme.

16.1.2 Employee share scheme reserve

AEBT 2 and B-BBEE shareholders' interest

In terms of the Black Economic Empowerment (BEE) transaction in 2013 (2013 B-BBEE transaction), Adcorp had authorised and issued a total of 6 729 140 "B" ordinary shares (2023: 6 729 140) to its empowerment shareholder (AEBT 2) at a value of 2,5 cents per share.

	2024 R'000	2023 R'000
Issued "B" class shares in Adcorp Holdings shares		
6 729 140 "B" ordinary shares of 2,5 cents per share (2023: 6 729 140) at the beginning of the year	**168**	168
6 729 140 "B" ordinary shares of 2,5 cents per share (2023: 6 729 140) at the end of the year	**168**	168

In 2021, the Group implemented a BEE transaction (refer to 2020 B-BBEE Empowerment transaction on page 62).

16.2 Foreign currency translation reserve

	2024 R'000	2023 R'000
Balance at the beginning of the year	**124 542**	23 658
Arising on translation of foreign operations	**(35 943)**	97 611
Exchange difference reclassified to profit or loss on disposal of foreign subsidiary (note 32)	**–**	3 273
Balance at the end of the year	**88 599**	124 542

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Rand amounts are brought to account by entries made directly to the foreign currency translation reserve.

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17. Interest-bearing borrowings

17.1 Current interest-bearing borrowings

ZAR Borrowing Base Credit Facilities

The South African facilities include a revolving credit facility of R150 million (ZAR revolving credit facility), an overdraft facility of R100 million and an accordion facility of R100 million which was effective from 1 September 2022 and matures in three years from the effective date.

Interest is compounded monthly in arrears at an agreed margin plus JIBAR which is determined on each measurement date being the last day of each month. Any amount outstanding on the ZAR revolving credit facility is to be repaid on the last day of the interest period. Any amount on the accordion facility which remains outstanding on the maturity date, will be repaid in full on that date.

The margin applicable for the utilisation of facilities is 2,9% where no default has occurred and continuing. The agreement sets out various events of default. For as long as an event of default has occurred and is continuing, the margin shall be the applicable margin plus 2% per annum. The financial covenants set out in the agreement include the following:

Financial covenant ratio	Requirement
Interest cover ratio (ratio of adjusted consolidated EBITDA to consolidated net finance costs)	>3
Current ratio (ratio of consolidated current assets divided by consolidated current liabilities)	>1,1
Tangible net asset value (NAV) ('000)	R1 200 000

As at the reporting date, no events of default had occurred and the Group has complied with all financial covenants.

The accordion facility was not utilised during the current financial year.

Trade receivables with a carrying value of R834 million are used as security to secure funding relating to the borrowing base facility. The eligible receivables are defined as those with outstanding invoices aged up to 90 days. The Group is permitted under its facility agreement to enter into factoring arrangements up to R60 million in South Africa. Any invoiced receivables that have been factored may not be included in the eligible receivables and become ineligible for inclusion in the borrowing base calculations.

As security for the borrowing base facility, a shared security agreement was entered into that holds a cession over the trade receivables and bank accounts between specified operating subsidiaries of the Adcorp Group.

AUD Borrowing Base Credit Facilities

The AUD borrowing base facility consists of a revolving borrowing base facility, a letter of credit and bank guarantee that matured on 10 March 2024; however, an extension was granted to 10 September 2024. A new facility is currently being negotiated and will be finalised in the second half of FY25. Further details of each of the current facilities are presented below:

Revolving borrowing base facility

The revolving borrowing base facility is AUD20 million with an additional set-off (overdraft) facility of AUD3 million that was taken out during the year. The facilities mature on 10 September 2024 with interest payable quarterly at the applicable base rate as determined with reference to the Australian Reserve Bank rates at the time of drawdown plus a margin of 1,60% per annum. Interest is compounded monthly and the facility is limited to a maximum of four draws outstanding at any one time. The facility can be prepaid in whole or in part at any time and unless otherwise agreed must be for a minimum of AUD100,000 and an integral multiple of AUD50,000.

17. Interest-bearing borrowings continued

17.1 Current interest-bearing borrowings continued

Letter of credit and bank guarantee

The facility limit is AUD2 million and unless otherwise agreed, the letter of credit instrument must have a term of at least one month. Repayments must be a minimum of AUD50,000. The facility is restricted to no more than five letter of credit instruments and the minimum draw must be AUD50,000. Prepayments must be a minimum of AUD50,000 unless otherwise agreed.

Financial covenants on the AUD borrowings include a level of debt service cover ratio and a level of interest cover ratio up until the maturity dates and the borrowing base facility at any time may not exceed the lesser of the borrowing base facility and the receivables borrowing base applicable at the time and the consolidated net worth of the Australian Group does not fall below the greater of AUD55 million and 85% of the consolidated net worth of the Australian Group for the previous financial year. The receivables borrowing base is an amount equal to 80% of eligible receivables.

The Australian Group only made use of the borrowing base facility during the financial year that was fully settled by the reporting date (AUD Nil) as disclosed in the tables in note 35.6.

As security for the AUD borrowings, a shared security agreement was entered into that holds a cession over the trade receivables between specified operating subsidiaries of the Adcorp Australia Group.

As at the reporting date, no events of default had occurred and the Australia Group has complied with all financial covenants during the current financial year.

17.2 Reconciliation of movements on interest-bearing borrowings

	2024 R'000	2023 R'000
Opening balances at the beginning of the year	**–**	133 336
Interest accrued[1]	**5 730**	2 258
Interest paid	**(5 730)**	(2 258)
Repayments on facilities during the year	**(424 601)**	(615 183)
Proceeds from facilities during the year	**424 601**	480 190
Foreign currency movements[1]	**–**	1 657
Closing balance at the end of the year	**–**	–

[1] *Non-cash movements.*

18. Trade and other payables

	2024 R'000	2023 R'000
Trade creditors	**102 621**	124 707
Value added taxation	**173 652**	200 233
Operating expense accruals	**227 097**	157 775
Payroll accruals	**384 392**	312 922
Income received in advance from customer contract liabilities (note 18.1)	**91 801**	79 720
Other creditors	**16 853**	23 498
Total trade and other payables	**996 416**	898 855

Trade and other payables do not carry interest and are stated at their nominal value. The carrying amount approximates the fair value. The average credit period on trade and other payables is 30 days, except for payroll accruals that have an average credit period of seven days. All amounts will be settled within 12 months and are therefore considered to be short term in nature.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

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18. Trade and other payables continued

18.1 Income in advance from customer contract liabilities

Amounts recognised in the income received in advance relate to monies received in advance from customers. The Group has recognised the following current liabilities related to contracts with customers.

	Performance obligation (timing)	2024 R'000	2023 R'000
Customer liabilities – training	Revenue is recognised over time as the training is provided	**87 573**	76 942
Customer liabilities – permanent placements	Revenue is recognised at the point in time when placed candidates begin employment	**3 736**	2 406
Customer liabilities – temporary placements	Revenue is recognised over time as the services are rendered	**492**	372
Total income received in advance from contract liabilities		**91 801**	79 720

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities where performance obligations were satisfied in the current year.

	2024 R'000	2023 R'000
Balance at the beginning of the year	**79 720**	52 685
Income in advance recognised as liability	**387 153**	263 988
– Training	**275 396**	146 296
– Permanent placements	**103 806**	86 948
– Temporary placements	**7 951**	30 744
Revenue recognised during the period	**(375 072)**	(236 953)
– Training	**(264 765)**	(121 940)
– Permanent placements	**(102 477)**	(84 615)
– Temporary placements	**(7 830)**	(30 398)
Balance at the end of the year	**91 801**	79 720

Training

Revenue from training is recognised as the contracted service is rendered to a client, which is over a period of time. Consideration received from clients who pay for training services in full, at the beginning of the service contract, is recognised as a contract liability. Revenue from the contract liability is recognised over the period of the training contract.

Permanent placements

Revenue from permanent placements is recognised at a point in time when a qualified candidate has been placed and begins permanent employment with a client. Consideration received is recognised net of a "contingency allocation" for permanent placement candidates who may not remain with a client through a specified contingency period. This contingency is recognised as a contract liability. Revenue from the contract liability is recognised at the point when the contingency period has lapsed.

Temporary placements

Revenue from temporary placements is recognised as the contracted service is rendered to a client, which is over a period of time. Consideration received from clients who pay for temporary placement services in full, at the beginning of the service contract, is recognised as a contract liability. Revenue from the contract liability is recognised over the period of the temporary placement contract.

19. Provisions

Accounting policy

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

19. Provisions continued

Accounting policy continued

Provision for leave pay

The provision for leave pay is measured at the Group's best estimate of the expenditure required to settle the obligation at the reporting date in accordance with the Basic Conditions of Employment Act. The provision includes both temporary and permanent employees.

Bonuses

The bonus provision includes both temporary and permanent staff. The Group rewards the meeting of strategic financial and non-financial objectives through bonuses to permanent employees. The provision is utilised when the bonus is approved and paid out in June of the following financial year. Temporary staff bonuses are raised based on contractual obligations with our assignee and candidate base.

Other

Other provisions represent the directors' best estimate of future economic benefits that may be required to cover claims on services rendered by the Group. The provisions have been determined based on assessments and estimates by management. Actual results could differ from estimates and there is no certainty regarding the timing of these cash flows.

	As at 28 February 2023 R'000	**Provisions raised 2024 R'000**	**Provisions utilised 2024 R'000**	**Foreign exchange movement 2024 R'000**	**As at 29 February 2024 R'000**
Leave pay	145 920	**198 897**	**(187 132)**	**616**	**158 301**
Bonuses	72 573	**135 834**	**(163 895)**	**96**	**44 608**
Other[1]	16 396	**44 806**	**(43 174)**	**77**	**18 105**
Total	234 889	**379 537**	**(394 201)**	**789**	**221 014**

[1] *Includes a 'lease make good' provision in Australia, which represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.*

	As at 28 February 2022 R'000	Provisions raised 2023 R'000	Provisions utilised 2023 R'000	Foreign exchange movement 2023 R'000	As at 28 February 2023 R'000
Leave pay	93 181	193 712	(143 569)	2 596	145 920
Bonuses	78 278	82 664	(90 970)	2 601	72 573
Other	32 471	16 478	(33 999)	1 446	16 396
Total	203 930	292 854	(268 538)	6 643	234 889

	2024 R'000	2023 R'000
Short and long-term split of provisions:		
Current	**216 504**	234 889
Non-current	**4 510**	–
	221 014	234 889

20. Revenue

Accounting policy

The Group is in the business of providing services to clients, which include permanent placements, temporary placements to flexible staffing sectors, professional IT services, as well as the provision of business process outsourcing and training. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when the performance obligations are met. Revenue is recognised at the point of delivery for permanent placement and outsourced-based solutions, and over a period of time for temporary placement and training services. In certain cases the Group makes use of output-based methods to determine when the revenue for performance obligations is recognised over time.

Credit risk is accounted for separately as part of the impairment consideration for financial instruments.

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20. Revenue continued

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers the related services to the customer). Refer to note 18.1 Income received in advance from customer contract liabilities for details of the liabilities recognised by the Group arising from contracts from customers.

The Group does not enter into arrangements with deferred payment terms that exceed 12 months, therefore there is no significant financing component accounted for.

The Group makes use of the practical expedient option in paragraph 121 in IFRS 15 as the right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date. The service contracts bill a fixed amount for each hour of service provided.

Performance obligation	Description	Timing	2024 R'000	2023 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 at the point in time when placed candidates begin employment.	**89 695**	79 911
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 over time as the services are rendered.	**10 889 435**	9 968 012
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 over time as the training is provided.	**246 098**	235 034
Outsourced-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 at the point of time the solution has been delivered to the customer.	**1 756 913**	1 765 994
Total revenue from continuing operations			**12 982 141**	12 048 951

20. Revenue continued

Disaggregation of revenue by geographical region

Region	Segment	Performance obligation	2024 R'000	2023 Restated* R'000
South Africa			**6 870 829**	6 668 343
	Contingent Staffing		**3 788 111**	3 591 607
		–Temporary placement	**3 658 844**	3 458 596
		–Permanent placement	**330**	44
		–Training	**128 280**	132 967
		–Outsourced-based solutions	**657**	–
	Functional Outsourcing		**1 136 882**	1 129 795
		–Temporary placement	**245 923**	182 352
		–Outsourced-based solutions	**890 959**	947 443
	Professional Services		**1 945 836**	1 946 941
		–Temporary placement	**934 938**	986 335
		–Permanent placement	**27 783**	39 988
		–Training	**117 818**	102 067
		–Outsourced-based solutions	**865 297**	818 551
Australia			**6 111 312**	5 380 608
	Contingent Staffing		**1 900 714**	1 408 709
		–Temporary placement	**1 870 041**	1 408 709
		–Permanent placement	**30 673**	–
	Professional Services		**4 210 598**	3 971 899
		–Temporary placement	**4 179 689**	3 932 020
		–Permanent placement	**30 909**	39 879
Total revenue from continuing operations			**12 982 141**	12 048 951

** Restated due to changes in segmental reporting in the current year (refer to note 2.2).*

The timing of revenue recognition is as follows:

	2024 R'000	2023 R'000
Over time	**11 135 533**	10 203 046
At a point in time	**1 846 608**	1 845 905
Total revenue from continuing operations	**12 982 141**	12 048 951

Key estimates and judgements

The Group is a principal if it controls the specified service before the service is rendered to a customer. The Group is an agent if the entity's performance obligation is to arrange for the provision of the service by another party. The following factors were considered in determining that the Group is a principal:

- Primary responsibility for providing the services to the customer or for fulfilling the order; and
- Latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services which they will bill for.

Notes to the consolidated financial statements
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21. Other income

Accounting policy for government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses related costs for which the government grant is intended to compensate. A government grant is not recognised until there is reasonable assurance that the Group will comply with conditions attaching to it and the grants will be received. Government grants which are unconditional are presented on the consolidated statement of profit or loss in other income.

	2024 R'000	2023 R'000
Other income comprises:		
Other income[1]	12 325	9 563
Sub-lease rental income[2]	12 532	10 180
Total other income	**24 857**	19 743

[1] *Includes training levies recovered and Bureau income (government grants).*
[2] *Refer to accounting policy included in note 5.*

22. Operating expenses

Operating expenses includes the following items:

	2024 R'000	2023 R'000
Auditors' remuneration	(20 361)	(20 184)
Retirement contribution benefits	(53 474)	(61 764)
Leasing and rentals (note 36)	(12 015)	(10 400)
Staff costs	(629 637)	(657 432)
Depreciation and amortisation	(79 947)	(85 021)
Depreciation on property and equipment (note 4)	(10 602)	(14 581)
Depreciation on right-of-use assets (note 5.1)	(53 516)	(54 534)
Amortisation of intangible assets (note 6)	(15 829)	(15 906)
Impairment of goodwill (note 7)	–	(34 463)
Enterprise technology transformation project costs (note 13.2)	(30 389)	(25 472)
Foreign exchange losses	(417)	(2 965)
(Loss)/profit on the sale of property and equipment and intangible assets	(42)	290

23. Finance income

Finance income comprises:

	2024 R'000	2023 R'000
Bank deposits	10 762	5 177
Other	399	412
Total finance income	**11 161**	5 589

24. Finance costs

Finance costs comprises:

	2024 R'000	2023 R'000
Financial instruments held at amortised cost		
Bank overdrafts	**(1 586)**	(3 312)
Interest-bearing borrowings	**(5 730)**	(3 579)
	(7 316)	(6 891)
Interest on lease liabilities (note 5.2)	**(42 615)**	(44 090)
Total finance costs	**(49 931)**	(50 981)

25. Earnings per share

Accounting policy

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average ordinary shares outstanding during the financial year excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:
- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

The Group discloses headline earnings per share as determined in accordance with Circular 1/2023, pursuant to the JSE Listings Requirements. Headline earnings represents net profit for the year attributable to the Group's equity holders, excluding certain defined separately identifiable remeasurements relating to, among others, impairments of tangible assets, intangible assets (including goodwill) and equity-accounted investments, gains and losses on acquisitions and disposals of investments as well as assets, dilution gains and losses on equity-accounted investments, remeasurement gains and losses on disposal groups classified as held for sale and remeasurements included in equity-accounted earnings, net of related taxes (both current and deferred) and the related non-controlling interests. These remeasurements are determined in accordance with Circular 1/2023, headline earnings, as issued by the South African Institute of Chartered Accountants, at the request of the JSE Limited in relation to the calculation of headline earnings and disclosure of a detailed reconciliation of headline earnings to the earnings numbers used in the calculation of basic earnings per share in accordance with the requirements of IAS 33 – *Earnings per Share*, under the JSE Listings Requirements.

Basic headline earnings per share are determined by dividing the headline earnings described above by the weighted average ordinary shares outstanding during the financial year excluding treasury shares.

Diluted headline earnings per share are determined by dividing the diluted headline earnings by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

In the event that the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation without consideration, the calculation of the basic and diluted earnings per share for the comparative period are adjusted retrospectively.

The calculation of earnings per share on continuing operations attributable to the ordinary equity holders of the parent is based on profits of R86,2 million (2023: R118,6 million). Zero impact from discontinued operations (2023: loss R80 million), and ordinary shares of 102 867 948 (2023: 103 387 640), being the weighted average number of shares relative to the above earnings.

Notes to the consolidated financial statements continued

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25. Earnings per share continued

Accounting policy continued

	2024	2023
Continuing operations:		
Basic earnings per share (cents)	**83,8**	114,7
Diluted earnings per share (cents)	**81,4**	110,6
Discontinued operations:		
Basic loss per share (cents)	**–**	(77,4)
Diluted loss per share (cents) – anti-dilutive	**–**	(77,4)
Total basic earnings per share		
Basic earnings per share (cents)	**83,8**	37,3
Diluted earnings per share (cents)	**81,4**	36,0

	2024 '000	2023 '000
Weighted average number of ordinary shares outstanding during the period		
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	**102 867 948**	103 387 640
Adcorp employee share schemes – dilution[1]	**6 043 901**	7 587 746
Adcorp employee share schemes – anti-dilutive shares excluded	**(3 021 951)**	(3 793 873)
Diluted weighted number of ordinary shares outstanding during the period	**105 889 898**	107 181 513

	2024 R'000	2023 R'000
Reconciliation of headline earnings from continuing operations[2]		
Profit for the year	**86 152**	118 562
Loss/(profit) on sale of property and equipment	**42**	(290)
Taxation recovered on the sale of property and equipment	**(11)**	81
Impairment of goodwill	**–**	34 463
Headline earnings from continuing operations	**86 183**	152 816
Headline earnings per share (cents)	**83,8**	147,8
Diluted headline earnings per share (cents)	**81,4**	142,6
Reconciliation of headline earnings from discontinued operations		
Loss for the year	**–**	(79 980)
Profit from the disposal of businesses	**–**	(9 640)
Headline loss from discontinued operations	**–**	(89 620)
Headline losses per share (cents)	**–**	(86,7)
Diluted headline losses per share (cents)	**–**	(86,7)
Reconciliation of headline earnings from total operations		
Profit for the year attributable to ordinary shareholders	**86 152**	38 582
Loss/(profit) on sale of property and equipment	**42**	(290)
Taxation recovered on the sale of property and equipment	**(11)**	81
Impairment of goodwill	**–**	34 463
Profit from the disposal of businesses	**–**	(9 640)
Headline earnings	**86 183**	63 196
Headline earnings per share (cents)	**83,8**	61,1
Diluted headline earnings per share (cents)	**81,4**	59,0

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

26. Directors' and prescribed officers' emoluments

Executive directors 2024	Salary R'000	Bonus R'000	Employee benefits R'000	Sub-total R'000	Realised gains on share amounts R'000	Total R'000
Dr J Wentzel	5 553	3 000	1 075	9 628	–	9 628
N Prendergast	3 002	1 450	530	4 982	1 032	6 014
	8 555	4 450	1 605	14 610	1 032	15 642

Executive directors 2023	Salary R'000	Bonus R'000	Employee benefits R'000	Sub-total R'000	Total R'000
Dr J Wentzel	5 076	4 000	1 206	10 282	10 282
N Prendergast	2 842	1 710	502	5 054	5 054
	7 918	5 710	1 708	15 336	15 336

Prescribed officers 2024	Salary R'000	Bonus R'000	Employee benefits R'000	Sub-total R'000	Realised gains on share awards R'000	Notice and leave pay R'000	Total R'000
R de Grooth (resigned 1 February 2024)	2 744	–	274	3 018	968	158	4 144
N Najjar	2 510	146	577	3 233	–	–	3 233
B Toerien	2 307	1 050	689	4 046	746	–	4 792
P Prasad	4 382	1 300	331	6 013	–	–	6 013
	11 943	2 496	1 871	16 310	1 714	158	18 182

Prescribed officers 2023	Salary R'000	Bonus R'000	Other[1] bonus (retention) R'000	Employee benefits R'000	Sub-total R'000	Realised gains on share awards R'000	Notice and leave pay R'000	Total R'000
R de Grooth	2 859	1 136	3 001	277	7 273	213	–	7 486
N Najjar	2 352	1 238	–	564	4 154	–	–	4 154
B Toerien (appointed 2 December 2022)	2 111	899	2 449	622	6 081	84	–	6 165
M Woodbury (resigned 24 June 2022)	1 036	–	–	90	1 126	–	1 150	2 276
P Prasad (appointed 1 November 2022)	1 202	695	–	126	2 023	–	–	2 023
	9 560	3 968	5 450	1 679	20 657	297	1 150	22 104

[1] *A retention bonus was paid to select senior and executive managers to support the incoming CEO in 2020, 10 individuals were paid including the afore noted prescribed officers. The retention period was from 1 March 2021 until 28 February 2023. The beneficiaries of this retention bonus were required to stay in the employee of Adcorp for 2 years in return for a bonus equivalent to one year's value of their Total Cost to Company.*

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27. Directors' and prescribed officers' participation in long-term incentive scheme

	Number of outstanding share awards as at 28 February 2023	Issue price R/share	Number of share awards granted	Issue price R/share	Number of share awards vested	Number of share awards forfeited	Number of outstanding share awards as at 29 February 2024	Vesting date
Executive directors								
Dr J Wentzel	906 095[1]	4,88	–	–	–	(453 047)	**453 048[1]**	01/04/2024
	949 367[2]	3,82	–	–	–	–	**949 367[2]**	30/06/2024
	614 878[2]	4,25	–	–	–	–	**614 878[2]**	13/12/2025
	–	–	1 247 531	3,92	–	–	**1 247 531[4]**	01/06/2026
N Prendergast	258 064[2]	4,26	–	–	(258 064)	–	**–**	30/11/2023
	303 797[2]	3,82	–	–	–	–	**303 797[2]**	30/06/2024
	245 481[2]	4,25	–	–	–	–	**245 481[2]**	13/12/2025
	–	–	498 531	3,92	–	–	**498 531[4]**	01/06/2026
Prescribed officers								
R de Grooth (resigned on 1 February 2024)	241 984[2]	4,26	–	–	(241 984)	–	**–**	30/11/2023
	284 868[2]	3,82	–	–	–	(284 868)	**–**	30/06/2024
	184 148[2]	4,25	–	–	–	(184 148)	**–**	13/12/2025
N Najjar	261 076[2]	3,82	–	–	–	–	**261 076[2]**	30/06/2024
	136 953[2]	4,25	–	–	–	–	**136 953[2]**	13/12/2025
	–	–	348 648	3,92	–	–	**348 648[4]**	01/06/2026
B Toerien	186 457[2]	4,26	–	–	(186 457)	–	**–**	30/11/2023
	232 595[2]	3,82	–	–	–	–	**232 595[2]**	30/06/2024
	94 747[2]	4,25	–	–	–	–	**94 747[2]**	13/12/2025
	–	–	338 302	3,92	–	–	**338 302[4]**	01/06/2026
P Prasad	–	–	188 492	4,50	–	–	**188 492[2]**	13/12/2025
	–	–	501 850	3,92	–	–	**501 850[4]**	01/06/2026

	Number of outstanding share awards as at 28 February 2022	Issue price R/share	Number of share awards granted	Issue price R/share	Number of share awards vested	Number of share awards forfeited	Number of outstanding share awards as at 28 February 2023	Vesting date
Executive directors								
Dr J Wentzel	906 095[1]	4,88	–	–	–	–	906 095[1]	01/04/2024
	949 367[2]	3,82	–	–	–	–	949 367[2]	30/06/2024
	–	–	614 878	4,25	–	–	614 878[2]	13/12/2025
N Prendergast	516 129[2]	4,26	–	–	–	(258 065)	258 064[2]	30/11/2023
	303 797[2]	3,82	–	–	–	–	303 797[2]	30/06/2024
	–	–	245 481	4,25	–	–	245 481[2]	13/12/2025
Prescribed officers								
R de Grooth	76 135[2]	23,93	–	–	(76 135)	–	–	01/03/2022
	483 969[2]	4,26	–	–	–	(241 985)	241 984[2]	30/11/2023
	456 713[3]	5,93	–	–	–	(456 713)	–[3]	28/02/2023
	284 868[2]	3,82	–	–	–	–	284 868[2]	30/06/2024
	–	–	184 148	4,25	–	–	184 148[2]	13/12/2025
N Najjar	261 076[2]	3,82	–	–	–	–	261 076[2]	30/06/2024
	–	–	136 953	4,25	–	–	136 953[2]	13/12/2025
B Toerien	372 915[2]	4,26	–	–	–	(186 458)	186 457[2]	30/11/2023
	372 907[3]	5,93	–	–	–	(372 907)	–[3]	28/02/2023
	232 595[2]	3,82	–	–	–	–	232 595[2]	30/06/2024
	–	–	94 747	4,25	–	–	94 747[2]	13/12/2025

[1] *Sign-on shares.*
[2] *Conditional shares.*
[3] *Retention shares converted into cash retention bonus.*
[4] *Forfeitable and conditional shares.*

On resignation, rights to all shares in the long-term incentive scheme are forfeited.

28. Non-executive directors' emoluments

Non-executive directors' fees	2024 R'000	2023 R'000
GT Serobe	**901**	783
P Mnganga	**597**	523
H Singh	**566**	526
R van Dijk	**648**	528
C Smith	**422**	351
T Olls[1]	**422**	239
T Mokgabudi	**648**	656
M Lubega	**494**	475
C Maswanganyi[2]	**-**	147
S Sithole[3]	**-**	142
MM Nkosi[4]	**-**	106
	4 698	4 476

[1] *Resigned as Alternate NED effective 28 July 2022 and became NED effective 28 July 2022.*
[2] *Resignation effective 28 July 2022.*
[3] *Resigned as NED effective 28 July 2022 and became Alternate NED effective 28 July 2022.*
[4] *Resigned effective 1 June 2022.*

29. Schedule of directors' interests – Adcorp Holdings Limited

	2024			2023		
	Direct number of shares	Indirect number of shares	Total number of shares	Direct number of shares	Indirect number of shares	Total number of shares
Directors' names						
Dr J Wentzel[1]	**125 000**	**–**	**125 000**	19 100	–	19 100
N Prendergas[1]	**161 935**	**–**	**161 935**	–	–	–
C Smith	**–**	**1 601 463**	**1 601 463**	–	1 601 463	1 601 463
H Singh	**40 650**	**–**	**40 650**			
T Olls[2]	**–**	**34 258 743**	**34 258 743**	–	34 258 743	34 258 743
Alternate directors						
MM Nkosi[3]	**–**	**–**	**–**	–	34 258 743	34 258 743
S Sithole[2]	**–**	**34 258 743**	**34 258 743**	–	34 258 743	34 258 743
	327 585	**70 118 949**	**70 446 534**	19 100	104 377 692	104 396 792
Less duplicate counting for Value Capital Partners (VCP)	**–**	**(34 258 743)**	**(34 258 743)**	–	(68 517 486)	(68 517 486)
	327 585	**35 860 206**	**36 187 791**	19 100	35 860 206	35 879 306

[1] *Interest excludes forfeitable shares that were awarded on 29 February 2024 and have not yet been purchased in the open market as at the reporting date.*
[2] *Interest held through VCP.*
[3] *Resignation effective 1 June 2022.*

Note: There have been no changes in directors' interest post-year-end to the date of this report.

30. Dividends

30.1 Dividend paid

The prior year final gross dividend of 16,5 cents, and special gross dividend of 91,3 cents, including the declared interim dividend of 16,1 cents was paid in the current financial year (2023: 12,2 cents). The Group has elected to disclose dividends paid under financing activities in the consolidated statements of cash flows.

30.2 Dividend declared

The board of directors of Adcorp has approved and declared a final gross dividend of 24,2 cents per ordinary share (2023: 16,5 cents), on 28 May 2024 from income reserves, for the year ended 29 February 2024.

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31. Related parties

The Group did not enter into any transactions with group parties other than those with subsidiaries which were eliminated on consolidation. Refer to Annexure A for details of significant subsidiaries.

31.1 Trading transactions

During the year, group entities entered into the following transactions that eliminate on a Group level:

	Sale of services		Holding company management fees		Accounting and information technology fees	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000	**2024 R'000**	2023 R'000
Subsidiaries of Adcorp	**87 836**	79 232	**80 802**	106 803	**302 622**	282 128

31.2 B-BBEE shareholders' interest

Certain directors of the Group are directors of the Group's B-BBEE partners (refer to note 16.1.2).

GT Serobe, is a director of Quest Strategic Partners Proprietary Limited, being one of the Group's B-BBEE partners.

For key management interest disclosures, please refer to notes 26, 27, 28 and 29.

31.3 Consulting fees

Consulting fees of R1,1 million (2023: R1.4 million) have been paid to a non-executive director (C Smith) for consulting services rendered during the year.

32. Profit or loss from the disposal of businesses

	2023 R'000
Gain on Net Assets Value (NAV) derecognised	15 580
Costs expensed on disposal	(2 667)
Exchange differences reclassified to profit or loss	(3 273)
Net profit from the sale of businesses and deconsolidation of subsidiary	9 640

32. Profit or loss from the disposal of businesses continued

Deconsolidation of subsidiary

The Group voluntarily initiated an administration process in the prior year, for allaboutXpert Technologies Proprietary Limited and allaboutXpert Australia Proprietary Limited whereby the independent registered administrator assumed control of these entities on 13 December 2022. As a result, the Group also lost control over allaboutXpert NZ limited, a subsidiary of allaboutXpert Australia Proprietary Limited.

Management therefore classified the subsidiaries as discontinued operations up to the date of administration, thereafter the subsidiaries had been deconsolidated. The administration process has been completed.

	2023 R'000
Fair value of consideration receivable	–
NAV	(16 090)
Foreign currency movements	509
Gain on NAV derecognised	(15 580)
Costs expensed for the disposal	2 667
Foreign currency translation reserve reclassified to profit or loss (note 16.2)	3 273
Total profit on deconsolidation of subsidiary	(9 640)

Refer to note 3, for the financial performance and cashflow information for the period controlled.

The carrying amounts of assets and liabilities as at the date of deconsolidation in the prior year were:

	2023 R'000
Non-current assets disposed of	184
Property and equipment	184
Current assets disposed of	1 122
Trade and other receivables	717
Cash and cash equivalents	405
Current liabilities disposed of	(17 396)
Trade and other payables	(16 343)
Provisions	(1 053)
Net liabilities disposed of	(16 090)

33. 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 disclosed in note 17, cash and cash equivalents disclosed in note 14, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 15 and 16.

The Group's investment committee has considered the cost of capital and the risks associated with each class of capital. The Group's favourable gearing ratio is 14,0% (2023: 19,5%). 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.

Notes to the consolidated financial statements
continued

for the year ended 29 February 2024

34. Financial instruments by category

34.1 Financial assets by category

	Amortised cost R'000	Fair value through profit or loss R'000	Total R'000
As at 29 February 2024			
Trade receivables (note 12)	**1 512 337**	**–**	**1 512 337**
Other receivables (note 13)	**91 336**	**–**	**91 336**
Cash and cash equivalents (note 14)	**275 249**	**–**	**275 249**
	1 878 922	**–**	**1 878 922**

	Amortised cost R'000	Fair value through profit or loss R'000	Total R'000
As at 28 February 2023			
Investments at fair value (note 8.1)	–	21 074	21 074
Trade receivables (note 12)	1 337 049	–	1 337 049
Other receivables (note 13)	71 582	–	71 582
Cash and cash equivalents (note 14)	415 548	–	415 548
	1 824 179	21 074	1 845 253

34. Financial instruments by category continued

34.2 Financial liabilities by category

	Amortised cost R'000	Total R'000
As at 29 February 2024		
Lease liabilities (note 5.2)	**379 140**	**379 140**
Trade and other payables (note 18)	**346 571**	**346 571**
	725 711	**725 711**

	Amortised cost R'000	Total R'000
As at 28 February 2023		
Lease liabilities (note 5.2)	409 410	409 410
Trade and other payables (note 18)	305 980	305 980
	715 390	715 390

35. Financial risk management

35.1 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. These include the effects of changes in debt and equity markets, foreign currency exchange rates and interest rates. The Group's executive and head office treasury function provides services to the business, coordinates 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.

35.2 Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmark is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). As at 29 February 2024, the Group's IBOR exposure is indexed to JIBAR and the Australian base rate, based on the ZAR revolving credit facility and AUD borrowing base facility respectively.

The South African Reserve Bank (SARB) has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa; however, there is currently no indication of when the designated successor rate will be made available and the Group continues to make use of JIBAR.

Management continues to stay abreast of the changes and will assess impacts once the changes have been finalised.

Notes to the consolidated financial statements continued

for the year ended 29 February 2024

35. Financial risk management continued

35.3 Foreign currency management

As the Group operates in various countries and undertakes transactions denominated in foreign currencies, exposures to foreign currency fluctuations arise. The Group does not hold foreign exchange contracts in respect of foreign borrowings, as its intention is to repay these from its foreign income stream or subsequent divestment of its interest in the operation. Foreign exchange differences relating to investments, net of their related borrowings, are reported as translation differences in the Group's net other comprehensive income until the disposal of the net investment, at which time exchange differences are recycled through profit or loss

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 and Angolan Kwanza in the current and prior financial year.

Foreign currency sensitivity

At 29 February 2024, in respect of the cash and cash equivalents denominated in Angolan Kwanza, if the South Africa rand had weakened/strengthened 5% against the Angolan Kwanza, with all other variables held constant, profit or loss for the year would have increased/decreased by R4 million (2023: R5 million).

The Group's presentation currency is the South African rand (ZAR), but as it operates internationally with investments in foreign operations, it is exposed to a number of currencies, of which the exposure to the Australian dollar (AUD) is the most significant.

The table below analyses the impact on the Group's revenue and post-tax profit from continuing operations and NAV. 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	
	2024 R'000	2023 R'000	**2024 R'000**	2023 R'000
Impact on revenue				
AUD	**611 131**	548 771	**(611 131)**	(548 771)
Impact on profit/(loss) after tax				
AUD	**3 179**	6 525	**(3 179)**	(6 525)
Impact on assets/liabilities				
AUD	**4 650**	10 295	**(4 650)**	(10 295)

35.4 Interest risk management

Interest rate risk results from the cash flow and financial performance uncertainty arising from interest rate fluctuations.

Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits as well as bank borrowings. At the reporting date, the Group cash deposits were accessible immediately or had maturity dates up to six months. The interest rates earned on these deposits closely approximate the market rates prevailing. The Group is exposed to interest rate risk because it has interest-bearing borrowings (note 17) that attract interest at a floating rate.

Interest rate sensitivity

At 29 February 2024, 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 R5 million (2023: decreased/increased by R1 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 average of the outstanding interest-bearing borrowings and cash and cash equivalents for the whole year.

35. Financial risk management continued

35.5 Credit risk management

Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously. The Group limits its counterparty exposure arising from financial instruments by only dealing with well-established institutions of high credit standing. The Group does not expect any counterparties to fail to meet their obligations given their high credit ratings. Credit risk in respect of the Group's customer base is controlled by the application of credit limits and credit monitoring procedures. Certain significant receivables are monitored on a daily basis.

The maximum exposure to credit risk is represented by the carrying amount of trade receivables (note 12) and short-term cash and cash equivalents (note 14). The credit risk management of the Group is disclosed within note 12 and 14 respectively.

35.6 Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure sufficient cash and availability of funding through adequate credit facilities, to enable the Group to meet its liabilities when they are due.

The Group has the following facilities available:

	2024 R'000	2023 R'000
Non-interest-bearing facilities		
Intra-day settlement facility with First National Bank non-interest-bearing	100 000	100 000
Non-interest-bearing facilities	100 000	100 000
Interest-bearing borrowing facilities		
Total interest-bearing borrowing facilities available South Africa	350 000	350 000
– ZAR revolving credit and overdraft facility	250 000	250 000
– Accordion facility	100 000	100 000
Australia – AUD borrowing base facility	287 364	247 654
Total interest-bearing borrowing facilities available	637 364	597 654
Interest-bearing borrowing facilities utilised South Africa	–	–
– ZAR revolving credit and overdraft facility	–	–
– Accordion facility	–	–
Australia – AUD borrowing base facility	–	–
Total interest-bearing borrowing facilities utilised	–	–
Unutilised interest-bearing borrowing facilities South Africa	350 000	350 000
– ZAR revolving credit and overdraft facility	250 000	250 000
– Accordion facility	100 000	100 000
Australia – AUD borrowing base facility	287 364	247 654
Total unutilised interest-bearing borrowing facilities	637 364	597 654

Notes to the consolidated financial statements
continued

for the year ended 29 February 2024

35. Financial risk management continued

35.6 Liquidity risk management continued

Interest-bearing borrowings

Refer to note 17 for additional disclosures.

Cash and cash equivalents

Refer to note 14 for additional disclosures and cash and cash equivalents available and any restrictions applicable thereto. Restricted cash is excluded.

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

The following tables detail the Group's remaining contractual maturity for non-derivative financial liabilities.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group will be required to pay. The table includes both interest and principal cash flows.

	2024 R'000	2023 R'000
Trade and other payables (note 18)	346 570	305 980
Lease liabilities	78 897	118 599
Total due within one year	**425 467**	424 579
After one year but within two years	68 387	68 349
After two years but within three years	67 844	56 639
After three years but within four years	68 242	57 376
After four years but within five years	70 436	55 609
After five years	215 793	286 229
Total due after one year	**490 702**	524 202
Total debt	**916 169**	948 781

35. Financial risk management continued

35.8 Financial instruments measured at fair value

The Group's financial asset of an investment in a cell captive is 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 NAV of investments. The market-related NAV used is dependent on independent third-party valuations. The following table gives information about how the fair value of these financial assets were determined (in particular, the valuation technique(s) and inputs used).

The cell captive arrangement was terminated and subsequently derecognised on the 5 October 2023, upon settlement of the unlisted shares.

	2024 R'000	2023 R'000	Valuation technique(s) and key inputs	Fair value hierarchy	Relationship of unobservable inputs to fair value
Financial assets					
Investment	–	21 074	Fair value – market valuation	Level 3	The fair value is determined based on the NAV of the insurance cell captive at the reporting date. The NAV is determined from financial information received from the insurer

36. Operating lease arrangements

The Group has the following short-term and low-value lease commitments:

	2024 R'000	2023 R'000
The Group as lessee		
Short-term lease expenses	**6 916**	2 658
Low-value assets lease expenses	**5 099**	7 742
Minimum lease payments under operating property and IT-related leases recognised as an expense in the year (note 22)	**12 015**	10 400
At the statement of financial position date, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows		
Within one year	**8 512**	9 963
Between two and five years	**7 418**	24 426
Total commitments under non-cancellable leases	**15 930**	34 389
Average lease terms of short-term leases (months)	**12 months or shorter**	12 months or shorter
Average lease term remaining for low-value assets	**30 months**	34 months

37. Contingent liabilities and commitments

	2024 R'000	2023 R'000
The bank has issued guarantees to creditors to the value of:	**41 956**	44 007

Notes to the consolidated financial statements

continued

for the year ended 29 February 2024

38. Events after reporting period

Odd-lot offer

Adcorp Holdings Limited made an offer to the Odd-lot Holders (shareholders holding less than 100 ordinary shares in the Company) to repurchase the shares at an offer price equal to a 5% premium to the 30-day VWAP of an Adcorp ordinary share at the close of business on 22 March 2024. In terms of the Odd-lot Offer, Adcorp repurchased a total of 73 701 Adcorp Shares from 6 955 Odd-lot holders, representing 0,07% of the total issued ordinary share capital of Adcorp for a total Odd-lot Consideration of R295 798.

The Adcorp Shares repurchased by the Company in terms of the Odd-lot Offer were cancelled and delisted on Thursday, 28 March 2024, and accordingly, the total issued ordinary share capital of Adcorp has been reduced from 109 954 675 to 109 880 974 Adcorp Shares.

Dividends declared

The board of directors has approved and declared a final gross dividend of 24,2 cents per ordinary share (2023: 16,5 cents per ordinary share and a special dividend of 91,3 cents per ordinary share), from income reserves, for the year ended 29 February 2024.

Australian facilities

The Australian borrowing base facility that consists of a revolving borrowing base facility, a letter of credit, bank guarantee and set-off facility was extended on 6 March 2024 for a further six months to 10 September 2024. A new facility is currently being negotiated.

Angola restricted cash

All in-country administrative procedures required to obtain unrestricted access to the cash in Angola was completed, however regulatory approval had only been obtained subsequent to the balance sheet date. Management anticipate additional administrative-intensive procedures in order to facilitate the repatriation of the cash.

39. Going concern

In preparing the consolidated financial statements, 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 2025.

There has been no event of default over the past 12 months on any of the Company's debt facilities. No facilities available to the Group have been withdrawn at the reporting date and remain committed by our lenders; and the Group has forecast that it will achieve the required debt covenants agreed with its lenders for the following 12 months.

Solvency

On 29 February 2024, the total assets of the Group exceeded the total liabilities by R1 460 million and the current ratio as at 29 February 2024 was 1,51. The Group is expected to remain solvent after considering the approved budget and expected performance. 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, covering the period up until the end of May 2025. Based on the forecasts (as per the budget approved by the Group's board of directors), the Group is expected to be able to meet all its short-term obligations through a combination of the cash generated by operations and the utilisation of the current facilities available to the Group. The cash position is monitored daily by management and the Group is comfortable with its liquidity levels.

Going concern conclusion

The board, after considering the factors described above, has concluded that the Group will be able to discharge its liabilities as they fall due in the normal course of business and is therefore of the opinion that the going concern assumption is appropriate in the preparation of the consolidated financial statements.

Annexure A: Details of significant subsidiaries

for the year ended 29 February 2024

Name of subsidiary	Nature of business/status
Adcorp Contracting Proprietary Limited	Outsourcing solutions
Adcorp Fulfilment Services Proprietary Limited	Flexible staffing
Adcorp Group South Africa Proprietary Limited	South African intermediate holding company
Adcorp Group South Africa Proprietary Limited	South African intermediate holding company
Adcorp Health Proprietary Limited	Flexible staffing
Adcorp Holdings Australia Proprietary Limited	Holding company
Adcorp Management Services Proprietary Limited	Shared services
Adcorp Staffing Solutions Proprietary Limited	Flexible staffing
Adcorp Staffing Solutions Proprietary Limited	Flexible staffing
Adcorp Technical Training Proprietary Limited	Training
Adcorp Workforce Management Solutions Proprietary Limited	Holding company
Adcorp Workforce Management Solutions Proprietary Limited	Holding company
Adcorp Workforce Solutions Proprietary Limited	Flexible staffing
Adfusion Contract Management Services Proprietary Limited	Flexible staffing
Adcorp Employee Benefits Trust 3	Trust
Cinergia Mozambique Limitada	Flexible staffing
Fortress Administration Solutions Proprietary Limited	Outsourcing and recruitment solutions
Fortress Administration Solutions Proprietary Limited	Outsourcing solutions
FunctionO Australia Proprietary Limited	Outsourcing solutions
FunctionO Queensland Proprietary Limited	Outsourcing Solutions
Inn-Staff Swaziland Proprietary Limited	Flexible staffing
Jobvine Australia Proprietary Limited	Supplier of IT recruitment services
Labour Solutions Australia (Agri) Proprietary Limited	Flexible staffing
Labour Solutions Australia Proprietary Limited	Flexible staffing
Paxus Australia Proprietary Limited	Supplier of IT services
Production Management Institute of Southern Africa	Training
Quest Staffing Solutions Proprietary Limited	Flexible staffing
Quest Staffing Solutions Proprietary Limited	Flexible staffing
TalentCru Proprietary Limited (Australia)	Recruitment services
Torque Technical Computer Training Proprietary Limited	Supplier of IT services
Zest Hospitality and Leisure Australia	Outsourcing Solutions

The table of significant subsidiaries and trusts excludes entities disposed during the current financial year, dormant subsidiaries and subsidiaries in a deregistration process.

A full list of the Group's dormant subsidiaries and trusts is available on request from the Company's registered office.

Share type	Authorised share capital of subsidiary/associate February 2024 Number	February 2023 Number	Issued share capital of subsidiary/associate February 2024 Number	February 2023 Number	Number of shares held by Adcorp February 2024 Number	February 2023 Number
Ordinary	**4 000**	4 000	**1**	1	**1**	1
Ordinary	**20 000**	20 000	**18 403**	18 403	**18 403**	18 403
Ordinary	**100 000**	100 000	**10 004**	10 004	**6 462**	6 462
Redeemable preference	**10 000**	10 000	**1 592**	1 592	**1 592**	1 592
Ordinary	**100**	–	**100**	–	**100**	–
Ordinary	**30 000 100**	30 000 100	**30 000 100**	30 000 100	**30 000 100**	30 000 100
Ordinary	**4 000**	4 000	**400**	400	**400**	400
Ordinary	**4 000**	4 000	**101**	101	**101**	101
Class "A" redeemable preference	**225 000**	225 000	**–**	–	**–**	–
Ordinary	**1 000**	1 000	**101**	101	**101**	101
Ordinary	**900 000 000**	900 000 000	**349 716 713**	349 716 713	**349 716 713**	349 716 713
Convertible redeemable preference	**100 000 000**	100 000 000	**–**	–	**–**	–
Ordinary	**1 000 000 000**	1 000 000 000	**100 000 004**	100 000 004	**100 000 004**	100 000 004
Ordinary	**4 000**	4 000	**2 101**	2 101	**2 101**	2 101
N/a	**N/a**	N/a	**N/a**	N/a	**N/a**	N/a
Ordinary	**10 000**	–	**10 000**	–	**4 900**	–
Ordinary	**4 000**	4 000	**2 551**	2 551	**2 551**	2 551
A' ordinary	**450**	450	**450**	450	**450**	–
Ordinary	**100**	–	**100**	–	**100**	–
Ordinary	**100**	–	**100**	–	**100**	–
Ordinary	**100**	100	**100**	100	**100**	100
Ordinary	**100**	–	**100**	–	**100**	–
Ordinary	**1 000**	1 000	**1 000**	1 000	**920**	920
Ordinary	**60 530 464**	60 530 464	**60 530 464**	60 530 464	**56 414 392**	56 414 392
Ordinary	**152 856**	152 856	**152 856**	152 856	**152 856**	152 856
Ordinary	**4 000**	4 000	**101**	101	**101**	101
Ordinary	**1 000**	1 000	**701**	701	**701**	701
A' ordinary	**1 000**	1 000	**400**	400	**400**	400
Ordinary	**1 000**	1 000	**100**	100	**100**	100
Ordinary	**1 000**	1 000	**101**	101	**101**	101
Ordinary	**100**	–	**100**	–	**100**	–

Shareholder analysis

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	8 218	92,07	418 745	0,38
1 001 – 10 000	400	4,48	1 414 453	1,29
10 001 – 100 000	199	2,23	7 236 883	6,58
100 001 – 1 000 000	85	0,95	29 704 348	27,02
Over 1 000 000	24	0,27	71 180 246	64,74
Total	**8 926**	**100,00**	**109 954 675**	**100,00**
Distribution of shareholders				
Assurance companies	14	0,16	7 182 079	6,53
Close corporations	14	0,16	86 114	0,08
Collective investment schemes	44	0,49	32 037 424	29,14
Control accounts	1	0,01	108	0,00
Custodians	11	0,12	1 067 704	0,97
Foundations and charitable funds	17	0,19	1 780 202	1,62
Hedge funds	6	0,07	17 198 549	15,64
Insurance companies	2	0,02	3 965	0,00
Investment partnerships	12	0,13	94 711	0,09
Managed funds	10	0,11	66 319	0,06
Medical aid funds	4	0,04	430 559	0,39
Private companies	48	0,54	2 570 367	2,34
Public companies	2	0,02	200 400	0,18
Retail shareholders	8 543	95,71	5 098 322	4,64
Retirement benefit funds	100	1,12	33 873 169	30,81
Scrip lending	2	0,02	50 042	0,05
Stockbrokers and nominees	13	0,15	237 424	0,22
Treasury	2	0,02	7 086 725	6,45
Trusts	71	0,80	889 902	0,81
Unclaimed scrip	10	0,11	590	0,00
Total	**8 926**	**100,00**	**109 954 675**	**100,00**
Shareholder type				
Non-public shareholders	9	0,10	43 600 563	39,65
Directors and associates (direct holding)	5	0,06	653 632	0,59
Directors and associates (indirect holding)	2	0,02	35 860 206	32,61
Treasury	2	0,02	7 086 725	6,45
Public shareholders	8 917	99,90	66 354 112	60,35
Total	**8 926**	**100,00**	**109 954 675**	**100,00**

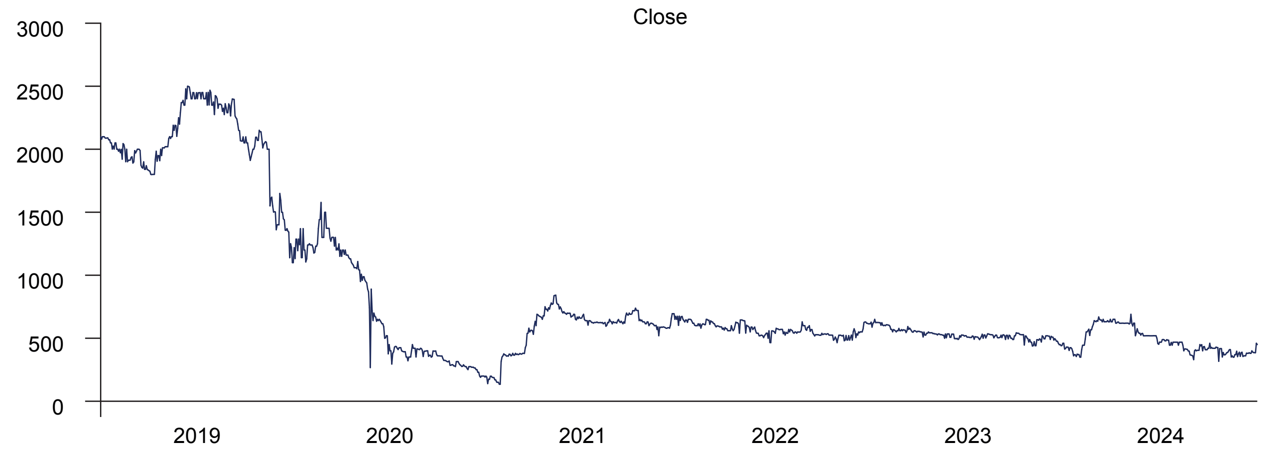
Pursuant to the provisions of Section 56 of the Companies Act, 2008, disclosures from foreign nominee companies have been included in this analysis.

Fund managers with a holding greater than 5% of the issued shares	Number of shares	% of issued capital
Value Capital Partners	34 258 743	31,16
Camissa Asset Management	21 541 488	19,59
Allan Gray	16 946 391	15,41
PSG Asset Management	8 828 042	8,03
Steyn Capital Management	5 994 479	5,45
Total	**87 569 143**	**79,64**
Beneficial shareholders with a holding greater than 5% of the issued shares		
H4 Collective Investments	12 271 084	11,16
Allan Gray	9 697 023	8,82
PSG Asset Management	8 812 415	8,01
Camissa Asset Management	7 399 562	6,73
Torque IT	6 530 120	5,94
Total	**44 710 204**	**40,66**

Total number of shareholdings	8 926
Total number of shares in issue	109 954 675

Share price performance	
Opening price 1 March 2023	R4,72
Closing price 29 February 2024	R4,50
Closing high for the period	R6,90
Closing low for the period	R3,17
Number of shares in issue	109 954 675
Volume traded during the period	20 121 281
Ratio of volume traded to shares issued (%)	18,30
Rand value traded during the period	R100 686 123
Price/earnings ratio as at 29 February 2024	6,89
Earnings yield as at 29 February 2024	14,51
Dividend yield as at 29 February 2024	5,45
Market capitalisation at 29 February 2024	R494 796 038

Five-year share price performance (cents)



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