

2024

INTEGRATED ANNUAL REPORT

ABOUT OUR REPORT

www.adcorpgroup.com

As a leading workforce solutions provider, Adcorp Holdings Limited is listed on the Johannesburg Stock Exchange (JSE) and operates seamlessly across both South Africa and Australia. We are 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.

Reporting scope and boundary

This is Adcorp Holdings Limited's ("Adcorp" or "the Company") 14th integrated annual report which provides information relating to the strategy, business model, operating context, material factors, risks, opportunities, governance and operational performance of the Adcorp Group and its subsidiaries ("Adcorp Group" or "Group") for the period **1 March 2023 to 29 February 2024**. The report is targeted at our stakeholders, primarily our shareholders who are the principal providers of the Group's financial capital. It covers the South African and the Australian operations and follows the previous year's report published in June 2023.

Our reporting suite



INTEGRATED ANNUAL REPORT



CORPORATE CITIZENSHIP REPORT



NOTICE OF ANNUAL GENERAL MEETING



ANNUAL FINANCIAL STATEMENTS

This year we have decided to provide a separate Corporate Citizenship report which is available on our website: <https://www.adcorpgroup.com/corporate-citizenship-report-2024/>

The financial statements are presented in ZAR, which is the Group's reporting currency and can be found on our website www.adcorpgroup.com. The summarised financial statements for the year ended 29 February 2024 are set out on pages 73 to 83.

Approach to reporting

The integrated annual report covers Adcorp's risks, opportunities and outcomes relating to the Group's operating environment, overall businesses and stakeholder engagement with key groups that could influence its ability to create and sustain value and also the extent to which the Group's objectives have been achieved.

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In compiling the report, we were guided by international and South African reporting guidelines and best practices, which comprise of the following:

- International Financial Reporting Standards (IFRS)
- Integrated Reporting Framework (IFRS Foundation)
- JSE Listings Requirements
- King IV Report on Corporate Governance™* for South Africa, 2016 (King IV™)
- South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides

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Navigation in this report

For ease of reference and further reading, the following icons are used in the report:



Further reference
in this report



Further reference
on www.adcorpgroup.com



Further reference
in the corporate citizenship report
<https://www.adcorpgroup.com/corporate-citizenship-report-2024/>

Feedback

A hard copy of this integrated report is available on request and online at <https://www.adcorpgroup.com/Integrated-Annual-Report-2024>.

Adcorp recognises the importance of integrated reporting and the Group is committed to moving towards a more integrated approach to reporting, by making continuous improvements on a year-on-year basis. Therefore, we appreciate and encourage constructive feedback. Please forward comments to: ir@singular.co.za or companysecretary@adcorpgroup.com

ABOUT OUR REPORT CONTINUED

Approach to materiality

Adcorp continues to apply the principle of materiality in determining the content and disclosure of its integrated report. This helps ensure Adcorp provides relevant information on factors that have a material bearing on the Group's ability to create value. These factors are of interest to current and prospective investors and other stakeholders who wish to make an informed assessment of the Group's ability to deliver value over the short, medium and long-term. Material factors were established through internal engagement with our South African and Australian leadership, while considering our stakeholder interests.

As a result of recent developments in global disclosure standards and frameworks, Adcorp has adopted a "double materiality" approach to its reporting. We therefore performed a double materiality assessment to determine our material factors and improve our stakeholder management processes. For double materiality, we considered financial materiality and impact (ESG) materiality. Impact (ESG) materiality considers Adcorp's impact on society and the environment and the impact of society and the environment on Adcorp.

Further detail can be found in our corporate citizenship report [CC](#).

Following this process we have identified the following material themes:









These themes are discussed throughout this report and the corporate citizenship report.

Refer to [CC](#) and [IAR](#) for further detail

Six capitals

In line with the Integrated Reporting Framework concept of reporting in terms of the six capitals that impact value creation and erosion in a business, the Group's activities and performance relating to the capitals below are covered in the integrated report as well as the corporate citizenship report, as indicated below.

Capital	Description	Reference in report
 Financial capital	Financial resources deployed by the Company	<ul style="list-style-type: none"> Our business and operating models IAR CFO's viewpoint IAR Consolidated financial statements IAR
 Intellectual capital	Organisational knowledge, systems, protocols, expertise	<ul style="list-style-type: none"> Our business and operating models IAR Our people CC Sustainability and ESG CC
 Human capital	Skills, experience and capabilities of our board, management and employees	<ul style="list-style-type: none"> CEO's viewpoint IAR Our people CC Stakeholder engagement CC Remuneration report IAR
 Social and relationship capital	Relationships with and engagement within broader society and communities impacted by the Group	<ul style="list-style-type: none"> CEO's and Chairperson's reflections CC Ethical leadership IAR Stakeholder management CC Corporate social responsibility CC Diversity, inclusion and belonging CC SESCoM report IAR
 Natural capital	Our use and stewardship of natural resources	<ul style="list-style-type: none"> Carbon footprint CC Energy consumption CC Water consumption CC Waste management CC
 Manufactured capital	Physical infrastructure	<ul style="list-style-type: none"> Our business and operating models IAR

Assurance

A combined assurance framework is in place and is overseen by the audit and risk committee. The framework ensures the integration, coordination and alignment of risk management and assurance processes. It further enables an effective control environment and supports the integrity of information used for decision making by leadership. As per King IV™, a combined assurance model assists the board in assessing the effectiveness of the internal control environment and enables the board to assess the integrity of the information used for reporting and decision making. As a combined assurance model is in place, the standards and principles were assessed by an external assurance provider where required.

Business process Standards/codes/principles/guidelines	Level of application/compliance in our reporting	Assurance provider
IFRS	Complied with	KPMG
Integrated Reporting Framework (IFRS Foundation)	Guided by its principles	No external assurance
King Code on Corporate Governance 2016™ (King IV™)	Applied and application reported on (See link below)*	No external assurance
JSE Listings Requirements	Complied with	Valeo Capital
Companies Act 71 of 2008 (Companies Act)	Complied with	KPMG, with respect to audit requirements
Principles of United Nations Global Compact	Applied	No external assurance
Labour Relations Act 66 of 1995 (LRA)	Complied with	No external assurance
Broad-based black economic empowerment (B-BBEE)	Level 1**	mPowerRatings

* <https://www.adcorpgroup.com/corporate-governance-register-2024/>.

** Adcorp Workforce Solutions (Pty) Ltd.

Forward-looking statements

Certain statements in this report may constitute forward-looking statements relating to the Adcorp Group that are based on the beliefs, assumptions and information currently available to the board. These forward-looking statements are, by their nature, subject to significant risks and uncertainties and include, without limitation, statements relating to the Group's business prospects, future developments, trends and conditions in the industry and geographical markets in which Adcorp operates. The forward-looking statements may also contain objectives, overall market trends, strategies, ability to control costs, statements relating to operations and risk management. All forward-looking statements have not been reviewed or reported on by the Adcorp Group's external auditors.

Board approval

The Adcorp board assumes responsibility for the integrity of this integrated annual report and believes that the integrated annual report was prepared in accordance with the International Integrated Reporting Framework. The report, which remains the ultimate responsibility of the board, is prepared under the supervision of senior management. The report is submitted to the audit and risk committee, which recommends it to the board for approval having reviewed the contents, as well as the collation process, and with reliance on the assurance provided on the various reporting elements. The board has critically assessed and satisfied itself as to the assurance obtained from Adcorp's combined assurance model, which enables an effective internal control environment that supports the integrity of information used for decision making and reporting by the board, the board committees and management.

The board also considered materiality for the purposes of the integrated annual report and the effect that the presence or absence of an item of information might have on the accuracy or validity of a statement in the integrated annual report, or a decision by stakeholders.

Our integrated annual report sets out how Adcorp's strategy, governance, performance and prospects lead to the creation of value over time. The board is of the view that, to the best of its knowledge and belief, the integrated annual report addresses matters material to our stakeholders' decision making and provides a balanced view by explaining how Adcorp expects to create value over time, taking into consideration the Group's impact on its stakeholders and the environment in which it operates. The board unanimously approved the integrated annual report for FY2024 on 28 June 2024.

GT Serobe* (Chairperson)	T Olls*
Dr J Wentzel [^] (CEO)	H Singh**
N Prendergast [^] (CFO)	C Smith*
M Lubega**	S Sithole* (Alternate Director)
Dr P Mnganga** (Lead Independent)	
R van Dijk**	
T Mokgabudi**	

* non-executive

** independent non-executive

[^] executive

28 June 2024



FY2024 salient features

REVENUE
from continuing operations

R13,0^{bn}
2023 R12,0bn



PROFIT AFTER TAX
from continuing operations

R88,0^m
2023 R120,8m



TOTAL EARNINGS PER SHARE

83,8 cents
2023 37,3 cents



EARNINGS PER SHARE
from continuing operations

83,8 cents
2023 114,7 cents



NET CASH POSITION OF*

R204^m
excluding restricted cash

CASH GENERATED FROM OPERATIONS

R248^m
prior to investment in working capital of R124m

GROSS PROFIT

R1,26^{bn}
2023 R1,28bn



TOTAL PROFIT AFTER TAX

R88,0^m
2023 R40,8m



TOTAL HEADLINE EARNINGS PER SHARE

83,8 cents
2023 61,1 cents



HEADLINE EARNINGS PER SHARE
from continuing operations

83,8 cents
2023 147,8 cents



FINAL DIVIDEND DECLARED

24,2^{cps}
2023 16,5cps



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

REFLECTIONS FROM OUR CHAIRPERSON

"As a Group, we remain steadfast in our commitment to being a responsible corporate citizen and are enthusiastic about the prospects that lie ahead in an evolving work environment."

Gloria Serobe
Chairperson



Dear shareholders,

As we reflect on FY2024, it is with a sense of both pride and optimism that I present Adcorp's integrated annual report. This year has been marked by significant global and regional challenges, yet Adcorp has navigated these with resilience and strategic foresight, underscoring our commitment to sustainable growth and value creation for all our stakeholders.

The global economic environment in 2023 was characterised by elevated inflation and high interest rates, which impacted staffing demand across various industries. Despite these macroeconomic headwinds, our strategic initiatives and adaptive capabilities have enabled us to maintain a steady performance. The advent of AI and automation technologies has brought about a transformative shift in the staffing landscape. While these advancements pose challenges, they also present numerous opportunities for growth, efficiency, and productivity improvements. Adcorp's proactive approach to embracing these changes positions us well to capitalise on emerging trends and maintain our competitive edge.

South Africa faced a particularly challenging year with significant economic and structural hurdles. Persistent load shedding, high interest rates, and a stagnant economic growth rate have created a tough operating environment. Nonetheless, Adcorp has identified and leveraged opportunities within these constraints. Our focus on flexible staffing solutions has met the increasing demand from businesses seeking agility in an uncertain market. The projected decline in inflation within the SARB's target range by the second half of 2024 is anticipated to provide some economic relief, potentially revitalising consumer demand and business investment.

In contrast, our operations in Australia have continued to benefit from a more stable economic environment, although not without its own challenges. The slowdown in GDP growth and high inflation impacted consumer spending and business investments. However, the resilience of our Australian operations, particularly in the contingent staffing and healthcare sectors, has been commendable. The anticipated

easing of interest rates towards the end of the financial year provides a positive outlook for continued growth and expansion in this region.

Adcorp remains steadfast in its commitment to sustainability and responsible corporate citizenship. This year, we have made significant strides in our ESG initiatives, focusing on diversity, inclusion, and community impact. Our dedication to minimising environmental impact while maximising social value aligns with our strategic goals and enhances our reputation as a responsible and forward-thinking organisation. The continued success of our various community engagement programmes underscores our commitment to creating positive societal impact.

Looking ahead, we remain excited about the opportunities that lie in the evolving landscape of work. Our strong balance sheet equips us to actively pursue strategic acquisitions that align with our growth objectives. We are committed to optimising our portfolio, enhancing operational efficiencies, and delivering exceptional value to our clients and shareholders. The strategic repositioning of our brands and the continued investment in our people and technology will drive our next phase of growth.

In closing, I would like to extend my sincere appreciation to our shareholders for their unwavering support and trust in Adcorp. We are confident that our strategic initiatives, robust governance, and dedicated workforce will continue to drive our success in the coming years. The future holds promising opportunities, and we are well-positioned to seize them, ensuring sustained growth and value creation for all our stakeholders.

Gloria Serobe
Chairperson

28 June 2024

CHIEF EXECUTIVE OFFICER'S VIEWPOINT

"As we reflect on the past financial year, I am pleased to present our integrated annual report for FY2024. This has been a transformative period for Adcorp marked by significant milestones and substantial progress in our strategic initiatives."

Dr John Wentzel
CEO



Financial results

Our financial performance this year has been robust with revenue from continuing operations reaching R13.0 billion, a notable 7.7% increase from the previous year. This growth is a testament to our commitment to driving growth through investments in key areas of our business. Despite the challenging economic environment characterised by high inflation and severe load shedding in South Africa, we have managed to maintain an ungeared balance sheet and a strong net cash position. Our cost control has been excellent, and our cash generation has been exemplary. However, the difficult business environment in South Africa has negatively affected our margins. In line with our capital allocation framework, we are nevertheless happy to declare a final ordinary dividend of 24.2 cents per share for FY2024.

Key achievements

Our strategic focus remains on enhancing our value proposition through innovation and customer-centric solutions. The successful execution of the Brandshift Adcorp strategy has redefined our approach, ensuring our brands resonate more effectively with our customers. This shift has allowed us to foster deeper relationships and unlock new opportunities across our chosen geographies. We have successfully expanded into new sectors including healthcare in Australia and hospitality and business process outsourcing in South Africa. During the year, our customer satisfaction reached record levels and many of our brands won numerous awards for excellence.

Our people

We continue to prioritise the development and wellbeing of our employees, recognising that they are the cornerstone of our success. Our initiatives have significantly improved employee engagement and morale and reduced staff turnover. These efforts are aligned with our broader goal of creating a purpose-driven culture characterised by teamwork, respect, customer-centricity, agility, diversity, and inclusion.

Corporate citizenship and ESG

In line with our commitment to corporate citizenship, we have made significant strides in our ESG (Environmental, Social, and Governance) initiatives. Our focus on diversity and inclusion is evident in the number of women in senior positions and our commitment to youth, expressed through investments in scholarships and development programmes. We recognise the importance of these initiatives not just as a moral imperative but as a strategic advantage. This year we are publishing a separate corporate citizenship report  which is available on our website <https://www.adcorpgroup.com/corporate-citizenship-report-2024/>.

Outlook

Looking ahead, we are excited about the opportunities in the rapidly evolving landscape of work. Our strong balance sheet enables us to actively seek acquisitions to accelerate our strategy, and we are identifying appropriate targets. We recognise the need to address the margin challenges we have experienced and have launched cost reduction exercises and repositioning of brands to lift margins. We will continue to execute our portfolio optimisation strategy and will dispose of brands that do not fit with our strategic direction or fail to deliver optimal returns.

Appreciation

In closing, I extend my heartfelt gratitude to our employees, customers, partners, and shareholders for their unwavering support and trust. Together, we have navigated a challenging year with resilience and determination. As we move forward, we remain committed to delivering sustainable value and driving a positive impact for all our stakeholders. While the economy presents challenges, our resilience and strategic initiatives position us well to improve and thrive in the coming years.

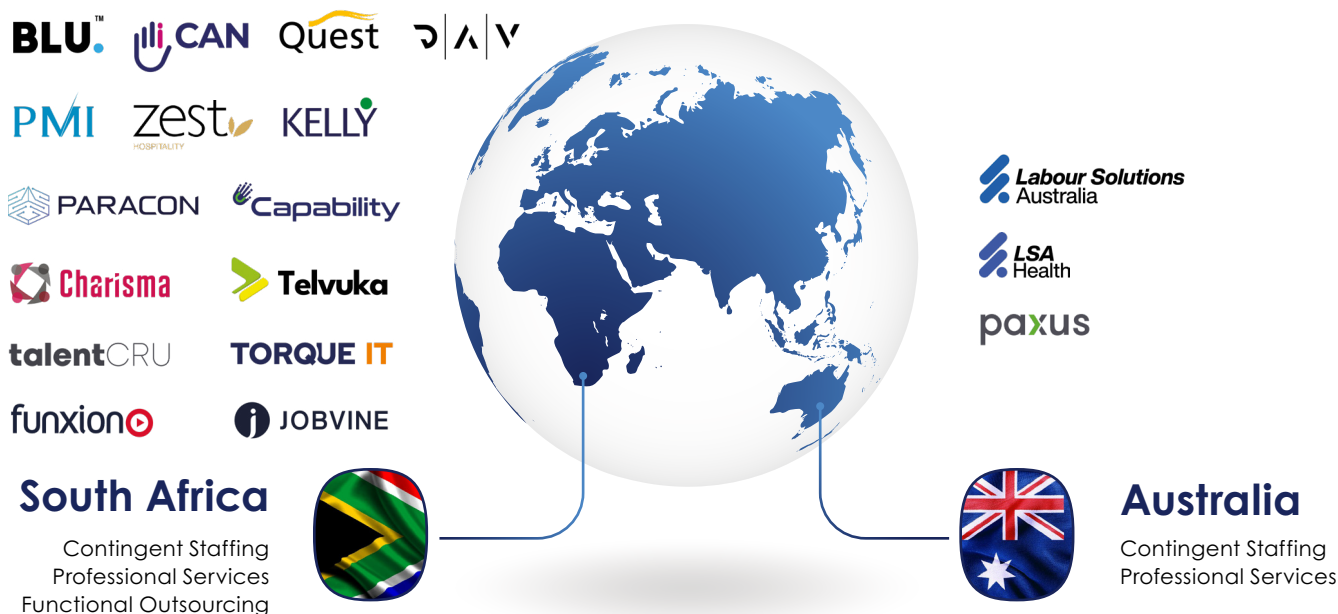
Dr John Wentzel
CEO

28 June 2024

ADCORP AT A GLANCE

Overview of our business

Adcorp Holdings Limited, listed on the JSE as a leading workforce solutions provider, operates seamlessly across both South Africa and Australia. Our specialisation spans three key focus areas: **Contingent Staffing, Professional Services, and Functional Outsourcing**, comprising five divisions across South Africa and Australia. We excel in delivering innovative workforce solutions that optimise human capital throughout the six stages of the workforce lifecycle, driving success and growth for our customers.





Our purpose

To be the leading workforce solution provider across two continents, delivering agile, skilled and focused solutions in selected industries and geographies

Operating across South Africa and Australia, Adcorp, alongside its customer-facing brands, plays a pivotal role in employing over 1 750 permanent employees and facilitating the deployment of over 40 000 contingent employees daily. Our commitment extends beyond employment to providing comprehensive training across various disciplines, acknowledging the constant evolution of the world and the need to connect individuals with opportunities that match the demand for new skills and capabilities. By fostering dynamic workforces, we empower businesses to thrive and individuals to reach their full potential.

Our purpose is grounded in cultivating agile, focused, and skilled workforces that drive positive societal impact. This commitment encompasses individuals across all employment arrangements, from permanent to contingent, contractor, and gig workers. We are devoted to creating inclusive work environments that celebrate diversity in all its dimensions, including abilities, genders, ages, and ethnicities. By championing inclusivity, we pave the way for transformative change within businesses, both now and in the future.

FY2024

Our workforce		Adcorp permanent employees	Deployed employees	Contingent employees	Independent contractors
	South Africa	1 582	4 170	30 653	1 439
	Australia	169	N/A	2 483	1 276
Total		1 751	4 170	33 136	2 715

AUSTRALIA CONTINGENT EMPLOYEES:

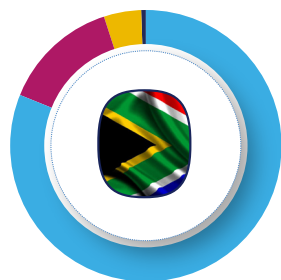
57% (1 410)

PALM scheme employees

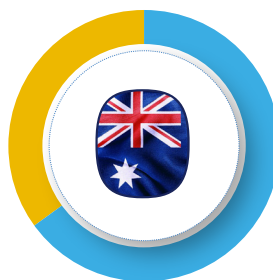
*Refer to page 18 for our employee definitions.

ADCORP AT A GLANCE CONTINUED

Employee breakdown by division



• Contingent Staffing	81,3%
• Functional Outsourcing	13,8%
• Professional Services	4,6%
• Business Support	0,3%



• Contingent Staffing	65%
• Professional Services	35%



What differentiates us in the market:

1 Technical excellence

- Demonstrated proficiency in technical knowledge and execution
- Workforce solutions and capabilities
- Broad range of cost-effective services

2 Customer-centric approach

- World-class customer service
- Emphasising reliability, trustworthiness, integrity and strong values
- Strong customer base – supporting top brands

3 Comprehensive risk and compliance management

- Adhering to global standards in risk and compliance management
- Prioritising health and safety
- Taking a strong stance against anti-bribery and corruption
- Investing in digitalisation

4 Positive workplace culture

- Fostering diversity, inclusion and belonging
- Providing decent and dignified work
- Connecting top talent to great opportunities
- Upskilling employees for in-demand jobs and future skills

Our operating model

At the heart of our Group's operating model are our brands, leveraging diverse service offerings, geographic reach, and sector expertise.

Adcorp's brands empower organisations to confidently navigate the complexities of the six stages of the workforce lifecycle, maximising their potential for success. Each brand seamlessly aligns with one or more core stages of the workforce lifecycle, ensuring efficiency and effectiveness throughout.

From standalone services to bundled, integrated, or fully managed solutions, our brands have the ability to offer a spectrum of options tailored to diverse customer needs. Our deep understanding of the workforce lifecycle enables effective upselling and cross-selling, assisting customers in achieving their human capital goals efficiently. This customer-centric approach, integral to our Brandshift strategy, ensures customers receive the necessary expertise and services at any stage of the workforce lifecycle.

Our divisions

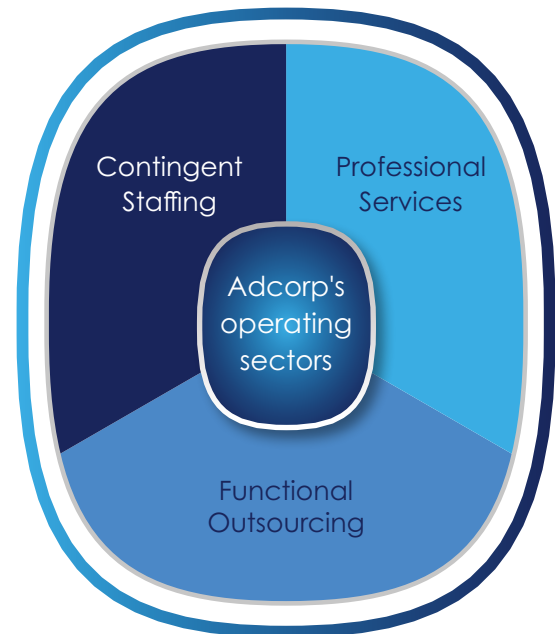
- Reporting and management control
- Brands clustered together by customer use

Our brands

- Managed by executives
- Responsible for profit and loss
- Operate on a fully absorbed basis
- Flexibility and agility without undue constraints from the centre
- The market face of Adcorp Group
- Measured as a standalone

Adcorp Group Business Support

- The strategic architect
- Enables linkages and drives synergies
- An endorsing brand
- Drives cross-sell and integrated selling
- Coordinates customer value creation across the brands



The workforce lifecycle



THE MARKET

The global economic environment in 2023 was characterised by high inflation and elevated interest rates, impacting staffing demand across various industries. Although inflation is showing signs of gradual decline, high interest rates have dampened economic activity, influencing hiring decisions and staffing demand across various sectors. 2023 also saw the emergence of AI and large language models (LLMs) as a transformative development in the global staffing landscape. While this development brings fears of job displacement, AI is simultaneously creating new staffing sectors and transforming existing ones.

The adoption of AI and related automation technologies is reshaping the staffing industry by creating new job opportunities, even as they pose challenges for traditional roles. Companies are leveraging these advancements to enhance productivity and efficiency, signifying a dynamic shift in global staffing trends. Adcorp's commitment to embracing these changes positions it well to capitalise on emerging opportunities and maintain a competitive edge in a rapidly evolving market.

South Africa

South Africa's economic conditions in 2023 reflected a complex dynamic, presenting both challenges and opportunities. The GDP growth for 2023 was modest, with an expansion of only 0.4% hampered by significant power cuts and weaker commodity prices. The country experienced 289 days of load shedding, up from 157 days in the preceding year, severely impacting economic activities and productivity across various sectors. The economy faced significant structural challenges and weaker commodity prices, which hampered more robust growth.

High interest rates, maintained at 8.25% by the South African Reserve Bank, continue to influence borrowing costs for businesses and consumers alike. The unemployment rate remained extremely high, hovering around 34% by the end of 2023. However, there was a growing demand for flexible staffing solutions, including temporary and contract work, as businesses sought to navigate economic uncertainties and fluctuating workloads through a flexible workforce structure and a different workforce mix.

High inflation was a persistent issue, averaging 5.9% throughout the year, but is projected to fall back within the SARB's target range of 3-6% by the second half of 2024. High inflation curtailed consumer demand, increased input costs for businesses, and made passing price increases difficult. Leading up to the May 2024 elections, investment sentiment was cautious. While political uncertainty typically affects investor confidence, ongoing structural reforms and efforts to stabilise the energy sector could improve the outlook if successfully implemented.

Australia

In Australia, the economic landscape in 2023 was shaped by a slowdown in GDP growth and high inflation. After a strong start in early 2023, growth decelerated to 0.2% in the fourth quarter. This slowdown was influenced by subdued household spending and a decrease in investment activities. The Reserve Bank of Australia's tighter monetary policies to combat inflation, which peaked at around 6.3% mid-year, curtailed consumer spending and business investments. However, interest rates began to decline towards the end of the financial year, offering a more favourable outlook for 2024.

The unemployment rate remained relatively low but is expected to rise slightly from 3.6% to around 4% by the end of 2024. There is a notable shift towards flexible staffing solutions, including temporary, part-time, and gig economy roles, driven by businesses needing to adapt quickly to changing market conditions. This change in demand resulted in a depressed permanent recruitment sector, which failed to recover as anticipated at the start of the year. Certain sectors, particularly construction and healthcare, experienced significant labour shortages due to high demand and a limited supply of skilled workers.

Broader economic uncertainty, including global trade issues and fluctuating commodity prices, continued to influence business confidence and hiring practices. Trade tensions with China abated during the year, resulting in an increase in export activity and lifting demand for blue-collar workers, particularly in the agricultural and protein processing sectors towards year end. Australia's resource and energy sectors remained under pressure throughout 2023.

Summary

Despite these challenges, Adcorp's strong brand presence and diversified service offerings have allowed it to adapt to the changing market dynamics, demonstrating resilience and strategic agility. Adcorp retained its position as the largest listed staffing company in Africa and one of the 100 largest staffing companies in the world, presenting a compelling investment case. Our diversified and well-established portfolio of brands across South Africa and Australia has enabled the Company to offset declines in some sectors with increases in demand in others. This diversity allows Adcorp to better weather sector downturns, showcasing its resilience and strategic foresight.

During the year, Adcorp's strong balance sheet and excellent working capital management provided a buffer against variable economic conditions, ensuring operational stability and continued value delivery to stakeholders. Nearly half of Adcorp's revenue comes from Australia, providing a rand hedge for investors during times of economic difficulty and weakening earnings in the South African market.

While the market has been challenging at times, Adcorp's purpose-driven strategy has enabled it to navigate market conditions effectively. The Company's commitment to delivering value to stakeholders, coupled with its strategic agility and diversified service offerings, underscores its position as a solid investment case. As Adcorp continues to adapt and innovate in response to global economic trends, it remains well-positioned to capitalise on emerging opportunities, ensuring sustained growth.

OUR OPERATIONS



South Africa

Contingent Staffing

As the largest industrial contingent staffing brand in South Africa, with its BLU, PMI, and Zest brands, this division remains the pre-eminent provider of these services in South Africa. With a footprint spanning over 1 000 customer locations nationwide, the division serves diverse sectors including manufacturing, FMCG, automotive, agriculture, mining, renewables, hospitality, and logistics.

The Contingent Staffing division demonstrated resilience amidst challenging economic and political conditions and was able to take advantage of growth opportunities. With the division's current business composition including contingent staffing, solutions for people with disabilities, and business-to-business learning and development, major blue-chip clients in South Africa turned to flexible staffing solutions to manage the unstable macroeconomic factors. The various brands not only address client cost variability

but also ensure compliance within a complex legislative framework, prioritising customer and employee satisfaction

BLU and PMI benefited from exceptional brand strength, supported by consistently high customer satisfaction (CSAT) scores. Integration and collaboration between PMI's training capabilities and BLU's staffing solutions unlocked significant growth potential, particularly in up-skilling and reskilling initiatives crucial in a rapidly evolving workplace.

PMI made notable strides independently, with emerging collaborative relationships with BLU's clients enhancing customer experiences and potentially improving long-term tenure and margins. Zest took advantage of growth opportunities in the hospitality sector, especially in the Western Cape, as tourism recovery post-COVID-19 continued. BLU continued its expansion into mining and renewable energy through a specialised department.



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

www.bluyadcorp.com



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

www.pmi-sa.co.za



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

www.ican-sa.co.za



A best of class flexible hospitality staffing solution that offers experienced front and back of house associates to deliver an exceptional customer experience.

www.zesthospitality.co.za



OUR OPERATIONS CONTINUED

Professional Services

The Professional Services division boasts some of the country's most respected staffing brands, including Kelly and Quest, each with over 50 years of industry leadership. Its current business composition includes contingent staffing with more than 4 200 contractors, training, and permanent placements. The division's services span sectors including financial services, healthcare, telecommunications, and technology, servicing the largest and most reputable firms in South Africa. The division's competitive strength lies in its ability to provide integrated offerings throughout the workforce lifecycle.

DAV will mark its 50th anniversary next year, while Paracon approaches three decades of excellence in IT talent sourcing. Despite a challenging year, the division maintained steady revenue but experienced a decline in gross profit margins. This decline stemmed from reduced demand for higher-margin services in the MSP and RPO markets and tough market conditions affecting permanent placements.

In response to these challenges, strategic initiatives were implemented to address underlying margin pressures, including cost-cutting, enhancing operational efficiencies, and adjusting service offerings to meet evolving client needs. Several highlights were recorded including Paracon achieving revenue growth for the first time in six years, driven by strategic and operational repositioning.

The integration of Jobvine has further strengthened the division's position in the gig economy, expanding our reach among contractors and freelancers. Investments in revitalising iconic brands have positioned the division for future growth despite ongoing challenges in the global white-collar and permanent staffing sectors. Efforts to streamline operations and manage costs continue with a focus on the recovery of high-margin segments as a priority.



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

www.paracon.co.za



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

www.charismahealthcare.co.za



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

www.quest.co.za



Specialises in tailored recruitment solutions, including Recruitment Process Outsourcing and Managed Services Provider programs. TalentCRU specialises in providing scalable, bespoke services that meet the specific needs of their clients.

www.talentcru.co.za



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

www.dav.co.za



Provides comprehensive recruitment solutions from general admin to executive levels, emphasising rapid, personalised service and strong client relationships.

www.kelly.co.za



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

www.torque-it.com



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

www.jobvine.co.za

OUR OPERATIONS CONTINUED

Functional Outsourcing

The Functional Outsourcing division offers fully outsourced staffing solutions to clients enabling them to optimise costs and enhance operational performance while allowing them to focus on their core. With over 60 unique customer facilities throughout South Africa, its current business composition offers outsourced solutions within FMCG, manufacturing, warehousing and logistics, specialist cleaning, and Global Business Service Contact. FunxionO offers clients a performance-based fee structure that aligns the Company's incentives, ensuring a collective focus on quality and efficiency. FunxionO holds a unique market position with few competitors at scale, providing a first-mover advantage across South Africa. Telvuka, launched in March 2024, focusses on the business process outsourcing (BPO) contact centre sector, and serves domestic and international clients with advanced AI-enhanced technologies. This positions Telvuka as a key player in the UK and US markets.

FunxionO anticipates continued growth within its chosen sectors enabled by flexible, cost-effective, and expert-driven solutions. FunxionO remains well-positioned to capitalise on emerging opportunities and sustain growth as client understanding and adoption of this approach continues to lift. The anticipated recovery in the South African economy makes the brand well-positioned to achieve higher levels of growth. Telvuka is poised to grow domestic and international clients as the country's reputation as a hub for customer service support centres continues to underpin sector attractiveness and expansion for international clients looking to establish or relocate BPO centres to South Africa.



Specialising in outsourced business solutions that leverage technology to enhance operational efficiency and productivity. FunxionO offers a range of specialised services within manufacturing and related industries.

www.funxiono.co.za



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

www.capabilitycleaning.co.za



A business process outsourcing provider offering customised solutions to enhance customer service and support. Telvuka provides comprehensive services including inbound and outbound customer interactions.

www.telvuka.com

OUR OPERATIONS CONTINUED



Australia

Contingent Staffing

The Contingent Staffing division provides workforce solutions across agriculture, building and construction, manufacturing, food processing and healthcare through the Labour Solutions Australia (LSA) and LSA Health brands. Serving a diverse range of global and local clients, the division has a significant presence in the fast-growing protein production and processing sector across Australia. The increasing global demand for high-quality protein continues to drive the need for skilled workforces. This positions the division to capitalise on growth opportunities through the Pacific Area Labour Mobility Scheme (PALM), enabling LSA and LSA Health to bring migrant workers from the South Pacific islands to address the persistent blue-collar worker shortage in Australia. The rising demand for services in the healthcare and aged care sectors, driven by Australia's aging population, presents significant growth prospects.

LSA has benefited from the persistent structural shortage of blue-collar workers in Australia. The division continued its trajectory of strong top line growth as the strategy to expand into its chosen sectors underpinned by PALM continues to deliver.

LSA Health has grown rapidly and will continue to strategically target opportunities within the aged care sector to meet evolving client needs. LSA is well-positioned to capitalise on the Australian blue-collar contingent staffing market, which is forecast to grow nearly 5% through 2027. The healthcare sector, projected to grow at a healthy 6.5%, stands out as a key driver for LSA's future value. The large hospitality sector in Australia is another expansion sector that will be pursued.



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

www.laboursolutions.com.au



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

<https://www.laboursolutions.com.au/employers/healthcare-recruitment>

Professional Services

The Professional Services division through the Paxus brand focuses primarily on the IT and technology sectors, offering a comprehensive range of services including IT recruitment, contracting, consulting, and managed services. Known for its expertise in sourcing and placing skilled professionals in various IT roles across Australia, the division caters to both public and private sectors, supporting organisations in meeting their technology staffing needs effectively and efficiently. It operates across all sectors and business sizes, covering a broad range of tech and digital specialisations.

During the year Paxus averaged approximately 1 330 independent contractors engaged across clients in the government, financial services, technology, consulting, and energy sectors.

The division felt the effects of the slowdown in permanent recruitment and the draw down in technology recruitment in certain sectors as the emergence of Large Language Models (LLMs) changed demand patterns in its sectors.

In response to the changing demand dynamics and slow recovery in permanent IT recruitment, Paxus initiated a strategic repositioning of the brand to better respond to changing demand and meet unfulfilled client's needs. The repositioning of Paxus will see the operating model change from a state-based model to a sector based model, expanding Paxus from its traditional IT and digital focus into broader white collar sectors. Paxus remains one of Australia's most loved staffing brands with a history spanning over 50 years and consistently achieves exceptional Customer Satisfaction (CSAT) scores. Another key growth driver is the higher-margin talent solutions business, which is already demonstrating excellent potential.



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

www.paxus.com.au

INVESTMENT CASE AND CAPITAL ALLOCATION

OUR INVESTMENT CASE

Largest integrated workforce solutions company in Africa

Adcorp has an attractive position in Australia and remains one of the 100 largest listed staffing companies in the world.

Diversified and well-established portfolio of brands across South Africa and Australia

Adcorp has well-established award-winning brands, with high brand equity and excellent CSAT scores.

Cash generative business model and strong balance sheet

Adcorp is a capital light business with low capital requirements for growth. Adcorp's working capital is well managed and has been a consistent dividend payer.

Geographically diversified earnings base providing rand-hedge quality

Adcorp is exposed to two different macroeconomic environments with half of Adcorp's revenue generated in Australia.

Experienced board guided by ethical corporate governance policies

Purpose-driven environmental, social and governance principles. Adcorp Workforce Solutions (Pty) Ltd maintained its level 1 B-BBEE rating for over four years.

Strong sales pipeline

Adcorp has a strategic emphasis on pursuing growth in high-margin and emerging sectors such as healthcare in Australia and BPO in South Africa.

Capital allocation

The capital allocation framework provides investors with a transparent understanding of the Group's strategic approach to capital allocation. This framework is specifically designed to provide our valued shareholders with sustainable returns on their capital invested and for reinvesting opportunities in the growth of the Group's earnings. The formalisation and approval of the capital allocation framework allows investors to have a clear view of the Group's approach to capital allocation. The framework is designed to reward shareholders and invest in the Group's ongoing growth.

The Group aims to return 50% of HEPS to shareholders in terms of the framework. This will be returned to shareholders in the form of an ordinary dividend or a share buyback. The Group will retain 50% of HEPS to invest in growth. The preference for the Group is to organically invest in its products and services to drive top-line revenue growth, lift margins and increase operating profit. If the Group cannot achieve its growth objectives through organic investment, it will consider strategic acquisitions to drive its goals.

Both organic and inorganic growth opportunities will be assessed against the requirement that ROIC exceeds WACC in the respective geographies. For FY2024, the Group determined that the WACC for the Australian business is

10%, and the WACC for the South African business is 14%. This produced a blended WACC for the Group of 12%, the progress against which the Group will report. In addition to the requirement to meet the ROIC target, any acquisition considered must align with the Group's strategy.

Acquisitions will not be more than one adjacency away from their core and should drive volume consolidation, capability expansion or geographic expansion to be considered. To ensure that the balance sheet is well maintained, the Group is willing to gear the balance sheet partially to fund an acquisition but has set a total gross debt cap of 1 x earnings before interest, tax, depreciation and amortisation (EBITDA) as a prudent gearing level. Where debt is used to partially fund an acquisition, the Group will seek to raise debt and not use its working capital facilities to undertake investments.

In the case where organic or acquisition opportunities are not present or do not deliver the returns the Group seeks, the Group will return the uninvested excess cash to shareholders either by way of a special dividend or through a share buy-back programme. Where the Group contemplates a share buy-back programme, it will only do so where the share trades at a material discount to NAV or intrinsic value and if there is liquidity in the market to enable the acquisition of shares.

CORPORATE CITIZENSHIP

EMPOWERING PEOPLE

This section is a summary of our corporate citizenship performance and achievements for FY2024. For a comprehensive overview of our corporate citizenship strategy, governance, sustainability-related risks and opportunities and detailed performance, please refer to our corporate citizenship report, which forms part of Adcorp's reporting suite.

<https://www.adcorpgroup.com/corporate-citizenship-report-2024/>.

www

Achievements

MAINTAINED

LEVEL 1 B-BBEE

ADCORP WORKFORCE SOLUTIONS (PTY) LTD

ECOVADIS BRONZE MEDAL

ON FIRST SUBMISSION

(TOP 35% OF RATED COMPANIES)

DOUBLE MATERIALITY

ASSESSMENT COMPLETED

Our focus SDGs:



Refer to corporate citizenship report <https://www.adcorpgroup.com/corporate-citizenship-report-2024/>

EcoVadis – supply chain assessment – ESG responsible business practices

We recently completed our first comprehensive assessment of our sustainability practices with EcoVadis, the independent global standard for business sustainability ratings. The EcoVadis assessment includes 21 sustainability criteria across four core themes: **environment**; **labour and human rights**; **ethics**; and **sustainable procurement**. We are pleased to have achieved a score of **58%**, **"Bronze Medal"**, **putting us in the top 35%** of all companies rated by EcoVadis. Our stakeholders can have confidence that we are committed to improving our responsible business practices.

This is the second year Adcorp is reporting on ESG data as part of our commitment to Corporate Citizenship. We are actively working to improve the completeness and accuracy of our data. Apparent declines in performance reflect improved data accuracy and completeness, not a deterioration in actual ESG performance.

ENVIRONMENTAL



247tCO₂e

(FY2023: 204tCO₂e)

SCOPE 1

CARBON EMISSIONS



2 436tCO₂e

(FY2023: 2 107tCO₂e)

SCOPE 2

CARBON EMISSIONS



22%

(FY2023: 30%)

RECYCLED WASTE



610 822kWh

(FY2023: 537 855kWh)

**OF RENEWABLE
ENERGY GENERATED
FROM SOLAR PV**



24 720kl

(FY2023: 17 218kl)

**MUNICIPAL WATER
CONSUMED**

SOCIAL



1 751

(FY2023: 1 799)

**PERMANENT
EMPLOYEES**



37%

(FY2023: 37%)

**FEMALE EMPLOYEES
IN SOUTH AFRICA**

4 170

(FY2023: 3 926)

**DEPLOYED
EMPLOYEES**



98%

(FY2023: 97%)

**BLACK EMPLOYEES
IN SOUTH AFRICA**

33 136

(FY2023: 33 045)

**CONTINGENT
EMPLOYEES**



11,0%

(FY2023: 15,5%)

**VOLUNTARY EMPLOYEE
TURNOVER
(PERMANENT AND
DEPLOYED EMPLOYEES)**



R18,4m

(FY2023: R21,1m)

**INVESTED IN
EMPLOYEE TRAINING
IN SOUTH AFRICA**




639

(FY2023: 264)

**LEARNERSHIPS AND
INTERNSHIPS PROVIDED**





**OVERALL
EMPLOYEE
ENGAGEMENT
SCORES**


66%
(FY2023: 64%)
in South Africa

68%
(FY2023: 70%)
in Australia



R0,7m (New initiative
implemented in FY2024)

**SPEND ON YOUTH SCHOLARSHIPS FOR
EMPLOYEES' CHILDREN ON TERTIARY EDUCATION
IN SOUTH AFRICA**



R3,2m
INVESTED
THROUGH
ENTERPRISE
DEVELOPMENT
WITH
7
BLACK-OWNED
SMMes

R2,9m
INVESTED
THROUGH
SOCIOECONOMIC
DEVELOPMENT
WITH
5
BLACK WOMEN-OWNED
BUSINESSES IN SOUTH AFRICA

GOVERNANCE




6
(FY2023: 10)

**CASES REPORTED VIA
THE ETHICS HOTLINE**




Zero
(FY2023: zero)

**DATA BREACHES, NONE
INVOLVING CUSTOMER
CONFIDENTIAL
INFORMATION**



40%
(FY2023: 40%)

**WOMEN BOARD
MEMBERS**



60%
(FY2023: 60%)

**BLACK BOARD
MEMBERS**

Our Chief People Officer's short-term incentives (STIs) are structured with a 12,5% weight dedicated to achieving ESG targets.

Appointed a dedicated Head of Sustainability to manage function.

As the function matures, we will investigate ESG key performance indicators (KPIs) to incorporate for all executives.

We are improving data completeness, with FY2024 data being more comprehensive and accurate compared to the FY2023 data.

CORPORATE CITIZENSHIP CONTINUED

Our workforce

Adcorp engages with employees in South Africa and Australia through various legal employment structures and agreements.

Employees comprise permanent employees, deployed employees, contingent employees and independent contractors. As at year end, the Group has 1 751 (FY2023: 1 799) permanent Adcorp employees and fixed-term contractors. In addition to this it has 4 170 (FY2023: 3 926) deployed employees, 33 136 (FY2023: 33 045) contingent employees and 2 715 (FY2023: 2 516) independent contractors assigned to various client contracts. Notably, we have over 100 000 unique individuals who gain employment through us each year. Refer below for more information on our employee definitions and demographics.

Workforce definitions

EMPLOYMENT TYPE	Permanent employees	Deployed employees	Contingent employees	Independent contractors
DEFINITION	Employed directly by Adcorp and its subsidiaries, including employees on fixed-term contracts. Their output is for Adcorp itself.	Employed directly by Adcorp and not contractually or legally linked to the client. They work on our clients' premises under our direct on-site management but are contracted to a specific scope of work or tender that we have been awarded by the client.	Employees providing clients' services under a commercial outsourcing contract, including those with independent, fixed-term, seasonal, limited duration or permanent employment contracts, depending on the outsourced solutions procured by the client. In South Africa, they are deemed an employee of the client post three months.	Professionals providing services and solutions on a time and materials basis to our clients.

* Employee (staff) costs reported in the segment report of the annual financial statements (AFS) include only permanent employees. Costs for deployed, contingent and independent contractors are included within the cost of sales.



Workforce demographics by employment type as at 29 February 2024



South Africa

	Permanent employees	Deployed employees	Contingent employees	Independent contractors
Headcount FY2024	1 582	4 170	30 653	1 439
FY2023	1 629	3 926	31 013	1 161
RACIAL DIVERSITY REPRESENTATION	Total ACI (%) FY2024	84	99	96
	FY2023	84	99	97
	African (%) FY2024	56	95	83
	FY2023	57	95	83
	Coloured (%) FY2024	20	3	11
	FY2023	20	3	12
	Indian (%) FY2024	8	2	2
	FY2023	8	2	2
White and foreign nationals (%)	FY2024	16	1	3
	FY2023	16	1	4
	Youth <35 (%) FY2024	34	61	63
	FY2023	41	62	67
GENDER IDENTITY	Females (%) FY2024	52	38	36
	FY2023	50	37	36
	Disability status (%) FY2024	2	0,09	0
	FY2023	2	0,13	0
(Total number: 37, FY2023: 39)				

Our reporting in South Africa is aligned with the requirements and classifications set out in the Employment Equity Act.

Note: Adcorp has exceeded its racial diversity target of 50%.



Australia

Headcount FY2024	169	–	2 483	1 276
FY2023	170	–	2 032	1 355
Youth <35 (%) FY2024	41	–	64	13
FY2023	41	–	64	11
GENDER IDENTITY	Females (%) FY2024	59	–	34
	FY2023	58	–	28

In Australia, employees do not have an obligation to share information about their race or disability status with their employer.



Our transformation storyboard

FY2024 B-BBEE level 1 maintained (Adcorp Workforce Solutions (Pty) Ltd)

Ownership

Achievable points: 25
Our score: 25 (FY2023: 25)
Black ownership: 59,82% (FY2023: 64,81%)
Black women ownership: 46,00% (FY2023: 45,92%)



Our focus:

We are proud to have achieved the full 25 points, with 59,8% black ownership, 46% black female ownership and an innovative employee share ownership trust to empower our female employees. This shows our commitment to socioeconomic transformation, sustainable growth and inclusion.

Skills development

Achievable points: 20
Our score: 18,55 (FY2023: 16,28)



Our focus:

We prioritise skills development through our bursary and personal development strategy and youth scholarship. These emphasise enrolling black youth in learnerships and work-based learning programmes, fostering a culture of continuous learning. Adcorp ensures compliance with the Skills Development Act by registering with SETAs and requiring employees to create Workplace Skills Plans and conduct skills gap analyses.

Socioeconomic development

Achievable points: 5
Our score: 5 (FY2023: 5)



Our focus:

We are dedicated to making a lasting difference in our communities. We invest in education, youth development, and programmes that support disabled individuals. By prioritising skills transfer and training, we empower disadvantaged communities, fostering long-term growth for both Adcorp and the people we serve.

Management control

Achievable points: 19
Our score: 12,94 (FY2023: 14,78)



Our focus:

We champion diversity and inclusion in leadership by prioritising the development and recruitment of black individuals, particularly black females. Our recruitment policies actively target underrepresented groups, ensuring that all vacancies consider candidates from African, Indian, and coloured demographics. This commitment is further solidified through dedicated DEI committees that foster a workplace culture where diversity and inclusion are valued and celebrated.

Enterprise and supplier development

Achievable points: 42
Our score: 42,55, bonus points from job creation and target spend met with designated suppliers (FY2023: 43,84, bonus points from job creation, graduation of enterprise development beneficiary to supplier and target spend met with designated suppliers)



Our focus:

We champion supplier diversity by supporting micro, small, large, black-owned, and female-owned businesses. We go beyond capability building, offering grants, free workspace, and mentorship to empower small black businesses. This commitment fosters economic growth within their supply chain and the broader community.

Total score

Achievable points: 111
Our score: 104,04 (FY2023: 104,89)



Procurement recognition level: 135% (FY2023: 135%)

Our focus:

We are proud of our recognition for empowering black females and fostering a transformed culture that drives meaningful impact. As a level 1 B-BBEE contributor, we remain committed to continuous improvement and being a leader in inclusive growth.



View our B-BBEE certificate
<https://www.adcorpgroup.com/about/corporate-citizenship/>

CHIEF FINANCIAL OFFICER'S VIEWPOINT

"The Group has achieved strong revenue growth and maintained effective cost control in both South Africa and Australia."

Noel Prendergast
CFO



The 2024 financial year has been challenging, reflecting the difficulties faced by many companies in South Africa and Australia. In South Africa, we continue to navigate tough trading conditions, exacerbated by infrastructure failures and ongoing power outages, which have significantly impacted our clients. Australia's environment, although more stable, has been marked by historically high inflation and interest rates, creating a somewhat challenging but still positive business landscape.

In the face of these adversities, Adcorp has displayed outstanding resilience. The Group has achieved strong revenue growth and maintained effective cost control in both South Africa and Australia. This underscores our relentless commitment to executing the Group's strategic vision despite

macroeconomic hurdles and external pressures affecting both regions. We have experienced margin compression across various brands, resulting in negative operating leverage. We are actively addressing these challenges.

I am pleased to highlight several key accomplishments from this year. The Group has seen an increase in sales, achieved unprecedented levels of customer satisfaction, and improved employee engagement, resulting in lower staff turnover. Our brands have also earned numerous industry awards. Adcorp has effectively leveraged its geographically diversified revenue streams and cash flows, maintained a debt-free status, and managed working capital efficiently. Our robust balance sheet in a challenging macroeconomic climate equips Adcorp with the resilience to navigate tough periods and capitalise on new opportunities.

As a reminder, discontinued operations in 2023 relates to aaX in Australia which was placed into voluntary administration.



CHIEF FINANCIAL OFFICER'S VIEWPOINT CONTINUED

Performance

Summarised consolidated statement of profit or loss

R'000	Audited Year end Feb 2024	Audited Year end Feb 2023	Variance %
Revenue	12 982 141	12 048 951	7,7
Cost of sales	(11 725 110)	(10 766 543)	(8,9)
Gross profit	1 257 031	1 282 408	(2,0)
Gross profit %	9,7	10,6	
Other income	24 857	19 743	25,9
Operating expenses	(1 073 451)	(1 018 583)	(5,4)
EBITDA	208 437	283 568	(26,5)
EBITDA %	1,6	2,4	
Depreciation and amortisation	(79 947)	(85 491)	6,5
Depreciation of PPE and amortisation	(26 431)	(30 957)	14,6
Depreciation of right-of-use assets (IFRS 16)	(53 516)	(54 534)	1,9
Operating profit	128 490	198 077	(35,1)
Operating profit margin %	1,0	1,6	
Net cost of funding	(38 770)	(45 392)	14,6
Net cost of loan funding	3 845	(1 302)	395,3
Lease liability interest (IFRS 16)	(42 615)	(44 090)	3,3
Impairments, derecognition of lease liabilities and ROUA and profits/(losses) on the disposal of businesses	216	(34 172)	100,6
Profit before taxation	89 936	118 513	(24,1)
Taxation expense	(1 894)	2 241	(184,5)
Profit for the year from continuing operations	88 042	120 754	(27,1)
Continuing operations	88 042	120 754	(27,1)
Discontinued operations	–	(79 980)	(100,0)
Profit for the year	88 042	40 774	115,9

Revenue increased by 7,7% from R12,0 billion to R13,0 billion, largely driven by the growth in revenue in the contingent staffing brands in both South Africa and Australia. Despite the growth in revenue, gross profit from continuing operations decreased by 2,0%. Margin pressure has been acutely experienced across most of our brands, which is more fully unpacked below.

Adcorp commenced a 12-year property lease from January 2020 in Woodmead, Johannesburg. Based on current space requirements the office park has available capacity. As a result, we have sublet part of our head office space, generating R12,5 million in rental income at reduced rates, which is included in other income. Unfortunately, one subtenant defaulted on its lease, leaving us with a R3,8 million shortfall, which has been fully provisioned. We are actively pursuing additional subleases. However, the current property market in Johannesburg remains sluggish, with an oversupply of rentable space, and we currently have only one subtenant for the new financial year.

Cost management remains a priority for us, striking a careful balance between necessary investments and sustainable growth. Our operational expenditure rose by just 5,4% over the prior period, an admirable achievement considering the inflationary challenges in both regions.

We successfully implemented Workday Finance on 1 September 2023, which marks the completion of our five-year technology refresh project, named Project Skyhawk, and the system performed well during the year-end audit.

This investment will continue to benefit us as prepayments are released over the next 18 months, with R30,4 million expensed during this financial year.

Continuing operations EBITDA declined by 26,5% to R208,4 million from R283,6 million in FY2023. This is explained in detail later in the report.

The application of IFRS 16, Accounting for Leases, resulted in a non-cash negative impact of R12,0 million on our profit before tax.

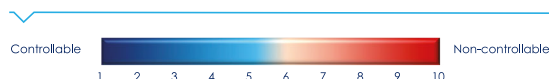
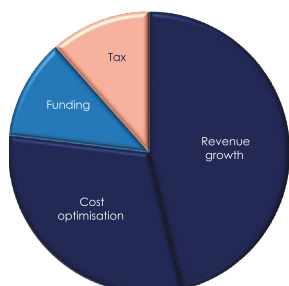
For the first time in several years, we experienced no net cost of funding, excluding lease liability interest under IFRS 16. Our proactive cash management strategy effectively minimised significant interest costs during this period, although we often do use facilities intra-month.

The Group has achieved a low effective tax rate of 2,1%, thanks to efficient use of assessed losses, positive tax effects from ETI income and learnerships, and the reversal of prior year unrecognised tax losses and non-current deferred tax liabilities. It is important to recognise that this tax position is not sustainable.

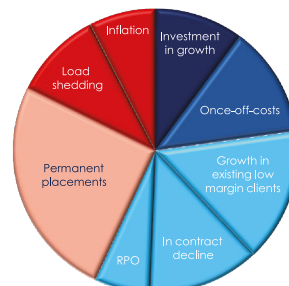
With gross profit being fairly flat there has been an unavoidable increase in operational expenditure, although below inflation, which has resulted in a lower profit after tax from continuing operations.

Factors influencing Adcorp's results

Positive impact on income statement %



Negative impact on income statement %



The above graphs aim to visually represent the various factors that have influenced Adcorp's performance during the year. The size of each segment in the pie charts indicates the financial impact of these factors.

To differentiate between factors within our control and those beyond it, we have used a heat map. The varying shades help illustrate our capacity to manage and mitigate certain challenges, highlighting our strategic decisions and our ability to navigate market complexities.

By presenting these visuals, we aim to provide a clear understanding of the forces shaping Adcorp's performance, offering insights into our responses to both controllable and uncontrollable elements.

The positive aspects are adequately dealt with earlier, the challenges we have faced are described below.

Gross margin pressure continues to be a major concern, necessitating focused and strategic interventions.

A significant factor contributing to the decrease in our gross margin has been the decline in permanent placements, which has particularly affected our Paxus, Paracon, DAV, and Kelly brands accounting for up to R40 million in gross margins. While signs of recovery are yet to materialise, we are strategically positioned to capitalise on the next growth cycle.

Load shedding remains a persistent issue and is expected to continue, despite some relief in recent months. It does add to the complexities we face. Although quantifying this impact precisely is challenging, we have observed a substantial reduction in revenue from many of our largest clients due to this issue.

Some of our brands have seen a decrease in contract margins, especially from certain clients within FunxionO and Quest. While these contracts remain profitable, their margins have been significantly reduced.

Inflation has also posed a considerable challenge. Clients often delay absorbing inflationary costs at the start of the financial period, which puts pressure on our margins, particularly in the initial months. In some instances, clients are reluctant to fully absorb these increases. Added to this, wage inflation often outstrips the increases we can pass on to a client.

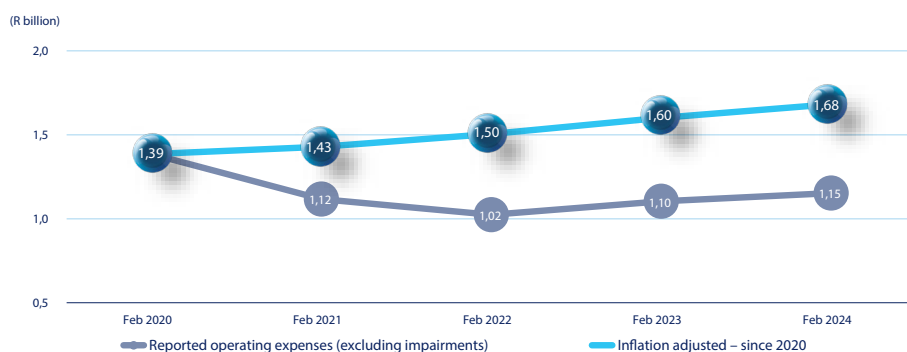
There has been revenue growth in certain brands that operate at lower margins than previously reported. This is crucial for future expansion and is especially evident in the rapid growth of our LSA brand.

Some of our revenue growth has come from existing clients with legacy margins that do not support effective operating leverage. Revisiting these pricing models is essential for achieving sustainable long-term profitability.

Adcorp's FY2024 results have also been significantly impacted by once-off costs. These exceptional expenses, totalling over R26 million, have adversely affected our financial performance.

Addressing these challenges is a key part of our ongoing strategy. We are committed to developing innovative solutions and adapting our approaches to manage these external pressures, ensuring the continued stability and growth of Adcorp.

Operating expenses



The graph to the left demonstrates Adcorp's sustained efforts in recent years to optimise our cost structure and achieve stability within the Group. The upper trend line projects operating expenses based on average inflation rates in both regions, showing a potential scenario if 2020 expenses had followed that path. Our cost containment programme has been significant and rigorous, reflecting our ongoing commitment to manage costs.

CHIEF FINANCIAL OFFICER'S VIEWPOINT CONTINUED

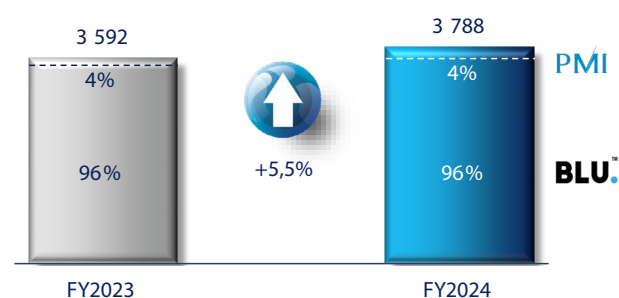
Segmental revenue performance
Segmental performance

R'000	Revenue		Gross profit		EBITDA	
	Audited Year end Feb 2024	Audited Year end Feb 2023	Audited Year end Feb 2024	Audited Year end Feb 2023	Audited Year end Feb 2024	Audited Year end Feb 2023
Total South Africa	6 870 829	6 668 343	734 574	784 016	101 892	156 106
Contingent Staffing – South Africa	3 788 111	3 591 607	431 566	432 628	288 884	295 236
Functional Outsourcing – South Africa	1 136 882	1 129 795	81 714	90 960	47 593	61 247
Professional Services – South Africa	1 945 836	1 946 941	221 294	260 428	108 395	155 461
Business Support – South Africa	–	–	–	–	(342 980)	(355 838)
Total Australia	6 111 312	5 380 608	522 457	498 392	106 545	127 462
Contingent Staffing – Australia	1 900 714	1 408 709	169 604	127 775	46 396	41 363
Professional Services – Australia	4 210 598	3 971 899	352 853	370 617	113 742	119 346
Business Support – Australia	–	–	–	–	(53 593)	(33 247)
Total Group	12 982 141	12 048 951	1 257 031	1 282 408	208 437	283 568

The above table includes segment revenue, gross profit and EBITDA shows divisional EBITDA before Business Support allocations. It is important to note that Business Support does not only include typical head office type functions, but is also a conduit for direct business purchases and several shared services such as debtors and creditor management, banking and treasury, IT, procurement, HR and payroll.

Contingent Staffing South Africa

Revenue – (R million)

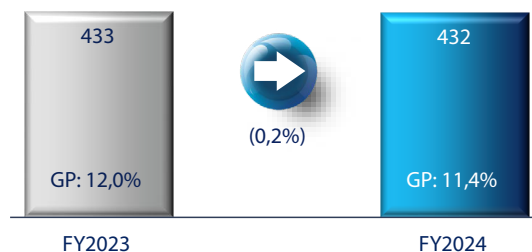


Our Contingent Staffing division in South Africa includes BLU, PMI, Zest and iCan. In the above tables, Zest and iCan's revenue is included in BLU and PMI, respectively.

The Contingent Staffing division delivered revenue of R3,8 billion for the year, reflecting a solid 5,5% increase over the previous period. The division achieved an overall gross margin of 11,4%, which represents a 60 basis point decrease from the prior year.

Demand for contingent staffing through BLU remained strong throughout the year. Persistent loadshedding and other infrastructure challenges in South Africa led companies to seek more flexible staffing solutions, boosting demand for our services. However, we must acknowledge the extensive load shedding and difficult macroeconomic conditions that are impacting our clients' operations.

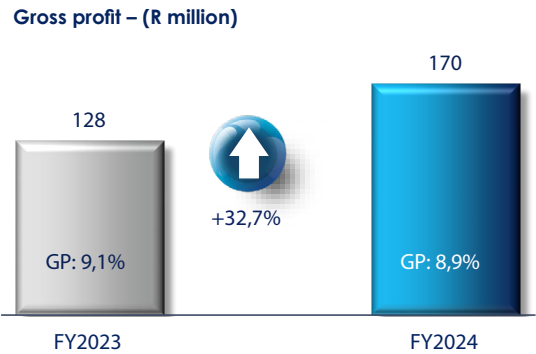
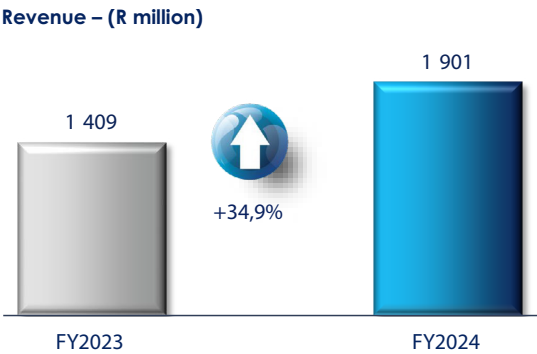
Gross profit – (R million)



At the start of FY2024, as part of our Brandshift Adcorp strategy, we separated the Contingent Staffing and Functional Outsourcing brands into distinct divisions and integrated PMI into Contingent Staffing. This strategic move has paid off, with PMI achieving strong growth by leveraging synergies between blue-collar staffing and training.

While we faced margin compression due to clients seeking cost savings, our efforts to contain costs were effective, though not enough to fully counteract the margin pressures. In line with our growth strategy, we re-entered the hospitality sector by relaunching the Zest brand, which has benefited from the resurgence of tourism, particularly in the Western Cape. Additionally, our expansion into occupational health has resulted in growth and higher margins compared to our core contingent staffing business.

Contingent Staffing Australia



Our blue-collar Contingent Staffing division in Australia reported exceptional top-line and gross profit growth, thanks to significant wins and new contracts with major clients in the manufacturing, industrial, and healthcare sectors. The demand for agricultural and protein products, boosted by increased exports, further fuelled the growth of our services through the LSA brand under the PALM scheme. Gross margins remained robust with minimal erosion throughout the year.

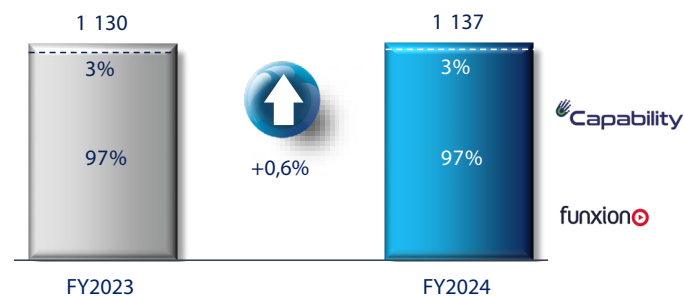
In line with our diversification strategy, we launched LSA Health, which quickly gained strong traction in the market due to the persistent demand for care workers for the aged. The Australian market continues to face blue-collar labour shortages, a trend expected to persist and even worsen in the short to medium term. To support growth, we have made substantial investments in people and working capital, a strategy we believe will yield long-term benefits. Currently, the primary constraint on growth rates in Contingent Staffing is not demand, but the shortage of housing for workers in remote areas. This division is well-positioned to capitalise on both existing and new opportunities moving forward.



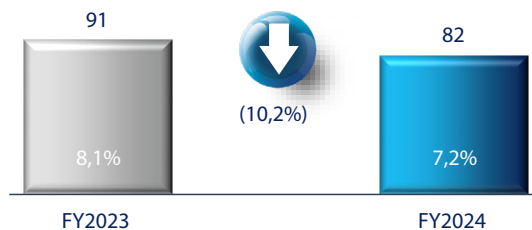
CHIEF FINANCIAL OFFICER'S VIEWPOINT CONTINUED

Functional Outsourcing South Africa

Revenue – (R million)



Gross profit – (R million)



Our Functional Outsourcing division includes FunxionO, Telvuka and Capability. In the above graph, Telvuka's revenue is included in FunxionO.

Functional Outsourcing had a challenging year, with revenue remaining flat at R1,1 billion compared to the previous year. The division ended with a gross margin of 7,2%, down from 8,1% in FY2023.

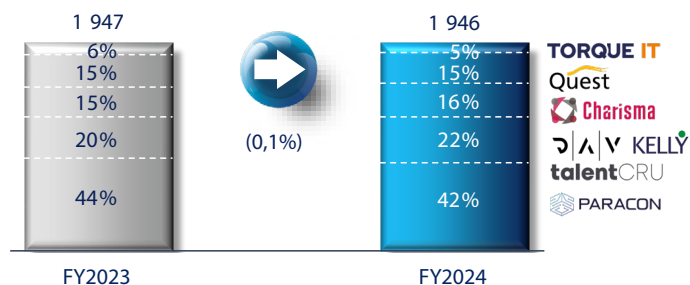
Despite this, the division achieved strong new sales growth. Although revenue from a major client declined, new client wins offset this, resulting in flat overall revenue. Client decision-making on significant outsourcing opportunities slowed as they exercised caution ahead of the national election in May 2024.

Throughout the year, margins were pressured as FMCG clients faced rising costs from load shedding and reduced demand from financially constrained consumers. Additionally, logistics clients experienced a decline in demand due to stalled domestic growth in South Africa.

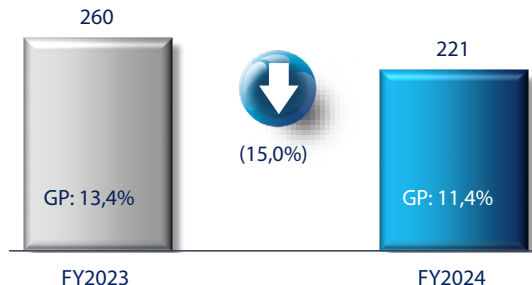
In line with the Brandshift Adcorp strategy, we continue to focus on growth, higher margins, and revenue diversification. During the year, we made a strategic expansion into the BPO sector with the launch of the Telvuka brand, positioning the division well for growth in this sector of South Africa's economy. Our core FunxionO brand delivered double-digit revenue growth, driven by a focus on more specialised offerings that yielded positive results.

Professional Services South Africa

Revenue – (R million)



Gross profit – (R million)



There are a number of brands in Professional Services South Africa, including, Paracon, Quest, Kelly, TalentCRU, DAV, Charisma, Jobvine and Torque IT.

Revenue for the Professional Services division remained steady year-on-year at R1,9 billion, however the division experienced significant margin erosion, dropping from 13,4% to 11,4%.

Paracon achieved revenue growth for the first time in six years, driven by strategic and operational changes. The strategic acquisition of Jobvine has positioned Adcorp as a key player in the gig economy, allowing us to tap into a diverse market of contractors, gig workers, and freelancers. Jobvine is expected to be a contributor to revenue in future years.

We revitalised iconic brands like Kelly and DAV in response to client demand. Despite initial signs of recovery in permanent placements, South Africa's worsening unemployment rate prevented this from materialising. Nonetheless, as indicated earlier, our investment in these brands positions us well for future recovery. TalentCRU, which focuses on MSP and RPO, saw less demand for higher-margin business compared to the previous year.

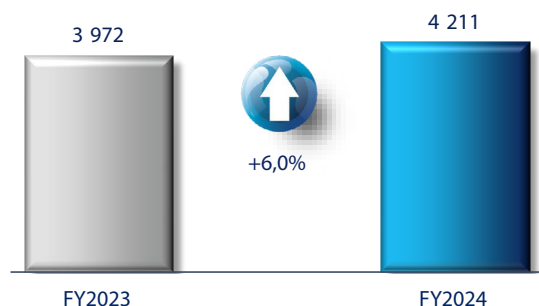
Charisma continues to face a shortage of nurses despite high client demand. Torque IT delivered satisfactory results amid reduced corporate training budgets. Quest's revenue was similar to last year, but margin contraction and higher costs led to lower overall results.

This year posed significant challenges for the Professional Services division. Global headwinds in white-collar and permanent staffing, along with economic downturns, led to cutbacks, headcount freezes, and redundancies. As mentioned, the expected recovery in high-margin permanent placements did not occur, exacerbating margin compression. Despite cost-saving efforts, the division could not fully counteract the margin decline, resulting in performance below the prior year. However, strategic advancements have laid a strong foundation for future growth.

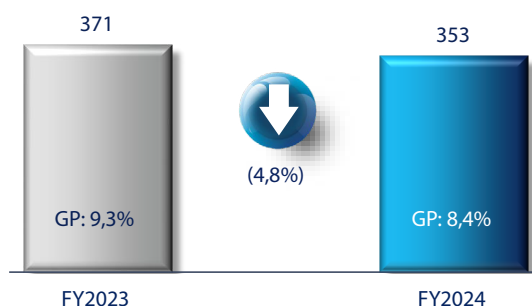
CHIEF FINANCIAL OFFICER'S VIEWPOINT CONTINUED

Professional Services Australia

Revenue – (R million)



Gross profit – (R million)



Revenue in the Professional Services Australia division reached R4,2 billion, up from R4,0 billion the previous year, marking a 6,0% increase. However, the gross margin ended at 8,4%, down from 9,3% in the prior year.

Paxus, our technology and digital talent brand in this division, celebrated its 50th anniversary, underscoring its long-standing presence in the industry. Despite numerous challenges in the technology and digital sectors, Paxus showcased agility by focusing on new business expansion and securing large customers across Banking & Finance, State and Federal Government, and the Digital sector.

The division faced a decline in demand for IT contracting resources, driven by global trends that emerged at the end of 2022. Clients shifted their product mix towards more cost-effective resources with lower margins. Early optimism that the high-margin permanent placement business would return did not materialise, significantly impacting gross margins. Strategically, the division expanded into recruitment RPO and achieved initial successes in this space, while also growing its talent solutions business by on-boarding several new projects in both the private and government sectors.

Financial position

Summarised consolidated statement of financial position

R'000	Audited Year end Feb 2024	Audited Year end Feb 2023
Assets		
Property and equipment	24 678	30 811
Right-of-use lease assets	249 800	291 785
Intangible assets and goodwill	624 829	636 379
Investment and other financial assets	–	21 074
Tax and deferred tax asset	251 629	248 790
Trade and other receivables	1 696 577	1 517 278
Cash and cash equivalents	275 249	415 548
Total assets	3 122 762	3 161 665
Equity and liabilities		
Capital and reserves	1 459 705	1 534 677
Lease liabilities	379 140	409 410
Tax and deferred tax liability	66 487	83 834
Provisions, trade and other payables	1 217 430	1 133 744
Total equity and liabilities	3 122 762	3 161 665

At the end of the financial year, the Group's balance sheet remains robust, with no impact from gearing.

No impairment was noted in the current year for the business units that have goodwill recognised in the Group.

The self-insurance cell captive was liquidated this year, resulting in a complete reduction in the investment in financial assets balance and the receipt of proceeds from the liquidation into cash and cash equivalents.

Cash and cash equivalents, including restricted cash held in Angola, have decreased, as discussed below.

Capital and reserves have declined, largely as a result of the dividend distributions made in August 2023 and January 2024.

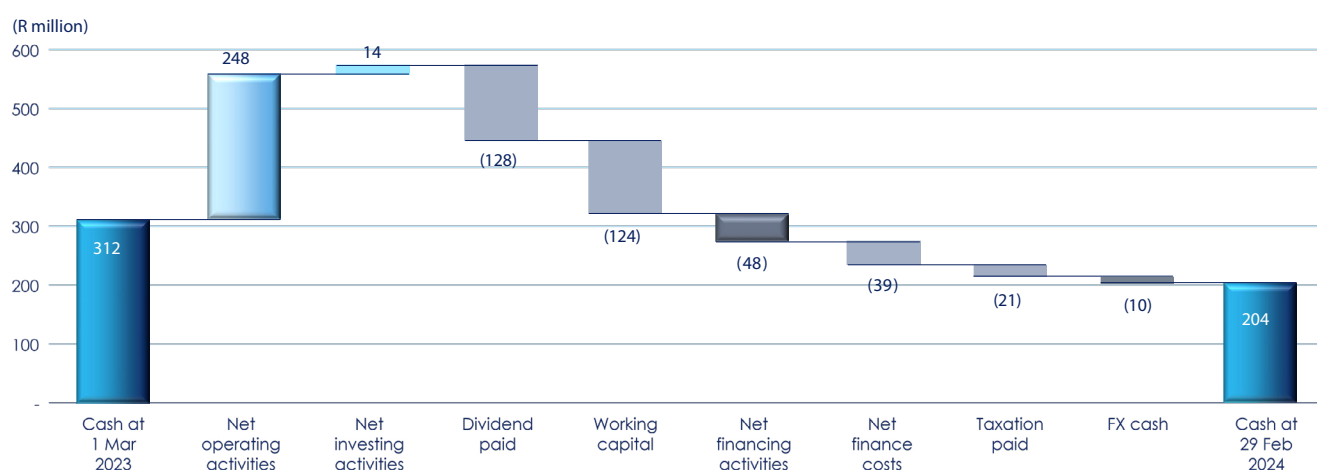
CHIEF FINANCIAL OFFICER'S VIEWPOINT CONTINUED

Liquidity and cash flow

Summarised consolidated statement of cash flows

	R'000
Cash generated from operations excluding working capital	247 847
Working capital changes	(124 075)
Cash generated from operations	123 772
Net cash generated from operating activities	64 436
Net cash generated from investing activities	14 184
Net cash utilised in financing activities	(176 040)
Net decrease in cash and cash equivalents	(97 420)
Cash and cash equivalents at the beginning of the year	311 692
Foreign currency adjustment	(10 097)
Cash and cash equivalents at the end of the year	204 175

Cash flow movements



The Group's cash position, excluding restricted cash, has decreased from R312 million to R204 million over the year. This reduction is primarily due to two factors:

- An investment of R124 million in trade and other receivables to support our growth initiatives.
- The distribution of approximately R128 million in ordinary and special dividends to shareholders, underscoring our commitment to delivering value to our investors.

Additionally, as previously reported, Adcorp continues to hold stranded cash in Angola, which is classified as restricted cash on our balance sheet. The value of this cash has decreased by R32 million due to the weakening of the Angolan Kwanza, bringing the total to R71 million at year end. The entity's legal status in Angola has been resolved subsequent to year end, and banking access is now available. However, investors should be aware that the Angolan foreign exchange market remains illiquid and highly regulated, which could result in a lengthy repatriation process.

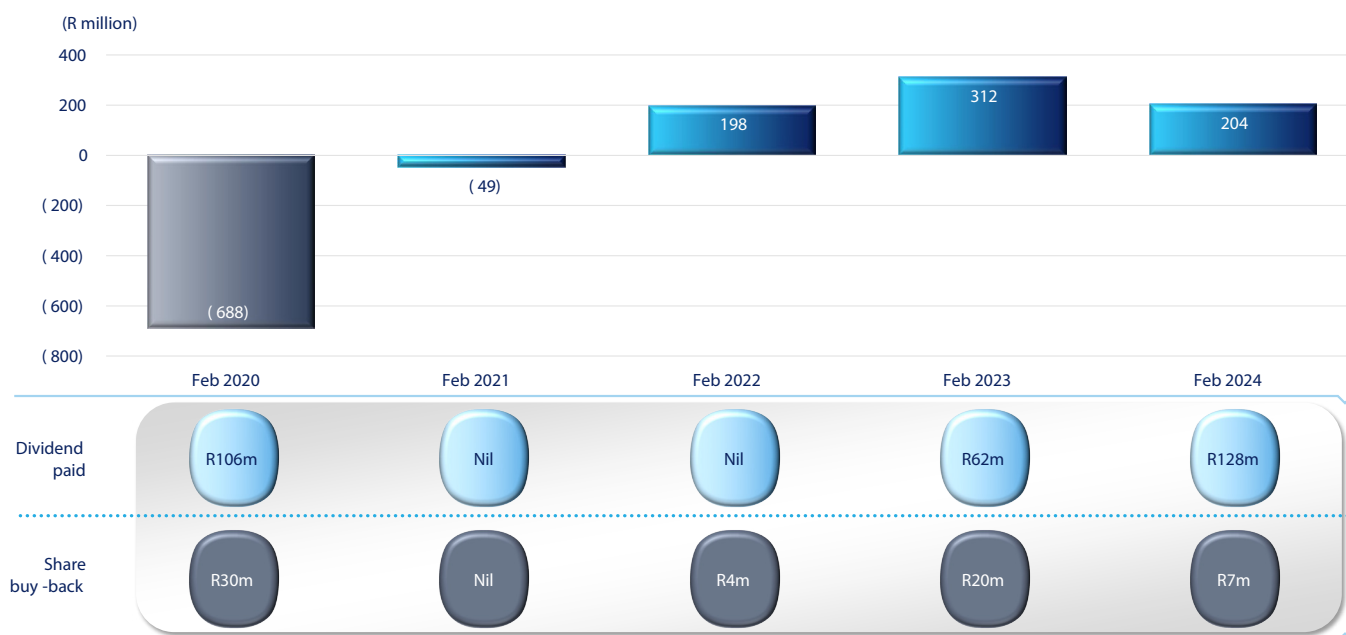
Working capital management



Trade and other receivables increased by 11,8%, driven by revenue growth over the year. The Group's DSO ended at 37 days, a slight increase from last year, which remains impressive given the size of our receivables and the unrelenting pressure we receive from clients for extended payment terms. Trade and other payables rose by 7,4%, which is not proportional to the increase in receivables. A large contributing factor is that the majority of our cost of sales is linked to payroll, with contingent staff predominantly paid weekly or bi-monthly.

Net unrestricted cash

Net cash/(debt) trend



The management team is pleased to share the five-year net cash or debt trend with you. We are resolute in our commitment to our strategic growth initiatives and this is demonstrated by our strict adherence to our capital allocation strategies and continuous portfolio refinement. Over the past two and a half years, our focus on creating shareholder value has been evident through our dividend distributions and share repurchase programmes.

Dividends

In line with the principles of Adcorp's capital allocation framework the board of Adcorp approved and declared a final gross dividend of 24,2 cents per ordinary share (2023: 16,5 cents per ordinary share). This is in addition to the interim gross dividend of 16,1 cents per share declared and paid during FY2024. The total ordinary dividend for FY2024 was 40,3 cents per share.

Appreciation

I would like to express my sincere gratitude to all our colleagues across Adcorp for their dedication and hard work throughout this challenging year. Your collective efforts and resilience have been fundamental in navigating the complex landscape we faced. In particular, I would like to acknowledge the finance team for their exceptional commitment and professionalism. Their diligent work has been crucial in managing our financial strategies and ensuring stability during these turbulent times.

My thanks also go to the board and the executive committee for their continued support and guidance. Your leadership has been invaluable in steering the Company through adversity and positioning us for future resilience and growth. As we move forward, I am confident that with such a capable and dedicated team, Adcorp will continue to achieve its strategic objectives and deliver value to our stakeholders.

Noel Prendergast
Chief Financial Officer

28 June 2024

FIVE-YEAR PERFORMANCE INDICATORS

Statement of financial position	FY2024 R'000	FY2023 R'000	FY2022 R'000	FY2021 R'000	FY2020 R'000
Assets					
Non-current assets	1 133 443	1 238 869	1 290 954	1 357 418	1 532 497
Property and equipment	24 678	30 811	37 171	48 286	72 212
Right-of-use asset	249 800	291 785	323 432	364 572	414 917
Intangible assets	109 047	123 684	125 773	144 346	177 702
Goodwill	515 782	512 695	512 723	527 216	635 609
Other financial assets – investment at fair value	–	21 074	19 597	18 971	17 620
Deferred taxation	219 640	214 833	214 187	198 832	181 171
Prepayments	14 496	43 987	58 071	55 195	33 266
Current assets	1 989 319	1 922 796	1 909 718	1 962 906	2 428 870
Trade receivables	1 512 337	1 337 049	1 336 354	1 377 823	1 924 851
Other receivables	169 744	136 242	143 562	101 297	91 849
Other financial assets – investment at fair value	–	–	–	–	36 924
Taxation prepaid	31 989	33 957	9 447	9 854	18 485
Cash and cash equivalents and restricted cash	275 249	415 548	420 355	473 932	356 761
Disposal Group assets held for sale	–	–	–	196 553	116 039
Total assets	3 122 762	3 161 665	3 200 672	3 516 877	4 077 406
Equity and liabilities					
Total equity	1 459 705	1 534 677	1 472 529	1 352 254	1 245 847
Share capital and share premium	1 740 858	1 740 858	1 740 858	1 740 858	1 740 858
Treasury shares	(93 864)	(91 170)	(72 172)	(68 083)	(68 083)
Reserves	(187 289)	(115 011)	(196 157)	(320 521)	(426 928)
Non-current liabilities	349 445	388 936	438 004	870 459	489 676
Interest-bearing borrowings	–	–	–	400 000	–
Lease liabilities	303 881	331 977	348 493	369 658	404 021
Deferred taxation	41 054	56 959	89 511	100 801	85 655
Provisions	4 510	–	–	–	–
Current liabilities	1 313 612	1 238 052	1 290 139	1 273 020	2 303 024
Interest-bearing borrowings	–	–	133 336	55 823	1 001 684
Lease liabilities	75 259	77 433	75 472	75 281	93 457
Bank overdraft	–	–	–	87	182
Trade and other payables	996 416	898 855	819 610	908 922	1 010 646
Provisions	216 504	234 889	203 930	183 738	162 429
Taxation payable	25 433	26 875	57 791	49 169	34 626
Disposal Group liabilities held for sale	–	–	–	21 144	38 859
Total equity and liabilities	3 122 762	3 161 665	3 200 672	3 516 877	4 077 406

Statements of profit and loss	FY2024 R'000	FY2023 R'000	FY2022 R'000	FY2021 R'000	FY2020 R'000
Revenue	12 982 141	12 048 951	11 318 048	11 716 956	12 922 325
Cost of sales	(11 725 110)	(10 766 543)	(10 109 805)	(10 575 140)	(11 452 501)
Gross profit	1 257 031	1 282 408	1 208 243	1 141 816	1 469 824
Other income	24 857	19 743	19 553	99 399	26 920
Operating expenses	(1 153 182)	(1 138 246)	(1 026 821)	(1 122 804)	(1 982 558)
Operating profit/(loss) before finance income and costs	128 706	163 905	200 975	118 411	(485 814)
Finance income	11 161	5 589	5 243	16 204	21 942
Finance costs	(49 931)	(50 981)	(69 015)	(106 854)	(127 456)
Profit/(loss) before taxation	89 936	118 513	137 203	27 761	(591 328)
Taxation	(1 894)	2 241	(31 890)	(22 338)	(71 977)
Tax rate	2,1%	(1,9%)	23,2%	80,5%	(12,2%)
Profit/(loss) for the year from continuing operations	88 042	120 754	105 313	5 423	(663 305)
(Loss)/profit from discontinued operations	–	(79 980)	13 644	35 906	58 553
Profit/(loss) for the year	88 042	40 774	118 957	41 329	(604 752)
Operating profit/(loss) before finance income and costs	128 706	163 905	200 975	118 411	(485 814)
Depreciation and amortisation	(79 947)	(85 021)	(88 734)	(130 361)	(141 997)
Impairments, derecognition of lease liabilities and ROUA and profits/(losses) on the disposal of businesses	216	(34 172)	(4 952)	(1 008)	(597 449)
EBITDA	208 437	283 098	294 661	249 780	253 632

FIVE-YEAR PERFORMANCE INDICATORS CONTINUED

Statistics and ratios	FY2024	FY2023	FY2022	FY2021	FY2020
Statistics					
Weighted number of shares	102 867 948	103 387 640	106 692 859	107 400 053	107 732 131
Headline earnings per share - total (cents)	83,8	61,1	99,4	34,2	(17,2)
Continuing operations	83,8	147,8	99,7	0,8	(71,6)
Discontinued operations	–	(86,7)	(0,3)	33,4	54,4
Earnings per share - total (cents)	83,8	37,3	109,1	35,6	(561,6)
Continuing operations	83,8	114,7	96,3	2,2	(616,0)
Discontinued operations	–	(77,4)	12,8	33,4	54,4
Ratios					
Return ratios					
Return on equity ¹	6,0%	7,9%	7,2%	0,4%	(53,2%)
Return on total assets ²	2,8%	3,8%	3,3%	0,2%	(16,3%)
ROIC ³	6,6%	11,0%	8,9%	3,6%	0,5%
ROCE (EBIT) ⁴	8,8%	10,7%	12,5%	6,5%	(21,6%)
Margin ratios					
Gross profit margin ⁵	9,7%	10,6%	10,7%	9,7%	11,4%
Cost to income ⁶	8,9%	9,4%	9,1%	9,6%	15,3%
EBITDA margin ⁷	1,6%	2,3%	2,6%	2,1%	2,0%
Operating profit margin ⁸	1,0%	1,4%	1,8%	1,0%	(3,8%)
Net margin ⁹	0,7%	1,0%	0,9%	0,0%	(5,1%)
Leverage/gearing					
Gearing: gross debt to equity ratio ¹⁰	0,0%	0,0%	9,1%	33,7%	80,4%
Gearing: Net debt to equity ¹¹	(18,9%)	(27,1%)	(19,5%)	(1,3%)	51,8%
Equity ratio ¹²	46,7%	48,5%	46,0%	38,5%	30,6%
Gross debt ratio ¹³	0,0%	0,0%	4,2%	13,0%	24,6%
Net debt to EBITDA ¹⁴	(1,32)	(1,47)	(0,97)	(0,07)	2,54
Gross debt to EBITDA ¹⁵	–	–	0,45	1,82	3,95
Efficiency					
Total asset turnover (times) ¹⁶	4,2	3,8	3,5	3,3	3,2
Debtor collection (days) (DSO)	37	36	38	38	48
Liquidity					
Asset ratios					
Current ratio ¹⁷	1,51	1,55	1,48	1,54	1,05
Cash ratio ¹⁸	21,0%	33,6%	32,6%	37,2%	15,5%
Earnings ratio					
Times interest earned ratio ¹⁹	3,32	3,61	3,15	1,31	(4,60)

Notes calculations applied:

¹ Profit after tax/Total equity.

² Profit after tax/Total assets.

³ Net operating profit after tax/Average invested capital.

Note: Net operating profit after tax is adjusted for IFRS 16 finance costs and impact of 'front-loading effect' of leases.

Average invested capital includes total assets (excluding right-of-use assets and tax related assets) less provisions and trade and other payables averaged over the current and preceding year.

⁴ Operating profit before finance costs and income/(Total equity plus non-current and current interest-bearing borrowings).

⁵ Gross profit/Revenue.

⁶ Operating expense/Revenue.

⁷ EBITDA/Revenue.

⁸ Operating profit before finance costs and income/Revenue.

⁹ Profit after tax/Revenue.

¹⁰ (Non-current plus current interest-bearing borrowings)/Total equity.

¹¹ (Non-current plus current interest-bearing borrowings less cash and cash equivalents)/Total equity.

¹² Total equity/Total assets.

¹³ (Non-current plus current interest-bearing borrowings)/Total assets.

¹⁴ (Non-current plus current interest-bearing borrowings less cash and cash equivalents)/EBITDA.

¹⁵ (Non-current plus current interest-bearing borrowings)/EBITDA.

¹⁶ Revenue/Total assets.

¹⁷ Current assets/Current liabilities.

¹⁸ Cash and cash equivalents/Current liabilities.

¹⁹ Operating profit before finance costs and income/Net interest costs.

	FY2024 R'000	FY2023 R'000	FY2022 R'000	FY2021 R'000	FY2020 R'000
Cash flows					
Cash generated from operations before working capital changes	247 847	274 317	321 033	281 869	334 017
Cash generated by operations	123 772	377 671	260 018	913 730	208 521
Net cash generated from/(utilised in) operating activities	64 436	259 557	145 735	770 605	(22 669)
Net cash generated inflow/(outflow) from investing activities	14 184	(31 691)	128 758	9 663	(72 712)
Net cash (outflow)/inflow from financing activities	(176 040)	(254 886)	(368 652)	(649 180)	47 101
Net (decrease)/increase in cash and cash equivalents	(97 420)	(27 020)	(94 159)	131 088	(48 280)

	FY2024	FY2023	FY2022	FY2021	FY2020
Share performance					
Market price per share					
Highest (R)	6,90	6,50	7,39	10,08	25,00
Lowest (R)	3,17	4,38	4,65	1,35	9,50
Year end (R)	4,50	4,41	6,00	6,49	9,50
Number of shares in issue	109 954 675	109 954 675	109 954 675	109 954 675	109 954 675
Volume traded during the period	20 121 281	17 637 841	25 941 579	41 065 441	23 563 882
Ratio of volume traded to shares issued	18,30%	16,04%	23,59%	37,35%	21,43%
Rand value traded during the period	100 686 123	95 196 084	155 932 759	191 056 330	391 809 738
Price/earnings ratio as at year end (%)	5,4%	11,8%	5,5%	18,2%	(1,7%)
Earnings yield as at year end (%)	18,6%	8,5%	18,2%	5,5%	(59,1%)
Dividend yield as at year end (%)	5,45%	6,51%	7,83%	–	8,09
Market capitalisation as at year end	494 796 038	484 900 117	659 728 050	713 605 841	1 044 569 413

GOVERNANCE

Directorate

1



**INDEPENDENT
NON-EXECUTIVE**

1. Dr Phumla Mnganga (56)

BA, BEd, MBL, PhD

Date of appointment

6 September 2018

Significant directorships

- Allied Electronics Corporation Limited;
- Lehumo Women's Investment Holdings; and
- Exxaro Resources Limited.

Skills and expertise

Phumla is the founder and managing director of Lehumo Women's Investment Holdings and currently serves on a number of boards of other public JSE-listed and other private companies. Her considerable and varied experience includes human resource consulting, change management and B-BBEE investing.

Committee membership



2



**INDEPENDENT
NON-EXECUTIVE**

2. Tshidi Mokgabudi (70)

CA(SA), Dip, BCompt (Hons), BCompt, BCom

Date of appointment

15 October 2020

Significant directorships

- Truworths International Limited;
- Detonics Numerous Electronics (DENEL) SOC Limited;
- Johannesburg International Airport; and
- Lanseria International Airport.

Skills and expertise

Tshidi is a Chartered Accountant with extensive experience in board and executive leadership, as well as governance, spanning across both the public and private sectors. She has extensive financial expertise, business acumen and leadership qualities, with more than 30 years of accounting, auditing and advisory experience within the public and private sectors.

Committee membership



3



**INDEPENDENT
NON-EXECUTIVE**

3. Herman Singh (63)

BSc, GDE, MBA

Date of appointment

6 September 2018

Significant directorships

- Telkom SA Limited; and
- African Bank Holdings Limited.

Skills and expertise

Herman's focus on the convergence of technology and business has resulted in him taking on a number of key technology-focused roles at various companies both in the public and private sectors.

Committee membership



4



**INDEPENDENT
NON-EXECUTIVE**

4. Ronel van Dijk (52)

CA(SA)

Date of appointment

6 June 2019

Significant directorships

- Hans Merensky Holdings Proprietary Limited; and
- Omnia Holdings Limited.

Skills and expertise

Ronel is an experienced CFO with exposure to corporate governance, internal controls and risk management, strategy development and implementation, and leadership development. She was previously CFO of Spur Corporation Limited and PPC Limited.

Committee membership



5



**INDEPENDENT
NON-EXECUTIVE**

5. Melvyn Lubega (35)

BBusSc (Hons), MSc, MPP

Date of appointment

1 July 2020

Significant directorships

- National Electronic Media Institute of South Africa Non-Profit Company;
- Conduit Capital; and
- Baobab Ventures.

Skills and expertise

Melvyn is an actuary by training and is an experienced technology entrepreneur and executive who has built businesses that serve customers worldwide. As a referenced thought leader, he has been invited to speak both abroad and locally on digital transformation, disruptive innovation, the future of the workforce, as well as business strategy.

Committee membership



6

NON-EXECUTIVE
DIRECTOR**6. Gloria Serobe (64)**Chairperson
BCom, MBA**Date of appointment**
11 July 2017**Significant directorships**

- Women Investment Portfolio Holdings Limited (WIPHOLD);
- Detonics Numerous Electronics (DENEL) SOC Limited;
- Hans Merensky Holdings Proprietary Limited;
- Transtar Hotel Proprietary Limited; and
- Solidarity Response Fund.

Skills and expertise

Gloria is the founder and executive director of WIPHOLD and an honorary member of the Actuarial Society of South Africa and she also serves as director on various public and private company boards.

Committee membership

8

NON-EXECUTIVE
DIRECTOR**8. Timothy Olls (33)**CA (SA), CFA, BCom(Acc),
BCom (Hons) (Acc) cum laude**Date of appointment**
28 July 2022 (non-executive)**Skills and expertise**

Tim is an Associate Director of Value Capital Partners (VCP). Prior to joining VCP in 2018, Tim was at PwC Banking & Capital Markets, and PwC Mergers & Acquisitions.

Committee membership

7

NON-EXECUTIVE
DIRECTOR**7. Clive Smith (63)**

ACIS (SA), EDP

Date of appointment
10 January 2020**Significant directorships**

- Enigma Collections Proprietary Limited.

Skills and expertise

Clive was the Group CEO of Tsebo Solutions Group from January 2004 to May 2019. His experience includes oversight of complex international acquisitions and institutional private equity funding.

Committee membership

9

ALTERNATIVE
NON-EXECUTIVE**9. Sam Sithole (51)**

CA(SA), CA(Z)

Date of appointment
28 July 2022 (alternate)**Significant directorships**

- Sun International Limited
- Tiger Brands Limited
- Metair Investments Limited (alternate)
- Value Capital Partners (VCP) Proprietary Limited.

Skills and expertise

Sam is one of the founding partners of VCP and is the Company's Chief Executive Officer. He was previously a Partner at Deloitte before joining Brai as the Group Financial Director.

Committee membership

None

10

EXECUTIVE
DIRECTOR**10. Dr John Wentzel (57)**

Chief Executive Officer

BSc, BSc (Hons), MSc, MBA, PhD

Date of appointment
1 April 2021**Significant directorships**

- Finteq Proprietary Limited;
- Finteq Africa Proprietary Limited; and
- Nanuq Capital Partners Proprietary Limited.

Skills and expertise

John is an accomplished C-suite executive with over two decades of international business leadership experience. His focus has been on strategic execution having worked for multiple blue-chip companies in the banking, retail, FMCG, logistics, and workplace service industries. His board-level experience spans 20 years, including executive and non-executive roles in listed, private, and state-owned companies.

Committee membership

11

EXECUTIVE
DIRECTOR**11. Noel Prendergast (51)**

Chief Financial Officer

CA(SA), BCompt (Hons), BCom

Date of appointment
21 October 2020**Skills and expertise**

Noel completed his articles at KPMG, followed by a senior corporate finance role at PwC Corporate Finance. He later held executive positions at Clientele Limited and Wings Travel Management Limited. Noel has been with the Company as interim CFO since 1 July 2020, and was subsequently appointed as Group CFO in October 2020.

Committee membership**Committee key:*** *Chair of committee*Human capital committee
(HCC)Audit and risk committee
(ARC)Social, ethics and sustainability
committee (SESCoM)Executive committee
(Exco)Investment committee
(InvestCom)

EXECUTIVE

**1. Dr John Wentzel***Chief Executive Officer*

Joined Group: April 2021

**2. Noel Prendergast***Chief Financial Officer*

Joined Group: July 2020

**3. Lisa Laporte****General Counsel and
Company Secretary*

Joined Group: June 2002

**4. Vinolia Singh***Chief People Officer*

Joined Group: September 2018

**5. Bruce Toerien***Managing Director:
Contingent Staffing*

Joined Group: August 2003

**6. Unathi Thosago****Chief Technology Officer*

Joined Group: April 2022

**7. Rob de Grooth****Managing Director:
Functional Outsourcing*

Joined Group: December 2002

**8. Nick Najjar****Managing Director:
Professional Services*

Joined Group: May 2021

**9. Praanesh Prasad***Managing Director:
Adcorp Holdings Australia*

Joined Group: November 2022

* Lisa Laporte resigned effective 1 May 2024. A new General Counsel and Company Secretary has been identified and will be announced on SENS in due course.
Unathi Thosago resigned effective 31 July 2024. We are currently recruiting a replacement for the position of Head of IT.
Rob de Grooth resigned effective 1 February 2024. We are currently recruiting a replacement.
Nick Najjar resigned effective 30 June 2024. Heidi Duvenage was appointed in his stead effective 1 June 2024.

ETHICAL LEADERSHIP

The board is ultimately responsible for the ethical behaviour of the business and considers sound corporate governance as a critical driver for sustainable growth.

We are committed to being a good corporate citizen and acting with the highest standards of ethical behaviour at all times. In conducting the affairs of the Group, the board endorses the principles of fairness, responsibility, transparency and accountability advocated by King IV™.

The board exercises and ensures effective and ethical leadership by always acting in the best interests of the Group, and at the same time concerning itself with the sustainability of its business operations. Balancing the business' sustainability with the best interests of our stakeholders, is one of the ways the board demonstrates effective ethical leadership.

Adcorp ensures that the board of directors, senior management, and senior members of the finance team are aware of any closed periods when they are unable to trade in Adcorp shares. Prior consent from the Chairperson of the board or a designated director is required for all directors' dealings in Adcorp stocks. The Company Secretary keeps track of all share transactions.

The board oversees the Group's adherence to applicable laws, regulations, adopted non-binding norms, as well as codes and standards, in order to maintain the Group's ethics and guarantee that it continues to be a good corporate citizen.

The Adcorp board is committed to complying with all applicable laws and regulations, and its support and application of non-binding codes, standards and plans including the United Nations Sustainable Development Goals; the South African National Development Plan; and the Confederation of Associations in the Private Employment Sector.

Adcorp's commitment to conduct all activities with honesty, integrity, transparency, and openness is outlined in our code of ethics and corporate conduct that is evaluated on a regular basis.


The code applies to all employees and they are required to sign an acknowledgement of the code. The compliance officer is responsible for monitoring adherence. Any reported contraventions are dealt with at the managerial level.

All employees are required to complete the training modules on fraud and ethics, which training includes all codes and policies relating to anti-bribery and corruption.

The code of ethics and business conduct is regularly reviewed, and employees and other stakeholders have access to an ethics tip-off line through which behaviour that is thought to be unethical or fraudulent can be reported in confidence to an independent external service provider.

The Group's code of ethics is driven by the following principles:

- **Health and safety:** Adcorp take pride in providing and managing a safe and healthy working environment for all employees, contractors and visitors, and complies with all regulatory requirements with regard to health and safety.

- **Respect for individuality, diversity and equality:** Employees are a vital resource to the Adcorp Group; their knowledge, skills and commitment to the Group's vision and values are central to its success. Adcorp seeks to promote the individuality of its employees by respecting the dignity of each individual, valuing diversity and ensuring equality.
- **Freedom of choice of employment and association:** Adcorp does not permit forced or compulsory labour. Employees have the freedom to terminate their employment in accordance with their contractual period of notice. Adcorp respects the right of employees to come together in groups, join a trade union, appoint a representative and be elected as a union representative, or refrain from doing so.
- **Honesty and anti-corruption:** Adcorp strives to market its services based on a proven track record of honesty, quality, reliability and good value.
- **Integrity, professionalism and avoidance of conflict of interest:** All employees are public representatives of Adcorp. To this end, regardless of inherent job pressures, all employees are obliged to act responsibly and in a manner that will uphold Adcorp's reputation. Integrity is the core principal behaviour of every Adcorp employee.
- **Prohibition against child labour and employment of young workers:** Adcorp supports human rights and the effective abolition of child labour. As such, Adcorp does not subscribe to nor endorse any form of child labour or any form of human rights abuses. Adcorp has put in place practices and strict monitoring so that children are not employed, nor are there any instances of forced labour. Adcorp suppliers are also obliged to comply with applicable child labour legislation and an Adcorp supplier code of conduct. See our Human Rights Policy in the corporate citizenship report .
- **Compliance with memorandum of incorporation (Mol), laws and governance regulations:** Adcorp has positioned itself as a leader in the marketplace and as such, is committed to doing business with integrity and according to all applicable laws.
- **Respect for privacy and the protection of personal information:** The personal information of all individuals, whether such is a customer, employee, supplier or applicant, is respected and managed in line with the requirements of the Protection of Personal Information Act (POPIA) and Global Data Protection Regulation (GDPR).

The responsibility of overseeing ethics is managed by the social, ethics and sustainability committee (SESCoM). The audit and risk committee receive regular reports about any unethical lapses and fraud prevention in Adcorp and its subsidiaries. The reports further include a report on the ethics tip-off line.

The board confirms that the Adcorp Group has in all material respects applied and implemented the principles of King IV™ and the application register can be found on our website at www.adcorpgroup.com.

The Chairperson of the board has reported on the quality and effectiveness of our board's leadership during the year under review and the oversight measures in place in the Chairperson's report on page 5.

CORPORATE GOVERNANCE REPORT

Board

Independent non-executives

- Dr Phumla Mnganga (Lead Independent)
- Melvyn Lubega
- Tshidi Mokgabudi
- Herman Singh
- Ronel van Dijk

Non-executives

- Gloria Serobe (Chairperson)
- Clive Smith
- Timothy Olls

Alternate non-executive

- Samuel Sithole

Executives

- Dr John Wentzel – Chief Executive Officer
- Noel Prendergast – Chief Financial Officer

Audit and risk committee



- Tshidi Mokgabudi (Chair)
- Melvyn Lubega
- Herman Singh
- Ronel van Dijk

Responsibilities

Assists the board in discharging its responsibilities relating to the safeguarding of assets; the operation of adequate and effective systems and control processes; the preparation of fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards; and the oversight of the external and internal audit appointments and functions.

Committee independence at year end

4/4 (FY2023: 4/4)

See full report on page 70

Social, ethics and sustainability committee



- Ronel van Dijk (Chair)
- Dr Phumla Mnganga
- Tshidi Mokgabudi

Responsibilities

Oversight role and reports on organisational ethics, corporate citizenship, sustainable development, stakeholder relationships; assists the board in facilitating and supporting the development transformation objectives.

Committee independence at year end

3/3 (FY2023: 3/3)

See full report on page 64

Human capital committee



- Dr Phumla Mnganga (Chair)
- Gloria Serobe (Chairs NomCo)
- Clive Smith
- Ronel van Dijk
- Timothy Olls

Responsibilities

Assists the board in ensuring the board's optimum composition, overseeing the appointment of executive management, succession planning, appropriate employee remuneration and monitoring the health of the organisation.

Committee independence at year end

2/5 (FY2023: 2/5) See full report on page 52

Investment committee



- Herman Singh (Chair)
- Melvyn Lubega
- Clive Smith
- Timothy Olls
- Dr John Wentzel
- Noel Prendergast

Responsibilities

Assists the board in assessing, reviewing and approving (as provided by the approval framework) individual capital projects and investment and divestment opportunities in line with the Company's investment criteria.

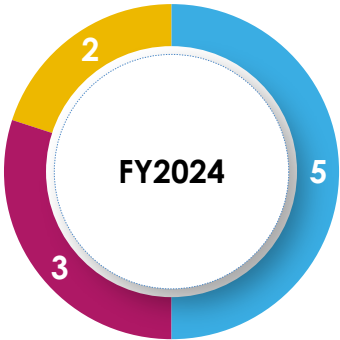
Committee independence at year end

2/6 (FY2023: 2/6)

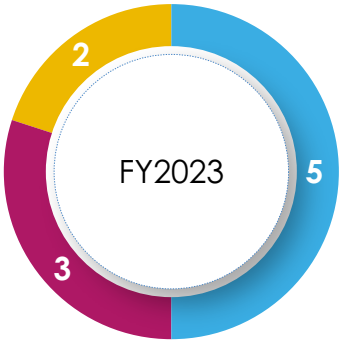
The board composition at year end

(excluding the alternate non-executive)

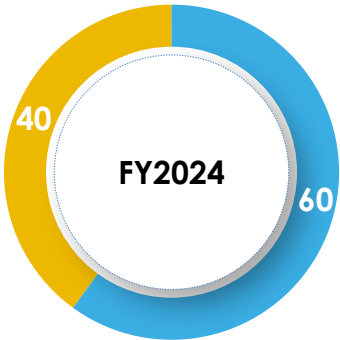
Board independence



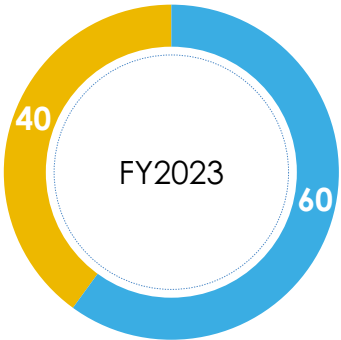
- Independent non-executive directors
- Non-executive directors
- Executive directors



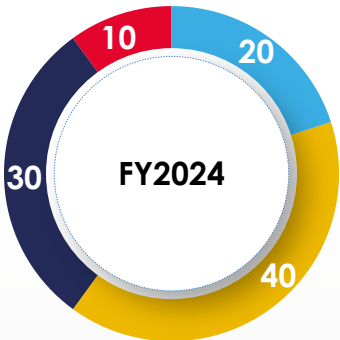
Board gender diversity (%)



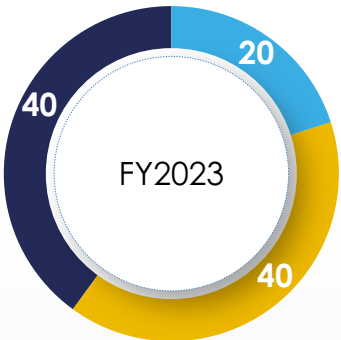
- Male
- Female



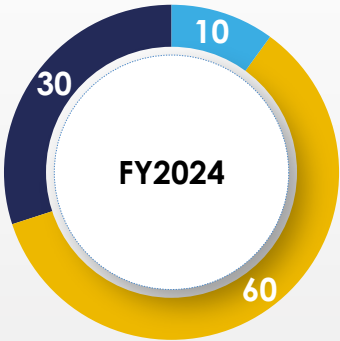
Board age diversity (%)



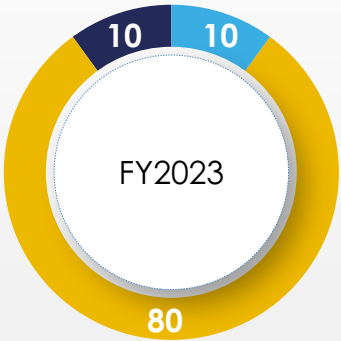
- 30 – 39
- 40 – 49
- 50 – 59
- 60 – 69
- 70 – 79



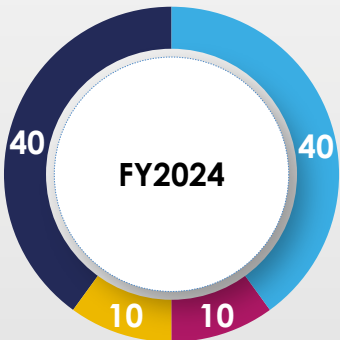
Board tenure (%)



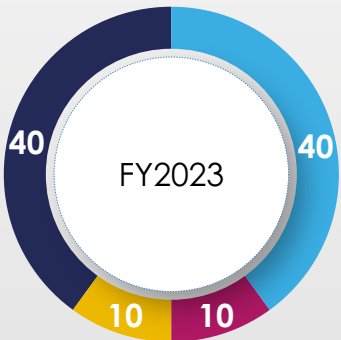
- 0 – 2 years
- 2 – 5 years
- 5 – 9 years



Board race diversity (%)



- Black
- Indian
- Coloured
- White



Board activities in FY2024 and their focus areas for FY2025

What kept the board busy this year

- Oversight of the execution of the Brandshift Adcorp strategy to create and unlock value for the Company across all chosen geographies.
- Continued oversight of the deployment of the capital allocation framework to balance investment in growth and return to shareholders.
- Continued oversight of transforming the Group's culture into one that is purpose-driven while inculcating the values of teamwork, respect, customer-centricity, agility, diversity, and inclusion.
- Continued improvement of the Group's ESG focus through embedding a framework that focuses on responding to climate change, being a good societal partner and adherence to good governance.
- Continued to monitor the implementation of digital transformation across the Group, to ensure the Company is ready for a more digital future.

What will keep the board busy in FY2025

- Continued oversight of executing transformation initiatives which are aimed at creating value for the Company across all chosen geographies.
- Oversee the execution and deployment of the capital allocation framework and portfolio optimisation in achieving growth and return to shareholders.
- Oversee the execution of the strategy to attract, retain and develop diverse talent while promoting inclusivity and equity within the workforce and leadership teams.
- Continued oversight on the Company's commitment to improving the ESG focus areas that focuses on responding to climate change, adhering to good governance and being a good societal partner.
- Oversee the digital transformation within the Group and ensuring adaptability to market changes and enhancing operational efficiency and improving customer experience.

Board independence

Through the appointment of directors and the separation and clear definition of the roles and responsibilities of the Chairperson and CEO, Adcorp has established a clear balance of power and authority at board level to ensure that no one director has unfettered powers of decision making. This is further supported by the lead independent director, whose role is to address any conflicts that may arise, provide guidance on and monitor the application of appropriate standards of corporate governance.

Adcorp ensures that the interests of minority shareholders are protected. Even though the current composition of the board is not a majority independent, all directors exercise their duties with an unfettered mind and in an independent manner.

In order to assess the independence of directors who are nominated by and represent larger shareholders, the board has reviewed the relevant sections of the JSE Listings Requirements, the Companies Act and the Institute of Directors' practice note dealing with the independence of directors and is satisfied that the directors in question apply their minds independently, in the best interests of Adcorp and are not tainted by their shareholding. The independence of directors is reassessed annually by the human capital committee and this process is overseen by the lead independent director.

Adcorp's board performs its duties within a framework of policies and controls that provide for effective risk assessment and management of our economic, environmental and social performance. The board charter details the roles and responsibilities of the board, while our MoI also addresses certain of the directors' powers and responsibilities.

The MoI requires one-third of Adcorp's directors to retire from office at every annual general meeting (AGM) based on their tenure since they were previously elected or re-elected to the board.

The roles and responsibilities of the Chairperson and CEO are separate and clearly defined. The CEO is accountable to the board for leading the implementation and execution of the board-approved strategy, policies and business plans. As an executive director of the Adcorp's board and Chairperson of the Group executive committee, the CEO plays a key role in providing a link between management and the board and ensuring board decisions are communicated to management.

The MoI sets out the shareholders' delegation of authority to the board, which has a formal schedule of matters reserved for its consideration and decision. Its delegation of certain matters to its committees and subsidiary companies is described in the terms of reference of these committees, which are available from the Company Secretary. In addition, the board delegates authority to the Group executive committee through a board-approved delegation of authority document.

Achieving effective control and legitimacy

Adcorp's governance framework and culture provide a solid foundation for the application of King IV™ with a focus on achieving the four corporate governance outcomes of an ethical culture, good performance, effective controls and legitimacy.

Applying King IV™ is a commitment on the part of Adcorp to stakeholder inclusivity, corporate citizenship and protecting the value we create.

Directors are required to declare their interests and to disclose any conflicts of interest when and if they arise. If a conflict is disclosed, it is managed appropriately by the board as required by the Companies Act. A declaration of interests register is maintained and updated by the Company Secretary.

Internal audit, which is outsourced to EY, provides the audit and risk committee with a written assessment of the effectiveness of the organisation's governance, risk management and control

processes annually. In order to provide a fair assessment of the effectiveness, the internal audit considers the reports issued by all assurance providers and external compliance consultants that have performed assurance and compliance procedures Group-wide.

The audit and risk committee obtained assurance on the financial statements, internal controls and sustainability information included in Adcorp's integrated annual report and carried out its statutory duties set out in the Companies Act. It satisfied itself as to the expertise and experience of the CFO while in office and the financial function. The audit and risk committee assessed the independence and performance of the internal and external audit functions.

The social, ethics and sustainability committee advises and provides guidance to the board on the effectiveness of management's efforts in respect of transformation, social and sustainable development-related matters. It also carries out its duties as prescribed in the Companies Act and reports on its discharge of its duties in this regard to the board and stakeholders.

Assessing the board's performance

In accordance with the board charter, a formal evaluation of the board and its committees is conducted every second year. In the interim, the board conducted its interim self-assessment appraisal in FY2024 and the next board evaluation is scheduled for FY2025.

The human capital committee is responsible for ensuring that the composition of the board meets the ability to execute the strategy as set by the board through ethical and effective leadership.

The board is comfortable with its diversity in the broader sense and that its composition reflects an appropriate mix of knowledge, skills, experience and independence. Adcorp has exceeded its racial diversity target of 50%. The policy has been adopted by the board.

Board committees

The various board committees report quarterly to the board on their statutory duties and board-assigned responsibilities. Their responsibilities are set out in their terms of reference, which are regularly reviewed and are available from the Company Secretary.

Information on the board of directors and their committee memberships are included in this report on pages 36 and 37.

Board and committee meeting attendance

The board meets at least quarterly with additional meetings convened when necessary. Board and committee meetings during the year are set out below:

Member	Board	Audit and risk committee**	Human capital committee**	Social, ethics and sustainability committee**	Investment committee [#]
Gloria Serobe	4/4		3/3*		
Dr Phumla Mnganga	4/4		6/6	4/4	
Herman Singh	4/4	5/6			2/2
Ronel van Dijk	3/4	6/6		4/4	
Clive Smith	4/4		6/6		2/2
Tshidi Mokgabudi	4/4	6/6		3/4	
Melvyn Lubega	4/4	5/6			2/2
Timothy Olls	4/4		6/6		2/2
Dr John Wentzel	4/4	6/6 [^]	6/6 [^]	4/4 [^]	2/2
Noel Prendergast	4/4	6/6 [^]	3/3 ^{^*}		2/2

[^] Attended as an invitee

** Includes special meetings and workshops in addition to the regular schedule of meetings:

- 2/6 audit and risk committee meetings were special meetings.
- the additional meetings for human capital committee focused on remuneration matters of which 1/6 meetings was a committee workshop and 2/6 were special meetings.
- 1/4 social, ethics and sustainability committee meeting was a special meeting.

[#] In addition to the formal meetings, the investment committee met seven times during the year mainly to discuss and receive updates in spearheading the execution of the capital allocation framework.

* Gloria attended the normal set meeting for HCC. Noel was only invited as standing invitee halfway through the year.

BOARD ACTIVITIES IN FY2024 AND THEIR FOCUS AREAS FOR FY2025 CONTINUED

Committee focus areas	Page
See the social, ethics and sustainability committee report	64
See the audit and risk committee report	70
See the remuneration report on page	52
See the human capital committee focus areas in the remuneration report on page	54

Committees

Investment committee

During FY2024, the investment committee oversaw the execution of growth and portfolio optimisation strategies, reviewed the capital allocation framework and weighted average cost of capital of the Group, and reported and made recommendations to the board.

In FY2025, the investment committee will focus on overseeing portfolio optimisation in line with the Group's strategy and capital allocation framework. The committee will continue to execute its mandate in line with the provisions of its terms of reference, including reviewing the Group's weighted average cost of capital, the capital allocation framework, and making recommendations to the board for approval.

Succession planning

The human capital committee is responsible for ensuring adequate succession planning for directors and management, and that all committees are appropriately constituted and chaired. The board is satisfied with the current skills mix of the directors. In new appointments, non-executive directors are selected on the basis of their skills, business experience, sector knowledge and qualifications.

Diversity policy

Adcorp supports the principles and aims of gender diversity at board level and a gender diversity policy is in place. We recognise the value that a diversity of skills, experience, background, knowledge, culture, race and gender adds to the effectiveness of the board. The HCC has adopted the race diversity policy and the committee continues to consider gender, race, culture, field of knowledge, skills, expertise and experience when considering appointing a director or a senior executive manager. The Group is committed to using its best endeavours to ensure that the current 40% (FY2023: 40%) female representation on the board improves over time and is considered each time a new appointment is being sought.

Share dealings and conflicts of interest

All directors and senior executives with access to financial and any other price-sensitive information are prohibited from dealing in Adcorp shares during closed periods, as defined by the JSE Listings Requirements, or while the Company is trading under cautionary. Email communication is distributed informing the relevant individuals when the Company is entering a closed period. At all other times, directors and prescribed officers are required to seek approval as provided for under the Adcorp share trading policy.

The CFO and Company Secretary, together with the sponsor, ensure that share dealings are published on the appropriate channels.

Financial and operating controls

The executive directors are charged with the responsibility of determining the adequacy, extent and operation of these systems. Comprehensive reviews and testing of the effectiveness of the internal control systems in operation will be performed by management and accompanied by external audits conducted by external practitioners whose work will be overseen by, and reported to, the audit and risk committee.

Going concern

The directors consider that the Company and its subsidiaries have adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the Company's consolidated and Company financial statements. There are no specific material risks or uncertainties regarding future cash flows and operational results, which would impact the Company's continuity for the period of 12 months after the preparation of the report.

Adcorp management has assessed the Group's ability to continue as a going concern. The assessment included an analysis of liquidity and solvency considering a wide range of factors and was based on expected cash flows in the next 12 months, including operational, financial and investment activity.

Internal controls

To meet the Company's responsibility to provide reliable financial information, the Company maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal, and that those transactions are properly authorised and recorded.

The systems include a documented organisational structure and division of responsibility, established policies and procedures that are communicated throughout the Group, and the careful selection, training and development of people.

The Company monitors the operation of the internal control systems in order to determine if there are deficiencies. Corrective actions are taken to address control deficiencies as they are identified. The board of directors, operating through the audit and risk committee, oversees the financial reporting process and internal control systems. There are inherent limitations on the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

The Company, under the lead of the audit and risk committee, performs an annual assessment, as to whether in the absence of an internal audit department, adequate alternative measures have been taken to ensure the effectiveness of internal control systems. Due to the size and complexity of the Company's operations, the executive team established an operational audit and risk forum, which was established with the intention to strengthen the Company's effectiveness of internal controls. As such, the executive team is of the opinion that the current Company's controlling structure provides adequate insight into its operations. Please refer to the report of the audit and risk committee for consideration of the CEO and CFO responsibility statement in terms of JSE Listings Requirements 3.84(k) on internal financial controls and the conclusion thereof.

A whistle-blower policy is in place to ensure employees have the possibility of reporting alleged irregularities and ethical lapses. We believe that the internal risk management and control systems provide reasonable assurance that the financial reporting does not contain any material misstatements and that the risk management and control systems worked properly in the year without any significant failings.

Company Secretary

The Company Secretary who resigned effective 1 May 2024, was accessible to the board and provided guidance and assistance in line with the requirements outlined in King IV™ and the JSE Listings Requirements. The Company Secretary provided the directors, collectively and individually, with guidance as to their duties, responsibilities and powers, and ensured that the directors were aware of all laws and legislation relevant to or affecting the Group.

Subsequent to the resignation of the Company Secretary the board appointed Newton Chipswa as the Interim Company Secretary. The board has considered and satisfied itself with the competence, qualifications, and experience of the Interim Company Secretary and that in executing his duties of governance and administration, he maintains an arm's-length relationship with the board and its directors, as far as reasonably possible.

IT and information governance

The audit and risk committee oversees the IT governance for the board, reviewing reports from both management and external assurance providers such as EY to ensure a robust and efficient IT system. Management's duties include implementing an IT governance framework to effectively manage IT expenditures and investments in alignment with business objectives. Adcorp's IT governance is supported by King IV™, Control Objectives for Information and Related Technology, the Information Technology Infrastructure Library framework, and is integrated into the Risk and Compliance Framework policy.

The board delegates accountability to the executive risk and IT steering committees to ensure the IT strategy and business goals are aligned. Information governance and protection is ensured through the adherence to relevant legislation such as POPIA and GDPR, Company policies, processes, and a host of managed security services. With investments in compliance resources, business processes and technology, Adcorp is committed to compliance with relevant data privacy principles, established by law. To mitigate the risks, a global privacy strategy has been defined which consists of embedding privacy in the Group's day-to-day operations, securing compliance with applicable laws, and working to turn data privacy and compliance into a competitive advantage in the long run. Adcorp IT management submits the IT progress and risks with mitigations reports on a quarterly basis to the audit and risk committee.

POPIA compliance is addressed through a combination of technical security controls, policies and procedures across the organisation. This is reviewed annually. Adcorp has both an Information Officer and Deputy Information Officer to ensure adherence to POPIA.

IT and productivity

IT plays a pivotal role in business operations. Key business processes, such as client and candidate management, and search and match between roles and candidates, are dependent on IT systems and infrastructure. We have invested in developing specialised technology and IP, including proprietary systems, processes and methodologies, such as the Skyhawk programme, which was a complete refresh of Adcorp's Enterprise Applications. Skyhawk went live on 1 September 2023 and provides a scalable solution, built on science and powered by best-in class technology and consulting expertise, enabling Adcorp to act as a strategic partner in our clients' quest for superior recruitment outcomes and better candidate fit.

Skyhawk enables Adcorp to execute better through technology, strengthened accountability and empowering decision making closer to where customers are served, and nurturing a winning culture with people at the centre. It links Adcorp's data, IP and technology platform across the various solutions, providing an end-to-end view of talent, optimising Adcorp's ability to hire the right people for the right role and at the right time.





IT and cybersecurity

In June 2021 Act No.19 of 2020: Cybercrimes Act was signed into law thereby acknowledging online threats as a top tier national security priority. Organised crime is increasingly using information and communication technologies to facilitate their illegal activities, particularly in relation to money laundering and identity crime. As cyber-crime and cyber-attacks continue to become more frequent and sophisticated, Adcorp Group remains vulnerable to cyber risk due to the nature of our business and operational presence. A cyber-attack aimed at Adcorp could result in significant business interruption, substantial operational costs, increased regulatory scrutiny and reputational damage. Furthermore, a cyber event could lead to the potential loss of client data.

We have deployed significant effort and resources in managing the risk of a cybersecurity breach, such as alignment with the National Institute of Standards and Technology framework. Regular penetration tests are conducted and a zero-trust security framework has been adopted. A comprehensive cybersecurity strategy has been implemented. To protect business continuity, critical business applications are stored in cloud applications and regional data centres with failover capability. We undertake ongoing assessments of our global security and IT infrastructure and continue to holistically improve our approach to security. This includes strengthening data security measures and helping ensure rapid detection and efficient response.

Regular reviews of agreements with IT service providers and enhancements to service-level agreements and contract management are embedded in our IT processes, as is the continuous improvement of user security awareness campaigns and phishing tests. Measures in cybersecurity are frequently audited by EY, including the firewall and the antivirus measures. IT is responsible for the disaster recovery plan that is tested quarterly.

Legal compliance

Adcorp's board considers corporate governance practices to be a critical element in delivering sustainable growth for the benefit of all stakeholders. In conducting the affairs of the Company, the board endorses the principles of fairness, responsibility, transparency, and accountability advocated by the principles of King IV™.

The board is ultimately responsible for ensuring compliance with laws and regulations. In regularly reviewing the Company's governance structures, the board exercises and ensures effective and ethical leadership, always acting in the best interests of the Company and at the same time concerning itself with the sustainability of its business operations.

No material fines or non-monetary sanctions were imposed on the Group for non-compliance with any laws or regulations during the year under review, nor has the Group been party to any legal actions for anti-competitive behaviour or antitrust.

Adcorp has complied with the provision of the Companies Act particularly with reference to the incorporation provisions set out therein and has operated in conformity with Adcorp's Mol.

RISK MANAGEMENT

Risk management is a primary focus within the Group, driving our commitment to consistently and proactively identify, address and monitor key risks on an ongoing basis. Oversight of risk management is entrusted to the audit and risk committee, which regularly receives updates from management on all risk-related activities. This committee continually evaluates governance structures and defensive lines to ensure clear delineation of roles, responsibilities, and accountabilities in identifying, addressing, and reporting risks within the Group.

An integrated risk management process has been implemented, employing a systematic approach that combines bottom-up and top-down methods of risk identification and mitigation. This process ensures that management identifies, assesses, and mitigates strategic risks in a scoped and prioritised manner.

The Group's Enterprise Risk Management Framework undergoes annual reviews to ensure alignment with our objectives, business requirements, and governance responsibilities.

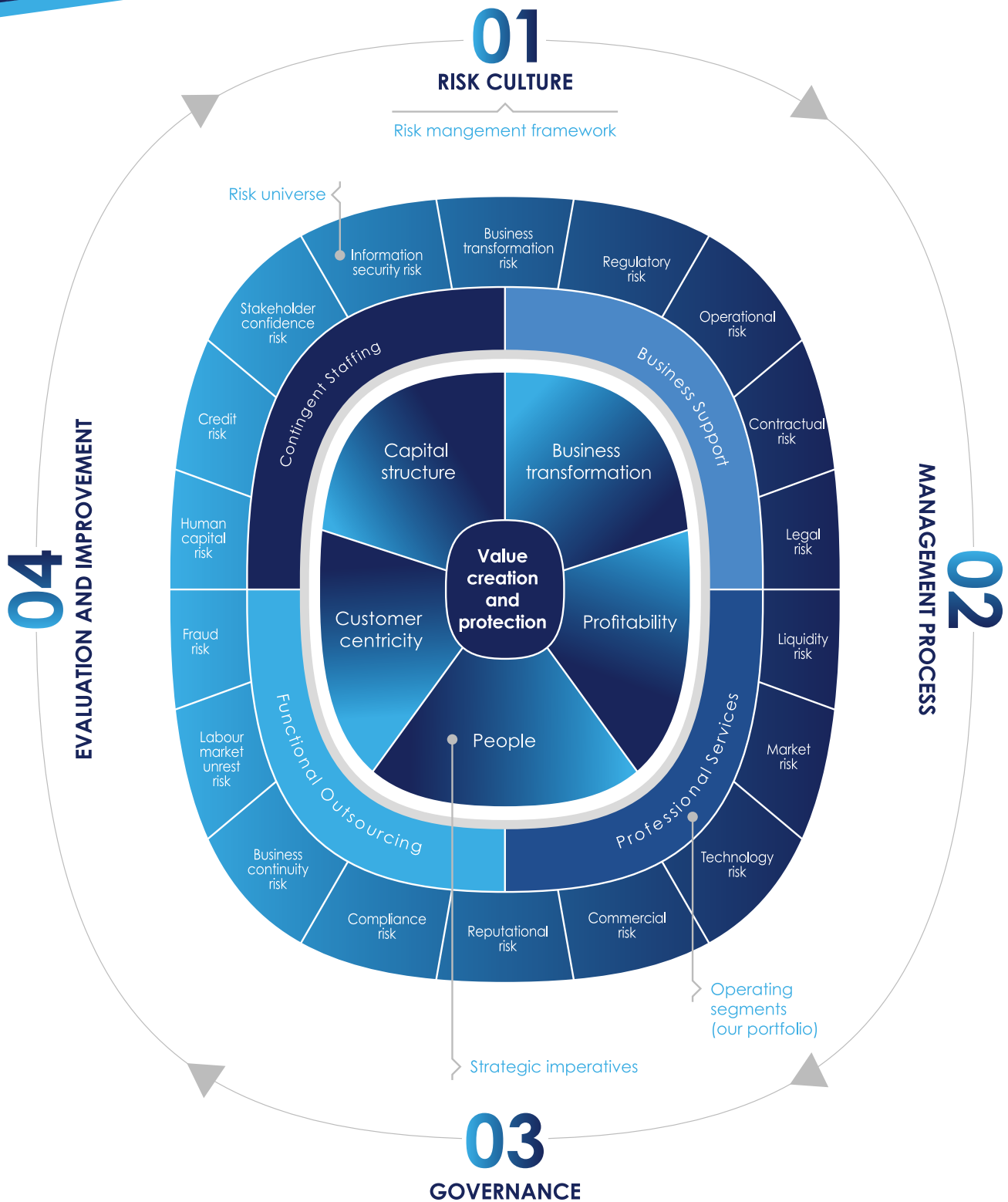
ADCORP'S INTEGRATED GOVERNANCE AND RISK MANAGEMENT



Enterprise risk management universe

Risk management culture

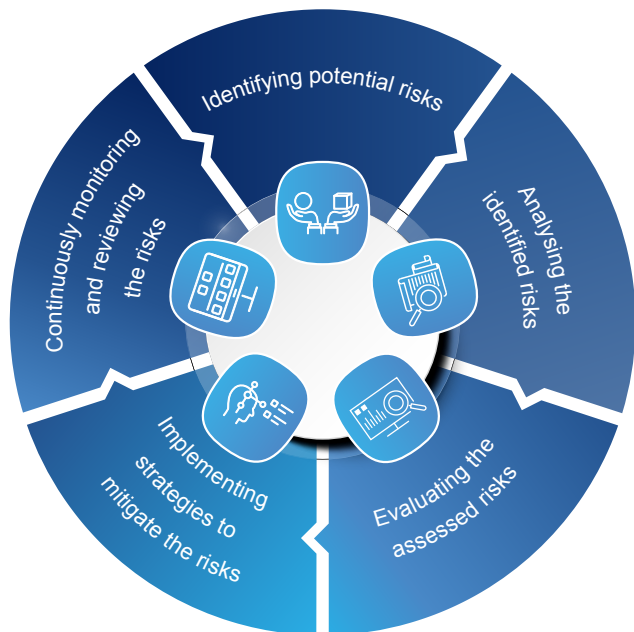
The risk culture within the Group is established by the "tone at the top," starting from board level and extending throughout executive management and other levels of management. This is accomplished through robust and consistent communication regarding risks and ethical standards. The Group assesses its level of risk exposure against formalised risk appetite statements, ensuring alignment with the Group's strategic objectives



Risk management process

Adcorp follows a comprehensive five-step risk management process.

Five-steps of risk management process



The risk response plans prioritise risk appetites and tolerance levels, considering how the effectiveness of mitigating controls or management actions impact the risks.

Combined assurance

Adcorp aligns its strategic options, goals, and risk management measures with its risk appetite and tolerance levels. The integrated assurance framework promotes efficient coordination among leadership, management, internal auditors, and external assurance providers, forming four lines of defence. This coordination oversees the implementation of mitigating actions and controls, aimed at preventing or minimising the impact of risk events on Adcorp's strategic and operational objectives. The audit and risk committee has reviewed and endorsed this integrated assurance framework.

During this period, several strategic priorities have emerged:

- Strengthening the Group's risk and compliance function to ensure consistent management and mitigation of critical operational and legal risks.
- Implementing a risk management system driven by technology, which has strengthened a unified approach to risk management.
- Streamlining the compliance universe resulting in simplifying and optimising processes and frameworks used to manage and ensure adherence to legal and regulatory requirements.

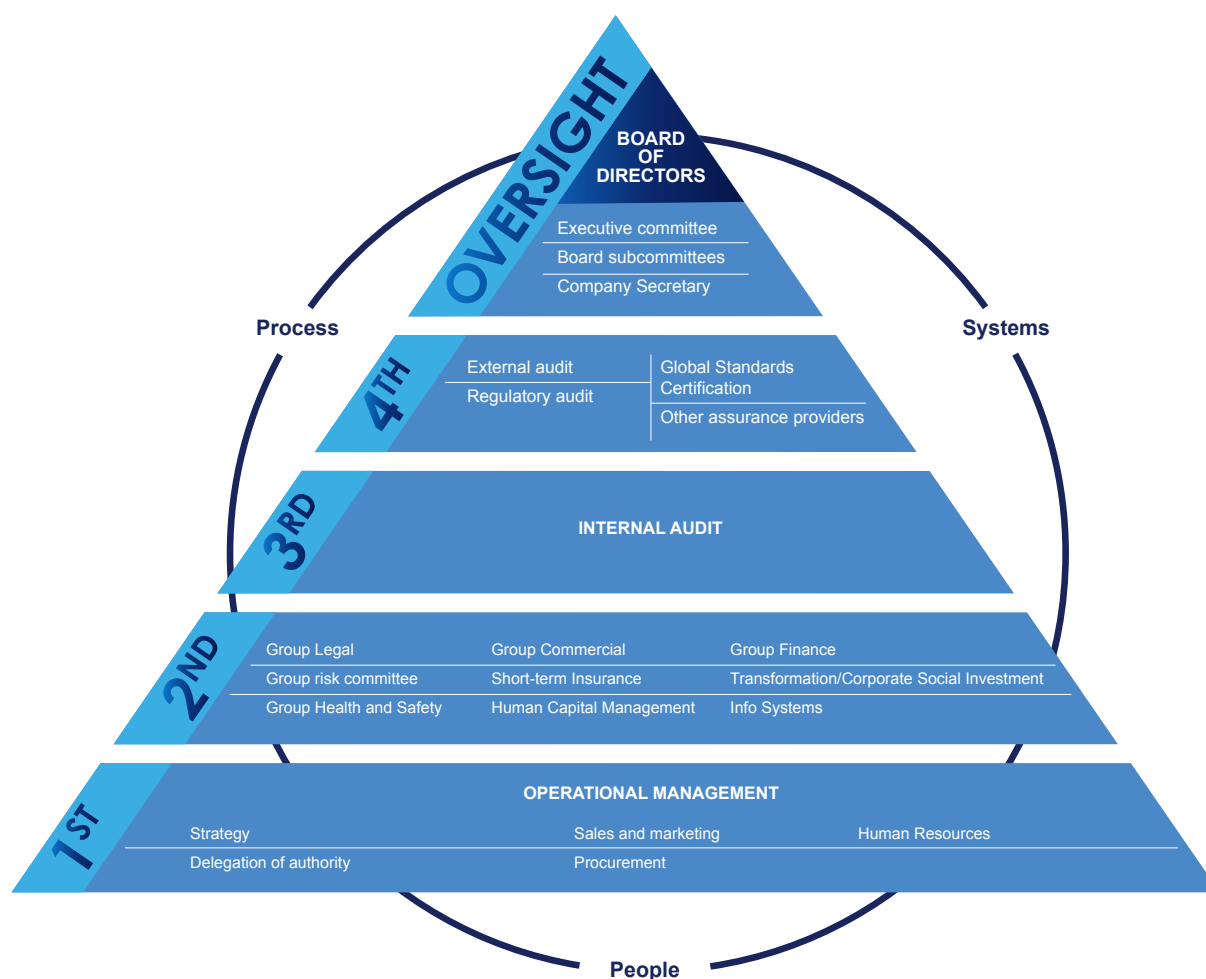
The combined assurance framework fosters a shared understanding of terminology and standardises assurance practices across the organisation. This promotes streamlined processes and consistency in assurance practices.

The framework integrates assurance into daily risk management, opportunity assessment, and decision-making processes, ensuring alignment with Adcorp's risk management framework, policies, and activities. This comprehensive approach embeds assurance throughout the organisation's operations, supporting overall risk management efforts.

Current Group risk levels and issues are maintained at a low to medium residual risk level. Adcorp's leadership team remains committed to addressing control weaknesses and resolving previously identified findings, contributing significantly to sustainable enhancements in the control environment and compliance levels.

RISK MANAGEMENT CONTINUED

Four lines of defence and assurance



The Group's strategy development process includes reviewing and refining the risk appetite and risk tolerance. Adcorp uses risk appetite statements to verify that a course of action or strategic and tactical decisions align with the Group's risk appetite. Risk appetite denotes the maximum level of risk that the Group is willing to accept in pursuit of its strategic objectives.

Evaluation and enhancement

Adcorp conducts routine risk assessments across the organisation. Risk performance indicators are continuously monitored and evaluated to gauge the effectiveness of risk management practices, which are refined through ongoing learning and experience.

Strategic risks and concerns

Adcorp's notable strategic risks and concerns are prioritised based on their residual risk ranking, which takes into account exposure levels after mitigating actions and controls have been implemented.

Group top risks

Risk category	Information security risk	Human capital risk	Information security risk	Commercial risk	Stakeholder confidence risk
Key risk description	Lack of data integrity due to the use of multiple data storage systems, resulting in potential inconsistencies, inaccuracies, and challenges in data management.	Challenges in retaining employees and maintaining high morale within the organisation, resulting in elevated employee turnover.	Cybersecurity breaches resulting in unauthorised access to sensitive Company data may lead to financial loss, reputational damage, and potential legal liabilities.	Failing to cultivate a culture of innovation, leading to stagnant growth, reduced competitive advantage, and missed opportunities for advancement, resulting in diminished organisational relevance and market share.	Risk of not fostering an entrepreneurship culture may hinder innovation, reduce employee engagement, and impede sustainable business growth, resulting in a lack of competitiveness and diminished long-term success.
Mitigating controls	<ul style="list-style-type: none"> Formulation of data strategy Establishment of data architecture Appointment of a Data Protection Officer as per POPIA requirements Adherence with reporting requirements to the regulator Data classification engagement in progress Regular data audits Use of advanced encryption Establishing a robust incident response plan 	<ul style="list-style-type: none"> Market salary benchmark exercise Longer notice periods for key and critical roles to ensure adequate business continuity Proper defined KPIs Succession planning 	<ul style="list-style-type: none"> DRaaS and BaaS – implemented Servers virtualised and VM backups created Segmentation of the network in place to restrict access Cybersecurity strategy signed off SIEM implementation in progress Cyber awareness and training Regular internal audit Fundamentals to be made mandatory 	<ul style="list-style-type: none"> Foster a culture of innovation through R&D investments Incentivise creative thinking, annual innovation award Implement an idea-sharing platform 	<ul style="list-style-type: none"> Encourage entrepreneurial projects Provide seed funding for new ideas Facilitate cross-functional collaboration

Risk category	Commercial risk	B-BBEE risk	Business transformation risk	Commercial risk
Key risk description	Infrastructure failure affecting South African clients.	Not retaining B-BBEE level 1 status in AGSA could lead to decreased market competitiveness and the potential loss of key clients, resulting in reduced business opportunities and diminished market presence.	Potential challenges in decision-making processes could lead to organisational inertia, reduced agility, and missed opportunities, potentially resulting in stagnation and a loss of competitive edge.	Ongoing margin contraction may limit the effective use of operating leverage, potentially hindering the Group's ability to scale and optimise profitability.
Mitigating controls	<ul style="list-style-type: none"> Ensure unbroken service offering, business continuity Collaborating with clients to ensure their infrastructure is reliable and has backup systems Regularly communicating with clients to assess and mitigate potential infrastructure risks Training field staff on how to handle infrastructure failures at client sites effectively Industry diversification strategy e.g. hospitality 	<ul style="list-style-type: none"> Ensure ongoing compliance with B-BBEE requirements Appointment of dedicated Head of Transformation Proper record keeping Provide training and development programmes to support B-BBEE initiatives Regularly review and update strategies to maintain B-BBEE status 	<ul style="list-style-type: none"> Implementing project management tools Training for decision-makers Regular monitoring of key performance indicators Decentralisation encourages effective decision making 	<ul style="list-style-type: none"> Focus on high margin lines of business Removal of low margin clients/products unless meaningful contribution to EBITDA Disinvestment in low performing brands Headcount reduction in cost of sales Improved margin evaluation by brand and client

 High

 Medium

 Low

REMUNERATION REPORT

“During the year under review, we refreshed our remuneration frameworks to attract and retain the best talent and enable Adcorp to be a competitive employer of choice. This strategy aligns with our focus on corporate citizenship and is essential to driving long-term value. Our commitment to fair and responsible remuneration, professional development and a sense of purpose empowers employees to excel, contributing to the success of Adcorp and the stakeholders we serve.”

Dr Phumla Mnganga

Chairperson of the human capital committee



Part 1:

Remuneration philosophy: attracting talent, driving sustainable value

Introduction

Adcorp recognises the critical role of remuneration in attracting, retaining, and incentivising individuals with the necessary skillsets, track record and experience. The year ended 29 February 2024 was a year of further implementing the Group's remuneration philosophy, which aligns performance with sustainable value creation. According to this philosophy, annual incentives are linked to the outcomes of a combination of individual and Group performance scorecards. These scorecards include financial and individual strategic targets that are reviewed and approved each year by the HCC.

The HCC identified that some of Adcorp's remuneration practices were not aligned with generally accepted remuneration practices or the Company's current high performance needs. Consequently, the committee undertook a review and refresh of certain remuneration frameworks to better retain and attract talent, while ensuring alignment to the stakeholders' objectives. This primarily involved changes to the STI and long-term incentive (LTI) frameworks, with further details provided later in this report.

The year under review was characterised by high inflation rates across South Africa and Australia. Economic growth in South Africa remains low and severe load shedding has posed additional business challenges. Higher than usual sick

leave was a significant issue for Adcorp in South Africa, while Australia faced high attrition for the second consecutive year.

Attracting and retaining key talent in critical roles, particularly in senior management, was challenging. In the South African market, attracting and retaining black candidates is becoming increasingly difficult due to business affordability. Additionally, the increased levels of critical skills leaving South Africa for employment abroad have exacerbated the Group's challenges in attracting and retaining critical skills.

This issue was highlighted when one of our managing directors emigrated. These challenges necessitated a proactive rethinking of some people practices and policies, including flexible working arrangements both locally and globally, as well as certain remuneration frameworks.

Management deployed several strategies to enhance engagement and communication with employees, including town hall engagement sessions and CEO podcasts. These efforts are part of intentional action plans derived from the last employee engagement survey, aimed at increasing employee engagement and driving business performance. These initiatives have started to yield the desired outcomes, with CEO and Chief People Officer roadshows providing critical business performance insights.



Remuneration philosophy

Adcorp's remuneration philosophy is integral to attracting, retaining and motivating a skilled and competent workforce for the future. We align performance with sustainable value creation, ensuring our approach remains competitive and responsible. Annual incentives are based on individual performance scorecards, team performance, and financial and strategic goals, as approved by the HCC.

Guided by King IV™ Principle 14, our philosophy in practice means:

- **Attracting and retaining talent:** Competitive remuneration packages designed to secure top talent
- **Performance alignment:** Executive remuneration directly linked to short- and long-term strategic and financial targets
- **Fair and equitable:** Consistent and fair remuneration practices across the organisation
- **Responsible practices:** Remuneration aligned with the Company's financial capabilities
- **Development focus:** Providing continuous development and wellbeing opportunities

Report focus: The nominations committee (NomCo) and the remuneration committee (RemCo) are combined to form the HCC committee. This report will primarily address RemCo matters.

Report structure: alignment to King IV™

Guided by King IV™ principles, this report provides a comprehensive overview of Adcorp's remuneration philosophy and practices. It includes the following sections:

1. **Remuneration philosophy:** Outlines our approach to remuneration and its connection to value creation
2. **Implementation report:** Details how the remuneration policy was applied during the reporting period
3. **FY2024 leadership remuneration:** Provides information specifically on leadership remuneration

HCC mandate

The HCC works with the board to oversee key aspects of governance, including board appointments, board effectiveness, succession, remuneration, diversity and wellbeing. Specifically, the HCC's mandate in relation to remuneration includes:

- **Strategic alignment:** Ensuring the remuneration philosophy actively supports the Group's strategy
- **Incentive balance:** Achieving an appropriate balance between STIs and LTIs
- **Fairness and responsibility:** Promoting fair and responsible remuneration practices across the Group
- **Policy compliance:** Diligently fulfilling HCC duties within the terms of reference

The committee's detailed mandate is outlined in its terms of reference, regularly reviewed for relevance and alignment with the committee's statutory obligations. This committee oversees matters relating to both South African and Australian business entities.

REMUNERATION REPORT CONTINUED

Challenges and actions: talent retention

We faced significant challenges attracting and retaining key talent, especially in critical and senior management roles within South Africa. Black talent retention in South Africa is particularly difficult due to affordability constraints. To address this, the committee proactively focused on:

- **Strategic investment:** Dedicating additional time and resources to review and revise remuneration practices and incentive structures. This focus demonstrates our commitment to aligning rewards with strategic business outcomes.
- **Market alignment:** Adapting people practices, flexibility policies and remuneration frameworks to match evolving market conditions and enhance employee engagement, with a focus on leadership and skills development across the Group.
- **External consultation:** We engaged an independent consultant to benchmark executive and general market remuneration. This data informs targeted action plans to address critical skill gaps and ensure fair and responsible remuneration. Adcorp remains committed to the King IV™ principles of fairness, responsibility and transparency in our remuneration practices.

Employee engagement

Our efforts contributed to an incremental increase in the South African employee engagement score to 66% (FY2023: 64%). While Australia saw a slight decrease to 68% (FY2023: 70%), we remain committed to tailoring our approach to address both markets' unique challenges. For detailed engagement results, see the corporate citizenship report [cc](#).

HCC key focus areas for FY2024:

- **Benchmarking:** Began executing plans addressing insights from salary benchmarking
- **Executive remuneration:** Interviewed, negotiated and finalised remuneration packages for new executives and managers
- **Fair and responsible remuneration:** Defined a clear statement of intent to close the wage gap
- **Long-term incentives:** Introduced a new LTI scheme. Reviewed and approved FY2024 LTI share allocations
- **Short-term incentives:** Revised the STI framework to optimise performance incentives
- **Malus and clawback:** Strengthened processes and updated policies to ensure accountability
- **Non-executive fees:** Recommended non-executive director fees for shareholder approval
- **Performance metrics:** Approved financial and non-financial FY2024 STI targets for executives
- **Policy alignment:** Proactively reviewed and updated the remuneration policy to align with market trends and economic conditions
- **Retention programme:** Approved remuneration for the FY2020 one-time retention bonus initiative, which was paid to qualifying executives in March 2023
- **Talent strategy integration:** Aligned talent management with strategic goals, reflected in the updated remuneration policy

Composition and attendance

During the reporting period, the committee comprised two independent non-executive directors and three non-executive directors, ensuring a balanced and objective perspective:

- Dr P Mnganga: HCC Chairperson and lead independent non-executive director
- G Serobe: NomCo Chairperson, board Chairperson and non-executive director

- R van Dijk: Independent non-executive director
- C Smith: Non-executive director
- T Olls: Non-executive director

The Group executives – Chief Executive Officer, Chief People Officer, General Counsel and Company Secretary and members of senior management have standing invitations to the committee meetings. Our terms of reference require the committee to meet three times annually. During the reporting period, the committee met six times, spending significant additional time updating our remuneration practices. Meeting attendance is set out on page 43.

The HCC spent many hours spanning numerous meetings outside of the mandated meetings to review and refresh key HR practices ensuring they are relevant and fit for purpose for the Group's strategic outcomes. These practices included discussions on LTI, STI and the flexible work arrangements.

Focus areas for FY2025 include:

- **Crystallising annual performance metrics:** Assess and approve FY2025 STI and LTI scorecard performance for executives and business units. Monitor and review FY2025 metrics, including the feasibility of including corporate citizenship metrics
- **Policy implementation:** Track the impact of remuneration policy changes on performance
- **Competitiveness:** Adapt remuneration structures and policies to attract and retain top talent in a dynamic market
- **LTI frameworks:** Monitoring the effectiveness of the new FY2024 LTI scheme for the Group executives and developing a revised incentive scheme for senior management
- **ESG collaboration:** Partner with SESCom to establish shared ESG responsibilities where appropriate
- **Fair and responsible remuneration:** In conjunction with the SESCom, improve our analyses, understanding and execution to promote fair and responsible remuneration practices. This includes both qualitative and quantitative analyses of the vertical and horizontal remuneration practices.

Shareholder engagement on remuneration

The non-binding vote by shareholders on Adcorp's remuneration policy and implementation report showed strong shareholder support at our FY2023 AGM, held on 27 July 2023, with 96,77% and 97,68% voting in favour of the remuneration policy and implementation report, respectively, affirming alignment with King IV™ principles. Adcorp remains committed to ongoing shareholder engagement on remuneration. We encourage shareholders to share their views directly with the HCC Chairperson.

Our implementation report, see page 55, provides clear details on how the remuneration policy was applied to executives in FY2024, including performance metrics for STIs and LTIs. The committee continuously enhances the policy and its disclosure to ensure transparency. Our executive directors actively engage with shareholders for further insights. We believe this report demonstrates our commitment to fair and responsible remuneration practices.

The committee is satisfied that the remuneration policy was consistently applied in the reporting year.

Dr Phumla Mnganga

Chairperson of the human capital committee

28 June 2024

Part 2:

Implementation report: Driving sustainable value creation and talent

Adcorp's remuneration policy, framework and principles are integral to creating sustainable value. This means prioritising fair and responsible remuneration aligned with the Group's long-term strategic goals. This report outlines how these policies apply to our Group executive management team.

Remuneration structure and design

Adcorp ensures competitive remuneration with a total guaranteed package (TGP) based on a cost to company (CTC) methodology. We use the Patterson grading system to ensure consistency and fairness within job grades. Regular benchmarking and remuneration scale exercises in South Africa and Australia help us attract and retain talent. Outcomes from the recent February 2024 exercise inform our FY2025 action plan.

The table below outlines the primary components of the remuneration structure applied to the Group executive management team during FY2024:

	Total guaranteed package (TGP)	Short-term incentives	Long-term incentives
CEO	Market-based in line with remuneration policy	100% of TGP	100% of TGP
CFO	Market-based in line with remuneration policy	*75% of TGP	*75% of TGP
Group executives	Market-based in line with remuneration policy	60% of TGP	60% of TGP
Description	Core component of remuneration. It is set to reflect the market value of the role within a 50 th percentile. Benchmarking of TGP for executive management takes place every three years. The TGP also includes benefits such as retirement/provident fund, death and disability cover, medical aid and Group personal accident cover.	Encourage achievement of agreed set and stretch targets at a Group, division and business unit level. Targets are both financial and non-financial and based on a 12-month view of the Group. These targets are broken down into shorter-term targets and rewarded annually.	Encourage sustainable decision making that drives long-term returns for shareholders and other key stakeholders. Targets are based on a three-year view of the Group.
Purpose and link to strategy	Attraction and retention of key staff	Creating a high performing culture	Alignment of key employee interests with those of shareholders and retention
Delivery mechanism	Monthly cash payments	Annual cash payment	Unvested shares
Performance period	Reviewed annually every March and adjusted in line with inflation, affordability, market surveys as well as Company and individual performance. Average increases of 4,6% for South Africa and 3,2% for Australia were awarded post year end in March 2024 for FY2025	Aligned annually with the financial year i.e. 1 March to 28 February	Three-year performance-based vesting period from date of award

* A November 2022 job evaluation for the CFO role indicated a need for more competitive market remuneration regarding STI and LTI percentages. Effective 1 March 2023, the HCC approved an increase to the CFO's STI and LTI caps from 60% to 75% of TGP, ensuring alignment with market benchmarks.

REMUNERATION REPORT CONTINUED

Adcorp's remuneration philosophy: performance-driven incentives

Our remuneration philosophy includes executive STIs and LTIs linked to the Company's performance goals. To maintain competitiveness, we recognised the need to update our frameworks in alignment with market best practices.

Short- and long-term incentives

Permanent employees participate in an STI plan aligned with their level and role. STIs require meeting minimum performance goals. LTIs, designed to retain and reward key contributors to long-term success, are traditionally awarded to executives and senior managers who are key to the delivery of the Group's long-term strategy as performance share units or share appreciation rights.

FY2024 review and refinement

Adcorp awards qualifying executives LTI and STI based on the attainment of agreed targets, a practice embedded in our remuneration philosophy for many years. However, the current LTI and STI frameworks have several shortcomings and have not been benchmarked against best practices for a listed company for several years.

At the beginning of FY2024, we collaborated with industry experts, for a comprehensive review of our LTI and STI structures. Their recommendations guided the HCC and management in making the following updates:

1. STI scheme refinements

The STI performance grid which determined how executives qualify for their STI was complex and the measures used in them have not been benchmarked against current market practice for several years. The HCC and management took the guidance from market specialists and have made the following changes to the STI framework.

Recognising the need to update our STI performance metrics, the following enhancements were made:

- **Simplified weighting:** Standardised the weighting of financial and non-financial metrics for all Group executives at 70% and 30%, respectively – previously the weighting of financial and non-financial metrics varied for the Group executives. Individual KPIs are a new addition.
- **Reduced metrics:** Reduced from six financial and six non-financial metrics to a core set of three to five standardised financial metrics. The HCC approves these annually.

Executive remuneration: driving corporate citizenship

We embed responsible business practices by directly linking executive remuneration to ESG (Corporate Citizenship) outcomes. The Chief People Officers' STIs include a 12.5% allocation for ESG performance, emphasising the importance of these initiatives. We are actively reviewing our remuneration framework to prioritise ESG aspects for other relevant executives.

2. LTI scheme refinements

In FY2024, the HCC reviewed the executive LTI scheme, implementing a revised structure (detailed below). Performance shares vest over a three-year period if performance conditions are met. The key performance criterion is economic value added, rewarding outcomes that exceed the Group's cost of capital.

Changes to the LTI scheme

After extensive consultation with an external consultant, the HCC approved a new *non-schedule 14 LTI scheme* for Group executives. This scheme streamlines the process with three instruments (forfeitable shares, conditional shares and share appreciation rights) and reduces the number of participants. The maximum aggregate number of unvested awards at any given time is capped at 10% of shares in issue, net of treasury shares.

New forfeitable share plan

A new addition, allowing beneficiaries to receive dividends on awarded shares even before vesting. All LTI instruments have a three-year vesting period subject to performance criteria.

Cessation of employment

LTI awards granted under the share plan typically lapse upon termination of employment. However, in cases of death, disability, retirement or other circumstances at the committee's discretion, "good leaver" provisions (defined in the share policy) may apply. Awards are then prorated based on the portion of the performance period served. Good leaver status is reserved for exceptional circumstances. The HCC considers individual performance and reasons for departure when making this determination.

Executive directors' and management employment contracts

Executive directors and Group management operate under contracts with a three-month notice period and a retirement age of 65.

Prescribed officers

Adcorp's prescribed officers, including the CEO, CFO and business unit managing directors; have their remuneration detailed in the implementation report on page 55, as required by the Companies Act.

Remuneration of non-executive directors

Adcorp's non-executive director fees are based on an annual retainer structure aligned with current market practices and comparable JSE-listed entities. Regular benchmarking exercises ensure our remuneration remains competitive. Shareholder approval is required for all non-executive director remuneration. Shareholders last approved the current fee structure at the AGM on 27 July 2023. The proposed fees for FY2025 will be presented for approval at the upcoming AGM on 30 July 2024.

FY2024 non-executive director remuneration is available on page 63, with proposed FY2025 fees listed in the AGM notice on page 8.

Directors' loans and interests in contracts

No Adcorp Group companies have provided loans to directors. A register of directors' and officers' personal financial interests is available for inspection at the Group's registered address.

Our commitment to fair and responsible remuneration

At Adcorp, we believe that fair and responsible remuneration ensures both external competitiveness and internal equity. The HCC monitors internal remuneration gaps to maintain fairness in overall employee remuneration. The Group employs job grading and remuneration bands, typically positioning Total Guaranteed Remuneration (TGP) in the middle quartile of the market due to financial constraints.

Adcorp uses external parity and benchmarking, conducting regular salary reviews that consider changes in job scope, policy requirements, and market competitiveness. Salaries are adjusted based on benchmarking results, individual performance, experience and affordability. To maintain competitive and attractive remuneration, the Group initiated a benchmarking and remuneration scale exercise across South Africa and Australia, with action plans for FY2024. Consistent job evaluation and grading ensure equitable rewards, support transformation objectives, and facilitate mobility within the Group.

Our approach, aligned with King IV Principle 14, prioritises:

- **Employment equity (South Africa):** Achievement of employment equity targets for meaningful change
- **Equal remuneration:** Equal remuneration for equal value of work to address inequalities
- **Fairness:** Remuneration practices are free from discrimination and bias
- **Performance and sustainability:** Remuneration incentivises performance and long-term value creation

In collaboration with the SESCom, we embed these principles throughout the Group, ensuring fair and responsible remuneration across employee levels, including assignees and contingent workers.

Statement of intent: our commitment to fair and responsible remuneration for permanent employees

Adcorp's remuneration approach aims to recruit, develop and retain employees who embody our core purpose and values. We foster innovation and growth by creating a motivating, high-performance workplace where all employees are supported to thrive and contribute to the success of the Group. As a responsible employer, Adcorp upholds the principle of fair and responsible remuneration. To contribute to an equitable and more inclusive future, we are committed to mitigating the negative effects of past inequalities on our employees. Refer to the corporate citizenship report [CC](#).

Fair and responsible remuneration for deployed and contingent employees

Adcorp is committed to fair and responsible remuneration for deployed and contingent employees working at our customer sites. We actively promote equal treatment policies and offer benefits through our partners, including death, wellness and long-term savings options. Even those outside industry-specific bargaining councils enjoy affordable benefits like funeral cover, income protection and provident funds. We are pleased to work with socially responsible customers and we will continue engaging with them and key stakeholders on the important discussion of minimum wage versus living wage.

Statement of intent for the implementation of a total rewards statement

Adcorp is committed to attracting, retaining and motivating top talent. Introducing a total rewards statement (TRS) in the coming financial year is a key step. The TRS will showcase the full value of working at Adcorp, demonstrating how we support employees through remuneration, benefits and a culture of growth. This is an ongoing journey and we will continually enhance our TRS to align with our evolving EVP. Refer to the corporate citizenship report [CC](#) for more details.

REMUNERATION REPORT CONTINUED

Part 3:

FY2024 executive leadership remuneration

The committee confirms that we consistently implemented remuneration practices in accordance with our established remuneration policy throughout the reporting period.

FY2024 remuneration: Executive directors and prescribed officers

King IV™ requires disclosure of the potential consequences on the forward-looking total remuneration for executive directors and prescribed officers on a total, single-figure basis based on achievement of minimum, on-target and stretch performance outcomes. The explanations and tables that follow outline the on-target versus stretch weightings of the Group executive management team and then provide the proportions of the remuneration mix based on minimum, on-target and stretch targets.

The remuneration mix is designed to reward the achievement of short-term strategic financial and non-financial objectives through STIs and to reward executives and senior managers for their performance with regard to the delivery of the Group's long-term strategy through LTIs.

The HCC has designed the remuneration mix for executive managers in a manner that avoids overdependence on variable stretch and variable long-term components. This results in a high requirement for on-target performance and discourages any excessive risk-taking behaviours.

FY2024 STI framework

The Adcorp People Philosophy is a governance framework for all aspects of decisions relating to its employees. It is within this philosophy that we commit to treating our employees fairly and respectfully at all stages of the employee lifecycle, including fair and responsible remuneration practices. Adcorp has a remuneration philosophy that seeks to align the corporate objectives with the commitment and performance of individuals and reward them accordingly. To this end, remuneration structures need to recognise individual and team contributions to the achievement of such objectives and ensure that employees are fairly and responsibly remunerated. The table below specifies the four financial metrics for FY2024 and explains why it was chosen.

The table below details FY2024 short-term incentive performance metrics and target-setting approach.

STI metric	Why it was chosen	How targets are set
Revenue growth	<ul style="list-style-type: none"> Reflects Company goals, market share, and profitability. Linked to shareholder value and investor confidence. 	<ul style="list-style-type: none"> Based on historical performance and market analysis. Informed by market trends and competitor performance.
Operating margin	<ul style="list-style-type: none"> Reflects operational efficiency and cost control. Ensures sustainability and financial health. 	<ul style="list-style-type: none"> Derived from budgetary goals and cost reduction initiatives. Adjusted for efficiency improvements and economic fluctuations.
Profit before interest, tax and amortisation of intangibles (PBITI)	<ul style="list-style-type: none"> Measures core profitability before interest, taxes, and incentives. Guides investment decisions and performance benchmarks. 	<ul style="list-style-type: none"> Set based on financial forecasts and performance benchmarks. Compared to industry standards and peer performance.
Cash conversion	<ul style="list-style-type: none"> Reflects liquidity, working capital management, and financial stability. Supports investment opportunities and mitigates liquidity risks. 	<ul style="list-style-type: none"> Determined through cash flow analysis and working capital ratios. Aimed at optimising the cash conversion cycles and reserves.

Table of FY2024 financial metrics derived from Group financial targets. Financial metrics carry a 70% weighting for all Group executives and has been reduced to four metrics:

	Revenue %	Operating margin %	Cash conversion %	PBITI %	KPI %	Total %
Group CEO	17,5	17,5	17,5	17,5	30	100
Group CFO	17,5	17,5	17,5	17,5	30	100
MD Contingent Staffing	17,5	17,5	17,5	17,5	30	100
MD Functional Outsourcing	17,5	17,5	17,5	17,5	30	100
MD Professional Services	17,5	17,5	17,5	17,5	30	100
MD Australia	17,5	17,5	17,5	17,5	30	100

STI achievement grid

Table outlines the performance levels required to qualify for STI remuneration. Each metric can be achieved at a range between 85% and 115%.

	Minimum target	On-target	Stretch target	Target
Revenue	85% of budget	100% of budget	115% of budget	R13 196 171
Operating margin	85% of budget	100% of budget	115% of budget	1,60%
Cash conversion	81%	95%	109%	95%
PBITI	85% of budget	100% of budget	115% of budget	R207 146

Business performance and remuneration impact

Despite a challenging year, Adcorp's performance demonstrated resilience. During FY2024 there has been a significant regression in the Company's performance from an EBITDA perspective. Notwithstanding this, parts of the business have performed, and the payment of a level of bonuses is warranted for these performing brands. With a year-on-year decrease in EBITDA on continuing operations, a reduction to the overall bonus pool for the Company for FY2024 was applied, reflecting a performance-driven remuneration philosophy. The proposed bonus provision for FY2024 is 18,8% smaller than the provision in FY2023. This reduction is primarily due to a weaker performance relative to last year, and a decision to bolster Company earnings by releasing some bonus provisions. Full reversal of bonus provisions was made in brands where the performance over the prior year had regressed against the EBITDA budget by more than 25%.

Bonuses for the Group executives are guided by the attainment of the Group and specific performance goals. The Group metrics are assessed against a minimum target, on-target, and stretch target and their KPI scores rating. Using the pure STI metric calculation the Group executive team achieved between 31,5% and 39,7% on individual STI measures (see table below).

	Revenue %	Operating margin %	Cash conversion %	PBITI %	KPI %	Total %
Group CEO	13,1	0	0	0	22,9	36,0
Group CFO	13,1	0	0	0	26,6	39,7
MD Contingent Staffing	13,1	0	0	0	25,4	38,5
MD Professional Services	13,1	0	0	0	18,4	31,5
MD Australia	13,1	0	0	0	22,5	35,6

The four financial metrics above are based on Group financial targets.

REMUNERATION REPORT CONTINUED

The HCC reviewed the FY2024 STI remuneration based on the metric achievement. This was the first time the new STI metrics were applied. Considering the negative impact from the pure metric calculations, the committee agreed to supplement the STI with an ex gratia remuneration to the executive beneficiaries of the scheme, primarily those remaining in the business. This decision was based on the committee's view that retaining executive level employees and critical skills was essential, especially given the challenges related to employee wellbeing and attrition the business is facing. The committee's considerations were presented to the Adcorp board and the board was in support of the approach and ex gratia remuneration. The total earnings including STI for executive directors and prescribed officers are disclosed in the table on the page below.

Retention bonus

In 2020, recognising the risk of losing critical talent during a challenging period, the CEO and HCC implemented a retention bonus scheme. This targeted key senior and executive employees essential for stabilising the business and ensuring a smooth CEO transition in April 2021.

Originally, 14 employees were offered the bonus, equivalent to one year's TGP, in exchange for a two-year commitment (1 March 2021 – 28 February 2023). By February 2023, 10 of these individuals remained employed by Adcorp and received their bonus remuneration, during March 2023, totalling R19.5 million.

Long-term incentive performance metrics

Table FY2024 metrics for LTI rewards

LTI performance metric	Why it was chosen	Weighting	Performance requirements for vesting and how targets are calculated
ROIC growth	Key indicator for the effective use of capital	50%	<p>The minimum threshold is ROIC equal to the WACC target. Thereafter, on a sliding scale:</p> <ul style="list-style-type: none"> • 50% vest if ROIC equals WACC target. • 75% vest if ROIC exceeds WACC target by 1% • 100% vest if ROIC exceeds WACC target by 2% <p>Calculated as the linear average of the actual annual ROIC achieved each year in the performance period less the linear average of the WACC target* for each corresponding year in the performance period.</p> <p><i>* The WACC target is typically the WACC as determined by the investment committee in February of each year.</i></p>
HEPS growth	Measures the growth in the Group's core profitability	50%	<p>The minimum threshold is HEPS growth of CPI + 3%. Thereafter, on a sliding scale:</p> <ul style="list-style-type: none"> • 50% awarded where HEPS growth is => CPI + 3% • 100% awarded where HEPS growth is => CPI + 6 <p>Calculated as the three-year compound annual growth rate in HEPS from continuing operations, using a slide scale interval.</p>

To determine the vesting of LTI awards, the Group's audited financial results will be used for the testing of LTI performance conditions.

FY2024 award vesting

The LTI award made in FY2021 (December 2020) vested in December 2023 during FY2024. Based on the actual performance criteria calculation the criteria was not met. The HEPS growth criteria was met, hence only 50% of the total shares had vested. Sixteen beneficiaries from the FY2021 award were still in our employ and received their vested shares. A total of 1 839 394 shares had vested. The share vesting for executive directors and prescribed officers are disclosed in the table on page 62.

FY2024 share awards

During FY2024, 3 773 654 share awards were made to eight Group executives who qualified for this benefit. Of these awards 1 949 402 were Forfeitable Share Plans and 1 824 252 were Conditional Share Plans. These awards are scheduled to vest in FY2027 (June FY2026), conditional upon meeting performance conditions. The share awards for executive directors and prescribed officers are disclosed in the table on page 62.

Malus and clawback provisions

Adcorp continued to apply malus and clawback provisions to executive remuneration in FY2024. These provisions were implemented across both STI and LTI plans. The HCC has strengthened the remuneration policy's language and protocols surrounding malus and clawback procedures.

The committee found no incidents during FY2024 that would trigger the need for remuneration clawbacks.

Directors' and prescribed officers' emoluments

FY2024 earnings: directors and prescribed officers

Tables for directors and prescribed officers' remuneration, including both actual and expected remuneration, for 1 March 2023 – 29 February 2024.

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	Total R'000
Dr J Wentzel	5 076	4 000	1 206	10 282
N Prendergast	2 842	1 710	502	5 054
	7 918	5 710	1 708	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 rem- uneration 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 rem- uneration 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 employ of Adcorp for two years in return for a bonus equivalent to one year's value of their total CTC.

REMUNERATION REPORT CONTINUED

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

for 1 March 2023 – 29 February 2024

	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 LTI scheme are forfeited.

Non-executive directors' fees

Table actual fees paid to non-executive directors during the year

Director	Date appointed	Date resigned	FY2024 fees (R)	FY2023 fees (R)
Gloria Serobe	11 July 2017		900 521	783 000
Cecil Maswanganyi	1 March 2017	28 July 2022	–	147 000
Clive Smith*	10 January 2020		421 958	351 000
Dr Phumla Mnganga	6 September 2018		596 917	523 000
Monde Nkosi	6 June 2019	1 June 2022	–	106 000
Herman Singh	6 September 2018		566 042	526 000
Ronel van Dijk	6 June 2019		648 375	528 000
Tshidi Mokgabudi	15 October 2020		648 375	656 000
Melvyn Lubega	1 July 2020		494 000	475 000
Timothy Olls	28 July 2022		421 958	239 000
	4 July 2017			
	[Alternate NED			
Samuel Sithole**	wef 28 July 2022]		–	142 000
Total NED fees as at end of February			4 698 146	4 476 000

* Excludes consulting fees amounting to R1 184 000 (FY2023: R1 449 000).

** Fees paid to Samuel Sithole in FY2023 relate to his role as a non-executive director (NED) and not alternative NEDs.

Proposed fees

The proposed fee structure for the FY2025/FY2026 period is set out hereunder for the committee's consideration

	Annual retainer fee for 2023-2024	Proposed annual retainer fee for 2024-2025
Board		
Chairperson*	918 750	961 012
Lead Independent Non-executive	367 500	384 405
Non-executive	262 500	274 575
Audit and risk committee		
Chairperson	315 000	329 490
Non-executive	157 500	164 745
Human capital committee (RemCo + NomCo)		
HCC Chairperson	157 500	164 745
Non-executive HCC	84 000	87 864
Chairperson (NomCo)		
Social, ethics and sustainability committee		
Chairperson	157 500	164 745
Non-executive	84 000	87 864
Investment committee		
Chairperson	157 500	164 745
Non-executive	84 000	87 864

* The board Chairperson's fees are capped; the board Chairperson does not receive additional fees for serving on other board subcommittees.

SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT


"I am pleased with the strong foundation we have established with our corporate citizenship strategy, focusing on responsible business and ethical conduct. We recognise that corporate citizenship is an ongoing journey and remain committed to continuous improvement. This dedication is essential to building a resilient, responsible and respected company."

Ronel van Dijk

Chairperson: social, ethics and sustainability committee



Introduction

Adcorp continues its robust approach to managing ESG factors under the guidance and direction of the social, ethics and sustainability committee (SESCoM). During the year, we adopted an overarching corporate citizenship strategy, which has four pillars, namely: Sustainability and ESG, Stakeholder Management, Corporate Social Responsibility and Diversity, Inclusion and Belonging. These pillars are discussed in this SESCO report and more details are set out in the corporate citizenship report .

The committee fulfils its independent role, with responsibilities outlined in section 72(4) of the Companies Act and further expanded by the King IV principles. These principles promote value creation by focusing on ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. The committee oversees the Company's alignment with the UN Global Compact Principles, particularly those concerning human rights, labour, the environment and anti-corruption.

Adcorp's SESCO supports the board in overseeing the Group's activities, ensuring compliance with legislation, regulation and codes of best practice related to social, ethical, sustainability, transformation, employment equity, diversity, inclusion and belonging, safety, health, environment and quality (SHEQ), employee wellbeing and environmental factors within the Group.

The committee's detailed mandate is outlined in its terms of reference, regularly reviewed for relevance and alignment with the committee's statutory obligations. This committee oversees matters relating to both South African and Australian business entities.

Roles and responsibilities of the committee *Governance, ethics and compliance*

- **Ethical culture:** Promotes and monitors ethical practices within the Group, ensuring alignment with the Company's ethics framework
- **Good corporate citizenship:** Monitors Adcorp's responsible corporate behaviour, including overseeing the Group's corporate citizenship strategy and emphasising transformation within human capital management
- **Policy and strategy:** Oversees the creation and implementation of relevant policies, codes of practice and the alignment to the Company's overarching strategy
- **Resourcing:** Oversees resource allocation and funding for corporate citizenship initiatives on behalf of the board
- **Statutory compliance:** Ensures adherence to the Companies Act 71 of 2008 regarding social and ethics committees

SESCoM key focus areas for FY2024

- Adcorp employee benefit trust (AEBT 3)
- Compliance with regulatory universe and Adcorp policies
- Corporate citizenship strategy and related pillars
- Sustainability and ESG
- Stakeholder management
- Corporate social responsibility
- Diversity, inclusion and belonging
- Employee wellbeing
- Ethics management and whistleblowing
- Safety, health, environment and quality
- Training and skills development (mandatory and voluntary)
- Transformation, employment equity and B-BBEE



Composition and attendance


During the reporting period, the committee comprised three independent, non-executive directors, ensuring a balanced and objective perspective:

- R van Dijk: SESCom Chairperson and independent non-executive director
- Dr P Mnganga: Lead independent non-executive director
- T Mokgabudi: Independent non-executive director

The Group executives – Chief Executive Officer, Chief People Officer, General Counsel and Company Secretary and members of senior management have standing invitations to the committee meetings. During the reporting period, the committee met three times in alignment with its terms of reference. Meeting attendance is set out on page 43.

Corporate citizenship focus

Corporate citizenship vision

Our corporate citizenship vision is to **“foster fair and efficient labour markets by providing decent and dignified work. Creating value for our customers and employees, ultimately contributing to a sustainable future.”** Adcorp aims to contribute to a sustainable future by promoting sustainable development across economic, social and environmental dimensions. This is in line with the SDGs to end poverty, protect the planet and ensure prosperity for all by 2030. Further detail is set out on the corporate citizenship report .

Corporate citizenship strategy

Recognising the need for a focused and globally relevant sustainability approach, Adcorp undertook a review of its ESG structure and capabilities. Led by our Head of Sustainability, this effort resulted in a strategic realignment under the banner of “Corporate Citizenship”. This streamlined approach simplifies processes and enhances understanding, optimising our impact. The corporate citizenship strategy rests on four key pillars, aligned with an overarching principle-based corporate citizenship policy:

1. Sustainability and ESG
2. Stakeholder management
3. Corporate social responsibility
4. Diversity, inclusion and belonging

SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT CONTINUED

Policy statements and a sustainability maturity pathway further support this strategy. We plan to introduce baselines and targets to ensure accountability and tangible progress towards our corporate citizenship goals. For more details on corporate citizenship, see the Corporate citizenship report [9](https://www.adcorpgroup.com/corporate-citizenship-report-2024/): <https://www.adcorpgroup.com/corporate-citizenship-report-2024/>

Pillar 1	Pillar 2	Pillar 3	Pillar 4
Sustainability and ESG <ul style="list-style-type: none"> • Trends and standards: Monitors emerging sustainability and ESG trends, legislation and international standards ensuring their integration into Adcorp's policies and procedures • Performance measurement: Establishes strategic goals, key performance indicators and targets related to ESG factors, tracking and reporting progress transparently • Risk and opportunity: Collaborates with the audit and risk committee to identify and mitigate sustainability-related risks and encourage opportunities • Fair and responsible remuneration: Collaborates with the human capital committee to ensure that employees are paid fairly and responsibly • SHEQ: Reviews and oversees compliance with legislation and best practices related to the environment, health and the wellbeing of employees • Environment and climate change: Oversees Adcorp's environmental stewardship efforts, including climate change mitigation and adaptation strategies, pollution prevention and resource conservation 	Stakeholder management <ul style="list-style-type: none"> • Stakeholder management: Monitors and encourages positive stakeholder relationships with primary, secondary and tertiary stakeholders • Reputation management: Ensures responsible communication with stakeholders with a focus on maintaining and enhancing Adcorp's reputation • Stakeholder reporting: Provides annual updates to stakeholders on the committee's activities and relevant sustainability and ESG performance 	Corporate social responsibility <ul style="list-style-type: none"> • Guides the strategy for maximising positive impacts in the communities we serve. Our approach focuses on "low cost high impact" CSR initiatives, leveraging Adcorp's business resources and expertise to create lasting social value 	Diversity, inclusion and belonging <ul style="list-style-type: none"> • Wellbeing: Oversees the promotion of employee wellbeing, including initiatives for work-life balance, mental health, and the maintenance of a safe, harassment-free work environment • Diversity, inclusion and belonging: Guides strategies to create an inclusive workplace where individual differences are valued and everyone feels a sense of belonging. This includes fostering cultural awareness and sensitivity • Transformation and equity (South Africa): Monitoring and ensuring Adcorp's compliance with the Employment Equity Act and Broad-Based Black Economic Empowerment Act, actively promoting transformation goals

FY2024 progress

Double materiality

During the year, we undertook a double materiality assessment to focus our limited resources on the most significant ESG factors. This comprehensive exercise involved two key aspects:

- **Impact on society and environment:** Leadership workshops fostered a deeper understanding of Adcorp's social and environmental footprint, considering the impact our business has on these areas
- **Financial materiality:** We also assessed the impact that environmental and social factors have on our performance and long-term success

This exercise complemented a comprehensive stakeholder analysis, where we categorised our key stakeholders (primary, secondary and tertiary) based on their influence on our business' sustainability and success. See the corporate citizenship report [cc](#) for more information.

Organisational ethics: Building a culture of integrity

The SESCom is dedicated to fostering an ethical culture driven by leadership accountability. We conduct annual surveys across all regions to measure ethical conduct and swiftly address any reported unethical behaviour through our independently managed tip-off line. All cases are reported to the committee, making this a powerful tool in combating fraud and corruption. See the corporate citizenship report [cc](#) for the tip-off lines contact details.

Adcorp provides focused employee training initiatives to keep employees updated on best practices. Additionally, new employees receive induction training to quickly integrate them into the Company.

Key actions:

- **Aligned policies:** Ensured adherence to OECD recommendations for all ethics, anti-corruption and anti-bribery policies
- **Enhanced programmes:** A comprehensive ethics and fraud training programme was implemented during the year
- **Embedded in on-boarding:** Included ethics pledges in new employee contracts
- **Formalised disclosures:** Established a streamlined process for reporting conflicts of interest and fraudulent activities

Pillar 1: Sustainability and ESG

Strategically embedding ESG considerations into our business operations, backed by sound ESG data differentiates our services in a competitive market.

- Confirmed key ESG factors that will be monitored to represent the business and four pillars of the corporate citizenship strategy
- Successfully implemented an online ESG data management system for both South Africa and Australia
- Provided approval for the corporate citizenship policy and oversight for the human rights, modern slavery and just transition statements
- Continued our commitment to fair and responsible remuneration in collaboration with the HCC and created a statement of intent

Statement of intent: our commitment to fair and responsible remuneration

Adcorp's remuneration approach aims to recruit, develop and retain employees who embody our core purpose and values. We foster innovation and growth by creating a motivating, high-performance environment where all employees are supported to thrive and contribute to the success of the Group. As a responsible employer, Adcorp upholds the principle of fair and responsible remuneration. To contribute to an equitable and more inclusive future, we are committed to mitigating the negative effects of past inequalities on our employees. See the corporate citizenship report [cc](#) for more details.

Pillar 2: Stakeholder management

The SESCom recognises the vital role of stakeholder relationships, proactively monitoring concerns and ensuring they are addressed. We launched a formal, decentralised stakeholder management process, overseen by the CEO's office and the SESCom. For more information on our stakeholder management, see the corporate citizenship report [cc](#).

- Classified stakeholders by influence (primary, secondary, tertiary).
- Successfully developed and launched a stakeholder register to better track and address our stakeholder interests

Pillar 3: Corporate Social Responsibility

We are committed to making a meaningful contribution to the societies where we operate.

- We provide support for enterprise development and socio-economic development initiatives empowering young entrepreneurs, see the corporate citizenship report [cc](#).
- CSR focus on youth education and development, especially for historically disadvantaged groups, see the corporate citizenship report [cc](#).
- Youth scholarship for historically disadvantaged South African employees' children as a way to provide opportunities to the youth and improve our employee value proposition, see the corporate citizenship report [cc](#).

Pillar 4: Diversity, inclusion and belonging

Encouraging psychological safety, where employees feel comfortable bringing their authentic selves to work. Supporting wellbeing and safe working conditions is at the heart of our employee experience.

- Diversity and inclusion is our core Company value, fostering a workplace where everyone feels valued
- Approved terms of reference for DEI committees established across the Group
- 90 committee members across our business actively working to promote inclusion and belonging – quarterly meetings were held

Transformation: Driving empowerment and sustainable growth

The SESCom plays a crucial role in Adcorp's commitment to transformation, working not only for compliance but also to create lasting change within our Company and the South African business landscape.

SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT CONTINUED

B-BBEE successes

- Adcorp Workforce Solutions (Pty) Ltd maintained its level 1 B-BBEE rating for the fourth consecutive year
 - 59,82% (FY2023: 64,81%) black ownership, 46,00% (FY2023: 45,92%) black female ownership
 - Ongoing trustee training and engagement
- Innovative AEBT3 share trust, emphasising ownership by female employees across the Group, has had a positive impact on empowering women in our business
 - 729 (FY2023: 774) beneficiaries
 - One hundred percent female beneficiaries in the scheme with 35,25% (FY2023: 35,59%) allocated to youth designated employees.
 - Enhances female economic inclusion
 - Attracts and retains diverse talent
 - Supports future growth


Policies and statements

The SESCom actively monitored the creation and revision of key policies and statements throughout the reporting period, maintaining a strong focus on the Group's ethical standards and culture. Recognising the importance of efficient governance practices, we streamlined the Group's policy and statement structure. Where appropriate we moved away from brand-specific policies in favour of overarching Group policies, ensuring clarity, alignment with core values and a more efficient approach.


Code of ethics

Adcorp's Code of ethics is values based and guides our business practices with high standards for integrity, honesty and professionalism. It fosters trust with clients, suppliers and within the Group, promoting ethical behaviour and excellence.

Whistleblowing policy

Adcorp is committed to transparency and accountability. Our whistleblowing policy protects employees, managers, directors and other stakeholders who report suspected illegal, unethical or harmful conduct. We recognise whistleblowers as vital to maintaining ethical practices and ensure their protection. We encourage anyone with concerns to report them without fear of retaliation. See our tip-off line details on the corporate citizenship report .

Conflict of interest and disclosure policy

The board implements robust controls and procedures throughout the Group, adhering to King IV Principle 2.14. All employees, management and directors must prioritise Adcorp's interests and disclose potential conflicts of interest to avoid any personal gain influencing their professional duties. Remedial action may be taken if necessary. For more information, see the corporate citizenship report .

Corporate citizenship policy

Adcorp's commitment to sustainability strengthens with the SESCom's approval of our new corporate citizenship policy. This move beyond our previous ESG policy emphasises integrating sustainability into the core of our daily operations. Statements addressing key social issues, such as human rights, modern slavery and just transition, demonstrating our commitment to ethical business conduct, support this policy. View the policy here:

<https://www.adcorpgroup.com/about/corporate-citizenship/>

www

Human rights statement: zero tolerance

We recognise that human rights are fundamental, universal rights that underpin human dignity, freedom and equality. Our zero-tolerance commitment to human rights abuse aligns with the principles outlined in the UN universal declaration of human rights, the international labour organisation declaration on fundamental principles and rights at work and the organisation for economic cooperation and development's human rights practices. These standards ensure economic development respects and promotes human rights for all. View the statement here:

<https://www.adcorpgroup.com/about/corporate-citizenship/>

www

Modern slavery statement: zero tolerance

Our commitment to ethical business practices and the protection of human rights includes a zero-tolerance approach to modern slavery, human trafficking and child labour throughout our operations and supply chain. We recognise the complex nature of these issues and pledge continuous improvement, robust reporting mechanisms and transparency to combat them. View the statement here:

<https://www.adcorpgroup.com/about/corporate-citizenship/>

www

Just transition statement

Adcorp as a workforce solutions business plays a vital role in enabling future careers and supporting a just transition by collaborating with businesses that foster new industries, facilitating job creation and reskilling individuals to transition away from fossil fuel sectors. It makes sound business sense as investing in sustainable industries can lead to long-term economic viability and growth. View the statement here:

<https://www.adcorpgroup.com/about/corporate-citizenship/>

www

Prevention and elimination of harassment in the workplace policy: Zero tolerance

Adcorp prioritises a workplace free from harassment and discrimination. Aligning with the 2022 code of good practice, we have a zero-tolerance policy for harassment based on any personal protected characteristic. Clear reporting mechanisms, investigations and prevention strategies ensure dignity and timely action against all forms of harassment. For more information, see the corporate citizenship report [cc](#).

Protection of Personal Information Act and Promotion of Access to Information Act (PAIA) policy

Adcorp protects personal information with robust security controls that are regularly reviewed and updated. Our dedicated Information Officer enforces compliance with POPIA and PAIA, ensuring lawful and responsible handling of all personal data. For more information, see the corporate citizenship report [cc](#).

SHEQ policy

Adcorp prioritises a safe and healthy work environment for all employees. Our comprehensive policy and training demonstrates this commitment. This policy outlines our systematic approach to:

- **Employee training:** Empowering employees with essential safety knowledge
- **Quality improvement:** Enhancing service delivery through safe practices
- **Regulatory compliance:** Adhering to all relevant safety and environmental laws
- **Risk management:** Identifying and mitigating workplace hazards
- **Stakeholder input:** Incorporating feedback to strengthen our safety culture

This policy statement is a cornerstone of our workplace safety culture. It provides a clear framework for our commitment and guides all our operations. For more information, see the corporate citizenship report [cc](#).

Social media policy

Adcorp recognises the benefits of social media but stresses the importance of responsible use. This policy applies to all employees, on or off Company time, using both personal and Company devices. Employees must protect the reputation of Adcorp, its employees, customers and stakeholders.

Adcorp reserves the right to monitor employee' social media activity. Defamatory, discriminatory or harassing posts are strictly prohibited and may result in disciplinary action.

Hybrid working policy

Adcorp successfully piloted a hybrid working model, demonstrating its positive impacts on productivity and employee preferences. This approach was formalised in October 2022, offering flexibility while prioritising operational efficiency.

The benefits:

- **Adaptability:** For enhanced collaboration, we have updated our policy; employees are required to be in the office on Mondays, Tuesdays and Thursdays. Each Group executive, in consultation with senior management, may adapt this schedule as needed for his or her business area.
- **Inclusivity:** Employees who work on customer sites follow the customer's policies. Employees who cannot work effectively from home or prefer full-time on-site work are accommodated.

Focus areas for FY2025

The SESCom will drive Adcorp's progress in the coming year with a focus on the following key areas:

- **B-BBEE and employment equity:** Maintain strong B-BBEE ratings, ensuring regulatory compliance and meaningful advancement of transformation goals
- **Diversity, inclusion and belonging:** In conjunction with the HCC continue developing the total rewards as part of our employee value proposition and ensure policies and statements are updated accordingly to represent Adcorp's values
- **ESG performance:** Gather, analyse and report on ESG data to enhance decision making and highlight our commitment to sustainability
- **Supply chain:** Establish supplier ESG assessment and assess our key suppliers
- **Technology risks and governance:** Proactively review, update and approve policies addressing emerging technological challenges such as those posed by artificial intelligence and cybersecurity. Ensuring that the risk register is kept updated, including the necessary mitigation steps
- **Community impact:** Sustain commitment to giving back through our corporate social responsibility initiatives
- **Fair and responsible remuneration:** In conjunction with the HCC, improve our analyses and understanding to promote fair and responsible remuneration practices
- **Stakeholder engagement:** Develop and roll out stakeholder engagement standards, ensuring proactive communication and addressing stakeholder concerns
- **Employee wellbeing and up-skilling:** In conjunction with the human capital committee, invest in employee wellbeing initiatives and foster skills development to create a future-fit workforce

The committee is confident in having fulfilled its FY2024 mandate, as outlined in the Companies Act, King IV, and its terms of reference.

I would like to extend my sincere gratitude to the management team, dedicated employees, fellow committee members, and all stakeholders for their invaluable contributions. Your collective efforts have been instrumental in driving Adcorp's significant progress in corporate citizenship.

Ronel van Dijk

Chairperson: social, ethics and sustainability committee

28 June 2024

AUDIT AND RISK COMMITTEE REPORT

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.

T Mokgabudi

Chairperson audit and risk committee



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 AGM held on 27 July 2023.

- T Mokgabudi (Chairperson)
- 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 committee meetings were held during the year, of which two were special meetings and four were ordinary meetings. Meeting attendance is set out on page 43.

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 ensuring that the Company has established appropriate financial reporting procedures that are operating to ensure it has access to all financial information to effectively prepare and report on the 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 Chairperson 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 re-appointment of the external auditor has been made in accordance with the provisions of paragraph 3.84(g)(ii) 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 was 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.

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 of the consolidated annual financial statements booklet.

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

AUDIT AND RISK COMMITTEE REPORT CONTINUED

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 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.

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 cybersecurity 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.



T Mokgabudi
Chairperson, audit and risk committee

28 June 2024

EXTRACT OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

as at 29 February 2024

Basis of preparation

The extracts from the consolidated financial statements comprise an extract from the consolidated statement of financial position at 29 February 2024, an extract from the consolidated statement of comprehensive income, an extract from the consolidated statement of changes in equity, an extract from the consolidated statement of cash flows for the year ended 29 February 2024, and an extract from the group's segment reporting. The extracts from the consolidated financial statements and the full set of consolidated financial statements have been prepared under the supervision of Noel Prendergast CA(SA), the Group CFO.

Audited consolidated annual financial statements – independent auditors' opinion

The auditors expressed an unmodified opinion on the consolidated financial statements from which these extracts were derived. The audit report issued also includes communication of key audit matters. A copy of the auditor's report, together with the accompanying consolidated financial statements, are available for inspection on the following links (<https://www.adcorpgroup.com/investors/financials/> or https://senspdf.jse.co.za/documents/SENS_20240531_S490189.pdf). The information as set out in this report has not been audited. The Board of Directors take full responsibility for ensuring that the financial information has been correctly extracted from the underlying financial statements.

	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

EXTRACT OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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

EXTRACT OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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

EXTRACT OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 in the consolidated financial statements.

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 FunxionO 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 TorquetI.

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 in the consolidated financial statements.

Transactions between segments follow the Group's accounting policies.

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

EXTRACT OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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)	Geographical segments		
					Total Group (R'000)	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)

EXTRACT OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 expense⁴					
– 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 in the consolidated financial statements).

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)	Geographical segments		
					Total Group (R'000)	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	–

SHAREHOLDER INFORMATION

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	64,73
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.

	Number of shares	% of issued capital
Fund managers with a holding greater than 5% of the issued shares		
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 shareholders		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)



Authorised share capital: 183 177 151 ordinary shares and 16 822 849 "B" ordinary shares.
Issued share capital: 109 954 675 ordinary shares and 6 729 140 "B" ordinary shares.

SHAREHOLDER INFORMATION CONTINUED

Shareholders' diary

Financial year end	29 February
Annual results announcement	31 May 2024
Annual report posted	1 July 2024
Annual general meeting	30 July 2024
Interim results announcement	31 October 2024

Definitions

Abbreviation	Description
Adcorp/the Company	Adcorp Holdings Limited
Adcorp Group/the Group/the business	Adcorp Group of companies
AFS	Annual financial statements
AGM	Annual general meeting
ARC	Audit and risk committee
Assignees	Temporary employees that are recruited, screened, trained and employed by the Temporary Employment Services provider, then assigned to client organisations
Board	The board of directors of Adcorp
Business/the business	The business conducted within the Adcorp Group
B-BBEE	Broad-based black economic empowerment
Candidate	A job applicant or prospective employee
Chair/Chairperson	The Chairperson of the board
CIPC	Companies and Intellectual Property Commission
Companies Act	Companies Act 71 of 2008
Contingent employees	All employees whether on independent, temporary or permanent contracts of employment, who are deployed to Adcorp customer sites as part of a commercial outsourcing contract
Deployed Permanent Employee	A permanent employee that has been deployed/outsourced to a client company
DSO	Days Sales Outstanding is a measure of the average number of days that it takes a company to collect payment after a sale has been made
EBITDA	Earnings (i.e. operating profit) before interest, tax, depreciation and amortisation
EE	Employment equity
EPS	Earnings per share is the portion of the Company's profit allocated to each outstanding share
ESG	Environmental, Social and Governance
ETI	Employment Tax Incentive is a SARS tax incentive which reduces the cost of hiring young people by reducing the amount of PAYE owed by the employer to SARS without affecting the employees' wages
FO	Functional Outsourcing
FY2023	Year ended 28 February 2023
FY2024	Year ended 29 February 2024
FY2025	Year ending 28 February 2025
GDP	Gross Domestic Product
GHG	Greenhouse gases
GRI	Global Reporting Index
HCC	Human capital committee
HEPS	Headlines earnings per share
IAR	Integrated annual report
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
Independent Contractor	An independent contractor is a self-employed individual performing services for a Company under contract rather than as an employee, either on or off-site
Insourced temporary employees	Employees who are hired from outside agencies and managed through the MSP model to render services to customer companies

DEFINITIONS CONTINUED

Abbreviation	Description
JSE	Johannesburg Stock Exchange Limited
King IV™ / King IV™ Report	King IV™ Report on Corporate Governance for South Africa 2016 the copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved
KPMG	The external auditors for the Adcorp Group
LRA	Labour Relations Act 66 of 1995 is a South African statute that regulates labour relations and collective bargaining in the workplace. The LRA contains provisions outlining the labour relations rights and responsibilities of employers, trade unions and employees
LTI	Long-term incentive
MSP	Managed Service Provider is a service whereby a company takes on primary responsibility for managing an organisation's contingent workforce programme, including overall programme management, reporting and tracking, supplier selection and management, order distribution and consolidated billing
NomCo	Nominations committee
PBT	Profit before tax
Permanent employee	An employee who works for and is paid directly by a specific employer without a predetermined end date for the employment arrangement. Permanent employees are often eligible for employment benefits e.g. paid leave, health insurance and retirement plan access
PMI	Production Management Institute of Southern Africa (Pty) Ltd
POPIA	Protection of Personal Information Act (POPI Act)
RemCo	Remuneration committee
Report/IAR	Adcorp integrated annual report for the year ended 29 February 2024
ROIC	Return on invested capital is the percentage return that a company makes over its invested capital
ROUA	Right-of-use asset
RPO	Recruitment Process Outsourcing is the partial or full outsourcing of a company's internal recruitment function to a third-party specialist provider, for all its direct hire (permanent workers) recruitment needs
SENS	Stock Exchange News Service
SESCoM	Social, ethics and sustainability committee
SETA	Sector Education and Training Authority in South Africa which govern skills development through learnerships, internships, unit-based skills programmes, and apprenticeships
SHEQ	Safety, health, environment and quality
STI	Short-term incentive
TGP	Total guaranteed package calculated using a total cost to company methodology
Torque IT	Torque Technical Computer Training (Pty) Ltd
WACC	Weighted average cost of capital

Corporate information

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A copy of our notice of AGM is available on our website <https://www.adcorpgroup.com/notice-of-agm-2024/>



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