

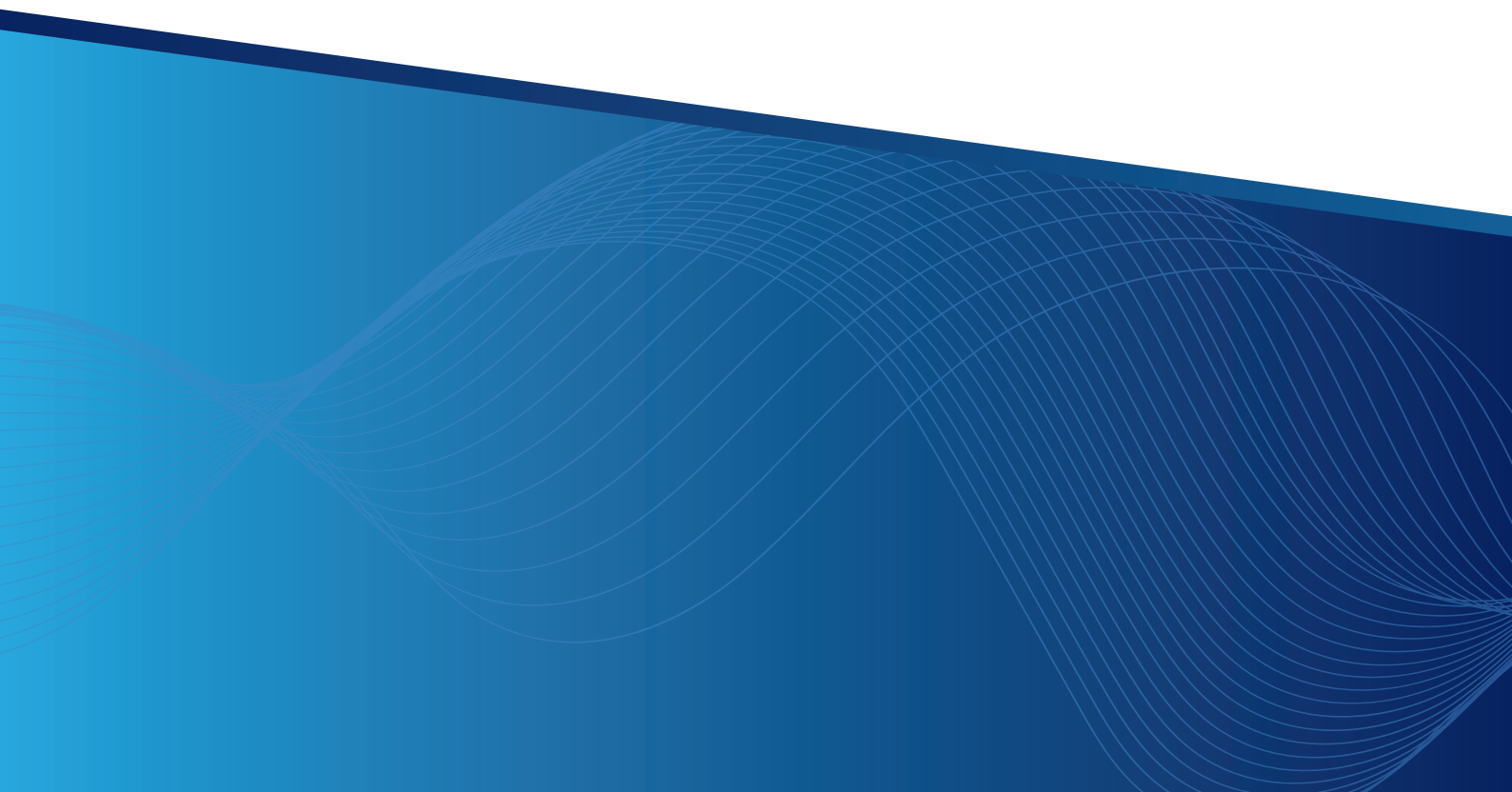
2024

ANNUAL FINANCIAL
STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2024

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General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Adcorp Holdings Limited has subsidiaries that carry on business in South Africa and Australia. Areas of activities include the permanent recruitment and flexible staffing sectors, professional IT services, as well as the provision of business process outsourcing and training.
Directors	GT Serobe (Chairman) P Mnganga H Singh T Mokgabudi M Lubega Dr J Wentzel N Prendergast R Van Dijk C Smith T Olls S Sithole (Alternate director)
Business address	102 Western Service Road Gallo Manor Extension 6 Woodmead Johannesburg 2191
Postal address	PO Box 70635 Bryanston 2021
Bankers	First National Bank
Auditor	KPMG Inc.
Secretary	Lisa Laporte (resigned 30 April 2024) Newton Chipswa (interim company secretary)
Company registration number	1974/001804/06
Level of assurance	These audited financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: Ernst & Young Advisory Services Proprietary Limited Gisela Pieterse CA(SA)
Supervised by	These annual financial statements were prepared under the direction and supervision of Noel Prendergast CA(SA), Chief Financial Officer
Issued	28 June 2024

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa No 71 of 2008 ("Companies Act") to maintain adequate accounting records and are responsible for the content and integrity of the audited financial statements and related financial information included in this report. It is their responsibility to ensure that the audited financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa. The external auditor is engaged to express an independent opinion on the audited financial statements.

The audited financial statements are prepared in accordance with IFRS Accounting Standards, the Companies Act of South Africa (No 71 of 2008) and the JSE Listings Requirements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

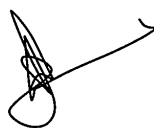
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set standards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

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

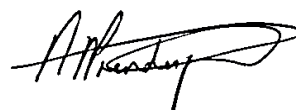
The directors have reviewed the company's cash flow forecast for the 12 months from approval of the audited financial statements to 30 June 2025 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The company's external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on pages 11 to 13.

The audited financial statements set out on pages 4 to 45, which have been prepared on the going concern basis, were approved by the board of directors on 28 June 2024 and were signed on their behalf by:



John Wentzel
Chief Executive Officer




Noel Prendergast
Chief Financial Officer

Chief Executive Officer and Chief Financial Officer Responsibility statement and Company Secretary Compliance statement

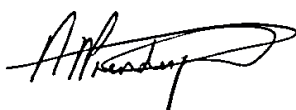
Chief Executive Officer and Chief Financial Officer Responsibility statement

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

- The financial statements set out on pages 4 to 45, fairly present in all material respects the financial position financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its subsidiaries have been provided to effectively prepare the annual financial statements of the issuer;
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the audit and risk committee and the auditor any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies/taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving directors.



John Wentzel
Chief Executive Officer



Noel Prendergast
Chief Financial Officer

Company Secretary Compliance statement

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



Newton Chipswa
Interim Company Secretary

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Adcorp Holdings Limited for the year ended 29 February 2024.

1. Nature of business

The company is an investment holding company and has subsidiaries that carry on business in South Africa and Australia. Areas of activities include the permanent recruitment and flexible staffing sectors, professional IT services, as well as the provision of business process outsourcing, training and financial services.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with IFRS Accounting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. Share capital

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

4. Directorate

The directors in office during the year and at the date of this report are as follows:

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

5. Dividends

The board of directors has approved and declared a final gross dividend of 24.2 cents per ordinary share (2023: 16.5 cents per share and a special dividend of 91.3 cents per ordinary share), from income reserves, for the year ended 29 February 2024.

6. Directors' interests in contracts

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

7. Special resolutions

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

Special resolution 1: To approve the remuneration payable to non-executive directors for their services as directors.

Special resolution 2: To approve that company and/or any subsidiary of the company be authorised to repurchase shares issued by the company, capped at 10% of issued share capital.

Special resolution 3: To approve, in terms of section 44 read with section 45 of the Companies Act of South Africa, that the company provide financial assistance for the provision of any loans or other financial assistance to present or future related and inter-related companies.

Special resolution number 4: Inter-company financial assistance.

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

8. Statutory information

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

9. Auditors

KPMG Inc. continued in office as auditors for the company for 2024, in accordance with section 94(7) of the Companies Act 71 of 2008.

The committee resolved to recommend to the shareholders that KPMG Inc. be appointed as the company's registered external auditor for the 2025 financial year. This will be approved at the upcoming AGM.

10. Secretary

Ms Lisa Laporte resigned as company secretary effective on 30 April 2024. Newton Chipswa was appointed as the interim company secretary. The board is satisfied that Newton Chipswa has the requisite knowledge of or experience in relevant laws to fulfil the role.

11. Events after the reporting period

The board of directors is not aware of any material event which occurred after the reporting date and up to the date of this report other than:

Odd-lot offer

Adcorp Holdings Limited made an offer to the Odd-lot Holders (shareholders holding less than 100 ordinary shares in the Company) to repurchase the shares at an offer price equal to a 5% premium to the 30-day VWAP of an Adcorp ordinary share at the close of business on 22 March 2024. In terms of the Odd-lot Offer, Adcorp repurchased a total of 73 701 Adcorp Shares, representing 0,07% of the total issued ordinary share capital of Adcorp for a total Odd-lot Consideration of R295 797.

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

Dividends declared

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

Directors' Report continued

12. Directors' and prescribed officers' remuneration and interests held

Details of directors' and prescribed officers' remuneration and interests held in shares appear in note 19 of the financial statements.

13. Going concern

In preparing the financial statements, the board of directors is responsible for evaluating the company's ability to continue as a going concern and as a consequence the appropriateness of the going concern assumption in the preparation of the financial statements. The board of directors has assessed the economic environment, current financial position and the cash flow position for the next 12 months through to the end of June 2025. The liquidity and solvency position has also been reviewed as part of this assessment. The Company was solvent at year end, however it made losses in the current year and was in a net current liability position of R 2,8 billion at year end due to amounts owing to Group subsidiaries. The net current liability position is supported at the reporting period by a subordinated loan of R1,6 billion with Adcorp Group South Africa Proprietary Limited and a subordinated loan of R830 million with Adcorp Management Services Proprietary Limited and undrawn facilities totalling R350 million enabling the Company to settle its obligations as they become due in the normal course of business and will remain in force for as long as it takes to restore the liquidity of the Company.

Solvency

On 29 February 2024, the company had an accumulated loss of R246.5 million (2023: R280.5 million) and total assets of the company exceeded the total liabilities by R1.5 million (2023: R1.6 million).

Liquidity

The Group's executive and head office treasury function provides services to the operating subsidiaries, coordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the Group. In assessing the liquidity position, cash flow forecasts were prepared, covering the period up until the end of June 2025. These cash flow forecasts are prepared on a group basis that include all operating subsidiaries, due to the centralised treasury function and cash management structure of the Group. Based on the short and long term forecasts (as per the budget approved by the board of directors), the Company is expected to be able to meet all its short-term obligations through a combination of the cash generated by operations and the utilisation of the current facilities available to the Company. The cash position is monitored daily by management and the Company is comfortable with its liquidity levels.

Going concern conclusion

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

14. Compiler of audited financial statements

The compiler was responsible for preparation of the annual financial statements based on information provided by management and worked under the supervision of management. Management is responsible for these annual financial statements.

15. Compliance with applicable laws

The board of directors hereby confirms that the company is:

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

Report of the audit and risk committee

The company's Audit and Risk Committee (the committee or ARC) presents its report for the financial year ended 29 February 2024. The committee's duties and objectives, as mandated by the board, 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.

1. Composition, meetings and assessment

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

T Mokgabudi (Chairman)

H Singh

M Lubega

R van Dijk

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

2. 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 responsibilities include:

- Perform and fulfil the committee's duties pursuant to section 94 of the Companies Act and its responsibilities as set out in paragraph 3.84(g) of the JSE Listings Requirements, including the appointment and the assessment of the independence of the external auditor;
- Overseeing the integrated reporting process and assessing disclosures made to all stakeholders, which includes the company 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 annual financial statements for approval by the board of directors.

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.

3. External auditor appointment and independence

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

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

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

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

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.

Report of the audit and risk committee continued

4. Financial statements and accounting policies

The committee has assessed the company's accounting policies and the financial statements for the year ended 29 February 2024 and is satisfied that they are appropriate and comply in all respects with 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 company's financial statements, the internal financial controls of the company or any related matters.

The committee supports the opinion of the board of directors and the external auditor with regard to the 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 and 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 annual financial statements in accordance with IFRS Accounting Standards and maintaining accountability for the company's assets and liabilities.

5. Governance of risk

The committee is responsible for overseeing the governance of risk for the company. 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 material loss to the company has occurred during the year and up to the date of this report.

6. 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 company'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.

7. CEO and CFO responsibility statement

The committee evaluated the CEO and CFO's responsibility statement on the financial statements and internal financial controls as required by the JSE Listings Requirements as set out on page 3.

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 company'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.

8. Going concern

In preparing the financial statements, the committee is responsible for evaluating the company's ability to continue as a going concern and therefore the appropriateness of the going concern assumption in the preparation of 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 June 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 company's ability to operate as a going concern. The company 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 of directors for approval.

9. Significant areas of judgement

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

Evaluation of 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 company's financial function and the effectiveness of the members of management responsible for the finance function.

The committee is satisfied that it has met the requirements of its terms of reference.

The ARC has access to all financial information of the company, including the financial information of subsidiaries of the company.

Key focus areas

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

- Continued to monitor the progress of the company's financial roadmap and approved any amendments necessitated by the turnaround strategy;
- Continued monitoring the risk exposure of the company and ensuring adequate and sound mitigating measures were in place;
- Ensure that the combined assurance model is in place and was 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
- Evaluated initiatives implemented to monitor cyber security and security of data.

Report of the audit and risk committee continued

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 the committee recommended the financial statements for the year ended 29 February 2024 for approval to the board of directors. The board of directors has approved the 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

Chairman, audit and risk committee

28 June 2024

Independent Auditor's Report

TO THE SHAREHOLDERS OF ADCORP HOLDINGS LIMITED

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Adcorp Holdings Limited (the Company) set out on pages 14 to 45, which comprise the statement of financial position as at 29 February 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, material accounting policy information, notes to the financial statements, and Annexure A: Details of significant subsidiaries.

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

Basis for opinion

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

Key audit matters

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

Impairment of investments in subsidiaries

Refer to material accounting policy note 1.6 - investment in subsidiaries and note 3 - investments in subsidiaries

Key audit matter	How the matter was addressed in our audit
<p>As at 29 February 2024, the Company's investments in subsidiaries amounted to R3.8 billion which are 86% of total assets.</p> <p>As required by IAS 36, Impairment assets (IAS 36), where an indicator of impairment has been identified, management conduct impairment assessments to test the recoverability of the carrying amount of investments in subsidiaries. One of the impairment indicators considered is the net asset value of the underlying subsidiary.</p> <p>For the purposes of impairment testing, the cost of each of the subsidiaries is compared to the recoverable amount which is the higher of the value in use or fair value less costs to sell. Where the recoverable amount is lower than the cost, an impairment is recognised in profit or loss.</p> <p>The key estimates and assumptions made in determining the value in use, include:</p> <ul style="list-style-type: none"> • Growth rates applied to revenue, earnings before interest, taxes, depreciation and amortisation (EBITDA) and EBITDA margin; • Terminal growth rates; and • The pre-tax discount rate applied to the projected future cash flows. 	<p>Our team included senior audit team members and valuation specialists, who understand the Company's business and industry.</p> <p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • Tested the design and implementation of controls relating to the review of management's assessment of the impairment of investments in subsidiaries. • Assessed whether any indicators of impairment of investments in subsidiaries were identified. <p>In respect of the investment in Adcorp Holdings Australia Proprietary Limited, we performed the following procedures:</p> <ul style="list-style-type: none"> • Critically evaluated whether the discounted cash flow model used by management to calculate the value in use of this investment complies with the requirements of IAS 36; • Challenged the key assumptions used by management in their value in use calculations by: <ul style="list-style-type: none"> – assessing the reasonableness of assumptions relating to future cash flows in relation to our knowledge of the subsidiary and the industries in which it operates; – involved our valuation specialists in assessing the reasonableness of the discount rates applied by independently calculating the discount rate using independent inputs and inputs from comparable companies and comparing the rates to those used by management.

Independent Auditor's Report continued

Impairment of investments in subsidiaries continued

Refer to material accounting policy note 1.6 - investment in subsidiaries and note 3 - investments in subsidiaries

Key audit matter	How the matter was addressed in our audit
<p>During the current year an impairment indicator was identified by management in respect of Adcorp Holdings Australia Proprietary Limited due to the investment carrying value exceeding the net asset value of the subsidiary.</p> <p>Due to the estimation uncertainty and significant judgements involved in applying the discounted cash flow model to determine the value in use of the investments, this was considered a key audit matter in our audit of the separate financial statements.</p>	<ul style="list-style-type: none"> • Compared the projected cash flows, including assumptions relating to profit growth and terminal growth rates, against historical performance to evaluate the reasonability of management's projections; • Performed sensitivity analyses on key assumptions to assess the impact on the value in use calculations; and • Evaluated the adequacy and appropriateness of the disclosures made by management in the financial statements in accordance with IAS 36.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Adcorp 2024 Annual Financial Statements for the year ended 29 February 2024", which includes the Directors' Report, Report of the audit and risk committee's and the Company Secretary Compliance Statement as required by the Companies Act of South Africa. The other information does not include the separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the separate financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

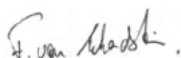
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

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



KPMG Inc.

Registered Auditor

Per FHC von Eckardstein

Chartered Accountant (SA)

Registered Auditor

Director

28 June 2024

KPMG Inc.

85 Empire Road

Parktown

2193

South Africa

Statement of financial position

as at 29 February 2024

	Notes	2024 R'000	2023 R'000
Assets			
Non-Current Assets		4 313 017	4 329 142
Investments in subsidiaries	3	3 752 600	3 752 600
Other financial assets – investment at fair value	4	–	21 074
Amounts due by subsidiary companies	5	560 417	555 468
Current Assets		28 331	126 231
Amounts due by subsidiary companies	5	553	7 202
Other receivables	6	4 982	4 252
Cash and cash equivalents	7	22 796	114 777
Total Assets		4 341 348	4 455 373
Equity and Liabilities			
Equity		1 505 899	1 644 722
Share capital and share premium	8	1 741 178	1 741 178
Reserves		11 240	184 093
Accumulated loss		(246 519)	(280 549)
Liabilities			
Non-Current Liabilities		36 353	34 975
Deferred taxation	11	36 353	34 975
Current Liabilities		2 799 096	2 775 676
Trade and other payables	12	3 810	4 616
Amounts due to subsidiary companies	13	2 795 286	2 771 060
Total Equity and Liabilities		4 341 348	4 455 373

Statement of profit or loss and other comprehensive income

for the year ended 29 February 2024

	Notes	2024 R'000	2023 R'000
Other operating gains		5 318	55 457
Other operating expenses		(10 670)	(16 077)
Operating (loss)/profit	14	(5 352)	39 380
Investment income	15	5 259	4 545
Finance costs	16	(5 259)	(4 545)
Impairment of intercompany loans receivable		(4)	(65)
Fair value gain on investment	4	832	1 477*
(Loss)/profit before taxation		(5 424)	40 792
Taxation	17	(1 378)	(15 372)
(Loss)/profit for the year		(5 902)	25 420
Other comprehensive income		—	—
Total comprehensive (loss)/income for the year		(5 902)	25 420

* For better presentation, information that was previously included in "Other operating gains" has now been presented separately. There was no material impact on the numbers as result of this change in presentation.

Statement of changes in equity

for the year ended 29 February 2024

	Share capital R'000	Share premium R'000	Total share capital R'000
Balance at 01 March 2022	3 069	1 738 109	1 741 178
Profit for the year	–	–	–
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	–	–
Recognition of BBBEE and staff share-based payments	–	–	–
Equity settled share-based payment	–	–	–
Transfer to retained earnings	–	–	–
Transfer between reserves	–	–	–
Distributions to shareholders	–	–	–
Total contributions by and distributions to owners of company recognised directly in equity	–	–	–
Balance at 01 March 2023	3 069	1 738 109	1 741 178
Loss for the year	–	–	–
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	–	–
Equity settled share-based payment	–	–	–
Recognition of BBBEE and staff share-based payments	–	–	–
Transfer to retained earnings	–	–	–
Share scheme settlement	–	–	–
Distributions to shareholders	–	–	–
Total contributions by and distributions to owners of company recognised directly in equity	–	–	–
Balance at 29 February 2024	3 069	1 738 109	1 741 178
Notes	8	8	8

Share-based payments reserve R'000	Non- distributable reserve R'000	Total reserves R'000	Accumulated loss R'000	Total equity R'000
192 652	119 918	312 570	(370 354)	1 683 394
–	–	–	25 420	25 420
–	–	–	–	–
–	–	–	25 420	25 420
7 206	–	7 206	–	7 206
5 222	–	5 222	–	5 222
(9 560)	(119 918)	(129 478)	129 478	–
(11 427)	–	(11 427)	–	(11 427)
–	–	–	(65 093)	(65 093)
(8 559)	(119 918)	(128 477)	64 385	(64 092)
184 093	–	184 093	(280 549)	1 644 722
–	–	–	(5 902)	(6 115)
–	–	–	–	–
–	–	–	(5 902)	(6 115)
7 068	–	7 068	–	7 068
3 603	–	3 603	–	3 603
(176 166)	–	(176 166)	176 166	213
(7 358)	–	(7 358)	–	(7 358)
–	–	–	(136 234)	(136 234)
(172 853)	–	(172 853)	39 932	(132 708)
11 240	–	11 240	(246 519)	1 505 899

Statement of cash flows

for the year ended 29 February 2024

	Notes	2024 R'000	2023 R'000
Cash flows from operating activities			
(Loss)/profit before taxation		(4 524)	40 792
Adjusted for:			
Impairment of investments and intercompany loans receivable		4	65
Fair value gain on investment		(832)	(1 477)
Foreign exchange difference relating to translation of foreign loan receivable	14	(5 105)	(56 934)
Other non-cash items		(581)	–
Finance income	15	(5 259)	(4 545)
Finance costs	16	5 259	4 545
Share-based payment expenses	14	3 603	7 206
Changes in working capital:			
Increase in other receivables		(730)	(830)
(Decrease)/increase in trade and other payables		(806)	651
Cash utilised by operations		(8 971)	(10 527)
Finance income		4 690	2 330
Finance costs	16	(1 766)	(4 545)
Net cash outflow from operating activities		(6 047)	(12 742)
Cash flows from investing activities			
Proceeds upon settlement of investment at fair value	4	21 906	–
Cash flows from financing activities			
Proceeds from borrowings	10	400 000	250 000
Repayment of borrowings	10	(400 000)	(350 000)
Loans obtained from subsidiaries	13	3 259 943	3 419 441
Loans repaid to subsidiaries	13	(3 231 549)	(3 271 216)
Dividends paid	20	(136 234)	(65 093)
Net cash outflow from financing activities		(107 840)	(16 868)
Net decrease in cash and cash equivalents		(91 981)	(29 610)
Cash and cash equivalents at the beginning of the year		114 777	144 387
Cash and cash equivalents at the end of the year	7	22 796	114 777

Accounting policies

for the year ended 29 February 2024

Corporate information

Adcorp Holdings Limited is a public company incorporated and domiciled in South Africa. The principle activity of the company is investment holding. Areas of activity of its subsidiaries include the rendering of services in areas of permanent recruitment and flexible staffing sectors, professional IT services, as well as the provision of business process outsourcing and training. Subsidiaries carry on business in South Africa and Australia.

1. Material accounting policies

1.1 Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards, the Companies Act of South Africa and JSE Listings Requirements.

1.2 Basis of preparation

The separate financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and International Financial Reporting Standards Interpretations Committee ("IFRIC") and Financial Pronouncements as issued by the Financial Reporting Standards Council. The financial statements are presented in Rand (ZAR), the currency of South Africa where Adcorp Holdings Limited is incorporated. All values are rounded to the nearest thousand in the tables presented and nearest million in explanatory notes unless otherwise stated.

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

The financial statements were authorised by the board of directors for issue on 28 June 2024.

Accounting policies continued

for the year ended 29 February 2024

1. Material accounting policies continued

1.3 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement of financial assets

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

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

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

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

Financial assets at amortised cost include other receivables (note 6), cash and cash equivalents (note 7) and amounts due by subsidiary companies (note 5), as the business model is to collect payment of principal and interest.

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

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

Subsequent measurement of financial liabilities

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

Financial liabilities at amortised cost includes amounts due to subsidiary companies (note 13) and trade and other payables (note 12).

Derecognition of financial assets and liabilities

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

The company derecognises a financial liability when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. The company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

1. Material accounting policies continued

1.3 Financial instruments continued

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

Amortised cost and effective interest rate method

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

Other receivables

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

The simplified approach is forward looking and takes into account historical credit loss experience, time value of money and future economic factors including inflation. Losses are recognised in the statement of profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of profit or loss. When a trade receivable is uncollectible, it is written off and recognised in profit or loss.

1.4 Tax

Current taxation

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

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

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

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

Accounting policies continued

for the year ended 29 February 2024

1. Material accounting policies continued

1.5 Share based payments

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

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

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

1.6 Investments in subsidiaries

All investments in subsidiaries are carried at cost less any impairments.

For the purposes of impairment testing, the cost of each of the subsidiaries is compared to the recoverable amount which is the higher of the value in use or fair value less costs to sell. Where the recoverable amount is lower than the cost, an impairment is recognised in profit or loss.

1.7 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

Certain bank accounts are provided as security for banking facilities available to the Group.

1.8 Share capital and share premium

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

Notes to the annual financial statements

for the year ended 29 February 2024

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

The company has adopted all new and amended accounting pronouncements that are relevant to its operations and that are effective for financial years commencing 01 March 2023 but these did not have a significant effect on the financial statements.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 March 2024 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IAS 1 – Classification of Liabilities as Current or Non-current & Deferral of Effective Date	01 January 2024	Unlikely there will be a material impact
• Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	01 January 2024	May not apply to the entity as there are currently no transactions that are recognised under this standard.
• IFRS 18 – Presentation and Disclosure in Financial Statements*	01 January 2027	Impact is currently being assessed
• IFRS 19 – Subsidiaries without Public Accountability: Disclosures	01 January 2027	May not apply to the entity as there are currently no disclosures that are reported under this standard.
• Lack of exchangeability – amendments to IAS 21	01 January 2025	May not apply to the entity as there are currently no transactions that are recognised under this standard.
• Supplier finance arrangements – amendments to IAS 7 and IFRS 7	01 January 2024	May not apply to the entity as there are currently no transactions that are recognised under this standard.
• Non-current liabilities with covenants – amendments to IAS 1	01 January 2024	Unlikely there will be a material impact
• Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1 January 2026	Impact is currently being assessed

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

Notes to the annual financial statements continued

for the year ended 29 February 2024

3. Investments in subsidiaries

	2024 R'000	2023 R'000
Investment at cost less any impairments:		
Adcorp Flexible Staffing Solutions Proprietary Limited	209	209
DAV Personnel Proprietary Limited	7 269	7 269
Research Surveys Proprietary Limited	6 726	6 726
Adcorp Holdings Australia Proprietary Limited	284 875	284 875
Adcorp Group South Africa Proprietary Limited	3 011 441	3 011 441
Adcorp Workforce Management Solutions Proprietary Limited	456 075	456 075
Adcorp Africa Limited*	–	–
	3 766 595	3 766 595
Impairment of investment in subsidiaries	(13 995)	(13 995)
	3 752 600	3 752 600
Accumulated impairment of investments in subsidiaries		
Research Surveys Proprietary Limited	6 726	6 726
DAV Personnel Proprietary Limited	7 269	7 269
	13 995	13 995

* The value of the investment is less than R1,000

In the prior year, the Company acquired an investment in Adcorp Africa Limited for consideration of 1 United States Dollar.

Impairment of assets

As required by IAS 36, Impairment assets (IAS 36), where an indicator of impairment has been identified, management conduct impairment assessments to test the recoverability of the carrying amount of investments in subsidiaries. One of the impairment indicators considered is the net asset value of the underlying subsidiary.

The proportionate share of the net asset value of the underlying subsidiaries is as follows:

	Net asset value R'000
Adcorp Flexible Staffing Solutions Proprietary Limited	330 681
DAV Personnel Proprietary Limited	7 034
Adcorp Group South Africa Proprietary Limited	3 011 445
Adcorp Workforce Management Solutions Proprietary Limited	1 883 054
Adcorp Holdings Australia Proprietary Limited	231 627
	5 463 841

The net asset value of Adcorp Holdings Australia Proprietary Limited (AHA) is below the carrying value of the investment in AHA, which is an indicator of impairment. An impairment test was performed as at 29 February 2024, by comparing the value in use to the carrying value of the investment. No impairment was recognised in the current and prior financial years. Paxus, TalentCRU and Labour Solutions are the cash generating units in AHA.

The value-in-use calculation is based on a discounted cash flow (DCF) model or by comparing to the carrying value of the investment at year end to the proportionate share of the net asset value of the underlying subsidiary.

Impairment losses recognised in the prior year were based on comparing the carrying value of the investment at year end to the proportionate share of the net asset value of the underlying subsidiary. The investments in subsidiaries are unlisted shares not traded in an active market.

3. Investments in subsidiaries continued

Impairment of assets continued

The cash flow inputs to the DCF were derived from the budget for the next four years and do not include restructuring activities that the management of the investee companies is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. In certain instances, the budgets have been revised to take into account the business risks.

Key estimates and assumptions

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

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

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

	Pre-tax discount rate		Growth rate range		Terminal growth rate	
	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %
AHA						
Paxus	15,8	17,1	8 – 15	6 – 9	2	2
TalentCRU	20,3	20,0	10 – 20	10 – 111	2	2
Labour Solutions	17,7	20,0	10 – 20	10 – 25	2	2
					Headroom 2024 R'000	Headroom 2023 R'000
Investment in subsidiary						
Adcorp Holdings Australia Proprietary Limited					1 442 617	710 684

Sensitivity analysis

The impairment calculations are most sensitive to the following assumptions:

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

Cash flows

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

Notes to the annual financial statements continued

for the year ended 29 February 2024

3. Investments in subsidiaries continued

Discount rates

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

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

AHA

Paxus

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

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

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

TalentCru in Australia

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

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

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

Labour Solutions Australia

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

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

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

4. Other financial assets – investment at fair value

	2024 R'000	2023 R'000
Investment at fair value		
Opening balance	21 074	19 597
Fair value gain	832	1 477
Proceeds upon settlement of investment	(21 906)	–
Closing balance – carrying amount	–	21 074

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

Key estimates and judgements

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

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

5. Amounts due by subsidiary companies

	2024 R'000	2023 R'000
Subsidiaries		
Adcorp Flexible Staffing Solutions Proprietary Limited	1 251	1 251
Adcorp Staffing Solutions Proprietary Limited	2 012	2 091
Fortress Administration Proprietary Limited	1	1 192
Adcorp Holdings Australia Proprietary Limited	560 417	554 916
Adcorp Workforce Management Solutions Proprietary Limited	–	303
Adcorp Contracting Proprietary Limited	–	1 682
Production Management Institute of Southern Africa Proprietary Limited	95	12
Prior Learning Centre Proprietary Limited	–	146
Adcorp Workforce Solutions Proprietary Limited	–	3 879
Adcorp Africa Limited	552	552
Expected credit losses	(3 358)	(3 354)
	560 970	562 670

	2024 R'000	2023 R'000
Reconciliation: Expected credit loss on loans to subsidiaries		
Adcorp Staffing Solutions Proprietary Limited	2 012	2 091
Adcorp Flexible Staffing Solutions Proprietary Limited	1 251	1 251
Production Management Institute of Southern Africa Proprietary Limited	95	12
Closing balance	3 358	3 354

The Adcorp Holdings Australia Proprietary Limited loan denominated in Australian Dollars is not expected to be repaid within 12 months of the reporting period.

No interest was levied or received on the rest of the intragroup facilities during the current year.

Loans to and from the group companies are generally unsecured and not subject to any fixed terms of repayment.

Notes to the annual financial statements continued

for the year ended 29 February 2024

5. Amounts due by subsidiary companies continued

With the exception of the loan to AHA, the directors consider loans to group companies to be current. These are used for either cash management or trading purposes between group companies and are therefore intended to be repaid within 12 months of the reporting period.

Key estimates and judgements

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition.

In determining the ECL on intercompany receivable loan accounts, management has considered:

- The financial position of the companies from whom intercompany loans are recoverable. The net asset value of the company from whom the loan is recoverable was used by management to determine whether the loan could be recovered in the event of the company's liquidation. A negative net asset value would increase the probability of non-recoverability in future; and
- The change in financial performance of the company where declining profitability was considered a potential sign of decreased ability to make payment on receivable balances in future.

Management has assessed that there has not been a significant increase in credit risk associated with the intercompany loan accounts between the 2023 and 2024 financial years. The company's financial performance contributed significantly to the assessed risk as well as having assessed credit risk, the company expects credit losses of R3.4 million (2023: R3.4 million).

The assessed risk resulted in the recognition of expected credit losses as follows:

	2024 R'000	2023 R'000
Movement in the allowance for ECLs		
Balance at the beginning of the year	3 354	3 289
Amounts provided during the year	4	65
	3 358	3 354
Split between non-current and current portions		
Non-current assets	560 417	555 468
Current assets	553	7 202
	560 970	562 670

6. Other receivables

	2024 R'000	2023 R'000
Financial instruments:		
Interest from bank facilities	199	490
Other receivables	195	195
Staff loans	1	1
Other receivable	–	5
Non-financial instruments:		
VAT	4 081	3 061
Deposits	500	500
Prepayments	6	–
Total other receivables	4 982	4 252

Fair value of other receivables

Due to short-term nature of current receivables, their carrying amounts is considered to be the same as their fair value.

6. Other receivables continued

Exposure to credit risk

Other receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

Key estimates and assumptions

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

7. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following:

	2024 R'000	2023 R'000
Bank balances	22 796	114 777

Group facilities

The group has an intra-day facility at First National Bank of R100 million (2023: R100 million) and total South African facilities available of R350 million (2023: R350 million).

The South African available facilities include a new revolving credit facility of R150 million (2023: R250 million), an overdraft facility of R100 million and an accordion credit facility of R100 million (2023: R100 million).

The value of the used available facilities is Rnil (2023: Rnil).

Trade receivables and certain bank accounts of the Group are used as security to secure funding relating to the revolving loan facilities.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates. As at 29 February 2024 the company held majority of its cash and cash equivalents with local banks with a credit rating of Ba2.

8. Share capital and share premium

	2024 R'000	2023 R'000
Authorised		
183 177 151 ordinary shares of 2,5 cents each (2023: 183 177 151)	4 579	4 579
16 822 849 "B" ordinary shares of 2,5 cents each (2023: 16 822 849)	421	421
Closing balance	5 000	5 000
Issued		
109 954 675 ordinary shares of 2,5 cents each (2023: 109 954 675)	2 749	2 749
6 729 140 "B" ordinary shares of 2,5 cents each (2023: 6 729 140)	320	320
Share premium	1 738 109	1 738 109
Closing balance	1 741 178	1 741 178

Voting and dividend rights

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

Notes to the annual financial statements continued

for the year ended 29 February 2024

9. Share based payment reserve

	2024 R'000	2023 R'000
Opening balance	184 093	192 652
Senior management long-term incentive scheme	11 864	27 629
Adcorp employee benefit trust and BBBEE shareholders' trust	172 229	165 023
Charge arising from equity-settled share-based schemes	10 671	12 428
Senior management long-term incentive scheme ¹	7 068	5 222
Adcorp employee benefit trust and BBBEE shareholders' trust	3 603	7 206
Transfer to accumulated loss	(176 166)	(9 560)
Adcorp employee benefit trust and BBBEE shareholders' trust ³	(175 832)	–
Senior management long-term incentive scheme ²	(334)	(9 560)
Other movement in share-based payment reserve	(7 358)	(11 427)
Senior management long-term incentive scheme	(7 358)	(11 427)
Closing balance	11 240	184 093
Senior management long-term incentive scheme	11 240	11 864
Adcorp employee benefit trust and BBBEE shareholders' trust	–	172 229

¹ Share-based payment charge at subsidiary level.

² Relates to vesting of share awards.

³ Relates to the transfer of share-based payment reserve related to the 2013 B-BBEE scheme that has fully vested.

The full movement recognised for share-based payment transactions, for both the management long-term incentive scheme and the Adcorp Employee Benefit Trust and B-BBEE Shareholders' trust, arise from equity-settled share-based payment schemes.

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

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

The scheme includes one type of PS award:

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

9. Share based payment reserve continued

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

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

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

	Number still in issue	Grant date	Vesting date	Type	Fair value at grant date
Issued in FY2022	453 048	2021/04/01	2021/04/01	CS	4.88
Issued in FY2022	3 376 228	2021/06/30	2021/06/30	CS	3.82
Issued in FY2023	2 214 625	2021/12/14	2021/12/13	CS	4.52
	6 043 901				

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

	2024	2023
Inputs		
Spot price (R)	5.20 – 6.25	5.34 – 24.94
Expected volatility (%)	91.81 – 93.04	32.67 – 93.04
Expected life (years)	3 – 6	3 – 6
Risk-free rate (%)	4.97 – 7.77	4.20 – 8.80
Expected dividend yield (%)	7.56 – 10.27	1.77 – 10.27

2024 Long-term incentive scheme

The scheme includes two types of performance share awards:

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

Notes to the annual financial statements continued

for the year ended 29 February 2024

9. Share based payment reserve continued

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

Long-term incentive scheme

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

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

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

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

Key estimates and judgements

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

Adcorp Employee Benefit Trust and B-BBEE shareholders' interest

In terms of the BEE transaction in 2013 (2013 B-BBEE transaction), Adcorp has authorised and issued a total of 6 729 140 'B' ordinary shares (2023: 6 729 140) to its empowerment shareholder (AEBT 2) at a par value of 2.5 cents per share.

	2024 R'000	2023 R'000
Issued "B" class shared in Adcorp Holdings shares		
6,729,140 ordinary shares of 2.5 cents per share (2023: 6,729,140) at the beginning of the year	168	168
6,729,140 ordinary shares of 2.5 cents per share (2023: 6,729,140) at the end of the year	168	168
Details of the amount of expenses over the remaining period of the scheme are as follows:		
One year	3 603	7 206

9. Share based payment reserve continued

Adcorp Employee Benefit Trust and B-BBEE shareholders' interest continued

The following reconciles the outstanding share awards granted under the Adcorp Employee Benefit Trust at the beginning and end of the financial year:

	2024		2023	
	Number of share awards	Weighted average exercise price	Number of share awards	Weighted average exercise price
Adcorp Employee Benefit Fund Trust 2				
Outstanding balance	6 729 140	42,17	6 729 140	42,17

10. Interest-bearing borrowings

Borrowing base credit facilities

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

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

The agreement sets out various events of default. For as long as an event of default has occurred and is continuing, the margin shall be the applicable margin plus 2% per annum. The financial covenants set out in the agreement includes the following:

Financial covenant ratio	Requirement
Interest cover ratio (ratio of adjusted EBITDA to net finance costs)	>3
Current ratio (ratio of current assets divided by current liabilities)	>1.1
Tangible net asset value ('000)	R1 200 000

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

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

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

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

	2024 R'000	2023 R'000
Reconciliation of movements on interest-bearing borrowings		
Opening balance	–	100 000
Interest accrued	5 259	4 545
Interest paid	(5 259)	(4 545)
Repayments on facilities during the year	(400 000)	(350 000)
Proceeds from facilities during the year	400 000	250 000
Closing balance at the end of the year	–	–

Notes to the annual financial statements continued

for the year ended 29 February 2024

11. Deferred taxation

	2024 R'000	2023 R'000
Deferred tax liability:		
Deferred tax on translation adjustment of foreign loan	(36 353)	(34 975)
Reconciliation of deferred tax liability		
At beginning of year	(34 975)	(19 603)
Reduction due to rate change	–	569
Movement of deferred tax on translation adjustment on foreign loan	(1 378)	(15 941)
	(36 353)	(34 975)

12. Trade and other payables

	2024 R'000	2023 R'000
Financial instruments:		
Trade payables	142	16
Accruals	3 668	4 600
	3 810	4 616

Management is of the opinion that the net carrying value of trade and other payables approximates their fair value due to their short term nature.

13. Amounts due to subsidiary companies

	2024 R'000	2023 R'000
Subsidiaries		
Adcorp Management Services Proprietary Limited	1 158 108	1 143 992
Research Surveys Proprietary Limited	17 867	17 867
Capital Outsourcing Group Proprietary Limited – Africa	13 274	13 275
Adcorp Workforce Solutions Proprietary Limited	1 109	–
Adcorp Contracting Proprietary Limited	5 255	–
Quest Staffing Solutions Proprietary Limited	2 027	2 460
Torque IT Proprietary Limited	5 430	1 313
Adcorp Group South Africa Proprietary Limited	1 592 001	1 592 001
Adcorp Fulfilment Services Proprietary Limited	215	152
	2 795 286	2 771 060
Amounts due to subsidiaries		
Opening balance	2 771 060	2 611 876
Cash movement:		
Loans obtained from subsidiaries	3 259 374	3 419 441
Loans repaid to subsidiaries	(3 231 549)	(3 271 216)
Non cash movements:		
Share-based payment expense	(7 068)	(5 222)
Interest transferred between subsidiaries	3 493	2 040
Management and commitment fees	(2 462)	(2 888)
Other movements	2 438	(2 434)
Provision for bonus	–	19 463
Closing balance	2 795 286	2 771 060

During the current year no interest on the intragroup facilities was levied or received.

Loans from subsidiaries are generally unsecured and not subject to any fixed terms of repayment.

13. Amounts due to subsidiary companies continued

Adcorp Group South Africa Proprietary Limited (R1,6 billion) and Adcorp Management Services Proprietary Limited (R830 million) have subordinated their claims to loans made to the Company in favour of third party creditors until such time as the Company's current assets exceed its current liabilities.

Fair value of amounts due to subsidiaries

The fair value of group loans payable approximates their carrying amounts due to their short term nature.

14. Operating (loss)/profit

Operating (loss)/profit includes the following items:

	2024 R'000	2023 R'000
Audit fees	95	114
Remuneration, other than to employees		
Consulting and professional services*	107	(71)
Share-based payments expense	3 603	7 206
* Consulting and professional services recovery in the prior year.		
Other		
Administrative and managerial services*	(2 462)	(2 870)
Board fees	6 527	6 528
Exchange differences arising on the foreign loan receivable by subsidiary	(5 105)	(56 934)
Fair value gain on other financial asset	(832)	(1 447)
Other expenses	2 896	6 576

* Relates to recovery of costs for services performed on behalf of subsidiaries.

15. Investment income

	2024 R'000	2023 R'000
Interest income		
Investments in financial assets:		
Bank and other cash	4 690	4 179
Interest received	569	366
Total interest income	5 259	4 545

16. Finance costs

	2024 R'000	2023 R'000
Interest-bearing borrowings	5 259	4 545
Total finance costs	5 259	4 545

17. Taxation

	2024 R'000	2023 R'000
Major components of the tax expense		
Deferred		
Current period	1 378	15 941
Changes in tax rates	—	(569)
	1 378	15 372

Notes to the annual financial statements continued

for the year ended 29 February 2024

17. Taxation continued

	2024 R'000	2023 R'000
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax (income)/expense:		
(Loss)/profit before taxation	(4 524)	40 792
Tax at the applicable tax rate of 27% (2023: 28%)	(1 221)	11 422
Tax effect of adjustments on taxable income		
Impairment of loans	1	18
Limitation of loss*	1 909	2 896
Share based payment	973	2 018
Non-taxable income	(284)	(413)
Tax rate change	–	(569)
	1 378	15 372

The corporate tax rate for South Africa is 27%.

* This relates to the expenses that were added back to avoid creating an assessed loss as this entity does not have revenue. The expenditure is not incurred in the production of revenue.

18. Related parties

Relationships

Refer to notes 5, 13 and 14 for details regarding related party balances. Refer to Annexure A for a listing of significant subsidiaries.

	2024 R'000	2023 R'000
Related party transactions		
Consulting fees paid to related party		
Non-executive director – C Smith	1 184	1 449
Recovery of costs from subsidiary companies		
Adcorp Management Services Proprietary Limited	2 462	2 870

19. Directors' and prescribed officer's emoluments

Executive directors

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

	Salary R'000	Bonus R'000	Employee benefits R'000	Total R'000
2023				
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

The executive directors remuneration is paid out of Adcorp Management Services Proprietary Limited.

The prescribed officers' remuneration is paid out of other companies within the group.

Prescribed officers

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

Notes to the annual financial statements continued

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19. Directors' and prescribed officer's emoluments continued

Prescribed officers continued

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

* 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 employment of Adcorp for 2 years in return for a bonus equivalent to one year's value of their Total Cost to Company.

Non-executive directors

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

¹ Resigned as Alternate NED effective 28 July 2022 and became NED effective 28 July 2022.

² Resignation effective 28 July 2022.

³ Resigned as NED effective 28 July 2022 and became Alternate NED effective 28 July 2022.

⁴ Resigned effective 1 June 2022

19. Directors' and prescribed officer's emoluments continued

Directors' shareholding as at 29 February 2024

Executive directors	Number of outstanding share awards as at 28 February 2023	Issue price R/share	Number of share awards granted	Number of share awards vested	Number of share awards forfeited	Number of outstanding share awards as at 29 February 2024	Vesting date
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
	—	3,92	1,247,531	—	—	1,247,531 ^{^3}	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
	—	3,92	498,531	—	—	498,531 ^{^3}	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
	—	3,92	348,648	—	—	348,648 ^{^3}	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
	—	3,92	338,302	—	—	338,302 ^{^3}	01/06/2026
P Prasad	—	4,50	188 492	—	—	188,492 ^{^2}	13/12/2025
	—	3,92	501,850	—	—	501,850 ^{^3}	01/06/2026

^{^1} Sign-on shares.

^{^2} Conditional shares.

^{^3} Retention shares converted into cash retention bonus.

^{^4} Forfeitable and conditional shares.

Notes to the annual financial statements continued

for the year ended 29 February 2024

19. Directors' and prescribed officer's emoluments continued

Directors' shareholding as at 28 February 2023

Executive directors	Number of outstanding share awards as at 28 February 2022	Issue price R/share	Number of share awards granted	Number of share awards vested	Number of share awards forfeited	Number of outstanding share awards as at 28 February 2023	Vesting date
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
	—	4,25	614,878	—	—	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
	—	4,25	245,481	—	—	245,481 ^{^2}	13/12/2025
Prescribed officers							
R de Grooth	76,135 ^{^2}	23,93	—	(76 135)	—	— ^{^2}	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
	—	4,25	184,148	—	—	184,148 ^{^2}	13/12/2025
N Najjar	261,076 ^{^2}	3,82	—	—	—	261,076 ^{^2}	30/06/2024
	—	4,25	136,953	—	—	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
	—	4,25	94,747	—	—	94,747 ^{^2}	13/12/2025

^{^1} Sign-on shares.

^{^2} Conditional shares.

^{^3} Retention shares converted into cash retention bonus.

^{^4} Forfeitable and conditional shares.

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

Schedule of directors' interests – Adcorp Holdings Limited

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

¹ Interest excludes forfeitable shares that were awarded on 29 February 2024 and have not yet been purchased in the open market as at the reporting date.

² Interest held through VCP.

³ Resignation effective 1 June 2022.

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

20. Dividends

	2024 R'000	2023 R'000
Dividends	(136 234)	(65 093)

Dividends paid

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

Dividends declared

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

21. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

	Notes	Amortised cost R'000	Total R'000
2024			
Amounts due by subsidiary companies	5	560 970	560 970
Other receivables	6	395	395
Cash and cash equivalents	7	22 796	22 796
		584 161	584 161

	Notes	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
2023				
Other financial assets – investment at fair value	4	21 074	–	21 074
Amounts due by subsidiary companies	5	–	562 670	562 670
Other receivables	6	–	691	691
Cash and cash equivalents	7	–	114 777	114 777
		21 074	678 138	699 212

Categories of financial liabilities

	Notes	Amortised cost R'000	Total R'000
2024			
Trade and other payables	12	3 432	3 432
Amounts due to subsidiary companies	13	2 795 286	2 795 286
		2 798 718	2 798 718

	Notes	Amortised cost R'000	Total R'000
2023			
Trade and other payables	12	4 616	4 616
Amounts due to subsidiary companies	13	2 771 060	2 771 060
		2 775 676	2 775 676

The carrying value of financial assets and liabilities at amortised cost approximates their fair value.

Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of debt, which includes amounts due by subsidiary companies in note 5, amounts due to subsidiary companies disclosed in note 13, cash and cash equivalents disclosed in note 7 and equity comprising of issued capital and reserves disclosed in note 8.

Notes to the annual financial statements continued

for the year ended 29 February 2024

21. Financial instruments and risk management continued

Financial risk management

Credit risk

The company is exposed to credit risk on amounts due by subsidiary companies, other receivables and cash and cash equivalents. The maximum exposure to credit risk is presented in the table below:

	Notes	2024			2023		
		Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost/fair value R'000	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost/fair value R'000
Amounts due by subsidiary	5	564 328	(3 358)	560 970	566 024	(3 354)	562 670
Other receivables	6	395	–	395	691	–	691
Cash and cash equivalents	7	22 796	–	22 796	114 777	–	114 777
		587 519	(3 358)	584 161	681 492	(3 354)	678 138

Foreign currency risk

The Adcorp Holdings Australia Proprietary Limited loan exposes the company to foreign currency risk.

The table below analyses the impact on amounts due by subsidiary companies. The analysis is based on the assumption that the ZAR had strengthened/weakened by 10% against the foreign currency with all variables held constant.

	Rand weakened		Rand strengthened	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Amounts due by subsidiary companies				
Adcorp Holdings Australia Proprietary Limited	56 042	54 492	56 042	54 492

Interest rate risk

The company is exposed to interest rate risk because it has interest-bearing borrowings (note 10) that attract interest at a floating rate.

At 29 February 2024, if interest rates had been 1% higher/lower and all other variables were held constant, the profit or loss for the year would have decreased/increased by R1 million (2023: decreased/increased by R1 million).

22. Fair value information

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

Financial assets/ financial liabilities	2024 R'000	2023 R'000	Valuation technique(s) and key inputs R'000	Fair value hierarchy	Significant observable input(s)	Relationship of unobservable input to fair value
Investment	–	21 074	Fair value – market valuation	Level 3	Aggregated publicly traded unit trusts at fair market value	The fair value was determined based on the net asset value of the insurance cell captive at the reporting date. The net asset value was determined from financial information received from the insurer

23. Commitments

Guarantees

	2024 R'000	2023 R'000
The bank has issued guarantees to creditors to the value of	24 370	24 298

24. Going concern

In preparing the financial statements, the board of directors is responsible for evaluating the company's ability to continue as a going concern and as a consequence the appropriateness of the going concern assumption in the preparation of the financial statements. The board of directors has assessed the economic environment, current financial position and the cash flow position for the next 12 months through to the end of June 2025. The liquidity and solvency position has also been reviewed as part of this assessment.

There has been no event of default over the past 12 months on any of the company's debt facilities. No facilities available to the company have been withdrawn at the reporting date and remain committed by our lenders. The company has forecast that it will achieve the required debt to adjusted EBITDA and interest cover ranges as per the debt covenants agreed with its lenders for the following 12 months.

Solvency

On 29 February 2024, the company had an accumulated loss of R246.5 million (2023: R280.5 million) and total assets of the company exceeded the total liabilities by R1.5 million (2023: R1.6 million) and the current ratio as at 29 February 2024 was 0.01:1. There are no events anticipated in the year ahead that indicate any risk to the Company's solvency position.

Liquidity

The Group's executive and head office treasury function provides services to the operating subsidiaries, coordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the Group. In assessing the liquidity position, cash flow forecasts were prepared, covering the period up until end of June 2025. These cash flow forecasts are prepared on a Group basis that include all operating subsidiaries, due to the centralised treasury function and cash management structure of the Group. The cash position is monitored daily by management and the Company is comfortable with its liquidity levels. The Company was solvent at year end, however it made a loss in the current year and was in a net current liability position of R2,8 billion at year end due to amounts owing to Group subsidiaries. The Company's net current liability position is supported at the reporting period by a subordinated loan of R1,6 billion with Adcorp Group South Africa Proprietary Limited, a subordinated loan of R830 million with Adcorp Management Services Proprietary Limited and undrawn facilities totalling R350 million enabling the Company to settle its obligations as they become due in the normal course of business and will remain in force for as long as it takes to restore the liquidity of the Company.

Going concern conclusion

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

25. Events after the reporting period

The board of directors is not aware of any material event which occurred after the reporting date and up to the date of this report other than:

Odd-lot offer

Adcorp Holdings Limited made an offer to the Odd-lot Holders (shareholders holding less than 100 ordinary shares in the Company) to repurchase the shares at an offer price equal to a 5% premium to the 30-day VWAP of an Adcorp ordinary share at the close of business on 22 March 2024. In terms of the Odd-lot Offer, Adcorp repurchased a total of 73 701 Adcorp Shares, representing 0,07% of the total issued ordinary share capital of Adcorp for a total Odd-lot Consideration of R295 797.

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

Dividends declared

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

Annexure A: Details of significant subsidiaries

for the year ended 29 February 2024

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

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

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

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



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