

Consolidated annual financial statements 2022

adcorp

Connecting Human Potential



adcorp

Contents

Consolidated annual financial statements 2022

01	Directors' responsibility for the annual financial statements
02	Chief Executive Officer and Chief Financial Officer responsibility statement
02	Company Secretary compliance statement
03	Independent auditor's report
07	Report of the audit and risk committee
10	Directors' report
13	Consolidated statement of financial position
14	Consolidated statement of profit or loss
15	Consolidated statement of other comprehensive income
16	Consolidated statement of changes in equity
18	Consolidated statement of cash flows
20	Segment report
24	Notes to the consolidated annual financial statements
76	Annexure A – Details of significant subsidiaries
78	Shareholder analysis
IBC	Corporate information



Directors' responsibility for the annual financial statements

To the shareholders of Adcorp Holdings Limited

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the audited consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the audited consolidated financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the audited consolidated financial statements.

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

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

The directors have reviewed the group's cash flow forecast for the 12 months from approval of the consolidated financial statements to 31 May 2023 and, in light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the audited consolidated financial statements. The audited consolidated financial statements have been examined by the group's external auditor and their report is presented on pages 03 to 06.

The audited consolidated financial statements set out on pages 07 to 77, which have been prepared on the going concern basis, were approved by the directors on 30 May 2022 and were signed on their behalf by:



John Wentzel
Chief Executive Officer

30 May 2022

Navigation in this report

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



Further reference
in the report



Area of compliance with King IV
Report on Corporate Governance™

Feedback

A hard copy of the Adcorp Group Consolidated Annual Financial Statements is available on request and online at <https://www.adcorpgroup.com/wp-content/uploads/2022/05/FY2022-Adcorp-Group-Consolidation-Annual-Financial-Statement.pdf>

We are committed to improving this report year on year. Therefore, we appreciate and encourage constructive feedback. Please forward comments to: ir@singular.co.za

Chief Executive Officer and Chief Financial Officer responsibility statement

The directors, whose names are stated below, hereby confirm that:

- (a) The annual financial statements set out on pages 7 to 77, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of International Financial Reporting Standards;
- (b) No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the issuer; and
- (d) The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit and risk committee and the auditor the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.



John Wentzel
Chief Executive Officer

30 May 2022



Noel Prendergast
Chief Financial Officer

30 May 2022

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 28 February 2022 and that all such returns appear to be true, correct and up to date.



Lisa Laporte
Company Secretary

30 May 2022

Independent auditor's report

03

To the shareholders of Adcorp Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Adcorp Holdings Limited and its subsidiaries (the Group) set out on pages 13 to 77, which comprise the consolidated statement of financial position as at 28 February 2022, and the consolidated statement of profit or loss and the statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Adcorp Holdings Limited and its subsidiaries as at 28 February 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

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

Key audit matter

A Key audit matter is a matter that, in our professional judgement, is of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Independent auditor's report *continued*

Key audit matter

How the matter was addressed in the audit

Impairment assessments on the carrying value of goodwill

Goodwill (R512 million) comprise 16% of the total assets of the Group. The Group has recognised Goodwill in the consolidated statement of financial position mainly because of business acquisitions.

As required by IAS 36: Impairment of Assets ("IAS 36"), the Directors conduct annual impairment tests to assess the recoverability of the carrying value of goodwill. This is performed using discounted cash flow ("DCF") models.

As disclosed in note 7 of the consolidated financial statements, there are several key assumptions and judgements made in determining the inputs into these models.

The key assumptions with the most significant impact on the valuation models include:

- Growth rates applied to revenue, Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") and EBITDA margins. The growth rates are highly subjective since they are based on the Directors' budgets and forecasts and expectations of future trading rather than observable market data.
- Terminal growth rates applied to the valuation models.
- The discount rates applied to the projected future cash flows. The inputs into the calculation of the discount rates are subjective and involve judgement.

The impairment assessment of goodwill is a key audit matter because of the judgements required by the Directors.

We focused our testing of the impairment of goodwill on the key assumptions and judgements made by the Directors. Our audit procedures included:

- Testing the design and implementation of relevant controls over the goodwill impairment assessment process;
- Engaging our internal experts to assist with:
 - Critically evaluating whether the models used by the Directors to calculate the value in use of the individual cash generating units are aligned with IAS 36;
 - Assessing the assumptions used to calculate the discount rates and independently recalculating the discount and growth rates.
- Assessing the future projected cash flows included in the models to determine whether they are reasonable and supportable given the current economic fundamentals and expected future performance of the cash generating units;
- Comparing the projected cash flows, including the assumptions relating to revenue, EBITDA, EBITDA margins and terminal growth rates against historical performance to assess the reasonableness of the Directors' projections;
- Recomputing the value in use of each of the cash generating units and comparing this to the carrying value at 28 February 2022 to determine whether any impairment is required;
- Performing a range of sensitivity analyses on key inputs and considering the potential impact on the carrying value of Goodwill.
- Reviewing the disclosure of the goodwill included in note 7 ensuring alignment with the requirements of IAS 36.

Based on the procedures performed, we concur with the disclosures included in note 7, which are consistent with the requirements of IAS 36.

Other information

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Adcorp Holdings Limited Annual Financial Statements for the year ended 28 February 2022" which includes the Directors' Report, the Report of the Audit and Risk Committee, the Company Secretary Compliance Statement as required by the Companies Act of South Africa and the Chief Executive Officer and Chief Financial Officer responsibility statement which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's reports thereon.

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

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

Responsibilities of the Directors for the consolidated financial statements

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

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

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

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

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

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

Independent auditor's report *continued*

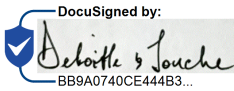
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Adcorp Holdings Limited for 21 years.

DocuSigned by:

 BB9A0740CE444B3...

Deloitte & Touche

Registered Auditor

Per: T Marriday

Partner

30 May 2022

Deloitte & Touche
 5 Magwa Crescent
 Midrand, 2066
 South Africa

Report of the audit and risk committee

for the year ended 28 February 2022

The group's audit and risk committee (the committee or ARC) presents its report for the financial year ended 28 February 2022. 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.

Composition, meetings and assessment

The five members of the ARC were recommended by the board to the shareholders and were formally appointed at the previous annual general meeting (AGM) held on 29 July 2021.

T Mokgabudi (Chairman)

H Singh

M Lubega

MW Spicer*

R van Dijk

* Passed away on 9 March 2022

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. Nine (9) committee meetings were held during the year, of which five (5) were special meetings and four (4) were ordinary meetings.

In line with King IV, the board and its committee should be assessed once every two years and this will be performed during the 2023 financial year.

Roles and responsibilities

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

- Performing statutory duties as prescribed by the Companies Act of South Africa, including the appointment and the assessment of the independence of the external auditor;
- Overseeing the integrated reporting process and assessing disclosures made to all stakeholders, which includes the consolidated financial statements for the year under review;
- Overseeing and evaluating the governance of risk and 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;
- Assessing key audit matters;
- Assessing the expertise and experience of the CFO and the resources within the financial function; and
- Reviewing and recommending the consolidated financial statements for report for approval by the board.

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

External auditor appointment and independence

FY2022

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 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 risk management priorities and response thereto. The committee thus satisfied itself of the continued independence and competence of the auditor.

The audit and risk committee has requested and has been provided with all decision letters/explanations issued by IRBA or any other regulator and any summaries relating to monitoring procedures/deficiencies issued by Deloitte & Touche.

FY2023

The Independent Regulatory Board for Auditors (IRBA) has determined that from 2023 all South African public interest entities must comply with mandatory audit firm rotation. Following careful consideration including the need for rotation of external auditors, the board of directors of Adcorp Holdings Limited decided to embark on a tender process to consider the appointment of an external audit firm.

Report of the audit and risk committee *continued*

for the year ended 28 February 2022

The committee, after following the process set out in paragraph 3.84(g)(iii) of the Listings Requirements, will be recommending the appointment the company's external auditor and the designated partner to the board of directors. The committee will verify the independence of the firm selected and the individual that will be responsible for the audit. The selected external auditor and designated partner will be nominated and recommended to the shareholders at the AGM to be held on 28 July 2022.

Financial statements and accounting policies

The committee has assessed the group's accounting policies and the consolidated financial statements for the year ended 28 February 2022 and is satisfied that they are appropriate and comply in all respects with the Companies Act, IFRS and the JSE Listings Requirements together with consideration of the findings from the JSE Reporting back on proactive monitoring of financial statements in 2021.

The committee reviewed the processes in place for the reporting of concerns and complaints relating to financial reporting and accounting practices, internal audit, contents of the consolidated financial statements, internal financial controls and any related matters. The committee can confirm that there were no such complaints during the year under review.

The committee supports the opinion of the board and the external auditor with regard to the consolidated financial statements, which have been approved by the board and will be presented to shareholders at the AGM to be held on 28 July 2022.

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

Governance of risk

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

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

Internal audit

The internal audit function under 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;
- Received assurance that proper and adequate accounting records were maintained;
- Considered the internal audit reports on the group's systems of internal controls, including financial controls;
- Reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to internal audit findings and considered management's responses to adverse internal audit findings;
- Met with the internal audit independently of management; and
- Assessed the adequacy of the performance of the internal audit function and found it to be satisfactory.

CEO and CFO responsibility statement

The committee evaluated the group's assessment of the CEO and CFO's responsibility statement on the consolidated financial statements and internal financial controls as required by the JSE Listings Requirements as set out on page 2.

The Group CEO and Group CFO reviewed the controls over financial reporting and presented the findings to the Committee.

Based on this evaluation management identified certain deficiencies that were largely mitigated by compensating controls and did not lead to any material concerns with the financial reporting process.

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

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

Going concern

In preparing the consolidated group financial statements, the directors are responsible for evaluating the group's ability to continue as a going concern and therefore the appropriateness of the going concern assumption in preparing the financial statements. The directors have assessed the economic environment, current financial position, and the group's expected cash flows for the next 12 months through to the end of May 2023. The liquidity and solvency position has also been reviewed as part of this assessment.

The directors are satisfied that there are no material uncertainties that cast doubt on the group or company's ability to operate as a going concern. The group and company have sufficient resources, or access to resources, to continue with all operating activities for the foreseeable future. Based on this assessment, the directors consider it appropriate to adopt the going concern assumption for the preparation of the 2022 financial statements.

Significant areas of judgement

In arriving at the figures disclosed in the consolidated financial statements, there are certain areas where judgement is needed. The audit and risk committee has considered various elements of the consolidated financial statements that require judgement and provide additional commentary on the goodwill impairment assessment.

Goodwill and impairment assessment

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

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

On this basis, the committee is satisfied that no impairment (2021: Rnil) is required on the goodwill for the current year.

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

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

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

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

The audit and risk committee has access to all financial information of the company, including the financial information of all entities within the group.

Key focus areas

In addition to executing on its statutory duties and considering key audit matters, the committee also addressed the following key areas of focus during the year ended 28 February 2022:

- Continued to monitor the progress of the group's financial roadmap and approving any amendments necessitated by the turnaround strategy;
- Continued oversight of the key finance IT initiatives across the Group, including those impacting efficiency and integrity of the reporting processes;
- Monitored actions taken to mitigate the risks of COVID-19 on the business and its stakeholders; and
- Continued monitoring the risk exposure of the group and ensuring adequate and sound mitigating measures are in place.

The committee has set the following key areas of focus for 2023:

- Continuing to monitor the progress of the group's financial roadmap and approving any amendments necessitated by the turnaround strategy;
- Monitoring actions taken to mitigate the continued risks of COVID-19 on the business and its stakeholders;
- Continuing monitoring the risk exposure of the group and ensuring adequate and sound mitigating measures are in place;
- Ensuring that the combined assurance model is in place and is applied to provide a coordinated approach to all assurance activities; and
- Evaluating initiatives implemented to monitor cyber security and security of data.

Conclusion

Having considered all the material factors and key audit matters the committee recommended the consolidated financial statements for the year ended 28 February 2022 for approval to the board. The board has approved the annual financial statements which will be open for discussion at the forthcoming AGM of shareholders.

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



T Mokgabudi

Chairman, audit and risk committee

30 May 2022

Directors' report

for the year ended 28 February 2022

The directors have pleasure in submitting their report and consolidated financial statements for the year ended 28 February 2022.

Nature of business

The group 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. There have been no material changes in the nature of the business during the current financial year.

Results of group operations

The results for the current financial year are detailed in the annual consolidated financial statements on page 13 to 77.

Share capital

The authorised share capital is 183 177 151 (2021: 183 177 151) ordinary shares of 2,5 cents per share and 16 822 849 (2021: 16 822 849) "B" ordinary shares of 2,5 cents per share. The issued share capital of the group at 28 February 2022 was 109 954 675 (2021: 109 954 675) ordinary shares of 2,5 cents per share and 6 729 140 (2021: 6 729 140) "B" ordinary shares of 2,5 cents per share.

Dividend

The board approved a final gross cash dividend of 47 cents per ordinary share for the financial year ended 28 February 2022 (2021: Rnil). The dividend has been declared from income reserves.

Property and equipment

There were no significant changes in the nature of the group's property and equipment during the current financial year. During the current financial year, the group acquired property and equipment to the value of R10,8 million (2021: R15,7 million).

Special resolutions

At the AGM held on 29 July 2021, Adcorp's shareholders passed the following special resolutions for the purposes indicated:

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

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

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

Statutory information

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

Directorate and secretary

The directors during the year are as follows:

Name	Current year appointments and resignations
Non-executive directors	
GT Serobe	
P Mnganga	Appointed as lead independent director effective 26 May 2022
H Singh	
C Maswanganyi	
S Sithole	
MW Spicer	Passed away 9 March 2022
MM Nkosi	Resignation effective 1 June 2022
R van Dijk	
C Smith	
T Olls (Alternative director to S Sithole)	Appointed 6 December 2021
SN Mabaso-Koyana	Resignation effective 1 March 2021
T Mokgabudi	
M Lubega	
Executive directors	
P Roux	Resigned 31 March 2021
Dr J Wentzel	Appointed 1 April 2021
N Prendergast	
Company Secretary	
L Laporte	

Directors' and prescribed officers' remuneration and interests held

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

Directors' interest in contracts

No material contracts involving directors' interests 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.

Disposal of non-core assets

On 30 March 2021, the group disposed of its 100% shareholding in Adcorp Support Services and received net proceeds of R195 million after deduction of certain closing liabilities on 31 March 2021.

Going concern

In preparing the consolidated group financial statements, the directors are responsible for evaluating the group's ability to continue as a going concern. The directors have assessed the economic environment, current financial position and the group's cash flow position for the next 12 months. The liquidity and solvency position has also been reviewed as part of this assessment.

Solvency

As at 28 February 2022, the group had accumulated losses of R413 million and the group's total assets exceed its liabilities by R1 473 million.

Liquidity

In assessing the liquidity position, a cash flow forecast was prepared up until 31 May 2023 and available cash resources were considered. Collectively, these indicate that the group will have or have access to sufficient cash resources for the period under review. Furthermore, the cash position is monitored daily by management.

Directors' report *continued*

for the year ended 28 February 2022

Going concern conclusion

The directors are satisfied that the group has sufficient resources, or access to resources, to continue with all operating activities for the foreseeable future. Based on this assessment, the directors have no reason to believe that the group will not be a going concern for the foreseeable future.

Auditor

The audit committee resolved during the year to put the external audit to tender with a view of appointing new auditors for the 2023 financial year. The process is underway and the selected external auditor and designated partner will be nominated and recommended to the shareholders at the AGM to be held on 28 July 2022.

Company Secretary

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

Compliance with applicable laws

The board hereby confirms that the company is:

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

Events after reporting period

Debt refinance in South Africa

The South Africa operation is in the final stages of renegotiating a facility of R250 million plus an accordion feature of R100 million which is expected to be effective from 1 September 2022. The facility is expected to mature in three years from the effective date and will be used to fund its working capital requirements.

Debt extension in Australia

On 23 March 2022, the lenders of the Australian operations interest – bearing borrowings agreed to extend the Revolving Borrowing Base facility maturity date. The agreement was extended on the same terms and conditions as the Syndicated Facility Agreement dated 23 January 2013 with a change in maturity date until 10 March 2024 and a margin of 1,6%.

Consolidated statement of financial position

as at 28 February 2022

	Notes	2022 R'000	2021 R'000
Assets			
Non-current assets		1 290 954	1 357 418
Property and equipment	4	37 171	48 286
Right-of-use assets	5.1	323 432	364 572
Intangible assets	6	125 773	144 346
Goodwill	7	512 723	527 216
Other financial assets – investment at fair value	8.1	19 597	18 971
Deferred taxation	9	214 187	198 832
Prepayments	13.1	58 071	55 195
Current assets		1 909 718	1 962 906
Trade receivables	12	1 336 354	1 377 823
Other receivables	13.3	143 562	101 297
Taxation prepaid	11	9 447	9 854
Cash and cash equivalents	14	420 355	473 932
Disposal group assets held for sale	3.2	–	196 553
Total assets		3 200 672	3 516 877
Equity and liabilities			
Total equity		1 472 529	1 352 254
Share capital and share premium	15.1	1 740 858	1 740 858
Treasury shares	15.2	(72 172)	(68 083)
Reserves	16	(196 157)	(320 521)
Non-current liabilities		438 004	870 459
Interest-bearing borrowings	17.1	–	400 000
Lease liabilities	5.2	348 493	369 658
Deferred taxation	9	89 511	100 801
Current liabilities		1 290 139	1 273 020
Interest-bearing borrowings	17.2	133 336	55 823
Lease liabilities	5.2	75 472	75 281
Bank overdraft	14	–	87
Trade and other payables	18	819 610	908 922
Provisions	19	203 930	183 738
Taxation payable	11	57 791	49 169
Disposal group liabilities held for sale	3.2	–	21 144
Total equity and liabilities		3 200 672	3 516 877

Consolidated statement of profit or loss

for the year ended 28 February 2022

	Notes	2022 R'000	2021 R'000
Continuing operations			
Revenue	20	11 512 948	11 716 956
Cost of sales		(10 290 896)	(10 575 140)
Gross profit		1 222 052	1 141 816
Other income	21	19 553	99 399
Loss allowance for expected credit losses – trade receivables	12	15 673	33 396
Operating expenses		(1 058 130)	(1 156 200)
Operating profit before finance income and finance costs	22	199 148	118 411
Finance income	23	5 243	16 204
Finance costs	24	(69 022)	(106 854)
Profit before taxation		135 369	27 761
Taxation expense	10	(33 778)	(22 338)
Profit for the year from continuing operations		101 591	5 423
Discontinued operations			
Profit for the year from discontinued operations	3.1	17 366	35 906
Profit for the year		118 957	41 329
Profit attributable to:			
Owners of the parent from continuing operations		99 037	2 322
Owners of the parent discontinued operations		17 366	35 906
Non-controlling interest		2 554	3 101
Continuing operations basic and diluted earnings per share:			
Basic earnings per share – cents	25	92,8	2,2
Diluted earnings per share – cents	25	87,8	2,1
Discontinued operations basic and diluted earnings per share:			
Basic earnings per share – cents	25	16,3	33,4
Diluted earnings per share – cents	25	15,4	32,5
Total basic earnings per share			
Basic earnings per share – cents	25	109,1	35,6
Diluted earnings per share – cents	25	103,2	34,6

Consolidated statement of other comprehensive income

for the year ended 28 February 2022

	2022 R'000	2021 R'000
Profit for the year	118 957	41 329
Other comprehensive income¹:		
Continuing operations	(5 261)	60 284
Exchange differences on translating foreign operations	10 726	16 539
Exchange differences reclassified to profit or loss on disposal of foreign business (note 16.2 and 32)	–	(3 770)
Exchange differences arising on the net investment of a foreign operation	(15 987)	47 515
Other comprehensive (loss)/income for the year, net of tax	(5 261)	60 284
Total comprehensive income for the year	113 696	101 613
Total comprehensive income attributable to:		
Owners of the parent continuing operations	93 776	62 927
Owners of the parent discontinued operations	17 366	35 906
Non-controlling interest	2 554	2 780

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

Consolidated statement of changes in equity

for the year ended 28 February 2022

	Share capital R'000	Share premium R'000	Treasury shares R'000	Share-based payment reserve R'000
Notes	15.1	15.1	15.2	16.1
Balance as at 29 February 2020	2 749	1 738 109	(68 083)	166 794
Share-based payments	—	—	—	12 923
Profit for the year	—	—	—	—
Other comprehensive income/(loss)	—	—	—	—
Share repurchases	—	—	—	—
Loss of control	—	—	—	—
Balance as at 28 February 2021	2 749	1 738 109	(68 083)	179 717
Share-based payments	—	—	—	17 381
Profit for the year	—	—	—	—
Other comprehensive income	—	—	—	—
Treasury share purchases	—	—	(4 947)	—
Treasury shares sold	—	—	858	(858)
Distributions to shareholders	—	—	—	—
Transactions with non-controlling interests	—	—	—	—
Balance as at 28 February 2022	2 749	1 738 109	(72 172)	196 240

Foreign currency translation reserve R'000	Accumulated retained earnings/ (loss) R'000	Attributable to equity holders of the parent R'000	Non- controlling interest R'000	Employees' share option scheme reserve R'000	Total equity R'000
16.2					
(31 823)	(567 474)	1 240 272	4 899	676	1 245 847
—	—	12 923	—	—	12 923
—	38 228	38 228	3101	—	41 329
60 605	—	60 605	(321)	—	60 284
—	151	151	—	(508)	(357)
—	—	—	(7 772)	—	(7 772)
28 782	(529 095)	1 352 179	(93)	168	1 352 254
—	—	17 381	—	—	17 381
—	116 403	116 403	2 554	—	118 957
(5 124)	—	(5 124)	(137)	—	(5 261)
—	—	(4 947)	—	—	(4 947)
—	—	—	—	—	—
—	—	—	(1 991)	—	(1 991)
—	—	—	(3 864)	—	(3 864)
23 658	(412 692)	1 475 892	(3 531)	168	1 472 529

Consolidated statement of cash flows

for the year ended 28 February 2022

	Notes	2022 R'000	2021 R'000
Operating activities			
Profit before taxation		153 977	95 317
From continuing operations		135 369	27 761
From discontinued operations	3.1	18 608	67 556
Adjusted for:			
Depreciation on property and equipment	4	18 496	27 960
Depreciation on right-of-use assets	5.1	53 645	63 907
Amortisation of intangibles	6	16 880	42 148
Prepayment released – enterprise technology transformation project	13.2	19 844	14 373
Impairment of right-of-use assets	5.4	2 770	5 889
Lease liabilities derecognised net of lease settlement costs	5.5	–	(17 740)
Right-of-use assets derecognised	5.5	–	12 895
Loss/(profit) on the sale of property and equipment	22	2 182	(7 881)
Share-based payments	16.1	19 709	12 923
Profit on the disposal of businesses	32	(13 950)	(2 592)
Fair value adjustment – investment at fair value	8.1	(626)	(1 351)
Value added tax accrual		–	(21 479)
Decrease in loss allowances for expected credit losses – trade receivables	12	(15 673)	(33 396)
Finance income	23	(5 243)	(16 416)
Finance costs	24	69 022	107 312
Cash generated from operations before working capital changes		321 033	281 869
(Increase)/decrease in trade and other receivables	12 and 13	(13 658)	745 667
Decrease in trade and other payables	18	(66 303)	(136 457)
Increase in provisions	19	18 946	22 651
Cash generated by operations		260 018	913 730
Finance income	23	5 243	16 416
Finance costs	24	(24 645)	(59 201)
Interest expense on lease liabilities	5.2	(45 087)	(48 111)
Taxation paid	11	(49 794)	(52 229)
Net cash generated from operating activities		145 735	770 605

	Notes	2022 R'000	2021 R'000
Investing activities			
Additions to property and equipment	4	(10 835)	(15 750)
Proceeds from the sale of property and equipment		511	16 930
Additions to intangible assets	6	(804)	(980)
Prepayment – enterprise technology transformation project	13.2	(23 798)	(57 456)
Proceeds from investment – amortised cost	8.2	–	37 067
Proceeds on disposal of businesses	32	163 684	29 833
Net cash inflow from investing activities		128 758	9 644
Financing activities			
Share repurchases	16.1.2	–	(357)
Treasury shares acquired for delivery to shared based payment schemes	15.2	(4 089)	–
Repayment of borrowings	17.3	(960 000)	(965 524)
Proceeds from borrowings	17.3	637 509	386 667
Distributions to non-controlling interests		(1 991)	–
Cash flow on increases in ownership interests		(3 864)	–
Repayment of lease liabilities and lease settlement cost	5.2 and 5.5	(36 217)	(69 966)
Net cash outflow from financing activities		(368 652)	(649 180)
Net (decrease)/increase in cash and cash equivalents		(94 159)	131 069
Cash and cash equivalents at the beginning of the year	14	498 356	360 500
Foreign currency adjustments		16 158	6 787
Cash and cash equivalents at the end of the year	14	420 355	498 356

Segment report

for the year ended 28 February 2022

Information reported to the group's executive committee Chief Operating Decision Maker (CODM) to make key operating decisions, resource allocation and the assessment of segmental performance is focused on the different service offerings and geographical region of operations. The group's reportable segments under IFRS 8 are as follows:

Industrial

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

Professional

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

Training

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

Central

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

Australia

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

Geographic segmentation

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

Segment operating profit or loss before finance income and finance costs represents the profit or loss earned by each segment without allocation of central administration costs including directors' salaries, finance income, finance costs, and income tax expense applicable to the Central segment, however, includes internal charges between the Central and other segments. The finance income and finance costs include intra-group charges. This is the measure reported to the group's Chief Executive for resource allocation and assessment of segment performance. To monitor segment performance and allocate resources between segments the group's Chief Executive monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments except other financial assets (except for trade and other receivables) and taxation assets. Goodwill has been allocated to reportable segments as described in note 7.

Transactions between segments follow the group's accounting policies.

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

Segment report *continued*

for the year ended 28 February 2022

		Industrial ¹	Professional	Training	Australia	Central
		South Africa	South Africa	South Africa	International	South Africa
Revenue						
– 2022	(R'000)	4 709 665	1 854 921	239 764	4 708 598	–
– 2021	(R'000)	4 621 131	2 000 039	184 609	4 911 177	–
Internal revenue						
– 2022	(R'000)	59 515	52 995	11 388	–	–
– 2021	(R'000)	145 150	7 828	12 844	–	5 262
Loss allowance for expected credit loss and bad debts on trade receivables income/(expense)						
– 2022	(R'000)	10 081	4 642	176	774	–
– 2021	(R'000)	4 427	20 763	2 738	5 466	2
Operating profit/(loss) before finance income and finance costs⁴						
– 2022	(R'000)	129 246	23 906	(22 834)	69 007	47
– 2021	(R'000)	125 964	668	(21 654)	62 730	(35 508)
Depreciation and amortisation						
– 2022	(R'000)	2 079	17 968	7 604	23 612	37 622
– 2021	(R'000)	5 617	22 179	11 645	50 333	40 587
Finance income						
– 2022	(R'000)	3	12	58	–	5 170
– 2021	(R'000)	1 643	80	138	37	14 306
Finance costs						
– 2022	(R'000)	(276)	(80)	(670)	(5 664)	(62 332)
– 2021	(R'000)	(4 775)	(152)	(1 074)	(8 970)	(91 883)
Impairment expenses⁵						
– 2022	(R'000)	–	–	–	–	(2 770)
– 2021	(R'000)	–	–	–	–	(5 889)
Taxation (expense)/income						
– 2022	(R'000)	(19 340)	(417)	5 118	(21 549)	2 410
– 2021	(R'000)	(43 082)	(18 948)	(20 575)	(11 598)	71 865
Total assets						
– 2022	(R'000)	839 565	448 313	100 096	1 146 197	666 501
– 2021	(R'000)	884 450	477 594	78 362	1 169 413	710 505
Total liabilities						
– 2022	(R'000)	372 681	159 618	138 677	471 515	585 652
– 2021	(R'000)	395 155	170 157	133 242	489 475	955 450
Additions to property and equipment						
– 2022	(R'000)	997	147	760	8 306	625
– 2021	(R'000)	246	572	119	10 808	627
Additions to right-of-use assets						
– 2022	(R'000)	1 289	243	11 266	5 203	–
– 2021	(R'000)	2 699	2 271	8 117	7 152	7 338
Additions to intangible assets						
– 2022	(R'000)	–	–	804	–	–
– 2021	(R'000)	–	–	–	980	–

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

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

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

⁴ Includes internal charges charged between segments within continued and discontinued operations. As a result, the amounts presented in the segmental report from continuing operations will not agree to the amounts presented in the consolidated statement of profit or loss for continuing operations. In the current financial year, the Central segment did not charge the remaining segment's financing costs.

⁵ Includes impairment on right-of-use assets (note 5.4).

Group continuing operations	Discontinued operations ²	Discontinued operations ³	Total group	Geographical segments	
Total	South Africa	International	Total	South Africa	International
11 512 948 11 716 956	11 024 128 624	— 291 538	11 523 972 12 137 118	6 815 374 6 934 402	4 708 598 5 202 716
123 898 171 084	— —	— —	123 898 171 084	123 898 171 084	— —
15 673 33 396	— —	— —	15 673 33 396	14 899 27 930	774 5 466
199 372 132 200	4 402 44 623	— 9 389	203 774 186 212	134 767 114 093	69 007 72 119
88 885 130 361	146 3 654	— —	89 031 134 015	65 419 83 682	23 612 50 333
5 243 16 204	31 212	— 1	5 274 16 417	5 274 16 379	— 38
(69 022) (106 854)	— (458)	— —	(69 022) (107 312)	(63 358) (98 342)	(5 664) (8 970)
(2 770) (5 889)	— —	— —	(2 770) (5 889)	(2 770) (5 889)	— —
(33 778) (22 338)	(1 242) (17 098)	— (14 551)	(35 020) (53 987)	(13 471) (27 838)	(21 549) (26 149)
3 200 672 3 320 324	— 196 553	— —	3 200 672 3 516 877	2 054 475 2 347 464	1 146 197 1 169 413
1 728 143 2 143 479	— 21 144	— —	1 728 143 2 164 623	1 256 628 1 675 148	471 515 489 475
10 835 12 372	— 3 364	— —	10 835 15 736	2 529 4 928	8 306 10 808
18 001 27 577	— —	— —	18 001 27 577	12 798 20 425	5 203 7 152
804 980	— —	— —	804 980	804 —	— 980

Notes to the consolidated annual financial statements

for the year ended 28 February 2022

Corporate information

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

1. Accounting framework

The group applies all applicable International Financial Reporting Standards (IFRS) to prepare the consolidated annual financial statements.

Consequently, all IFRS statements that were effective at 28 February 2022 and are relevant to its operations have been applied.

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

In preparation of the financial statements, the group has assessed materiality for each item on the statement of profit or loss and statement of comprehensive income and statement of financial position. In assessing the materiality of the group, quantitative and qualitative factors were taken into account. Materiality was determined at R12,5 million.

New and amended standards and interpretations

The accounting policies applied are consistent with those adopted and disclosed in the group financial statements for the year ended 28 February 2022. The group has adopted the following new accounting pronouncements which became effective in the current reporting period:

Standard	Annual reporting periods beginning on or after	Possible impact
Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021	The South African Reserve Bank (SARB) has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa; however, there is currently no indication of when the designated successor rate will be made available. Management continues to stay abreast of the changes and will assess impacts once the changes have been finalised. The refinancing of the South African revolving credit facility for the new financial year will make use of an alternative rate.

1. Accounting framework continued

Standards issued but not yet effective

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

Standard	Annual reporting periods beginning on or after	Possible impact
COVID-19-Related Rent Concessions – amendment to IFRS 16	1 April 2021	Unlikely there will be a material impact
Reference to the Conceptual Framework – amendments to IFRS 3	1 January 2022	Unlikely there will be a material impact
Property, Plant and Equipment – proceeds before intended use – amendments to IAS 16	1 January 2022	Unlikely there will be a material impact
Amendments to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022	Unlikely there will be a material impact
IFRS 9 Financial instruments – Fees in the '10 per cent test' for derecognition of financial liabilities	1 January 2022	Unlikely there will be a material impact
Annual Improvements to IFRS 2018 – 2020	1 January 2022	Unlikely there will be a material impact
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current & Deferral of Effective Date	1 January 2023	Unlikely there will be a material impact
Disclosure of Accounting Policies – amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	Unlikely there will be a material impact
Definition of Accounting Estimates – amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	Unlikely there will be a material impact
IFRS 17 Insurance Contracts	1 January 2023	Unlikely there will be a material impact

2. Significant accounting policies

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

2.1 Basis of preparation

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations effective for the Group's financial year, and Financial Pronouncements as issued by the Financial Reporting Standards Council. These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa (No. 71 of 2008) and JSE Listings Requirements. The consolidated annual financial statements are presented in Rand (ZAR), the currency of South Africa where Adcorp Holdings Limited is incorporated. All values are rounded to the nearest thousand in the tables presented and nearest million in explanatory notes unless otherwise stated.

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

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

2. Significant accounting policies *continued*

2.2 Fair value measurements and valuation processes

The group measures certain financial instruments at fair value at each reporting date (note 8.1 and 35.7).

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated annual financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in note 35.7.

2.3 Basis of consolidation

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

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

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

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

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

2. Significant accounting policies continued

2.3 Basis of consolidation continued

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

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

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

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

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

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

2.4 Foreign currency transactions and balances

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

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

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The profit or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the profit or loss on change in fair value of the item (i.e. translation differences on items whose fair value profit or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

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

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

2. Significant accounting policies *continued*

2.5 Foreign currency translations

For the purposes of presenting the consolidated financial statements, the presentation currency is the South African Rand. On consolidation, the assets and liabilities of entities with a functional currency other than the Rand are translated into Rand at the rate of exchange prevailing at the reporting date and income and expenses for each statement presenting profit or loss and other comprehensive income are translated at the average exchange rates for the period. All resulting exchange differences are recognised in other comprehensive income in a foreign currency translation reserve.

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

The applicable exchange rates are as follows:

	2022			2021		
	AUD	USD	AOA	AUD	USD	AOA
Exchange rate at the beginning of the year	11,65	15,08	0,0234	10,16	15,61	0,0314
Exchange rate at the end of the year	11,11	15,39	0,0313	11,65	15,08	0,0234
Average exchange rate during the year	11,00	14,96	0,0247	11,61	16,52	0,0273

AUD = Australian dollar

USD = United States dollar

AOA = Angolan kwanza

2.6 Financial instruments

2.6.1 Initial recognition and measurement

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

2.6.2 Subsequent measurement of financial assets

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

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

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

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

2.6.3 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 group currently has no financial liabilities classified as at fair value through profit or loss.

Financial liabilities at amortised cost includes lease liabilities (note 5.2), bank overdrafts (note 14), interest-bearing borrowings (note 17) and trade and other payables (note 18).

2.6.4 Financial asset write-offs

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

2. Significant accounting policies continued

2.6 Financial instruments continued

2.6.5 Derecognition of financial assets and liabilities

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

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

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

2.6.6 Amortised cost and effective interest rate method

Interest income is recognised in profit or loss and presented in the interest income line item. Interest expense is recognised in profit or loss presented in the interest expense line item.

2.7 Change in accounting policy

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

3. Discontinued operations Accounting policy

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

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

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

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

Adcorp Support Services Proprietary Limited

The group disposed of its investment in Adcorp Support Services Proprietary Limited, a wholly owned indirect subsidiary of Adcorp Holdings Limited, which was disclosed as a discontinued operation in the 2021 financial year and the current financial year until the effective date of disposal on 30 March 2021. The disposal is consistent with the group's long-term policy to focus activities on the core businesses of the group and to utilise the proceeds to reduce the group's gearing. Refer to note 32 for further details relating to the disposal.

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

3. Discontinued operations *continued*

3.1 Financial performance of discontinued operations

The financial performance presented below relates to Adcorp Support Services Proprietary Limited for the current financial year, the FY2021 financial performance includes Adcorp Support Services Proprietary, Dare Holdings Proprietary Limited and Adcorp Holdings Singapore Pte Limited. Adcorp Support Services Proprietary Limited was disposed of on 30 March 2021 (note 32) and the financial performance of these entities is included below up until the disposal date.

	Notes	2022 R'000	2021 R'000
Profit or loss			
Revenue		11 024	420 162
Cost of sales		(4 199)	(304 934)
Gross profit		6 825	115 228
Other income		158	1 536
Operating expenses		(2 356)	(48 963)
Operating profit before finance income, finance costs, taxation expense and profit on disposal of discontinued operations		4 627	67 801
Finance income		31	213
Finance costs		–	(458)
Profit before taxation		4 658	67 556
Taxation expense	10	(1 242)	(31 650)
Profit after taxation		3 416	35 906
Other comprehensive income			
Exchange differences arising on translating foreign operations		–	–
Total comprehensive income		3 416	35 906
Profit on disposal of discontinued operations	32	13 950	–
Total profit for the year from discontinued operations		17 366	35 906
Attributable to:			
South Africa		17 366	38 951
International		–	(3 045)
		17 366	35 906

Reconciliation of total profit from discontinued operations for the year:

	2022 R'000	2021 R'000
Profit before tax of discontinued operation	18 608	67 556
Profit before tax from operations	4 658	67 556
Profit on disposal of discontinued operation	13 950	–
Taxation expense from operations	(1 242)	(31 650)
Total profit for the year from discontinued operation	17 366	35 906
Profit after tax of discontinued operation	3 416	35 906
Profit on disposal of discontinued operation	13 950	–

3. Discontinued operations continued

3.2 Assets and liabilities held for sale

	2022 R'000	2021 R'000
Non-current assets held for sale	-	158 658
Property and equipment	-	4 785
Right-of-use assets	-	3 149
Goodwill	-	148 656
Deferred taxation	-	2 068
Current assets held for sale	-	37 895
Trade receivables	-	8 195
Other receivables	-	5 189
Cash and cash equivalents	-	24 511
Total assets held for sale	-	196 553
Non-current liabilities held for sale	-	1 206
Lease liabilities	-	1 206
Current liabilities held for sale	-	19 938
Trade and other payables	-	11 571
Lease liabilities	-	2 496
Provisions	-	5 235
Taxation payable	-	636
Total liabilities held for sale	-	21 144

The assets and liabilities held for sale relate to Adcorp Support Services Proprietary Limited in the comparative financial year.

3.3 Cash flows from discontinued operation

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

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

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

4. Property and equipment

Accounting policy

Property leasehold improvements, computer equipment and furniture and fittings are initially recognised at cost and thereafter stated at cost, net of accumulated depreciation and accumulated impairment losses.

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

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

An item of property leasehold improvements, computer equipment and fixtures and fittings is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. At the end of each reporting period, the group reviews the carrying value of property and equipment to determine whether there is an indication of impairment. If there is an indication of impairment, the recoverable amount is estimated to determine the extent of the impairment loss. The recoverable amount is the higher of its fair value less cost to sell and its value in use. An impairment loss is recognised in profit or loss.

Key estimates and judgements

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Computer and office equipment 1 to 5 years
- Furniture and fittings 2 to 5 years
- Leasehold improvements over the lease period

Reconciliation of beginning and ending balances by classes of assets

	Leasehold Improvements 2022 R'000	Computer and office equipment and furniture and fittings 2022 R'000	Total 2022 R'000	Total 2021* R'000
Balance at the beginning of the year	26 698	21,591	48 289	72 212
Assets at cost	51 131	124 135	175 266	216 189
Accumulated depreciation	(24 433)	(102 544)	(126 977)	(143 977)
Current year movements				
Classified as held for sale	–	–	–	(4 785)
Additions	1 340	9 495	10 835	15 735
Effect of foreign currency exchange differences	(400)	(364)	(764)	2 133
Cost	(1 122)	(1 931)	(3 053)	7 568
Accumulated depreciation	722	1 567	2 289	(5 435)
Disposals and assets derecognised	(80)	(2 613)	(2 693)	(9 049)
Cost	(2 041)	(21 096)	(23 137)	(52 375)
Accumulated depreciation	1 961	18 483	20 444	43 326
Depreciation (note 22)	(7 199)	(11 297)	(18 496)	(27 960)
Net book value at the end of the year	20 359	16 812	37 171	48 286
Represented by:				
Cost	49 308	110 603	159 911	175 264
Accumulated depreciation	(28 949)	(93 791)	(122 740)	(126 978)
Net book value at the end of the year	20 359	16 812	37 171	48 286

* A split of comparative information per category can be found in the prior year audited consolidated financial statements.

5. Leases

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

Accounting policy

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

The Group as the lessor

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

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

Group as lessee

The group assessed whether a contract is or contains a lease, at inception of a contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets, at the date at which the leased asset is available for use. Short-term leases have a term of 12 months or less and low-value assets comprise assets with a value less than R75 000 for the South Africa business and AUD 5000 for the Australia business. For short-term and low-value leases the group applies the permitted exceptions under IFRS 16 *Leases*. The group recognises the lease payments for short-term and low-value leases as an operating expense in profit or loss on a straight-line basis over the lease term. Refer to note 36.

Lease liability

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

Lease payments included in the measurement of the lease liability comprise the following:

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

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

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when: there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate and a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

Right-of-use assets

The right-of-use assets are initially measured at the amount equal to the lease liability. The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the lease term of the underlying asset on a straight-line basis or the asset's useful life. The group has not entered into any leasing arrangements that contain the option to purchase leased property. Depreciation starts at the commencement date of a lease.

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

For right-of-use assets which are depreciated over their lease terms, the lease terms are presented in the following table:

- Buildings (one to twelve years) – over the lease period; and
- Printers (two to three years) – over the lease period.

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

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

5. Leases *continued*

5.1 Right-of-use assets

Reconciliation of beginning and ending balances by classes of assets

	Buildings 2022 R'000	Printers 2022 R'000	Total 2022 R'000	Total 2021 R'000
Balance at the beginning of the year	358 825	5 747	364 572	414 917
Cost	440 176	7 603	447 779	516 589
Accumulated depreciation	(75 462)	(1 856)	(77 318)	(62 969)
Accumulated impairments	(5 889)	–	(5 889)	(38 703)
Classified as held for sale	–	–	–	(3 149)
Cost	–	–	–	(7 348)
Accumulated depreciation	–	–	–	4 199
Additions	18 001	–	18 001	27 577
Depreciation (note 22)	(51 052)	(2 593)	(53 645)	(63 907)
Impairment (note 22)	(2 770)	–	(2 770)	(5 889)
Right-of-use assets derecognised (note 22)	(481)	–	(481)	(12 895)
Cost	(481)	–	(481)	(98 887)
Accumulated depreciation	–	–	–	47 289
Accumulated impairments	–	–	–	38 703
Foreign exchange movements	(2 245)	–	(2 245)	7 918
Cost	(3 157)	–	(3 157)	9 848
Accumulated depreciation	912	–	912	(1 930)
Balance at the end of the year	320 278	3 154	323 432	364 572
Represented by:				
Cost	454 541	7 603	462 144	447 779
Accumulated depreciation	(125 604)	(4 449)	(130 053)	(77 318)
Accumulated impairments	(8 659)	–	(8 659)	(5 889)
Balance at the end of the year	320 278	3 154	323 432	364 572

5.2 Lease liabilities

	Buildings 2022 R'000	Printers 2022 R'000	Total 2022 R'000	Total 2021 R'000
Current lease liabilities	72 809	2 663	75 472	75 281
Non-current lease liabilities	347 523	970	348 493	369 658
Carrying value	420 332	3 633	423 965	444 939
Reconciliation of beginning and ending balances				
Balance at the beginning of the year	438 709	6 230	444 939	497 478
Additions	18 323	–	18 323	27 577
Repayments	(78 229)	(3 075)	(81 304)	(98 599)
Interest expense	44 609	478	45 087	48 111
Foreign exchange movements	(3 080)	–	(3 080)	10 130
Lease liabilities derecognised (note 5.5 and note 21)	–	–	–	(36 056)
Lease liability classified as held for sale	–	–	–	(3 702)
Balance at the end of the year	420 332	3 633	423 965	444 939

5. Leases continued

5.3 Maturity analysis of lease liabilities

	Buildings 2022 R'000	Printers 2022 R'000	Total 2022 R'000	Total 2021 R'000
Minimum lease payments	703 750	3 909	707 659	768 156
Within one year	116 346	2 897	119 243	119 908
Between two and five years	226 634	1 012	227 646	290 114
More than five years	360 770	–	360 770	358 134
The present value of the lease obligation is due as follows:	420 332	3 633	423 965	444 939
Within one year	72 809	2 663	75 472	75 281
Between two and five years	76 268	970	77 238	98 403
More than five years	271 255	–	271 255	271 255
The present value of the interest payments is due as follows:	283 418	275	283 693	323 217
Within one year	43 539	236	43 775	44 627
Between two and five years	150 364	39	150 403	191 711
More than five years	89 515	–	89 515	86 879

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

Key estimates and judgements

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

Extension and termination options

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

Incremental borrowing rate

In determining the incremental borrowing rate, the group made use of recent third-party financing received as a starting point, and adjusted the cost of borrowing to reflect changes in financing conditions since third-party financing was received and made adjustments for entity-specific risk within the group. The determination of the incremental borrowing rate applied to lease transactions is a significant area of judgement and management estimation.

5.4 Right-of-use assets impaired

The following right-of-use assets have been impaired:

Adcorp segments	2022 R'000	2021 R'000
Central	(2 770)	(5 889)
Total impairment	(2 770)	(5 889)

An impairment of R2,8 million (2021: R5,9 million) has been recognised in the current financial year relating to the Woodmead head office premises which arose as a result of a portion of the building being sub-leased at rates below the lease contract obligation. The impairment assessment was prepared using the discounted cash flow method. This method takes the projected cash flows of the rental receivable and lease contract obligation and discounts them at the incremental borrowing rate.

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

5. Leases *continued*

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

	2022 R'000	2021 R'000
Lease liabilities derecognised (note 5.2 and note 21)	–	36 056
Right-of-use assets derecognised (note 22)	–	(12 895)
Settlement costs incurred on exit of leases (note 22)	–	(18 316)
Profit on derecognition of lease liabilities and right-of-use assets	–	4 845

The group exited the lease arrangement in the Central segment in the prior year for an agreed settlement of R18 million on early termination of the lease contract.

In the comparative financial year, the group was under an obligation to continue to pay the monthly lease payments due to the lessor for the duration of the contract which constitutes an unavoidable cost as defined with respect to three leases in the group. These lease contracts were considered to be onerous as the group expected to receive no further benefits from the properties leased, but was still committed to pay the lessor the future rentals (neither through continuing use nor sublease) until expiry of lease contract.

6. Intangible assets

Accounting policy

Intangible assets acquired separately

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

Internally generated intangible assets

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

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised when all of the following can be demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure the expenditure attributable to the intangible asset reliably during its development.

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

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Profits or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Trademarks are regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Management perform annual impairment assessments to test the recoverability of the carrying amounts of the trademarks. Impairment assessments are performed using a discounted cash flow model. The impairment assessment performed for the trademark in Australia, has been tested as part of the Paxus Australia CGU assessed under goodwill. Refer to note 7.

6. Intangible assets continued

Reconciliation of beginning and ending balances by classes of assets

	Capitalised development 2022 R'000	Trademarks 2022 R'000	Customer base 2022 R'000	Other ¹ 2022 R'000	Total 2022 R'000	Total 2021* R'000
Balance at the beginning of the year	10 476	86 604	46 236	1 030	144 346	177 702
Assets at cost	68 569	141 836	564 312	1 130	775 847	1 385 748
Accumulated amortisation	(58 093)	(55 232)	(518 076)	(100)	(631 501)	(1 228 498)
Foreign exchange movements	–	–	–	–	–	20 452
Additions	–	–	–	804	804	980
Derecognition and reclassifications	–	–	–	–	–	–
Cost	–	–	–	–	–	(673 858)
Accumulated amortisation	–	–	–	–	–	682 094
Reclassifications of amortisation	–	–	–	–	–	11 013
Foreign exchange movements	–	–	–	–	–	(19 249)
Amortisation expense (note 22)	(2 766)	(5 898)	(8 205)	(11)	(16 880)	(42 148)
Foreign exchange movements	–	(2 450)	–	(47)	(2 497)	7 812
Net book value at the end of the year	7 710	78 256	38 031	1 776	125 773	144 346
Represented by:						
Assets at cost	68 569	139 386	554 243	1 882	764 080	775 847
Accumulated amortisation and impairments	(60 859)	(61 130)	(516 212)	(106)	(638 307)	(631 501)
Net book value at the end of the year	7 710	78 256	38 031	1 776	125 773	144 346

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

* A split of comparative information per category can be found in the prior year audited consolidated financial statements.

Key estimates and judgements

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

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

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

7. Goodwill Accounting policy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Goodwill *continued*

Key estimates and assumptions

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

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

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 28 February 2022 were affected in the projected cash flows.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the group's investors. The cost of debt is based on the interest-bearing borrowings the group is obliged to service. 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 28 February 2022 to reflect the appropriate level of risk at the reporting date.

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

Industrial Services segment CGUs

BLU

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

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

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

Professional Services segment CGUs

Paracon a division of Fortress Administration Proprietary Limited

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

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

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

Australia segment CGUs

Paxus Australia

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

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

7. Goodwill continued

Australia segment CGUs continued

Paxus Australia

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

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

TalentCru Proprietary Limited in Australia

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

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

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

Labour Solutions Australia

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

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

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

Reconciliation of beginning and ending balances

	2022 R'000	2021 R'000
Cost		
Opening balances at the beginning of the year	1 482 783	1 591 176
Foreign currency movement	(14 493)	40 263
Classified as held for sale	–	(148 656)
Closing balances at the end of the year	1 468 290	1 482 783
Impairments		
Opening balances	(955 567)	(955 567)
Closing balances at the beginning of the year	(955 567)	(955 567)
Carrying amount at the end of the year	512 723	527 216

After recognition of impairment losses, the carrying amount of goodwill is attributable to the following material CGUs:

	2022 R'000	2021 R'000
Industrial Services	83 109	83 109
Adcorp BLU, a division of Adcorp Workforce Solutions Proprietary Limited	83 109	83 109
Professional Services	128 612	128 612
Paracon a division of Fortress Administration Proprietary Limited	128 612	128 612
Australia	301 002	315 495
Australia group of companies	301 002	315 495
Total	512 723	527 216

The goodwill attributable to Financial Services was derecognised on the disposal of Adcorp Support Services Proprietary Limited during the current financial year, refer to note 32.

8. Other financial assets

8.1 Investment at fair value

Accounting policy

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

Reconciliation of beginning and ending balances

	2022 R'000	2021 R'000
Investment at fair value		
Balance at the beginning of the year	18 971	17 620
Fair value gain	626	1 351
Balance at the end of the year¹	19 597	18 971

¹ Refer to note 35.7 for additional disclosure relating to the investment.

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

Key judgements

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

The group has determined that it does not have control over its insurance cell captive as the assets and liabilities are controlled by the insurer. The group does not have the ability to direct the relevant activities of the cell captive arrangement or influence returns and the cell captive has therefore not been consolidated. There have been no changes during the current financial year to the cell captive arrangement.

9. Deferred taxation

Accounting policy

Deferred taxation is recognised using the liability method on temporary differences at the reporting date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

9. Deferred taxation *continued*

Accounting policy *continued*

Unrecognised deferred taxation assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred taxation asset to be recovered.

Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred taxation is also recognised in other comprehensive income.

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

	2022 R'000	2021 R'000
Aggregate net deferred taxation assets	214 187	198 832
Aggregate net deferred taxation liabilities	(89 511)	(100 801)
Net deferred taxation assets	124 676	98 031

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

	As at 28 February 2021 R'000	Profit or loss movements R'000	Profit and loss rate change	Other comprehensive movements R'000	Other comprehensive rate change	Foreign exchange movements	Prior year under/over	As at 28 February 2022 R'000
Deferred taxation raised on provisions	40 034	(600)	–	–	–	–	(28)	39 406
Operating lease timing adjustments	4 695	(1 407)	–	–	–	–	–	3 288
Computed losses	92 870	(20 262)	(1 651)	–	–	–	(214)	70 743
Income received in advance	16 180	3 137	–	–	–	–	(656)	18 661
Lease liabilities	17 811	7 270	(1 150)	–	–	–	–	23 931
Intangible assets	35 821	(3 930)	–	–	–	–	–	31 891
Other	20	65	–	–	–	–	–	85
Deferred taxation assets	207 431	(15 727)	(2 801)	–	–	–	(898)	188 005
Prepayments	(1 857)	(1 233)	–	–	–	–	–	(3 090)
Intangible asset – software	(26 156)	4 421	–	–	–	–	–	(21 735)
Section 24C future expense deduction	(6 600)	(747)	–	–	–	–	268	(7 079)
Deferred taxation on fair value adjustment of foreign loan	(26 128)	–	–	6 490	700	–	–	(18 938)
Deferred taxation on accrued revenue	(46 084)	35 906	–	–	–	–	–	(10 178)
Deferred taxation on interest	(2 285)	–	82	–	–	–	–	(2 203)
Foreign exchange movements	–	900	–	–	–	(900)	–	–
Other	(290)	184	–	–	–	–	–	(106)
Deferred taxation liabilities	(109 400)	39 431	82	6 490	700	(900)	268	(63 329)
Net deferred taxation assets	98 031	23 704	(2 719)	6 490	700	(900)	(630)	124 676

9. **Deferred taxation** continued
Accounting policy continued

	2022 R'000	2021 R'000
Reconciliation of estimated taxation losses available in the group:		
Estimated losses at the beginning of the year	1 082 519	1 024 623
Increases in taxation losses for the year	49 392	122 923
Taxation losses utilised during the year	(97 740)	(65 027)
Estimated taxation losses at the end of the year	1 034 171	1 082 519
Consisting of:		
Taxation losses recognised	258 549	331 678
Taxation losses not recognised	775 622	750 841
	1 034 171	1 082 519

Key estimates and judgements

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

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

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

The estimates of the future taxable income used for determining the recognition of deferred taxation assets, are based on forecast cash flows from operations, assumptions regarding economic growth, inflation rates and the application of existing tax laws. The group remains confident of its ability to generate future taxable income and thus judgement is applied with regard to the timing of the utilisation of the deferred taxation assets. The taxation losses can be carried forward indefinitely, with no expiration date, for as long as the entity is trading. As a result, the group has recognised R259 million (2021: R332 million). The unrecognised taxation losses amount to R776 million (2021: R751 million) at the end of the financial year.

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

10. Taxation

Accounting policy

Current taxation assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws are used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the group operates and generates taxable income.

Current taxation relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not profit or loss.

The income taxation expense represents the sum of the current taxation and deferred taxation.

	2022 R'000	2021 R'000
Continued operations		
Current taxation		
– Current year	57 823	44 754
– Prior year over provision	475	(3 957)
Deferred taxation		
– Current year	(25 229)	(18 744)
– Prior year under/(over) provision	630	(1 465)
Foreign taxation		
– Foreign withholding taxes	79	1 750
Taxation expense from continued operations in profit or loss	33 778	22 338
Taxation recognised in the other comprehensive income		
Deferred taxation:		
– Exchange differences of net investment of foreign operations	(7 190)	(18 478)
Taxation income from continued operations recognised in other comprehensive income	(7 190)	(18 478)

10. Taxation continued

Taxation reconciliation on continued operations

	2022 R'000	2021 R'000
Profit before taxation	135 369	27 761
South African standard tax rate (%)	28	28
Normal tax at standard rate	37 903	7 773
Adjustment for the tax effect at the standard rate for the following items:		
Exempt income		
– Employment Tax Incentive (ETI) income	(17 851)	(20 484)
Non-deductible items charged against income:		
– Capital losses	–	190
– Non-deductible expenses ¹	7 841	10 279
– Share-based payments – permanent	3 808	3 022
Non-taxable income	(190)	–
Fair value adjustments	(175)	(378)
Special allowances claimed:		
– Learnerships	(5 792)	(5 912)
Current year taxation losses not recognised	14 039	33 595
Prior year unrecognised taxation losses utilised in current year	(8 540)	(5 243)
Prior year taxation losses recognised	–	(7 577)
Prior year taxation losses derecognised	–	10 746
Prior year over provision	–	(34)
Rate change adjustment	4 149	1 967
Other	(2 519)	(184)
Prior year under/(over) provision of current and deferred taxation	1 105	(5 422)
Actual taxation charge for the year	33 778	22 338
Taxation expense relating to discontinued operations		
Current taxation		
– Current year	997	32 617
Deferred taxation		
– Current year	245	(967)
Total group	35 020	53 988

¹ Includes non-deductible consulting fees and tax penalties.

It was announced that the corporate tax rate will be reduced from 28% to 27% with effect from years of assessment ending on or after 31 March 2023.

This rate change will only have an impact on Adcorp's current tax rate for the year of assessment ending February 2024. Thus the rate for current tax purposes will remain at 28% for the reporting period February 2022 and 2023.

A blended tax rate has been applied to deferred tax assets and liabilities. All deferred tax assets and liabilities, which will realise during the financial period February 2023 has been raised at 28% and all deferred assets and liabilities, which will realise after February 2023 has been raised at 27%.

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

11. Taxation paid

	2022 R'000	2021 R'000
Net amount payable at the beginning of the year	(39 951)	(17 275)
Amounts charged to statement of comprehensive income including discontinued operations	(59 374)	(75 163)
Interest due from the South African Revenue Services	177	(1 897)
Foreign currency	1 010	2 155
Net amount payable at the end of the year	48 344	39 951
Net cash taxation payment	(49 794)	(52 229)

12. Trade receivables

Accounting policy – initial recognition and subsequent measurement

Refer to note 2.6 *Financial instruments*.

Accounting policy – impairment

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

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

	2022 R'000	2021 R'000
Gross trade receivables	1 373 800	1 430 942
Allowance for ECLs	(37 446)	(53 119)
Trade receivables	1 336 354	1 377 823
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:		
South Africa	740 235	810 012
Australia	596 119	567 811
Trade receivables	1 336 354	1 377 823
The ageing of trade receivables at the reporting date was:		
Current	1 072 686	1 038 097
0 – 30 days from invoice date	212 030	261 633
31 – 60 days from invoice date	30 941	50 129
61 – 90 days from invoice date	17 226	21 595
91 – 365 days from invoice date	40 917	59 488
Gross trade receivables	1 373 800	1 430 942
Movement in the allowance for ECLs		
Balance at the beginning of the year	53 119	86 515
Amounts written off	(2 804)	(6 347)
Amounts released during the year	(12 869)	(27 049)
Balance at the end of the year	37 446	53 119

12. Trade receivables continued

Accounting policy – impairment continued

The trade receivables are provided as security for all banking facilities available to the group as disclosed in note 17. The eligible receivables are defined as those with outstanding invoices aged up to 90 days. Under the terms agreed to, the group is restricted from invoice discounting and any other factoring arrangements on the eligible receivables.

Exposure to credit risk

The following table details the risk profile of trade receivables based on the group's provision matrix. As the group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowance for ECLs, based on past due status, is not further distinguished between the group's different customer base. The group's expected credit loss rate is 2,7% (2021: 3,7%).

	2022		2021	
	R'000	ECL per ageing category	R'000	ECL per ageing category
The ageing of the expected credit loss at the reporting date was:				
Current	2 244	0,2%	6 586	0,6%
0 – 30 days from invoice date	1 399	0,6%	3 677	1,4%
31 – 60 days from invoice date	617	1,4%	2 091	4,2%
61 – 90 days from invoice date	1 366	8,0%	1 288	7,4%
91 – 365 days from invoice date	7 836	18,9%	10 357	16,3%
Specifically identified	23 984	**	29 120	**
Total allowance for ECLs	37 446	2,7%	53 119	3,7%

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

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

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

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

Key estimates and assumptions

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

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors when affecting the ability of the customers to settle the receivables. The measurement of the ECLs also reflects the recovery expected from any credit risk insurance relating to trade receivables. The insured portion of the South African trade receivables are not impaired and insured at 85% (2021: 85%) of their value against default. The value insured is R594 million (2021: R638 million) capped at claims of R350 million annually.

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

12. Trade receivables *continued*

Key estimates and assumptions *continued*

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

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

13. Other receivables and non-current prepayments

13.1 Non-current prepayments

Accounting policy

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

	2022 R'000	2021 R'000
Prepayment – enterprise technology transformation project	58 071	55 195
Total non-current prepayments	58 071	55 195

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

	2022 R'000	2021 R'000
Balance at the beginning of the year	76 349	33 266
Additions	23 798	57 456
Amounts released during the year	(19 844)	(14 373)
Balance at the end of the year	80 303	76 349
Non-current	58 071	55 195
Current ¹	22 232	21 154
Total non-current prepayments	80 303	76 349

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

13. Other receivables and non-current prepayments continued

13.3 Other receivables

Accounting policy – initial recognition and subsequent measurement

Refer to note 2.6 *Financial instruments*.

Accounting policy – impairment

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

	2022 R'000	2021 R'000
Deposits	2 557	3 207
Prepayments ¹	60 392	41 292
Sundry billings	59 529	41 064
Lease receivable	3 367	1 108
Sundry loans	3 139	3 094
Value added taxation	815	3 196
Other ²	13 763	8 336
Total other receivables	143 562	101 297

¹ Includes R22 million (2021: R21 million) relating to the enterprise technology transformation project (note 13.2).

² Comprises SETA government grants and other incentives receivable.

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

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

14. Cash and cash equivalents

Accounting policy – initial recognition and subsequent measurement

Refer to note 2.7 *Financial instruments*.

Cash and cash equivalents comprise the following:

	2022 R'000	2021 R'000
Cash resources ¹	420 355	473 932
Bank overdrafts	–	(87)
Total cash and cash equivalents from continuing operations	420 355	473 845
Cash and cash equivalents included in discontinued operations	–	24 511
Total cash and cash equivalents	420 355	498 356
Value of restricted cash and cash equivalents held in Angola¹	89 358	66 833

¹ Cash resources include restricted cash in Angola related to Capital Outsourcing Group Proprietary Limited.

Credit risk

The maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents. The group only deposits short-term cash surpluses with financial institutions of high-quality credit standing.

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

Liquidity risk

The cash in Angola is restricted due to sovereign exchange controls and as a result the group's ability to remit money out of Angola is limited.

Currency risk

The risk of having to face further currency fluctuation on cash held in Angola is very real considering the current tight foreign exchange restrictions in Angola and the current economic activity. The group continues to hold cash until such time as these can be remitted back to South Africa or utilised within Angola.

15. Share capital and share premium

15.1 Share capital and share premium

	2022 R'000	2021 R'000
Authorised share capital:		
183 177 151 ordinary shares of 2,5 cents each (2021: 183 177 151)	4 579	4 579
16 822 849 "B" ordinary shares of 2,5 cents each (2021: 16 822 849)	421	421
Total authorised share capital	5 000	5 000
Number of ordinary shares ('000):		
Opening balance at the beginning of the year excluding treasury shares	107 400	107 400
Ordinary shares at the beginning of the year	109 955	109 955
Treasury shares at the beginning of the year	(2 555)	(2 555)
Treasury shares issued to share scheme	145	–
Increase in treasury shares	(852)	–
Closing balance at the end of the year	106 693	107 400
Consisting of:		
Total ordinary shares in issue	109 955	109 955
Less: Treasury shares	(3 262)	(2 555)
Closing balance at the end of the year excluding treasury shares	106 693	107 400
Number of "B" ordinary shares ('000):		
Number at the beginning of the year	6 729	16 823
Shares repurchased	–	(10 094)
Number at the end of the year	6 729	6 729
	2022 R'000	2021 R'000
Issued share capital and premium comprises:		
109 954 675 ordinary shares of 2,5 cents each (2021: 109 954 675)	2 749	2 749
Total issued share capital	2 749	2 749
Share premium	1 738 109	1 738 109
Total share capital and share premium	1 740 858	1 740 858
Reconciliation of share capital and premium movement:		
Balance at the beginning of the year	1 740 858	1 740 858
Balance at the end of the year	1 740 858	1 740 858

15.2 Treasury shares

Accounting policy

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No profit or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

	2022 R'000	2021 R'000
Adcorp Fulfilment Services Proprietary Limited – 556 605 shares (2021: 556 607)	(22 834)	(22 834)
Torque IT Proprietary Limited – 2 705 209 shares (2021: 1 998 015)	(49 170)	(45 081)
Adcorp Employee Benefit Trust 2 (AEBT 2) consolidated – 6 729 140 "B" shares (2021: 6 729 140)	(168)	(168)
Total treasury shares	(72 172)	(68 083)

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

16. Reserves

	2022 R'000	2021 R'000
The reserves consist of:		
Share-based payment reserve (note 16.1.1)	196 240	179 717
Foreign currency translation reserve (note 16.2)	23 658	28 782
Accumulated retained loss	(412 692)	(529 095)
Non-controlling interest	(3 531)	(93)
Employee share option scheme reserve (note 16.1.2)	168	168
Total reserves	(196 157)	(320 521)

16.1 Share-based schemes

Accounting policy

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

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

16.1.1 Share-based payment reserve

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

	2022 R'000	2021 R'000
Balance at the beginning of the year	179 717	166 794
Senior management long-term incentive scheme	18 313	16 183
AEBT 2 and Broad-Based Black Economic Empowerment (B-BBEE) shareholders' trust	157 817	150 611
AEBT 3 transaction	3 587	—
Share-based expense recognised during the year	19 709	12 923
Senior management long-term incentive scheme	12 503	2 130
AEBT 2 and B-BBEE shareholders' trust	7 206	7 206
AEBT 3 transaction	—	3 587
Other movement in share-based payment reserve	(3 186)	—
Senior management long-term incentive scheme	(3 186)	—
Balance at the end of the year	196 240	179 717
Made up of:		
Senior management long-term incentive scheme	27 630	18 313
AEBT and B-BBEE shareholders' trust	165 023	157 817
AEBT 3 transaction	3 587	3 587
Total share-based payment reserve	196 240	179 717

The share-based expense recognised during the year from equity-settled share-based payments is as follows:

	2022 R'000	2021 R'000
Total share-based expense recognised from equity-settled share-based transactions	19 709	12 923

16. Reserves continued

16.1 Share-based schemes continued

16.1.1 Share-based payment reserve continued

Key estimates and judgements

The assessed fair value at grant date of options granted during the 28 February 2022 financial year is disclosed below. The fair value of the share appreciation rights at grant date are independently determined using the binomial model. Retention shares (RS) and the performance shares (PS) 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 option, 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 option and the correlations and volatilities of the peer group companies.

Senior management long-term incentive scheme

The group awards shares under the scheme as part of the retention policy and to align management remuneration with the achievement of short and long-term strategic and financial performance targets.

The plan includes two types of awards:

- PS: a conditional right to Adcorp shares, the vesting of which is subject to the fulfilment of service conditions as well as performance conditions. As specified in the award letter, participants will not be entitled to dividends or having any voting rights on the PS until the awards vest. Vesting periods are three years from date of award.
- RS: these are similar to PS but are not conditional on the performance of the group.

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

	Number of share options 2022	Weighted average exercise price 2022	Number of share options 2021	Weighted average exercise price 2021
Senior management long-term incentive scheme				
Outstanding balance at the beginning of the year	6 354 260	7,21	1 957 659	20,15
Granted during the year	9 142 712	4,92	5 482 388	4,26
Exercised during the year	(264 370)	17,47	–	–
Forfeited during the year	(1 797 523)	8,81	(1 085 787)	15,59
Outstanding balance at the end of the year	13 435 079	5,11	6 354 260	7,21

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

	Number	Grant date	Vesting date	Expiry date	Type	Fair value at grant date
Issued in 2019	32 592	2019/01/22	2022/06/20	2025/06/20	PS	19,27
Issued in 2020	381 943	2019/05/28	2022/03/01	2022/06/01	PS	23,93
Issued in 2021	4 574 834	2020/12/01	2023/11/30	2023/11/30	PS	4,26
Issued in 2022	3 405 904	2021/03/01	2023/02/28	2023/02/28	PS	5,93
Issued in 2022	906 095	2021/04/01	2024/04/01	2024/04/01	PS	4,88
Issued in 2022	4 577 209	2021/06/30	2024/06/30	2024/06/30	RS	3,82
	13 878 577					

Subsequent to year end, 5 014 845 share options relating to the senior management long term incentive scheme were forfeited.

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

16. Reserves *continued*

16.1 Share-based schemes *continued*

16.1.1 Share-based payment reserve *continued*

Key estimates and judgements *continued*

Senior management long-term incentive scheme continued

The fair value of the share appreciation rights at grant date are independently determined using a binomial model. The inputs to the model determining the fair value of the options at grant date are set out below:

	2022	2021
Spot price (R)	5,20 – 24,94	5,62 – 24,94
Expected volatility (%)	34,06 – 109,32	34,06 – 90,56
Expected life (years)	3 – 6	3 – 6
Risk-free rate (%)	4,20 – 7,76	4,20 – 7,76
Expected dividend yield (%)	0 – 10,27	0 – 9,28

2020 B-BBEE Empowerment transaction

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

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

At commencement, the following parameters were used to determine the option valuation:

	2021
Expected volatility (%)	30,00
Expected life (years)	20,00
Risk-free rate (%)	Nominal zero curve
Expected dividend yield (%)	9,50

Key estimates and judgements

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

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

The group determined that additional information surrounding the impact of the sensitivities on these key assumptions should be disclosed to the users of these financial statements to understand the magnitude of changes. Due to the nature of the scheme, the share-based payment expense is non-recurring and has vested fully during the current period.

16. Reserves continued**16.1 Share-based schemes** continued**16.1.1 Share-based payment reserve** continued**Sensitivity analysis**

	2021	
	Impact on share-based payment expense recognised	
	10% increase	10% decrease
Expected volatility	R5 million increase	R2.5 million decrease
Expected dividend yield	2% increase R1 million decrease	2% decrease R1.5 million increase

16.1.2 Employee share option scheme reserve**AEBT 2 and B-BBEE shareholders' interest**

In terms of the Black Economic Empowerment (BEE) transaction in 2013 (2013 B-BBEE transaction), Adcorp has authorised and issued a total of 6 729 140 "B" ordinary shares (2021: 6 729 140) to its empowerment shareholder (AEBT 2) at a par value of 2,5 cents per share.

In the prior year, Adcorp Holdings Limited entered into a share repurchase agreement with Thornbird Trade and Invest 33 Proprietary Limited and Wiphold Financial Services Number Two Proprietary Limited whereby, Adcorp Holdings Limited repurchased all the B ordinary shares held by Thornbird Trade and Invest 33 Proprietary Limited and Wiphold Financial Services Number Two Proprietary Limited respectively for R0,102 million.

	2022 R'000	2021 R'000
Issued "B" class shares in Adcorp Holdings shares		
6 729 140 "B" ordinary shares of 2,5 cents per share (2021: 16 822 849) at the beginning of the year	168	421
Share repurchased – share premium (10 093 709 shares)	–	(253)
6 729 140 "B" ordinary shares of 2,5 cents per share (2021: 6 729 140) at the end of the year	168	168

In 2021, the group implemented a new BEE transaction (refer to AEBT 3) on page 54.

In respect of the 2013 B-BBEE deal, the fair value of the cancelled options and new options issued on the date of modification was calculated using the Black Scholes option-pricing model. The inputs to the model are set out below:

	2014
Weighted average share price (R)	34,86
Weighted average exercise price (R)	42,17
Expected volatility (%)	24,47
Expected life (years)	10,00
Risk-free rate (%)	7,99
Expected dividend yield (%)	4,07

Using the modification cost principles under IFRS 2 Share-based Payment, the total modified cost of the option is R146 million. The total value to be amortised over the 10-year period is the aggregate of (a) 40% of the modification option cost plus (b) the unamortised option value relating to the 2007 B-BBEE deal. Details of the amounts expensed over the remaining period of the scheme are as follows:

	2022 R'000	2021 R'000
One year	7 206	7 206
Year two to five	7 206	14 412

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

16. Reserves continued

16.1 Share-based schemes continued

16.1.2 Employee share option scheme reserve continued

AEBT 2 and B-BBEE shareholders' interest continued

The following reconciles the outstanding share options granted under the AEBT 2 at the beginning and end of the financial year:

	Number of share options 2022	Weighted average exercise price R 2022	Number of share options 2021	Weighted average exercise price R 2021
Outstanding balance at the beginning of the year	6 729 140	42,17	6 729 140	42,17
Outstanding at the end of the year	6 729 140	42,17	6 729 140	42,17

16.2 Foreign currency translation reserve

	2022 R'000	2021 R'000
Balance at the beginning of the year	28 782	(31 823)
Arising on translation of foreign operations	(5 124)	64 375
Exchange difference reclassified to profit or loss on disposal of foreign subsidiary (note 32)	–	(3 770)
Balance at the end of the year	23 658	28 782

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

17. Interest-bearing borrowings

17.1 Non-current interest-bearing borrowings

	2022 R'000	2021 R'000
ZAR revolving credit facility	–	400 000
Non-current interest-bearing debt	–	400 000

17.2 Current interest-bearing borrowings

ZAR revolving credit facility	100 000	50 000
AUD borrowing base facility	33 336	5 823
Current interest-bearing borrowings	133 336	55 823

ZAR Revolving credit facility

In the prior year, the group restructured its facilities to include a revolving credit facility of R850 million ("ZAR Revolving credit facility") originally maturing on 31 May 2022 and an accordion facility of R150 million which matures three months following the commencement of the availability period for the accordion facility which shall be no later than 31 May 2022. The ZAR Revolving credit facility reduced automatically to R700 million on 28 February 2021 and to R400 million on 1 July 2021, with an extension granted on the facility to 31 August 2022. The repayment profile of the ZAR Revolving credit facility is therefore:

Repayment date	Repayment amount R'000
31 August 2022	100 000

17. Interest-bearing borrowings continued
17.2 Current interest-bearing borrowings continued

ZAR Revolving credit facility continued

Any amount outstanding on the ZAR Revolving credit facility is to be repaid before or on each revolving credit facility reduction date. Any amount on the accordion facility which remains outstanding on the maturity date, will be repaid in full on that date. Interest is compounded weekly in arrears at an agreed margin plus JIBAR which is determined on each measurement date being the last day of each financial quarter with reference to the agreed leverage ratio at such measurement date in accordance with the following table:

Leverage ratio	Applicable margin %
Less than 2 times	3,40
From 2 times up to (and including) 2,5 times	3,65
Greater than 2,5 times up to (and including) 3 times	4,65
3 times and above	5,15

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 as set out in the table above plus 2% per annum. The financial covenants set out in the agreement includes the following:

1. An interest cover of 3:1 for each measurement period expiring after 28 February 2021;
2. A current ratio of 1,25:1 at each measurement period which expired on 31 May 2021 and 1.10:1 for each measurement period expiring thereafter;
3. A leverage ratio of 2,5:1 for the measurement period which expired on 31 May 2021, 2:1 for the measurement period which expired on 31 August 2021 and 1,5:1 for each measurement period thereafter; and
4. At each measurement date between the effective date and the date upon which the revolving credit facility has been reduced to R400 million (i.e. 1 July 2021), the actual EBITDA of the South African group shall not deviate from the forecast EBITDA reflected in the base case financial model, by more than 15%.

As at the reporting date, no events of default had occurred and the group has complied with all financial covenants on the amended and restated borrowing base facility.

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

Trade receivables 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. Under the terms agreed to, the group is restricted from invoice discounting and any other factoring arrangements on the eligible receivables.

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

AUD borrowing

The AUD borrowing base facility consists of a revolving borrowing base facility that was extended from 30 June 2021 to mature on 30 June 2022 and a letter of credit and bank guarantee which matures on 30 June 2022. Further details of each are presented below:

Revolving borrowing base facility

The revolving borrowing base facility is AUD20 million. It matures on 30 June 2022 with interest payable quarterly at the applicable base rate as determined with reference to the Australian Reserve Bank rates at the time of drawdown plus a margin of 1,40% per annum. Interest is compounded monthly and the facility is limited to a maximum of four draws outstanding at any one time. The facility can be prepaid in whole or in part at any time and unless otherwise agreed must be for a minimum of AUD100,000 and an integral multiple of AUD50,000.

Letter of credit and bank guarantee

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

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

17. Interest-bearing borrowings *continued*

17.2 Current interest-bearing borrowings *continued*

AUD borrowing *continued*

Letter of credit and bank guarantee continued

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

As at 28 February 2022, the Australian Group only used the borrowing base facility and the amount outstanding at that date was R33 million (AUD3 million) as disclosed in the tables on page 73.

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

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

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

17.3 Reconciliation of movements on interest-bearing borrowings

	2022 R'000	2021 R'000
Opening balances at the beginning of the year	455 823	1 001 684
Repayments on facilities during the year	(960 000)	(965 524)
Proceeds from facilities during the year	637 509	386 667
Derecognition of ZAR term loan ¹	–	(66 667)
Derecognition of ZAR revolving credit facility ¹	–	(400 000)
Recognition of ZAR new revolving credit facility ¹	–	466 667
Foreign currency movements ¹	4	32 996
Closing balance at the end of the year	133 336	455 823

¹ Non-cash movements.

18. Trade and other payables

	2022 R'000	2021 R'000
Trade creditors	153 707	124 122
Value added taxation	180 675	148 804
Operating expense accruals	130 688	187 335
Payroll accruals	268 811	340 846
Income received in advance from customer contract liabilities	52 685	57 785
Other creditors	33 044	50 030
Trade and other payables	819 610	908 922

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

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

18. Trade and other payables continued

18.1 Income in advance from customer contract liabilities

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

		2022 R'000	2021 R'000
	Performance obligation (timing)		
Customer liabilities – training	Revenue is recognised over time as the training is provided	52 587	50 644
Customer liabilities – permanent placements	Revenue is recognised when at the point in time when placed candidates begin employment	74	–
Customer liabilities – temporary placements	Revenue is recognised over time as the services are rendered	24	7 141
Total income received in advance from contract liabilities		52 685	57 785

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

	2022 R'000	2021 R'000
Balance at the beginning of the year	57 785	60 889
Income in advance recognised as liability	216 485	292 732
– Training	112 237	101 362
– Permanent placements	68 007	238
– Outsourcing	–	94
– Temporary placements	36 241	191 038
Revenue recognised during the period	(221 585)	(295 836)
– Training	(110 294)	(96 972)
– Permanent placements	(67 933)	(412)
– Outsourcing	–	(529)
– Temporary placements	(43 358)	(197 923)
Balance at the end of the year	52 685	57 785

Training

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

Permanent placements

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

Outsourcing

Revenue from outsourcing solutions is recognised at the point in time that the solution has been delivered to the customer. Consideration received from clients who pay for outsourcing solutions in advance, before the solution has been delivered, is recognised as a contract liability. Revenue from the contract liability is recognised at the point when the solution has been delivered.

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

18. Trade and other payables *continued*

18.1 Income in advance from customer contract liabilities *continued*

Temporary placements

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

19. Provisions

Accounting policy

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

Provision for leave pay

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

Bonuses

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

Other

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

	As at 28 February 2021 R'000	Provisions reclassified 2022 R'000	Provisions raised 2022 R'000	Provisions utilised 2022 R'000	Foreign exchange movement 2022 R'000	As at 28 February 2022 R'000
Leave pay	105 216	–	113 163	(124 417)	(781)	93 181
Bonuses	53 198	–	82 991	(57 194)	(717)	78 278
Other	25 324	–	14 275	(6 467)	(661)	32 471
Total	183 738	–	210 429	(188 078)	(2 159)	203 930

	As at 29 February 2020 R'000	Provisions reclassified 2021 R'000	Provisions raised 2021 R'000	Provisions utilised 2021 R'000	Foreign exchange movement 2021 R'000	Transfer liabilities held-for-sale 2021 R'000	As at 28 February 2021 R'000
Leave pay	106 420	–	115 161	(117 206)	2 013	(1 172)	105 216
Bonuses	29 696	–	80 459	(54 811)	1 917	(4 063)	53 198
Other	26 313	(3 946) ¹	26 610	(24 921)	1 268	–	25 324
Total	162 429	(3 946)	222 230	(196 938)	5 198	(5 235)	183 738

¹ Amount reclassified to other receivables during the prior financial year for better presentation.

20. Revenue

Accounting policy

The group is in the business of providing services to clients which include permanent placements, temporary placements to flexible staffing sectors, professional IT services, as well as the provision of business process outsourcing and training. Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when the performance obligations are met.

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

Contract liabilities

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

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

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

Performance obligation	Description	Timing	2022 R'000	2021 R'000
Permanent placement	Permanent placement involves placing candidates in full-time employment with prospective employers. Once candidates are placed, the group has no further obligations to the customer.	Revenue is recognised at the point in time when placed candidates begin employment.	73 004	59 068
Temporary placement	Adcorp provides temporary employment services to customers – the services are described as a “solution”. The services contracted include procurement, screening, payroll administration, maintenance of records, management reporting, labour-related matters etc. Additional services may be required on an ad hoc basis, the terms of which are to be agreed upon between the parties.	Revenue is recognised over time as the services are rendered.	9 387 825	9 513 786
Training	The group provides disability, technical, higher and technological training as well as other ancillary services. There are no contracts with variable consideration components as well as multiple performance obligations.	Revenue is recognised over time as the training is provided.	239 764	184 609
Outsourced-based solutions	This is focused on managing a wide range of business processes through qualified professionals who use automation and optimisation tools to help improve efficiency, reduce operational costs and increase productivity, while capitalising on process automation technologies. This could also include providing clients with contract management and vendor disbursements for client suppliers.	Revenue is recognised at the point of time the solution has been delivered to the customer.	1 812 355	1 959 493
Total revenue			11 512 948	11 716 956

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

20. Revenue *continued* Disaggregation of revenue by geographical region

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

The timing of revenue recognition is as follows:

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

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

Key estimates and judgements

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

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

21. Other income

Accounting policy for government grants

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

	2022 R'000	2021 R'000
Other income comprises:		
Other income ¹	12 439	27 236
Sub-lease rental income	7 114	20
Profit on the disposal of property and equipment ²	–	7 881
Jobkeeper income ³	–	43 930
Lease liabilities derecognised (note 5.2 and 5.5) ⁴	–	17 740
Profit on the disposal of businesses (note 32)	–	2 592
Total other income	19 553	99 399

¹ Includes training levies recovered and Bureau income.

² Prior year includes an R8 million gain recognised on a sale and leaseback transaction concluded in November 2020 where laptops with a net book value at that date of R8 million were sold and the group received proceeds of R16 million. The lease arrangement was recognised as an operating lease and the lease costs expensed due to the assets being considered to be low-value assets (refer to the group's accounting policy at note 5).

³ Relates to "Jobkeeper" support payments received from the Australian government by the Australian operations as a result of COVID-19 in the prior financial year.

⁴ Prior year includes settlement cost to exit a lease of R18 million (note 5.5).

22. Operating profit before finance income and finance costs

Operating profit before finance income and finance costs includes the following expenses:

	2022 R'000	2021 R'000
Auditors' remuneration	(21 016)	(18 868)
Retirement benefits	(57 855)	(41 950)
Leasing and rentals (note 36)	(11 286)	(9 755)
Staff costs	(598 552)	(629 110)
Depreciation and amortisation from continuing operations	(88 874)	(130 361)
Depreciation on property and equipment from continuing operations (note 4)	(18 349)	(26 405)
Depreciation on right-of-use assets from continuing operations (note 5.1)	(53 645)	(61 808)
Amortisation of intangible assets from continuing operations (note 6)	(16 880)	(42 148)
Derecognition of right-of-use assets (note 5.1)	–	(12 895)
Impairment of right-of-use assets (note 5.4)	(2 770)	(5 889)
Enterprise technology transformation project costs	(19 844)	(20 888)
Foreign exchange gains/(losses)	2 988	(15 266)
(Loss)/profit on the sale of property and equipment	(2 182)	7 881

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

23. Finance income

Finance income comprise:

	2022 R'000	2021 R'000
Bank deposits	5 222	14 262
Interest received on other financial assets and other	–	1 565
Other	21	377
Interest income	5 243	16 204

24. Finance costs

Finance costs comprises:

	2022 R'000	2021 R'000
Financial instruments held at amortised cost		
Bank overdrafts	(4 076)	(7 294)
Interest-bearing borrowings	(19 859)	(51 906)
Interest on lease liabilities ¹	(45 087)	(47 654)
Other	–	–
Interest expense	(69 022)	(106 854)

¹ Refer to note 5.2 lease liabilities.

25. Earnings per share

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

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

25. Earnings per share continued

	2022 R'000	2021 R'000
Reconciliation of headline earnings from continuing operations²		
Profit for the year	99 037	2 322
Loss/(profit) on sale of property and equipment	2 182	(7 881)
Taxation recovered on the sale of property and equipment	(611)	2 207
Impairment of right-of-use assets	2 770	5 889
Taxation on impairment of right-of-use assets	(776)	(1 649)
Profit from the sale of businesses	–	(36)
Headline earnings from continuing operations	102 602	852
Headline earnings per share (cents)	96,2	0,8
Diluted headline earnings per share (cents)	91,0	0,8
Reconciliation of headline earnings from discontinued operations²		
Profit for the year	17 366	35 906
Profit from the sale of businesses	(13 950)	–
Headline earnings from discontinued operations	3 416	35 906
Headline earnings per share (cents)	3,2	33,4
Diluted headline earnings per share (cents)	3,0	32,5
Reconciliation of headline earnings from total operations³		
Profit for the year	116 403	38 228
Loss/(profit) on sale of property and equipment	2 182	(7 881)
Taxation recovered on the sale of property and equipment	(611)	2 207
Impairment of right-of-use assets	2 770	5 889
Taxation on impairment of right-of-use assets	(776)	(1 649)
Profit from the sale of businesses	(13 950)	(36)
Headline earnings	106 018	36 758
Headline earnings per share (cents)	99,4	34,2
Diluted headline earnings per share (cents)	94,0	33,2

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

² Headline earnings per share is based on the earnings adjusted for the profit on the sale of assets, impairment of goodwill and right-of-use assets.

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

26. Directors' and prescribed officers' emoluments

Executive directors 2022	Salary R'000	Bonus R'000	Employee benefits R'000	Sub-total R'000	Realised gains on share options R'000	Separation costs R'000	Notice and leave pay R'000	Total R'000
Dr J Wentzel (appointed 1 April 2021)	4 409	6 088	1 157	11 654	–	–	–	11 654
N Prendergast	2 723	1 440	517	4 680	–	–	–	4 680
P Roux (resigned 31 March 2021)	500	–	40	540	–	–	353	893
	7 632	7 528	1 714	16 874	–	–	353	17 227
Executive directors 2021								
P Roux (appointed 24 April 2020; resigned 31 March 2021)	5 104	14 100	352	19 556	–	–	–	19 556
N Prendergast (appointed 1 July 2020)	2 010	612	90	2 712	–	–	–	2 712
CJ Kujenga (resigned 31 May 2020)	884	–	63	947	–	1 241	1 412	3 600
	7 998	14 712	505	23 215	–	1 241	1 412	25 868
Prescribed officers 2022								
R de Grooth	2 715	1 350	301	4 366	298	–	–	4 664
K Vittee (resigned 28 February 2022)	2 440	–	666	3 106	615	3 069	877	7 667
N Najjar (appointed 1 April 2021)	1 798	1 638	471	3 907	–	–	–	3 907
M Woodbury	2 768	665	247	3 680	–	–	–	3 680
	9 721	3 653	1 685	15 059	913	3 069	877	19 918
Prescribed officers 2021								
R de Grooth	2 412	720	270	3 402	–	–	–	3 402
K Vittee	2 222	699	386	3 307	–	–	–	3 307
T Fowler	2 205	751	188	3 144	–	–	–	3 144
U Fear (resigned 31 May 2020)	476	–	31	507	–	–	(5)	502
T Sadik (resigned 30 April 2020)	453	–	–	453	–	–	149	602
H Weyers (resigned 28 February 2021)	1 045	15	73	1 133	–	–	345	1 478
	8 813	2 185	948	11 946	–	–	489	12 435

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

	Number of unexercised options as at 28 February 2021	Issue price R/share	Number of options granted	Issue price R/share	Number of options exercised	Number of options forfeited	Number of unexercised options as at 28 February 2022	Vesting date
Executive directors								
Dr J Wentzel	–	–	906 095	4,88	–	–	906 095*	01/04/2024
	–	–	949 367	3,82	–	–	949 367#	30/06/2024
N Prendergast	516 129#	4,26	–	–	–	–	516 129#	30/11/2023
	–	–	303 797	3,82	–	–	303 797#	30/06/2024
Prescribed officers								
R de Grooth	35 000#	17,99	–	–	(17 500)	(17 500)	–	01/03/2020
	68 671#	17,16	–	–	(34 336)	(34 335)	–	20/06/2021
	76 135#	23,93	–	–	–	–	76 135#	01/03/2022
	483 969#	4,26	–	–	–	–	483 969#	30/11/2023
	–	–	456 713	5,93	–	–	456 713~	28/02/2023
	–	–	284 868	3,82	–	–	284 868#	30/06/2024
K Vittee**	139 650#	17,99	–	–	(69 825)	(69 825)	–	01/03/2020
	74 132#	17,16	–	–	(37 066)	(37 066)	–	20/06/2021
	62 262#	23,93	–	–	–	(62 262)	–	01/03/2022
	469 965#	4,26	–	–	–	(469 965)	–	30/11/2023
	–	–	443 498~	5,93	–	(443 498)	–	28/02/2023
	–	–	277 562#	3,82	–	(277 562)	–	30/06/2024
N Najjar	–	–	261 076	3,82	–	–	261 076#	30/06/2024
T Fowler	64 779#	17,16	–	–	–	(64 779)	–	20/06/2021
	52 751#	23,93	–	–	–	(52 751)	–	01/03/2022

Performance shares.

~ Retention shares.

* Sign-on shares.

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

** K Vittee resigned on the 28 February 2022.

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

28. Non-executive directors' emoluments

2022 Non-executive directors	Directors' fees R'000
GT Serobe	1 037
P Mnganga	502
H Singh	468
C Maswanganyi	329
S Sithole	494
MW Spicer*	643
MM Nkosi	268
R van Dijk	443
C Smith	338
T Mokgabudi	665
M Lubega	443
	5 630
2021 Non-executive directors	
GT Serobe	777
P Mnganga	362
GP Dingaan (resigned 10 September 2020)	114
H Singh	702
SN Mabaso-Koyana (resigned 1 March 2021)	427
C Maswanganyi	241
FS Mufamadi (resigned 10 September 2020)	65
S Sithole	338
MW Spicer	467
MM Nkosi	236
R van Dijk	306
C Smith	260
T Mokgabudi (appointed 15 October 2020)	243
M Lubega (appointed 1 July 2020)	249
	4 787

* Passed away on 9 March 2022.

29. Schedule of directors' interests – Adcorp Holdings Limited

	2022			2021		
	Direct	Indirect	Total	Direct	Indirect	Total
Directors' names						
Dr J Wentzel	19 100	–	19 100	–	–	–
S Sithole*	–	34 258 743	34 258 743	–	32 758 743	32 758 743
MW Spicer	–	48 000	48 000	–	48 000	48 000
C Smith	–	1 601 463	1 601 463	–	1 601 463	1 601 463
Alternate directors						
MM Nkosi* (Resignation effective 1 June 2022)	–	34 258 743	34 258 743	–	32 758 743	32 758 743
T Olls*	–	34 258 743	34 258 743	–	–	–
	19 100	104 425 692	104 444 792	–	67 166 949	67 166 949
Less duplicate counting for Value Capital Partners (VCP)	–	(68 517 486)	(68 517 486)	–	(32 758 743)	(32 758 743)
	19 100	35 908 206	35 927 306	–	34 408 206	34 408 206

* Interest held through VCP.

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

30. Dividends

30.1 Dividend paid

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

30.2 Dividend declared

The board of directors of Adcorp has approved and declared a final gross dividend of 47.0 cents per ordinary share, on 26 May 2022 from income reserves, for the year ended 28 February 2022.

31. Related parties

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

31.1 Trading transactions

During the year, group entities entered into the following transactions:

	Sale of services		Holding company management fees		Accounting and information technology fees	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Subsidiaries of Adcorp Holdings Limited	123 898	171 084	130 754	135 532	261 430	244 283

31.2 B-BBEE shareholders' interest

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

GT Serobe, is a director of Quest Strategic Partners Proprietary Limited, being one of the group's B-BBEE partners. C Maswanganyi, is a director of Thornbird Trade and Invest 33 Proprietary Limited, being one of the group's B-BBEE partners.

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

31.3 Consulting fees

Consulting fees of R1.5 million (2021: R1.4 million) have been paid to a non-executive director (C Smith) for consulting services rendered during the year. The transaction was conducted at market-related rates prevailing at the time of entering into the transaction.

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

32. Profit from the disposal of businesses

	2022 R'000	2021 R'000
Profit on the sale of Adcorp Support Services Proprietary Limited	15 196	–
Profit on the sale of Dare Holdings Proprietary Limited and Adcorp Holdings Singapore Pte Limited (note 21)	–	2 592
Costs expensed for the sale of Adcorp Support Services Proprietary Limited	(1 246)	(2 556)
Net profit from the sale of businesses	13 950	36

Profit on the sale of Adcorp Support Services Proprietary Limited

On 30 March 2021, the Group disposed of its 100% shareholding in Adcorp Support Services Proprietary Limited and received net proceeds of R178 million before the deduction of certain closing liabilities and inclusive of a final deferred payment of R21,0 million on 30 March 2021. The carrying value of the assets and liabilities, consideration received and the profit recognised at the disposal date was as follows:

	2022 R'000
Non-current assets disposed of	9 630
Property and equipment	4 658
Right-of-use assets	3 149
Deferred taxation	1 823
Current assets disposed of	44 948
Trade and other receivables	17 455
Cash and cash equivalents	27 493
Current liabilities disposed of	26 007
Lease liabilities	3 702
Trade and other payables	16 480
Taxation payable	1 836
Provisions	3 989
Net assets disposed of	(28 571)
Goodwill derecognised	(148 656)
Consideration received	194 979
Cash (after closing liabilities)	173 932
Contingent consideration settled	21 047
Cumulative transaction costs ¹	(3 802)
Profit on disposal of Adcorp Support Services Proprietary Limited	13 950
Consideration received	194 979
Transactions costs paid	(3 802)
Net proceeds received on disposal	191 177
Less cash and cash equivalents	(27 493)
Net cash proceeds on disposal	163 684

¹ Includes R2,5m of transaction costs incurred in the prior financial year.

33. Management of capital

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of debt, which includes the interest-bearing borrowings disclosed in note 17, cash and cash equivalents disclosed in note 14, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 15 and 16.

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

34. Financial instruments by category

34.1 Financial assets by category

	Amortised cost R'000	Fair value through profit or loss R'000	Total R'000
As at 28 February 2022			
Investments (note 8.1 and 8.2)	–	19 597	19 597
Trade receivables (note 12)	1 336 354	–	1 336 354
Other receivables (note 13)	82 355	–	82 355
Cash and cash equivalents (note 14)	420 355	–	420 355
	1 839 064	19 597	1858 661
As at 28 February 2021			
Investments (note 8.1 and 8.2)	–	18 971	18 971
Trade receivables (note 12)	1 377 823	–	1 377 823
Other receivables (note 13)	56 809	–	56 809
Cash and cash equivalents (note 14)	473 932	–	473 932
	1 908 564	18 971	1 927 535

34.2 Financial liabilities by category

	Amortised cost R'000	Total R'000
As at 28 February 2022		
Lease liabilities (note 5.2)	423 965	423 965
Interest-bearing borrowings (note 17.1 and 17.2)	133 336	133 336
Bank overdraft (note 14)	–	–
Trade and other payables (note 18)	317 441	317 441
	874 742	874 742
As at 28 February 2021		
Lease liabilities (note 5.2)	444 939	444 939
Interest-bearing borrowings (note 17.1 and 17.2)	455 823	455 823
Bank overdraft (note 14)	87	87
Trade and other payables (note 18)	361 487	361 487
	1 262 336	1 262 336

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

35. Financial risk management

35.1 Financial risk management objectives

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

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

35.2 Foreign currency management

The group was exposed to foreign currency exchange movements related to the investment carried at amortised cost in the prior financial year and cash and cash equivalents denominated in US dollars and Angolan Kwanza in the current and prior financial year (note 8.2).

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

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

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

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

35.3 Interest risk management

The group is exposed to interest rate risk because it has interest-bearing borrowings (note 17) that attract interest at a floating rate.

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

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

35.4 Credit risk management

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

35. Financial risk management continued

35.5 Liquidity risk management

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

The group has the following facilities available:

	2022 R'000	2021 R'000
Non-interest-bearing facilities		
Intra-day facility with First National Bank non-interest-bearing	100 000	100 000
Non-interest-bearing facilities	100 000	100 000
Total interest-bearing borrowing facilities available		
South Africa	550 000	1 000 000
– ZAR new revolving credit facility	400 000	850 000
– Accordion facility	150 000	150 000
Australia – AUD borrowing base facility	244 471	291 175
Total interest-bearing borrowing facilities available	794 471	1 291 175
Interest-bearing borrowing facilities utilised		
South Africa	100 000	450 000
– ZAR new revolving credit facility	100 000	450 000
– Accordion facility	–	–
Australia – AUD borrowing base facility	33 336	5 823
Total interest-bearing borrowing facilities utilised	133 336	455 823
Unutilised interest-bearing borrowing facilities		
South Africa	450 000	550 000
– ZAR new revolving credit facility	300 000	400 000
– Accordion facility	150 000	150 000
Australia	211 135	285 352
Total unutilised interest-bearing borrowing facilities	661 135	835 352

Interest-bearing borrowings

Refer to note 17 for additional disclosures.

Cash and cash equivalents

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

Notes to the consolidated annual financial statements *continued*

for the year ended 28 February 2022

35. Financial risk management *continued*

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

	2022 R'000	2021 R'000
Trade and other payables (note 18)	317 441	361 487
Interest-bearing borrowings (note 17.2)	133 336	55 823
Lease liabilities (note 5.2)	80 396	83 240
Total due within one year	531 173	500 550
After one year but within two years	75 002	475 258
After two years but within three years	68 959	69 869
After three years but within four years	62 037	66 465
After four years but within five years	62 797	60 806
After five years	352 679	415 367
Total due after one year	621 474	1 087 765
Total debt	1 152 647	1 588 315

35.7 Financial instruments measured at fair value

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

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

36. Operating lease arrangements

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

	2022 R'000	2021 R'000
The group as lessee		
Short-term lease expenses	5 675	6 949
Low value assets lease expenses	5 611	2 806
Minimum lease payments under operating property and IT-related leases recognised as an expense in the year (note 22)	11 286	9 755
At the statement of financial position date, the group has outstanding commitments under non-cancellable operating leases which fall due as follows		
Within one year	8 051	7 078
Between two and five years	5 767	8 422
Total commitments under non-cancellable leases	13 818	15 500
Average lease terms of short-term leases (months)	12 months or shorter	12 months or shorter
Average lease term remaining for low value assets	21 months	33 months

37. Contingent liabilities and commitments

	2022 R'000	2021 R'000
The bank has issued guarantees to creditors to the value of:	24 133	25 593
The group has commitments relating to information technology development of:	11 081	12 175

38. Events after reporting period Debt refinance in South Africa

The South African operation is in the final stages of renegotiating a facility of R250 million plus an accordion feature of R100 million which is expected to be effective from 1 September 2022. The facility is expected to mature in three years from the effective date and will be used to fund its working capital requirements.

Debt extension in Australia

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

39. Going concern

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

Solvency

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

Liquidity

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

Going concern conclusion

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

Annexure A: Details of significant subsidiaries

for the year ended 28 February 2022

Name of subsidiary	Nature of business/status
Adcorp Fulfilment Services Proprietary Limited	Holding company
Adcorp Group South Africa Proprietary Limited	Holding company
Adcorp Group South Africa Proprietary Limited	Holding company
Adcorp Holdings Australia Proprietary Limited	Holding company
Adcorp Management Services Proprietary Limited	Shared services
Adcorp Staffing Solutions Proprietary Limited	Holding company
Adcorp Staffing Solutions Proprietary Limited	Holding company
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	Recruitment
All About Xpert Australia Proprietary Limited	Project management products and services
All About Xpert Technologies Proprietary Limited	Project management products and services
Fortress Administration Solutions Proprietary Limited	Outsourcing solutions
Fortress Administration Solutions Proprietary Limited	Outsourcing solutions
Inn-Staff Swaziland Proprietary Limited	Flexible staffing
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 Proprietary Limited	Training
Quest Staffing Solutions Proprietary Limited	Flexible staffing
Quest Staffing Solutions Proprietary Limited	Flexible staffing
TalentCru Proprietary Limited (Australia)	Emergent business
Torque Technical Computer Training Proprietary Limited	Supplier of IT services

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

Share type	Authorised share capital of subsidiary/associate		Issued share capital of subsidiary/associate		Number of shares held by Adcorp	
	February 2022 Number	February 2021 Number	February 2022 Number	February 2021 Number	February 2022 Number	February 2021 Number
Ordinary	20 000	20 000	9 000	9 000	9 000	9 000
Ordinary	100 000	100 000	10 000	10 000	6 458	6 458
Redeemable preference	10 000	10 000	1 592	1 592	1 592	1 592
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	100	100	100	100
Class "A" redeemable preference	225 000	225 000	—	—	—	—
Ordinary	1 000	1 000	100	100	100	100
Ordinary	900 000 000	900 000 000	349 716 709	349 716 709	349 716 709	349 716 709
Convertible redeemable preference	100 000 000	100 000 000	—	—	—	—
Ordinary	1 000 000 000	1 000 000 000	100 000 000	100 000 000	100 000 000	100 000 000
Ordinary	4 000	4 000	2 100	2 000	2 100	2 000
Ordinary	100	100	100	100	100	80
Ordinary	100	100	100	100	100	75
Ordinary	4 000	4 000	2550	2 549	2 550	2 549
A' ordinary	450	450	450	450	—	—
Ordinary	100	100	100	100	100	100
Ordinary	1 000	1 000	1 000	1 000	1 000	1 000
Ordinary	60 530 464	60 530 464	60 530 464	60 530 464	60 530 464	60 530 464
Ordinary	152 856	152 856	152 856	152 856	152 856	152 856
Ordinary	4 000	4 000	100	100	100	100
Ordinary	1 000	1 000	700	600	700	600
A' ordinary	1 000	1 000	400	400	400	—
Ordinary	1 000	1 000	100	100	100	100
Ordinary	1 000	1 000	100	100	100	100

Shareholder analysis

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	5 581	89,78	399 732	0,36
1 001 – 10 000	362	5,82	1 207 508	1,10
10 001 – 100 000	162	2,61	5 520 136	5,02
100 001 – 1 000 000	85	1,37	28 837 159	26,23
Over 1 000 000	26	0,42	73 990 140	67,29
Total	6 216	100,00	109 954 675	100,00

Distribution of shareholders

Assurance companies	14	0,23	6 587 163	5,99
Close corporations	14	0,23	106 875	0,10
Collective investment schemes	40	0,64	29 540 378	26,87
Control accounts	1	0,01	108	0,00
Custodians	6	0,10	222 761	0,20
Foundations and charitable funds	16	0,26	1 331 776	1,21
Hedge funds	4	0,06	19 429 164	17,67
Insurance companies	3	0,05	254 982	0,23
Investment partnerships	14	0,23	4 097 289	3,73
Managed funds	11	0,18	216 823	0,20
Medical aid funds	4	0,06	409 714	0,37
Organs of state	2	0,03	2 496 243	2,27
Private companies	34	0,55	2 169 109	1,97
Public companies	2	0,03	318 510	0,29
Retail shareholders	5 843	94,00	3 686 173	3,35
Retirement benefit funds	111	1,79	36 210 526	32,93
Scrip lending	2	0,03	550 042	0,50
Stockbrokers and nominees	13	0,21	925 318	0,84
Treasury	1	0,01	556 605	0,51
Trusts	71	1,14	844 526	0,77
Unclaimed scrip	10	0,16	590	0,00
Total	6 216	100,00	109 954 675	100,00

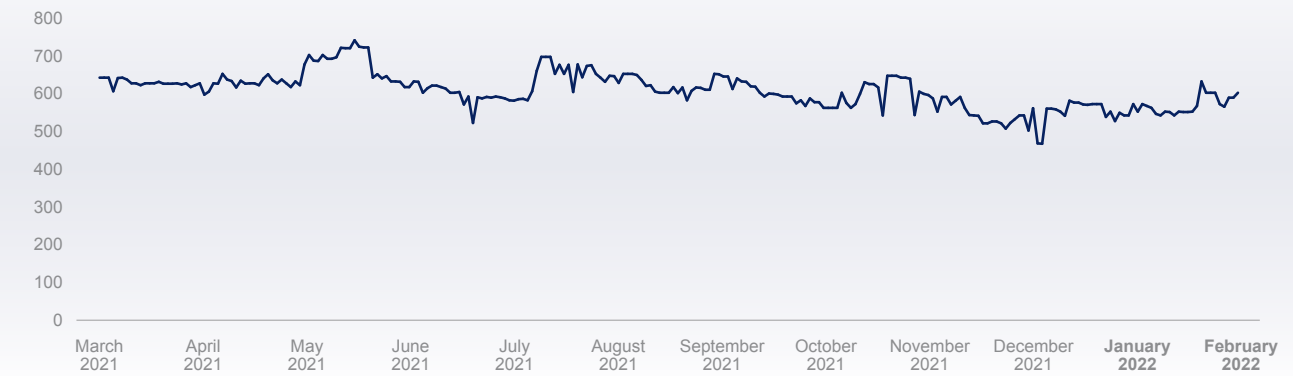
Shareholder type

Non-public shareholders	8	0,13	39 208 395	35,66
Directors and associates (direct holding)	3	0,05	38 375	0,03
Directors and associates (indirect holding)	3	0,05	35 908 206	32,66
Treasury	2	0,03	3 261 814	2,97
Public shareholders	6 208	99,87	70 746 280	64,34
Total	6 216	100,00	109 954 675	100,00

Fund managers with a holding greater than 5% of the issued shares		Number of shares	% of issued capital
Value Capital Partners		34 258 743	31,16
Allan Gray		18 335 751	16,68
Kagiso Asset Management		20 898 247	19,01
Steyn Capital Management		8 355 882	7,60
PSG Asset Management		8 733 422	7,94
Total		90 582 045	82,39
Beneficial shareholders with a holding greater than 5% of the issued shares			
H4 Collective Investments		14 640 795	13,32
Allan Gray		9 894 847	9,00
PSG		8 733 422	7,94
Kagiso		6 534 278	5,94
Sentinel Mining Industry Retirement Funds		5 886 235	5,35
Eskom Pension & Provident Fund		5 667 700	5,15
Total		51 357 277	46,70
Total number of shareholdings		6 216	
Total number of shares in issue		109 954 675	
Share price performance			
Opening price 1 March 2021		R6.49	
Closing price 28 February 2022		R6.00	
Closing high for the period		R7.39	
Closing low for the period		R4.65	
Number of shares in issue		109 954 675	
Volume traded during the period		25 941 579	
Ratio of volume traded to shares issued (%)		23,59	
Rand value traded during the period		R155 932 759	
Price/earnings ratio as at 28 February 2022		20,91	
Earnings yield as at 28 February 2022		4,78	
Dividend yield as at 28 February 2022		7,83	
Market capitalisation at 28 February 2022		R659 728 050	

Shareholder analysis *continued*

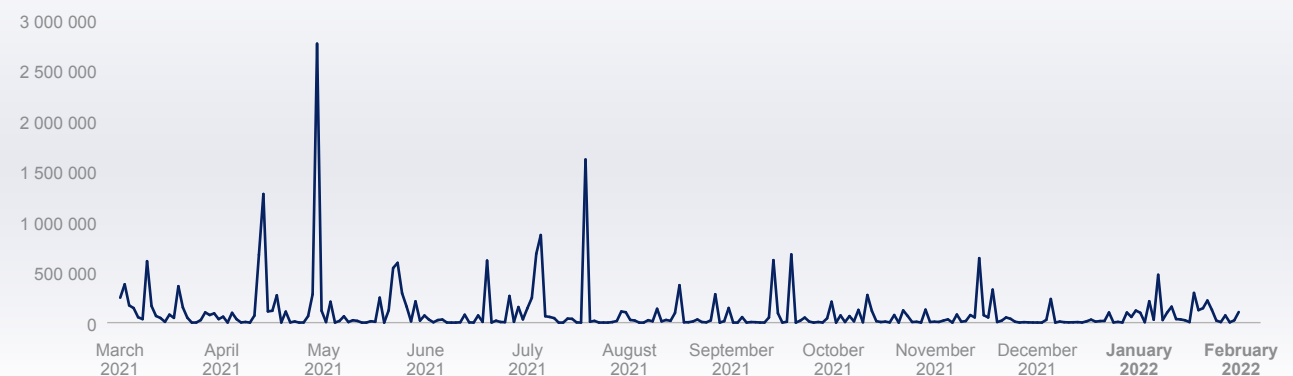
Adcorp price chart – daily closing price (cents)



Five-year share price performance (cents)



Adcorp price chart – 1 March 2021 to 28 February 2022 (volume)



Corporate information

Adcorp Holdings Limited

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

Registered office

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

Company Secretary

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

Investor relations

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

Auditor

Deloitte & Touche
5 Magwa Crescent
Midrand, 2066
South Africa
Tel: +27(0) 11 806 5000

Legal advisers

Eversheds Sutherland SA
3rd Floor, 54 Melrose Boulevard
Melrose Arch, Melrose North
Johannesburg, South Africa, 2196
PO Box 782244, Sandton City, 2146
Tel: +27 (0) 87 358 9857
Email: petervanniekerk@eversheds-sutherland.co.za

Transfer secretaries

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

Sponsors

PSG Capital
1st Floor, Ou Kollege
35 Kerk Street, Stellenbosch, South Africa, 7600
Tel: +27 (0) 21 887 9602
Email: info@psgcapital.com

