adcorp

Connecting Human Potential

Consolidated financial statements 2023

Years of resilience

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Agility

Diversity and inclusion

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Directors' responsibility for the consolidated annual financial statements

To the shareholders of Adcorp Holdings Limited

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

The audited consolidated financial statements are prepared in accordance with 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 business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be entirely eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the cash flow forecast for the 12 months from approval of the consolidated financial statements to 31 May 2024 and, in light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the audited consolidated financial statements. The audited consolidated financial statements have been examined by the external auditor and their report is presented on pages 10 to 12.

The audited consolidated financial statements set out on pages 13 to 91, which have been prepared on the going concern basis, were approved by the directors on 29 May 2023 and are signed on their behalf by:

John Wentzel
Chief Executive Officer

29 May 2023

Navigation in this report

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

Further reference

Area of compliance with King IV in the report 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/fy23-adcorp-group-consolidation-financial-statements/.

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

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

(a) The annual financial statements set out on pages 13 to 91, 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) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

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

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

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

(f) Any fraud that involves directors was reported to the audit committee/we are not aware of any fraud involving directors.

John Wentzel
Chief Executive Officer

29 May 2023

Noel Prendergast
Chief Financial Officer

29 May 2023

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 2023 and that all such returns appear to be true, correct and up to date.

Lisa Laporte
Company Secretary

29 May 2023

Report of the audit and risk committee

for the year ended 28 February 2023

Dear Stakeholders

The group's audit and risk committee (the committee or ARC) presents its report for the financial year ended 28 February 2023. 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. The committee performs the requisite statutory functions on behalf of all subsidiaries within the group.

Composition, meetings and assessment

The four members of the ARC were recommended by the board to the shareholders and were formally appointed at the previous annual general meeting (AGM) held on 28 July 2022.
T Mokgabudi (Chairman)
H Singh
M Lubega
R van Dijk

The ARC would like to acknowledge the services of M Spicer who sadly passed away on 9 March 2022, he was a highly regarded and respected director.

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. Seven (7) committee meetings were held during the year, of which two (2) were special meetings and five (5) were ordinary meetings.

In line with King IV, the board and its committees should be assessed once every two years and this was performed in the current financial year, with the recommendations to be tabled and onboarded.

Roles and responsibilities

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

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

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

External auditor appointment and independence

In accordance with the Independent Regulatory Board for Auditors' (IRBA) rule regarding mandatory audit firm rotation, the committee embarked on a "Request for Proposals" process during 2022, in respect of the provision of external audit services. Following an extensive tender process under leadership of the committee, the committee recommended and the board endorsed its proposal to appoint KPMG as the company's new external auditor starting 1 March 2022, with Mrs Giuseppina Aldrighetti as the designated individual auditor. The decisive factors to recommend KPMG were the consistent strong performance of the proposed team, the best perceived integrated audit approach and competitive fee proposal. The appointment of KPMG was approved by the shareholders of Adcorp at the AGM held on 28 July 2022.

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

The committee resolved to recommend to the shareholders that KPMG be appointed as the Group's registered external auditor for the 2024 financial year and Mrs Giuseppina Alrighetti as the designated partner.

Report of the audit and risk committee continued

for the year ended 28 February 2023

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

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

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

Financial statements and accounting policies

The committee has assessed the group accounting policies and the consolidated financial statements for the year ended 28 February 2023 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 proactive monitoring of financial statements in 2022.

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

The committee supports the opinion of the board and the external auditor with regard to the consolidated financial statements, which have been approved by the board and will be presented to shareholders at the AGM to be held on 27 July 2023.

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

Governance of risk

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

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

Internal audit

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

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

CEO and CFO responsibility statement

The committee evaluated the CEO and CFO's responsibility statement on the consolidated financial statements and internal financial controls as required by the JSE Listings Requirements as set out on page 02.

The CEO and CFO reviewed the controls over financial reporting and presented the findings to the committee. Based on this evaluation management identified certain deficiencies, including the tax accounting for the African operation, 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 committee is responsible for evaluating the group's ability to continue as a going concern and therefore the appropriateness of the going concern assumption in preparing the financial statements. The committee have assessed the economic environment, current financial position and the expected cash flows for the next 12 months through to the end of May 2024. The liquidity and solvency position has also been reviewed as part of this assessment.

The committee is satisfied that there are no material uncertainties that cast doubt on the group's ability to operate as a going concern. The group have sufficient resources, or access to resources, to continue with all operating activities for the foreseeable future. Based on this assessment, the committee considers it appropriate to adopt the going concern assumption for the preparation of the 2023 financial statements and recommends the going concern assumption to the board for approval.

Significant areas of judgement

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

Goodwill and impairment assessment

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

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

On this basis, the committee is satisfied that an impairment of R34 million (2022: Rnil) is required on the goodwill for the Paracon CGU for the current year.

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

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

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

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

The ARC has access to all financial information of the company, including the financial information of all entities within the group.

Report of the audit and risk committee continued

for the year ended 28 February 2023

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 2023:

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

The committee has set the following key areas of focus for 2024:

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

Conclusion

Having considered all the material factors and key audit matters the committee recommended the consolidated financial statements for the year ended 28 February 2023 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.

TMokgabudi

T Mokgabudi
Chairman, audit and risk committee

29 May 2023

Directors' report

for the year ended 28 February 2023

The directors have pleasure in submitting their report and consolidated financial statements for the year ended 28 February 2023.

Nature of business

The group's subsidiaries 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 consolidated financial statements on pages 13 to 91.

As at 31 August 2022 the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations had been met and allaboutXpert Australia Proprietary Limited, together with its wholly owned subsidiaries, allaboutXpert NZ Limited and allaboutXpert Technologies Proprietary Limited ("aaX"), have been disclosed as discontinued operations.The group voluntarily initiated an administration process for allaboutXpert Australia Proprietary Limited and allaboutXpert Technologies Proprietary Limited, whereby the independent registered administrator assumed control of these entities on 13 December 2022.

Share capital

The authorised share capital is 183 177 151 (2022: 183 177 151) ordinary shares of 2,5 cents per share and 16 822 849 (2022: 16 822 849) "B" ordinary shares of 2,5 cents per share. The issued share capital of the company at 28 February 2023 was 109 954 675 (2022: 109 954 675) ordinary shares of 2,5 cents per share and 6 729 140 (2022: 6 729 140) "B" ordinary shares of 2,5 cents per share.

Dividend

The board approved a final gross cash dividend of 16,5 cents per ordinary share for the financial year ended 28 February 2023 (2022: 47 cents). The dividend has been declared from income reserves. In addition, a special gross dividend of 91,3 cents per ordinary share (2022: Nil) has been approved, which special dividend is subject to the required South African Reserve Bank approval being obtained for the declaration of same.

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 R8,1 million (2022: R10,8 million).

Special resolutions

At the AGM held on 28 July 2022, 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.

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

Statutory information

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

Directors' report continued

for the year ended 28 February 2023

Directorate and secretary

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

Name	Current year appointments and resignations
Non-executive directors	
GT Serobe	
P Mnganga	Appointed as lead independent director effective 26 May 2022
H Singh	
C Maswanganyi	Resignation effective 28 July 2022
S Sithole	Appointed as alternative director effective 28 July 2022
MW Spicer	Passed away 9 March 2022
MM Nkosi	Resignation effective 1 June 2022
R van Dijk	
C Smith	
T Olls	Appointed as non-executive director effective 28 July 2022
T Mokgabudi	
M Lubega	
Executive directors	
Dr J Wentzel	
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 were entered into during the current year. The directors had no interest in any third party or company responsible for managing any of the business activities of Adcorp.

Going concern

In preparing the consolidated financial statements, the directors are responsible for evaluating the group's ability to continue as a going concern and as a consequence the appropriateness of the going concern assumption in the preparation of the consolidated financial statements. The directors have assessed the economic environment, current financial position and the group's expected cash flows for the next 12 months through to the end of May 2024. There has been no event of default over the past 12 months on any of the group's debt facilities. No facilities available to the group have been withdrawn at the reporting date and remain committed by our lenders; and the group has forecast that it will achieve the required debt to adjusted EBITDA and interest cover ranges as per the debt covenants agreed with its lenders for the following 12 months.

Solvency

On 28 February 2023, the total assets of the group exceeded the total liabilities by R1 534 million and the current ratio as at 28 February 2023 was 1,6. The group is expected to remain solvent after considering the approved budget and expected performance. There are no events anticipated in the year ahead that indicate any risk to the group's solvency position.

Liquidity

In assessing the liquidity position, cash flow forecasts were prepared, covering the period up until the end of May 2024. Based on the short and long term forecasts (as per the budget approved by the board of directors), the group is expected to be able to meet all its short-term obligations through a combination of the cash generated by operations and the utilisation of the current facilities available to the group. The cash position is monitored daily by management and the group is comfortable with its liquidity levels.

Going concern conclusion

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

Auditor

Following the conclusion of the mandatory audit firm rotation process in 2022, the audit and risk committee recommended and the board endorsed the proposed appointment of KPMG as the new external auditor for the financial year commencing on 1 March 2022, with Mrs Giuseppina Aldrighetti as the designated audit partner. This was approved at the AGM held on 28 July 2022. KPMG will be recommended for reappointment to the shareholders at the next AGM for the year ending 28 February 2024.

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

No event which is material to the understanding of this report has occurred between year-end and the date of the consolidated financial statements other than:

The board of directors has approved and declared a final gross dividend of 16,5 cents per ordinary share (2022: 47,0 cents per share), from income reserves, for the year ended 28 February 2023 and a special gross dividend of 91,3 cents per ordinary share (2022: Nil), which special dividend is subject to the required South African Reserve Bank approval being obtained for the declaration of same.

Independent auditor's report

To the shareholders of Adcorp Holdings Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Adcorp Holdings Limited (the group) set out on pages 13 to 91, which comprise the consolidated statement of financial position as at 28 February 2023, and consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, segment report, notes to the consolidated financial statements, including a summary of significant accounting policies and Annexure A – Details of significant subsidiaries.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Adcorp Holdings Limited and its subsidiaries as at 28 February 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and the requirements of the Companies Act of South Africa.

Basis for opinion

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

Key audit matters

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

Goodwill impairment

Refer to note 7 of the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
Goodwill of R513 million was recognised on the consolidated statement of financial position and an impairment of R34 million was made in current year. This balance represents 16% of the group's total assets. As required by IAS 36 – Impairment of Assets (IAS 36), management conduct annual impairment assessments to test the recoverability of the carrying amount of goodwill for each cash-generating unit. Impairment assessments are performed using discounted cash flow models to determine the value-in-use of the cash generating units ("CGU's"). There are a number of key assumptions made in determining the inputs into these models which include: • Future cash flows; • Growth rates; and • The discount rate applied to the projected future cash flows. Given the complexity and significant estimation and judgement involved in the discounted cash flow model to determine the value-in-use of the cash generating units, this was considered a key audit matter.	Our team included senior audit team members and valuation specialists, who understand the Group's business and industry. We performed the following audit procedures, amongst others: • Tested the design, implementation and operating effectiveness of controls over the goodwill impairment models; • Critically evaluated whether the discounted cash flow model used by the directors to calculate the value-in-use of each cash generating unit complies with the requirements of IAS 36; • Challenged the key assumptions used by the management in their value-in-use calculations by: – assessing the reasonableness of assumptions relating to revenue and EBITDA growth in relation to our knowledge of the group and the industries in which it operates; – involved our valuation specialists in assessing the reasonableness of the terminal growth rates in relation to external market data; and – involved our valuation specialists in assessing the reasonableness of the discount rates applied by independently calculating the rates, with assistance from our valuation specialists, and comparing the rates to those used by management. • Evaluated whether the goodwill had been allocated: – to the appropriate level of CGU or group of CGUs and to those CGUs/ group of CGUs expected to benefit from the synergies of the business combination from which it arose; and – on a consistent basis with the prior period. • Evaluated the future projected cash flows for each cash generating unit to determine whether they are reasonable and supportable given the current macro-economic climate and expected future performance of each cash generating unit. • Compared the projected cash flows, including assumptions relating to profit growth and terminal growth rates, against historical performance to test the accuracy of the directors' projections. • Involved our valuation specialists in performing sensitivity analyses on key assumptions to assess the impact on the value-in-use calculations; and • Evaluated the adequacy and appropriateness of the disclosures made by management in the consolidated financial statements in accordance with IAS 36.

Accounting for income, deferred and value added taxes Refer to note 9,10 and 18 of the consolidated financial statements.	
Key audit matter	**How the matter was addressed in our audit**
The Group operates primarily across South Africa and Australia, with exposure to the rest of Africa. The determination of the Group's tax is based on interpretations applied in terms of the respective country tax legislations and may be subject to periodic challenges by tax authorities. This gives rise to significant judgement and estimation being applied in accounting for any uncertain tax positions. The Group has considered their uncertain tax positions at year end and has maintained a provision for these positions based on the current available facts and circumstances surrounding these uncertainties. Given the significant estimation and judgement involved, accounting for income, deferred and value added taxes in the Group was considered a key audit matter in respect of the consolidated financial statements.	Our team included senior audit team members and tax specialists, who understand the Group's business and industry. Our audit procedures included, amongst others: • Understanding the nature of the uncertain tax positions and how management had reached their conclusions relating to the exposures identified. • Evaluating the appropriateness of management's conclusions by involving our tax specialists. Our evaluation was performed based on our in-depth tax knowledge and past experiences with interacting with tax authorities within the geographical regions that the group operates in and by reviewing correspondence with the tax authorities. • Assessing the appropriateness of the disclosures made in the consolidated financial statements in accordance with IAS 12, IFRIC 23 and IAS 37.

Other matter

The consolidated financial statements of the group as at and for the year ended 28 February 2022, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 30 May 2022.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Adcorp Holdings Limited consolidated Financial Statements for the year ended 28 February 2023", which includes the Company Secretary compliance statement, Report of the audit and risk committee and the Directors' report as required by the Companies Act of South Africa and 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 report thereon.

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

In connection with our audit of the 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.

When we read the Integrated Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 as issued by the International Accounting Standards Board (IFRS 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.

Independent auditor's report continued

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.

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

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

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

Report on other legal and regulatory requirements

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

KPMG Inc.
Registered Auditor

Per G Aldrighetti
Chartered Accountant (SA)
Director
29 May 2023

KPMG Inc.
85 Empire Road
Parktown, 2193
South Africa

Consolidated statement of financial position

as at 28 February 2023

	Notes	2023 R'000	2022 R'000
Assets			
Non-current assets		**1 238 869**	1 290 954
Property and equipment	4	**30 811**	37 171
Right-of-use assets	5.1	**291 785**	323 432
Intangible assets	6	**123 684**	125 773
Goodwill	7	**512 695**	512 723
Other financial assets – investment at fair value	8.1	**21 074**	19 597
Deferred taxation	9	**214 833**	214 187
Prepayments	13.1	**43 987**	58 071
Current assets		**1 922 796**	1 909 718
Trade receivables	12	**1 337 049**	1 336 354
Other receivables	13.3	**136 242**	143 562
Taxation prepaid	11	**33 957**	9 447
Cash and cash equivalents and restricted cash	14	**415 548**	420 355
Total assets		**3 161 665**	3 200 672
Equity and liabilities			
Total equity		**1 534 677**	1 472 529
Share capital and share premium	15.1	**1 740 858**	1 740 858
Treasury shares	15.2	**(91 170)**	(72 172)
Reserves	16	**(115 011)**	(196 157)
Non-current liabilities		**388 936**	438 004
Lease liabilities	5.2	**331 977**	348 493
Deferred taxation	9	**56 959**	89 511
Current liabilities		**1 238 052**	1 290 139
Interest-bearing borrowings	17.2	**–**	133 336
Lease liabilities	5.2	**77 433**	75 472
Trade and other payables	18	**898 855**	819 610
Provisions	19	**234 889**	203 930
Taxation payable	11	**26 875**	57 791
Total equity and liabilities		**3 161 665**	3 200 672

Consolidated statement of profit or loss

for the year ended 28 February 2023

	Notes	2023 R'000	*Restated 2022 R'000
Continuing operations			
Revenue	20	**12 048 951**	11 318 048
Cost of sales		**(10 766 543)**	(10 109 805)
Gross profit		**1 282 408**	1 208 243
Other income	21	**19 743**	19 553
Loss allowance for expected credit losses – trade receivables	12	**10 585**	15 673
Impairment of goodwill	7	**(34 463)**	–
Operating expenses		**(1 114 368)**	(1 042 494)
Operating profit before finance income and finance costs	22	**163 905**	200 975
Finance income	23	**5 589**	5 243
Finance costs	24	**(50 981)**	(69 015)
Profit before taxation		**118 513**	137 203
Taxation	10	**2 241**	(31 890)
Profit for the year from continuing operations		**120 754**	105 313
Discontinued operations			
(Loss)/profit for the year from discontinued operations	3.1	**(79 980)**	13 644
Profit for the year		**40 774**	118 957
Profit/(loss) attributable to:			
Owners of the parent from continuing operations		**118 562**	102 759
Owners of the parent from discontinued operations		**(79 980)**	13 644
Non-controlling interest		**2 192**	2 554
Continuing operations basic and diluted earnings per share:			
Basic earnings per share – cents	25	**114,7**	96,3
Diluted earnings per share – cents	25	**110,6**	91,1
Discontinued operations basic and diluted earnings per share:			
Basic (loss)/earnings per share – cents	25	**(77,4)**	12,8
Diluted (loss)/earnings per share – cents	25	**(77,4)**	12,1
Total basic earnings per share			
Basic earnings per share – cents	25	**37,3**	109,1
Diluted earnings per share – cents	25	**36,0**	103,2

* *The prior year comparative financial information was restated to reflect the operations of allaboutXpert Australia Proprietary Limited, together with its wholly owned subsidiaries allaboutXpert NZ Limited and allaboutXpert Technologies Proprietary Limited ("aaX") as a discontinued operation in terms of IFRS 5: Non Current Assets Held for Sale and Discontinued Operations due to aaX being deconsolidated in terms of IFRS 10 and classified as discontinued operations (refer to note 3). The published prior year results included aaX as continuing operations.*

Consolidated statement of other comprehensive income

for the year ended 28 February 2023

	2023 R'000	*Restated 2022 R'000
Profit for the year	**40 774**	118 957
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:	**100 884**	(5 261)
Continuing operations		
Exchange differences on translating foreign operations	**25 330**	10 726
Exchange differences arising on the net investment of a foreign operation	**72 281**	(15 987)
Discontinued operations		
Exchange differences reclassified to profit or loss on disposal of foreign business (note 16.2 and 32)	**3 273**	–
Other comprehensive income for the year, net of tax	**141 658**	113 696
Non – controlling interest	**309**	–
Total comprehensive income for the year	**141 967**	113 696
Total comprehensive income attributable to:		
Owners of the parent from continuing operations	**216 173**	96 147
Owners of the parent from discontinued operations	**(76 707)**	13 644
Non-controlling interest	**2 501**	2 554

* *The prior year comparative financial information was restated to reflect the operations of aaX as a discontinued operation in terms of IFRS 5: Non Current Assets Held for Sale and Discontinued Operations due to aaX being deconsolidated in terms of IFRS 10 and classified as discontinued operations (refer to note 3). The published prior year results included aaX as continuing operations.*

Consolidated statement of changes in equity

for the year ended 28 February 2023

	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 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)	–
Share scheme settlement	–	–	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
Share-based payments	**–**	**–**	**–**	**1 563**
Transfer to retained earnings	**–**	**–**	**–**	**(9 560)**
Profit for the year	**–**	**–**	**–**	**–**
Other comprehensive income	**–**	**–**	**–**	**–**
Share scheme settlement	**–**	**–**	**(19 560)**	**–**
Treasury shares sold	**–**	**–**	**562**	**(562)**
Distributions to shareholders	**–**	**–**	**–**	**–**
Balance as at 28 February 2023	**2 749**	**1 738 109**	**(91 170)**	**187 681**

Foreign Currency translation reserve R'000	Accumulated loss R'000	Attributable to equity holders of the parent R'000	Non-controlling Interest R'000	Employees' share Scheme Reserve R'000	Total Equity R'000
16.2					
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
–	**–**	**1 563**	**–**	**–**	**1 563**
–	**9 560**	**–**	**–**	**–**	**–**
–	**38 582**	**38 582**	**2 192**	**–**	**40 774**
100 884	**–**	**100 884**	**309**	**–**	**101 193**
–	**–**	**(19 560)**	**–**	**–**	**(19 560)**
–	**–**	**–**	**–**	**–**	**–**
	(61 822)	**(61 822)**	**–**	**–**	**(61 822)**
124 542	**(426 372)**	**1 535 539**	**(1 030)**	**168**	**1 534 677**

Consolidated statement of cash flows

for the year ended 28 February 2023

	Notes	2023 R'000	*Restated 2022 R'000
Operating activities			
Profit before taxation		**38 533**	153 977
From continuing operations		**118 513**	137 203
From discontinued operations	3.1	**(79 980)**	16 774
Adjusted for:			
Depreciation on property and equipment	4	**14 581**	18 496
Depreciation on right-of-use assets	5.1	**54 534**	53 645
Amortisation of intangible assets	6	**15 906**	16 880
Prepayment released – enterprise technology transformation project	13.2	**25 472**	19 844
Impairment of financial asset**		**55 000**	–
Impairment of right-of-use assets	5.4	**–**	2 770
Impairment of goodwill	7	**34 463**	–
(Profit)/loss on the sale of property and equipment	22	**(290)**	2 182
Share-based payments	16.1	**12 428**	19 709
Profit from the disposal of businesses	32	**(9 640)**	(13 950)
Fair value adjustment – investment at fair value	8.1	**(1 477)**	(626)
Decrease in loss allowances for expected credit losses – trade receivables	12	**(10 585)**	(15 673)
Finance income	23	**(5 589)**	(5 243)
Finance costs	24	**50 981**	69 022
Cash generated from operations before working capital changes		**274 317**	321 033
Decrease/(increase) in trade and other receivables	12 and 13	**31 315**	(13 658)
Increase/(decrease) in trade and other payables	18	**54 290**	(66 303)
Increase in provisions	19	**17 749**	18 946
Cash generated by operations		**377 671**	260 018
Finance income	23	**5 589**	5 243
Finance costs	24	**(6 891)**	(24 645)
Interest expense on lease liabilities	5.2	**(44 090)**	(45 087)
Taxation paid	11	**(72 722)**	(49 794)
Net cash generated from operating activities		**259 557**	145 735

* *The prior year comparative financial information was restated to reflect the operations of aaX as a discontinued operation in terms of IFRS 5: Non Current Assets Held for Sale and Discontinued Operations due to aaX being deconsolidated in terms of IFRS 10 and classified as discontinued operations (refer to note 3). The published prior year results included aaX as continuing operations.*

** *R54 million relates to the impairment of trade and other receivables in the discontinued operations of aaX. Refer to note 3.*

	Notes	2023 R'000	2022 R'000
Investing activities			
Additions to property and equipment	4	**(8 052)**	(10 835)
Proceeds from the sale of property and equipment		**1 100**	511
Additions to intangible assets	6	**(7 883)**	(804)
Prepayment – enterprise technology transformation project	13.2	**(16 856)**	(23 798)
Proceeds on disposal of businesses	32	**–**	163 684
Net cash (outflow)/inflow from investing activities		**(31 691)**	128 758
Financing activities			
Treasury shares acquired	15.2	**(19 560)**	(4 089)
Repayment of borrowings	17.3	**(615 183)**	(960 000)
Proceeds from borrowings	17.3	**480 190**	637 509
Distributions to external shareholders		**(61 822)**	–
Distributions to non-controlling interests		**–**	(1 991)
Cash flow on increases in ownership interests		**–**	(3 864)
Capital payment of lease liabilities	5.2	**(38 511)**	(36 217)
Net cash outflow from financing activities		**(254 886)**	(368 652)
Net decrease in cash and cash equivalents		**(27 020)**	(94 159)
Cash and cash equivalents at the beginning of the year	14	**420 355**	498 356
Foreign currency adjustments		**22 618**	16 158
Restricted cash reclassified from cash and cash equivalents	14	**(103 856)**	–
Cash and cash equivalents deconsolidated		**(405)**	–
Cash and cash equivalents at the end of the year	14	**311 692**	420 355

Segment report

for the year ended 28 February 2023

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.

Business support

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 Business Support segment, however, includes internal charges between the Business Support 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 2023

		Industrial	Professional	Training	Australia	Business support
		South Africa	South Africa	South Africa	International	South Africa
Revenue						
– 2023	**(R'000)**	**4 588 435**	**1 844 874**	**235 034**	**5 380 608**	**–**
– 2022	(R'000)	4 709 665	1 854 921	239 764	4 513 698	–
Internal revenue						
– 2023	**(R'000)**	**43 135**	**23 314**	**12 783**	**–**	**–**
– 2022	(R'000)	59 515	52 995	11 388	–	–
Cost of sales						
– 2023	**(R'000)**	**(4 161 051)**	**(1 630 373)**	**(92 903)**	**(4 882 216)**	**–**
– 2022	(R'000)	(4 275 402)	(1 639 008)	(72 159)	(4 096 878)	(26 358)
Loss allowance for expected credit loss and bad debts on trade receivables income/(expense)						
– 2023	**(R'000)**	**12 690**	**650**	**(982)**	**(1 773)**	**–**
– 2022	(R'000)	10 081	4 642	176	774	–
Staff costs[5]						
– 2023	**(R'000)**	**(100 556)**	**(74 440)**	**(83 151)**	**(288 311)**	**(110 974)**
– 2022	(R'000)	(98 426)	(67 161)	(80 312)	(243 044)	(98 356)
Operating profit/(loss) before finance income and finance costs[3]						
– 2023	**(R'000)**	**115 819**	**(11 935)**	**(16 491)**	**70 603**	**5 909**
– 2022	(R'000)	129 246	23 906	(22 834)	70 834	(177)
Depreciation and amortisation						
– 2023	**(R'000)**	**(2 222)**	**(16 940)**	**(6 312)**	**(23 432)**	**(36 116)**
– 2022	(R'000)	(2 079)	(17 968)	(7 604)	(23 461)	(37 622)
Finance income						
– 2023	**(R'000)**	**123**	**246**	**293**	**56**	**4 871**
– 2022	(R'000)	3	12	58	–	5 170
Finance costs						
– 2023	**(R'000)**	**(292)**	**21**	**(846)**	**(5 770)**	**(44 094)**
– 2022	(R'000)	(276)	(80)	(670)	(5 657)	(62 332)
Impairment expenses[4]						
– 2023	**(R'000)**	**–**	**–**	**–**	**–**	**(34 463)**
– 2022	(R'000)	–	–	–	–	(2 770)
Taxation (expense)/income						
– 2023	**(R'000)**	**(18 783)**	**4 699**	**44**	**14 006**	**2 275**
– 2022	(R'000)	(19 340)	(417)	5 118	(19 662)	2 411
Total assets						
– 2023	**(R'000)**	**864 447**	**384 899**	**75 232**	**1 235 123**	**601 964**
– 2022	(R'000)	839 565	448 313	100 096	1 146 197	666 501
Total liabilities						
– 2023	**(R'000)**	**385 015**	**157 398**	**139 833**	**474 054**	**470 688**
– 2022	(R'000)	372 681	159 618	138 677	471 515	585 652
Additions to property and equipment						
– 2023	**(R'000)**	**1 745**	**52**	**180**	**5 850**	**225**
– 2022	(R'000)	997	147	760	8 306	625
Additions to right-of-use assets						
– 2023	**(R'000)**	**2 285**	**–**	**–**	**16 647**	**–**
– 2022	(R'000)	1 289	243	11 266	5 203	–
Additions to intangible assets						
– 2023	**(R'000)**	**–**	**6 000**	**1 883**	**–**	**–**
– 2022	(R'000)	–	–	804	–	–

[1] *Relates to the trading performance and financial position of Adcorp Support Services Proprietary Limited classified as a discontinued operation in the 2022 financial year and its related asset and liabilities classified as held for sale.*

[2] *The prior year comparative financial information was restated to reflect the operations of aaX as a discontinued operation in terms of IFRS 5: Non Current Assets Held for Sale and Discontinued Operations due to aaX being deconsolidated in terms of IFRS 10 and classified as discontinued operations (refer to note 3). The published prior year results included aaX as continuing operations.*

Group Continuing operations	Discontinued Operations[1]	Discontinued Operations[2]	Total group	Geographical segments	
Total	South Africa	International	Total	South Africa	International
12 048 951	**–**	**107 106**	**12 156 057**	**6 668 343**	**5 487 714**
11 318 048	11 024	194 900	11 523 972	6 815 374	4 708 598
79 232	**–**	**–**	**79 232**	**79 232**	**–**
123 898	–	–	123 898	123 898	–
(10 766 543)	**–**	**(125 599)**	**(10 892 142)**	**(5 884 327)**	**(5 007 815)**
(10 109 805)	(4 197)	(181 091)	(10 295 091)	(6 017 126)	(4 277 969)
10 585	**–**	**(54 124)**	**(43 539)**	**12 358**	**(55 897)**
15 673	–	–	15 673	14 899	774
(657 432)	**–**	**(4 190)**	**(661 622)**	**(369 121)**	**(292 501)**
(587 299)	(1 715)	(9 538)	(598 552)	(345 970)	(252 582)
163 905	**–**	**(89 620)**	**74 285**	**93 302**	**(19 017)**
200 975	4 627	(1 834)	203 768	134 768	69 000
(85 021)	**–**	**(110)**	**(85 131)**	**(61 590)**	**(23 541)**
(88 734)	(146)	(151)	(89 031)	(65 419)	(23 612)
5 589	**–**	**–**	**5 589**	**5 533**	**56**
5 243	31	–	5 274	5 274	–
(50 981)	**–**	**–**	**(50 981)**	**(45 211)**	**(5 770)**
(69 015)	–	(7)	(69 022)	(63 358)	(5 664)
(34 463)	**–**	**–**	**(34 463)**	**(34 463)**	**–**
(2 770)	–	–	(2 770)	(2 770)	–
2 241	**–**	**–**	**2 241**	**(11 765)**	**14 006**
(31 890)	(1 242)	(1 888)	(35 020)	(13 470)	(21 550)
3 161 665	**–**	**–**	**3 161 665**	**1 926 542**	**1 235 123**
3 200 672	–	–	3 200 672	2 054 475	1 146 197
1 626 988	**–**	**–**	**1 626 988**	**1 152 934**	**474 054**
1 728 143	–	–	1 728 143	1 256 628	471 515
8 052	**–**	**–**	**8 052**	**2 202**	**5 850**
10 835	–	–	10 835	2 529	8 306
18 932	**–**	**–**	**18 932**	**2 285**	**16 647**
18 001	–	–	18 001	12 798	5 203
7 883	**–**	**–**	**7 883**	**7 883**	**–**
804	–	–	804	804	–

[3] *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 Business Support segment did not charge the remaining segment's financing costs.*

[4] *Includes impairment on goodwill (note 7). 2022 includes impairment on right-of-use assets (note 5.4).*

[5] *Retirement benefit costs of the group will follow a similar split across the segments.*

Notes to the consolidated financial statements

for the year ended 28 February 2023

Corporate information

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

1. Accounting framework

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

Consequently, all IFRS statements that were effective at 28 February 2023 and are relevant to its operations have been applied.

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

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

New and amended standards and interpretations

The group have adopted all new and amended accounting pronouncements that are relevant to its operations and that are effective for financial years commencing 1 March 2022 but these did not have a significant effect on the consolidated financial statements.

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
The following standards will unlikely have a material impact:	
Disclosure of Accounting Policies – amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – amendments to IAS 8	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current & Deferral of Effective Date	1 January 2024
Annual improvements to IFRS 2018-2020	1 January 2023
The following standards are unlikely to have a material impact, as the change does not apply to the entity as there are currently no transactions that are recognised under these standards:	
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	1 January 2024

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

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

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

The consolidated financial statements were authorised for issue by the board of directors on 29 May 2023.

Notes to the consolidated financial statements
continued
for the year ended 28 February 2023

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 35.8).

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

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

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

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

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

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

2.3 Basis of consolidation

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

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

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved when the company:
- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

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

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:
- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities when decisions need to be made, including voting patterns at previous shareholders' meetings.

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 financial statements

continued

for the year ended 28 February 2023

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. Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the foreign currency translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of the net investment. All resulting exchange differences are recognised in other comprehensive income and a corresponding foreign currency translation reserve.

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

The applicable exchange rates are as follows:

	2023			2022		
	AUD	**USD**	**AOA**	AUD	USD	AOA
Exchange rate at the beginning of the year	**11,11**	**15,39**	**0,0313**	11,65	15,08	0,0234
Exchange rate at the end of the year	**12,38**	**18 39**	**0,0363**	11,11	15,39	0,0313
Average exchange rate during the year	**11,51**	**16,70**	**0,0391**	11,00	14,96	0,0247

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

2.6.2 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.

The group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held with the objective to collect contractual cash flows; and
- The contractual terms of the financial asset gives rise to cash flows that are solely payments of principal and interest on principal amount outstanding.

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

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

Financial assets at fair value through profit or loss 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.

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

2. Significant accounting policies continued
2.6 Financial instruments continued

2.6.3 Subsequent measurement of financial liabilities

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

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

2.6.4 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.

2.6.5 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. The modification recognised within profit or loss and any costs or fees incurred adjust the carrying amount of the financial liability and are amortised over the remaining term of the modified liability.

2.6.6 Amortised cost and effective interest method

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

2.7 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.

2.8 Accounting judgements and estimates

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

Notes to the consolidated financial statements

continued

for the year ended 28 February 2023

2. Significant accounting policies continued

2.8 Accounting judgements and estimates continued

2.8.1 Judgements

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

Note 3 – Classification of subsidiary as IFRS 5: Non-current Assets and Liabilities Held for Sale and Discontinued Operations, and deconsolidated in terms of IFRS 10: Consolidated Financial Statements
Note 5.3 – Lease term: whether the group is reasonably certain to exercise extension options
Note 16.1 – Accounting for share-based payment transactions
Note 20 – Accounting for revenue transactions as a principal

2.8.2 Estimates

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

Note 7 – Assessment for impairment of goodwill
Note 8 – Cell captive arrangement
Note 9 – Assessing the recoverability of deferred tax assets
Note 10 – Accounting for uncertain tax positions
Note 12 – Impairment of financial assets carried at amortised cost

3. Discontinued operations

Accounting policy

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

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

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

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

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

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

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

allaboutXpert

As at 31 August 2022, the requirements of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations had been met for allaboutXpert Australia Proprietary Limited, together with its wholly owned subsidiaries allaboutXpert NZ Limited and allaboutXpert Technologies Proprietary Limited ("aaX"). At the interim reporting period, the assets of these companies were therefore accounted for as assets held for sale and the results of these operations were disclosed separately in the statement of profit or loss.

3. Discontinued operations continued

Accounting policy continued

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

The administration of allaboutXpert Australia Proprietary Limited and its subsidiaries has the following implications and was considered fully by management:

- The accounting as a discontinued operation prior to administration and restating the prior year comparative results; and
- Assessing the impact of the loss of control in terms of IFRS 10 where the group holds 100% interest in the subsidiaries.

As a result of this assessment and taking into account the fact that trading has ceased, management has assessed a loss of control from the date that the administrator was appointed and have therefore classified the subsidiaries as discontinued operations up to the date of administration, thereafter the subsidiaries have been deconsolidated. The fair value of the consideration receivable is deemed to be zero as a return on administration cannot be quantified. The administration process has not been completed at year-end. Refer to note 32 for further details relating to the deconsolidation.

Adcorp Support Services Proprietary Limited
On 30 March 2021, the Group disposed of its 100% shareholding in Adcorp Support Services Proprietary Limited. At 28 February 2022, the results of this company were disclosed as discontinued operations in the statement of comprehensive income. Refer to note 32 for further details.

3.1 Financial performance of discontinued operations

The financial performance presented below relates to aaX:

Statement of profit or loss

	Notes	2023 R'000	2022 R'000
Revenue		107 106	194 900
Cost of sales		(125 599)	(181 091)
Gross (loss)/profit		(18 493)	13 809
Loss allowance for expected credit losses – trade receivables		(54 124)	–
Operating expenses		(17 003)	(15 636)
Operating loss before finance income, finance costs, taxation expense and loss on disposal of discontinued operations		(89 620)	(1 827)
Finance costs		–	(7)
Loss before taxation		(89 620)	(1 834)
Taxation expense	10	–	(1 888)
Loss after taxation		(89 620)	(3 722)
Profit on disposal of discontinued operations	32	9 640	–
Total loss for the year from discontinued operations		(79 980)	(3 722)
Attributable to:			
South Africa		–	–
International		(79 980)	(3 722)
		(79 980)	(3 722)
Other comprehensive income			
Exchange differences reclassified to profit or loss on disposal of foreign subsidiary in aaX		3 273	–
Total comprehensive loss for the year		(76 707)	(3 722)

Notes to the consolidated financial statements
continued
for the year ended 28 February 2023

3. Discontinued operations continued
3.1 Financial performance of discontinued operations continued

The prior year relates to Adcorp Support Services Proprietary Limited, that was disposed of on 30 March 2021 and the financial performance is included below up until the disposal date.

Statement of profit or loss

	Notes	2022 R'000
Revenue		11 024
Cost of sales		(4 199)
Gross profit		6 825
Other income		158
Operating expenses		(2 356)
Operating profit before finance income, finance costs, taxation expense and profit on disposal of discontinued operations		4 627
Finance income		31
Profit before taxation		4 658
Taxation expense	10	(1 242)
Profit after taxation		3 416
Other comprehensive income		
Exchange differences arising on translating foreign operations		–
Total comprehensive income		3 416
Profit on disposal of discontinued operations	32	13 950
Total profit for the year from discontinued operations		17 366
Attributable to:		
South Africa		17 366
International		–
		17 366

Reconciliation of total profit from discontinued operations for the year:

	Notes	2023 R'000	*Restated 2022 R'000
Profit before tax of discontinued operation		**(79 980)**	16 774
(Loss)/profit before tax from operations		**(89 620)**	2 824
Profit on disposal of discontinued operation		**9 640**	13 950
Taxation expense from operations		**–**	(3 130)
Total (loss)/profit for the year from discontinued operation		**(79 980)**	13 644
Loss after tax of discontinued operation		**(89 620)**	(306)
Profit on disposal of discontinued operation	32	**9 640**	13 950

The prior year comparative financial information was restated to reflect the operations of aaX as a discontinued operation in terms of IFRS 5: Non Current Assets Held for Sale and Discontinued Operations due to aaX being deconsolidated in terms of IFRS 10 and classified as discontinued operations.

3. Discontinued operations continued

3.2 Cash flows from discontinued operations

The cash flows presented below for the current year relate to aaX and Adcorp Support Services Proprietary Limited in the prior year.

	2023 R'000	2022 R'000
Cash flow from discontinued operations:		
Net cash inflow from operating activities	**3 553**	1 572
Net cash (outflow)/inflow from investing activities	**(46)**	7 788
Net cash outflow from financing activities	**(3 387)**	(3 702)
Net cash inflow from discontinued operations	**120**	5 658
Cash and cash equivalents at the beginning of the period	**285**	(5 658)
Cash and cash equivalents at the end of the period	**405**	–

4. Property and equipment

Accounting policy

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

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

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

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

Depreciation is calculated on a straight-line basis after taking into account residual values over the estimated useful lives of the assets, as follows:

- Computer and office equipment 1 to 5 years;
- Furniture and fittings 2 to 5 years; and
- Leasehold improvements over the lease period, and is generally recognised in profit and loss. Land is not depreciated.

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

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

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

Notes to the consolidated financial statements

continued

for the year ended 28 February 2023

4. Property and equipment continued

Reconciliation of beginning and ending balances by classes of assets

	Leasehold Improvements 2023 R'000	Computer and office equipment and furniture and fittings 2023 R'000	Total 2023 R'000
Balance at the beginning of the year	20 359	16 812	37 171
Assets at cost	49 308	110 603	159 911
Accumulated depreciation	(28 949)	(93 791)	(122 740)
Current year movements			
Additions	1 844	6 208	8 052
Effect of foreign currency exchange differences	458	705	1 163
Cost	2 549	4 602	7 151
Accumulated depreciation	(2 091)	(3 897)	(5 988)
Disposals and assets derecognised	–	(994)	(994)
Cost	–	(1 263)	(1 263)
Accumulated depreciation	–	269	269
Depreciation (note 22)	(6 997)	(7 584)	(14 581)
Net book value at the end of the year	15 664	15 147	30 811
Represented by:			
Cost	53 701	120 150	173 851
Accumulated depreciation	(38 037)	(105 003)	(143 040)
Net book value at the end of the year	15 664	15 147	30 811

4. Property and equipment continued
Reconciliation of beginning and ending balances by classes of assets continued

	Leasehold Improvements 2022 R'000	Computer and office equipment and furniture and fittings 2022 R'000	Total 2022 R'000
Balance at the beginning of the year	26 698	21 591	48 289
Assets at cost	51 131	124 135	175 266
Accumulated depreciation	(24 433)	(102 544)	(126 977)
Current year movements			
Additions	1 340	9 495	10 835
Effect of foreign currency exchange differences	(400)	(364)	(764)
Cost	(1 122)	(1 931)	(3 053)
Accumulated depreciation	722	1 567	2 289
Disposals and assets derecognised	(80)	(2 613)	(2 693)
Cost	(2 041)	(21 096)	(23 137)
Accumulated depreciation	1 961	18 483	20 444
Depreciation (note 22*)	(7 199)	(11 297)	(18 496)
Net book value at the end of the year	20 359	16 812	37 171
Represented by:			
Cost	49 308	110 603	159 911
Accumulated depreciation	(28 949)	(93 791)	(122 740)
Net book value at the end of the year	20 359	16 812	37 171

* *Note 22 depreciation differs due to the restatement of aaX as a discontinued operation.*

Notes to the consolidated financial statements

continued

for the year ended 28 February 2023

5. Leases

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

Accounting policy

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

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

The Group as the lessor

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

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

Group as lessee

The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets, at the date at which the leased asset is available for use. Short-term leases have a term of 12 months or less and low-value assets comprise assets with a value less than R75 000 for the South Africa business and AUD 5 000 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 using the effective interest method.

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

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

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:
- There has been a change to the lease term;
- If the group changes its assessment of whether it will exercise an extension or termination option;
- If there is a revised in-substance fixed lease payment;
- Interest rate benchmark reform; and
- A change in future lease payments arising from a change in rate,

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.

5. **Leases** continued

Accounting policy continued

Right-of-use assets

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

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

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

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

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

Notes to the consolidated financial statements

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for the year ended 28 February 2023

5. Leases continued

5.1 Right-of-use assets

Reconciliation of beginning and ending balances by classes of assets

	Buildings 2023 R'000	Printers 2023 R'000	Total 2023 R'000
Balance at the beginning of the year	320 278	3 154	323 432
Cost	454 541	7 603	462 144
Accumulated depreciation	(125 604)	(4 449)	(130 053)
Accumulated impairments	(8 659)	–	(8 659)
Additions	18 932	–	18 932
Depreciation (note 22)	(52 196)	(2 338)	(54 534)
Foreign exchange movements	3 955	–	3 955
Cost	9 443	–	9 443
Accumulated depreciation	(5 488)	–	(5 488)
Balance at the end of the year	290 969	816	291 785
Represented by:			
Cost	482 916	7 603	490 519
Accumulated depreciation	(183 288)	(6 787)	(190 075)
Accumulated impairments	(8 659)	–	(8 659)
Balance at the end of the year	290 969	816	291 785

	Buildings 2022 R'000	Printers 2022 R'000	Total 2022 R'000
Balance at the beginning of the year	358 825	5 747	364 572
Cost	440 176	7 603	447 779
Accumulated depreciation	(75 462)	(1 856)	(77 318)
Accumulated impairments	(5 889)	–	(5 889)
Classified as held for sale	–	–	–
Additions	18 001	–	18 001
Depreciation (note 22)	(51 052)	(2 593)	(53 645)
Impairment (note 22)	(2 770)	–	(2 770)
Right-of-use assets derecognised	(481)	–	(481)
Cost	(481)	–	(481)
Accumulated depreciation	–	–	–
Foreign exchange movements	(2 245)	–	(2 245)
Cost	(3 157)	–	(3 157)
Accumulated depreciation	912	–	912
Balance at the end of the year	320 278	3 154	323 432
Represented by:			
Cost	454 541	7 603	462 144
Accumulated depreciation	(125 604)	(4 449)	(130 053)
Accumulated impairments	(8 659)	–	(8 659)
Balance at the end of the year	320 278	3 154	323 432

5. **Leases** continued

5.2 Lease liabilities

Reconciliation of beginning and ending balances by classes of assets

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

	Buildings 2022 R'000	Printers 2022 R'000	Total 2022 R'000
Current lease liabilities	72 809	2 663	75 472
Non-current lease liabilities	347 523	970	348 493
Carrying value	420 332	3 633	423 965
Reconciliation of beginning and ending balances			
Balance at the beginning of the year	438 709	6 230	444 939
Additions	18 323	–	18 323
Repayments	(78 229)	(3 075)	(81 304)
Interest expense	44 609	478	45 087
Foreign exchange movements	(3 080)	–	(3 080)
Balance at the end of the year	420 332	3 633	423 965

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5. Leases continued

5.3 Maturity analysis of lease liabilities

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

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

5. Leases continued

5.3 Maturity analysis of lease liabilities continued

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

Key estimates and judgements

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

Extension and termination options

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

Incremental borrowing rate

In determining the incremental borrowing rate, the group made use of recent third-party financing received as a starting point, and adjusted the cost of borrowing to reflect 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. The incremental borrowing rate ranges between 1,9% – 12,4% for the group.

5.4 Right-of-use assets impaired

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

	2023 R'000	2022 R'000
Adcorp segments		
Business support	–	(2 770)
Total impairment	–	(2 770)

An impairment of R Nil (2022: R2,8 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.

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6. Intangible assets

Accounting policy

Intangible assets acquired separately

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

Internally generated intangible assets

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

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

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

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

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

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

6. Intangible assets continued

Accounting policy continued

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

Reconciliation of beginning and ending balances by classes of assets

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

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

Notes to the consolidated financial statements

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6. Intangible assets continued

Accounting policy continued

Reconciliation of beginning and ending balances by classes of assets continued

	Capitalised development 2022 R'000	Trademarks 2022 R'000	Customer Base 2022 R'000	Other[1] 2022 R'000	Total 2022 R'000
Balance at the beginning of the year	10 476	86 604	46 236	1 030	144 346
Assets at cost	68 569	141 836	564 312	1 130	775 847
Accumulated amortisation	(58 093)	(55 232)	(518 076)	(100)	(631 501)
Additions	–	–	–	804	804
Amortisation expense (note 22)	(2 766)	(5 898)	(8 205)	(11)	(16 880)
Net foreign exchange movements	–	(2 450)	–	(47)	(2 497)
Net book value at the end of the year	7 710	78 256	38 031	1 776	125 773
Represented by:					
Assets at cost	68 569	139 386	554 243	1 882	764 080
Accumulated amortisation and impairments	(60 859)	(61 130)	(516 212)	(106)	(638 307)
Net book value at the end of the year	7 710	78 256	38 031	1 776	125 773

Key estimates and judgements

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

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

7. Goodwill

Accounting policy

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

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

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

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

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	
	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %	2023 R'000	2022 R'000
Industrial								
BLU	**27,9**	24,4	**1 – 8**	5 – 9	**2,5**	2,5	**122 005**	122 000
Professional								
Paracon	**26,2**	24,2	**5 – 21**	5 – 12	**2,5**	2,5	**–**	45 000
Australia								
Paxus	**17,1**	17,1	**6 – 9**	2 – 12	**2**	2	**337 898**	347 000
TalentCru	**20,0**	20,0	**10 – 111**	2 – 10	**2**	2	**2 627**	66 000
Labour Solutions	**20,0**	17,1	**10 – 25**	2 – 10	**2**	2	**362 129**	45 000

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7. Goodwill continued

Key estimates and assumptions

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

An annual impairment test was performed on the 28 February 2023 for all CGU's. An impairment of R34 million relating to the Paracon CGU was recognised in the current financial year (2022: Rnil).

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 2023 were affected in the projected cash flows.

Discount rates
Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the group's investors. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. Adjustments to the discount rates were made at 28 February 2023 to reflect the appropriate level of risk at the reporting date.

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

Industrial Services segment CGUs

BLU
A change of 10% in growth rates applied to revenue and EBITDA in the cashflow forecast would result in a valuation difference of R68 million (2022: R64 million), which would not result in an impairment if the deviation in earnings is negative (2022: Rnil).

A change of 1% on the discount rate would result in a R14 million (2022: R28 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2022: Rnil).

A change of 1% on the terminal growth rate would result in a R16 million (2022: R18 million) difference in the valuation, which would not result in an impairment if the rate decreased by 1% (2022: Rnil).

Professional Services segment CGUs

Paracon a division of Fortress Administration Proprietary Limited
A change of 10% in growth rates applied to revenue, and EBITDA in the cashflow forecast would result in a valuation difference of R23 million (2022: R37 million), which would result in a further impairment if the deviation in earnings is negative (2022: Rnil).

A change of 1% on the discount rate would result in a R6 million (2022: R20 million) difference in the valuation, which would result in a further impairment if the rate increased by 1% (2022: Rnil).

A change of 1% on the terminal growth rate would result in a R7 million (2022:R13 million) difference in the valuation, which would result in a further impairment if the rate decreased by 1% (2022: Rnil).

7. **Goodwill** continued

Australia segment CGUs

Paxus Australia

A change of 10% in growth rates applied to revenue, and EBITDA in the cashflow forecast would result in a valuation difference of R102 million (2022: R133 million) which would not result in an impairment if the deviation in earnings is negative (2022: Rnil).

A change of 1% on the discount rate would result in a R87 million (2022: R74 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2022: Rnil).

A change of 1% on the terminal growth rate would result in a R48 million (2022: R44 million) difference in the valuation, which would not result in an impairment if the rate decreased by 1% (2022: Rnil).

TalentCru in Australia

A change of 10% in growth rates applied to revenue, and EBITDA in the cashflow forecast would result in a valuation difference of R1 million (2022: R12 million) which would not result in an impairment if the deviation in earnings is negative (2022: Rnil).

A change of 1% on the discount rate would result in a R1 million (2022: R7 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2022: Rnil)

A change of 1% on the terminal growth rate would result in a R1 million (2022: R5 million) difference in the valuation, which would not result in an impairment if the rate decreased by 1% (2022: Rnil).

Labour Solutions Australia

A change of 10% in growth rates applied to revenue, and EBITDA in the cashflow forecast would result in a valuation difference of R61 million (2022: R24 million), which would not result in an impairment if the deviation in earnings was negative (2022: Rnil).

A change of 1% on the discount rate would result in a R53 million (2022: R19 million) difference in the valuation, which would not result in an impairment if the rate increased by 1% (2022: Rnil).

A change of 1% on the terminal growth rate would result in a R63 million (2022: R9 million) difference in the valuation, which would not result in an impairment if the rate decreased by 1% (2022: Rnil).

Reconciliation of beginning and ending balances

	2023 R'000	2022 R'000
Cost		
Opening balances at the beginning of the year	**1 468 290**	1 482 783
Foreign currency movement	**34 435**	(14 493)
Closing balances at the end of the year	**1 502 725**	1 468 290
Impairments		
Opening balances	**(955 567)**	(955 567)
Impairment of goodwill during the year (note 22)	**(34 463)**	–
Closing balances at the beginning of the year	**(990 030)**	(955 567)
Carrying amount at the end of the year	**512 695**	512 723

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

	2023 R'000	2022 R'000
Industrial Services	**83 109**	83 109
Adcorp BLU, a division of Adcorp Workforce Solutions Proprietary Limited	**83 109**	83 109
Professional Services	**94 149**	128 612
Paracon, a division of Fortress Administration Proprietary Limited	**94 149**	128 612
Australia	**335 437**	301 002
Paxus Australia	**252 774**	226 820
Labour Solutions Australia	**72 138**	64 737
Talentcru Australia	**10 525**	9 445
Total	**512 695**	512 723

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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

	2023 R'000	2022 R'000
Investment at fair value		
Balance at the beginning of the year	**19 597**	18 971
Fair value gain	**1 477**	626
Balance at the end of the year[1]	**21 074**	19 597

[1] *Refer to note 35.8 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 estimates and 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 tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

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

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

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

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

	2023 R'000	2022 R'000
Aggregate net deferred taxation assets	**214 833**	214 187
Aggregate net deferred taxation liabilities	**(56 959)**	(89 511)
Net deferred taxation assets	**157 874**	124 676

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 R183 million (2022: R259 million). The unrecognised taxation losses amount to R737 million (2022: R776 million) at the end of the financial year.

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9. Deferred taxation continued

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

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

9. **Deferred taxation** continued

	As at 28 February 2021 R'000	Profit or loss movements R'000	Profit or loss rate change R'000	Other comprehensive income movements R'000	Other comprehensive income rate change R'000	Foreign exchange movements R'000	Prior year under/over R'000	As at 28 February 2022 R'000
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*	106 785	(3 511)	(1 150)	–	–	–	–	102 124
Intangible assets	35 821	(3 930)	–	–	–	–	–	31 891
Other	20	65	–	–	–	–	–	85
Deferred taxation assets	296 405	(26 508)	(2 801)	–	–	–	(898)	266 198
Prepayment	(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)
Translation adjustment of foreign loan	(26 128)	–	–	6 490	700	–	–	(18 938)
Accrued revenue	(46 084)	35 906	–	–	–	–	–	(10 178)
Right-of-use asset*	(88 974)	10 781	–	–	–	–	–	(78 193)
Interest	(2 285)	–	82	–	–	–	–	(2 203)
Foreign exchange movements	–	900	–	–	–	(900)	–	–
Other	(290)	184	–	–	–	–	–	(106)
Deferred taxation liabilities	(198 374)	50 212	82	6 490	700	(900)	268	(141 522)
Net deferred taxation assets	98 031	23 704	(2 719)	6 490	700	(900)	(630)	124 676

**Restated prior year to split the deferred taxation on lease liabilities and right-of-use asset that was previously netted.*

	2023 R'000	2022 R'000
Reconciliation of estimated taxation losses available in the group:		
Estimated taxation losses at the beginning of the year	**1 034 171**	1 082 519
Increases in taxation losses for the year	**25 619**	49 392
Taxation losses utilised during the year	**(140 374)**	(97 740)
Estimated taxation losses at the end of the year	**919 416**	1 034 171
Consisting of:		
Taxation losses recognised	**182 695**	258 549
Taxation losses not recognised	**736 721**	775 622
	919 416	1 034 171

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10. Taxation

Accounting policy

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

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

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

	2023 R'000	*Restated 2022 R'000
Continuing operations		
Current taxation		
– Current year	**6 598**	55 935
– Prior year (over)/under provision	**(1 929)**	475
Deferred taxation		
– Current year	**4 893**	(25 229)
– Prior year (over)/under provision	**(11 803)**	630
Foreign taxation		
– Foreign withholding taxes	**–**	79
Taxation expense from continuing operations in profit or loss	**(2 241)**	31 890
Taxation recognised in the other comprehensive income		
Deferred taxation:		
– Exchange differences of net investment of foreign operations	**(18 537)**	(7 190)
Taxation income from continuing operations recognised in other comprehensive income	**(18 537)**	(7 190)

* *The prior year comparative financial information was restated to reflect the operations of aaX as a discontinued operation in terms of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations due to aaX being deconsolidated in terms of IFRS 10 and classified as discontinued operations.*

10. Taxation continued

Taxation reconciliation on continuing operations

	2023 R'000	*Restated 2022 R'000
Profit before taxation	118 513	137 203
South African standard tax rate (%)	28	28
Normal tax at standard rate	33 184	38 417
Adjustment for the tax effect at the standard rate for the following items:		
Exempt income		
– Employment Tax Incentive (ETI) income	(13 812)	(17 851)
Non-deductible items charged against income:		
– Non-deductible expenses[1]	21 349	7 841
– Share-based payments – permanent	3 498	3 808
Non-taxable income	(1 268)	(190)
Fair value adjustments	(413)	(175)
Special allowances claimed:		
– Learnerships	(3 141)	(5 792)
Current year taxation losses not recognised	19 593	14 039
Prior year unrecognised taxation losses utilised in current year	(26 529)	(8 540)
Rate change adjustment	2 189	4 149
Other	(764)	(4 921)
Tax attributable to disposal of foreign operations[2]	(22 395)	–
Prior year (over)/under provision of current and deferred taxation	(13 732)	1 105
Actual taxation charge for the year	(2 241)	31 890
Taxation expense relating to discontinued operations		
Current taxation		
– Current year	–	2 885
Deferred taxation		
– Current year	–	245
Total group	(2 241)	35 020

[1] *Includes non-deductible consulting fees, tax penalties and impairment of goodwill.*

[2] *Tax shield from the disposal of aaX during the financial year due to the application of the Australian income tax consolidation regime.*

* *The prior year comparative financial information was restated to reflect the operations of aaX as a discontinued operation in terms of IFRS 5: Non Current Assets Held for Sale and Discontinued Operations due to aaX being deconsolidated in terms of IFRS 10 and classified as discontinued operations.*

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. The corporate tax rate in Australia is 30%.

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 2023.

Key estimates and assumptions

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

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11. Taxation paid

	2023 R'000	2022 R'000
Net amount payable at the beginning of the year	**(48 344)**	(39 951)
Amounts charged to statement of comprehensive income including discontinued operations	**(4 669)**	(59 374)
Interest due from the South African Revenue Services	**262**	177
Foreign currency movement	**(12 889)**	1 010
Net amount (receivable)/payable at the end of the year	**(7 082)**	48 344
Net cash taxation payment	**(72 722)**	(49 794)

12. Trade receivables

Accounting policy – initial recognition and subsequent measurement

Refer to note 2.6 *Financial instruments*.

Accounting policy – impairment

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

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

The simplified approach is forward looking and takes into account historical credit loss experience, time value of money and future economic factors including inflation. Losses are recognised in the statement of profit or loss and in an impairment allowance account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of profit or loss. The gross carrying amount of the trade receivable is reduced by the impairment loss allowance and is written off when the group has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. When a trade receivable is uncollectible, it is written off and recognised in profit or loss.

	2023 R'000	2022 R'000
Gross trade receivables	**1 363 910**	1 373 800
Allowance for ECLs	**(26 861)**	(37 446)
Trade receivables	**1 337 049**	1 336 354
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:		
South Africa	**784 247**	740 235
Australia	**552 802**	596 119
Trade receivables	**1 337 049**	1 336 354
The ageing of trade receivables at the reporting date was:		
Current	**1 089 444**	1 072 686
0 – 30 days from invoice date	**214 056**	212 030
31 – 60 days from invoice date	**32 650**	30 941
61 – 90 days from invoice date	**9 345**	17 226
91 – 365 days from invoice date	**18 414**	40 917
Gross trade receivables	**1 363 909**	1 373 800
Movement in the allowance for ECLs		
Balance at the beginning of the year	**37 446**	53 119
Allowance adjustment	**(3 700)**	(2 804)
Amounts released during the year	**(6 885)**	(12 869)
Balance at the end of the year	**26 861**	37 446

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 2,0% (2022: 2,7%).

	2023		2022	
	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	**2 096**	**0,2%**	2 244	0,2%
0 – 30 days from invoice date	**1 445**	**0,7%**	1 399	0,6%
31 – 60 days from invoice date	**654**	**2,0%**	617	1,4%
61 – 90 days from invoice date	**495**	**5,3%**	1 366	8,0%
91 – 365 days from invoice date	**6 769**	**36,8%**	7 836	18,9%
Specifically identified	**15 402**	**	23 984	**
Total allowance for ECLs	**26 861**	**2,0%**	37 446	2,7%

** *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.

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 36 days (2022: 38 days) and no interest is charged on the trade receivables.

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

Key estimates and assumptions

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

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors when affecting the ability of the customers to settle the receivables. The measurement of the ECLs also reflects the recovery expected from any credit risk insurance relating to trade receivables. The insured portion of the South African trade receivables are not impaired and insured at 85% (2022: 85%) of their value against default. The value insured is R595 million (2022: R594 million) capped at claims of R350 million annually.

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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 capitalised as a prepayment and amortised over the term of the hosting arrangement. The term of that arrangement is the initial non-cancellable period, as well as any extension periods, as long as it is is reasonably certain to be exercised.

	2023 R'000	2022 R'000
Prepayment – enterprise technology transformation project	**43 987**	58 071
Total non-current prepayments	**43 987**	58 071

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

	2023 R'000	2022 R'000
Balance at the beginning of the year	**80 303**	76 349
Additions	**16 856**	23 798
Amounts released during the year	**(25 472)**	(19 844)
Foreign currency movement	**411**	–
Balance at the end of the year	**72 098**	80 303
Non-current	**43 987**	58 071
Current[1]	**28 111**	22 232
Total non-current prepayments	**72 098**	80 303

[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.

	2023 R'000	2022 R'000
Deposits	**2 425**	2 557
Prepayments[1]	**60 528**	60 392
Sundry billings	**58 389**	59 529
Lease receivable	**3 500**	3 367
Sundry loans	**1 680**	3 139
Value added taxation	**4 132**	815
Other[2]	**5 588**	13 763
Total other receivables	**136 242**	143 562

[1] *Includes R28 million (2022: R22 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.

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

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14. Cash and cash equivalents and restricted cash

Accounting policy – initial recognition and subsequent measurement

Cash comprises cash on hand and demand deposits.

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

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

Refer to note 2.6 Financial instruments.

Cash and cash equivalents and restricted cash comprise the following:

	2023 R'000	2022 R'000
Cash resources[1]	**311 692**	330 997

Restricted cash comprises of:

	2023 R'000	2022 R'000
Value of restricted cash held in Angola[2, 3]	**103 856**	89 358
Total cash and cash equivalents and restricted cash per statement of financial position	**415 548**	420 355
Total cash and cash equivalents per statement of cash flows	**311 692**	**420 355**

[1] *The counterparties have a South African Moody's Ratings of Ba2, and Australian Moody's ratings of Aa2 .*

[2] *The counterparties have an Angolan Moody's Ratings of B3.*

[3] *The Group reassessed the classification of restricted cash held in Angola due to regulatory restrictions placed on the ability of the subsidiary to access the cash in Angola at year-end, and as a result, cash and cash equivalents per the statement of cash flows excludes the restricted cash at year-end. At the date of approval of these financial statements access remains restricted. These restrictions were not in place in the prior year.*

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. As at 28 February 2023 the group held the majority of its cash and cash equivalents with local and international banks with a 'B3' credit rating or higher.

Liquidity risk

The cash in Angola is restricted due to sovereign exchange controls and completion of certain administrative processes, 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

Accounting policy

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

	2023 R'000	2022 R'000
Authorised share capital:		
183 177 151 ordinary shares of 2,5 cents each (2022: 183 177 151)	**4 579**	4 579
16 822 849 "B" ordinary shares of 2,5 cents each (2022: 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	**106 693**	107 400
Ordinary shares at the beginning of the year	**109 955**	109 955
Treasury shares at the beginning of the year	**(3 262)**	(2 555)
Increase in treasury shares	**(3 305)**	(707)
Closing balance at the end of the year	**103 388**	106 693
Consisting of:		
Total ordinary shares in issue	**109 955**	109 955
Less: Treasury shares	**(6 567)**	(3 262)
Closing balance at the end of the year excluding treasury shares	**103 388**	106 693
Number of "B" ordinary shares ('000):		
Number at the beginning of the year	**6 729**	6 729
Shares repurchased	**–**	–
Number at the end of the year	**6 729**	6 729

	2023 R'000	2022 R'000
Issued share capital and premium comprises:		
109 954 675 ordinary shares of 2,5 cents each (2022: 109 954 675)	**2 749**	2 749
Total issued share capital	**2 749**	2 749
Share premium	**1 738 109**	1 738 109
Total share capital and share premium	**1 740 858**	1 740 858
Reconciliation of share capital and premium movement:		
Balance at the beginning of the year	**1 740 858**	1 740 858
Balance at the end of the year	**1 740 858**	1 740 858

Voting and dividend rights

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

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15. Share capital and share premium continued
15.2 Treasury shares
Accounting policy

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

As part of the group's capital allocation framework, one of the levers to return value to shareholders is through share buybacks, if the share price is materially below intrinsic value.

	2023 R'000	2022 R'000
Adcorp Fulfilment Services Proprietary Limited – 556 605 shares (2022: 556 605)	**(22 834)**	(22 834)
Torque IT Proprietary Limited – 6 010 428 shares (2022: 2 705 209)	**(68 168)**	(49 170)
Adcorp Employee Benefit Trust 2 (AEBT 2) consolidated – 6 729 140 "B" shares (2022: 6 729 140)	**(168)**	(168)
Total treasury shares	**(91 170)**	(72 172)

16. Reserves

	2023 R'000	2022 R'000
The reserves consist of:		
Share-based payment reserve (note 16.1.1)	**187 681**	196 240
Foreign currency translation reserve (note 16.2)	**124 542**	23 658
Accumulated loss	**(426 372)**	(412 692)
Non-controlling interest	**(1 030)**	(3 531)
Employee share scheme reserve (note 16.1.2)	**168**	168
Total reserves	**(115 011)**	(196 157)

16.1 Share-based schemes
Accounting policy

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

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

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

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

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

	2023 R'000	2022 R'000
Balance at the beginning of the year	**196 240**	179 717
Senior management long-term incentive scheme	**27 630**	18 313
AEBT 2 and Broad-Based Black Economic Empowerment (B-BBEE) shareholders' trust	**165 023**	157 817
AEBT 3 transaction	**3 587**	3 587
Share-based expense recognised during the year	**12 428**	19 709
Senior management long-term incentive scheme	**5 222**	12 503
AEBT 2 and B-BBEE shareholders' trust	**7 206**	7 206
Transfer to retained earnings*	**(9 560)**	–
Senior management long-term incentive scheme	**(9 560)**	–
Other movement in share-based payment reserve**	**(11 427)**	(3 186)
Senior management long-term incentive scheme	**(11 427)**	(3 186)
Balance at the end of the year	**187 681**	196 240
Made up of:		
Senior management long-term incentive scheme	**11 865**	27 630
AEBT and B-BBEE shareholders' trust	**172 229**	165 023
AEBT 3 transaction	**3 587**	3 587
Total share-based payment reserve	**187 681**	196 240

* *Relates to vesting of share awards.*
** *Includes retention shares converted to performance bonuses.*

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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 share awards granted during the 28 February 2023 financial year is disclosed below. 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 share award, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the share award and the correlations and volatilities of the peer group companies.

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 have 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. These were converted to performance bonuses during the financial year.

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

	Number of share awards 2023	Weighted Average grant price 2023	Number of share awards 2022	Weighted average grant price 2022
Senior management long-term incentive scheme				
Outstanding balance at the beginning of the year	**13 435 079**	**5,11**	6 354 260	7,21
Granted during the year	**2 556 041**	**4,25**	9 142 712	4,92
Vested during the year	**(162 205)**	**23,46**	(264 370)	17,47
Forfeited during the year	**(6 386 882)**	**5,76**	(1 797 523)	8,81
Outstanding balance at the end of the year	**9 442 033**	**3,92**	13 435 079	5,11

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

	Number	Grant date	Vesting date	Type	Fair value at grant date
Issued in 2021	1 909 213	2020/12/01	2023/11/30	PS	4,26
Issued in 2022	906 095	2021/04/01	2024/04/01	PS	4,88
Issued in 2022	4 070 684	2021/06/30	2024/06/30	PS	3,82
Issued in 2023	2 556 041	2022/12/14	2025/12/13	PS	4.52
	9 442 033				

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

	2023	2022
Spot price (R)	**5,34 – 24,94**	5,20 – 24,94
Expected volatility (%)	**32,67 – 93,04**	34,06 – 109,32
Expected life (years)	**3 – 6**	3 – 6
Risk-free rate (%)	**4,20 – 8,80**	4,20 – 7,76
Expected dividend yield (%)	**1,77 – 10,27**	0 – 10,27

2020 B-BBEE Empowerment transaction

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

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

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16. Reserves continued

16.1 Share-based schemes continued

16.1.1 Share-based payment reserve continued

Key estimates and judgements continued

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

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

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

16.1.2 Employee share scheme reserve

AEBT 2 and B-BBEE shareholders' interest

In terms of the Black Economic Empowerment (BEE) transaction in 2013 (2013 B-BBEE transaction), Adcorp has authorised and issued a total of 6 729 140 "B" ordinary shares (2022: 6 729 140) to its empowerment shareholder (AEBT 2) at a value of 2,5 cents per share.

In the 2014 financial 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

	2023 R'000	2022 R'000
Issued "B" class shares in Adcorp Holdings shares		
6 729 140 "B" ordinary shares of 2,5 cents per share (2022: 6 729 140) at the beginning of the year	168	168
6 729 140 "B" ordinary shares of 2,5 cents per share (2022: 6 729 140) at the end of the year	168	168

In 2021, the group implemented a new BEE transaction (refer to 2020 B-BBEE Empowerment transaction) on page 63.

16. Reserves continued
16.1 Share-based schemes continued
16.1.2 Employee share scheme reserve continued
AEBT 2 and B-BBEE shareholders' interest continued

In respect of the 2013 B-BBEE transaction, the fair value of the cancelled and new B-BBEE scheme 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 B-BBEE scheme is R146 million. The total value to be amortised over the 10-year period is the aggregate of (a) 40% of the modification cost plus (b) the unamortised value relating to the 2007 B-BBEE deal. Details of the amounts expensed over the remaining period of the scheme are as follows:

	2023 R'000	2022 R'000
One year	**7 206**	7 206
Year two to five	**–**	7 206

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

	Number of Share awards 2023	**Weighted Average exercise price 2023**	Number of share awards 2022	Weighted average exercise price 2022
Outstanding balance at the beginning of the year	**6 729 140**	**42,17**	6 729 140	42,17
Outstanding balance at the end of the year	**6 729 140**	**42,17**	6 729 140	42,17

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16. Reserves continued

16.2 Foreign currency translation reserve

	2023 R'000	2022 R'000
Balance at the beginning of the year	23 658	28 782
Arising on translation of foreign operations	97 611	(5 124)
Exchange difference reclassified to profit or loss on disposal of foreign subsidiary (note 32)	3 273	–
Balance at the end of the year	124 542	23 658

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 Current interest-bearing borrowings

	2023 R'000	2022 R'000
ZAR revolving credit facility	–	100 000
AUD borrowing base facility	–	33 336
Current interest-bearing borrowings	–	133 336

ZAR Revolving credit facility

The revolving credit facility of R400 million matured on 31 August 2022 and the group renegotiated its facilities to include a revolving credit facility of R150 million (ZAR Revolving credit facility), an overdraft facility of R100 million and an accordion facility of R100 million which became effective on 1 September 2022 maturing in three years.

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

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

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

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

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

Trade receivables with a carrying value of R552 million are used as security to secure funding relating to the borrowing base facility. The eligible receivables are defined as those with outstanding invoices aged up to 90 days. 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 and bank accounts between specified operating subsidiaries of the Adcorp group.

17. Interest-bearing borrowings continued

17.1 Current interest-bearing borrowings continued

AUD borrowing

The AUD borrowing base facility consists of a revolving borrowing base facility, a letter of credit and bank guarantee that matures on 10 March 2024. Further details of each are presented below:

Revolving borrowing base facility

The revolving borrowing base facility is AUD20 million. It matures on 10 March 2024 with interest payable quarterly at the applicable base rate as determined with reference to the Australian Reserve Bank rates at the time of drawdown plus a margin of 1,60% per annum. Interest is compounded monthly and the facility is limited to a maximum of four draws outstanding at any one time. The facility can be prepaid in whole or in part at any time and unless otherwise agreed must be for a minimum of AUD100,000 and an integral multiple of AUD50,000.

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.

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.

The Australian Group only made use of the borrowing base facility during the financial year and the amount outstanding at the reporting date was RNil (AUD Nil) as disclosed in the tables in note 35.6.

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

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

17.2 Reconciliation of movements on interest-bearing borrowings

	2023 R'000	2022 R'000
Opening balances at the beginning of the year	**133 336**	455 823
Interest accrued	**2 258**	16 803
Interest paid	**(2 258)**	(16 803)
Repayments on facilities during the year	**(615 183)**	(960 000)
Proceeds from facilities during the year	**480 190**	637 509
Foreign currency movements[1]	**1 657**	4
Closing balance at the end of the year	**–**	133 336

[1] *Non-cash movements.*

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18. Trade and other payables

	2023 R'000	2022 R'000
Trade creditors	124 707	153 707
Value added taxation	200 233	180 675
Operating expense accruals	157 775	130 688
Payroll accruals	312 922	268 811
Income received in advance from customer contract liabilities	79 720	52 685
Other creditors	23 498	33 044
Trade and other payables	**898 855**	819 610

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.

18.1 Income in advance from customer contract liabilities

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

	Performance obligation (timing)	2023 R'000	2022 R'000
Customer liabilities – training	Revenue is recognised over time as the training is provided	76 942	52 587
Customer liabilities – permanent placements	Revenue is recognised at the point in time when placed candidates begin employment	2 406	74
Customer liabilities – temporary placements	Revenue is recognised over time as the services are rendered	372	24
Total income received in advance from contract liabilities		**79 720**	52 685

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.

	2023 R'000	2022 R'000
Balance at the beginning of the year	**52 685**	57 785
Income in advance recognised as liability	**263 988**	216 485
– Training	146 296	112 237
– Permanent placements	86 948	68 007
– Temporary placements	30 744	36 241
Revenue recognised during the period	**(236 953)**	(221 585)
– Training	(121 940)	(110 294)
– Permanent placements	(84 615)	(67 933)
– Temporary placements	(30 398)	(43 358)
Balance at the end of the year	**79 720**	52 685

18. Trade and other payables continued

18.1 Income in advance from customer contract liabilities continued

Training

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

Permanent placements

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

Temporary placements

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

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

	As at 28 February 2021 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

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	2023 R'000	*Restated 2022 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.	**79 911**	73 006
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.	**9 968 012**	9 192 923
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.	**235 034**	239 764
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.	**1 765 994**	1 812 355
Total revenue from continuing operations			**12 048 951**	11 318 048

* *The prior year comparative financial information was restated to reflect the operations of aaX as a discontinued operation in terms of IFRS 5: Non Current Assets Held for Sale and Discontinued Operations due to aaX being deconsolidated in terms of IFRS 10 and classified as discontinued operations.*

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20. Revenue continued

Disaggregation of revenue by geographical region

Region	Segment	Performance obligation	2023 R'000	*Restated 2022 R'000
South Africa			6 668 343	6 804 350
	Industrial		4 588 435	4 709 665
		Temporary placement	3 640 948	3 728 716
		Permanent placement	44	–
		Outsourced-based solutions	947 443	980 949
	Professional		1 844 874	1 854 921
		Temporary placement	986 335	994 237
		Permanent placement	39 988	29 280
		Outsourced-based solutions	818 551	831 404
	Training	Training	235 034	239 764
Australia			5 380 608	4 513 698
	Australia		5 380 608	4 513 698
		Temporary placement	5 340 729	4 469 972
		Permanent placement	39 879	43 726
Total revenue from continuing operations			**12 048 951**	11 318 048

The timing of revenue recognition is as follows:

	2023 R'000	*Restated 2022 R'000
Over time	10 203 046	9 432 689
At a point in time	1 845 905	1 885 359
Total revenue from continuing operations	**12 048 951**	11 318 048

* *The prior year comparative financial information was restated to reflect the operations of aaX as a discontinued operation in terms of IFRS 5: Non Current Assets Held for Sale and Discontinued Operations due to aaX being deconsolidated in terms of IFRS 10 and classified as discontinued operations.*

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.

	2023 R'000	2022 R'000
Other income comprises:		
Other income[1]	**9 563**	12 439
Sub-lease rental income[2]	**10 180**	7 114
Total other income	**19 743**	19 553

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

22. Operating profit before finance income and finance costs

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

	2023 R'000	*Restated 2022 R'000
Auditors' remuneration	**(20 184)**	(21 016)
Retirement benefits	**(61 764)**	(57 855)
Leasing and rentals (note 36)	**(10 400)**	(11 286)
Staff costs	**(657 432)**	(587 299)
Depreciation and amortisation	**(85 021)**	(88 734)
Depreciation on property and equipment (note 4)	**(14 581)**	(18 209)
Depreciation on right-of-use assets (note 5.1)	**(54 534)**	(53 645)
Amortisation of intangible assets (note 6)	**(15 906)**	(16 880)
Impairment of right-of-use assets (note 5.4)	**–**	(2 770)
Impairment of goodwill (note 7)	**(34 463)**	–
Enterprise technology transformation project costs	**(25 472)**	(19 844)
Foreign exchange (losses)/gains	**(2 965)**	2 988
Profit/(loss) on the sale of property and equipment	**290**	(2 182)

* *The prior year comparative financial information was restated to reflect the operations of aaX as a discontinued operation in terms of IFRS 5: Non Current Assets Held for Sale and Discontinued Operations due to aaX being deconsolidated in terms of IFRS 10 and classified as discontinued operations.*

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23. Finance income

Finance income comprises:

	2023 R'000	2022 R'000
Bank deposits	**5 177**	5 222
Other	**412**	21
Interest income	**5 589**	5 243

24. Finance costs

Finance costs comprises:

	2023 R'000	*Restated 2022 R'000
Financial instruments held at amortised cost		
Bank overdrafts	**(3 312)**	(4 069)
Interest-bearing borrowings	**(3 579)**	(19 859)
Interest on lease liabilities[1]	**(44 090)**	(45 087)
Interest expense	**(50 981)**	(69 015)

[1] *Refer to note 5.2 lease liabilities.*

* *The prior year comparative financial information was restated to reflect the operations of aaX as a discontinued operation in terms of IFRS 5: Non Current Assets Held for Sale and Discontinued Operations due to aaX being deconsolidated in terms of IFRS 10 and classified as discontinued operations.*

25. Earnings per share

Accounting policy

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

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

The group discloses headline earnings per share as determined in accordance with Circular 1/2021, pursuant to the JSE Listings Requirements. Headline earnings represents net profit for the year attributable to the group's equity holders, excluding certain defined separately identifiable remeasurements relating to, among others, impairments of tangible assets, intangible assets (including goodwill) and equity-accounted investments, gains and losses on acquisitions and disposals of investments as well as assets, dilution gains and losses on equity-accounted investments, remeasurement gains and losses on disposal groups classified as held for sale and remeasurements included in equity-accounted earnings, net of related taxes (both current and deferred) and the related non-controlling interests. These remeasurements are determined in accordance with Circular 1/2021, headline earnings, as issued by the South African Institute of Chartered Accountants, at the request of the JSE Limited in relation to the calculation of headline earnings and disclosure of a detailed reconciliation of headline earnings to the earnings numbers used in the calculation of basic earnings per share in accordance with the requirements of IAS 33 – Earnings per Share, under the JSE Listings Requirements.

25. Earnings per share continued

Accounting policy continued

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

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

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

The calculation of earnings per share on continuing operations attributable to the ordinary equity holders of the parent is based on profits of R118,6 million (2022: R102,8 million), loss from discontinued operations of R80,0 million (2022: profit R13,6 million), and ordinary shares of 103 387 640 (2022: 106 692 859), being the weighted average number of shares relative to the above earnings.

	2023 R'000	*Restated 2022 R'000
Continuing operations:		
Basic earnings per share (cents)	**114,7**	96,3
Diluted earnings per share (cents)	**110,6**	91,1
Discontinued operations:		
Basic (loss)/earnings per share (cents)	**(77,4)**	12,8
Diluted (loss)/earnings per share (cents) – anti-dilutive	**(77,4)**	12,1
Total basic earnings per share		
Basic earnings per share (cents)	**37,3**	109,1
Diluted earnings per share (cents)	**36,0**	103,2
Weighted average number of ordinary shares outstanding during the period		
Reconciliation of weighted average number of ordinary shares outstanding to the weighted average diluted number of shares outstanding during the period		
Weighted average number of ordinary shares outstanding during the period	**103 387 640**	106 692 859
Adcorp employee share schemes – dilution[1]	**7 587 746**	12 204 416
Adcorp employee share schemes – anti-dilutive shares excluded[1]	**(3 793 873)**	(6 102 208)
Diluted weighted number of ordinary shares outstanding during the period	**107 181 513**	112 795 067

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

* *The prior year comparative financial information was restated to reflect the operations of aaX as a discontinued operation in terms of IFRS 5: Non Current Assets Held for Sale and Discontinued Operations due to aaX being deconsolidated in terms of IFRS 10 and classified as discontinued operations.*

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25. Earnings per share continued

Accounting policy continued

	2023 R'000	*Restated 2022 R'000
Reconciliation of headline earnings from continuing operations[2]		
Profit for the year	118 562	102 759
(Profit)/loss on sale of property and equipment	(290)	2 182
Taxation recovered on the sale of property and equipment	81	(611)
Impairment of right-of-use assets	–	2 770
Taxation on impairment of right-of-use assets	–	(776)
Impairment of goodwill	34 463	–
Headline earnings from continuing operations	152 816	106 324
Headline earnings per share (cents)	147,8	99,7
Diluted headline earnings per share (cents)	142,6	94,3
Reconciliation of headline earnings from discontinued operations[2]		
(Loss)/profit for the year	(79 980)	13 644
Profit from the disposal of businesses	(9 640)	(13 950)
Headline loss from discontinued operations	(89 620)	(306)
Headline losses per share (cents)	(86,7)	(0,3)
Diluted headline losses per share (cents)	(86,7)	(0,3)
Reconciliation of headline earnings from total operations		
Profit for the year attributable to ordinary shareholders	38 582	116 403
(Profit)/loss on sale of property and equipment	(290)	2 182
Taxation recovered on the sale of property and equipment	81	(611)
Impairment of right-of-use assets	–	2 770
Taxation on impairment of right-of-use assets	–	(776)
Impairment of goodwill	34 463	–
Profit from the disposal of businesses	(9 640)	(13 950)
Headline earnings	63 196	106 018
Headline earnings per share (cents)	61,1	99,4
Diluted headline earnings per share (cents)	59,0	94,0

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

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, net of tax.

** The prior year comparative financial information was restated to reflect the operations of aaX as a discontinued operation in terms of IFRS 5: Non Current Assets Held for Sale and Discontinued Operations due to aaX being deconsolidated in terms of IFRS 10 and classified as discontinued operations.*

26. Directors' and prescribed officers' emoluments

Executive directors 2023	Salary R'000	Bonus R'000	Employee benefits R'000	Sub-total R'000	Notice and leave pay R'000	Total R'000
Dr J Wentzel	**5 076**	**4 000**	**1 206**	**10 282**	**–**	**10 282**
N Prendergast	**2 842**	**1 710**	**502**	**5 054**	**–**	**5 054**
	7 918	**5 710**	**1 708**	**15 336**	**–**	**15 336**
Executive directors 2022						
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

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

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

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

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

Performance shares.

~ *Retention shares converted into cash retention bonus.*

* *Sign-on shares.*

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

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

	Number of outstanding share awards as at 28 February 2021	Issue price R/share	Number of share awards granted	Issue price R/share	Number of share awards vested	Number of share awards forfeited	Number of outstanding share awards as at 28 February 2023	Vesting date
Executive directors								
Dr J Wentzel	–	–	906 095	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)	(34 336)	–	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 converted into cash retention bonus.*
** *K Vittee resigned on 28 February 2022.*

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28. Non-executive directors' emoluments

2023 **Non-executive directors**	**Directors' Fees R'000**
GT Serobe	**783**
P Mnganga	**523**
H Singh	**526**
C Maswanganyi**	**147**
S Sithole***	**142**
MM Nkosi#	**106**
R van Dijk	**528**
C Smith	**351**
T Olls^	**239**
T Mokgabudi	**656**
M Lubega	**475**
	4 476
2022	
Non-executive directors	
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

* *Passed away on 9 March 2022.*
** *Resignation effective 28 July 2022.*
****Resigned as NED effective 28 July 2022 and became Alternate NED effective 28 July 2022.*
\# *Resigned effective 1 June 2022.*
^ *Resigned as Alternate NED effective 28 July 2022 and became NED effective 28 July 2022.*

29. Schedule of directors' interests – Adcorp Holdings Limited

	2023			2022		
	Direct Number of shares	**Indirect Number of shares**	**Total Number of shares**	Direct Number of shares	Indirect Number of shares	Total Number of shares
Directors' names						
Dr J Wentzel	**19 100**	**–**	**19 100**	19 100	–	19 100
S Sithole*	**–**	**–**	**–**	–	34 258 743	34 258 743
MW Spicer	**–**	**–**	**–**	–	48 000	48 000
C Smith	**–**	**1 601 463**	**1 601 463**	–	1 601 463	1 601 463
T Olls*	**–**	**34 258 743**	**34 258 743**	–	–	–
Alternate directors						
MM Nkosi* (Resigned effective 1 June 2022)	**–**	**34 258 743**	**34 258 743**	–	34 258 743	34 258 743
S Sithole*	**–**	**34 258 743**	**34 258 743**	–	–	–
T Olls*	**–**	**–**	**–**	–	34 258 743	34 258 743
	19 100	**104 377 692**	**104 396 792**	19 100	104 425 692	104 444 792
Less duplicate counting for Value Capital Partners (VCP)	**–**	**(68 517 486)**	**(68 517 486)**	–	(68 517 486)	(68 517 486)
	19 100	**35 860 206**	**35 879 306**	19 100	35 908 206	35 927 306

* *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

The prior year final gross dividend of 47,0 cents, and the declared interim dividend of 12,2 cents was paid in the current financial year (2022: Rnil). The group has elected to disclose dividends paid under financing activities in the consolidated statements of cash flows.

30.2 Dividend declared

The board of directors of Adcorp has approved and declared a final gross dividend of 16,5 cents per ordinary share(2022: 47,0 cents) and a special gross dividend of 91,3 cents per ordinary share, on 25 May 2023 from income reserves, for the year ended 28 February 2023. The special dividend is subject to the required South African Reserve Bank approval being obtained for the declaration.

31. Related parties

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

31.1 Trading transactions

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

	Sale of services		Holding company management fees		Accounting and information technology fees	
	2023 R'000	**2022 R'000**	**2023 R'000**	**2022 R'000**	**2023 R'000**	**2022 R'000**
Subsidiaries of Adcorp Holdings Limited	**79 232**	**123 898**	**106 803**	**130 754**	**282128**	**261 430**

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31. Related parties continued

31.2 B-BBEE shareholders' interest

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

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

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

31.3 Consulting fees

Consulting fees of R1,4 million (2022: R1.5 million) have been paid to a non-executive director (C Smith) for consulting services rendered during the year.

32. Profit or loss from the disposal of businesses

	2023 R'000	2022 R'000
Profit on the sale of Adcorp Support Services Proprietary Limited	–	15 196
Gain on net asset value (NAV) derecognised	15 580	–
Costs expensed on disposal	(2 667)	(1 246)
Exchange differences reclassified to profit or loss	(3 273)	–
Net profit from the sale of businesses and deconsolidation of subsidiary	**9 640**	**13 950**

Deconsolidation of subsidiary

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

The administration of allaboutXpert Technologies Proprietary Limited and allaboutXpert Australia Proprietary Limited has the following implications and was considered fully by management:

- The accounting as a discontinued operation prior to administration and restating the prior year comparative results; and
- Assessing the impact of the loss of control in terms of IFRS 10 where the group holds 100% interest in both subsidiaries.

As a result of this assessment and taking into account the fact that trading has ceased, management has assessed a loss of control from the date that the administrator was appointed and have therefore classified the subsidiaries as discontinued operations up to the date of administration, thereafter the subsidiaries have been deconsolidated. The fair value of the consideration receivable is deemed to be zero as a return on administration cannot be quantified. The administration process has not been completed at year-end.

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

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

32. Profit or loss from the disposal of businesses continued

Deconsolidation of subsidiary continued

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

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

33. Management of capital

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

The group's investment committee has considered the cost of capital and the risks associated with each class of capital. The Group's favourable gearing ratio is 19,5% (2022: 19,5%). The gearing ratio is determined as net debt (being interest-bearing borrowings less unrestricted cash and cash equivalents) excluding finance leases as a percentage of total equity. The investment committee believes that the appropriate leverage ratio for the nature of the business is the gross debt-to-EBITDA ratio and has a target of 1,0x. This is reviewed on an ongoing basis as the strategic transformation of the group progresses.

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 2023			
Investments at fair value (note 8.1)	–	21 074	21 074
Trade receivables (note 12)	1 337 049	–	1 337 049
Other receivables (note 13)	71 582	–	71 582
Cash and cash equivalents (note 14)	415 548	–	415 548
	1 824 179	**21 074**	**1 845 253**
As at 28 February 2022			
Investments at fair value (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	1 858 661

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34. Financial instruments by category continued

34.2 Financial liabilities by category

	Amortised cost R'000	Total R'000
As at 28 February 2023		
Lease liabilities (note 5.2)	**409 410**	**409 410**
Trade and other payables (note 18)	**305 980**	**305 980**
	715 390	**715 390**
As at 28 February 2022		
Lease liabilities (note 5.2)	423 965	423 965
Interest-bearing borrowings (note 17.1)	133 336	133 336
Trade and other payables (note 18)	317 441	317 441
	874 742	874 742

35. Financial risk management

35.1 Financial risk management objectives

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

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

35.2 Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmark is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). As at 28 February 2023, the group's IBOR exposure is indexed to JIBAR and the Australian base rate, based on the ZAR revolving credit facility and AUD borrowing base facility respectively.

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

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

35. Financial risk management continued

35.3 Foreign currency management

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

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

Foreign currency sensitivity
At 28 February 2023, in respect of the cash and cash equivalents denominated in Angolan Kwanza, if the South Africa Rand had weakened/strengthened 5% against the Angolan Kwanza, with all other variables held constant, profit or loss for the year would have increased/decreased by R5 million (2022: R4 million).

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

The table below analyses the impact on the group's revenue and post-tax profit from continuing operations and net asset value. 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	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Impact on revenue				
AUD	**548 771**	470 861	**(548 771)**	(470 861)
Impact on profit/(loss) after tax				
AUD	**6 525**	4 179	**(6 525)**	(4 179)
Impact on assets/liabilities				
AUD	**10 295**	83 014	**(10 295)**	(83 014)

35.4 Interest risk management

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

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

Interest rate sensitivity
At 28 February 2023, 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 (2022: decreased/increased by R1 million).

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

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35. Financial risk management continued

35.5 Credit risk management

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

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

35.6 Liquidity risk management

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

The group has the following facilities available:

	2023 R'000	2022 R'000
Non-interest-bearing facilities		
Intra-day settlement facility with First National Bank non-interest-bearing	**100 000**	100 000
Non-interest-bearing facilities	**100 000**	100 000
Total interest-bearing borrowing facilities available South Africa	**350 000**	550 000
– ZAR new revolving credit and overdraft facility	**250 000**	400 000
– Accordion facility	**100 000**	150 000
Australia – AUD borrowing base facility	**247 654**	244 471
Total interest-bearing borrowing facilities available	**697 654**	794 471
Interest-bearing borrowing facilities utilised South Africa	**–**	100 000
– ZAR new revolving credit and overdraft facility	**–**	100 000
– Accordion facility	**–**	–
Australia – AUD borrowing base facility	**–**	33 336
Total interest-bearing borrowing facilities utilised	**–**	133 336
Unutilised interest-bearing borrowing facilities South Africa	**350 000**	450 000
– ZAR new revolving credit and overdraft facility	**250 000**	300 000
– Accordion facility	**100 000**	150 000
Australia	**247 654**	211 135
Total unutilised interest-bearing borrowing facilities	**697 654**	661 135

Interest-bearing borrowings

Refer to note 17 for additional disclosures.

Cash and cash equivalents

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

35. Financial risk management continued

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

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

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

	2023 R'000	2022 R'000
Trade and other payables (note 18)	**305 980**	317 441
Interest-bearing borrowings (note 17.2)	**–**	133 336
Lease liabilities	**118 599**	80 396
Total due within one year	**424 579**	531 173
After one year but within two years	**68 349**	75 002
After two years but within three years	**56 639**	68 959
After three years but within four years	**57 376**	62 037
After four years but within five years	**55 609**	62 797
After five years	**286 229**	352 679
Total due after one year	**524 202**	621 474
Total debt	**948 781**	1 152 647

35.8 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):

	2023 R'000	2022 R'000	Valuation technique(s) and key inputs	Fair value hierarchy	Relationship of unobservable inputs to fair value
Financial assets					
Investment	**21 074**	19 597	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

Notes to the consolidated financial statements

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for the year ended 28 February 2023

36. Operating lease arrangements

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

	2023 R'000	2022 R'000
The group as lessee		
Short-term lease expenses	**2 658**	5 675
Low value assets lease expenses	**7 742**	5 611
Minimum lease payments under operating property and IT-related leases recognised as an expense in the year (note 22)	**10 400**	11 286
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	**9 963**	8 051
Between two and five years	**24 426**	5 767
Total commitments under non-cancellable leases	**34 389**	13 818
Average lease terms of short-term leases (months)	**12 months or shorter**	12 months or shorter
Average lease term remaining for low value assets	**34 months**	21 months

37. Contingent liabilities and commitments

	2023 R'000	*Restated 2022 R'000
The bank has issued guarantees to creditors to the value of:	**44 007**	46 407
The group has commitments relating to information technology development of:	**–**	11 081

* *Restated to include Australia's guarantees.*

38. Events after reporting period

No event which is material to the understanding of the consolidated financial statements has occurred between year-end and the date of the annual financial statements other than:

The board of directors has approved and declared a final gross dividend of 16,5 cents per ordinary share (2022: 47,0 cents per share), from income reserves, for the year ended 28 February 2023 and a special gross dividend of 91,3 cents per ordinary share (2022: Nil), which special dividend is subject to the required South African Reserve Bank approval being obtained for the declaration of same.

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 2024.

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

Solvency

On 28 February 2023, the total assets of the group exceeded the total liabilities by R1 534 million and the current ratio as at 28 February 2023 was 1,6. The group is expected to remain solvent after considering the approved budget and expected performance. There are no events anticipated in the year ahead that indicate any risk to the group's solvency position.

Liquidity

In assessing the liquidity position, cash flow forecasts were prepared, covering the period up until the end of May 2024. Based on the short and long term forecasts (as per the budget approved by the group's board of directors), the group is expected to be able to meet all its short-term obligations through a combination of the cash generated by operations and the utilisation of the current facilities available to the group. The cash position is monitored daily by management and the group is comfortable with its liquidity levels.

Going concern conclusion

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

Annexure A: Details of significant subsidiaries

for the year ended 28 February 2023

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	Flexible staffing
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.

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

Share type	Authorised share capital of subsidiary/associate February 2023 Number	Authorised share capital of subsidiary/associate February 2022 Number	Issued share capital of subsidiary/associate February 2023 Number	Issued share capital of subsidiary/associate February 2022 Number	Number of shares held by Adcorp February 2023 Number	Number of shares held by Adcorp February 2022 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**	2 100	**2 100**	2 100
Ordinary	**100**	100	**100**	100	**100**	100
Ordinary	**100**	100	**100**	100	**100**	100
Ordinary	**4 000**	4 000	**2550**	2550	**2 550**	2 550
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**	700	**700**	700
A’ ordinary	**1 000**	1 000	**400**	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	7 033	91,37	410 550	0,37
1 001 – 10 000	378	4,91	1 233 097	1,12
10 001 – 100 000	183	2,38	6 762 055	6,15
100 001 – 1 000 000	78	1,01	27 686 578	25,18
Over 1 000 000	25	0,32	73 862 395	67,18
Total	**7 697**	**100,00**	**109 954 675**	**100,00**
Distribution of shareholders				
Assurance Companies	16	0,21	7 705 277	7,01
Close Corporations	15	0,19	104 843	0,10
Collective Investment Schemes	42	0,55	30 155 285	27,43
Control Accounts	1	0,01	108	0,00
Custodians	8	0,10	431 926	0,39
Foundations & Charitable Funds	17	0,22	1 754 567	1,60
Hedge Funds	4	0,05	17 347 023	15,78
Insurance Companies	3	0,04	254 946	0,23
Investment Partnerships	17	0,22	1 439 452	1,31
Managed Funds	10	0,13	211 663	0,19
Medical Aid Funds	4	0,05	430 559	0,39
Organs of State	1	0,01	991 098	0,90
Private Companies	37	0,48	2 251 405	2,05
Public Companies	2	0,03	240 387	0,22
Retail Shareholders	7 313	95,01	3 714 223	3,38
Retirement Benefit Funds	110	1,43	34 786 543	31,64
Scrip Lending	2	0,03	550 042	0,50
Stockbrokers & Nominees	14	0,18	190 418	0,17
Treasury	2	0,03	6 567 033	5,97
Trusts	69	0,90	827 287	0,75
Unclaimed Scrip	10	0,13	590	0,00
Total	**7 697**	**100,00**	**109 954 675**	**100,00**
Shareholder type				
Non-public shareholders	9	0,12	42 519 548	38,66
Directors and associates (direct holding)	5	0,06	92 309	0,08
Directors and associates (indirect holding)	2	0,03	35 860 206	32,61
Treasury	2	0,03	6 567 033	5,97
Public shareholders	7 688	99,88	67 435 127	61,34
Total	**7 697**	**100,00**	**109 954 675**	**100,00**

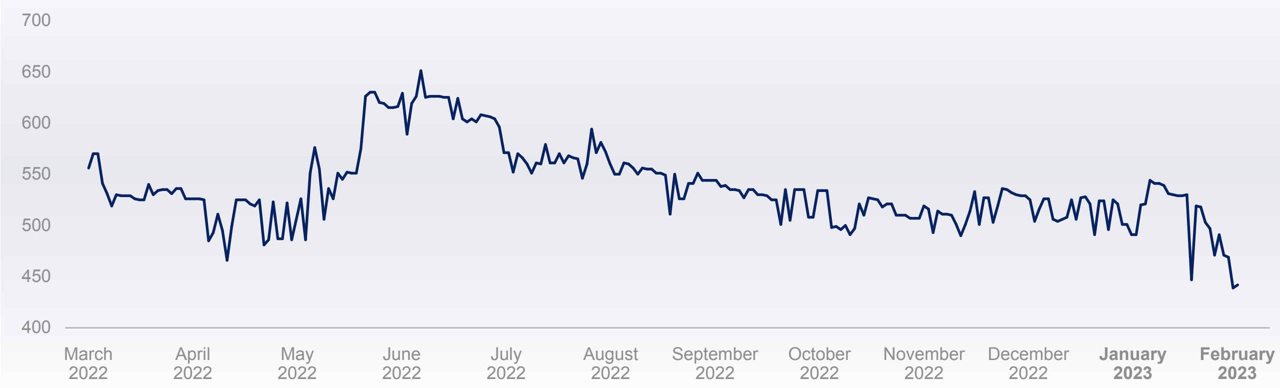
Fund managers with a holding greater than 5% of the issued shares	Number of shares	% of issued capital
Value Capital Partners	34 258 743	31,16
Camissa Asset Management	21 445 399	19,50
Allan Gray	17 578 321	15,99
PSG Asset Management	8 462 415	7,70
Steyn Capital Management	8 235 028	7,49
Total	89 979 906	81,84
Beneficial shareholders with a holding greater than 5% of the issued shares		
H4 Collective Investments	12 597 917	11,46
Allan Gray	9 873 829	8,98
PSG	8 462 415	7,70
Kagiso	7 344 491	6,68
Sentinel Mining Industry Retirement Funds	6 010 428	5,47
Eskom Pension & Provident Fund	5 593 596	5,09
Total	49 882 676	45,38

Total number of shareholdings	**7 697**
Total number of shares in issue	**109 954 675**

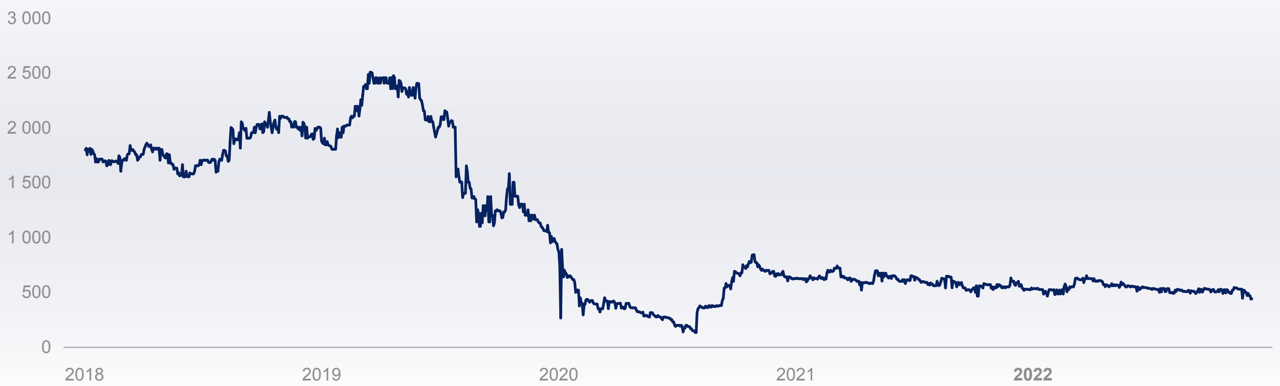
Share price performance	
Opening price 1 March 2022	**R5,96**
Closing price 28 February 2023	**R 4,41**
Closing high for the period	**R 6,50**
Closing low for the period	**R 4,38**
Number of shares in issue	**109 954 675**
Volume traded during the period	**17 637 841**
Ratio of volume traded to shares issued (%)	**16,04%**
Rand value traded during the period	**R 95 196 084**
Price/earnings ratio as at 28 February 2023	**4,49**
Earnings yield as at 28 February 2023	**22,29**
Dividend yield as at 28 February 2023	**10,74**
Market capitalisation at 28 February 2023	**R 484 900 117**

Shareholder analysis continued

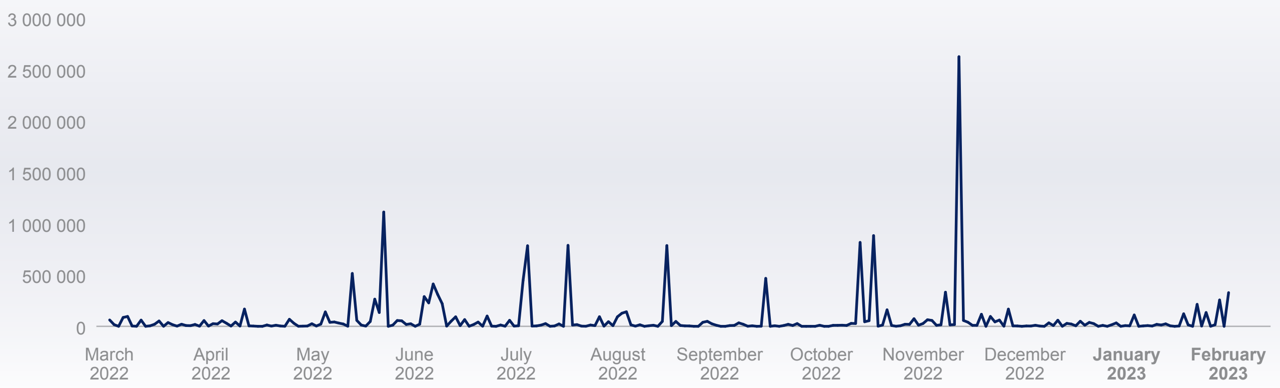
Adcorp price chart – daily closing price (cents)



Five-year share price performance (cents)



Adcorp price chart – 1 March 2022 to 28 February 2023 (volume)



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