integrated report

2024

report guide

navigating the six capitals

financial capital

manufactured capital

intellectual capital

human capital

social and relationship capital

natural capital

Acronyms and abbreviations have been used throughout this report, as outlined in the Glossary of Terms on page 110.

introduction to the report

We are pleased to present the Primeserv group's Integrated Report for the year ended 31 March 2024, which reports on the performance of the company and its subsidiaries, all of which operate within South Africa.

This Integrated Report includes the group's and the company's annual financial statements, the analysis of these statements, and reports on our non-financial performance in key areas such as strategy, value creation, operational activity, governance, risk management and in accordance with the recommended practices outlined in King IV™.

material issues and stakeholder engagement

Primeserv is committed to conducting the group's business in an ethical, transparent and responsible way to maintain a viably sustainable business that creates long-term value for all of its stakeholders.

This report has, therefore, been compiled in compliance with the principles and standards of integrated reporting as set out by the IFRS Foundation's Integrated Thinking Principles, which align with our strategy, purpose and values as a large employer operating in South Africa.

The report focuses on information that is material to the group's business, and provides a concise overview of its performance, prospects and ability to create sustainable value for all its stakeholders. The legitimate interests of all stakeholders have been considered and all material information available has been included in this Integrated Report.

preparation of the integrated report

In compiling this report, the reporting frameworks set out in the following legislation and guidelines were considered:

- the Companies Act
- the JSE Listings Requirements
- King IV™
- IFRS® Accounting Standards
- the IFRS Foundation's Integrated Reporting Framework

The contents of this report are broadly comparable with those of the 2023 Integrated Report.

forward-looking statements

Certain statements contained in this report are forward-looking and have been included for the information of stakeholders. The Board believes these statements to be reasonable and accurate as at the date of publication. Final results could, however, differ materially from those set out in the forward-looking statements due to factors such as changes in economic and market conditions or changes in the regulatory environment.

These statements are not a guarantee of future performance and should be regarded as informed opinions based on Primeserv's business model, strategy and operating environment. Any subsequent oral or written forward-looking statements attributable to the group or anyone authorised to act on its behalf are qualified in their entirety by this cautionary statement. Primeserv also accepts no responsibility for undertaking or distributing updates or revisions to any forward-looking statement contained in this report or to react to any changes in expectations, events, conditions or circumstances that have informed these forward-looking statements, which have neither been reviewed nor audited by the group's auditors, PKF Octagon Incorporated.

contacts

Primeserv's executive directors for the reporting period were Merrick Abel (CEO) and Raphael Sack (FD). They can be contacted at the company's registered office.

Primeserv's Integrated Report 2024 is available in electronic format on the group's website: www.primeserv.co.za and any queries regarding or related to the report are welcomed at the following email address: IR@primeserv.co.za.

approval of the integrated report

The Board of Directors acknowledges that it is responsible for ensuring the integrity of the group's Integrated Report and has therefore carefully considered the relevant guidelines for integrated reporting. It is of the opinion that this report addresses all material issues and fairly presents the integrated performance and impacts of the group.

David L Rose
Independent Chairperson

Merrick Abel
CEO

Raphael Sack
FD

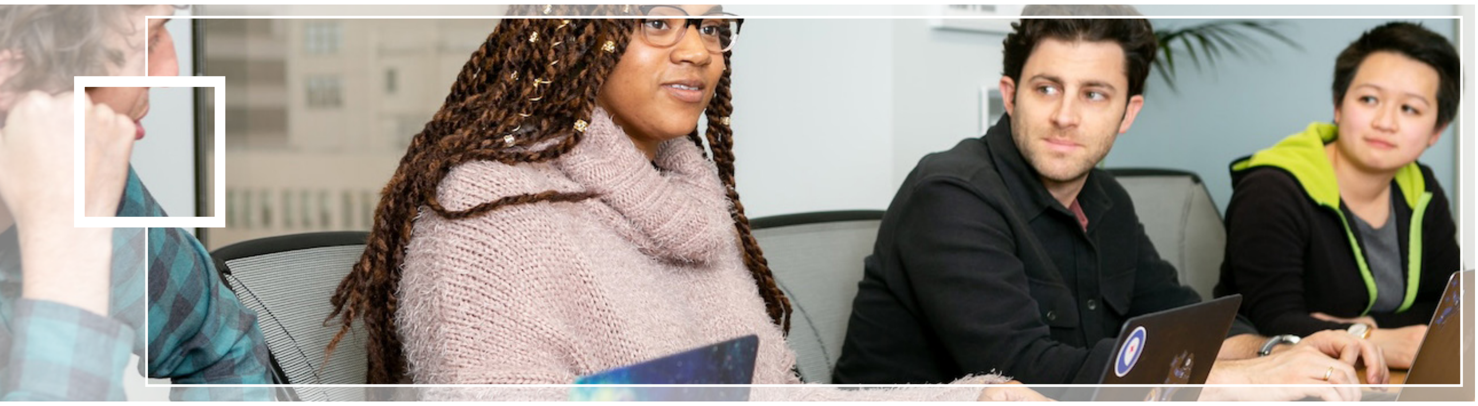
Letepe M Maisela
Independent non-executive director

Kefilwe M Matjila
Independent non-executive director

25 July 2024

All signatures have been removed to protect the security and privacy of the signatories.

about us



our business

Primeserv is a JSE-listed company, focused on providing innovative and bespoke Integrated Business Support Services to clients across various industries and sectors. Our goal is to provide value-added services so as to enhance our clients' capabilities, efficiencies, productivity and performance through the optimisation of human capital. Our Integrated Business Support Services focus on the implementation, management and measurement of human capital, made possible through a comprehensive range of products and market-leading web-based systems. These include specialised staffing services, functional outsourcing and productivity services, skills training and consulting services, and related fulfilment and support services.

Partnering with an Integrated Business Support Services provider like Primeserv enables our clients to benefit from fully managed services and solutions and creates space for them to focus on their strategic objectives and core competencies.

our focus

Primeserv is strongly committed to the development and successful advancement of people, as we believe this to be key to the development of our economy and our society. Through our depth of expertise and industry knowledge, we recognise that the efficacy of Integrated Business Support Services and human capital management is dependent upon having up-to-date knowledge, skills, capabilities, experience and training. These attributes are imperative to develop an individual's employability and the potential for career enhancement. Mindful of all these factors and the employment challenges facing both employers and employees in South Africa today, Primeserv focuses on skills and capacity development for the country's youth through learnership programmes, all of which enhance individual employability and the potential for career advancement.

Primeserv's offering is driven by an overarching philosophy of continuous improvement. In understanding our clients' needs, we combine a collaborative approach with ongoing solutions-focused innovation. In our own business, we have found that encouraging responsible leadership at all levels is key in fostering a culture of inclusiveness, teamwork and a passion for excellence in client service.

about us (continued)

our 2024 results at a glance

REVENUE
increased by **18%**
to R950.6 million

OPERATING PROFIT
increased by **16%**
to R23.9 million

PROFIT BEFORE TAXATION
increased by **20%**
to R28.3 million

EARNINGS PER SHARE
increased by **39%**
to 32.57 cents

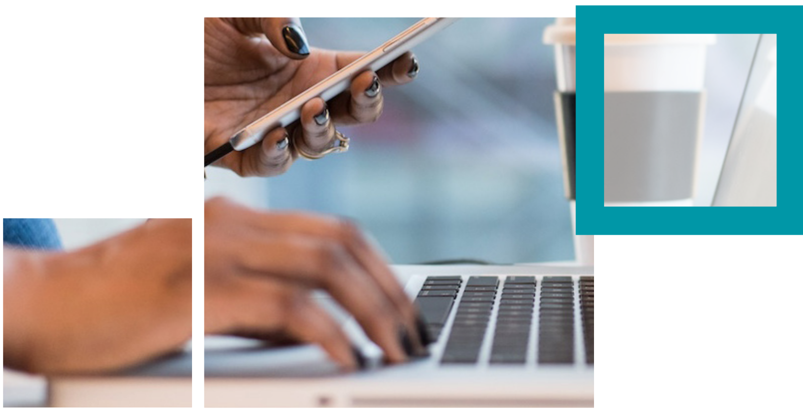
HEADLINE EARNINGS PER SHARE
increased by **40%**
to 32.68 cents

TOTAL DIVIDENDS PER SHARE
increased by **39%**
to 12.5 cents

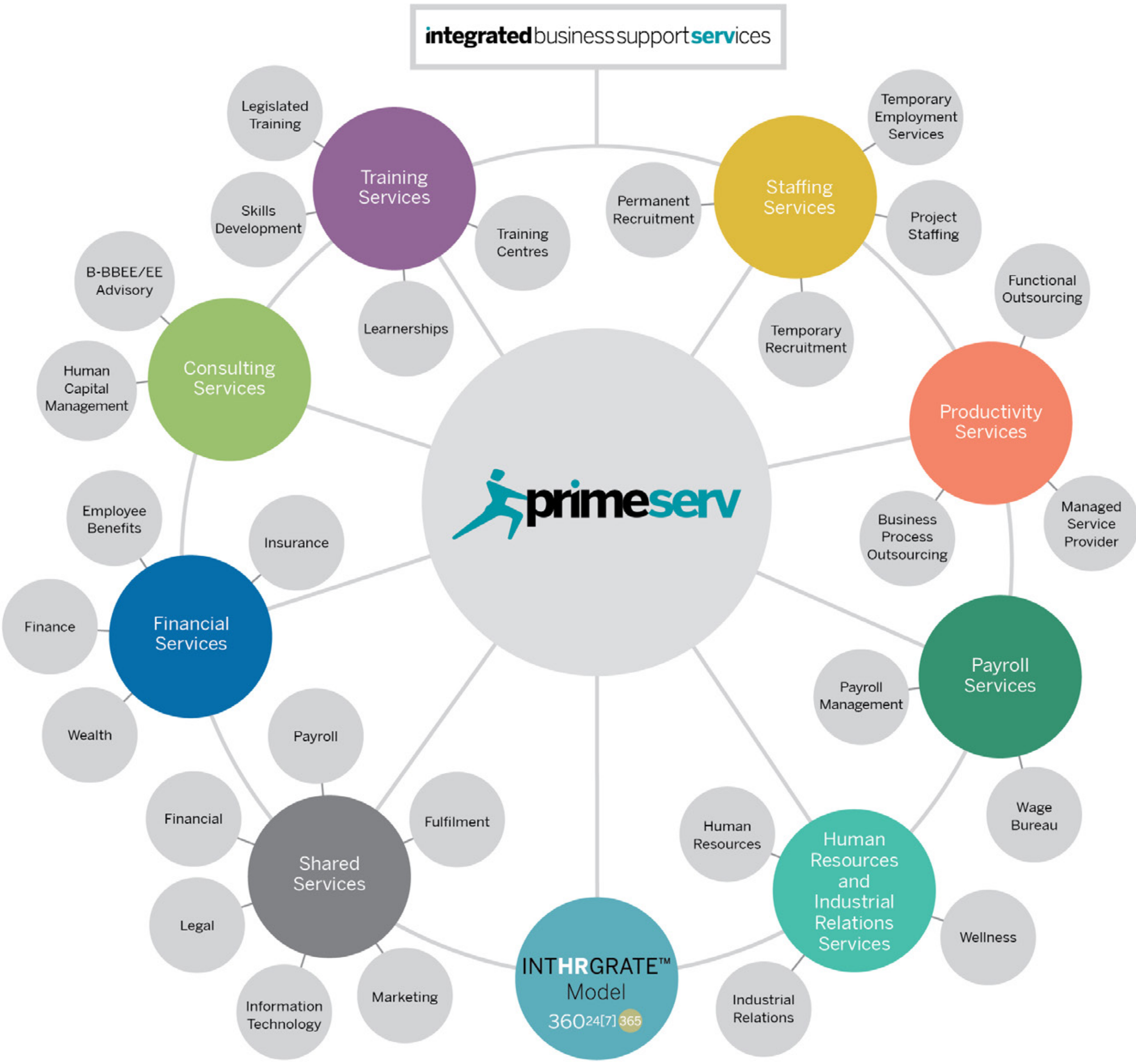
NET ASSET VALUE PER SHARE
increased by **10%**
to 265 cents

TANGIBLE NET ASSET VALUE PER SHARE
increased by **8%**
to 226 cents

NET CASH
increased by **7%**
to R66.1 million



our group at a glance



our group structure

primeserv

integrated business support services

Staffing Services

Shared Services

Training and Consulting Services

Staffing Services

- Permanent Recruitment
- Temporary Recruitment
- Temporary Employment Services
  - Contract Staffing
  - Contingent and Full Site Services
  - *Ad Hoc* Labour Pools
  - Independent Contracting Services
  - Industrial Action/Strike Solutions
  - Business Continuity Services
  - Staff Express
  - Project Staffing

Related Fulfilment Services

- Payroll Services
- Wage Bureaus
- Payroll Management
- Productivity Services and Solutions
- Functional Outsourcing
- Business Process Outsourcing
- Time and Attendance Systems
- Customised Management Information
- HR and IR Services
- Fully Outsourced HR and IR Functionality
- Mega-Project Services
- Employee Services
- PPE and Health & Safety Services
- Lifestyle and Employee Benefits
- Wellness Programmes
- Financial Services

Shared Services

- Corporate Office
- Finance
- Legal, Risk and Compliance
- Information Technology
- Human Resources
- Marketing
- Administration

Training Services

- Training Needs Identification
- Implementation and Audits
- Training Centres
- Customised Training Programmes
- Training (at Primeserv Centres, online or on-site at client)
  - ABET
  - Technical
  - Corporate
  - Management
  - Legislated
- Learnerships Facilitation and Administration
- Skills Development
- Skills Centres
- Innovation Skills Development Hub

Consulting Services

- Human Capital Management
- Strategic HR Planning
- Skills Gap Analysis
- Training Needs Advisory
- Legislative Training Compliance
- Performance Management
- B-BBEE Advisory
- EE Advisory
- Remuneration Advisory
- Development of Workplace Skills Plans

360 24[7] 365

our value proposition

competitive differentiators

The foundation of our competitiveness in providing value-added Integrated Business Support Services includes client-centricity, specialist knowledge, innovative systems, and inclusiveness.

These are evidenced by:

- A collaborative approach to understand our clients' specific needs
- Bespoke services and solutions to achieve our clients' strategic business objectives
- An extensive national operational network of industry-specific professional teams
- Deep, insightful knowledge and experience in Integrated Business Support Services
- Full legislative and regulatory compliance for complete peace of mind
- Market-leading client service excellence supported by the proprietary Primeserv INT**HR**GRATE™ Model
- Robust monitoring against performance objectives to deliver enhanced performance and productivity
- Entrenched culture of diversity, inclusion and transformation at all levels
- Strong B-BBEE credentials

our pledge

- Demonstrate integrity in everything we do
- Work together to achieve common goals
- Celebrate innovation and cherish performance
- Perform with professionalism, skill and care
- Exceed clients' expectations every day
- Be conscious and respectful of our environment

Primeserv has an established reputation in the market as a JSE-listed company and as a leading provider of client-centric Integrated Business Support Services.

Primeserv adds value to our clients by enhancing their productivity, performance and profitability. Our goal is to maintain our ability to adapt and assist our clients promptly, empowering them to achieve their objectives in the demanding business landscape of South Africa.

We strive to develop and deliver innovative mechanisms to provide customised and relevant solutions to meet the specific human capital needs of our clients – while, importantly, ensuring that our clients are fully compliant with all relevant legislation and regulatory requirements.

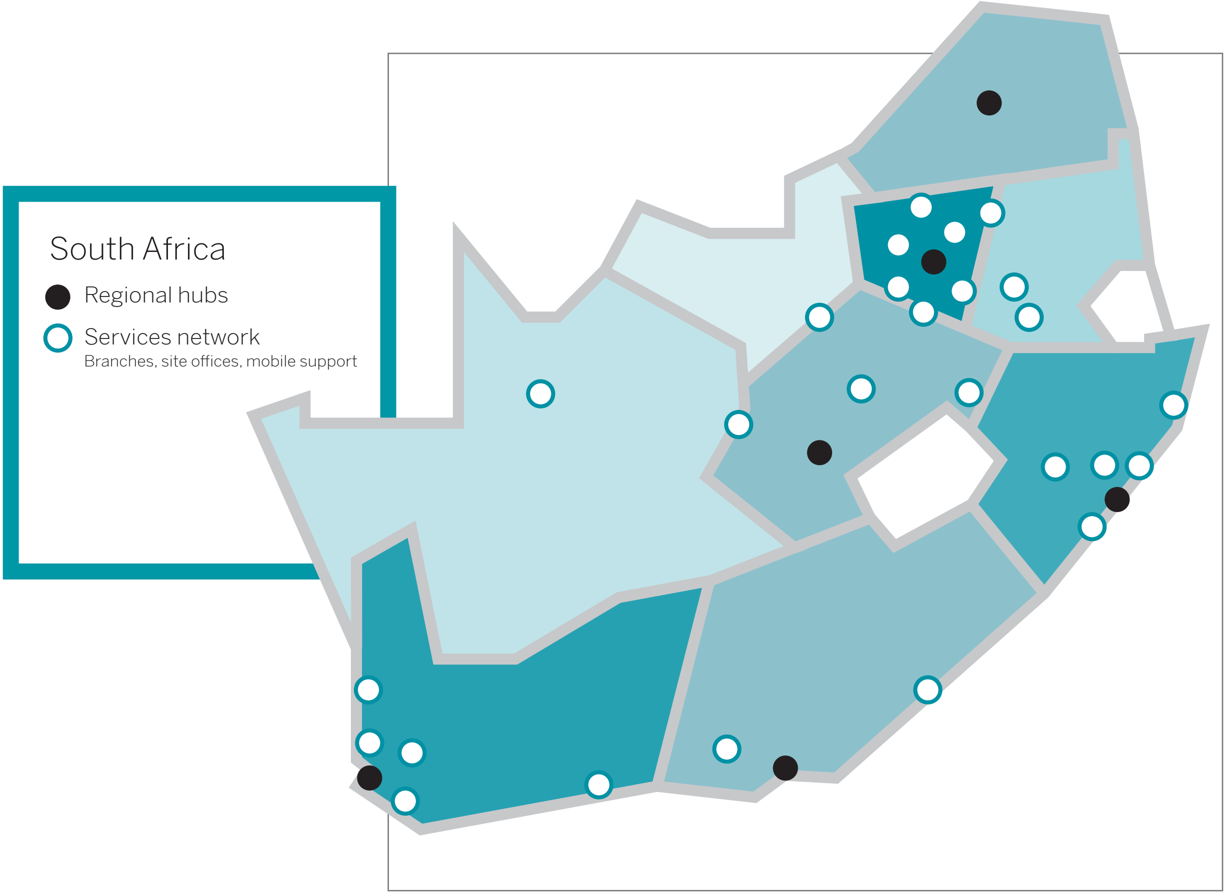
At the heart of our service offering is Primeserv's proprietary INT**HR**GRATE™ model which has been developed using in-depth understanding of both our clients' businesses and the complexities of human capital management.

INT**HR**GRATE™ guides an integrated approach to human capital management, determining the correct portfolio of services for each client. Considering the unique business strategy, objectives, and structure of each client, we develop a tailored and functional solution that addresses the needs of the organisation in question.

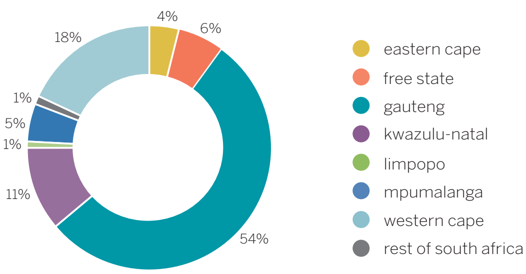
our difference

The Primeserv difference lies in people, productivity and performance. It always has and it always will.

our national infrastructure



revenue by geographic region



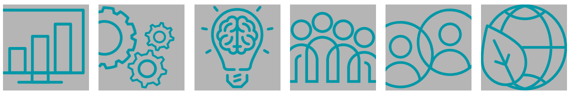
our INT**HR**GRATE™ model

Our proprietary client services management model, Primeserv INT**HR**GRATE™, informs and supports our services offering to our clients, whether they need a fully integrated and comprehensive solution or a modular service. The INT**H**RGRATE™ service is offered at no extra cost to our clients.

sectors and industries we service

- Agriculture
- Automotive
- Banking
- Building and Construction
- Design and Draughting
- Drivers and Transportation
- Engineering and Fabrication
- Facilities Management
- Financial and Insurance
- Food Production
- FMCG
- Government Services
- Harbours and Railways
- Hospital, Nursing and Medical
- Logistics and Distribution Centres
- Mechanical
- Mega-projects
- Merchandising
- Mining
- Paper and Pulp
- Petrochemical
- Pharmaceutical
- Power Generation
- Retail and Wholesale
- Secretarial and Office Support
- Tourism and Hospitality
- Telecoms
- Telemarketing and Call Centres
- Warehousing
- Waste Management

how we create value



The Primeserv group creates value by using six key capital inputs, namely financial, human, intellectual, manufactured, social and relationship and natural capital. Through our business operations in various industries, we convert our capitals into a range of products and services. By ensuring the prompt delivery of these high-value outputs to our clients, we add value that benefits the business and its stakeholders. Primeserv's strategy is aimed at unlocking and creating value for shareholders through dividend distributions and capital growth. Our value is unlocked through key objectives, and effected through targeted implementation within three primary areas, namely our business, our services and the market, as follows:

	Our strategic intent	Our strategic objectives	Our strategic implementation
Business	Establishing, maintaining and growing, where possible, a sound financial position to facilitate both organic and acquisitive growth	To: • deliver economically measurable value to our clients • diversify our service offerings to include higher margin businesses • partner with clients to support economic growth in South Africa	Through: • nurturing a culture of strong values and ethics • practising financial discipline and maximising of efficiencies
Services	Investing in enhancing our service and product offering, wherever possible, to maintain industry leading quality and delivery Developing our human capital through continuous skills development to cultivate a skilled and capable staff complement Maintaining strong and experienced executive and management teams tasked with optimising and monitoring service excellence	To: • attract, retain and develop suitably-qualified, well-trained and capable personnel • promote a process of continuous innovation • constantly align our products and services to our clients' strategic objectives to meet their specific needs • evolve our service offerings in line with the dynamic labour environment	Through: • frequent and meaningful interaction with clients to align our products and services to their needs and to provide service excellence • targeted benchmarking to ensure that products and services are aligned to clients' needs as well as international best practice • market-leading, cloud-based enabling technology that enhances our service delivery
Market	Securing, maintaining and developing short- and long-term contractual business to deliver real and consistent growth in earnings	To: • constantly grow our client base and market reach • enhance and effect meaningful transformation, diversity and inclusion in the workplace, both for our clients and for ourselves	Through: • advancing youth employment opportunities in South Africa • in-depth knowledge of market dynamics and trends • representation on key industry bodies • market, client and staff surveys to assess internal performance relative to desired outcomes

our business model

Primeserv's business model drives our process of value creation. It utilises inputs that have been defined in accordance with our strategy and operational business plans to create outputs in the form of products and services. The process of converting inputs into outputs using operational resources produces added-value outcomes, both for the business and its stakeholders.

inputs

financial capital

- Equity funding
- Debt funding
- Internal cash resources

manufactured capital

- Enabling technology
- IT hardware
- Proprietary IT systems and software
- Vehicles and transportation
- Tools and equipment
- Infrastructure

intellectual capital

- Proven leadership skills
- Ethical values and responsible leadership
- Sound business strategy
- Implementable business plans
- Risk management processes and procedures
- Corporate governance aligned with international best practice

human capital

- Experienced executive and management teams
- Suitably qualified, well-trained and capable personnel
- Carefully selected and managed assignees
- Reliable and compliant suppliers and service providers
- Continuous training and skills development
- Staff career advancement programmes

social and relationship capital

- Strong organisational and company-specific culture
- Positive employee relations
- Collaborative partnerships
- Active and constructive relationships with government, labour and employer organisations
- Active memberships of industry bodies
- Established CSI programme

natural capital

- Air
- Water
- Electricity
- Fuel
- Paper
- Reduce Reuse Recycle

business activities

- Strategy development and implementation
- Tactical business plan development and execution Investment and financial management
- Risk management and mitigation processes
- Client needs assessment
- Development, provision, management and monitoring of customised and Integrated Business Support Services
- Resource allocation
- Brand management
- Marketing
- Logistics
- Administration

impacts on our business

- Macro-economic and socio-economic conditions
- Political instability
- Unstable labour environment
- Labour legislation and regulations
- B-BBEE compliance requirements
- Digitisation and automation
- Local and international governance requirements
- JSE Listings Requirements
- Civil unrest
- Loadshedding/load reduction

operating environment

- Geared to macro-economic conditions
- Highly competitive and price sensitive
- Hampered by skills shortages
- Influenced by disruptive technologies and automation
- Characterised by low growth and high levels of unemployment
- Socio-economic and political unrest
- Environmental disasters
- Geopolitical conflicts
- Supply chain constraints
- Unreliable power generation
- Inflationary environment

our business model (continued)

outputs

A comprehensive range of primarily human capital related Integrated Business Support Services delivered through the group's national infrastructure:

- Human capital consulting services
- Functional outsourcing services
- Business process outsourcing
- Productivity services
- Staffing and recruitment services
- Accredited training and skills development services
- Payroll management services
- Fulfilment services
- Employee support services
- Shared services
- Performance and productivity monitoring
- Real-time and in-depth management reporting
- Labour market research

outcomes

financial capital

- Business stability
- Sustainable revenue and profits
- Robust balance sheet
- Fair remuneration
- Tax contributions
- Long-term sustainability
- Value creation
- Dividends to shareholders

manufactured capital

- Modern, connected regional hubs
- National branch network
- Client-specific sites
- Mobile sites
- Shared services hub
- Innovation hub
- Technologically advanced training centres
- Online training
- Innovative systems and technology
- Continuous benchmarking of expertise and service excellence

intellectual capital

- Proprietary INT**HR**GRATE™ operating model
- Unique intellectual property
- Customised and proprietary systems and procedures
- Legal and regulatory compliance
- Influence in the labour industry

human capital

- Employment opportunities
- Staff retention
- Youth advancement
- Continuous skills development
- Enhanced efficiency and productivity
- Fair labour practices
- Individual and collective empowerment
- Transformation, diversity and inclusion

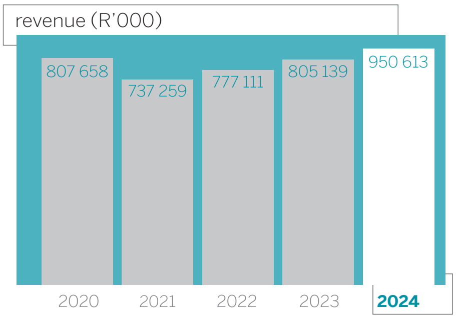
social and relationship capital

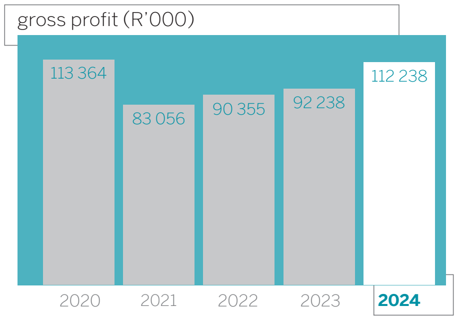
- High B-BBEE ratings
- Employer of choice
- Social and economic transformation
- Socio-economic growth and development

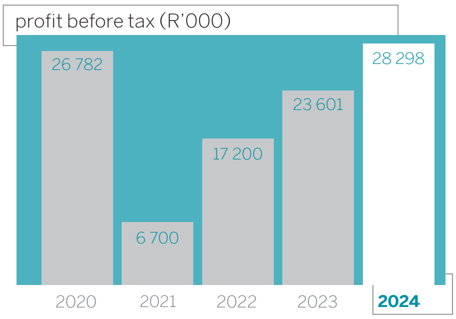
natural capital

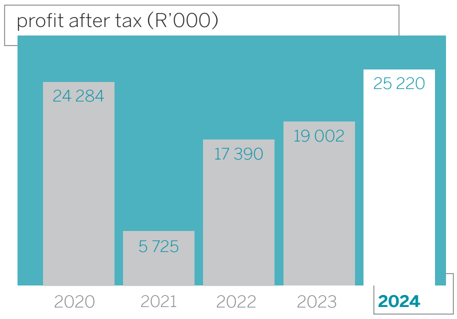
- Planned and well-managed use of natural resources
- Caring for the environment
- Working towards a better planet for all

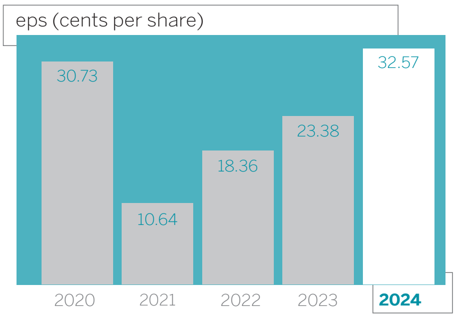
five-year historical performance

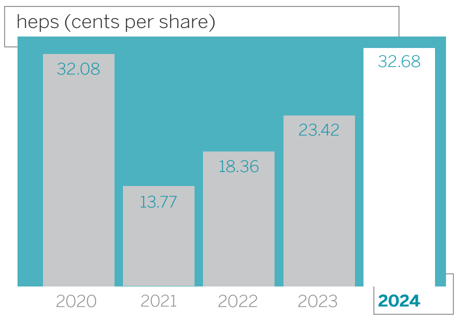


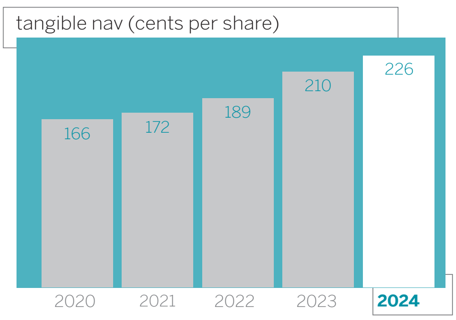


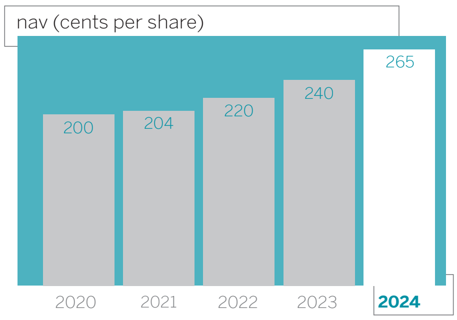












independent chairperson's report

David Rose
Independent Chairperson

"It gives me great pleasure to present my report for the 2024 financial year – a period during which Primeserv delivered another solid performance with headline earnings increasing by 40 percent."

primeserv in the south african economy

Primeserv's service offering extends to key sectors and industries of the economy. We, therefore, track economic impacts on multiple fronts. South Africa's economy grew by a marginal 0.1 percent (seasonally adjusted and in real volume terms) in the fourth quarter, taking the annual growth rate for 2023 to 0.6 percent, after expanding by 1.9 percent in 2022. The finance, real estate and business services industry delivered a sound performance in 2023, growing by 1.8 percent and contributing 0.4 of a percentage point to the GDP growth. Personal services, transport, storage and communication, manufacturing, construction and government services also helped keep the economy in positive territory. Construction saw its first positive year since 2016, expanding by 0.6 percent. Both mining and electricity, gas and water were down for a second year in a row. Agriculture recorded its first annual contraction since 2019, shrinking by 12.2 percent. This is the biggest annual fall in agriculture production since 1995 (-19,9 percent). *(Source: Stats SA)* More generally, serious power shortages and freight transport bottlenecks affected most sectors, especially industry.

Against this background, the unemployment rate rose from 32.1 percent to 32.9 percent between the fourth quarter of 2023 and the first quarter of 2024. Youth unemployment increased by 1.3 percent to 45.5 percent. The QLFS by Stats SA indicates that the number of unemployed persons increased by 330 000 to 8.2 million during the first quarter of 2024. The results of the QLFS also indicate that the number of employed persons increased by 22 000 to 16.7 million in the first quarter of 2024 compared to the fourth quarter of 2023. The industries that contributed to the net employment increase include trade (up by 109 000), manufacturing (up by 99 000), private households (up by 44 000), transport (up by 39 000), agriculture (21 000) and mining (9 000). Employment losses were recorded in community and social services (122 000), construction (106 000), finance (50 000) and utilities (17 000). *(Source: Stats SA)*

Of particular relevance is Primeserv's focus on the development and successful advancement of people, especially through training and learnership programmes targeted at South African youth. This focus not only benefits individuals by equipping them with valuable skills, but also contributes to broader societal and economic stability. Effective national governance through notable intervention in addressing rampant unemployment will ultimately support stability in South Africa's families, communities, businesses, and economy.

Primeserv adopts a holistic approach where financial success is integrated with social responsibility and long-term strategic planning, with the aim to ensure resilience and responsible growth in challenging economic conditions. We invest in our people to enhance skills and capabilities within the organisation. By securing short- and long-term contractual business, we aim to ensure stability and continuity. Collaborating with clients who share similar values regarding economic growth and sustainability fosters a strategic alignment towards mutual benefit and shared goals. We continuously innovate our offering to adapt to changing labour environments and client needs, demonstrating our flexibility and responsiveness to maintain our competitiveness and relevance, whilst delivering sustainable value-creation for all our stakeholders.

independent chairperson's report (continued)

environmental, social and governance

Our ESG strategy underlines the need to help catalyse inclusive environmental stewardship, human capital as well as social and relationship capital to foster socio-economic development and growth, underpinned by good corporate governance as the cornerstone of Primeserv's responsible corporate citizenship.

environmental

The Board assigned the responsibility for governance of environmental management and monitoring to the Social, Ethics and Transformation Committee. Primeserv, as an investment holding company and a leading provider of Integrated Business Support Services, has been classified as having an overall low environmental impact. The group, however, acknowledges its social and ethical responsibilities to take reasonable measures, where applicable, to prevent environmental degradation from occurring, continuing or recurring.

social

employees

Primeserv is a leader in the implementation of human capital practices that recognise the equality of all individuals. The Board subscribes to the principles of employment equity and recognises the value of demographic and cultural inclusion and diversity. We are committed to the growth of our own people and acknowledge the need to continually improve the productivity and performance of our operating units through training and development programmes. In addition, we offer a mentoring and coaching programme designed to assist with goal-setting and planning, as well as to identify certain employees for fast-tracking.

communities

Our ESG strategy also underlies our commitment towards making a meaningful difference, through the various corporate social investment initiatives we support, in our communities – the very communities in which our employees and their families live and work. In line with our corporate citizenship mandate, the initiatives we support are based on long-standing partnerships to create opportunities for community development, with an emphasis on youth development and upliftment, supported by our operational activities which are aligned to support youth employment, learnerships and skills development grants.

stakeholder engagement

We adopt a stakeholder-inclusive approach to gain the critical insights to inform our strategy, risk mitigation and management objectives, and organisational development decisions.

governance

The group's commitment to achieving high standards of governance and oversight is premised on the belief that good governance practices contribute to better corporate performance, which in turn creates value for shareholders and other stakeholders. Our Board is diverse in its composition and the insights that each director brings to the boardroom. We believe this enables the Board to add value to the strategic direction of the group and ensures that the needs and concerns of our stakeholders are addressed.

changes to the board of directors

Brenda Kali resigned as non-executive director of the Primeserv Group Limited Board during November 2023. Brenda provided valuable insights and input during her tenure and we thank her for her valued contribution and commitment to the Board over the past years.

appreciation

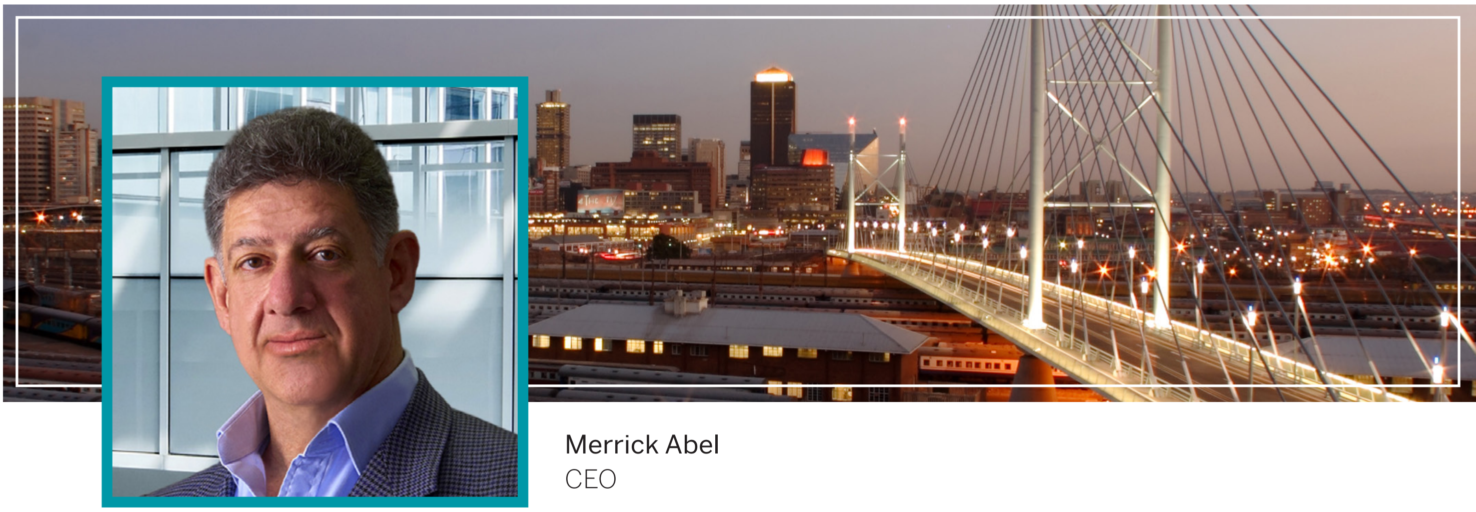
Thank you to my fellow non-executive directors for their astute oversight of the group's affairs and for their contribution to boardroom debate. The group's robust performance can be attributed to a concerted team effort under the leadership of our CEO, Merrick Abel, and his executive team – I thank them for their inspired leadership, ably supported by the highly experienced management teams in Primeserv's operations.

Our stakeholders are integral to our success and sustainability, and we thank our shareholders, clients, employees, regulators and communities for their continued support and engagement.

David L Rose
Independent Chairperson

25 July 2024

ceo's report



Merrick Abel
CEO

"Primeserv delivered a robust set of results for the year ended 31 March 2024."

overview

The year under review was characterised by an extremely volatile and uncertain world-wide macro-environment and geopolitical unrest, compounded by persistent socio-economic challenges within South Africa. This tough trading environment was harshly impacted by constant power supply constraints and the associated added costs. Furthermore, supply chain delays affecting key industries serviced by the group, exacerbated by container delivery backlogs at the Port of Durban that resulted in uneven trading across some of the group's support services operations to the logistics and related wholesale and retail sectors, high levels of inflation and persistent pressure on operating margins impacted trading.

The critical state of youth unemployment in South Africa continued, underlined by statistics indicating a 45.5 percent unemployment rate among young individuals (aged 15-34 years), in contrast to the national average of 32.9 percent in the first quarter of 2024. Efforts to address youth unemployment require a comprehensive nationwide approach encompassing education reform, skills development initiatives, and targeted employment programmes. Collaboration between the government, private sector, and civil society is essential to create an enabling environment for youth employment. Moreover, policies promoting entrepreneurship and small business development can empower young people to create their own opportunities. Addressing youth unemployment not only contributes to economic growth but also fosters social cohesion and reduces inequality, laying the foundation for a more inclusive and prosperous society. *(Source: Stats SA)*

Artificial Intelligence (AI) is changing the job market, creating new types of jobs while automating routine tasks. According to a report by the World Economic Forum, by 2025, AI will have displaced 75 million jobs globally, but will have created 133 million new jobs. This means that there will be a net gain of 58 million jobs globally, but there will still be significant job displacement in certain industries. The impact of AI on unemployment rates will also vary by region and industry. For example, the manufacturing industry is likely to experience significant job displacement as a result of AI, while the healthcare and education industries are expected to see significant job growth. In addition to its impact on employment, AI also has the potential to impact the economy as a whole. AI can lead to increased productivity and output, which can stimulate economic growth. However, there are concerns about the potential for AI to widen the wealth gap, as those with the skills and knowledge to work with AI may earn higher salaries than those who do not have these skills.

ceo's report (continued)

"In this challenging environment, Primeserv delivered a solid and improved operating performance for the reporting period. This is reflected in improvements across key financial metrics, as shown below."

financial review

Revenue for the year grew by 18 percent from R805.1 million to R950.6 million, due to a combination of organic and acquisitive activity. The group's gross profit increased by 22 percent, from R92.2 million to R112.2 million, primarily as a consequence of revenue growth and some margin improvements due to changes in the client and operating sector mix. Operating expenses, which were well managed, increased as a consequence of the R145.5 million year-on-year growth in revenue. Operating profit increased by 16 percent from R20.6 million to R23.9 million. Interest income has tracked the continuing strong cash generation. Profit before taxation increased by 20 percent from R23.6 million to R28.3 million with attributable income improving by 34 percent from R18.6 million to R25.0 million. Earnings per share increased strongly by 39 percent from 23.38 cents per share to 32.57 cents per share. Similarly, headline earnings per share is up by 40 percent from 23.42 cents per share to 32.68 cents per share.

Cash flows from operating activities increased by 45 percent from R20.0 million to R29.1 million. Days sales outstanding improved from 55 days to 53 days at the end of the reporting period. Substantial investment was made over the course of the year in additional equipment and vehicles, as well as in the purchase of offices in Cape Town and a payment related to the acquisition of the Pinnacle business. Further cash outflows were made in returning value to shareholders through the group's share repurchase programme and through the payment of higher dividends. Notwithstanding these substantial outflows the group was strongly cash generative, increasing its net cash by R4.5 million. The group remains ungeared and closed the year with net cash of R66.1 million.

The group's balance sheet reflects the improved performance with the net asset value per share increasing by 10 percent from 240 cents per share to 265 cents per share.

review of operations

There was an overall increase in economic activity in many sectors the group operates in during the reporting period, however, the lag in some key sectors continued. International supply chain constraints, especially concerning chip components and timely delivery of seasonal inventories, prevented some clients from reaching full productivity and sales activity.

The operational performance of the various units making up Primeserv's nationwide Integrated Business Support Services segment performed solidly in a difficult market. All of the group's operating units continued to deliver their distinctive brand of market-leading service excellence within a constantly changing and uncertain environment.

Costs within the group's Shared Services segment increased in line with servicing the growth in business activity and demand for the group's services.

In general, the various operating units were, in the main, subject to tough and inconsistent market conditions. In particular, the staffing support services unit, providing support services to the logistics and distribution and wholesale and retail sectors, experienced fluctuating service demand in an increasingly tight margin environment. The project support services and specilalised artisan staffing services units, servicing engineering, construction, mining and related industries, delivered satisfactory results while remaining impacted by delayed starts and cancellations of certain major shutdowns and new projects. The training and consulting services unit, providing strategic value-added services to the group's clients, continued to deliver better outcomes.

ceo's report (continued)

Primeserv prioritises its continuous improvement programme, focused on achieving client-centric service excellence. Investment in the expansion of the group's nationwide infrastructure to enhance its service delivery capacity and capability continues. These investments include upskilling initiatives for youth, improving operating systems through digitisation, and evolving products and services to align with client needs. As previously indicated, the results in the short-term may be affected by these ongoing investments. However, Primeserv remains committed to these initiatives as they are crucial for enhancing operational efficiency, maintaining high service standards, and supporting growth. Enhanced brand marketing and the introduction of new business initiatives further underscore Primeserv's dedication to meeting and exceeding client expectations while ensuring sustainable development and value creation.

The businesses of AJR Enterprises CC and Pinnacle Outsource Solutions Proprietary Limited, which were acquired during the reporting period, have been integrated into the Primeserv group and are making a meaningful difference to the group's national presence within the logistics and heavy transportation industry.

The world of work is constantly evolving and, over the past few years, we have seen some significant changes in the way we work. From the rise of remote work to the increasing use of automation and AI, there are several trends that are shaping the future of work. We remain cognisant of a changing world and continuously adapt and evolve our products and services accordingly.

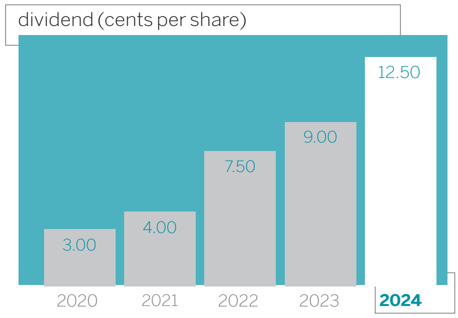
Aligned to Primeserv's purpose of making a difference in peoples' lives beyond training, deploying and engaging with them in a work environment, we work in partnership with our clients to tailor upskilling combined with the development of customised training programmes that enable our people to develop and advance their economic sustainability and self-sufficiency. We remain vigilant of the pressing need to constantly seek out and implement initiatives aimed at advancing youth employment, given that they make up the most vulnerable sector of the work environment.

In an uncertain, volatile and rapidly changing world, Primeserv's flexible and client-centric integrated business support services make it particularly relevant to meeting the needs of organisations operating in the current environment.

dividend

Given the continuing improvement in performance and cash generation, the group has increased its final gross dividend for the year by 43 percent to 10.0 cents per share. This takes the total gross dividend in respect of the full year from 9.0 cents per share to 12.5 cents per share, an increase of 39 percent year-on-year.

Primeserv unlocks value for shareholders through share buy-backs and dividends. The group has, over the past five years, delivered a compound annual growth rate of 33 percent in relation to dividends paid to shareholders.



transformation

Our purpose of making a difference in the lives of our people supports our continued commitment to advancing transformation across all aspects of the Primeserv group, with a strong focus on equity, diversity and inclusion. Key areas remain the empowerment and upliftment of our youth and increasing opportunities for women across the business sectors and industries in which we operate.

Various factors exacerbate youth unemployment in South Africa, including a preference for experienced and, hence, older workers, inflexible workplace structures, insufficient support for young entrepreneurs, and a lack of access to quality education, training, and skills. To address youth unemployment, it is crucial to dismantle existing power structures and reassess societal attitudes and policies that perpetuate exclusion. By promoting individual agency, capabilities, and freedom, we can empower young people to shape their job search behaviours, seek valuable first-time employment and develop workplace resilience.

ceo's report (continued)

We prioritise equal opportunities through comprehensive training and development programmes aimed at enhancing the skills and professional growth of our people, thereby increasing their potential and employability. As a responsible corporate citizen, we strive to make a positive impact on the environment, society and stakeholders alike. Our efforts are geared towards driving sustainable growth while delivering value to our shareholders. This holistic approach underscores our commitment to uplifting individuals, families and communities through our corporate initiatives.

outlook

Primeserv sees a stabilising demand for its Integrated Business Support Services, amidst market conditions that remain uneven and influenced by external factors. Key challenges include inflationary input costs, less than optimal supply chains and squeezed operating margins compounded by unreliable and costly electricity supply, creating a difficult and unpredictable operating environment. These factors collectively hinder organic growth opportunities for the group.

Looking ahead, Primeserv's strategy will pivot towards seeking acquisitions that broaden and diversify our service offerings. This strategic focus aims to navigate the current market conditions while expanding the group's capacity and capabilities to better serve any increased demand for our services and mitigate the impact of external economic pressures.

appreciation

We remain grateful for the valuable partnerships with our clients and service providers, as well as the ongoing support of the group's stakeholders. These relationships are fundamental to our success and our ability to deliver quality services while navigating the current market. We acknowledge the importance of collaboration and support from all stakeholders in achieving our strategic objectives and sustaining growth in a dynamic business environment.

I wish to extend my deep appreciation to David Rose, our Chairperson, and to the members of the Primeserv Board for their unwavering commitment and guidance over the past year.

I also want to recognise the dedication and efforts of our executive management team and all the outstanding individuals who contribute to Primeserv's success.

Thank you all for your continued contributions and for striving to make a positive impact each day.

Merrick Abel
CEO

25 July 2024

our stakeholders

Fundamentally, Primeserv's **purpose** is to make a difference in the lives of all our **people**, and the **productivity** and **performance** that they can deliver. People are connected through relationships, partnerships, groups and communities and Primeserv recognises that the value within each of these is integral to ensuring productivity and performance. Accordingly, we actively engage with all of our stakeholder groups to gain the critical insights that inform our strategy, risk mitigation and management objectives, and organisational development decisions.

the essence – our people

Our people, including permanent and contract employees, our assignees, shared services teams and operational and management teams, are the crux of our business. As a critical enabler of Primeserv's sustainable success, the development, motivation and retention of our people is a value-driven strategic goal for the group in its pursuance of service excellence, broad-based economic growth and social development.

We are passionate about ensuring accessible employee care and wellness because this fosters excellent service which ultimately fosters positive outcomes for both the group and its clients. We take care to engage with our employees in both formal and informal settings, from ensuring formal onboarding and induction programmes, performance management and mentorship programmes, to staff events, and an active internal communications programme, which includes wellness publications and direct messaging.

our value to employees

- Providing a wide range of employment opportunities, including first-time employment opportunities
- Active and engaged performance management, coaching and mentorship
- General and industry-specific training and skills development
- Fair and rewarding performance-related remuneration and incentives
- Managed career development
- An innovative, supportive and safe working environment
- Transformation initiatives, incorporating a focus on diversity and inclusion

the cornerstone – our clients

Our clients, including local businesses and corporations, multinationals, government, state-owned enterprises and municipal-owned entities, are the cornerstone of our business. As such, we are committed to preserving long-term relationships and partnerships with our existing clients, as well as actively engaging in the recruitment of new clients. Primeserv's team of dedicated client relationship managers is supported by a strong client support service system and the continual improvement of products and services to mirror the dynamic needs of our clients. Our clients' successes are the greatest measure of our own success.

our value to clients

- Customised, fully-managed, Integrated Business Support Services and solutions
- Greater business capability and resilience
- Increased competitiveness
- The ability to focus on their core competencies and activities while we manage their human capital requirements
- Service excellence backed by continuous monitoring and benchmarking of services using reliable systems
- Product and service offerings that provide solutions that address evolving business needs and objectives
- Prompt and uninterrupted services
- Legislative and regulatory compliance

our stakeholders (continued)

the driver – our shareholders and potential investors

Including our shareholders and the larger investment community, Primeserv recognises that a stable major shareholder base is essential to our success and sustainability. A sound relationship with the investment community enhances our ability to raise capital in the market if necessary. Current and important information is pivotal in serving these relationships, thus Primeserv endeavours to ensure accessible communication in this regard, from direct communications, announcements (such as SENS announcements and results), media coverage, as well as Primeserv's website and social media channels. Primeserv seeks to deliver value to its investors through a meaningful return on investment and via a sustainable business enterprise that is compliant with relevant legislative and regulatory requirements, and which can support growth opportunities.

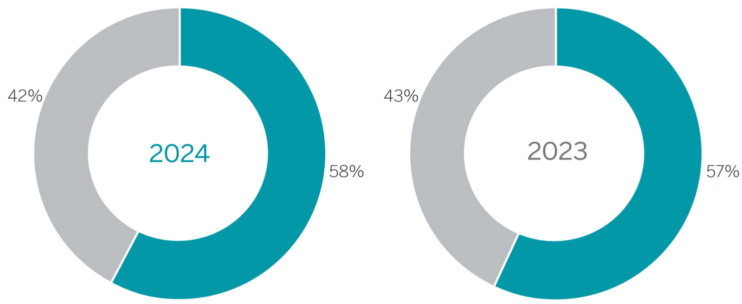
the guide – our government and regulators

As the custodian of labour legislation and regulations, government is a key stakeholder in Primeserv's business. We actively engage and collaborate with government and regulators to ensure that legislation and regulations protect and advance the interests of both labour and businesses. From a compliance perspective, Primeserv is rigorous in our compliance with legislation and regulation, and in our tax contributions. From the perspective of government's broad-based transformation objectives, Primeserv is actively engaged in facilitating transformation through job creation, with a special focus on youth employment, a key national priority.

the source – our communities

In respect of the communities in which we operate, Primeserv is adamant that mutual benefit can be created through shared values. Not only does this secure the kind of stable operating environment in which both individuals and businesses can be successful, but it contributes towards broad-based socio-economic development. To this end, Primeserv endeavours to provide financial support to community skills development initiatives as well as including communities in the value chain via employment, procurement or CSI initiatives which directly benefit locals, particularly the youth.

Shareholders



- directors, management and treasury shares
- Individuals and other corporate bodies

risk management and mitigation

risk management framework

Risk management and the continuous improvement in the corresponding control structures are a key focus in the ongoing process of building a successful and sustainable business. The Board recognises that risk management is a dynamic process and that the risk framework should be robust enough to effectively manage and react to changes in an efficient and timeous manner.

The Primeserv Board is responsible for the formalisation of a risk management framework.

Primeserv's risk management framework aims to ensure:

- efficient allocation of capital across various activities to maximise returns;
- the diversification of income streams;
- risk-taking within levels acceptable to the group and within the constraints of the relevant business units;
- efficient liquidity management and control of funding costs; and
- the continuous improvement in risk management and control.

operational risk management

The structure of the group promotes the active participation of executive management in all of the strategic and operational decisions affecting their business units. This creates a strong culture of ownership and accountability. Senior management also takes an active role in the risk management process and is responsible for the implementation, ongoing maintenance of, and ultimate compliance with, the risk processes and protocols as they apply to each business unit.

The Board is kept abreast of developments through formalised reporting structures, ongoing communication with the CEO and management, regular management meetings at an operating subsidiary level and through representation of executive members of the Board on certain of the forums responsible for the management of risk at an operating subsidiary level. The group remains committed to employing and retaining the highest calibre of staff to ensure a strong financial and operational infrastructure within each of the operating units.

insurance

Primeserv takes a risk-averse approach to insurable matters and reviews its insurance portfolio at least annually. The group's operating assets, including various assets owned by lessors, are insured at replacement value. Credit evaluations are performed on its clients and, where available and cost-effective, the group uses credit insurance. Key-man policies cover key executives wherever possible, and liability cover is taken out for fidelity, directors' liability, loss of profits, political risk, general liability, professional liability, and cyber-related matters.

risk management and mitigation (continued)

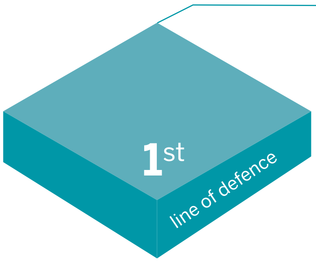
how we manage risk

Primeserv's Risk Policy is outlined under Risk Governance on pages 32 and 33. A summary of the most significant risks faced by the group and the processes it has in place to manage these risks is detailed in the risk table below.

risk	management and mitigation measures
HR Skills shortages	Most of our business units continue to be affected by skills shortages and we, therefore, consistently invest in employee development as well as in community skills development programmes. A dedicated skills development and training unit facilitates employee skills development and upliftment.
Transformation, diversity and inclusion and B-BBEE Ability to attract and retain key staff and HDIs	Primeserv is well established in the market as an employer of choice and we consistently work to retain this position. We also have a formal recruitment and retention plan, which is supported by an active training and development plan. We provide learnerships to attract and develop young people.
IT Security of IT systems	Primeserv outsources its primary IT requirements to a highly skilled and experienced IT team which has developed systems that are specific to our business. Hardware and software are continually updated and tested to ensure optimal capability and efficiency. Advanced cybersecurity systems are in place to protect our IT systems, wherever possible, from both internal and external threats.
Operational sustainability Creating, maintaining and securing business sustainability	Primeserv has uniform sustainability targets that have been developed with the business' strategy, values and objectives in mind. Monitoring, measuring and improving sustainability is the responsibility of the Social, Ethics and Transformation Committee and its decisions are monitored by the Board. Both internal and external surveys are carried out to measure sustainability metrics and to facilitate improvements, where required.
Controls Maintaining an effective system for the collection of sustainability data	Primeserv has centralised HR, IR, administration and payroll platforms that supports our national operational footprint and enables us to collect all relevant data. Dedicated modules enable us to interface directly with our staffing related systems and databases. Improvements to data definitions and the data collection process are ongoing. Data is managed in compliance with the Protection of Personal Information Act, No. 4 of 2013.
Statutory compliance Labour legislation	Primeserv is fully compliant with existing labour legislation and regulations, and we will ensure that we maintain compliance should either legislation or regulations change.

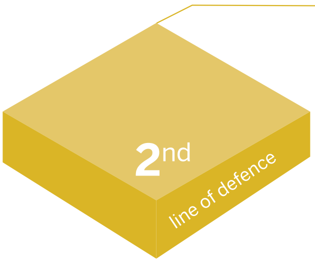
combined assurance

Primeserv makes use of several assurance providers to provide cost-effective and relevant assurance in the context of the group's risk tolerance. The group applies, where practical, the four-lines-of-defence model, which is depicted below:



management oversight

Operational management is accountable and responsible for following the established guidelines, protocols and operating processes and procedures as outlined by the group's Best Operating Practices and Internal Controls so as to ensure that identified risk areas are managed and mitigated, where possible, by using a combination of both preventative and detective controls.

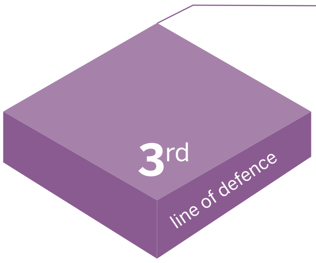


internal assurance

Senior management reviews the implementation and appropriateness of existing controls and, where appropriate, refines or develops processes that will enhance existing risk mitigation processes.

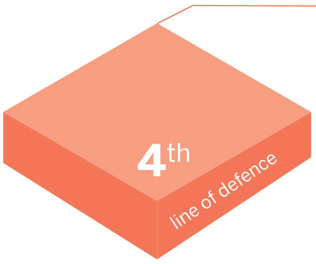
The people responsible for doing this typically include the executives in charge of the various business units, the executives within the shared services structure (which includes finance, payroll, HR/IR and IT) and the group's Legal and Risk Officer.

The group has assessed the practicality of implementing an internal audit function, but does not believe that the cost of a full-time resource is currently warranted. The group does, however, engage external consultants from time to time to review, audit and report on identified aspects of the business.



independent external assurance

External assurance derives from external audits performed by various bodies governed by both statute and regulation. This includes the annual audit of the financial statements of the business, as well as those performed by accreditation bodies such as bargaining councils and SETAs. The group is also reviewed, where applicable, by its bankers and sponsors as well as by its B-BBEE verification agencies.



board and oversight sub-committees

In addition to the Board of Directors, the following Board Sub-Committees provide assurance as stated below:

- Audit, Governance and Risk Committee – with regard to financial and internal controls outlined in its terms of reference, supported by a Risk Sub-Committee which utlises a heat risk mapping process aimed at identifying key risk areas and key performance indicators.
- Remuneration and Nominations Committee – with regard to controls in the remuneration sphere and in relation to Board diversity, succession planning and corporate governance structures.
- Social, Ethics and Transformation Committee – with regard to oversight of the Group's controls in the sphere of social, ethics, transformation and sustainability.

our board

independent non-executive directors

David L Rose # ¤
Independent Chairperson

BCom, BA, CA(SA), F.Inst.D

Appointed: February 2005

An independent consultant with a significant track record, David held positions at Super Group Limited until 2019, both as an independent non-executive director of Super Group Limited and Chairperson of its Audit and Risk and Social, Ethics and Transformation Committees. Prior to this, David worked at a major national chartered accounting firm, Fisher Hoffman, for 41 years. Having made partner of the firm in 1970, David held the positions of Managing Partner of the Johannesburg office and Chairperson at the firm's national practice, for seven years until 1998.

Letepe M Maisela # ¤ *

BA (Social Sciences),
PMD Harvard Business School

Appointed: December 2008

With 29 years' experience in marketing and management consulting, Letepe is currently the Managing Director of Village Management Consulting Proprietary Limited, and the founder and Chairperson of Tsabatsaba Holdings Proprietary Limited. In addition to these roles, Letepe holds the position of Chairperson at International Finance Group, is a non-executive director of Reutech (Pty) Limited, Kayamandi Resources and is the Chairperson of Tshwane Hub of Arts.

Kefilwe M Matjila # ¤ *

BCom Accounting (Hons), CA(SA)

Appointed: May 2022

Kefilwe is a registered Chartered Accountant with more than 10 years' experience in the financial services sector. Kefilwe is currently a Senior Credit Risk Manager at Standard Bank Corporate and Investment Banking. Prior to this, she was a Senior Credit Risk Manager for the Energy and Infrastructure sectors at the Industrial Development Corporation. She trained as a chartered accountant in PwC's Banking and Capital Markets division.

executive directors

Merrick Abel *
CEO

BA (Hons), MBA

Appointed: August 1997

Merrick has more than 30 years of both local and international business experience, primarily in the industrial and services sectors. Merrick founded the Primeserv group in 1997 and is a director of both Primeserv Group Limited and several Primeserv subsidiaries. Merrick served as Chief Executive Officer and Executive Chairperson from 2000 to 2003, and fulfilled the role of Acting Chairperson whilst the group finalised the Board component of its transformation strategy, from April 2015 to March 2016.

Raphael Sack
FD

BCom, BCompt (Hons), CA(SA)

Appointed: June 2009

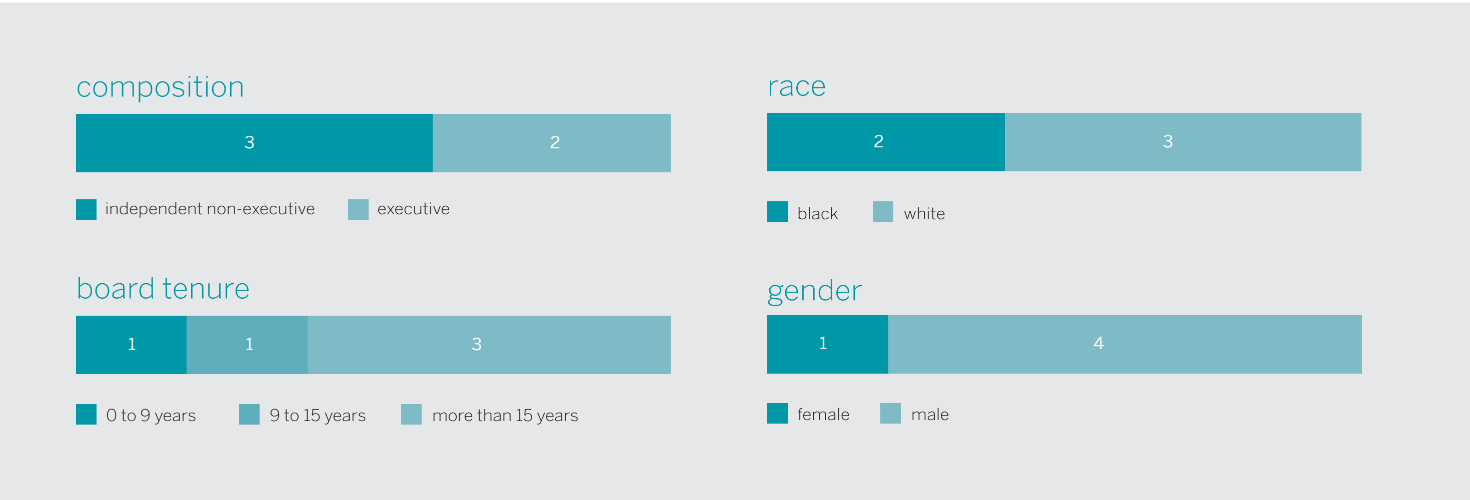
Raphael has been with the Primeserv Group for 18 years, most of this time as its Financial Director. Since joining the group, he has also held the position of director of a number of Primeserv subsidiaries. Prior this, Raphael was the Financial Director of Spanjaard Limited, amongst other companies.

 # Audit, Governance and Risk Committee
¤ Remuneration and Nominations Committee
** Social, Ethics and Transformation Committee*

our board (continued)

board diversity

as at 31 March 2024



board knowledge, skills and experience

- accounting and finance
- corporate governance
- ethics
- general management
- human resources
- industry knowledge and experience
- legal and regulatory
- marketing
- mergers and acquisitions
- operational
- risk
- sales
- strategy
- technology

corporate governance report

governance framework

Corporate governance is the cornerstone of Primeserv's reputation as an investment holding company and a leading provider of Integrated Business Support Services and is also essential to the group's performance and sustainability.

shareholders and stakeholders

board of directors

independent non-executive directors
David Rose – independent chairperson
Letepe Maisela
Kefilwe Matjila

executive directors
Merrick Abel – CEO
Raphael Sack – FD

audit, governance and risk committee

David Rose – chairperson
Letepe Maisela
Kefilwe Matjila

remuneration and nominations committee

Letepe Maisela – chairperson
Kefilwe Matjila
David Rose

social, ethics and transformation committee

Letepe Maisela– chairperson
Merrick Abel
Kefilwe Matjila

risk sub-committee

Kefilwe Matjila – chairperson
David Rose
Merrick Abel *
Raphael Sack*

** attend by invitation*

management exco

integrated business support services

operational unit executives

business unit management teams

national hub and branch network

supported by shared services

corporate governance report (continued)

King IV™ application at Primeserv

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

leadership

Principle 1: The governing body should lead ethically and effectively.

Primeserv has six ethical values based on good corporate governance, that influence all decision-making by the Board and executive management.

Integrity: The Board acts in good faith and in the best interests of the group at all times, avoiding conflicts of interest and disclosing such where it cannot be avoided, thereby setting the tone for an ethical organisational culture.

Competence: Board members act with due care, skill and diligence and take reasonably diligent steps to become informed about matters for decision and ensure that they have sufficient working knowledge of the organisation, its industry, the context in which it operates as well as the key laws, rules, codes and standards applicable to Primeserv.

Responsibility: Responsibility for monitoring all actions and assets of the group resides with the Board. It ensures that the group, its subsidiaries and business units achieve the defined strategic objectives and, if necessary, have the authority to reconsider and reformulate strategic plans and policies to ensure their effectiveness in this regard.

Accountability: The Board must answer to the group's shareholders and other stakeholders by ensuring that it can justify its decisions and actions.

Fairness: The Board does not operate in its own self-interest; it considers the interests and concerns of all stakeholders.

Transparency: This is a core value in all communications by the Board to shareholders and other stakeholders to ensure that they can evaluate the group's activities in an informed way.

organisational ethics

Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The group's Code of Ethics and Corporate Conduct, supported by the Primeserv Pledge, reinforces the way we strive to do business: being transparent at all times and acting in a responsible and ethical manner and ensuring our continued responsibility to stakeholders. The Primeserv Pledge underpins the expectations of our employees to conduct themselves professionally and with integrity in all interactions internally and externally. Our team are held to account with consistent and uncompromising adherence to the highest standards of ethical behaviour.

The Board maintains assurance that the group is upholding the ethical standards and values of good governance.

responsible corporate citizenship

Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

Our Board leads by example and subscribes to ethical, conscious and responsible leadership principles, including principles of good governance, stakeholder inclusivity, and business, social and environmental sustainability. The Board recognises its obligation to the broader community as a corporate citizen, by actively promoting ethical and responsible practices. The group has implemented a Code of Ethics and Corporate Conduct to ensure that it operates within a framework of legitimate governance principles. Alongside this is the Primeserv Pledge (page 6) that all Primeserv employees are expected to adhere to and which is proudly displayed in the group's offices.

corporate governance report (continued)

To ensure effective governance, the group adheres to all relevant legislation and regulations, including the JSE Listings Requirements as well as the corporate governance guidelines outlined in King IV™. The group reviews and, if necessary, updates its governance structures and processes regularly to ensure their ongoing compliance, as well as their ongoing relevance in the business following internal changes or developments.

tax

Effective and efficient controls must be in place to ensure that tax, as a major business expense, is properly managed. As part of its governance accountability, the group complies with all tax legislation.

STRATEGY, PERFORMANCE AND REPORTING

strategy and performance

Principle 4: The governing body should appreciate that the organisation's core purposes, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board actively participates in the process of strategy assessment and development and is not merely a recipient of strategy and plans proposed by management. The directors appreciate that strategy, risk, performance and sustainability are inseparable. The Board contributes to and approves the group's strategy, satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly considered and assessed by management. The Board seeks to ensure that the strategy will result in sustainable outcomes and considers the holistic impact of the group's various operations on society and the environment, while also ensuring compliance with the Constitution and laws of the country.

Primeserv's value proposition and its business model are disclosed on pages 9 to 11 of the Integrated Report and risk management and mitigation strategies appear on pages 21 to 22.

A synopsis of Primeserv's policy on stakeholder engagement, which includes a framework for stakeholder engagement, is disclosed on pages 19 to 20.

reporting

Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.

The Board acknowledges its responsibility to ensure the integrity of the Integrated Report. Its Responsibility Statement authorising the release of the Integrated Report appears on page 1.

GOVERNING STRUCTURES AND DELEGATION

primary role and responsibilities of the governing body

Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.

The Board operates in accordance with its Board Charter, a copy of which is available on request. It meets regularly and directs and controls the management of the group, is responsible for steering strategy and fiscal policy, and is involved in all material decisions affecting the group.

The Board defines levels of materiality, assigning certain responsibilities to itself and delegating other matters, together with the necessary authority, to the CEO, any other executive director, the Committees of the Board or management. Notwithstanding this, the directors recognise that they are ultimately accountable and responsible for the performance and affairs of the group and that the use of these delegated authorities in no way absolves the Board of the obligation to carry out its duties and responsibilities.

A process of control enables the Board to assess, manage and mitigate risks, where possible, and directs the attainment of the group's objectives. This process sets the tone for the group and encompasses ethics and values, organisational philosophy and employee competence.

The Board ensures that measurable and effective corporate citizenship programmes are developed, and that these programmes are implemented by management.

Together with management, the Board seeks to identify the group's key risk areas and key performance indicators, and updates and reviews them regularly. Full and timely information is supplied to the Board and Committee members, and they have unrestricted access to all the group's management information, records, documents and property.

corporate governance report (continued)

Composition of the governing body

Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

composition of the board

The Primeserv Board reflects the group's standards of excellence, bringing together expertise and dedicated industry, financial, management and corporate experience. The Board is currently made up of five directors, comprising two executive directors and three independent non-executive directors.

The roles of the independent non-executive Chairperson and the CEO are deliberately distinct and clearly defined to ensure that any decisions taken are in the best interests of the group and its stakeholders. To further safeguard against decisions being made in self-interest and, as required by paragraph 3.84(a) of the JSE Listings Requirements, the Board has a policy evidencing a clear balance of power and authority at Board level, to ensure that no single director has unfettered power to exercise decision-making, ensuring that stakeholders' interests are considered. DL Rose is at present acting in an interim capacity as Board Chairperson.

The CEO is responsible for the daily operational decisions of the group and its business activities, as well as the over-arching short-term and long-term strategic leadership. The duty of the non-executive directors is to provide unbiased and independent assessment on issues including strategy, budgets and performance, resources, transformation, diversity, employment equity and standards of conduct. They are also required to ensure adherence of the Chairperson in encouraging proper and appropriate deliberation on matters requiring the Board's attention.

Executive directors and key management are bound by employment contracts and restraint agreements.

The Remuneration and Nominations Committee is responsible for reviewing the composition of the Board annually. The Committee considers the range of qualities, skills and experience that Board members should have, as well as race and gender in order to ensure that the Board is knowledgeable, skilled, independent and diverse enough to discharge its duties. It also assesses the effectiveness of the Board and its Committees and each of the directors, and the individual contributions they make.

The appointment of executive directors is based on their skills, experience and cultural fit, as well as how they contribute to the group's activities, and the impact that they have. Non-executive directors are selected based on their industry knowledge, professional skills and experience, and their ability to improve decision-making and ensure stability within the organisation, in line with the group's transformation and diversity strategy. The Board Charter requires that the Social, Ethics and Transformation Committee may make recommendations on suitably qualified candidates who will enhance the Board while at the same time promoting transformative change within the group.

attendance at meetings during the reporting period

	Board	Audit, Governance and Risk Committee	Risk Sub-Committee	Remuneration and Nominations Committee	Social, Ethics and Transformation Committee
DL Rose	4/4	3/3	3/3	2/2	–
M Abel	4/4	3/3 *	3/3 *	2/2 *	2/2
LM Maisela [1]	4/4	3/3	3/3	2/2	2/2
KM Matjila [2]	4/4	3/3	3/3	1/1	2/2
R Sack	4/4	3/3 *	3/3 *	–	–

* *By invitation*

[1] *Appointed as Chairperson of the Social, Ethics and Transformation Committee on 24 November 2023*

[2] *Appointed as member of both the Social, Ethics and Transformation Committee and the Remuneration and Nominations Committee on 24 November 2023*

As B Kali resigned as a non-executive director during the reporting period, her attendance at meetings is not shown in the table above.

corporate governance report (continued)

In accordance with the company's MOI, at least one-third of non-executive directors retire by rotation at Primeserv's AGM. Retiring directors may make themselves available for re-election if they remain eligible as outlined by the MOI and in compliance with the JSE Listings Requirements. All non-executive directors are subject to election by shareholders.

Accordingly, Board members LM Maisela and KM Matjila will retire by rotation at the upcoming AGM and will offer themselves for re-election owing to their eligibility. Their summary CVs are contained in this Integrated Report. The Remuneration and Nominations Committee considers the director's record of compliance with regulatory requirements, attendance at meetings, participation in and contributions to the activities of the Board in determining whether to recommend a director for re-election. The Committee also considers the results of the most recent Board self-evaluation survey.

The appointment of non-executive directors is formalised by way of letters of appointment. The Board believes that a rigorous review of candidates also provides sufficient evidence to support their appointment. Any changes to the Board are published on SENS. All new non-executive directors undergo an induction, which takes into account their individual experience, skills, requirements and responsibilities to the group.

Directors are remunerated in accordance with the group's Remuneration Policy, which is detailed on pages 39 to 41.

conflicts of interest

When considering, appointing and evaluating directors, the Board considers all of their interests, including either direct or indirect shareholding in the group and whether they have a contract with the group or an interest in a contract with the group.

The Board assesses the materiality of the directors' interests, but considers amounts constituting less than 5% (five percent) not material. Actual or perceived conflicts of interest are monitored and required to be disclosed at each Board meeting. Share trading by directors and prescribed officers is governed by a formal policy and disclosed to stakeholders in accordance with the JSE Listings Requirements and the Companies Act.

committees of the governing body

Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.

The Board delegates certain functions to appropriately constituted Committees in line with a policy that encourages collaboration between Committees – as well as between the Board and its Committees – and which allows for a holistically balanced distribution of authority and responsibility. Board Committee charters define the purpose, authority and responsibility of the various Board Committees.

The Committees are appropriately constituted, and members are appointed by the Board, except for the Audit, Governance and Risk Committee (which is a statutory committee in terms of the Companies Act – from an audit perspective) whose members are nominated by the Board and elected by shareholders.

corporate governance report (continued)

Audit, Governance and Risk Committee	Remuneration and Nominations Committee	Social, Ethics and Transformation Committee
The Audit, Governance and Risk Committee is constituted as a statutory committee of the Board in compliance with the Companies Act and the JSE Listings Requirements and adheres to the King IV™ recommended practices, as applicable to Primeserv.	The Remuneration and Nominations Committee is constituted as a sub-committee of the Board, in accordance with King IV™ recommended practices, for the purposes of considering remuneration across the group. It also reviews the composition of the Board and its Committees, executive training and succession planning.	The Social, Ethics and Transformation Committee is constituted as a statutory committee of the Board in compliance with the Companies Act. It assists the Board by overseeing and reporting on transformation initiatives, ethical indicators, safety and health matters, environmental impact as well as executing on its statutory duties set out in the Companies Act.
Chairperson: David Rose	Chairperson: Letepe Maisela	Chairperson: Letepe Maisela
Members: Letepe Maisela Kefilwe Matjila	Members: David Rose Kefilwe Matjila	Members: Merrick Abel Kefilwe Matjila
2024 Report: Disclosed on pages 36 and 37 of the Integrated Report and pages 50 to 52 of the annual financial statements.	2024 Report: Disclosed on pages 38 to 43 of the Integrated Report.	2024 Report: Disclosed on pages 44 to 46 of the Integrated Report.

evaluation of the performance of the governing body

Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chairpersons and its individual members, support continued improvement in its performance and effectiveness.

The Chairperson, the Board, the Committees of the Board and individual directors are evaluated annually. Appropriate measures are taken to address areas requiring improvement that may have been highlighted through the evaluation process. Each non-executive director provides input and is expected to demonstrate intellectual integrity in his/her self-assessment.

appointment and delegation to management

Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

chief executive officer and executive management

The Board ensures that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.

Executive management is responsible for managing the group's operations, developing strategy and policy proposals for the Board's consideration and implementing the Board's directives. The CEO is responsible for the day-to-day operational requirements of the group and acts within a formal framework of a delegation of authority, which is reviewed regularly.

The CEO and FD are not members of either the Audit, Governance and Risk Committee or the Remuneration and Nominations Committee, but attend any meeting, or part thereof, by invitation, if needed, to contribute pertinent insights and information.

corporate governance report (continued)

company secretary

The group's Company Secretary, ER Goodman Secretarial Services Proprietary Limited, provides guidance and assistance in line with the requirements outlined in the Companies Act, King IV™ and the JSE Listings Requirements. The Board of Directors has direct access to the Company Secretary. Primeserv's FD and/or the group Legal and Risk Officer who also attend to certain company secretarial responsibilities.

A review of the Company Secretary is conducted annually. The Board of Directors has reviewed and is satisfied with the Company Secretary's independence, competence, qualifications and experience. As the company secretarial duties are outsourced to an independent firm, the Board has considered the individuals who fulfil the role of Company Secretary, as well as the directors and shareholders of the firm, and confirms that it has maintained an arm's-length relationship with the Board. The Company Secretary has over 20 years of company secretarial experience, having performed these duties both independently as well as within the company secretarial departments of well-known audit firms.

independent advice

All directors may obtain independent professional advice at the group's expense, where they deem it necessary. This enhances the Board's independence, decision-making capability and the accuracy of its reporting.

restrictions on share dealings

In accordance with Primeserv's policy, no group director or employee who has inside information in respect of the group may deal directly or indirectly in Primeserv Group Limited shares based on such information. All transactions by directors and senior management or parties connected to them that involve Primeserv shares or options must be approved by the Chairperson or, in matters involving the Chairperson, by the CEO.

GOVERNANCE FUNCTIONAL AREAS

risk governance

Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

Primeserv has a comprehensive risk management policy in place, which is ingrained throughout the group. The Audit, Governance and Risk Committee is responsible for monitoring the implementation and effectiveness of the policy. The group's risk management strategy is determined by the Board, with input from the executive directors, the group's Legal and Risk Officer and senior management. This strategy identifies, assesses, monitors, manages and, where possible, mitigates all identified forms of risk across the group.

The Board is responsible for determining the group's tolerance or appetite for risk. The identification of risks and opportunities is a robust and systematic process that is conducted at all levels in the group. The Audit, Governance and Risk Committee assists the Board in reviewing both the risks facing the group and the risk management process. The role of the Committee is to ensure that the group has effective ongoing processes that are designed to identify and assess risk and that, whatever measures are necessary to manage this risk proactively, are implemented as and when necessary.

The Audit, Governance and Risk Committee through its dedicated risk sub-Committee makes use of a heat risk mapping process aimed at identifying key performance areas and associated areas of risk. It assesses and addresses, *inter alia,* physical and operational risk, human resources risk, technology risk, business continuity risk, disaster recovery, cyber risk, credit and market risk, governance and compliance risk, diversity and inclusion risk, and transformation and B-BBEE risk. This assists the Board in the process of assessing, managing and mitigating risk.

The group's risk management policy is reviewed annually and, together with an appropriately updated risk management plan, is presented to the Board for review and approval. The responsibility to effect the approved risk management policy is delegated to management and the Board oversees the integration of the risk management plan into the day-to-day activities and the culture of the group.

corporate governance report (continued)

The Board plays a vital role in risk management because it may have a significant impact on the achievement of the group's overarching strategy. Risk plays a critical role in the Board's decision-making processes. The Board is regularly updated as to the group's risks, and risk management and mitigation recommendations are then made. The Board approves the assessment and management of risk within the levels of tolerance and appetite.

The risk management process incorporates frameworks and methodologies designed to determine the likelihood of risks coming to pass, as well as to anticipate and mitigate unpredictable risks wherever possible. There are pre-specified risk responses at management and executive level, as well as guidelines for monitoring the response to risk. The group obtains formal opinions on the process of risk management and the effectiveness of the risk management system. Reporting on risk management is timely, comprehensive, accurate and relevant.

Risk management and mitigation strategies are outlined on pages 21 and 22.

technology and information governance

Principle 12: The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.

IT provides value to the group in a technologically efficient and secure way. Given its dynamic nature, it allows for cost-effective innovation and investment in the intellectual capital of the business. It also plays a critical role in the identification and response to risks, thus ultimately contributing to the achievement of the group's objectives.

The Board, which oversees and is responsible for the governance of the group's IT, ensures the robustness of the IT framework which has been developed according to best-practice IT governance procedures. The IT framework takes into account the group's business requirements, control needs and technical issues, while ensuring the integrity of the group's IT systems.

The scope of the IT governance framework is constantly evolving to take changing conditions into account. It allows for:

- alignment of strategic IT objectives and strategic enterprise objectives and processes;
- prioritisation of IT project initiatives and delivery of IT investment recommendations for Board approval;
- sufficient organisational capacity and capability to enable the business to deliver on its strategic and operational objectives;
- continual evaluation of processes and procedures;
- remedial action to deal with poor performance if and when required;
- suitable criteria for decision-making;
- open communication between the IT service providers and the business units to promote collaborative planning;
- evaluation of the benefits of outsourcing certain IT functionalities;
- an annual IT assurance statement on key IT projects and performance metrics;
- implementing security protocols to prevent cyberattacks; and
- a robust disaster recovery and business continuity management process.

compliance governance

Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

Primeserv operates within a complex legislative framework as a result of its presence in multiple industries. The group monitors amendments to existing laws, new laws and the passing of new bills to ensure compliance at all times. Business processes are then updated to align them to the legislative framework.

corporate governance report (continued)

remuneration governance

Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.

Primeserv has an embedded rewards strategy and policy which translates into competitive and appropriate reward outcomes. The background information, remuneration policy and the implementation report are reported on in detail in the Remuneration and Nominations Committee Report on pages 38 to 43.

Primeserv's Remuneration and Nominations Committee is tasked by the Board to independently approve and oversee the implementation of a remuneration policy that will encourage the achievement of Primeserv's strategy and grow stakeholder value sustainably. Primeserv discloses the remuneration of each director in its annual financial statements.

In line with the recommended practices in King IV™, both the remuneration policy and the implementation report are tabled for separate non-binding advisory votes by the shareholders at the AGM.

The remuneration policy provides for the measures that Primeserv commits to take in the event that either the remuneration policy or the implementation report, or both, are voted against by 25 percent or more of the votes exercised at the AGM.

assurance

Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

internal control

The internal control systems exist to provide reasonable, but not absolute, assurances regarding key areas of the business. This includes the safeguarding of assets and the prevention of their unauthorised use or disposal, the maintenance of proper accounting records, and the reliability of financial and operational information used in the business.

The system of internal control is designed to manage, rather than eliminate, the risk of failure, and to achieve business objectives. It can provide reasonable rather than absolute assurance against material misstatement or loss.

The Board is responsible for the group's systems of internal control and risk management and mitigation, where possible. It ensures that there are internally defined lines of accountability and delegation of authority, and makes provision for comprehensive reporting and analysis against approved standards and budgets. There is an ongoing process of identifying, evaluating, managing, monitoring and reporting on significant risks faced by the group.

The Board is assisted by the Audit, Governance and Risk Committee, which evaluates the adequacy and effectiveness of internal control systems and, once the combined assurance process is complete, monitors the implementation of recommendations made by the external auditors. Additionally, the Audit, Governance and Risk Committee assesses the integrity of the outputs of the combined assurance model objectively and with professional scepticism in order to determine whether the objectives of the model have been achieved.

Compliance is tested by way of management reviews, internal review processes and external audit. The Audit, Governance and Risk Committee considers the results of these reviews on a regular basis. It confirms the appropriateness and satisfactory nature of these processes, and ensures that breakdowns involving material loss, if any, together with the remedial actions taken to rectify these, are reported to the Board.

internal audit

Given the group's size and the internal controls within the organisation, the cost-benefit ratio of a permanent internal audit function is not currently regarded as warranted by the Board. However, internal audits of certain key components of the group's operations are undertaken from time to time, using internal and/or external resources.

external audit

The group aims to achieve efficient audit processes using its internal controls and external auditors. The Board is confident in the ability of the group's auditors to uphold professional ethics and operate to the highest standards of business practice.

corporate governance report (continued)

combined assurance framework

The group utilises a combined assurance framework in alignment with the assurance model introduced in King IV™. This model aims to optimise all of the various assurance services and functions, both internal and external, so that they will be able to support the integrity of the information used for decision-making by all stakeholders, including management, the Board, shareholders and regulatory bodies.

Disclosure on the group's combined assurance framework appears on page 23.

stakeholders

Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

stakeholder relationships

Inclusivity of all stakeholders is of the utmost importance to the group, with all shareholders and stakeholders that have a legitimate interest in the group's activities being able to obtain a full, fair and honest account of its pursuits and performance.

The Board accepts its duty to present a balanced and understandable assessment of the group's position when reporting to its stakeholders. This must include material matters of significant interest and concern, and a comprehensive and objective assessment of the group.

Primeserv is proactive regarding its stakeholder engagement policy, which is aimed at aligning the group's stakeholder engagement policies and processes with the principles outlined in King IV™.

Details of the group's engagement with key stakeholders is outlined on pages 19 and 20.

annual general meeting

Primeserv recognises the AGM as an important institution for the protection of its shareholders. It provides them with the opportunity to vote on the group's issues, where applicable, and to interact with its executives in a formalised manner.

The agenda for the AGM is set by the Company Secretary well in advance of the meeting, and is communicated to all shareholders in the notice of the meeting that accompanies the Integrated Report. This gives all shareholders sufficient time to familiarise themselves with the effects of any proposed resolutions.

The Chairperson ensures that there is adequate time during the meeting for the discussion of any proposed resolutions. The conducting of a vote to decide on any such resolutions is controlled by the Chairperson and takes account of the votes of all shareholders, whether present in person or by proxy. A proxy form is included in the Integrated Report for this purpose.

All attendees at the AGM are required to provide satisfactory identification at the meeting. Acceptable forms of identification include original and valid identity documents, driver's licences and passports.

In accordance with Regulation 43(5)(c) of the Companies Act, the Chairperson of the Social, Ethics and Transformation Committee will report to shareholders at the AGM.

audit, governance and risk committee report

The information presented below relates to corporate governance pertaining to the Committee and should be read in conjunction with the Audit, Governance and Risk Committee ("AGRC") Report on pages 36 and 37 of the annual financial statements.

The Committee is chaired by DL Rose and included B Kali, KM Matjila and LM Maisela until 24 November 2023, when Ms Kali resigned. At the reporting date the Committee, therefore, comprised DL Rose (Chairperson), KM Matjila and LM Maisela, all of whom together have the skills, expertise and experience as recommended by King IV™. Executive directors M Abel (CEO) and R Sack (FD) attend meetings by invitation. The designated audit partner also attends meetings of the AGRC by invitation.

The Committee meets at least three times a year and convenes additional meetings, if required. Attendance at Committee meetings is set out on page 29.

The AGRC's terms of reference are set out in the AGRC Charter, which complies with all applicable legislation and is available on request. The AGRC Charter includes the specific requirements relating to auditors and audit committees as set out in the Companies Act and King IV™. The Board approves any amendments to the AGRC Charter, which are made in compliance with legislative amendments and other governing codes and principles.

The responsibilities of the AGRC include:

- developing and maintaining effective systems of internal control;
- assessing the need for, and monitoring the function of, internal audit and/or reviews;
- safeguarding the group's assets;
- maintaining adequate financial reporting systems;
- evaluating and defining the levels of risk that are appropriate and acceptable to the group;
- ensuring the reliability and accuracy of financial information provided to shareholders and other users of financial information;
- appointing external and, where deemed necessary, internal auditors;
- assessing the relevance, impact and resolution of accounting and/or auditing issues as may be identified by the external auditors;
- ensuring compliance with legal and regulatory provisions, including stock exchange requirements;
- formulating and updating the company's MOI;
- formulating and updating the Code of Ethics and Corporate Conduct; and
- formulating and updating the by-laws and rules established by the Board.

audit, governance and risk committee report (continued)

management process

The Committee is satisfied that appropriate risk management processes are in place. The effectiveness of the Committee is assessed annually and, based on the most recent assessment, it duly fulfilled its responsibilities during the reporting period in accordance with its terms of reference. The AGRC has developed an annual work plan that sets out the timing of events and the tasks to be performed by the Committee.

going concern assessment

The Committee has reviewed management's assessment of the solvency and liquidity of the group as well as its operational budgets, management accounts and cash flow forecast and regards the group to be a going concern. It is expected to continue to be profitable in the 2025 financial year and to have adequate cash and other resources to fund its combined operations without the need to dispose of any assets or undertake any capital restructuring.

solvency and liquidity assessment

The AGRC performs a solvency and liquidity assessment before dividend recommendations are recommended to the Board, as well as performing an assessment in relation to share buy-backs as might be approved by shareholders at the AGM.

risk management

The AGRC has established a separate sub-committee to review the risks facing the group and formulating the risk management and mitigation processes, as well as giving consideration to the group's appetite for risk.

The sub-committee holds a dedicated risk meeting at least once each year using a heat risk map prepared by executive management to consider those risk areas particularly relevant to the group.

The key risk areas that have been identified include:

- macro environment
- human resources
- transformation, diversity and inclusion and B-BBEE
- financial management
- operational sustainability
- credit and market
- working capital management
- disaster recovery and business continuity
- information technology
- controls
- statutory compliance
- governance

David L Rose
Audit, Governance and Risk Committee Chairperson

25 July 2024

remuneration and nominations committee report

background statement

The Remuneration and Nominations Committee comprised LM Maisela as Chairperson with B Kali and DL Rose as members until 24 November 2023, when Ms Kali resigned. KM Matjila was appointed as a member on 24 November 2023 and at the reporting date the Committee, therefore, comprised LM Maisela (Chairperson) with DL Rose and KM Matjila as members. The CEO, M Abel, attends meetings by invitation to assist the Committee with information related to some of its deliberations, but is excluded from any deliberations relating to his own remuneration. None of the directors is directly involved in decisions relating to their own remuneration.

The Committee is governed by a formal Charter, which is reviewed by the Board. The Charter has been updated to comply with the principles of King IV™.

Details of meeting attendance are given on page 29.

responsibilities

The Committee's responsibilities include:

- ensuring that the group's remuneration structures effectively and adequately attract and retain talented and suitably experienced and qualified individuals who can contribute to the group's performance, growth and sustainability;
- recommending compensation policies and remuneration packages that support the group's strategic and tactical objectives, and which remunerate and reward employees for their contribution to strategic, operational and financial performance; and
- ensuring that nominees to the Board are not disqualified from being directors and, prior to their appointment, investigating their backgrounds in accordance with JSE recommendations.

key objectives

Key objectives of the Committee are to:

- offer remuneration packages at a level that will attract the best and most beneficial talent available to the business;
- develop, motivate and retain a skilled, industry-relevant and knowledgeable staff complement;
- maintain a stable and committed executive management team that enables business sustainability in a macro-environment short on key skills; and
- continue, wherever possible, to implement the policy of filling vacant positions with qualifying black, preferably female, candidates.

remuneration and nominations committee report (continued)

voting on remuneration at AGM held on 24 November 2023

A special resolution to approve non-executive directors' fees was presented to shareholders at the AGM held on 24 November 2023, together with two separate non-binding advisory resolutions in respect of the Primeserv Remuneration Policy and the Primeserv Remuneration Policy Implementation Report, and shareholders voted as follows:

	%	Number of shares
Total number of shares in issue that could be voted at the AGM (issued ordinary shares less treasury shares)		76 668 647
Total number of issued ordinary shares present/represented at the AGM, including proxies	39.72	30 452 948

	Votes in favour	Votes against	Abstentions	Shares voted
Special resolution 1: To confirm the non-executive directors' remuneration for 2024	29 417 392	1 035 206	350	30 452 598
Percentage	*96.60%*	*3.40%*	*0.00%*	*39.72%*
Non-binding advisory resolution 1: Endorsement of the Primeserv Remuneration Policy	29 417 392	1 035 206	350	30 452 598
Percentage	*96.60%*	*3.40%*	*0.00%*	*39.72%*
Non-binding advisory resolution 2: Endorsement of Primeserv Remuneration Policy Implementation Report	29 417 392	1 035 206	350	30 452 598
Percentage	*96.60%*	*3.40%*	*0.00%*	*39.72%*

remuneration policy

remuneration philosophy

Primeserv is committed to offering fair and market-related remuneration, keeping in mind scarce skills, critical and strategically important positions, and the need to reward consistent and excellent performance. Remuneration philosophy, therefore, focuses on maintaining, rewarding and developing the value of all employees. The group considers remuneration as a key element in empowering each employee to make a positive contribution to the performance, growth and sustainability of the business.

The Remuneration and Nominations Committee considers the remuneration principles applicable to employees holding permanent positions and does not consider remuneration in regard to temporary and probationary employees.

Primeserv's remuneration strategies and objectives are formulated to take account of desired outcomes at individual, segmental and group level. An appropriate balance is maintained between employee and shareholder interests. The Board ultimately remains responsible for the group's remuneration policy.

The group's remuneration policy includes principles designed to ensure compliance with the recommended practices set out in King IV™. It provides the group with a basis for ensuring that it remunerates its employees fairly, responsibly and transparently to ensure the realisation of the group's strategy and the best levels of performance over the short-, medium- and long-term.

remuneration and nominations committee report (continued)

remuneration elements and principles

Primeserv subscribes to the principles of employment equity. It seeks to address disparities between the upper and lower levels of remuneration over time. Accordingly, salaries payable to employees in the lowest income band are adjusted at rates greater than those applied to management and executives.

The group remunerates its employees on the following basis:

- salaries are calculated as a total cost to company;
- salaries are reviewed annually subject to qualifying criteria;
- salaries are, where possible, benchmarked against market and industry standards and prevailing market conditions;
- remuneration for executive directors and prescribed officers is considered in relation to peer group remuneration, relevant remuneration surveys and scarcity of industry-specific skills and the crucial elements of key strategic and operational roles in the business;
- several employee benefits are available to employees as part of their total cost to company, depending on their role and position and length of service;
- remuneration includes contributions to the group pension fund and medical scheme; and
- packages include, amongst others, contractually negotiated benefits such as a travel allowance and a telephone allowance.

remuneration of non-executive directors

terms of service

Non-executive directors are appointed by shareholders at the group's AGM. Group policy does, however, make allowance for interim Board appointments to be made between AGMs, as and if necessary. Interim appointees serve until the next AGM, when they may make themselves available for election by shareholders.

In accordance with the company's MOI, non-executive directors are required to retire periodically by rotation, at which point they may seek re-election. Within this context, the length of service of non-executive directors who have served for more than 10 years has been reviewed. Given the need for continuity in an industry subject to constant change, the size of the group and its ability to attract and retain essential skills, the Board has determined that the continued involvement of long-serving directors remains vital and is of benefit to the group.

remuneration

Non-executive directors are remunerated for their contribution to the Board and Board Committees. Compensation for loss of office is not a contractual agreement. The annual remuneration payable to non-executive directors consists of a retainer-based fee for membership or chairpersonship of the Board and its Committees as well as a fee for attendance at meetings. At each AGM special resolutions regarding remuneration of non-executive directors are tabled for approval by shareholders. There are no short- or long-term incentive schemes for non-executive directors. There are no pension, medical or other benefits for non-executive directors.

Reviews of non-executive directors' remuneration are made on an annual basis and recommendations are then made to the Board, which, in turn, proposes fees for approval by shareholders at the AGM.

remuneration of executive directors

terms of service

The group complies with relevant legislation in determining minimum terms and conditions for the appointment of executive directors. Unless stated otherwise in the contract of employment, a notice period of one month applies.

remuneration and nominations committee report (continued)

In terms of their contracts of employment, a six-month notice period applies to the CEO, a three-month notice period applies to the other executive director, and a period of between one and three months applies to prescribed officers. Based upon seniority and length of service, certain benefits continue after retirement or termination, but there are no other benefits contractually payable to executives arising out of the standard termination of their contracts.

external appointments

Executive directors are not permitted to hold external paying directorships or offices without the approval of the Board. If such approval is granted, directors may retain the fees payable from such appointments. The executive directors do not hold any external professional appointments.

remuneration

Remuneration of executive directors is determined through a process of needs evaluation and benchmarking, using current market information relating to remuneration and reward practices.

Market conditions impact on the ability to attract and retain experienced executives with relevant industry experience, and the key nature of executive positions and industry relevant skills are considered when determining remuneration.

Fixed remuneration may be complemented by short-term performance bonuses, which may reach up to 70 percent of executive directors' basic packages. The group's longer-term incentives for key executives include cash rewards, share options, share purchase schemes and share awards.

The group adopts the principle of total cost to company in determining executive directors' remuneration packages. This includes basic remuneration and retirement, medical and other benefits. In addition, executive directors benefit from long-term incentives linked to performance and retention measures.

Remuneration packages comprise the following:

- a basic cost-to-company salary, which is determined by market value and the executive director's role;
- short-term cash-based incentives, which are determined by the fulfilment of short-term strategic, operational and performance targets;
- long-term cash and/or share-based incentives, which are determined by the successful development and implementation of medium- and long-term business strategies, the implementation of key business imperatives, growth in shareholder value, and behaviour consistent with this goal; and
- the extent of managerial responsibility, together with actual workplace location, plays a role in determining the basic remuneration of executive directors.

short-term incentives

Discretionary performance bonus schemes are applicable to executive directors as well as to prescribed officers. Job level, business unit and individual performance determine individual awards. The aim of the bonus scheme is to reward performance in line with organisational objectives and achievements. Incentives are assessed and paid after the end of the relevant financial year once there is certainty regarding the achievement of the relevant financial and other performance measures.

long-term incentives

Retention of skills is a vital long-term objective for the group and this is becoming increasingly important given prevailing economic conditions. Retention plans may include cash payments and/or asset-based awards as well as share-based incentive schemes.

Long-term awards are designed to align the performance of the individual and the group as well as to retain high-calibre and key personnel. Share incentive awards and other financial awards, as may be considered appropriate from time to time, are recommended to the Board by the Remuneration and Nominations Committee only when business and individual performance targets and/or other key objectives have been attained.

remuneration and nominations committee report (continued)

implementation report

remuneration of non-executive directors

Non-executive directors receive a base fee plus an attendance fee per meeting. Fees proposed for the 2025 financial year are outlined in the table below:

Role	Base fees R	Attendance fees per meeting R	Attendance fees at all scheduled meetings R
Chairperson	136 100	27 200	108 800
Non-executive director	36 300	27 200	108 800
Chairperson of Audit, Governance and Risk Committee	181 500		
Chairperson of Remuneration and Nominations Committee	28 400		
Chairperson of Social, Ethics and Transformation Committee	28 400		
Committee members			
– Audit, Governance and Risk Committee		15 800	47 400
– Remuneration and Nominations Committee		6 800	13 600
– Social, Ethics and Transformation Committee		6 800	13 600

The fees in the table are for individual roles.

The aggregate fees any single director will earn for the 2025 financial year will be based on the combined fees for all roles performed and meetings attended.

The table below shows what the non-executive directors may be expected to earn for the 2025 financial year based on attendance at all scheduled meetings.

Non-executive director	Total fees year ended March 2025 (expected based on full attendance) R'000	Total fees year ended March 2024 (based on actual attendance) R'000
DL Rose	440	405
B Kali *	–	47
LM Maisela	235	206
KM Matjila	235	180
TOTAL FEES	910	838

* *Resigned effective 24 November 2023*

remuneration and nominations committee report (continued)

remuneration of executive directors

Details of executive directors' remuneration are listed in Note 29 on page 98 of the annual financial statements.

Details of remuneration paid to key management, including prescribed officers, is set out on page 99 of the annual financial statements.

In relation to the 2024 financial year, short-term incentives paid to executive directors are set out on page 98 of the annual financial statements.

No long-term incentive share awards were made to executive directors in the year ended March 2024. The Committee has, however, sanctioned the grant of share options and cash awards as a retention tool with regard to executive directors and certain senior management, details of which will be released on SENS, if so required, at the appropriate time.

implementation of remuneration policy

In terms of King IV™, the group's remuneration policy and a report on its implementation must be tabled every year for separate non-binding votes by shareholders at the AGM. Should 25 percent or more of the votes cast be against one or both of these resolutions, the company will engage with dissenting shareholders as to the reasons for this. It also undertakes to consider and make recommendations based upon the feedback received.

conclusion

The Committee, through its individual members, is satisfied that it has diligently fulfilled its mandate as required in terms of its Charter for the year ended 31 March 2024.

Letepe M Maisela
Remuneration and Nominations Committee Chairperson

25 July 2024

social, ethics and transformation committee report

This Social, Ethics and Transformation Committee performs its duties in line with the Companies Act and in terms of any additional duties that may be assigned to it by the Board.

Although management is tasked with the day-to-day operational sustainability of their respective areas of business, the Board remains ultimately responsible for group sustainability and has delegated certain duties in this regard to the Committee.

The Committee was chaired by B Kali until her resignation on 24 November 2023, with its members being LM Maisela and M Abel during that period. KM Matjila was appointed as a member on 24 November 2023 and the Committee, therefore, comprised LM Maisela (Chairperson) with members M Abel and KM Matjila at the reporting date. Details of meeting attendance are given on page 29.

The Committee is governed by a formal charter, which is reviewed by the Board.

responsibilities

The statutory duties and responsibilities of the Committee, as outlined in the Companies Act, are the monitoring of the group's activities in relation to relevant legislation, other legal requirements and the prevailing codes of best practice.

The Committee assists the Board in ensuring that there are appropriate strategies and policies in place to further transformation, diversity and inclusion across all facets of the group. The Committee seeks to address all issues pertaining to the transformation of the group into an organisation that is relevant within the context of a democratic South Africa. It plays a role in seeking to ensure that the demographic composition of the group is fully representative of the country's diversity.

Its role is not to redress the imbalances that exist in society as a whole, but to ensure that Primeserv is a leader in the implementation of human capital practices that recognise the equality of all individuals. Primeserv seeks to implement, through careful and considered processes, a range of measures – including affirmative action in support of the group's employment equity and workplace skills plans – that do not detract from the organisation's long-term goal of delivering sustainable returns to shareholders and stakeholders alike.

During the reporting period the Committee reviewed the following:

- social indicators;
- demographic representation and diversity and inclusion;
- employment equity;
- skills development and employee career advancement;
- youth employment and the creation of workplace opportunities;
- the Ten Principles of the United Nations Global Compact; and
- the OECD recommendations regarding corruption.

Primeserv promotes equal opportunities and fair treatment in employment and does not tolerate discrimination against any employee. Primeserv employees may exercise their rights in terms of the Basic Conditions of Employment Act (No. 75 of 1997) without fear of discrimination. All new employees are required to attend a formal induction programme where they are made aware of the various group policies and procedures, as well as rights, duties and obligations. The group's disciplinary practices are conducted in accordance with its Disciplinary Code and Procedures, which are in line with King IV™. A formal grievance procedure is also in place to address employee grievances.

The group, including the holding company and its subsidiaries, has submitted its Employment Equity and Workplace Skills Development Plans to the relevant authorities, and continues to strive to exceed the required targets. The Board subscribes to the principles of employment equity and recognises the value of demographic and cultural inclusion and diversity.

social, ethics and transformation committee report (continued)

The group is committed to providing equal opportunities for its employees, regardless of their ethnic origin or gender. It actively develops its employees to empower them to fulfil more responsible positions within the group, while also placing a concerted focus on increasing representation of HDIs and women throughout the organisation, thereby reinforcing its diversity and meeting demographic representational requirements.

The Board monitors the group's compliance with the Skills Development Act (No. 97 of 1998) and ensures that the required plans and reports have been submitted to the relevant authorities.

Primeserv is committed to the growth of its own people and recognises the need to continually improve the productivity and performance of its operating units through training and development programmes.

Consideration has been given to the group's policies, procedures and practices, as well as to the working environment, to identify equity barriers and any other negative influences that might influence the positive outcome of the Primeserv Employment Equity Plan.

A designated officer manages and monitors the implementation of the plan, and a budget is allocated to support developmental goals. When recruiting, Primeserv ensures that, wherever possible, vacancies are filled from within the group.

Primeserv is committed to the development of all employees and provides equal opportunities in the workplace.

The group provides skills development opportunities to enable employees to build on their existing strengths and personal potential. It also aligns employment equity targets with skills development programmes and objectives. Employees from designated groups have personal development plans in place to ensure that training, development and study opportunities are made available to further promote equity within the staff complement.

In addition, Primeserv offers a mentoring and coaching programme comprising a developmentally oriented relationship between a senior and junior colleague. Mentoring and coaching is an essential aspect of the process of evaluation for promotion. It is designed to assist with goal-setting and planning, as well as to identify certain employees for fast-tracking.

preferential procurement

Primeserv has a rigorous B-BBEE procurement programme in place, which is aimed at increasing the amount of money spent on procurement from highly-rated B-BBEE-compliant enterprises, particularly those that are black women-owned.

corporate social investment

Primeserv's CSI initiatives are an integral part of the group's purpose. The professional planning and implementation of these initiatives is core to us being a responsible corporate citizen.

Primeserv's corporate social responsibility and investment strategy is focused on promoting the sustainable upliftment of disadvantaged communities with primary emphasis on youth development and upliftment, which the group sees as key to future socio-economic success.

Primeserv continues to align its CSI initiatives to the creation of employment and upskilling opportunities for our youth and poorly skilled employees nationally. Our operational activities are aligned to support youth employment, learnerships and skills development grants.

The group is a long-standing partner and benefactor of the Siyakhula Trust, which works with rural youth to develop leadership skills and capability. The group makes available financial, professional and skills transfer assistance. We also provide ongoing support to disadvantaged children in informal settlements.

Ongoing initiatives, managed by internal volunteers, aim to support both disadvantaged communities and animal welfare organisations across the country.

The group prioritises the communities, such as Kingsway Noah's Ark, in which we operate, thereby uplifting those communities in which our employees and their families live and work.

social, ethics and transformation committee report (continued)

conscious companies partnership

Primeserv values its long-standing partnership with Conscious Companies which makes a meaningful difference in developing and advancing conscious and ethical leadership in South Africa and beyond.

The group continues to provide sponsorship of the Conscious Leadership Summit as well as the Conscious Companies Awards, both instrumental in raising awareness of the importance of conscious and responsible leadership among key stakeholders in the South African economy.

ethical indicators

As a responsible corporate citizen and employer, Primeserv meets the requirements of the various Acts, rules and regulations governing labour, including the Constitution of the Republic of South Africa, the Labour Relations Act (No. 66 of 1995), the Employment Equity Act (No. 55 of 1998), the Skills Development Act and the Basic Conditions of Employment Act (No. 75 of 1997).

The group is implacably opposed to bribery and corruption and has implemented anti-corruption practices. Employees are discouraged from accepting any gifts or favours from suppliers that obligate them in any way to reciprocate. The group has also implemented a system that encourages employees to report all incidences or suspicions of fraud, theft, corruption and similar unethical behaviour through a confidential and secure line of communication to either the CEO or to the Chairperson.

The group supports and encourages free external and internal competition in all business units and subsidiary companies.

Marketing and advertising are conducted through a variety of mediums by the business entities within the group, targeting the markets and clients which are appropriate to each business unit. The group has no record of charges having been laid by the public or competitors regarding misleading or unfair practices or advertisements.

safety, health and environment indicators

Primeserv is fundamentally committed to preventing workplace accidents and fatalities in terms of the Occupational Health and Safety Act (No. 85 of 1993). The Board recognises its responsibility for dealing with safety, health and environment issues and, where applicable, constantly reviews and implements systems of internal control and other policies and procedures to manage SHE risks.

The group sets high quality standards through an internal review process. Most of the business contracts it enters into are linked to agreed quality levels and service level agreements.

Primeserv also adheres to the training standards set down by the relevant accreditation authorities, where applicable, and training programmes are registered and accredited.

environmental indicators

The group acknowledges its legal, moral, ethical and social duties to take reasonable measures, where applicable, to prevent significant pollution or degradation of the environment from occurring, continuing or recurring.

compliance

In terms of paragraph 7.F.5 of the JSE Listings Requirements, the Social, Ethics and Transformation Committee confirms that it has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act and that there are no known instances of material non-compliance to disclose.

Letepe M Maisela
Social, Ethics and Transformation Committee Chairperson

25 July 2024

contents of the annual financial statements

level of assurance

Primeserv Group Limited has been established and incorporated in compliance with the provisions of the Companies Act, and operates in conformity with its MOI.

These annual financial statements have been audited by PKF Octagon Incorporated (Registered Auditors) in compliance with Section 30 of the Companies Act.

Preparer

Raphael Sack (CA(SA))
FD

Published

25 July 2024

directors' approval and responsibility statement

The directors are responsible for the preparation, integrity and fair presentation of the group and separate annual financial statements and other financial information included in this report. The accompanying annual financial statements have been prepared in conformity with IFRS® Accounting Standards, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act and the JSE Listings Requirements. Applicable accounting assumptions have been used while reasonable and prudent judgements and estimates have been made.

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 strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully 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 satisfied that the company has complied with the provisions of the Companies Act, relating to its incorporation and is operating in conformity with its MOI.

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

The directors have reviewed the group's and company's cash flow forecasts for the period to 31 March 2025 and, in light of this review and the current financial position, they are satisfied that the group and company has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements support the viability of the group and company and have been prepared by R Sack CA(SA), financial director.

The financial statements have been audited by the independent auditing firm, PKF Octagon Incorporated, which was given unrestricted access to all financial records and related data. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate.

The group and separate annual financial statements were approved by the Board of Directors on 25 July 2024, and signed on its behalf by:

David L Rose	**Merrick Abel**	**Raphael Sack**
Independent Chairperson	CEO	FD

25 July 2024

ceo and fd responsibility statement

Each of the directors, whose names are stated below, after due, proper and careful consideration, hereby confirm that:

a. the annual financial statements set out on pages 47 to 109, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS®;

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 has been provided to effectively prepare the 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 committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and

f. we are not aware of any fraud involving directors.

Merrick Abel
CEO

Raphael Sack
FD

25 July 2024

statement of compliance by the company secretary

For the year ended 31 March 2024 the company has, to the best of my knowledge, lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

ER Goodman Secretarial Services Proprietary Limited
(represented by Marilis Janse van Rensburg)

Company Secretary

25 July 2024

audit, governance and risk committee report

The AGRC has clearly defined terms of reference outlined in the AGRC Charter, which was approved by the Board of Directors. The Charter is available for inspection at the registered office of the company.

membership

The AGRC was elected by shareholders on 24 November 2023 to hold office until the conclusion of the AGM to be held on Friday, 22 November 2024. The AGRC is chaired by an independent non-executive director, DL Rose, with other members during the reporting period being LM Maisela (independent non-executive director) and KM Matjila (independent non-executive director).

The term of the AGRC is for a period from one AGM to the next and its composition is reviewed and approved annually by the Board and recommended by it to shareholders. The Chairperson is appointed by the Board immediately following election of the members by shareholders.

Shareholder approval of the appointment of the members of the AGRC will be sought at the AGM to be held on 22 November 2024. The members proposed for the AGRC are DL Rose, LM Maisela and KM Matjila, all of whom are independent non-executive directors with the required skills and expertise, as outlined in King IV™. Group executive directors and external auditors attend the meetings by invitation.

external audit

The appointment of PKF Octagon Incorporated as auditors of the group will be recommended by the Committee to the shareholders for approval at the AGM on 22 November 2024. The AGRC has satisfied itself through enquiry of the independence of the firm. Waldemar Wasowicz, a registered independent auditor, will be nominated as the designated audit partner.

The required assurance was sought and provided by the auditor that the partners and staff responsible for the audit comply with all legal and professional requirements in relation to independence. The AGRC is satisfied that the external auditor complies with the JSE Listings Requirements and is independent of the group.

The AGRC, in consultation with the CEO, agreed to the engagement letter, terms, nature and scope of the audit function and audit plan for the 2024 financial year. The budgeted fee is considered appropriate for the work that could reasonably have been foreseen at that time.

Non-audit services rendered by the auditor are governed by a formal procedure and each engagement letter for such services, where material, is reviewed and approved by the AGRC. No such services have been rendered during the reporting period.

The external auditors have unrestricted access to the Chairperson of the AGRC and no matters of concern were raised during the reporting period.

The AGRC meets at least once a year with the auditors without the presence of any executive directors or management. This is the second year that PKF Octagon Incorporated has conducted the audit. The audit partner in charge of the audit is rotated off the audit after five years.

risk management

While the Board as a whole is responsible for the group's risk management, it has delegated authority to the AGRC which reports to the Board. The AGRC utilises a heat risk mapping process aimed at identifying key risk areas and key performance indicators.

It assesses and addresses, *inter alia*, physical and operational risk, HR risk, technology risk, business continuity and disaster recovery, credit and market risk and governance and compliance risk. This assists the Board in its assessment and management of risk.

audit, governance and risk committee report (continued)

financial risk management

Having regard to the fact that risk is an inherent part of the group's activities, risk management and the ongoing improvement in corresponding control structures remain key focuses for management in building a successful and sustainable business.

The Board recognises that risk management is a dynamic process and that the risk framework should be robust enough to effectively manage and react to change in an efficient and timeous manner.

Formalisation of a risk management framework is the responsibility of the group's Board of Directors. The framework ensures:

- efficient allocation of capital across various activities in order to maximise returns and diversification of income streams;
- risk taking within levels acceptable to the group as a whole and within the constraints of the relevant business units;
- efficient liquidity management and control of funding costs; and
- improved risk management and control.

operational risk management

The structure of the group promotes the active participation of executive management in all of the operational and strategic decisions affecting their business units. This creates a strong culture of ownership and accountability.

Senior management take an active role in the risk management process and is responsible for the implementation, ongoing maintenance of and ultimate compliance with the risk process as it applies to each business unit.

The Board is kept apprised of developments through formalised reporting structures, ongoing communication with management, regular management meetings at an operating subsidiary level and through representation of executive members of the Board on certain of the forums responsible for the management of risk at an operating subsidiary level.

The group remains committed to employing the highest calibre of staff to ensure a strong financial and operational infrastructure within each of the business units.

The Board, through the AGRC, has identified a number of matters which it believes require monitoring and detailing to shareholders. These are summarised in the Integrated Report on pages 21 and 22.

annual financial statements and accounting policies

The AGRC has reviewed the accounting policies and the annual financial statements of the group and company and is satisfied that they are appropriate and comply in all material respects with IFRS® Accounting Standards, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act. Issues involving significant judgement are set out in the summary of accounting policies.

A process has been established to receive and deal appropriately with any concerns and complaints relating to the reporting practices of the group. No matters of significance have been raised during the reporting period.

The AGRC fulfilled its mandate and recommended the Integrated Report for the year ended 31 March 2024 for approval to the Board. The Board approved the annual financial statements on 25 July 2024 and the annual financial statements will be open for discussion at the AGM.

audit, governance and risk committee report (continued)

jse proactive monitoring

The AGRC has considered the JSE's Report on Proactive Monitoring of Financial Statements in 2023 (including Annexure 3), issued on 3 November 2023, on their monitoring of annual financial statements and has taken appropriate measures, where necessary, to respond to the findings when preparing the annual financial statements.

group financial director and financial function

The AGRC confirms that it is of the view that the group's FD, R Sack CA(SA), has the necessary expertise and experience to carry out his duties. The AGRC is also satisfied as to the skills and adequacy of resources of the finance function.

approval

This AGRC Report has been approved by the Board of Directors of Primeserv.

On behalf of the AGRC

David L Rose
Audit, Governance and Risk Committee Chairperson

25 July 2024

directors' report

for the year ended 31 March 2024

The directors present their report for the year ended 31 March 2024.

nature of business

Primeserv Group Limited is an investment holding company whose trading activities are conducted through its subsidiary companies, providing a comprehensive range of Integrated Business Support Services. These include a broad range of human capital management and consulting services and solutions, productivity and functional outsourcing services, permanent and temporary employment staffing services, training and skills development products and services, as well as related fulfilment services. The group reports its results in two distinct segments, namely Integrated Business Support Services and Shared Services.

financial results

The financial results of the group and company are set out on pages 47 to 109 of this report and in our opinion require no further comment. A review of the group's results and performance of the business units is contained in the CEO's Report on pages 15 to 18.

share capital

Details of the authorised or issued share capital of the company are set out in Note 21 – ordinary share capital and share premium.

treasury shares

Details of treasury shares are set out in Note 22 – treasury shares.

employee share incentive scheme

The total number of shares, which may be purchased and/or in terms of which options may be granted, is equivalent to 20 percent of the issued share capital of the company.

	2024	2023
Shares held by the share trust *	26 189 326	26 189 326

* *No options were granted to employees during the reporting period.*

These shares are intended to be allocated or cancelled in the 2025 financial year. The impact of IFRS 2 – Share-Based Payments and section 8C of the Income Tax Act, No. 58 of 1962, has been evaluated in order to determine the optimum use of the shares held as an incentive mechanism. The directors use the scheme to retain key personnel and for the purpose of providing opportunities for employees to participate in the group's growth and success.

authority to buy back shares

At the last AGM held on 24 November 2023, shareholders gave the company or any of its subsidiaries a general approval, in terms of section 48 of the Companies Act, by way of special resolution, for the acquisition of its own shares. As this general approval remains valid only until the next AGM, the shareholders will be asked at that meeting to consider a special resolution to renew this general authority until the next AGM.

A total of 2 175 000 (2023: 4 917 018) shares were repurchased at an average price of 140 cents per share during the reporting period in terms of this authority, bringing the total number of treasury shares held to 41 922 100.

directors' report (continued)

for the year ended 31 March 2024

control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act. As this general authority remains valid only until the next AGM, the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 20 percent of the company's issued share capital, under the control of the directors until the next AGM.

dividends

A gross final dividend of 10.00 cents per share was declared on 26 June 2024. The aggregate dividend in relation to the financial year ended 31 March 2024 is 12.50 cents per share (2023: 9.00 cents per share). The dividends may be subject to dividend withholding tax, where applicable.

directorate

M Abel, LM Maisela, KM Matjila, DL Rose and R Sack were directors of Primeserv Group Limited throughout the reporting period and at the date of this report. B Kali resigned as a director on 24 November 2023. In terms of the MOI of the company, LM Maisela and KM Matjila retire as directors at the forthcoming AGM and, being eligible, offer themselves for re-election.

Details of the directorate are set out on page 24.

company secretary

ER Goodman Secretarial Services Proprietary Limited (represented by M Janse van Rensburg) is the Company Secretary.

subsidiary companies

Details of the company's interest in its subsidiaries are set out in Note 17 – details of subsidiary companies.

directors' interests

As at 31 March 2024, the aggregate direct and indirect beneficial interests were:

SHARES HELD BY	2024	2023
Executive directors		
M Abel	21 625 003	21 625 003
R Sack	568 750	568 750
Non-executive directors		
LM Maisela	55 000	55 000
DL Rose *	120 000	120 000
TOTAL	22 368 753	22 368 753

* *This shareholding is held in a trust.*

The shares held are not subject to security, guarantees or any collateral.

There has been no change in the directors' interests in the issued share capital between 31 March 2024 and the date of this report.

For the purpose of assessing independence, the Board assesses the materiality of directors' interests, but considers amounts constituting less than 5 percent as not material.

directors' report (continued)

for the year ended 31 March 2024

going concern assessment

The Board regards the group to be a going concern as the group is expected to continue to be profitable in the forthcoming financial year and to have adequate cash and other resources to fund its combined operations, without the need to dispose of any assets or undertake any capital restructuring.

subsequent events

There are no known matters or circumstances arising since the reporting date to the date of this report that could have a material effect on the financial position of the group or company.

disclosures

The Board has considered the disclosure of accounting policies and only details those policies in the annual financial statements that are significant to the group.

independent auditor's report

To the Shareholders of Primeserv Group Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Primeserv Group Limited and its subsidiaries (the group and company) set out on pages 59 to 108, which comprise the consolidated and separate statements of financial position as at 31 March 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Primeserv Group Limited and its subsidiaries as at 31 March 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 and Separate 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 and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Below is the key audit matter with regard to the audit of the financial statements relating to the group.

Key Audit matter	How our audit addressed the key audit matter
Valuation of Goodwill and intangible assets (Group) (note 11 and note 12)	
Goodwill and intangible assets comprise 10% of total assets of the group and amount to R26 164 944 for goodwill and R1 720 436 for intangible assets. Goodwill and intangible assets were recognised on the acquisitions by the group of businesses and represents the premium paid for these businesses and customer contracts. As required by the applicable accounting standards (IAS 36 – *Impairment of assets*), the directors of the company perform annual impairment assessments to assess the recoverability of the carrying value of goodwill and intangible assets, after considering the annual amortisation of intangible assets. To determine whether an impairment exists, the value-in-use is determined for the cash-generating units ("CGU") and compared to the carrying value. As disclosed in the accounting policies and Note 11 and Note 12, the determination of an impairment is highly subjective due to significant judgements required to be made when determining whether the value-in-use is appropriate.	Our audit procedures included the following: We performed substantive tests of detail on the lowest level of CGU's to which the goodwill and intangible assets have been allocated. We performed the following substantive procedures: • reperformed the directors' valuation of the goodwill for reasonability and accuracy; • evaluated the key assumptions used in determining the valuation of the recoverable amount by comparing the forecasted revenue and profits to assumptions and projected results, reviewing forecasted results for reasonability and accuracy and assessing the reasonability and accuracy of the discount rates used;

independent auditor's report (continued)

Key Audit matter	How our audit addressed the key audit matter
The discounted cash flow model is used to calculate the value in use for each CGU. This method requires estimation and the assumptions used in the model includes: • Future revenue; • Operating margins; • Interest rates; and • Discount rates applied to projected future cash flows. In terms of IAS 36 – Impairment of assets, goodwill is required to be assessed for impairment annually in order to determine whether it should be impaired. Fair value less costs to sell, as well as the value in use are determined, and these values compared to the carrying value of the goodwill. The calculation of the impairment is highly subjective as significant judgements are made by the directors in determining the appropriate CGU, the future cash flows, and the growth and discount rates. Other variables implicit in the valuation of goodwill include: • Discount rate • The capital structure of the group, as it affects the discount rate to be applied. • Expected long-term growth rates. • Contractual fee income and operational escalation rates. The measurement of goodwill and intangible assets are considered to be a key audit matter due to the extent of judgement and estimation involved.	• evaluated and tested the inputs used by management in determining the discount rate; • reviewed the adequacy and appropriateness of disclosures relating to the goodwill and intangible assets held in the consolidated financial statements. This includes the disclosure of the factors affecting the discount rates. In terms of our audit procedures performed, we concluded that our audit procedures have appropriately addressed the key audit matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Primeserv integrated report 2024" and in the document titled "Primeserv annual financial statements", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and separate Financial Statements

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

In preparing the consolidated and separate 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 and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PKF Octagon Incorporated has been the auditor of Primeserv Group Limited for two years.

PKF Octagon Inc.
Director: W Wasowicz
Registered Auditor
25 July 2024

21 Scott Street
Waverley
2090

statements of profit or loss and other comprehensive income

for the year ended 31 March 2024

		Group		Company	
	Notes	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Revenue	1	950 613	805 139	32 041	29 076
Cost of sales	2	(838 375)	(712 901)	–	–
Gross profit		112 238	92 238	32 041	29 076
Other income	3	331	1 410	6 848	24 417
Operating expenses		(88 703)	(73 074)	(21 787)	(66 845)
Operating profit	4	23 866	20 574	17 102	(13 352)
Interest income	5	4 827	3 418	14 552	9 315
Interest expense	6	(395)	(391)	(6 922)	(4 493)
Profit before taxation		28 298	23 601	24 732	(8 530)
Taxation	7	(3 078)	(4 599)	814	(4 080)
PROFIT AND TOTAL COMPREHENSIVE INCOME		25 220	19 002	25 546	(12 610)
Profit and total comprehensive income attributable to:					
Ordinary shareholders of the company		24 962	18 609		
Non-controlling interests		258	393		
PROFIT AND TOTAL COMPREHENSIVE INCOME		25 220	19 002		
Basic earnings per share (cents)	27	32.57	23.38		

statements of financial position

as at 31 March 2024

	Notes	Group 2024 R'000	Group 2023 R'000	Company 2024 R'000	Company 2023 R'000
ASSETS					
NON-CURRENT ASSETS		49 372	41 104	46 239	47 112
Property, equipment and vehicles	8	9 204	4 075	681	732
Investment properties	9	3 500	3 500	–	–
Right-of-use assets	10	1 333	3 943	–	–
Goodwill	11	26 164	17 607	–	–
Intangible assets	12	1 720	1 874	–	–
Investments in subsidiaries	13	–	–	1	1
Investments in preference shares	14	–	–	45 557	45 557
Deferred tax asset	15	7 451	10 105	–	822
CURRENT ASSETS		231 670	206 276	180 976	172 832
Inventories		32	63	–	–
Loans to group companies and share trust	16; 17	–	–	100 635	97 995
Trade and other receivables	18	164 247	143 116	9 966	21 076
Contract cost assets	19	1 299	1 487	–	–
Preference coupon receivable	14	–	–	6 848	–
Cash and cash equivalents	20	66 092	61 610	63 527	53 761
TOTAL ASSETS		281 042	247 380	227 215	219 944
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES		191 137	176 508	163 697	152 434
Ordinary share capital and share premium	21	2 365	2 400	2 365	2 400
Treasury shares	22	(23 695)	(22 403)	(3 039)	(1 935)
Retained earnings		219 810	205 058	164 371	151 969
Equity attributable to equity holders of the company		198 480	185 055	163 697	152 434
Non-controlling interests	23	(7 343)	(8 547)	–	–
NON-CURRENT LIABILITIES		5 764	1 642	–	–
Finance liabilities	24	264	1 642	–	–
Contingent consideration	25	5 500	–	–	–
CURRENT LIABILITIES		84 141	69 230	63 518	67 510
Trade and other payables	26	76 035	64 006	6 440	7 181
Loans from group companies		–	–	54 669	56 092
Finance liabilities	24	1 812	2 841	–	–
Contingent consideration	25	3 667	–	–	–
Taxation payable		2 627	2 383	2 409	4 237
TOTAL EQUITY AND LIABILITIES		281 042	247 380	227 215	219 944

statements of changes in equity

for the year ended 31 March 2024

	Share capital R'000	Share premium R'000	Treasury shares R'000	Retained earnings R'000	Equity attributable to equity holders of the company R'000	Non-controlling interests R'000	Total equity R'000
GROUP							
Balance at 1 April 2022	1 188	1 217	(16 681)	192 830	178 554	(8 940)	169 614
Total comprehensive income	–	–	–	18 609	18 609	393	19 002
Shares cancelled	(3)	(2)	304	(299)	–	–	–
Acquisition of treasury shares	–	–	(6 026)	–	(6 026)	–	(6 026)
Dividends paid (8.00 cents)	–	–	–	(6 082)	(6 082)	–	(6 082)
Balance at 1 April 2023	1 185	1 215	(22 403)	205 058	185 055	(8 547)	176 508
Total comprehensive income	–	–	–	24 962	24 962	258	25 220
Shares cancelled	(17)	(18)	1 957	(1 922)	–	–	–
Acquisition of treasury shares	–	–	(3 249)	–	(3 249)	–	(3 249)
Dividends paid (9.50 cents)	–	–	–	(7 342)	(7 342)	–	(7 342)
Change in ownership interest – control not lost	–	–	–	(946)	(946)	946	–
BALANCE AT 31 MARCH 2024	1 168	1 197	(23 695)	219 810	198 480	(7 343)	191 137
Notes	21	21	22			23	

statements of changes in equity (continued)

for the year ended 31 March 2024

	Share capital R'000	Share premium R'000	Treasury shares R'000	Retained earnings R'000	Total equity R'000
COMPANY					
Balance at 1 April 2022	1 188	1 217	–	174 307	176 712
Total comprehensive income	–	–	–	(12 610)	(12 610)
Shares cancelled	(3)	(2)	300	(295)	–
Acquisition of treasury shares	–	–	(2 235)	–	(2 235)
Dividends paid (8.00 cents)	–	–	–	(9 433)	(9 433)
Balance at 1 April 2023	1 185	1 215	(1 935)	151 969	152 434
Total comprehensive income	–	–	–	25 546	25 546
Shares cancelled	(17)	(18)	1 934	(1 899)	–
Acquisition of treasury shares	–	–	(3 038)	–	(3 038)
Dividends paid (9.50 cents)	–	–	–	(11 245)	(11 245)
BALANCE AT 31 MARCH 2024	1 168	1 197	(3 039)	164 371	163 697
Notes	21	21	22		

statements of cash flows

for the year ended 31 March 2024

	Notes	Group 2024 R'000	Group 2023 R'000	Company 2024 R'000	Company 2023 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	A	27 836	22 755	20 724	30 494
Interest income		4 827	3 418	14 552	9 315
Interest expense		(124)	(10)	(6 922)	(4 493)
Tax paid		(3 448)	(6 134)	(192)	(389)
NET CASH FROM OPERATING ACTIVITIES		29 091	20 029	28 162	34 927
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, equipment and vehicles	8	(6 316)	(307)	(49)	(95)
Purchase of contract cost assets		(2 865)	(2 665)	–	–
Contingent consideration paid		(1 779)	–	–	–
Preference coupon income		–	–	–	27 457
Loans advanced to group companies		–	–	(2 640)	(43 782)
NET CASH FROM INVESTING ACTIVITIES		(10 960)	(2 972)	(2 689)	(16 420)
CASH FLOWS FROM FINANCING ACTIVITIES					
Acquisition of treasury shares	22	(3 249)	(6 026)	(3 039)	(2 235)
Repayment of loans from group companies		–	–	(1 423)	(4 716)
Payment of finance liabilities		(3 058)	(2 928)	–	–
Dividends paid	28	(7 342)	(6 082)	(11 245)	(9 433)
Other		–	–	–	177
NET CASH FROM FINANCING ACTIVITIES		(13 649)	(15 036)	(15 707)	(16 207)
Total cash movement for the year		4 482	2 021	9 766	2 300
Cash at beginning of year		61 610	59 589	53 761	51 461
CASH AT END OF YEAR		66 092	61 610	63 527	53 761

notes to the statements of cash flows

for the year ended 31 March 2024

		Note	Group 2024 R'000	Group 2023 R'000	Company 2024 R'000	Company 2023 R'000
A	CASH FLOWS GENERATED FROM OPERATING ACTIVITIES					
	Profit before taxation		28 298	23 601	24 732	(8 530)
	Adjustments		8 609	(220)	(14 377)	43 564
	Interest income		(4 827)	(3 418)	(14 552)	(9 315)
	Interest expense		395	391	6 922	4 493
	Loss on disposal of equipment and vehicles		113	48	–	–
	Preference coupon		–	–	–	–
	Amortisation of intangible assets		2 031	1 405	–	–
	Amortisation of contract cost assets		3 053	3 948	–	–
	Release to income of contingent consideration		–	(1 026)	–	–
	(Reversal)/impairment on preference shares		–	–	(6 848)	48 244
	Depreciation	4	3 684	3 767	100	144
	Other		4 160	(5 335)	1	(2)
	Operating cash flows before working capital changes		36 907	23 381	10 355	35 034
	Working capital changes		(9 071)	(626)	10 369	(4 540)
	Decrease/(increase) in inventories		31	(7)	–	–
	(Increase)/decrease in trade and other receivables		(21 131)	(9 639)	11 110	(6 316)
	Increase/(decrease) in trade and other payables		12 029	9 020	(741)	1 776
	CASH GENERATED FROM OPERATIONS		27 836	22 755	20 724	30 494

summary of accounting policies

for the year ended 31 March 2024

principal accounting policies

Primeserv Group Limited is a public company with its subsidiaries incorporated and domiciled in South Africa.

The consolidated and separate annual financial statements for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the directors on 25 July 2024.

The consolidated and separate financial statements incorporate the following principal accounting policies, which are consistent with those applied in the previous year, unless otherwise indicated.

basis of preparation

These consolidated and separate annual financial statements for the year ended 31 March 2024 are prepared in accordance with, and comply with IFRS® Accounting Standards, the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act and the JSE Listings Requirements. The consolidated and separate annual financial statements are prepared in accordance with the going concern principle on the historical cost basis, except for the measurement of investment properties at fair value.

The preparation of the consolidated and separate annual financial statements in conformity with IFRS® requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate annual financial statements, are disclosed below. Actual amounts could differ from these estimates.

The financial statements are presented in Rand, which is Primeserv Group Limited's functional and presentation currency, and are rounded to the nearest thousand.

estimates

carrying value of goodwill

Goodwill has been tested for impairment based upon establishing an enterprise value using a DCF approach in terms of which a cash flow for the enterprise in respect of which the goodwill value is carried, is developed based upon assumptions regarding future growth in profitability, cash applied to the business and the free cash generated by the enterprise and is discounted at an appropriate risk adjusted rate. The recoverable amount of goodwill was calculated by determining its value-in-use through the DCF method.

recoverability of deferred tax assets

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and that future taxable profits will occur. Assessing the recoverability of deferred tax assets require the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on budgets and forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

summary of accounting policies (continued)

for the year ended 31 March 2024

recoverability of trade receivables and expected credit loss

The recoverability of trade receivables is assessed by giving careful consideration to the exposures that the group carries. In this regard the directors believe that the amount carried in the statement of financial position is collectable having taken account of risks covered by credit insurance contracts, the VAT portion recoverable from SARS, impairment provisions raised and the default history of clients.

The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

fair value of investment properties

The fair values of investment properties are determined on the comparable sales approach which takes into account recent sales histories. Group policy is to have the investment properties valued by an independent valuator every two years.

determination of the incremental borrowing rate

The group cannot readily determine the interest rate implicit in the leases it enters into and, therefore, it uses its IBR to measure its lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-to-use asset in a similar economic environment. The IBR, therefore, reflects what the group expects it would have to pay and estimates the IBR using indications from its primary bankers. The rate expected to be paid would be between the prime overdraft rate less 1 percent and the prime overdraft rate.

judgements

assessment of control

The group is considered to exercise control over a company in which it does not have a majority stake and joint shareholders agreement when it has the power and ability to control the activities of that company that significantly affect the group's ability to earn variable returns from it. This power is obtained through the appointment of group non-executive directors as directors of subsidiary companies.

The Primeserv Group Limited Share Trust is a share incentive trust which is funded by a loan and dividends received from Primeserv Group Limited. In the judgement of management, the group controls the trust in accordance with IFRS 10 – Consolidated Financial Statements.

impairment of financial assets

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the entity, and a failure to make contractual payments for a period of greater than 120 days past due date. This is based on historical recovery patterns taking into consideration rights of enforcement arising from legal collection processes and/or credit insurance policies in place.

The group uses an allowance account to recognise its credit losses on trade and other receivables. It applies the simplified approach of recognising lifetime expected credit losses ("ECL") for the trade receivables. ECL is an accounting estimate that considers future uncertain events affecting a debtor's ability to settle its debt. The group applied a practical expedient in measuring the expected credit loss, using a provision matrix in determining the impairment. This matrix uses the historical credit loss, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast conditions at the reporting date. Refer to Note 18 for the details relating to ECL.

summary of accounting policies (continued)

for the year ended 31 March 2024

determination of the lease term for lease contracts with renewal and termination options (group as a lessee)

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend or terminate the lease if it is reasonably certain to be exercised.

The group has several lease contracts that include extension options. The group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. Factors relevant to lease properties include proximity to clients and transport infrastructure. In relation to vehicles and equipment consideration is given to operational requirements relating to the servicing of clients and associated administration functions. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within the control of its ability to exercise or not to exercise the option to renew.

principles of consolidation and goodwill

The group consists of the holding company, its subsidiaries and a share incentive trust with no non-controlling interests. The annual financial statements of subsidiaries are consolidated from the date on which the group acquires effective control up to the date that effective control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated on consolidation.

The Primeserv Group Limited Share Incentive Trust is included in the holding company standalone accounts as a subsidiary. The holding company does not hold an equity interest in the trust.

Goodwill is determined as the fair value of consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interests less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is subsequently measured at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to the CGU that is expected to benefit from the synergies of the combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

Goodwill is not amortised but is tested on an annual basis for impairment or more frequently if events or changes in circumstances indicate a potential impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

impairment testing of goodwill (estimation)

The group reviews and tests the carrying value of goodwill annually for impairment. Goodwill is impaired if the carrying amount of the goodwill attributable to the particular CGU exceeds its recoverable amount or fair value, whichever is the greater. Assessing whether goodwill is impaired requires an estimation of the value-in-use of the CGUs to which goodwill has been allocated. The value-in-use calculation requires the directors to estimate the future cash flows and income and expenses that are expected to arise from the CGU. Value-in-use is calculated as the net present value of future cash flows derived from assets using cash flow projections which have been discounted at appropriate discount rates. This includes estimates and assumptions regarding future events. Refer to Note 11 for the parameters used in the determination of the appropriate discount rate.

summary of accounting policies (continued)

for the year ended 31 March 2024

non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a negative balance being recognised for non-controlling interests.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the statement of changes in equity.

Non-controlling interests are measured at the proportionate share of the interest in the subsidiary's identifiable net assets at acquisition date and adjusted in the same proportion to the profit and losses for the period ended on each subsequent reporting date.

The difference between the fair value of consideration paid or received and the movement in non-controlling interests for such transactions is recognised in equity attributable to the owners of the company. Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured at fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. 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 or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

revenue from contracts with clients

Group revenue consists of services rendered to clients and is stated net of value-added taxation. Revenue is derived from the supply of temporary employment services, permanent placement fees and consulting and training fees. Fees received in advance are recognised over the period of the course or project and take into consideration the stage of completion, which is based on what services have been delivered relative to what remains to be delivered as measured against the deliverables in the particular course outline. Income received on long-term staff supply and training contracts is recognised as it is earned.

The group does not adjust the amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a good or service to a client and when the client pays for that good or service will not exceed one year.

Revenue type	Performance obligation	Transaction price	Recognition
Temporary employment services	Fees earned for the services rendered by assignees at clients	Linked to the assignee's rate of pay	Over time as assignee renders the service
Permanent placement fees	Fees earned when an assignee or candidate commences permanent employment at a client	Usually determined as a percentage of the assignee's or candidate's remuneration	On commencement of employment
Consulting fees	Fees earned for consulting services rendered	Per agreement based on services required	Over time or at the point when the service is delivered
Training fees	Fees for training services provided	Per agreement based on services required	Over time

summary of accounting policies (continued)

for the year ended 31 March 2024

cost of sales

Cost of sales in the context of the Staffing Services unit relates primarily to employee costs, whilst those for the Training Services unit consist of costs directly related to the training or consulting service and are recognised in profit or loss in the same period as when the revenue related to the service is recognised.

leases

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

group as a lessee

The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease and these typically relate to leasehold property, office equipment and motor vehicles.

Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognised and initial direct costs incurred. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life and the lease term.

The right-of-use assets are presented within Note 10 and are subject to impairment in line with the group's impairment of non-financial assets policy.

lease liabilities

The group recognises lease liabilities measured at the present value of the future lease payments. The lease payments include fixed payments.

The lease liability is initially measured at the present value of the future lease payments expected to be paid after the commencement date, discounted using the group's incremental borrowing rate. To determine the incremental borrowing rate, the group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease liability is subsequently measured at amortised cost using the effective interest method.

short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. The group considers leased items with a new purchase value of below R750 000 to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

summary of accounting policies (continued)

for the year ended 31 March 2024

employee benefits

short-term employee benefits

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with respect to services rendered up to the statement of financial position date. There are no contractual obligations to pay bonuses to any employee. All bonuses are at the discretion of management or, in the case of executive directors, the Board.

retirement benefits

Current contributions to pension and retirement funds operated for employees are based on current service and charged against income as incurred. All retirement benefit plans are defined contribution plans.

property, equipment and vehicles

Equipment and vehicles are initially measured at cost. Costs include direct costs incurred initially to acquire an item of equipment and vehicles.

Equipment and vehicles are subsequently stated at cost less accumulated depreciation and impairment. Depreciation is provided for on the straight-line basis over the following periods, which will reduce cost to the estimated residual values over the expected useful lives of the assets:

Property	Twenty-five to thirty-five years
Computer equipment	Three to six years
Motor vehicles	Five years
Furniture, fittings and equipment	Three to ten years

taxation

current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets/(liabilities) for the current and prior periods are measured at the amount expected to be (recovered from)/ paid to the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period.

deferred tax assets and liabilities

Deferred tax is provided using the financial position statement method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except:

- To the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

summary of accounting policies (continued)

for the year ended 31 March 2024

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised:

- When it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax 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.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax on an investment property using the fair value model is presumed to be recovered through the sale of the investment property.

income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, in other comprehensive income; or
- items that are credited or changed, in the same period or a different period, directly in equity then the tax is also recognised in other comprehensive income or charged or credited directly to equity, respectively.

Gains and losses on disposal are recognised in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of equipment and vehicles is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss.

investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value with fair value changes recognised in profit or loss as investment gains or losses. The fair value assessment of the investment property is assessed in alternative years between management and an external valuations expert. Refer Note 9 of the notes to the annual financial statements.

Costs of upkeep, maintenance and estate levies are expensed as incurred.

summary of accounting policies (continued)

for the year ended 31 March 2024

financial instruments

classification

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets at amortised cost
- Financial liabilities at amortised cost

Classification depends on the business model and contractual cash flows.

initial recognition

Financial instruments are initially measured at fair value plus or minus transaction costs, if any.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement.

subsequent measurement

Financial assets at amortised cost are subsequently measured, using the effective interest method, less accumulated impairment losses. This applies where the group's business model is to hold financial assets and collect its contractual cash flows and where the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities at amortised cost are subsequently measured, using the effective interest method.

The group recognises a loss allowance for ECL on financial assets measured at amortised cost. At each reporting date, the group assesses whether the credit risk on a financial asset, including trade receivables, has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. The group considers an amount to be in default when such amount is more than 90 days past the original or postponed due date for payment and there are no mitigating criteria including credit insurance policies and/or legal processes where there are reasonable prospects for success.

The group uses past due information and reasonable and supportable forward-looking information that is available without undue cost or effort when determining whether credit risk has increased significantly since initial recognition. Such information includes expected rates of growth in Gross Domestic Product, inflation forecast as indicated by the CPI-X measure, and levels of unemployment. Where the credit risk on that financial instrument has increased significantly since initial recognition, the group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition the group measures the loss allowance for a financial instrument at an amount equal to the expected loss over 12 months.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

summary of accounting policies (continued)

for the year ended 31 March 2024

financial assets

financial assets at amortised cost

Trade and other receivables, preference coupons receivable and loans to group companies and share trust are classified as financial assets at amortised cost.

Trade receivables are presented net of an allowance for impairment. Movements on this allowance are taken to the statement of profit or loss and other comprehensive income and uncollectable amounts are written off against the allowance. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss.

The company classifies its loans to group companies at amortised cost. The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows. The loans to group companies are classified at amortised cost, because they give rise to cash flows that are "solely payments of principal and interest" ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model for the loans to group companies is to collect contractual cash flows.

Loans to group companies are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

The company recognises a loss allowance for ECL on all loans receivable measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans. The company measures the loss allowance at an amount equal to lifetime ECL ("lifetime ECL") when there has been a significant increase in risk since the initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12-month ECL ("12-month ECL").

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECL represents the portion of the lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the company compares the risk of default occurring as at the date of initial recognition. The credit risk on a financial asset is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due unless the company has reasonable and supportable information that demonstrates otherwise.

The company considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The company writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Loans written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss. The company has established a policy to perform an assessment, at the end of each reporting period, of whether a loan's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the company groups its loans into Stage 1, Stage 2 and Stage 3 described below:

Stage 1: When loans are first recognised, the company recognises an allowance account based on 12-month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loans have been reclassified from Stage 2;

Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the lifetime ECL; and

Stage 3: Loans considered credit impaired. The company records an allowance for the lifetime ECL.

ECL are probability-weighted estimates of credit losses. They are measured as the present value of all cash flow shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive).

summary of accounting policies (continued)

for the year ended 31 March 2024

intangible assets

Intangible assets consist of customer contracts that were acquired in a business combination and are recognised at fair value at the acquisition date. These intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is charged to operating expenses on a straight line basis over their estimated useful lives of four years, to a nil residual value. The amortisation method and estimated remaining useful lives are reviewed at least annually.

contract cost assets

A contract cost asset consists of PPE, which is acquired by the group for assignees to use when performing their duties with clients. Generally, the PPE is purchased annually and is used by assignees over a 12-month period. Clients are charged a monthly fee for the PPE supplied to assignees. As the PPE is used over a period of less than 12 months, these items are considered not to be property, plant and equipment and not as inventory as no sale of the asset will take place. PPE consists of boots, overalls, jackets and other safety equipment. As the PPE is used over a 12-month period, the asset is expensed to cost of sales over a 12-month period or less.

cash and cash equivalents

Cash and cash equivalents are classified as financial assets at amortised cost and comprise cash on hand and demand deposits of terms less than 90 days that are subject to an insignificant risk of changes in value. These are subsequently measured at amortised cost. Cash and cash equivalents are held with institutions with high credit quality and, therefore, ECLs are not significant.

financial liabilities

loans and payables

Trade and other payables and loans from group companies are classified as financial liabilities at amortised cost. In the case of short-term payables, the impact of discounting is not material and cost approximate amortised cost.

bank overdraft and borrowings and cash at bank

Bank overdrafts and borrowings are classified as financial liabilities at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs. For the purposes of the statement of cash flows, cash at bank includes cash on hand, deposits and current accounts held with banks. Short-term bank borrowings form an integral part of the group's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

treasury shares

Shares in the holding company held by group companies and the Share Incentive Trust are classified as treasury shares. The consideration paid for treasury shares is deducted from total shareholders' equity. Dividends received are offset against dividends paid. Profits/losses realised on the allocation to individuals of treasury share are allocated directly to equity. Where treasury shares are subsequently sold or issued, the net consideration received is included in equity.

Treasury shares are held as other financial assets and are initially recognised at cost and subsequently measured at fair value. Treasury shares are acquired by the managing agent of the group and reflected as cancelled on consolidation to reflect the shares in issue held by external shareholders.

Fair value measurement takes place at the end of each reporting period and is based on the closing share price.

summary of accounting policies (continued)

for the year ended 31 March 2024

segment reporting

The company is an investment holding company whose trading activities are conducted through its subsidiary companies providing a comprehensive range of Integrated Business Support Services. These include a broad range of human capital management and consulting services and solutions, productivity and functional outsourcing services, permanent and temporary employment staffing services, training and skills development products and services, as well as related fulfilment services. These services are supported by the group-wide Shared Services operation. Consequently, the group has two reporting segments, namely Integrated Business Support Services and Shared Services. These two segments are the basis on which the group reports its primary segment information for internal purposes to the chief operating decision-maker.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other group segments. Transactions between segments are priced at market-related rates. These transactions are eliminated on consolidation.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributed to the segment or can be allocated to the segment on a reasonable basis.

Any assets or liabilities that cannot be attributed directly to a segment are allocated to Shared Services.

Refer to Note 35 for details relating to segments.

investment in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the group.

Subsidiaries are entities (including structured entities) which are controlled by the group. The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it can affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Inter-company loan balances are measured at amortised cost under the IFRS 9 business model assessment.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in other comprehensive income. 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.

earnings per share

The group presents basic and diluted earnings per share and headline earnings per share and diluted headline earnings per share for its ordinary shares.

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

summary of accounting policies (continued)

for the year ended 31 March 2024

Headline earnings per share are calculated by dividing headline earnings attributable to ordinary shareholders of the company by the weighted number of ordinary shares outstanding during the period. Diluted headline earnings per share are determined by adjusting the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares which comprise share options granted to employees.

There are no dilutive effects on earnings per share or headline earnings per share.

provisions and contingencies

A provision is recognised when:

- the group has a present obligation (legal or constructive) because of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are recognised at the present value of expenditure required to settle the obligation.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 25.

inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. It includes borrowing costs.

new standards and interpretations

There are no new standards, amendments to standards and interpretations that could be expected to impact the group or the company and that were in issue but not yet effective.

notes to the
annual financial statements

for the year ended 31 March 2024

		Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
1.	**REVENUE**				
	Revenue comprises:				
	Services rendered – over time	950 114	804 845	32 041	29 076
	Services rendered – at a point in time	499	294	–	–
	TOTAL REVENUE	950 613	805 139	32 041	29 076
2.	**COST OF SALES**				
	Cost of sales comprises:				
	Payroll, training, consulting and associated costs	838 375	712 901	–	–
	TOTAL COST OF SALES	838 375	712 901	–	–
3.	**OTHER INCOME**				
	Release to income of contingent consideration on remeasurement	–	1 026	–	–
	Preference share coupon	–	–	6 848	23 723
	Other	331	384	–	694
	TOTAL OTHER INCOME	331	1 410	6 848	24 417
4.	**OPERATING PROFIT**				
	Operating profit is stated after taking into account the following:				
	Amortisation of intangible assets	2 032	1 405	–	–
	Amortisation of contract cost assets	3 053	3 948	–	–
	Depreciation: Property, equipment and vehicles	1 074	1 119	100	144
	Depreciation: Right-of-use assets	2 610	2 648	–	–
	Employee costs and benefits	51 646	45 094	13 364	11 865
	Staff costs – short-term	49 045	42 539	12 578	11 132
	Retirement costs	2 601	2 555	786	733
	Leasing charges – other	2 548	1 843	–	–
	Preference share impairment	–	–	–	48 244

notes to the annual financial statements (continued)

for the year ended 31 March 2024

		Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
5.	**INTEREST INCOME**				
	Bank and cash	4 748	3 407	4 746	3 405
	Loans to group companies	–	–	9 806	5 910
	Other	79	11	–	–
	TOTAL INTEREST INCOME	4 827	3 418	14 552	9 315
6.	**INTEREST EXPENSE**				
	Bank borrowings	16	5	3	–
	Finance liabilities	270	381	–	–
	Loans from group companies	–	–	6 919	4 492
	Other	109	5	–	1
	TOTAL INTEREST EXPENSE	395	391	6 922	4 493
7.	**TAXATION**				
	SA normal taxation				
	– current	3 693	4 371	(1 636)	3 921
	Deferred tax				
	– current	(1 112)	228	822	159
	Dividend withholding tax	497	–	–	–
	TOTAL TAXATION	3 078	4 599	(814)	4 080
	TAXATION PAID				
	Opening balance	(2 383)	(3 663)	(4 237)	(387)
	Current year charge	(3 693)	(4 854)	1 636	(4 239)
	Closing balance	2 628	2 383	2 409	4 237
	TOTAL TAXATION PAID	(3 448)	(6 134)	(192)	(389)

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

	Group		Company	
	2024 %	2023 %	2024 %	2023 %
7. TAXATION (continued)				
TAX RATE RECONCILIATION				
Statutory tax rate	27.0	27.0	27.0	27.0
Exempt income				
– capital profits	–	(1.2)	–	–
– learnerships	(1.7)	(0.8)	–	–
– employment tax incentives	(4.0)	(4.5)	–	–
– preference share coupon	–	–	(7.5)	(16.1)
Utilisation of deferred tax losses in current year	(13.3)	(2.8)	(11.2)	(0.2)
Deferred tax impairment	(2.1)	–	–	–
Disallowed expenditure	1.5	0.5	0.4	0.1
Movement in assessed loss	–	–	(11.3)	–
Dividend withholding tax	1.8	1.8	–	–
Other	1.7	(0.5)	(0.7)	(0.5)
EFFECTIVE TAX RATE	10.9	19.5	(3.3)	10.3

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

	Property R'000	Computer equipment R'000	Motor vehicles R'000	Furniture, fittings and equipment R'000	Total R'000
8. PROPERTY, EQUIPMENT AND VEHICLES					
GROUP					
2024					
Cost	–	2 168	1 575	4 518	8 261
Accumulated depreciation	–	(1 097)	(685)	(2 404)	(4 186)
Net book value at beginning of year	–	1 071	890	2 114	4 075
Additions	4 575	278	1 123	340	6 316
Disposals at book value*	–	–	–	(113)	(113)
Depreciation	–	(364)	(355)	(355)	(1 074)
NET BOOK VALUE AT END OF YEAR	4 575	985	1 658	1 986	9 204
Cost	4 575	2 446	2 698	4 496	14 215
Accumulated depreciation	–	(1 461)	(1 040)	(2 510)	(5 011)
NET BOOK VALUE AT END OF YEAR	4 575	985	1 658	1 986	9 204
2023					
Cost	–	4 171	1 575	6 272	12 018
Accumulated depreciation	–	(2 706)	(479)	(3 898)	(7 083)
Net book value at beginning of year	–	1 465	1 096	2 374	4 935
Additions	–	174	–	133	307
Disposals at book value *	–	(35)	–	(13)	(48)
Depreciation	–	(533)	(206)	(380)	(1 119)
NET BOOK VALUE AT END OF YEAR	–	1 071	890	2 114	4 075
Cost	–	2 168	1 575	4 518	8 261
Accumulated depreciation	–	(1 097)	(685)	(2 404)	(4 186)
NET BOOK VALUE AT END OF YEAR	–	1 071	890	2 114	4 075

* *Assets are disposed of and replaced in the ordinary course of business.*

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

	Property R'000	Computer equipment R'000	Motor vehicles R'000	Furniture, fittings and equipment R'000	Total R'000
8. PROPERTY, EQUIPMENT AND VEHICLES (continued)					
COMPANY					
2024					
Cost	–	406	–	1 070	1 476
Accumulated depreciation	–	(189)	–	(555)	(744)
Net book value at beginning of year	–	217	–	515	732
Additions	–	–	–	49	49
Disposals at book value*	–	–	–	–	–
Depreciation	–	(60)	–	(40)	(100)
NET BOOK VALUE AT END OF YEAR	–	157	–	524	681
Cost	–	406	–	1 120	1 526
Accumulated depreciation	–	(249)	–	(596)	(845)
NET BOOK VALUE AT END OF YEAR	–	157	–	524	681
2023					
Cost	–	937	–	1 395	2 332
Accumulated depreciation	–	(716)	–	(660)	(1 376)
Net book value at beginning of year	–	221	–	735	956
Additions	–	95	–	–	95
Disposals at book value *	–	(2)	–	–	(2)
Transfers	–	–	–	(173)	(173)
Depreciation	–	(97)	–	(47)	(144)
NET BOOK VALUE AT END OF YEAR	–	217	–	515	732
Cost	–	406	–	1 070	1 476
Accumulated depreciation	–	(189)	–	(555)	(744)
NET BOOK VALUE AT END OF YEAR	–	217	–	515	732

* *Assets are disposed of and replaced in the ordinary course of business.*

notes to the annual financial statements (continued)

for the year ended 31 March 2024

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
9. INVESTMENT PROPERTIES				
Cost	7 645	7 645	–	–
Accumulated fair value adjustments	(4 145)	(4 145)	–	–
PROPERTIES AT FAIR VALUE	3 500	3 500	–	–

Investment properties consist of four vacant stands on Portions 308, 309, 310 and 312 (a portion of portion 2) Farm Eiland 13 No. 502, I.Q., North West province, and a house on Portion 96 (a portion of portion 2) Farm Eiland 13 No. 502, I.Q., North West.

These properties were acquired in 2012 in a multi-party transaction resulting in the exchange of long outstanding debtor claims for a fixed property and the application of cash for the acquisition of the balance of the property portfolio. The vacant stands and house are being held for capital appreciation.

Independent valuations were performed in 2023 by a valuation expert, Brian Jeffrey Mylod, owner of Smitties Estates, appraiser appointed in terms of section 6 of the Administration of Estates Act of 1965 for the district of Parys, as well as a member of the Valuation Court of Parys.

The valuations were performed on the comparable sales approach, which was assessed as the highest and best use of the property, which does not differ to the intended use by the group. The comparable sales approach takes into account recent sales in the area under market conditions of similar properties in the prevailing circumstances.

The valuations stated above are in line with the directors' valuations of the same properties.

Any reasonable change in the assumptions listed that management believes could occur would not cause the value to differ materially.

Operating costs incurred primarily relate to the payment of levies, power and water charges, and repairs and maintenance, and totalled R248 346 (2023: R196 086).

notes to the annual financial statements (continued)

for the year ended 31 March 2024

	Leasehold properties R'000	Office equipment and vehicles R'000	Total R'000
10. RIGHT-OF-USE ASSETS			
GROUP			
2024			
Net book value at beginning of year	3 943	–	3 943
Additions	–	–	–
Depreciation	(2 610)	–	(2 610)
NET BOOK VALUE AT END OF YEAR	1 333	–	1 333
Cost	8 698	–	8 698
Accumulated depreciation	(7 365)	–	(7 365)
NET BOOK VALUE AT END OF YEAR	1 333	–	1 333
2023			
Net book value at beginning of year	5 323	23	5 346
Additions	1 245	–	1 245
Depreciation	(2 625)	(23)	(2 648)
NET BOOK VALUE AT END OF YEAR	3 943	–	3 943
Cost	8 698	1 301	9 999
Accumulated depreciation	(4 755)	(1 301)	(6 056)
NET BOOK VALUE AT END OF YEAR	3 943	–	3 943

COMPANY

There are no right-of-use assets attributable to the company.

notes to the annual financial statements (continued)

for the year ended 31 March 2024

11. GOODWILL

Goodwill is not amortised but tested for impairment at the end of each financial year or when there are indications that the goodwill may be impaired. For the purposes of performing the impairment test, the goodwill is allocated to each entity within the group, and therein the smallest CGU expected to benefit from the acquisition which gave rise to the goodwill. The recoverable amount of the CGU is determined on a value-in-use basis, and this is compared to the carrying value of the CGU, including the goodwill. To the extent the carrying value of the CGU exceeds its recoverable amount, goodwill is impaired, limited to its carrying value. Management has performed the valuation of goodwill based on past experience.

Value-in-use was determined using a DCF model which used budgets and forecasts for five years, and then bringing in a perpetuity value which is discounted to present value. The difference between the present value and the CGUs' net asset values are presented in the tables below.

Goodwill has been allocated for impairment testing purposes to the group's operating segments, which represents the lowest level of assets for which there are separate cash flows, and as reported in Note 35, as follows:

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Goodwill is attributable to the following CGUs				
Primeserv Corporate Solutions Proprietary Limited	2 708	2 708	–	–
Primeserv Denverdraft Proprietary Limited	7 494	7 494	–	–
– Professional Engineering	5 741	5 741	–	–
– Lapace	1 753	1 753	–	–
Primeserv Pinnacle Proprietary Limited	8 557	–	–	–
Primeserv Staff Dynamix Proprietary Limited	7 405	7 405	–	–
CLOSING BALANCE	26 164	17 607	–	–

The impairment calculations performed indicated that no impairment of goodwill was necessary.

The following rates were applied in the valuations of goodwill.

	Weighted average cost of capital %	Beta %	Growth rate %	Terminal growth rate %
Primeserv Corporate Solutions Proprietary Limited	14.66	0.52	3.00	1.60
Primeserv Denverdraft Proprietary Limited				
– Professional Engineering	12.59	0.52	3.00	1.60
– Lapace	12.59	0.52	3.00	1.60
Primeserv Pinnacle Proprietary Limited	13.84	0.52	3.00	1.60
Primeserv Staff Dynamix Proprietary Limited	13.84	0.52	3.00	1.60

Sensitivity analysis was conducted for each CGU taking into account changes in both the WACC and the expected growth rate. Taking into account the changes, there was no indication of impairment against goodwill. The growth rates are considered to be reasonable in the current market whilst the WACC is based on factors relevant to each CGU including its specific capital and debt structures. Some inputs are based on a publicly available information as well as the budgets prepared for the forthcoming year. The growth rates for the CGUs are the same as the businesses offer the same services. The tables below show the inputs used for the sensitivity analysis performed for each of the CGUs.

notes to the annual financial statements (continued)

for the year ended 31 March 2024

11. GOODWILL (continued)

Primeserv Corporate Solutions Proprietary Limited		Weighted average cost of capital 14.16%	14.66%	15.16%
	2.50	11 320	10 498	9 739
Growth rate %	3.00	11 319	10 497	9 737
	3.50	11 318	10 494	9 732

Primeserv Denverdraft Proprietary Limited – Professional Engineering		Weighted average cost of capital 12.09%	12.59%	13.09%
	2.50	22 232	20 547	19 011
Growth rate %	3.00	22 183	20 497	18 959
	3.50	22 126	20 439	18 901

Primeserv Denverdraft Proprietary Limited – Lapace		Weighted average cost of capital 12.09%	12.59%	13.09%
	2.50	21 099	20 380	19 725
Growth rate %	3.00	21 080	20 361	19 705
	3.50	21 058	20 339	19 682

Primeserv Pinnacle Proprietary Limited		Weighted average cost of capital 13.34%	13.84%	14.34%
	2.50	46 206	44 159	42 275
Growth rate %	3.00	45 712	43 691	41 831
	3.50	45 222	43 227	41 391

Primeserv Staff Dynamix Proprietary Limited		Weighted average cost of capital 13.34%	13.84%	14.34%
	2.50	68 276	63 237	58 600
Growth rate %	3.00	66 661	61 681	57 100
	3.50	64 991	60 073	55 549

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

		Primeserv Denverdraft Proprietary Limited R'000	Primeserv Pinnacle Proprietary Limited R'000	Total R'000
12.	**INTANGIBLE ASSETS**			
	2024			
	Opening balance	1 874	–	1 874
	Additions	–	1 878	1 878
	Amortisation	(1 406)	(626)	(2 032)
	CLOSING BALANCE	468	1 252	1 720
	2023			
	Opening balance	3 279	–	3 279
	Amortisation	(1 405)	–	(1 405)
	CLOSING BALANCE	1 874	–	1 874

Intangible assets are in respect of the purchase price allocation arising on the acquisition of businesses.

There are no intangible assets applicable to the company.

		Company 2024 R'000	Company 2023 R'000
13.	**INVESTMENT IN SUBSIDIARIES**		
	Ordinary shares at cost	1	1

Refer Note 17 for details of subsidiary companies

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

	Primeserv ABC Recruitment Proprietary Limited R'000	Primeserv Corporate Solutions Proprietary Limited R'000	Primeserv Employee Solutions Proprietary Limited R'000	Total R'000
14. INVESTMENT IN PREFERENCE SHARES				
COMPANY				
2024				
Class A preference shares				
Cost	37 000	3 650	39 150	79 800
Impairment	(31 122)	–	(3 931)	(35 053)
Net book value	5 878	3 650	35 219	44 747
Class B preference shares				
Cost	33 488	810	41 280	75 578
Impairment	(33 488)	–	(41 280)	(74 768)
Net book value	–	810	–	810
TOTAL	5 878	4 460	35 219	45 557
2023				
Class A preference shares				
Cost	37 000	3 650	39 150	79 800
Impairment	(31 122)	–	(3 931)	(35 053)
Net book value	5 878	3 650	35 219	44 747
Class B preference shares				
Cost	33 488	810	41 280	75 578
Impairment	(33 488)	–	(41 280)	(74 768)
Net book value	–	810	–	810
TOTAL	5 878	4 460	35 219	45 557

The Class A preference shares are redeemable at the issuing company's option and have no specified redemption date. The coupon rate for Primeserv ABC Recruitment Proprietary Limited and Primeserv Employee Solutions Proprietary Limited is 8.25 percent, whilst the coupon rate for Primeserv Corporate Solutions Proprietary Limited is 15.5 percent.

The Class B preference shares are non-participating and have no specified redemption dates.

	2024 R'000	2023 R'000
Preference coupon receivable	6 848	–

notes to the annual financial statements (continued)

for the year ended 31 March 2024

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
15. DEFERRED TAX ASSETS				
The deferred tax assets arise as a result of:				
Computed tax losses	6 338	5 818	150	–
Payroll payables, accruals and allowances for impairments	2 437	4 644	77	189
Impairments	–	–	(108)	718
Prepayments	(476)	(342)	(119)	(85)
Capital gains tax on fair value adjustments	732	1 144	–	–
Work in progress*	(1 580)	(1 159)	–	–
TOTAL	7 451	10 105	–	822
Reconciliation between deferred tax opening and closing balances				
Opening balance	10 105	4 514	822	663
Charge per profit or loss	344	228	(822)	159
Impairments	(3 044)	–	–	–
Other	46	5 363	–	–
CLOSING BALANCE	7 451	10 105	–	822

* *Work in progress relates to the net amounts to be invoiced to clients for services rendered between the cut-off date and year-end, offset by amounts payable to assignees for the self-same hours.*

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
16. LOAN TO SHARE TRUST				
Opening balance			9 197	10 873
Repayments			(1 990)	(1 676)
CLOSING BALANCE			7 207	9 197

The loan was advanced to the Primeserv Group Limited Share Incentive Scheme for the acquisition of 26 189 326 (2023: 26 189 326) ordinary shares in Primeserv Group Limited.

As the loan has no fixed terms of repayment, the carrying amount and fair value equal the face value of the loan. The maximum exposure to credit risk at the reporting date is the carrying value. No interest has been charged on the loan. The loan is guaranteed by the underlying shares held by the trust, which exceed the value of the loan and therefore no ECL has been recognised.

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

17. DETAILS OF SUBSIDIARY COMPANIES

Subsidiaries	Country of incorpo-ration	Ordinary share capital R	Portion held directly or indirectly by holding company 2024 %	Portion held directly or indirectly by holding company 2023 %	Class A prefe-rence share capital R	Portion held directly or indirectly by holding company %	Class B prefe-rence share capital R	Portion held directly or indirectly by holding company %	Amounts owing by/(to) subsidiaries 2024 R'000	Amounts owing by/(to) subsidiaries 2023 R'000
Primeserv ABC Recruitment Proprietary Limited	South Africa	100	75	75	370	100	448	75	53 766	50 552
Primeserv Century City Proprietary Limited	South Africa	100	100	100	–	–	–	–	(30)	(28)
Primeserv Consulting Proprietary Limited *	South Africa	100	44	44	–	–	–	–	(541)	(509)
Primeserv Corporate Solutions Proprietary Limited	South Africa	100	49	49	37	100	618	49	9 316	8 759
Primeserv Denverdraft Proprietary Limited #	South Africa	100	49	49	–	–	–	–	10 220	9 612
Primeserv Employee Solutions Proprietary Limited	South Africa	100	72	75	392	100	276	75	14 901	14 011
Primeserv Lapace Mpumalanga Proprietary Limited	South Africa	100	51	51	–	–	–	–	(33)	(31)
Primeserv Pinnacle Proprietary Limited #	South Africa	100	32	32	–	–	–	–	201	24
Primeserv Productivity Services Proprietary Limited	South Africa	100	100	100	–	–	–	–	322	1 578
Primeserv Project Services Proprietary Limited *	South Africa	100	44	44	–	–	–	–	7 362	6 922
Primeserv Recruitment Services Proprietary Limited	South Africa	100	100	100	–	–	–	–	(8 113)	(7 628)
Primeserv Staff Dynamix Proprietary Limited	South Africa	100	75	75	–	–	–	–	(45 952)	(47 896)
Primeserv Group Limited Share Trust	South Africa	–	–	–	–	–	–	–	7 207	9 197
					799		1 342		48 626	44 563
Provision for impairment					–		–		(2 660)	(2 660)
					799		1 342		45 966	41 903
Receivable									100 635	97 995
Payable									(54 669)	(56 092)
									45 966	41 903
ECL movements										
Opening balance									2 660	2 660
Movement									–	–
CLOSING BALANCE									2 660	2 660

notes to the annual financial statements (continued)

for the year ended 31 March 2024

17. DETAILS OF SUBSIDIARY COMPANIES (continued)

Notes

The group is controlled by Primeserv Group Limited. Primeserv Group Limited is also the group's ultimate controlling company.

The Integrated Business Support Services businesses operate through Primeserv ABC Recruitment Proprietary Limited, Primeserv Century City Proprietary Limited (formerly Primeserv Lapace Vaal Proprietary Limited), Primeserv Corporate Solutions Proprietary Limited, Primeserv Denverdraft Proprietary Limited, Primeserv Employee Solutions Proprietary Limited, Primeserv Lapace Mpumalanga Proprietary Limited, Primeserv Pinnacle Proprietary Limited, Primeserv Project Services Proprietary Limited, Primeserv Recruitment Services Proprietary Limited and Primeserv Staff Dynamix Proprietary Limited.

Primeserv Productivity Services Proprietary Limited is the subsidiary nominated to acquire shares in the holding company.

Primeserv Consulting Proprietary Limited is dormant.

Other than the loan to Primeserv Group Limited Share Trust, the loans bear interest at the bank prime overdraft rate less 1.0 percent (2023: bank prime overdraft rate less 1.0 percent) are unsecured and have no fixed terms of repayment. The carrying value of the loans approximates the fair value of the loans, as the loans bear interest at market-related interest rates. Loans are considered to be of good credit quality unless there are contrary indications. Contrary indicators are operating losses and/or negative net asset values. Loans to subsidiary companies are subject to an ECL assessment.

* *These companies are subsidiaries of Primeserv Group Limited based on the following rationale:*

- *The group is considered to exercise control over a company in which it does not have a majority stake when it has power over the company and it has exposure, or right, to variable returns from its involvement with the company, and the ability to use its power over the company to affect the amount of the group's returns.*
- *In assessing whether the group has power over the company, the group considers its practical ability to direct the relevant activities of each company unilaterally. This is demonstrated by the group's ability to appoint the company's key management personnel who have the ability to direct the relevant activities and the group's ability to direct each company to enter into significant transactions. The group also considers the extent to which each company depends on the group for management, funding, financial and operational activities and critical services.*

\# *The group owns a majority of the shares in this company's holding company and by virtue of this majority holding it exercises control of the company.*

notes to the annual financial statements (continued)

for the year ended 31 March 2024

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
18. TRADE AND OTHER RECEIVABLES				
Trade receivables	159 608	138 600	9 494	15 710
	4 639	4 516	472	5 366
Other receivables *	2 177	2 549	30	5 049
Loan to director	700	700	–	–
Prepayments (non-financial instrument)	1 762	1 267	442	317
TOTAL TRADE AND OTHER RECEIVABLES	164 247	143 116	9 966	21 076

* *ECL assessments performed did not require any adjustments to be made. Other receivables consist primarily of amounts recovered shortly after year-end and which have no history of defaults*

Trade receivables include accrued revenue amounting to R23 260 000 (2023: R25 924 000) which relate to services rendered at the end of the financial year but not yet invoiced due to cut-off for billing policies.

Based on the historic level of client defaults, the risk covered by credit insurance contracts and the VAT component recoverable from SARS, the credit quality of year-end trade receivables which are not past due is considered to be high. These debts relate to a number of independent clients for whom there is no recent history of default.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Due to the short-term nature of the trade and other receivables, the fair value approximates the carrying value.

Client credit risk is managed by each business unit subject to the group's established policies, procedures and controls relating to client credit risk management. The credit quality of a client is assessed based on a credit assessment and individual credit limits are defined in accordance with this assessment.

Trade receivables are written off when there is no reasonable expectation of recovery through either legal processes or through the credit insurance policies.

As part of the ongoing maintenance and retention of key personnel programme, fixed-term employment contracts, not longer than three years, have been entered into with M Abel (CEO). The contract entered into with M Abel includes terms and conditions relating to an interest-free loan facility through the Primeserv Group Limited Share Trust with a maximum of R700 000. This amount, disclosed as loan to director above, is unsecured and has no fixed terms of repayment. The amount is to fund the purchase by him of shares in the company at a price not exceeding 10 percent below the ruling market price (closing price at 31 March 2024: 150 cents per share (2023: 125 cents per share)).

The ECL rates are based on the payment profiles of revenue over the period of 48 months before 31 March 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the clients to settle the receivables. The group has identified the GDP and the unemployment rate of South Africa to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

18. TRADE AND OTHER RECEIVABLES (continued)

Credit insurance policies have largely mitigated the group's overall exposure to credit risk. The group evaluates the concentration of risk with respect to trade receivables as low, as its clients are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure of the group's trade receivables using a provision matrix. The gross carrying amount is calculated by deducting from the trade receivables balances any VAT included as this amount will be recovered from SARS as an input VAT amount arising from a bad debt. The balance is further reduced by the amount of credit insurance in place. Against this amount the historical loss rates are then applied to arrive at the ECL. The ECL was determined as not being material.

	Current	30 days	60 days	90 days	120 days	Total
31 March 2024						
Expected default rate (%)	0.0000	0.0225	0.0117	0.1119	0.1427	
Gross carrying amount (R'000)	8 448	3 945	515	129	481	13 518
LIFETIME ECL (R'000)	–	1	–	–	1	2
31 March 2023						
Expected default rate (%)	0.0000	0.0379	0.1522	0.0000	0.5036	
Gross carrying amount (R'000)	7 879	4 664	572	1	347	13 463
LIFETIME ECL (R'000)	–	2	1	–	2	5

The ECL in relation to financial assets is not material and accordingly no adjustment has been made to the balances at year-end.

ECL adjustments in relation to subsidiary companies have been reversed on consolidation. The company recognised zero ECL loss reversal for the year (2023: nil). There is no ECL amount in respect of inter-company receivables as invoices are settled within 30 days of month-end.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
19. CONTRACT COST ASSETS				
Opening balance	1 487	2 770	–	–
Purchases during the year	2 865	2 665	–	–
Amortisation	(3 053)	(3 948)	–	–
CLOSING BALANCE	1 299	1 487	–	–

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
20. CASH AND CASH EQUIVALENTS				
Cash on hand	113	51	–	–
Bank balances and short-term deposits	65 979	61 559	63 527	53 761
TOTAL CASH AND CASH EQUIVALENTS	66 092	61 610	63 527	53 761
21. ORDINARY SHARE CAPITAL AND SHARE PREMIUM				
Authorised				
500 000 000 ordinary shares of 1 cent each	5 000	5 000	5 000	5 000
Issued				
116 747 100 (2023: 118 487 292) ordinary shares of 1 cent each	1 168	1 185	1 168	1 185
Share premium	1 197	1 215	1 197	1 215
TOTAL ORDINARY SHARE CAPITAL AND SHARE PREMIUM	2 365	2 400	2 365	2 400
During the year 1 740 192 (2023: 264 541) shares were cancelled.				
22. TREASURY SHARES				
Opening number of shares ('000)	40 560	37 373	–	–
Purchased during the year ('000)	2 175	4 917	2 175	2 005
Cancelled during the year ('000)	(2 988)	(1 730)	–	(265)
Closing number of shares ('000)	39 747	40 560	2 175	1 740
Shares held by the company to be cancelled ('000)	2 175	927	(2 175)	(1 740)
TOTAL NUMBER OF TREASURY SHARES ('000)	41 922	41 487	–	–
TREASURY SHARES (R'000)	23 695	22 403	3 039	1 935

The shares purchased during the year were at an average cost of 140 cents per share (2023: 122 cents per share).

The average fair value of treasury shares is 91 cents per share (2023: 77 cents per share).

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

	Primeserv Denverdraft Proprietary Limited R'000	Primeserv Staff Dynamix Proprietary Limited R'000	Other (not significant entities) R'000	Total R'000
23. NON-CONTROLLING INTERESTS				
2024				
Non-controlling interests – effective holding	51.4%	25.1%	Various	
STATEMENT OF COMPREHENSIVE INCOME				
Revenue	319 746	482 328		
PROFIT/LOSS AFTER TAX	499	2 604		
Attributable to non-controlling interests	256	654	(652)	258
STATEMENT OF FINANCIAL POSITION				
Non-current assets	9 997	17 169		
Current assets	233 224	207 564		
Non-current liabilities	–	–		
Current liabilities	(230 389)	(185 484)		
NET ASSETS	12 832	39 249		
Attributable to non-controlling interests	6 596	9 851	(9 104)	7 343
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	(5 358)	334		
Cash flows from investing activities	(11 097)	(10 654)		
Cash flows from financing activities	16 396	6 797		
TOTAL	(59)	(3 523)	(1 701)	(5 283)

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

	Primeserv Denverdraft Proprietary Limited R'000	Primeserv Staff Dynamix Proprietary Limited R'000	Other (not significant entities) R'000	Total R'000
23. NON-CONTROLLING INTERESTS (continued)				
2023				
Non-controlling interests – effective holding	51.4%	25.1%	Various	
STATEMENT OF COMPREHENSIVE INCOME				
Revenue	270 715	498 100		
PROFIT/LOSS AFTER TAX	(1 648)	8 023		
Attributable to non-controlling interests	(847)	2 014	(774)	393
STATEMENT OF FINANCIAL POSITION				
Non-current assets	10 996	16 313		
Current assets	214 703	199 751		
Non-current liabilities	–	(143)		
Current liabilities	(213 396)	(178 943)		
NET ASSETS	12 303	36 978		
Attributable to non-controlling interests	6 324	9 281	(7 058)	8 547
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	(10 617)	7 943		
Cash flows from investing activities	11 231	(416)		
Cash flows from financing activities	(682)	(8 043)		
TOTAL	(68)	(516)	315	(269)

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
24. FINANCE LIABILITIES				
Opening balance	4 483	5 784	–	–
Additions	434	1 245	–	–
Accretion of interest during the year	217	384	–	–
Payments	(3 058)	(2 930)	–	–
CLOSING BALANCE	2 076	4 483	–	–
Non-current	264	1 642	–	–
Current	1 812	2 841	–	–
TOTAL FINANCE LIABILITIES	2 076	4 483	–	–

Leases typically relate to leasehold property, office equipment and motor vehicles.

COMPANY

There are no lease liabilities attributable to the company.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
25. CONTINGENT CONSIDERATION				
Opening balance	–	1 026	–	–
Additions	10 945	–	–	–
Payments	(1 778)	–	–	–
Less: Remeasurement of contingent consideration realised in other income	–	(1 026)	–	–
CLOSING BALANCE	9 167	–	–	–
Non-current	5 500	–	–	–
Current	3 667	–	–	–
TOTAL	9 167	–	–	–

Amounts payable to vendors for businesses acquired that are subject to profit warranties are treated as contingent considerations. The final values payable are to be determined based on an agreed formula. The initial estimate is the estimated fair value of the income that is reasonably expected to be achieved over the warranty period and is based on agreed budgets and forecasts and the existing client mix. Amounts achieved in excess of the initial estimate would have resulted in an increase in the related liability, limited to the amounts as agreed with the vendors. All amounts are to be settled in cash.

The contingent consideration raised in the year under review relates to the acquisition of the business of the Pinnacle group of companies with effect from 1 April 2023. The business, at the time of acquisition, was expected to enhance Primeserv's operations in the logistics, transportation and distribution centre industry. The goodwill arising on the transaction related to the anticipated synergies through the integration of the business into that of Primeserv. The contingent consideration was apportioned on the statement of financial position between current and non-current to reflect when the amounts were anticipated to be paid. The purchase price included the acquisition of property, plant and equipment amounting to R509 372. No other assets or liabilities were acquired. The revenue and profits in relation to the business are far too sensitive to disclose as this information could easily be used by both clients and competitors and could compromise the business' ability to trade profitably with clients.

notes to the annual financial statements (continued)

for the year ended 31 March 2024

		Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
26.	TRADE AND OTHER PAYABLES				
	Trade payables	36 508	31 100	2 311	1 275
	Payroll payables and related liabilities	39 243	32 465	4 129	5 906
	Other payables	284	441	–	–
	TOTAL TRADE AND OTHER PAYABLES	76 035	64 006	6 440	7 181
	Trade payables are ordinarily payable 30 days from statement date. Payroll payables are settled as and when they fall due and dependent on the nature of the payable. Amounts payable to bargaining councils are settled between seven and twenty days after month-end, while amounts payable to assignees are settled at varying times, including as and when the assignee takes leave. Amounts payable to SARS for payroll-related imposts are settled within seven days of month-end.				
27.	EARNINGS PER SHARE				
	Number of shares in issue				
	Number of shares in issue at the end of the year ('000)	116 747	118 487		
	Treasury shares at the end of the year ('000)	(41 922)	(41 487)		
	Number of shares at end of year net of treasury shares ('000)	74 825	77 000		
	Effective of weighting – treasury shares purchased ('000)	1 814	2 600		
	WEIGHTED AVERAGE NUMBER OF SHARES AT END OF YEAR ('000)	76 639	79 600		
	Attributable earnings (R'000)	24 962	18 609		
	Basic earnings (cents)	32.57	23.38		
	HEADLINE EARNINGS PER SHARE				
	Attributable earnings (R'000)	24 962	18 609		
	Headline earnings adjustments (R'000)				
	Loss on disposal of equipment and vehicles	83	35		
	– Gross loss	113	48		
	– Tax effect	(30)	(13)		
	ATTRIBUTABLE HEADLINE EARNINGS (R'000)	25 045	18 644		
	ATTRIBUTABLE HEADLINE EARNINGS PER SHARE (CENTS)	32.68	23.42		

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
28. DIVIDENDS PAID				
Ordinary dividends	7 342	6 082	11 245	9 433

On 26 June 2024 the Board declared a gross cash dividend from income reserves of 10.00 cents per share (2023: 7.00 cents per share), net of dividend withholding tax at a rate of 20 percent payable to shareholders recorded in the share register on 30 August 2024.

29. DIRECTORS' REMUNERATION

	Short-term benefits					
	For services as directors R'000	Salaries R'000	Other benefits R'000	Bonuses * R'000	Retirement benefits R'000	Total R'000
2024						
EXECUTIVE DIRECTORS	–	5 986	490	3 050	502	10 028
M Abel	–	4 425	203	2 900	357	7 885
R Sack	–	1 561	287	150	145	2 143
NON-EXECUTIVE DIRECTORS	838	–	–	–	–	838
B Kali	47	–	–	–	–	47
LM Maisela	206	–	–	–	–	206
KM Matjila	180	–	–	–	–	180
DL Rose	405	–	–	–	–	405
TOTAL	838	5 986	490	3 050	502	10 866

* *Components of the bonus for M Abel relate to a Long-Term Incentive Programme ("LTIP") and operational bonuses for the prior year. The LTIP is awarded in cash in lieu of share options.*

There are no directors for whom the remaining period of service-contract exceeds three years and the notice period exceeds six months.

notes to the annual financial statements (continued)

for the year ended 31 March 2024

29. DIRECTORS' REMUNERATION (continued)

	Short-term benefits					
	For services as directors R'000	Salaries R'000	Other benefits R'000	Bonuses * R'000	Retirement benefits R'000	Total R'000
2023						
EXECUTIVE DIRECTORS	–	5 938	437	1 450	522	8 347
M Abel	–	4 355	188	1 450	378	6 371
R Sack	–	1 583	249	–	144	1 976
NON-EXECUTIVE DIRECTORS	926	–	–	–	–	926
B Kali	165	–	–	–	–	165
LM Maisela	207	–	–	–	–	207
KM Matjila	166	–	–	–	–	166
DL Rose	388	–	–	–	–	388
TOTAL	926	5 938	437	1 450	522	9 273

* *Components of the bonus for M Abel relate to a Long-Term Incentive Programme ("LTIP") and operational bonuses for the prior year. The LTIP is awarded in cash in lieu of share options.*

There are no directors for whom the remaining period of service-contract exceeds three years and the notice period exceeds six months.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
30. KEY MANAGEMENT REMUNERATION				
Key management remuneration	12 620	11 382	6 327	5 644

31. RETIREMENT BENEFITS

The group presently contributes to defined contribution retirement benefit plans, being pension funds governed by the Pension Funds Act, 1956.

Retirement contributions for the year amounted to R2.8 million (2023: R2.4 million).

The group has no obligations to fund post-retirement medical benefits.

notes to the annual financial statements (continued)

for the year ended 31 March 2024

32. RISK MANAGEMENT

The risk management function within the group is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including interest rate risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risk stays within these limits and mitigated wherever practicable and cost-effective.

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Management's objectives for managing market risk are to minimise the effects by limiting the group's exposure.

INTEREST RATE RISK

The group is exposed to interest rate risk as it may borrow funds at floating interest rates. As part of the process of managing the group's interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

The group analyses its exposure to interest rate risk on a dynamic basis using sensitivity analysis to assess the effects of changes in interest rates applied to interest-bearing borrowings and the consequent adjustments to profit and loss. Based on these analyses, which are calculated on adjustments of 50 basis points in the interest rate, being management's assessment of the reasonably possible changes in interest rates, the effect on pre-tax earnings of an increase/decrease in the rate is calculated to be a decrease/increase in earnings of R234 000 (2023: R225 000). The group's sensitivity to interest rates has increased during the current year due to the increase in net cash and cash equivalents at year-end.

LIQUIDITY RISK

Liquidity risk refers to the ability to meet funding obligations as they fall due. The group's treasury function is centralised thus ensuring that capital is allocated appropriately across the group and that funding and commitments are met timeously.

The group manages liquidity risk by monitoring forecast cash flows. Cash surpluses are placed on call with major financial institutions.

notes to the annual financial statements (continued)

for the year ended 31 March 2024

32. RISK MANAGEMENT (continued)

The table below analyses the group's financial liabilities into maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity dates:

Financial liabilities – maturity analysis

	1 month R'000	2 to 3 months R'00	4 to 6 months R'000	7 to 12 months R'000	More than a year R'000	Carrying amount R'000
GROUP						
2024						
Trade and other payables	76 034	–	–	–	–	76 034
Lease liabilities	342	627	854	1 213	4 186	7 222
TOTAL	76 376	627	854	1 213	4 186	83 256
2023						
Trade and other payables	64 606	–	–	–	–	64 606
Lease liabilities	251	505	764	1 583	1 687	4 790
TOTAL	64 857	505	764	1 583	1 687	69 396
COMPANY						
2024						
Trade and other payables	6 440	–	–	–	–	6 440
TOTAL	6 440	–	–	–	–	6 440
2023						
Trade and other payables	7 181	–	–	–	–	7 181
TOTAL	7 181	–	–	–	–	7 181

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

32. RISK MANAGEMENT (continued)

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The group has no significant concentration of credit risk as evidenced by the spread by industry and geographic regions such that geographic spread mitigates against industry concentration and similarly industry spread mitigates against geographic concentration (Refer Note 35 – Segmental Analysis). Credit risk arises from cash and cash equivalents held at banks, trade receivables and loans receivable, as well as preference shares. Credit risk is managed on a group basis.

The group maintains cash, cash equivalents and short-term investments with various financial institutions. The group's policy is designed to limit exposure with any one financial institution and ensures that the group's cash equivalents and short-term investments are placed with high credit quality financial institutions.

Trade receivables consist of a large number of clients spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Refer Note 13 – Trade and other receivables. Credit risk within the Staffing Services unit is mitigated through a process of credit assessments as well as the use of credit insurance where available. Within the Training Services unit all new debtors are subject to an internal credit assessment process (which can include the use of trade reference checks and/or credit bureau checks, but without the use of credit insurance. The credit risk on the inter-company receivables, including group loans and preference shares, is managed through the day-to-day involvement by management of the group in the operations of the group entities to ensure that the risk on these receivables is mitigated and that the amounts remain recoverable through the success of the operations.

CAPITAL RISK MANAGEMENT

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the returns to shareholders through the optimisation of the group's debt to equity ratio. The group's overall strategy remains unchanged from previous years. The group is not subject to externally imposed capital requirements.

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Interest-bearing debt	–	–	–	–
Equity	191 137	176 508	164 370	200 679
RATIO OF INTEREST-BEARING DEBT TO EQUITY	–	–	–	–

The capital structure of the group consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the statement of changes in equity.

notes to the annual financial statements (continued)

for the year ended 31 March 2024

32. RISK MANAGEMENT (continued)

Fair value

Fair value measurements can be classified into three levels, based on the observability and significance of the inputs used in making the measurement.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses assets and liabilities carried at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Level 1 R'000	Level 2 R'000	Level 3 R'000
2024			
Investment properties	–	3 500	–
2023			
Investment properties	–	3 500	–

Unobservable inputs include prices for similar properties adjusted for the specifics of the investment property.

Refer Note 9 for the reconciliation.

The group and company have not disclosed the fair values of financial instruments such as short-term receivables and payables because the carrying amounts are a reasonable approximation of fair value.

notes to the
annual financial statements (continued)

for the year ended 31 March 2024

33. RELATED PARTIES

SUBSIDIARY COMPANIES

The subsidiary companies are identified in Note 17.

DIRECTORS

The names of the directors are listed on page 24 of the Integrated Report. Refer to Note 29 for details of the directors' remuneration and to Note 18 for the loan to a director.

As part of the group's management retention programme, executive directors may be granted loans through the share trust to be applied to the purchase, through the market, of shares in the company.

There were no share options granted or outstanding to any directors or employees during the year or at the reporting date.

	Company	
	2024 R'000	2023 R'000
Transactions with subsidiary companies		
Management fees/cost recoveries from subsidiaries	22 926	29 076
Interest received	9 807	5 910
Interest paid	(6 919)	(4 492)
Preference coupon from subsidiaries	6 848	23 723
Preference coupon receivable	6 848	–

	Group		Company	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
34. OPERATING LEASE COMMITMENTS				
LEASE COMMITMENTS				
Future lease charges for premises and vehicles and equipment *				
Payable within one year				
– premises	1 250	577	–	–
– vehicles and equipment	1 787	1 350	–	–
TOTAL	3 037	1 927	–	–
Payable within two to five years				
– premises	134	–	–	–
– vehicles and equipment	4 052	210	–	–
TOTAL	4 186	210	–	–

* *Includes short-term and low-value leases*

notes to the annual financial statements (continued)

for the year ended 31 March 2024

34. OPERATING LEASE COMMITMENTS (continued)

There are no lease commitments beyond the five-year period. Leases on premises are subject to market-related escalations with renewal options at the group's discretion. The leases in respect of premises are for periods up to 5 years and there are no contingent rentals payable. Leases for motor vehicles are for initial periods of 3 years and are occasionally extended beyond the initial period for further periods of up to 2 years. Decisions to exercise options on leased premises are made based on a consideration of the geographic location relative to the area being serviced, costs of relocation and commercial considerations. Vehicle and equipment leases are extended based on the condition of the equipment and expected useful lives. Options are not included on initial recognition unless there is a high degree of probability that these will be exercised.

35. SEGMENTAL ANALYSIS

	Integrated Business Support Services R'000	Shared Services R'000	Total R'000
2024			
Revenue: services rendered to external clients	950 613	–	950 613
Operating profit/(loss)	42 297	(18 431)	23 866
Depreciation and amortisation	(5 966)	(2 802)	(8 768)
Operating lease rentals	(1 918)	(1 486)	(3 404)
Interest income	35	4 792	4 827
Interest expense	(360)	(35)	(395)
Profit/(loss) before taxation	41 972	(13 674)	28 298
Taxation	(4 199)	1 121	(3 078)
Profit/(loss) after taxation	37 773	(12 553)	25 220
Assets	195 566	85 476	281 042
Liabilities	(80 809)	(9 096)	(89 905)
NET ASSETS	114 757	76 380	191 137

notes to the annual financial statements (continued)

for the year ended 31 March 2024

35. SEGMENTAL ANALYSIS (continued)

	Integrated Business Support Services R'000	Shared Services R'000	Total R'000
2023			
Revenue: services rendered to external clients	805 139	–	805 139
Operating profit/(loss)	37 138	(16 564)	20 574
Depreciation and amortisation	(7 570)	(1 549)	(9 119)
Operating lease rentals	(2 586)	–	(2 586)
Interest income	13	3 405	3 418
Interest expense	(390)	(1)	(391)
Profit/(loss) before taxation	37 138	(13 537)	23 601
Taxation	(3 218)	(1 381)	(4 599)
PROFIT/(LOSS) AFTER TAXATION	33 920	(14 918)	19 002
Assets	167 348	80 032	247 380
Liabilities	(63 294)	(7 578)	(70 872)
NET ASSETS	104 054	72 454	176 508

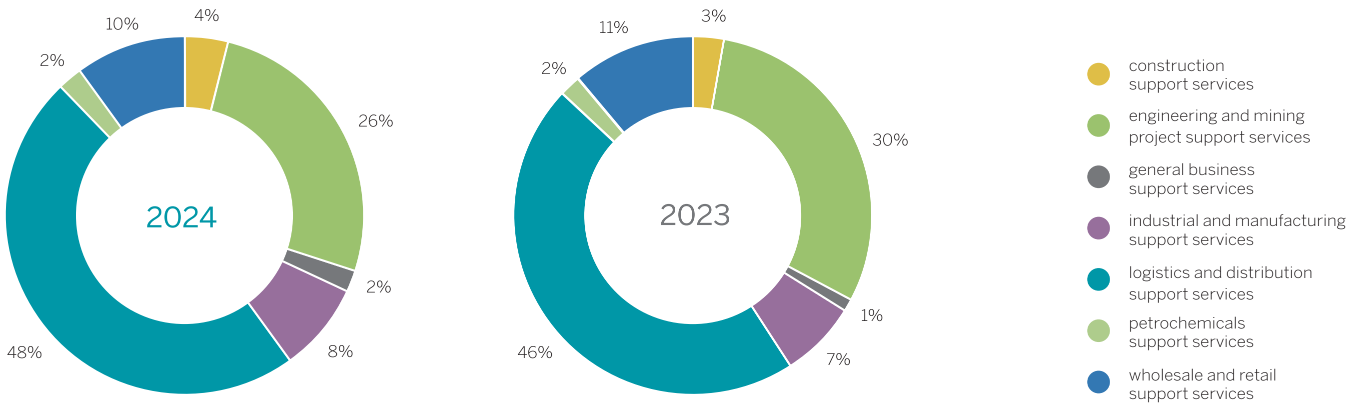
notes to the annual financial statements (continued)

for the year ended 31 March 2024

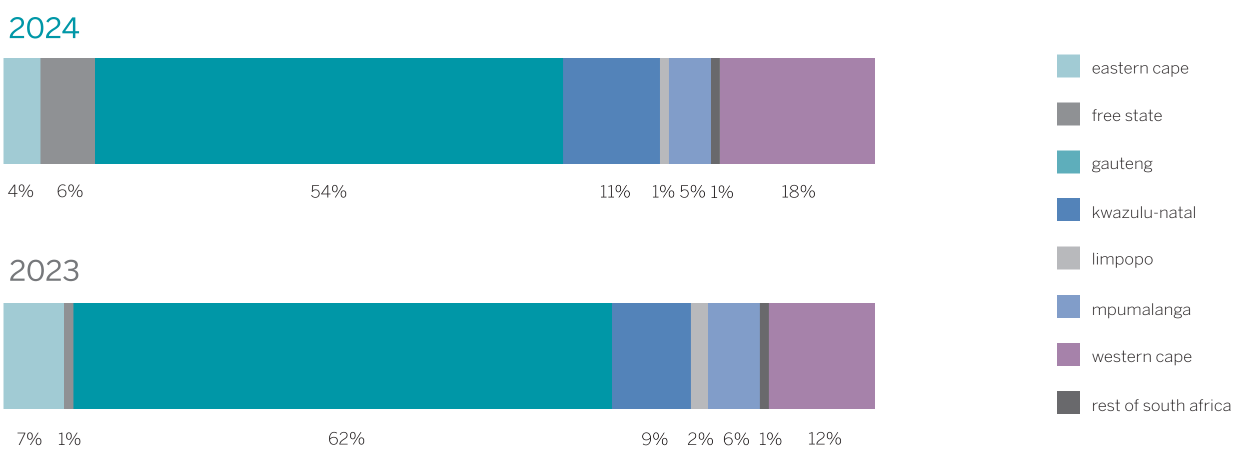
35. SEGMENTAL ANALYSIS (continued)

DISAGGREGATION OF GROUP REVENUE

Revenue by sector



Revenue by geographic region



In terms of IFRS 8: Operating Segments, the chief operating decision-maker has been identified as the group's CEO. Operating segments have been identified based on the group's internal reporting reviewed by the CEO and executive directors for assessing performance and making strategic decisions.

The group's operating segments are Integrated Business Support Services and Shared Services.

Any assets or liabilities that cannot be attributed directly to a segment are allocated to Shared Services.

Segment results, which are based on internal management reporting are regularly reviewed by the group's executive management and have been reconciled to the group's profit before taxation. External revenue, total assets and total liabilities as disclosed in the segment analysis agree to the corresponding amounts as disclosed in the annual financial statements. The measurement policies applied for segment reporting under IFRS 8 are the same as those used in the preparation of the annual financial statements. Inter-segment transfer pricing is done on the same terms as that to external clients.

notes to the annual financial statements (continued)

for the year ended 31 March 2024

		Group		Company	
		2024 R'000	2023 R'000	2024 R'000	2023 R'000
36.	**FINANCIAL ASSETS BY CATEGORY**				
	Trade receivables	159 608	138 600	9 494	15 710
	Cash and cash equivalents	66 092	61 610	63 527	53 761
	Preference coupons receivable	–	–	6 848	–
	Loans to group companies	–	–	100 635	96 859
	TOTAL FINANCIAL ASSETS AT AMORTISED COST	225 700	200 210	180 504	166 330
	The carrying value of financial assets approximates fair value.				
37.	**FINANCIAL LIABILITIES BY CATEGORY**				
	Trade payables	36 508	31 100	446	1 275
	Loans from group companies	–	–	54 669	58 752
	Finance liabilities	2 076	4 483	–	–
	TOTAL FINANCIAL LIABILITIES	38 584	35 583	55 115	60 027
38.	**DISPOSAL TO NON-CONTROLLING INTERESTS**				
	Net assets disposed of	946	–	–	–
	Transaction between shareholders recognised in equity	946	–	–	–

During the year, the group disposed of 3 percent of its investment in Primeserv Employee Solutions Proprietary Limited for a consideration of Rnil to non-controlling interests.

39. EVENTS AFTER REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

analysis of shareholding

as at 31 March 2024

information not covered by the independent auditor's report

	Number of shareholders	Number of shares	Shareholding %
PORTFOLIO SIZE			
1 – 50 000 shares	1 166	2 321 971	2.0
50 001 – 500 000 shares	46	8 389 300	7.2
500 001 – 5 000 000 shares	19	22 662 044	19.4
Over 5 000 000 shares	5	83 373 785	71.4
	1 236	116 747 100	100.0
CATEGORY			
Directors and management	12	68 214 255	58.4
Nominee companies and schemes	4	189 900	0.1
Individual and other corporate bodies	1 220	48 342 945	41.5
	1 236	116 747 100	100.0
INTERESTS OF MORE THAN 5%			
The Primeserv Group Limited Share Trust *		26 189 326	22.4
M Abel		21 625 003	18.5
The Boles Family Trust		16 266 000	13.9
Primeserv Productivity Services Proprietary Limited *		13 557 774	11.6
		77 638 103	66.4
SHAREHOLDER SPREAD			
Total non-public shareholders	12	68 214 255	58.4
– Directors	4	22 368 753	19.2
– Treasury shares	3	41 922 100	35.9
– Key management	5	3 923 402	3.3
Public shareholders	1 224	48 532 845	41.6
	1 236	116 747 100	100.0

* *Treasury shares*

glossary of terms

abbreviations and acronyms

AGM	annual general meeting
AGRC	Audit, Governance and Risk Committee
B-BBEE	broad-based black economic empowerment
BPO	business process outsourcing
CEO	chief executive officer
CGU	cash-generating unit
Companies Act	Companies Act of South Africa, no. 71 of 2008, as amended
the company	Primeserv Group Limited
CSDP	Central Securities Depository Participant
CSI	corporate social investment
DCF	discounted cash flow
ECL	estimated credit losses
EE	employment equity
EPS	earnings per share
ESG	environmental, social and governance
FD	financial director
FMCG	fast-moving consumer goods
GDP	gross domestic product
the group	Primeserv Group Limited and its subsidiaries
HDIs	historically disadvantaged individuals
HEPS	headline earnings per share
HR	human resources
IBR	incremental borrowing rate
IFRS®	International Financial Reporting Standards
IR	industrial relations
IRBA	The Independent Regulatory Board for Auditors
IT	information technology
JSEIS	JSE Investor Services Proprietary Limited
JSE	JSE Limited
JSE Listings Requirements	JSE Limited Listings Requirements
King IV™	King IV Report on Corporate Governance for South Africa, 2016™
MOI	memorandum of incorporation
MSP	Managed Service Provider
NAV	net asset value
OECD	Organisation for Economic Co-operation and Development
PPE	personal protective equipment
QLFS	Quarterly Labour Force Survey
SAICA	South African Institute of Chartered Accountants
SENS	Stock Exchange News Service
SETA	Sector Education and Training Authority
SHE	safety, health and environment
Stats SA	Statistics South Africa
TES	Temporary Employment Services
TNAV	tangible net asset value
VAT	value added tax
WACC	weighted average cost of capital

shareholders' diary

	2024
Financial year-end	31 March
Reviewed results published on SENS	Wednesday, 26 June
Dividend declared	Wednesday, 26 June
Reviewed results published in the press	Thursday, 27 June
Record date for the purposes of determining which shareholders are entitled to receive the Notice of AGM contained in the Integrated Report	Friday, 19 July
Integrated Report, including the Notice of AGM, available to shareholders	Thursday, 25 July
No change statement, Notice of AGM and availability of B-BBEE Annual Compliance Report published on SENS	Thursday, 25 July
Last date to trade 'cum' dividend	Tuesday, 27 August
Date trading commences 'ex' dividend	Wednesday, 28 August
Dividend record date	Friday, 30 August
Date of payment	Monday, 2 September
Last day to trade for the purposes of being entitled to participate in and vote at the AGM	Tuesday, 12 November
Record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for the purposes of being entitled to participate in and vote at the AGM	Friday, 15 November
Last day to lodge proxy forms for the AGM for administrative purposes by 09:00 on	Wednesday, 20 November
AGM at 09:00 on	Friday, 22 November
Results of the AGM published on SENS	Friday, 22 November

Notes:

1. All times referred to above are local times in South Africa.
2. Any variation of the above dates and times will be approved by the JSE and released on SENS.
3. Shareholders should note that, as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three business days after such trade. Therefore, persons who acquire shares after the last day to trade in order to be eligible to vote at the AGM, will not be able to vote thereat.
4. A shareholder may submit the form of proxy at any time before the commencement of the AGM (or any adjournment of the AGM).
5. If the AGM is adjourned or postponed, forms of proxy submitted for the initial AGM will remain valid in respect of any such adjournment or postponement.

notice of agm

this document is important and requires your immediate attention

If you are in any doubt as to what action you should take arising from the following resolutions, contact your CSDP, stockbroker, attorney, accountant or other professional adviser immediately.

notice of annual general meeting

Notice is hereby given, in terms of section 62(1) of the Companies Act, that the AGM of the shareholders of Primeserv will be held at 09:00 on Friday, 22 November 2024 at Protea Hotel Wanderers, Corner Corlett Drive and Rudd Road, Illovo, Sandton, 2196 to (1) present the Directors' Report, the audited consolidated and separate annual financial statements of Primeserv and the reports of the Audit, Governance and Risk Committee and the Social, Ethics and Transformation Committee and to deal with such business as may lawfully be dealt with at the meeting; and (2) to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act as read with the JSE Listings Requirements, on which exchange the shares in the company are listed.

Kindly note that in terms of section 63(1) of the Act, meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

presentation of annual financial statements

The consolidated and separate audited annual financial statements for the company and the group, including the external Independent Auditor's Report, the Report of the Audit, Governance and Risk Committee and the Directors' Report for the year ended 31 March 2024, have been distributed as required and will be tabled for comment by shareholders at the AGM. The consolidated and separate audited annual financial statements, together with the abovementioned reports are set out on pages 47 to 109 of the Integrated Report. The complete Integrated Report of the company is available on the company's website at www.primeserv.co.za.

In the case of shareholders who have elected to receive communication from the company, the Integrated Report including the Notice of AGM, has been made available on Primeserv's website at www.primeserv.co.za.

report from the social, ethics and transformation committee

In accordance with Companies Regulation 42(5)(c), issued in terms of the Companies Act, the Chairperson of the Social, Ethics and Transformation Committee or, in the absence of the Chairperson, any member of the Committee, will present the Committee's report to shareholders at the AGM.

notice of agm (continued)

resolutions

To consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions:

as ordinary resolutions

As specified by section 62(3)(c) of the Companies Act, it is advised that all ordinary resolutions, save where specifically noted otherwise, are required to be passed by a percentage of votes in excess of 50% (fifty percent) of votes exercised in regard to the resolution.

ordinary resolution number 1

APPOINTMENT OF EXTERNAL AUDITORS

1. Upon the recommendation of the current Group Audit, Governance and Risk Committee and subject to the Group Audit, Governance and Risk Committee continuing to be satisfied of their independence, and as separate votes:

    1.1 to confirm the appointment of the company's auditors, PKF Octagon Incorporated, as independent external auditors of the company;

    1.2 to appoint Waldemar Marek Wasowicz as the designated auditor for the following year, to hold office until the conclusion of the AGM of the company to be held in 2025.

In accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements, the Group Audit, Governance and Risk Committee has reviewed the credentials and accreditation information relating to PKF Octagon Incorporated and Mr Waldemar Marek Wasowicz in order to assess their suitability for appointment. The assessment included a review of, *inter alia,* the relevant IRBA Inspection Reports, proof of registration and qualifications report.

The Group Audit, Governance and Risk Committee is satisfied that PKF Octagon Incorporated and Mr Waldemar Marek Wasowicz are suitable for appointment as the independent auditor and designated auditor, respectively, and accordingly recommends their appointment.

terms of engagement and fees

As prescribed under the terms of Section 94 of the Companies Act, the Group Audit, Governance and Risk Committee will determine the terms of engagement in regard to services to be rendered by the auditors and fees to be paid in respect thereof.

ordinary resolution number 2

RE-ELECTION OF DIRECTORS

The following independent non-executive director retires by rotation in accordance with the company's MOI:

2.1 LM Maisela

To elect LM Maisela who retires by rotation and, being eligible, offers himself for election as an independent non-executive director in accordance with the company's MOI.

An abridged *curriculum vitae* of LM Maisela is set out on page 24 of the Integrated Report of the company.

The Board has evaluated the qualifications and credentials of LM Maisela and has recommended his re-election.

notice of agm (continued)

The following independent non-executive director retires by rotation in accordance with the company's MOI:

2.2 KM Matjila

To re-elect KM Matjila who retires by rotation and, being eligible, offers herself for re-election as an independent non-executive director in accordance with the company's MOI.

An abridged *curriculum vitae* of KM Matjila is set out on page 24 of the Integrated Report of the company.

The Board has evaluated the qualifications and credentials of KM Matjila and has recommended her re-election.

The Board has assessed the independence of all independent non-executive directors and considers each of them to be independent.

ordinary resolution number 3

ELECTION OF AUDIT, GOVERNANCE AND RISK COMMITTEE

Note: For avoidance of doubt, all references to the Audit, Governance and Risk Committee of the company is a reference to the Audit Committee as contemplated in the Companies Act.

3. As required by the provisions of Section 94(2) of the Companies Act, to elect the following non-executive directors as members of the Audit, Governance and Risk Committee to hold office until the conclusion of the next AGM.

   3.1 To elect as Audit, Governance and Risk Committee member and Chairperson DL Rose (independent non-executive director) for the ensuing year;

   3.2 To elect as Audit, Governance and Risk Committee member LM Maisela (independent non-executive director) for the ensuing year; *

   3.3 To elect as Audit, Governance and Risk Committee member KM Matjila (independent non-executive director) for the ensuing year. *

* *Subject to his/her re-election as director in terms of ordinary resolution 2 above.*

Abridged *curricula vitae* of each of the directors offering themselves for election are set out on page 24 of the Integrated Report of the company. The Board has reviewed the independence, expertise, qualification and relevant experience of the nominated Audit, Governance and Risk Committee members and recommends that each of the nominated directors is elected.

ordinary resolution number 4

AUTHORISATION OF DIRECTORS OR COMPANY SECRETARY TO SIGN

4. That any director of the company or the Company Secretary be and is hereby authorised to sign all documents and do all acts which may be required to carry into effect the ordinary and special resolutions contained in the notice of AGM incorporating this ordinary resolution.

non-binding advisory resolution number 1

ENDORSEMENT OF PRIMESERV REMUNERATION POLICY

To approve, by way of a non-binding advisory vote, as required by King IV™ Principle 18, the group's Remuneration Policy, as set out in the Integrated Report on pages 39 to 41.

This resolution is of an advisory nature only and failure to pass this resolution will not have any legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when considering the company's remuneration policy.

notice of agm (continued)

non-binding advisory resolution number 2

ENDORSEMENT OF PRIMESERV REMUNERATION IMPLEMENTATION REPORT

To approve, by way of a non-binding advisory vote, as required by King IV™ Principle 18, the group's Remuneration Implementation Report for the year ended 31 March 2024, as set out in the Integrated Report on pages 42 and 43.

This resolution is of an advisory nature only and failure to pass this resolution will not have any legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when considering the company's remuneration policy and the implementation thereof.

Should more than 25% (twenty-five percent) of the total votes cast be against either non-binding advisory resolution number 1 or non-binding advisory resolution number 2, based upon the number of shareholders voting against the resolution, the members of the Remuneration and Nominations Committee will engage directly with the shareholders concerned; and the company will issue an announcement on SENS inviting shareholders who voted against the resolution(s) to meet with members of the Remuneration and Nominations Committee. The process to be followed will be set out in the SENS announcement.

as special resolutions

special resolution number 1

REMUNERATION OF NON-EXECUTIVE DIRECTORS

To confirm the remuneration payable to the non-executive directors of the company for the 2025 financial year and to the next AGM to be held in 2026 as follows:

	Retainer R	Attendance fees per meeting R
Chairperson	136 100	27 200
Non-executive directors	36 300	27 200
Chairperson of Audit, Governance and Risk Committee	181 500	
Chairperson of Remuneration and Nominations Committee	28 400	
Chairperson of Social, Ethics and Transformation Committee	28 400	
COMMITTEE MEMBERS		
• Audit, Governance and Risk Committee		15 800
• Remuneration and Nominations Committee		6 800
• Social, Ethics and Transformation Committee		6 800

Non-executive directors receive a base fee plus an attendance fee per meeting.

The fees in the table are for individual roles while the aggregate fees any single director earns will be based on a combination of the fees for all roles performed. The proposed directors' fees exclude VAT. VAT will be added by the directors in accordance with VAT legislation, where applicable.

reason for and effect of this special resolution 1

Special resolution number 1 is required in terms of section 66(9) of the Companies Act to authorise the company to pay remuneration to non-executive directors of the company in respect of their services as directors. Furthermore, in terms of the JSE Listings Requirements and King IV™, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two years.

notice of agm (continued)

special resolution number 2

FINANCIAL ASSISTANCE TO SUBSIDIARIES

"RESOLVED THAT, in accordance with section 45 of the Companies Act, the provision of any financial assistance by the company to any company or corporation which is related or inter-related to the company (as defined in the Companies Act), on the terms and conditions which the directors of Primeserv may determine, be and is hereby approved."

reason for and effect of this special resolution 2

In terms of the Companies Act, the Board may authorise the company to provide any financial assistance to related or inter-related companies which are group companies, including subsidiary companies of the company, where it believes it would be beneficial to the company to do so in future, subject to certain requirements set out in the Companies Act, including the company meeting solvency and liquidity tests.

This general authority is necessary for the company to continue making loans to subsidiaries as well as granting letters of support and guarantees in appropriate circumstances. A general authorisation from shareholders avoids the need to refer each instance to shareholders for approval with the resulting time delays and expense. If approved, this general authority will expire at the end of two years.

special resolution number 3

GENERAL AUTHORITY TO REPURCHASE SHARES

"RESOLVED THAT, as a general approval contemplated in terms of Section 48 of the Companies Act, the acquisition by the company, and/or any subsidiary of the company, from time to time of the issued ordinary shares of the company is hereby approved, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the MOI of the company, the provisions of the Companies Act and the JSE Listings Requirements, where applicable, and provided that:

- the repurchase of securities will be effected through the main order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the company's next AGM, or for 15 (fifteen) months from the date of this special resolution number 3, whichever period is shorter;
- in determining the price at which the company's ordinary shares are acquired by the company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be no more than 10% (ten percent) above the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the company;
- the acquisitions of ordinary shares in the aggregate in any one financial year do not exceed 20% (twenty percent) of the company's issued ordinary share capital from the date of the grant of this general authority;
- the company and the group are in a position to repay their debt in the ordinary course of business for the following year after the date of this notice of AGM;
- the consolidated assets of the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the consolidated liabilities of the company for the following year after the date of this notice of AGM;
- the ordinary capital and reserves of the company and the group are adequate for the next 12 months after the date of this notice of AGM;
- the available working capital is adequate to continue the operations of the company and the group in the following year after the date of this notice of AGM;
- before entering the market to proceed with the repurchase, the company's sponsor has complied with its responsibilities contained in section 2.12 of Schedule 25 of the JSE Listings Requirements;

notice of agm (continued)

- after such repurchase the company will still comply with paragraph 3.37 of the JSE Listings Requirements concerning shareholder spread requirements;
- the company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- when the company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made on SENS and in the press; and
- the company appoints only one agent to effect any repurchase(s) on its behalf."

reason for and effect of this special resolution 3

The reason for and effect of special resolution number 3 is to authorise the company and/or its subsidiaries by way of a general authority to acquire its own issued shares on such terms, conditions and such amounts determined from time to time by the directors of the company, subject to the limitations set out above.

The directors of the company have no specific intention to effect the provisions of special resolution number 3 but will, however, continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number 3. It is, however, proposed, and the Board believes it to be in the best interest of Primeserv, that shareholders pass a special resolution granting the company a general authority to acquire its own shares and permit subsidiary companies of Primeserv to acquire shares in the company.

Pursuant to a general repurchase other than shares repurchased by one or more of the subsidiary companies to be held as treasury shares, application will be made to the JSE for the cancellation and delisting of the shares in question. The cancellation of the shares will be effected by way of a reduction of the ordinary share capital and a reduction of the ordinary share premium.

other disclosures in terms of section 11.26 of the listings requirements made in regard to special resolution number 3

The JSE Listings Requirements require the following disclosures, some of which are disclosed in the Integrated Report, of which this notice forms part, as set out below:

- Major shareholders of Primeserv (page 109)
- Directors' interests in securities (page 54)
- Share capital of Primeserv (page 93)

material change

There have been no material changes in the affairs or financial position of Primeserv and its subsidiaries since the date of signature of the audit report and the date of this notice.

directors' responsibility statement

The directors, whose names are given on page 24 of the Integrated Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 3 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that these resolutions contain all such information required by law and the JSE Listings Requirements.

notice of agm (continued)

litigation statement

In terms of section 11.26 of the Listings Requirements, the directors, whose names are given on page 24 of the Integrated Report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

To transact any other business as may be transacted at an AGM.

approvals required for resolutions

Ordinary resolution numbers 1 to 4 contained in this notice of AGM require the approval by more than 50% (fifty percent) of the votes exercised on the resolutions by the shareholders present or represented by proxy at the AGM, and further subject to the provisions of the Companies Act, the company's MOI and the JSE Listings Requirements.

If the non-binding advisory resolutions in respect of the remuneration report and the implementation thereof are not passed by at least 75% (seventy-five percent) of shareholders voting, this will result in the Remuneration and Nominations Committee of the group implementing the measures as set out in regard to such resolutions above.

Special resolution numbers 1 to 3 contained in this notice of AGM require the approval by at least 75% (seventy-five percent) of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM and are further subject to the provisions of the Companies Act, the company's MOI and the JSE Listings Requirements.

voting and proxies

record dates

In terms of section 59(1) of the Act, this notice has been sent to shareholders who were recorded as such in the company's securities register on Friday, 19 July 2024, being the record date set by the Board in terms of the Act for determining which shareholders are entitled to receive a notice of AGM. The record date on which shareholders must be registered as such in the company's securities register, which date was set by the Board determining which shareholders are entitled to attend and vote at the AGM is Friday, 15 November 2024. Accordingly, the last day to trade in order to be able to attend and vote at the AGM is Tuesday, 12 November 2024.

voting

Shareholders will be entitled to attend the general meeting and to vote on the resolutions set out above. All votes will be by way of a poll and every shareholder shall have one vote for each share held by such shareholder. In terms of the JSE Listings Requirements any shares currently held as treasury shares will not be taken into account in determining the results of voting on special resolution numbers 1 to 3.

electronic participation

Should any shareholder (or representative or proxy for a shareholder) wish to participate in the AGM electronically, that shareholder should apply in writing (including details on how the shareholder or representative (including proxy) can be contacted) to the transfer secretaries, JSEIS, at meetfax@jseinvestorservices.co.za, to be received by the transfer secretaries at least seven business days prior to the AGM (thus to be confirmed) for the transfer secretaries to arrange for the shareholder (or representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of Section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or representative or proxy) with details on how to access the AGM by means of electronic participation. The company reserves the right not to provide for electronic participation at the AGM if it determines that it is not practical to do so, or an insufficient number of shareholders (or their representatives or proxies) request to participate in this manner.

notice of agm (continued)

proxies

A shareholder entitled to attend and vote at the AGM may appoint one or more persons as their proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the company.

A form of proxy is attached for the convenience of certificated shareholders and "own name" dematerialised shareholders who are unable to attend the AGM, but who wish to be represented thereat. Duly completed forms of proxy must be received by the company's transfer secretaries, JSEIS, One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196, not later than 09:00 on Wednesday, 20 November 2024 for administrative purposes. However, a shareholder may submit the form of proxy at any time before the commencement of the AGM (or any adjournment of the AGM).

Section 63(1) of the Act requires that meeting participants provide satisfactory identification.

1. At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
    a. participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
    b. give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
2. A proxy appointment
    a. must be in writing, dated and signed by the shareholder; and
    b. remains valid for:
        i. one year after the date on which it was signed; or
        ii. any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in sub-section (4)(c), or expires earlier as contemplated in subsection (8)(d).
3. Except to the extent that the MOI of the company provides otherwise:
    a. a shareholder of the company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
    b. a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
    c. a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy:
    a. the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
    b. the appointment is revocable unless the proxy appointment expressly states otherwise; and
    c. if the appointment is revocable, a shareholder may revoke the proxy appointment by:
        i. cancelling it in writing, or making a later inconsistent appointment of a proxy; and
        ii. delivering a copy of the revocation instrument to the proxy, and to the company.

notice of agm (continued)

5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
   a. the date stated in the revocation instrument, if any; or
   b. the date on which the revocation instrument was delivered as required in sub-section (4)(c)(ii).
6. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the AGM should they decide to do so.

Dematerialised shareholders, other than "own name" dematerialised shareholders, who have not been contacted by their CSDP or broker with regard to how they wish to cast their votes, should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the company's AGM in order for their CSDP or broker to vote in accordance with such instructions. If such dematerialised shareholders wish to attend the company's AGM in person, they must request their CSDP or broker to issue the necessary Letter of Representation to them. This must be done in terms of the agreement entered into between such dematerialised shareholder and the relevant CSDP or broker. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

By order of the Board

25 July 2024

form of proxy

PRIMESERV GROUP LIMITED
Incorporated in the Republic of South Africa • (Registration number 1997/013448/06)
Share code: PMV • ISIN: ZAE000039277 • ("Primeserv" or "the company")

For the use by certificated or "own name" dematerialised shareholders of Primeserv for the annual general meeting of Primeserv Group Limited to be held at 09:00 on Friday, 22 November 2024 ("the annual general meeting") at Protea Hotel Wanderers, Corner Corlett Drive and Rudd Road, Illovo, Sandton, 2196.

If shareholders have dematerialised their shares with a Central Securities Depository Participant ("CSDP") or broker (other than not own name dematerialised shareholders) they must arrange with the CSDP or broker to provide them with the necessary letter of representation to attend the annual general meeting or the shareholder must instruct them as to how they wish to vote in this regard. This must be done in term of the agreement entered into between the shareholder and the CSDP or broker in the manner and cut-off time stipulated therein.

I\We (Name/s in block letters)

of (address)

being the registered holders of ordinary shares in Primeserv, do hereby appoint

1. or, failing him/her,

2. or, failing him/her,

3. the Chairperson of the annual general meeting as my/our proxy to act for me/us and on my/our behalf at the general meeting which will be held for the purposes of considering, and if deemed fit, pass with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see Note 1, overleaf).

	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
Ordinary resolution number 1 – To confirm the reappointment of PKF Octagon Incorporated as independent auditors of the group and Waldemar Marek Wasowicz as the designated auditor			
1.1 Appointment of PKF Octagon Incorporated as independent auditors			
1.2 Appointment of WM Wasowicz as designated audit partner			
Ordinary resolution number 2 – To confirm the re-election of directors			
2.1 LM Maisela			
2.2 KM Matjila			
Ordinary resolution number 3 – To elect the members of the Audit, Governance and Risk Committee			
3.1 DL Rose			
3.2 LM Maisela			
3.3 KM Matjila			
Ordinary resolution number 4 – Authority for directors or Company Secretary to implement the resolutions			
Non-binding advisory resolution number 1 – Endorsement of the Primeserv Remuneration Policy			
Non-binding advisory resolution number 2 – Endorsement of Primeserv Remuneration Implementation Report			
Special resolution number 1 – To confirm the non-executive directors' remuneration for 2025			
Special resolution number 2 – Authority to provide financial assistance to related or inter-related companies of the company in terms of section 45 of the Companies Act			
Special resolution number 3 – General authority to repurchase shares			

Signed at on 2024

Signature

Assisted by me (where applicable)

All communications to be distributed electronically unless otherwise indicated by marking the box.

Signature

Please see notes overleaf

notes to the form of proxy

1. A shareholder may insert the names of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the Chairperson of the meeting", but the shareholder must initial any such deletion. The person whose name appears first on the proxy and which has not been deleted shall be entitled to act as proxy to the exclusion of those names following.
2. A shareholder is entitled to one in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder in the appropriate box. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes.
3. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries or by the Chairperson of the AGM before the commencement of the AGM.
4. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM, be proposed, the proxy shall be entitled to vote as he/she thinks fit.
5. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded with the company's transfer secretary or waived by the Chairperson of the AGM.
6. His/her parent or guardian as applicable must assist a minor or any other person under legal incapacity, unless the relevant documents establishing capacity are produced or have been registered with the transfer secretaries.
7. Where there are joint holders of ordinary shares:
   - any one holder may sign the form of proxy;
   - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company's register) who tender a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
8. Proxies must be lodged at or posted to the company or the company's transfer secretaries, JSE Investor Services Proprietary Limited, One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196 (PO Box 4844, Johannesburg, 2000), to be received no later than 09:00 on Wednesday, 20 November 2024 for administrative purposes. However, a shareholder may submit the form of proxy at any time before the commencement of the AGM (or any adjournment of the AGM).
9. Any alteration or correction made to this form of proxy other than the deletion of alternatives must be initialled by the signatory/ies.
10. The completion and lodging of this proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
11. The Chairperson of the meeting may reject or accept a proxy that is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
12. If you have not dematerialised your shares and selected own name registration in the sub-register: You may either attend the AGM or complete and return the form of proxy in accordance with the instructions contained therein to the transfer secretaries.
13. If you have dematerialised your shares through a CSDP or broker and registered them in a name other than your own name and wish to vote at the AGM: If you have already dematerialised your shares, you must advise your CSDP or broker of your voting instructions on the proposed resolutions. However, should you wish to attend the AGM, you will need to request your CSDP or broker to provide you with the necessary Letter of Representation in terms of the custody agreement entered into with the CSDP or broker.

corporate information

PRIMESERV GROUP LIMITED
(Incorporated in the Republic of South Africa)
Registration number 1997/013448/06
Share code: PMV
ISIN: ZAE000039277

REGISTERED OFFICE
25 Rudd Road
Illovo
Sandton, 2196

CONTACT INFORMATION
PO Box 3008, Saxonwold, 2132
Telephone: +27 11 691 8000
www.primeserv.co.za
email: productivity@primeserv.co.za

COMPANY SECRETARY
ER Goodman Secretarial Services Proprietary Limited
(represented by Marilis Janse van Rensburg)
4-6 Skeen Boulevard
Bedfordview, 2007

LEGAL ADVISORS
Beech Veltman
DLA Cliffe Dekker Hofmeyr
Harris Marcus Mahlangu
Werksmans

SPONSOR
African Bank Limited
(Business and Commercial Banking Division)
Registration number 2014/176899/06
4th Floor, Grindrod Tower
8A Protea Place
Sandton, 2146

BANKERS
FirstRand Bank Limited
Investec Bank Limited
Nedbank Group Limited

AUDITORS
PKF Octagon Incorporated
21 Scott Street
Waverley
Johannesburg, 2090

TRANSFER SECRETARIES
JSE Investor Services Proprietary Limited
One Exchange Square
2 Gwen Lane, Sandown
Sandton, 2196

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