

Operational Update

WORKFORCE HOLDINGS LIMITED

Incorporated in the Republic of South Africa

(Registration number: 2006/018145/06)

Share code: WKF ISIN: ZAE000087847

("Workforce" or "the company" or "the group")

Operational Update

Workforce, a company with four decades of experience in providing human capital services, recognised early-on and adapted very quickly to the COVID-19 pandemic by mobilising a COVID-19 task team before the national State of Disaster was announced. By the time lockdown was implemented, a strategic plan was in place and information was being disseminated to employees as well as to clients. The task team continues to monitor the evolving situation, passing on relevant information and keeping the core of Workforce operational, ably supported by the executive committee and the finance, communications and HR teams.

Our Healthcare cluster has been highly productive and resourceful during the lockdown. The cluster's vast and varied service offerings, including telephonic counselling, COVID-19 training and mobile clinics, have been very active. Healthcare recruitment services have been widely used to supply critical healthcare professionals to Government as well as the private sector.

The Staffing, Outsourcing and Recruitment clusters continue to provide temporary employment services to essential and critical industries such as e-commerce, retail supply chains, power and water utilities and call centres. Whilst there has been a marked drop in activity, the levels of business have exceeded our initial expectations during this crisis. Workforce remains vigilant in scanning and clearing workers for work opportunities in critical industries and sectors that are open in accordance with the prevailing regulations relating to the national lockdown.

The Training cluster faced a difficult period when lockdown commenced but was quick to adapt and developed on-line training courses, where much progress has been made. With the recent opening up

of the mining sector, training courses are starting up again, which will assist the cluster. However, the

cluster did suffer some loss of income during the initial stages of lockdown. The recent acquisition of Chartall Business College has been well integrated and is already contributing positively towards the cluster.

In the Financial Services cluster, the ability to grant relief and extended payment terms to those unable

to pay has been evaluated and granted on a case by case basis. A revaluation of the approach to financial lending in this cluster is currently being assessed.

As a result of COVID-19, many temporary workers have been unable to work, and Workforce has facilitated the application and dissemination of R49,8 million worth of UIF Temporary Employee Relief Scheme receipts to date. In addition, food vouchers have been purchased, benefitting a total of 9,875 people.

For the month of April 2020, Workforce made top-up payments to temporary workers amounting to R3,9 million, which benefitted 11,323 people. Similar top-up payments were made for May 2020. As an act of solidarity and to preserve liquidity, executive and senior management, along with members of the Board, took a 20% reduction in salary for the months of April, May and June 2020.

Though some attrition occurred in the normal course of business, these positions will not immediately be filled unless they are deemed critical roles. Workforce has supported the psychological impact of lockdown through the provision of psycho/social assistance to staff, which has been well utilised.

Despite the company being negatively impacted as stated, management is able to confirm that Workforce remains a going concern, with no debt covenants in breach and with sufficient liquidity to take the group through the current crisis.

Our goal as a group is to ensure the long-term sustainability of the business. This is so that we will be in a better position to protect jobs and grow and create additional opportunities for Workforce clients in the future.

All cash outlays are stringently reviewed and analysed, with only critical spend taking place. The executive committee frequently meets virtually to explore post-lockdown strategies to ensure that Workforce will emerge stronger once this challenging time has passed. This will also ensure that the group can capitalise on any organic and acquisitive opportunities that present themselves in the post-lockdown environment.

The company's financial results for the six months ending 30 June 2020 will be impacted by COVID-19.

A trading update will be released as soon as the Board is reasonably certain of the quantum of the impact.

Johannesburg

25 June 2020

Designated Adviser

Merchantec Capital

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