workforce
HOLDINGS LIMITED

INTEGRATED ANNUAL REPORT 2020

Uplifting people.
Growing business.

SCOPE AND BOUNDARY

This report is guided by the International Integrated Reporting Framework ("IIRC") and reporting frameworks applied and in compliance with the JSE which include JSE Listings Requirements, the King Report on Corporate Governance in South Africa ("King IV™") and the Companies Act 2008 (Act 71 of 2008), as amended ("Companies Act"). The audited financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial report covers subsidiaries, joint arrangements and investments.

The boundary of the report is the financial reporting entity of Workforce Holdings Limited and its investment clusters and subsidiaries ("Workforce" or "the group"). This report is published annually and covers the period from 1 January 2020 to 31 December 2020. This is our primary report to shareholders and stakeholders and provides material information pertaining to strategy, risks, opportunities, performance, outlook and governance.

Our report aims to provide stakeholders with balanced, accurate and understandable information about our financial, economic, social and environmental performance during the year on matters material to our business and our ability to create and sustain value. The process used in determining and applying materiality is described on page 20.

ASSURANCE

Process	Nature of assurance	Status	Provider	Reference
Financial/operational				
Internal audit	External assurance	Internal audit function in place	Internal audit department	
Annual financial statements	Internal compilation, external assurance	Assured	Crowe JHB	Independent auditor's report – page 87
Empowerment				
B-BBEE (Level 2)	BEE scorecard	Assured	Siyandisa verification solutions Valid to 13 July 2021	www.workforce.co.za/aboutus
Ethics and trust				
Whistleblower and whistleblower protection policy		Assured by internal audit department	Social, ethics and transformation committee	Social, ethics and transformation committee report – page 74.
Protection of Personal Information Act ("POPIA")		Assured by internal commercial department	Internal commercial department	Chairman's report – page 10.

ETHICS

Ethical behaviour and conduct within Workforce is governed and aligned to the social, ethics and transformation committee and across the year was found to have maintained the highest level. We firmly believe that the ethics of the organisation are entrenched with ethical behaviour driven from top management structures and with no tolerance for deviation of any kind.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements which are based on assumptions and best estimates made by management with respect to the group's performance in the future. Such statements are, by their nature, subject to risks and uncertainties which may result in the group's actual performance in the future being different from that expressed or implied in any forward-looking statements. These statements have not been audited by the group's external auditors. Workforce neither accepts any responsibility for any loss arising from the use of information contained in this report, nor undertakes to publicly update or revise any of its forward-looking statements.

BOARD APPROVAL

The Workforce board of directors ("the board") acknowledges its responsibility to ensure the integrity of the integrated annual report for the 2020 financial year, and in the board's opinion, it addresses all material issues and presents fairly the group's integrated performance and its impacts.

John Macey
Independent chairman

Ronny Katz
Chief executive officer

Willie van Wyk
Financial director

Inshaaf Ross
Non-executive director

Shaun Naidoo
Non-executive director

Kyansambo Vundla
Independent non-executive director

Shelley Thomas
Independent non-executive director

26 April 2021

CONTENTS

Definitions and abbreviations can be found on page IBC of this document and should be used to reference abbreviations and to clarify definitions.

Queries regarding this Integrated Annual Report or its content should be addressed to:
Willie van Wyk (FD) | Tel: 011 532 0000

WHO WE ARE

An investment holding company listed on the Johannesburg Stock Exchange providing services and products through specialised investment clusters.

INVESTMENT HOLDING

INVESTMENT OPERATING STRUCTURE

- STAFFING AND OUTSOURCING
- RECRUITMENT
- FINANCIAL SERVICES
- TRAINING
- HEALTHCARE
- AFRICA

A provider of employment, functional outsourcing, training, healthcare, wellness, financial services and lifestyle benefits to individuals and their employers.

See investment cluster operations report and segmental contribution contained on pages 30 to 41 and in note 19.

TYPES OF SERVICES (CONTRIBUTION TO REVENUE)

- Staffing solutions
- Placement fees
- Payroll management
- Funeral cover and lending services
- Accredited courses, education and training
- Medical cover, healthcare, wellness programmes and health risk assessments

See additional comparative information contained in note 13 of the annual financial statements.

WHAT DIFFERENTIATES US

- Entrepreneurial culture 30 to 41
- Innovative service solutions 4
- Diversified and integrated business model 22
- Strong customer relationships 30 to 41
- Extensive footprint 3
- Our people 51
  - intellectual capital
  - depth of management
  - committed workforce

THIS IS WORKFORCE

01

WHERE WE OPERATE

The group operates predominately in South Africa, boasting an extensive national branch infrastructure that extends to all provinces of the country and currently comprises 95 branches. To enhance geographic diversification, we have entrenched our presence in a number of neighbouring countries, namely Mozambique, Botswana, Namibia and further afield in Mauritius and South America.

29 trading brands in the group	**Six** active branches beyond our borders	**95** branches in South Africa	Operational in **five** countries outside of South Africa

OUR VISION

To be a progressive investment holding company managing investments in businesses that provide innovative, integrated and diversified human capital solutions globally.

OUR PURPOSE

To make a meaningful and sustainable difference in people's lives – to uplift them, to find employment for them and empower them with the appropriate training, healthcare, financial services and lifestyle benefits.

STRUCTURE, INVESTMENT CLUSTERS AND PERFORMANCE SUMMARY

Our business is structured for value creation with considerable emphasis placed on endeavouring to ensure that our diverse business portfolio is managed off a profitable and cash-generative basis to ensure sustainable growth. The group has a strong commitment to its core areas of competence to enable the harnessing of inter-group synergies and the diversification into new markets and territories. To support this viewpoint, we realigned the businesses into investment clusters during 2018 and appointed investment cluster executives to drive accelerated growth and diversification within each of the investment clusters.

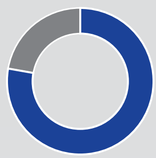
This strategy has proven highly effective and we are extremely pleased with the progress made to galvanise strategy and business development.

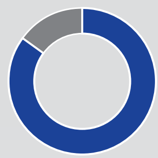
Investment clusters	Brands and offerings
Staffing and Outsourcing **Investment cluster executive** Sean Momberg	This investment cluster's services extend beyond staffing and outsourcing to turnkey, tailor-made outsourcing solutions, including all aspects of human capital management such as payroll, industrial relations, human resources and functional outsourcing. Our contractors are at the core of our success, which is why we provide them with access to competitive benefits, career growth opportunities, skills development and invaluable experience, ultimately providing greater benefit to our valued clients.
Recruitment* **Investment cluster executive** Evelyn Vanassche	Our companies source, attract and recruit talent through vast professional networks, supported through expertise and technology. This is achieved through a cohesive working relationship with our clients and further enhanced through our specialisation in industry specific placements.
Africa* **Investment cluster executive** Darren Hollander	Offering the full array of Workforce's employee management services, the Africa cluster serves all industries across the African continent. By recruiting from local communities and partnering with local staffing and recruitment companies, Workforce Africa offers staffing, training, healthcare, and financial services. Workforce Africa combines the expertise of the different investment clusters in the group and provides these products and services into Africa, where there is a great need for it.

Each investment cluster's business offerings are delivered through multiple brands in the marketplace. Service integration of the various offerings of each of the closely aligned business units is of utmost importance to the sustainable growth of the group as it facilitates growth and diversification of our service offering and expansion into new markets and territories within and beyond South Africa's borders. This diversification strategy will remain a key priority.

Human capital plays an integral role within our business model, with people featuring at the core of our value creation process. By achieving our strategic business goals and pursuing our purpose of making a difference in people's lives, it translates into shared value for our organisation and our stakeholders while achieving meaningful social contributions such as increased levels of employment.

Segmental revenue 2020	Segmental EBITDA 2020
78%	85%





- Temporary employment services ("TES")
- Risk mitigation through insurance and client driven solutions
- Functional outsourcing
- Short and long-term hires
- Payroll and other systems management
- HR and IR consulting services
- Turnkey staffing solutions
- COIDA and UIF claims support

Additional reference: See pages 30 to 31 note 19 and our website for additional information

** The results for Recruitment and Africa are included in the Staffing and Outsourcing cluster results.*

- Specialised staffing solutions
- Executive search/headhunting
- Map and attract permanent recruitment
- Temporary employment services
- Short and long-term hires
- Payroll management
- HR and IR consulting services
- Disability solutions
- Call centre

Additional reference: See pages 32 to 33, note 19 and our website for additional information

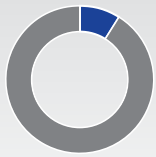
- Entire suite of Workforce services and products

Additional reference: See pages 40 to 41, note 19 and our website for additional information

OUR STRUCTURE, STRATEGIC ESSENCE AND CLUSTER SUMMARY (CONTINUED)

Investment clusters	Brands and offerings
Training **Investment cluster executive** Steven Herscovitz	Our Training division expanded through the purchase of specialised training and education providers which operate in the fields of management training, learnerships, internships and specialised compliance training. We aim to improve trainees' employability and earning capability of employed people to earn more in the shortest time possible with our training solutions. KBC and Prisma focus on training and on-boarding in the mining industry. The group also focuses on the training of nurses by Allmed and cyber security training through Cyber. Chartall Business College ("Chartall") is a registered training provider and offers degrees in Business Administration and specialises in Financial Advisory and Intermediary Services ("FAIS") training for the banking industry.
Healthcare **Investment cluster executives** Donald McMillan and Dr Richard Malkin	The Healthcare cluster has two focus areas – the first is providing occupational healthcare services encompassing workplace employee health management, high risk compliance and extending to comprehensive corporate wellness solutions across all industry sectors. These services are delivered by 68 on-site clinics at various clients providing primary care, Covid-19 prevention and occupational healthcare; seven walk-in occupational health centres nationally; 12 mobile units providing occupational health screening; 24-hour call-centre and 300 affiliate psychologists/social workers nationally. The second focus is on providing a complete range of primary healthcare personnel solutions for public and private hospitals and clinics, retirement and frail-care establishments and carers for old-age and/or home-based care.
Financial Services **Investment cluster executive** Jonathan Kruger	The Financial Services cluster provides financial services, lifestyle benefit packages and support services to employees of the group as well as insurance products including low-cost medical insurance and funeral insurance, both to the group and external customers.

	Segmental revenue 2020	Segmental EBITDA 2020
	9%	18%




- Learnerships
- Short courses
- Skills programmes
- Online courses and bursaries
- SETA accredited
- SAQA and NQF aligned
- All divisions are registered and accredited
- Compliance and apprenticeships training
- Contractor onboarding and induction
- FET and HET offering
- Behaviour change management training

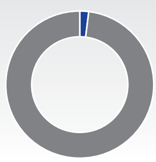
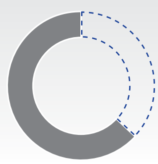
Additional reference: See pages 34 to 35, note 19 and our website for additional information

	Segmental revenue 2020	Segmental EBITDA 2020
	11%	33%


- Occupational healthcare services
- Mobile screening
- On-site clinics
- Employee wellness programmes
- Medical surveillance programmes
- Management of chronic and acute conditions
- Temporary, contract, emergency and permanent placings
- Medical staff recruitment
- Placing nurses and medical professionals
- Home-based care
- Emergency staff contingency plans
- Assistance with bed occupancy
- Digital innovation

Additional reference: See pages 38 to 39, note 19 and our website for additional information

	Segmental revenue 2020	Segmental EBITDA 2020
	2%	(37%)

- Funeral cover
- Day-to-day medical insurance
- Hospital cover
- Responsible lending services
- Affordable optometry and glasses programme
- Wide range of financial products
- Debt collection services

Additional reference: See pages 36 to 37, note 19 and our website for additional information

KEY NUMBERS

Through our ability to be flexible and adapt quickly, Workforce fulfilled its purpose and promise, to make a meaningful and sustainable difference in people's lives. This touched our spectrum of stakeholders.

FINANCIAL

REVENUE	EBITDA	DEBT: EQUITY RATIO
R2,7 billion (2019: R3,2 billion)	**R76,9 million** (2019: R140,9 million)	**0,35** (2019: 0,45)
CASH FLOW FROM OPERATING ACTIVITIES	**NAV**	**DAYS OUTSTANDING**
R172,8 million (2019: R35,7 million)	**326 cents** (2019: 308 cents)	**46 days** (2019: 50 days)

EMPOWERMENT

Level 2 B-BBEE

51% Black ownership

40% Black women ownership

OUR PEOPLE

1 259 Permanent staff employed

61% Women

70% "Black"

40% "Youth"

OUR POSITIVE IMPACT

33 884 Average weekly assignees

82 582 Training instances

8 356 Learners on learnership programmes

54 Registered learnerships

83 496 Medical examinations conducted

50 740 Funeral and medical policies issued

160 000 Lives covered through EAP* call centre

** Employee Assistance Programme.*

INVESTMENT CASE

49 years of operating experience in the South African marketplace, demonstrates **stability and ability to adapt to changes** in the operating landscape

Ability to **successfully transfer operating experience** to other countries thus supporting diversification of revenue streams and reducing risk

Well defined diversified offering including staffing, recruitment, outsourcing, training, healthcare, wellness, financial services and lifestyle benefits

Experience and ability to make meaningful and sustainable **differences** to people's lives

Proven entrepreneurial culture with the ability to ensure brands which join Workforce are supported by head office and grown and developed into vibrant businesses

Listed on the JSE AltX ("Johannesburg Stock Exchange") for **15 years**

Sustainable level of organic growth and an **EBITDA** contribution across the segments

CHAIRMAN'S REVIEW

Our focus on the development of leadership, entrenching the use of information technology, working on our geographic expansion, and ensuring that the structure of the organisation supports human capital development, remained engrained during 2020. In fact, many of these focus areas developed at a far more rapid pace than originally anticipated due to Covid-19. The swift adaptation to changed circumstances by the investment clusters and their leadership teams is evidence of the strong business model that Workforce has in place.

John Macey
Independent chairman

It is once again my pleasure to provide shareholders and stakeholders with a report on Workforce's performance for the 2020 financial year. There is no doubt that this was an unprecedented year across the globe given the rapid spread of Covid-19, the impact of which Workforce was unable to avoid. The diversification strategy that was put in place a few years back was thoroughly tested and I am pleased to report that the strategy held its own.

The disruption caused by the pandemic had to be faced head-on and, like many other businesses in South Africa and around the world, Covid-19 did have an impact on Workforce's overall profitability. However, the swift action by the investment clusters to control costs ensured that liquidity was retained, and that Workforce remained financially viable. The recovery in the second half of the financial year was especially pleasing.

Notwithstanding the difficult environment, revenue for the year under review decreased by 13,9% to R2,7 billion (2019: R3,2 billion) and EBITDA decreased by 45,5% to R76,9 million (2019: R140,9 million). The overall decrease was primarily due to a reduction in sales and margins as a result of certain months in which most of the clusters were not operational due to lockdown. The recovery in the second half is reflected in an EBIDTA increase of 42,0% to R86,4 million for the six-month period (2019: R60,9 million).

I have previously discussed the strong foundation that Workforce has put in place to support its ongoing sustainability through various avenues of diversification (growing cluster disciplines and expanding the geographic footprint). Despite Covid-19, I am thus delighted at how all the cluster executives, management teams and employees have rallied together throughout this extraordinary time to ensure that Workforce remained true to its fundamentals and its strategy, as well as to its ethics. This tenacity ensured a successful outcome to the year under review, under the circumstances. The whole business is now able to move forward with a more cost-effective structure armed with valuable knowledge and expertise to conduct business in a Covid-19 environment. I have the utmost confidence that Workforce will use this to go from strength to strength.

During the year, the cluster executives were required to become even more independent, taking and making decisions in the best interest of their employees and clients as well as enhancing their financial contribution to the group. I am pleased to report that this growth in both leadership and management capabilities, has further bolstered the sustainability of the Workforce group.

TRANSFORMATION AND HUMAN CAPITAL

I am delighted to report that Workforce attained a Level 2 B-BBEE rating (2019: Level 4). This rating ensures a competitive advantage in the marketplace and is important for South African clients that make use of the

The total permanent employee compliment is 1 259 (2019: 1 328), of which 61% are women and 70% are black.

group's services and products. However, more than this, it is a barometer of the commitment Workforce has to the transformation of the South African business and social environments, which remains an imperative.

The performance of each individual scorecard element is outlined on page 59 of this report.

Employees are defined as critical stakeholders and as mentioned, transformation continues to be of paramount importance to both Workforce and its stakeholders. The total permanent employee complement is 1 259 (2019: 1 328), of which 61% are women and 70% are black. The group also continues to focus on the employment of youth (defined as those between the ages of 18 to 35), with 39% permanent employees classified in this category.

Given the group's commitment to its human capital, Workforce remains cognisant of the needs of its employees, especially given the heightened unemployment rate in South Africa and the anxiety the pandemic has sowed. The #WorkforceWellness programme, which includes physical fitness and health-related issues, supported 991 (2019: 2 164) visits to the clinic and 73 (2019: 487) voluntary health risk assessments. 2020 statistics are lower due to lockdown measures.

BOARD OF DIRECTORS

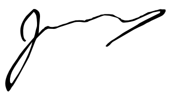
During the year under review there were no changes to the board of directors.

POPIA COMPLIANCE

Workforce's values include integrity, honesty, and forthrightness to ensure that all our stakeholders trust us implicitly. The group is working towards full compliance with the Protection of Personal Information Act ("POPIA") and is updating relevant policies and formulating new ones to ensure transparency in how it deals with personal information. This is supported by the establishment of a POPIA committee and champions from each investment cluster, as well as engaging with internal stakeholders to assess current levels of compliance and determine what can be done to ensure compliance is ensured. The group's online knowledge hub contains POPIA awareness training for all employees.

APPRECIATION AND THANKS

In this extraordinary time for the world, our country and for Workforce, it takes dedicated, caring, and resourceful people to make a success when presented with a particularly difficult operating environment. To my fellow board members, for their continued dedication to the group and ensuring statutory requirements are met, I thank you. I salute the leadership for their forward planning and passion to get Workforce through the year, with a strong balance sheet and an effective and efficient operating structure. To all our stakeholders, including employees, customers, shareholders, suppliers, local communities, assignees and providers of capital, the board and I recognise and appreciate your continual support and commitment.



John Macey
Independent chairman

26 April 2021

OUR STRATEGY, KEY RISKS AND MATERIAL ISSUES

The context in which we operate directly impacts our ability to deliver on our strategy and create value.

STRUCTURED FOR VALUE CREATION

To realise our vision (see page 3), enhance profitability and continue the advancement of the group, we structured the business into investment clusters (see page 4) with the intent to reduce the risk related to any one of the cluster business by spreading the risk and ensuring value creation for all stakeholders.

Each investment cluster, representing different investments for the holding company, is led by a cluster executive with its own independent management team with the directive to grow these businesses into substantial independent and resilient entities.

Our competitive differentiation lies in the diversified and integrated service offering we deliver, the use of technology, human capital and intellectual property built up over four decades of operation, the extent of our footprint (including a large national and mindful international presence) and the quality relationships we have with key stakeholders.

INVESTMENT HOLDING PROGRESSION TO SUPPORT SUSTAINABILITY

* *Post year-end event: Acquisition of OpenSource.*

ACCELERATE GROWTH AND DIVERSIFICATION OF OUR INVESTMENT CLUSTERS

Our strategic intent is to drive growth, diversification and profitability of each investment cluster. We aim to create value by being effective in our management of the short and medium-term environment in order to achieve our long-term growth ambitions. Our capability will continue to be extended to operate across a broad spectrum of industries and geographies, reinforcing our competitive positioning through strong brands and our cluster structure.

Material and strategic focus areas (see further details on pages 15 to 19)

1 Capital management	2 Organic growth
3 Acquisitive growth	4 Geographic growth
5 Technology	6 Human capital management
7 Transformation and B-BBEE	8 Covid-19 or similar pandemic

ALL THIS, TO ENHANCE STAKEHOLDER VALUE THROUGH DIVERSIFICATION.

Operational priorities:

- Protect and grow existing business
- Use technology as a differentiator
- Unlock the value of the client base through inter-group collaboration
- Manage costs and achieve operational efficiencies
- Deliver unique and innovative customer solutions
- Grow into new territories
- Human capital management
- Leadership development
- Black talent management
- Youth employment and development

See pages 15 to 21 for details on how material issues, capitals and risks are managed in relation to the strategic focus areas.

OUR CAPITALS

For the purposes of reporting, Workforce has chosen to combine intellectual and manufactured capital to create "organisational capital" and to incorporate natural capital with social and relationship capital as the nature of our activities have a low environmental impact. The IIRC's Integrated Reporting Framework allows for this.

FINANCIAL CAPITAL

ORGANISATIONAL CAPITAL (includes intellectual and manufactured capital)

HUMAN CAPITAL

SOCIAL/ RELATIONSHIP CAPITAL

STRATEGIC TRENDS, MATERIAL ISSUES AND RISKS

The context in which we operate directly impacts our ability to deliver on our strategy and create value. To remain competitive and meet the demands of our stakeholders, we align our strategies to be responsive to both local and global trends that impact our business.

Operating context	Risk category or mitigation factor	Material issue/importance
Macro environment		
Low economic growth with poor business confidence	Economy	Economy
Economic policy and spending uncertainty	Political will and stability, and consumer confidence	Political stability
Growing unemployment levels – particularly youth	Economy	Economy
Continued Government delays in infrastructure development investment	Economy	Economy
Emerging market uncertainty places pressure on South Africa as an investment destination	Economy	Economy
Covid-19 or similar pandemic	Economy Increased demand for occupational health and Employee Assistance (Wellness) Programmes (“EAP”) Change in product delivery as online demand increases	Economy Product/service innovation
Operating environment		
Labour legislation amendments	Regulatory, diversification	Regulatory compliance
Fourth industrial revolution	Diversification, economy	Economy Human capital management Growth Technology
Negative union activity	Stakeholder engagement	Stakeholder engagement (inclusivity)
Curbed spending by clients	Diversification, regulatory, economy	Covid-19 or similar pandemic
B-BBEE scorecard	B-BBEE, regulatory	B-BBEE
Employment Tax Incentive continues until 2029	Regulatory	Youth employment and development
Legal and regulatory environment		
Labour legislation amendments	Regulatory, diversification	Regulatory compliance
Employment equity and B-BBEE legislation	B-BBEE, regulatory, technology	Regulatory compliance B-BBEE
AEDO (“Authenticated Early Debit Order”) legislation compliance	Regulatory, technology	Regulatory compliance Technology
TERS	Regulatory	Regulatory compliance

Important issues   Material issues   Most material issues

MATERIAL AND STRATEGIC FOCUS AREAS

1. CAPITAL MANAGEMENT

Objective

Ensure that we operate with an optimal capital structure appropriately weighted between debt and equity.

- Debt capital markets
- Equity capital

Debt: equity ratio 0.35 (2019: 0.45)

Capitals

2020 performance

- Maintained healthy relationship with bankers
- R40 million acquisition facility renewed until 2022
- Active engagement with current and potential equity funders
- Vastly improved cluster ownership of cash management

Material issue and key risks	Mitigation and control strategy
▪ Risk of insufficient funding and continued reliance on Government incentives to fund the business.	▪ Diversification of revenue streams and product streams ▪ Acquisitions of cash-generative businesses
Cash management and credit risk ▪ Inability of clients to meet payment obligations timeously or at all ▪ Inability to sustain and grow the business	▪ Manage profitable cash-generative businesses ▪ Reduce capital costs ▪ Reduce debtors' days outstanding ▪ Improve credit control and cash management ▪ Ensure healthy debt-to-equity ratio ▪ Maintain sustainable funder relationships
Capital and funding ▪ Inability to raise adequate debt or equity capital to sustain and grow existing business ▪ Short-term nature of debt facilities	▪ Continue to explore new sources of funding
Financial and regulatory ▪ The group relies on significant Government incentives that would impact its profitability if withdrawn	▪ Driving organic and acquisitive growth to become less reliant on Government incentives ▪ In the past Workforce has dealt with and successfully navigated many regulatory changes as a part of doing business in our field. The well-established diversification drive has mitigated the regulatory risk ▪ ETI continues to 2029

Focus areas for next year

- Improve framework for cash and capital allocation and monitoring
- Continuous engagement with current and potential debt and equity funders

2. ORGANIC GROWTH

Objective

Ensure that we continue to protect and grow our existing business and continue to diversify income streams across the diversity of our clusters as well as exploit gaps in the market.

- Drive intergroup synergies and collaboration
- Improve working capital management to optimise cash generation

Capitals

2020 performance

- New clients gained, despite Covid-19
- Enhanced cluster collaboration
- Consolidation of cost base and working capital management substantially improved
- Implementation of COBIT Framework

Material issue and key risks	Mitigation and control strategy
▪ Diversified product range and geographic growth is essential in the support of organic growth, diversification of income and risk and a key factor of the group's long-term sustainability plan.	▪ Diversification of revenue streams and product streams ▪ Acquisitions of cash-generative businesses ▪ Geographic diversification ▪ Development of leadership and management teams
▪ Failure to integrate and realise full value from acquisitions.	▪ Acquisitions are considered against Workforce's defined acquisition criteria and continue to support the diversification drive successfully
▪ Low economic growth affects business confidence, negatively impacts customer spending and fuels unemployment	▪ Cluster executives tasked to accelerated growth drive ▪ Continue to market innovative employer-centric solutions
▪ Political landscape and policy uncertainty coupled with a lack of infrastructure spend negatively affects investor and business confidence	▪ Continue active membership and involvement in industry forums ▪ Continue stakeholder engagement

Focus areas for next year

- Bolster collaboration efforts and integrated value offering
- Protect and grow existing businesses

3. ACQUISITIVE GROWTH

Objective

Identify and target quality businesses that are underpinned by strong management teams that share Workforce's entrepreneurial culture and value systems.

- Diversification and entry into new markets
- Accretive acquisitions to complement existing business

Capitals

2020 performance

- A team from Transman joined Workforce during 2020
- Continue to assess possible acquisitions
- Previous acquisitions made are well integrated and delivering

Material issue and key risks	Mitigation and control strategy
▪ Growth	▪ Pursue accretive acquisitions that complement existing business and enable entry into new markets

Focus areas for next year

- Continue to identify and target businesses that will augment our growth and diversification strategy in each of our investment clusters

4. HUMAN CAPITAL MANAGEMENT

Objective

We aim to make Workforce a great place to work by building a mutually beneficial working environment that is stable and secure and underpinned by a high-performance, ethics-based culture.

Capitals

2020 performance

- Inculcating role and responsibilities of cluster executives
- Formalise talent management and career development programmes

Material issue and key risks	Mitigation and control strategy
Inability to attract, motivate and retain key staff. Potential to lose intellectual capital. Inability to execute and deliver on business strategy.	▪ Position Workforce as an employer of choice and create a high-performance culture through investment and development of the human capital that flows through our business ▪ Cluster structure proving valuable

Focus areas for next year

- Leadership development
- Create a high-performance culture
- Youth employment and development
- Significantly enhancing internal training programmes

5. TECHNOLOGY

Objective

Technology is a key differentiator for our business and supports our ability to remain relevant and competitive.

- Network security
- Investment
- Innovation
- Intellectual capital

Capitals

2020 performance

- Covid-19 framework fully adopted
- Key risk areas addressed
- Full offsite collaboration platform
- Implementation of COBIT Framework

Material issue and key risks	Mitigation and control strategy
Promotes sustainability and reporting effectiveness as well as ensures our value proposition remains relevant.	Ensure that IT is an enabler for all our businesses Invest in existing and new IT infrastructure, network security and new initiatives to remain relevant
Relevance of our IT infrastructure and systems on our business model directly impacts our ability to deliver and support our client base and our own businesses.	Roadmap to improve IT governance and maturity established

Focus areas for next year

- Digital transformation to be accelerated
- Further adoption of cloud-based platforms

6. GEOGRAPHIC GROWTH

Objective

Geographic diversification, particularly into African territories.

- Deepen African presence
- Grow revenue and profit base from existing territories
- Follow local clients offshore

Capitals

2020 performance

- Efforts curtailed by Covid-19
- South American office established

Material issue and key risks	Mitigation and control strategy
Capital management	Supported by strong contracts in place
Regulatory and political risk	Focus on southern Africa

Focus areas for next year

- Continue to identify and target businesses that will augment the growth and diversification strategy

7. TRANSFORMATION AND B-BBEE

Objective

B-BBEE is of paramount importance to the group and we continue to strive to achieve our transformation objectives.

Capitals

2020 performance

- Level 2 B-BBEE scorecard achieved

Material issue and key risks	Mitigation and control strategy
■ Poor B-BBEE rating can result in a negative impact on the sustainability and growth of our business.	■ Transformation committee with senior management representation ■ Divisional strategy aligned to B-BBEE codes ■ Participation in the YES Programme
Youth employment/development ■ First-time job seekers use temporary assignments as an entry into the job market and improve their future employability resulting from on-the-job training and skills development provided	■ Continue to support Government initiatives to facilitate youth employment and development. ■ 69% of total assignees are considered "youth" (between the ages of 18 and 35) ■ 100% of our Youth Employment Services Programme ("YES Programme") learners are "youth"

Focus areas for next year

- B-BBEE scorecard improvement
- Greater diversity through achievement of employment equity numerical goals and targets
- Successfully deliver on the YES Programme initiative

8. COVID-19 OR SIMILAR PANDEMIC

Objective

To limit downtime, diversify the business and focus on retaining cash should this pandemic occur again, or another similar pandemic impact the world.

Capitals

2020 performance

- Compliance with all regulatory protocols

Material issue and key risks	Mitigation and control strategy
■ Economic lockdown or similar restrictive regulations.	■ Diversification strategy ■ Digital transformation and cloud-based delivery options

Focus areas for next year

- Adapt business models to incorporate requirements and social distancing

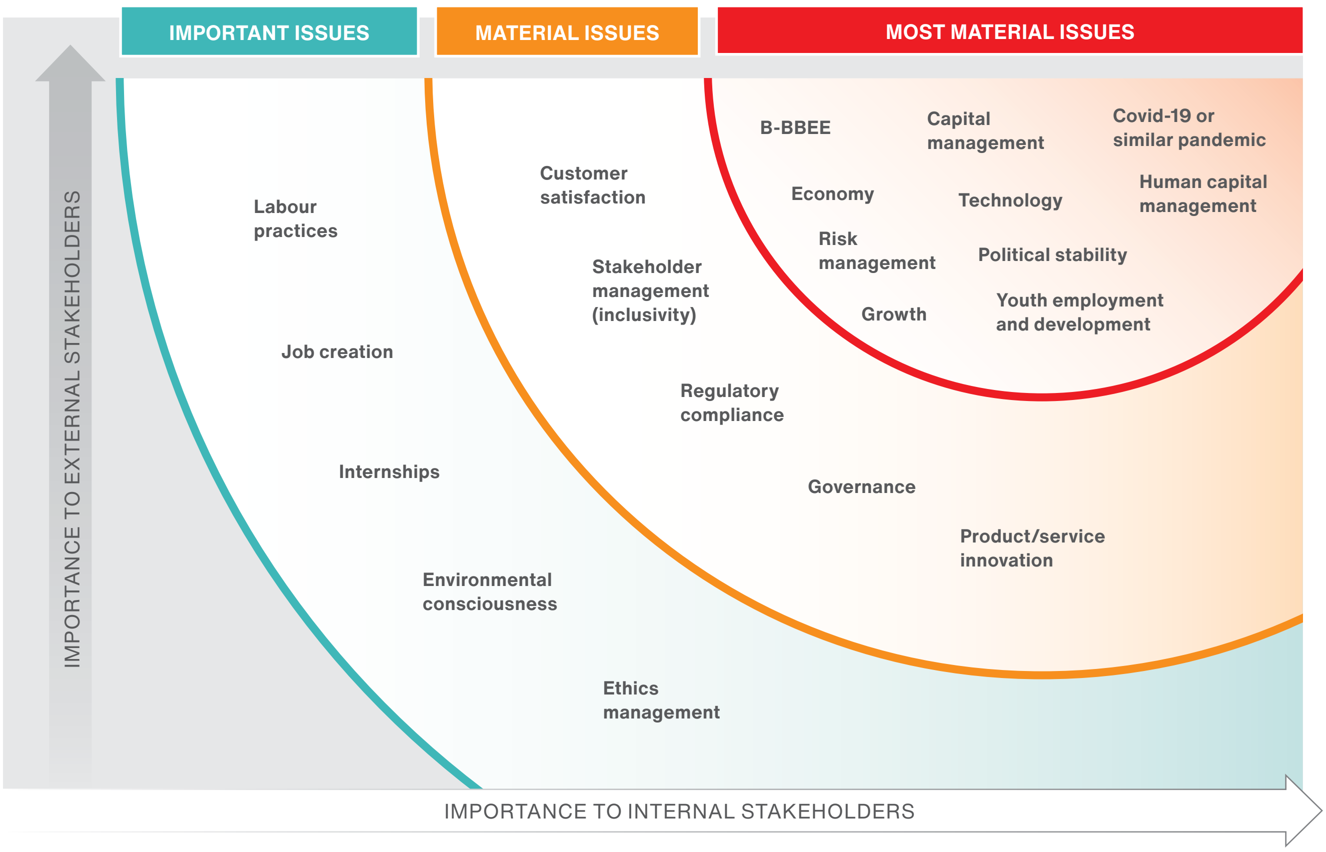
DETERMINATION OF MATERIALITY

We define materiality as issues or occurrences that substantively affect our ability to create and sustain value over the short, medium and long term. Our material aspects are determined through a structured process of identifying relevant issues, evaluating their importance and prioritising which reflect Workforce's significant economic, environmental and social impacts. Our insights are gained from various sources, including but not limited to our internal and external business environment, risk management processes and from engaging with various stakeholder groups.

During the reporting period, Workforce conducted a materiality assessment to review and identify key aspects which impact our materiality. This assessment involved engaging stakeholder groups, a review of our risk universe documents, a study of the key agenda items of our various operating subsidiaries and discussions with management and the board.

In determining which aspects are most material to Workforce, we considered the impact the aspects could have on our strategy, our business model and the forms of capitals we utilise and our ability to create value over time. Once we completed the prioritisation process, a materiality matrix of those aspects most material to Workforce was presented to the board for review and approval. Current aspects most material to Workforce's ability to create value over the short, medium and long term and which could substantively affect the future sustainability of the group are outlined in our materiality matrix and the table below.

MATERIALITY MATRIX

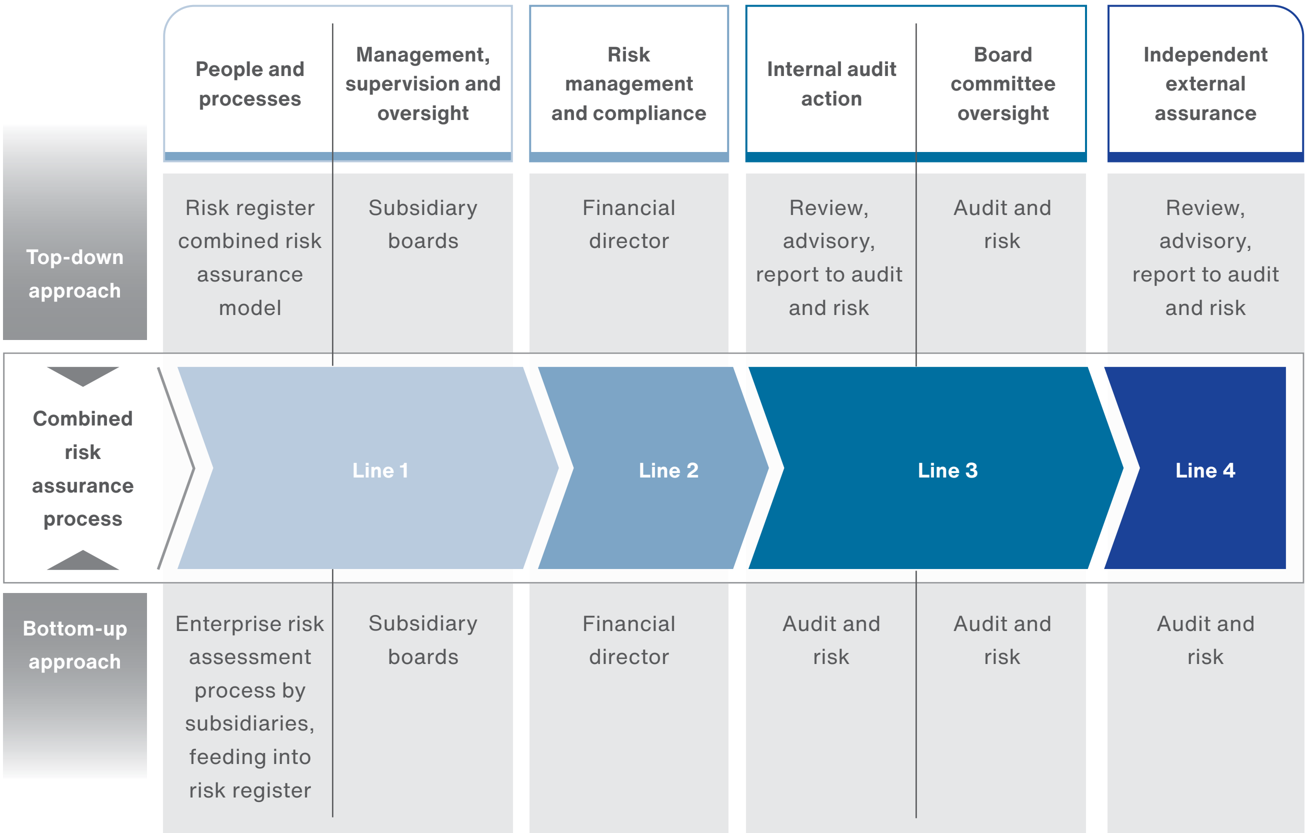


MANAGING OUR RISKS AND OPPORTUNITIES

In 2018 the group adopted a combined risk assurance model which was approved by the audit and risk committee. The model was designed to provide an assurance map to indicate who assures what risk and to whom this assurance is reported. It is a tool to assess and improve the functionality of the "lines of defence" applicable to each risk.

In addition during 2019, the risk policy was amended to make provision for a risk champion, accountable for driving awareness of risk on a cluster and business unit level.

The "four lines of defence" are reflected in the model below.



This combined risk assurance process has provided us with a better understanding and control of our risks and has provided management with a tool to address the group's significant risks as part of the "top-down" approach.

The group also formalised its enterprise risk management process in 2018, which in the form of a "bottom-up" approach, inculcates a risk awareness and risk management process throughout the autonomously managed business units of the group. Each business unit completes a detailed risk register which is reviewed by the internal audit department and managed by the respective business units.

As part of the above processes, significant risks identified during the reporting period, together with significant risks identified by senior management, were compiled into a group risk register. This register is monitored by the audit and risk committee on a regular basis.

The board is satisfied with management's process of determining material issues, risks, and opportunities and that the risk management is effective in continuously identifying and evaluating risks and opportunities and ensuring that these risks are managed in line with our business strategy.

OUR VALUE CREATION BUSINESS MODEL

For the purposes of reporting, Workforce has chosen to combine intellectual and manufactured capital to create "organisational capital" and to incorporate natural capital with social and relationship capital as the nature of our activities have a low environmental impact. The IIRC's Integrated Reporting Framework allows for this.

INPUTS

FINANCIAL CAPITAL

- Debt-to-equity funding
- Divisional funding structures
- Access to capital

ORGANISATIONAL CAPITAL

- National branch network
- Training facilities and courses
- Licences, bespoke software and systems
- Copyrights
- Diversified brands
- Trademarks
- Unique customer solutions
- Industry knowledge

HUMAN CAPITAL

- Permanent staff; assignees
- Leadership
- Depth of management
- Industry specialists

SOCIAL/RELATIONSHIP CAPITAL

- Stakeholder relationships
- Customer satisfaction
- Suppliers
- Ethical conduct
- Governance
- Community support
- Environmental stewardship

VALUE CREATION THROUGH BUSINESS ACTIVITIES

HOW WE CREATE VALUE

We create value through our interactions and relationships with our stakeholders and within the commercial environment in which we operate and on which we depend; and which in turn is impacted by our business activities.

We operate strategically through investment clusters of excellence, expertise and market knowledge, enabled by technology, with a nimble attitude of fast decision-making and continuous learning

BUSINESS ACTIVITIES

- Temporary employment services
- Permanent placement recruitment
- Functional outsourcing
- Specialist staffing
- Disability staffing solutions
- Business process outsourcing
- Training and skills development
- Financial services
- Lifestyle products
- Employee death and disability benefits
- Primary healthcare solutions
- Occupational healthcare solutions
- Employee health and wellness

INVESTMENT CLUSTER FOCUS

- STAFFING AND OUTSOURCING
- RECRUITMENT
- FINANCIAL SERVICES
- TRAINING
- HEALTHCARE
- AFRICA

OUR VALUES

INTEGRITY	COLLABORATION	ACCOUNTABILITY	DETERMINATION
DILIGENCE	GRATITUDE	“CAN DO” ATTITUDE	

OUTCOMES AND SHARED VALUE CREATED

Enabling entry into the job market for youth.

Empowerment of our supply chain.

Empowerment of unemployed and youth through skills training thereby improving their employability.

Payment of taxes, thereby contributing to South Africa’s economic and social wellbeing.

Return on investment for providers of capital and shareholders.

Client satisfaction, which in turn creates demand for our products and services, improves our sustainability and strengthens our brand and reputation.

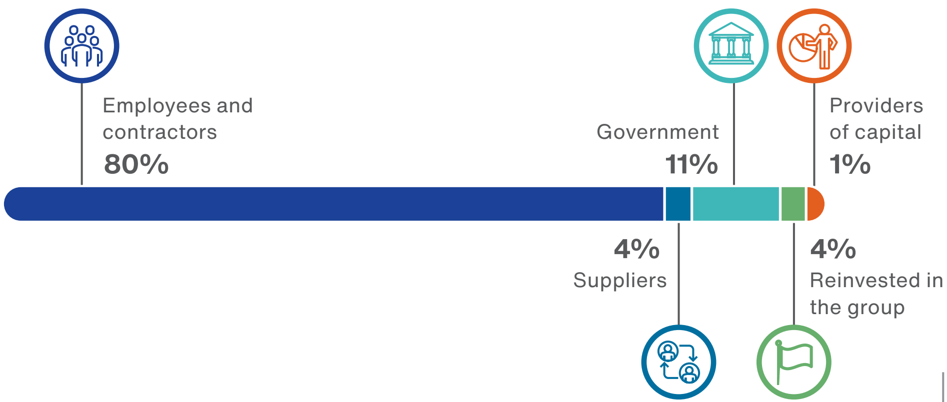
Making health, wellness, financial services and lifestyle benefits accessible to individuals thereby enhancing their lives.

Distribution of wealth, skills and experience to our employees which in turn flows through to dependent structures, such as their families and their communities.

We provide employment, functional outsourcing, training, healthcare, wellness, financial services and lifestyle benefits to individuals and their employers.

VALUE CREATION FOR STAKEHOLDERS

Wealth created	Total paid to employees and contractors	Value added from operations
R2,6 billion	**R2,1 billion**	**R2,6 billion**

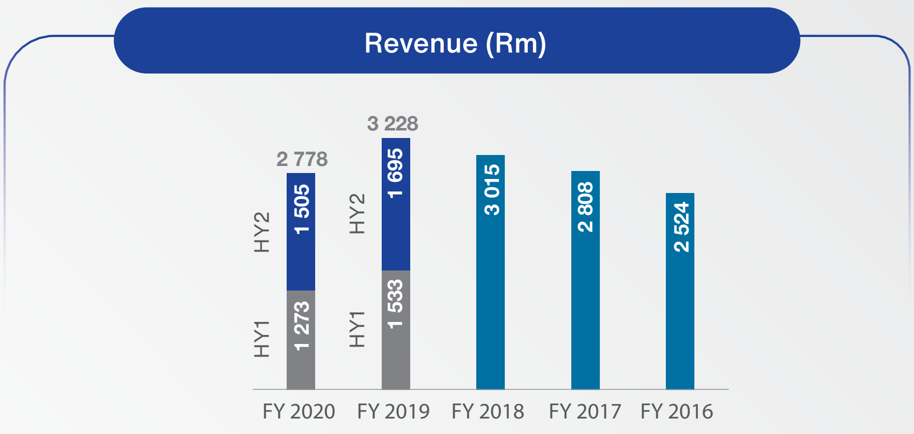


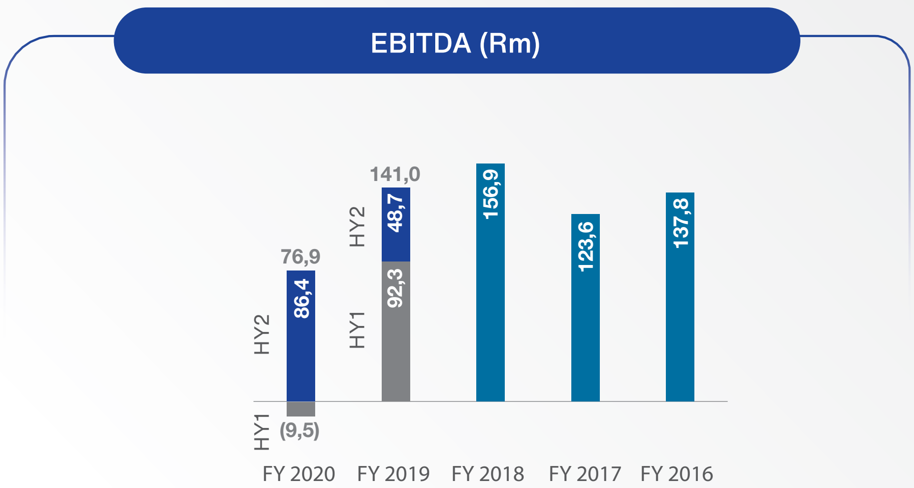
OUR PERFORMANCE

03

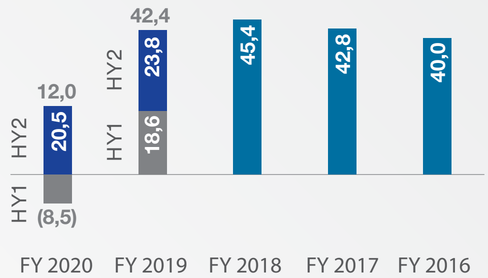
PERFORMANCE INDICATORS (FIVE-YEAR REVIEW)

During the first six months of year the investment clusters were particularly impacted by Covid-19. There was, however, a visible step change after July 2020, as lockdown levels eased, and our clients reopened for business. This was carried through the results, with a much-improved second half to the financial year.

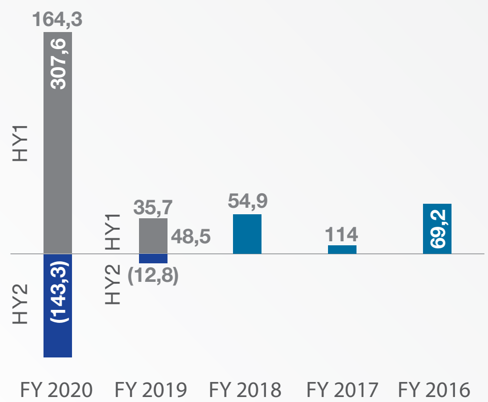




HEPS (cents)



Cash generated from operating activities (Rm)



CHIEF EXECUTIVE OFFICER'S REVIEW

2020 was a particularly difficult year given the impact of Covid-19 and one likely never to be forgotten. Despite this, the investment clusters performed remarkably well during the second half of the financial year, once they were able to assess this "new normal" and effectively mitigate risks while at the same time positioning themselves strongly for the future.

Ronny Katz
Chief executive officer

EXTERNAL OPERATING ENVIRONMENT

Workforce acknowledges the way Government reacted to keep the people in South Africa safe through various interventions pertaining to the Covid-19 pandemic, despite many of these having a devastating effect on certain economic segments. The global vaccination programme is gaining momentum in developed economies such as the United States and United Kingdom, which have money to allocate. In South Africa, the programme is rolling out at a slower pace than expected, but nonetheless is being implemented. A vaccinated world holds the key to reopening local and global trade.

I was encouraged by the recent Budget speech, which I interpret as being business friendly rather than heavily weighted towards ideology. We eagerly await the rollout of infrastructure projects as a growth driver for the economy, understanding that although South Africa will only reach pedestrian growth in the coming years, the country still needs infrastructure spend to achieve a higher economic growth path into the future.

During the first six months of the year the investment clusters were particularly impacted by Covid-19. There was, however, a visible step change after July 2020, as lockdown levels eased, and our clients reopened for business. This carried through the Group's results, with a much-improved second half to the financial year.

Two examples of the way investment clusters responded come to mind. The Training cluster pivoted quickly and effectively to online training and is now able to offer a range of training, education and development options provided through facilitated classroom-style learning, digital learning or a blended option including both.

Despite a strong competitive environment during the height of the pandemic, the Healthcare cluster proved resilient and recession-proof, maintaining and in some instances increasing activity, notwithstanding Covid-19. The cluster developed an array of new services specifically focused on responding to the pandemic, including a Covid-19 workplace risk assessment, virtual GP consultations, care centre support for suspected cases with telephonic questionnaires, counselling, tracing and laboratory testing, Covid-19 medical screening and training, as well as a Covid-19 support line.

I am immensely proud of how quickly cluster executives consolidated their positions, cut costs, implemented technology and got on with business. This resulted in a substantially better result in the second half of the year, with certain investment clusters exceeding expectations and others coming very close to returning to near-normal levels of utilisation of services and earnings patterns.

THE YEAR UNDER REVIEW

Workforce ended the year with revenue of R2,7 billion (2019: R3,2 billion), a decline in EBITDA to R76,9 million (2019: R140,9 million) and an total comprehensive income for the year of R33,2 million compared to R97,3 million in the prior financial year. Despite this, cash flows from operating activities improved to R172,8 million (2019: R35,7 million).

The Covid-19 crisis caused losses in the Babereki business due to the inability of many people to repay loans as a result of unemployment. It was decided to write off this debt in a net amount of R46,5 million.

Net asset value amounts to 326 cents per share (2019: 308 cents per share), showing that the market is undervaluing the share by roughly 66%.

In January 2021, post the financial year-end, we announced the acquisition of OpenSource, which will form part of the Recruitment cluster. The acquisition is small but given the existing synergies, we expect it to add growth to the cluster in the future.

We remain hugely encouraged by the way the investment clusters were able to claw back their position in the second half of the year, with a stringent focus on debt collection, costs and on cash generation. This position will continue, and we look forward to an improved result in the coming year.

Further details pertaining to the financial position are contained in the review by the financial director on page 42, which is followed by the investment cluster reports.

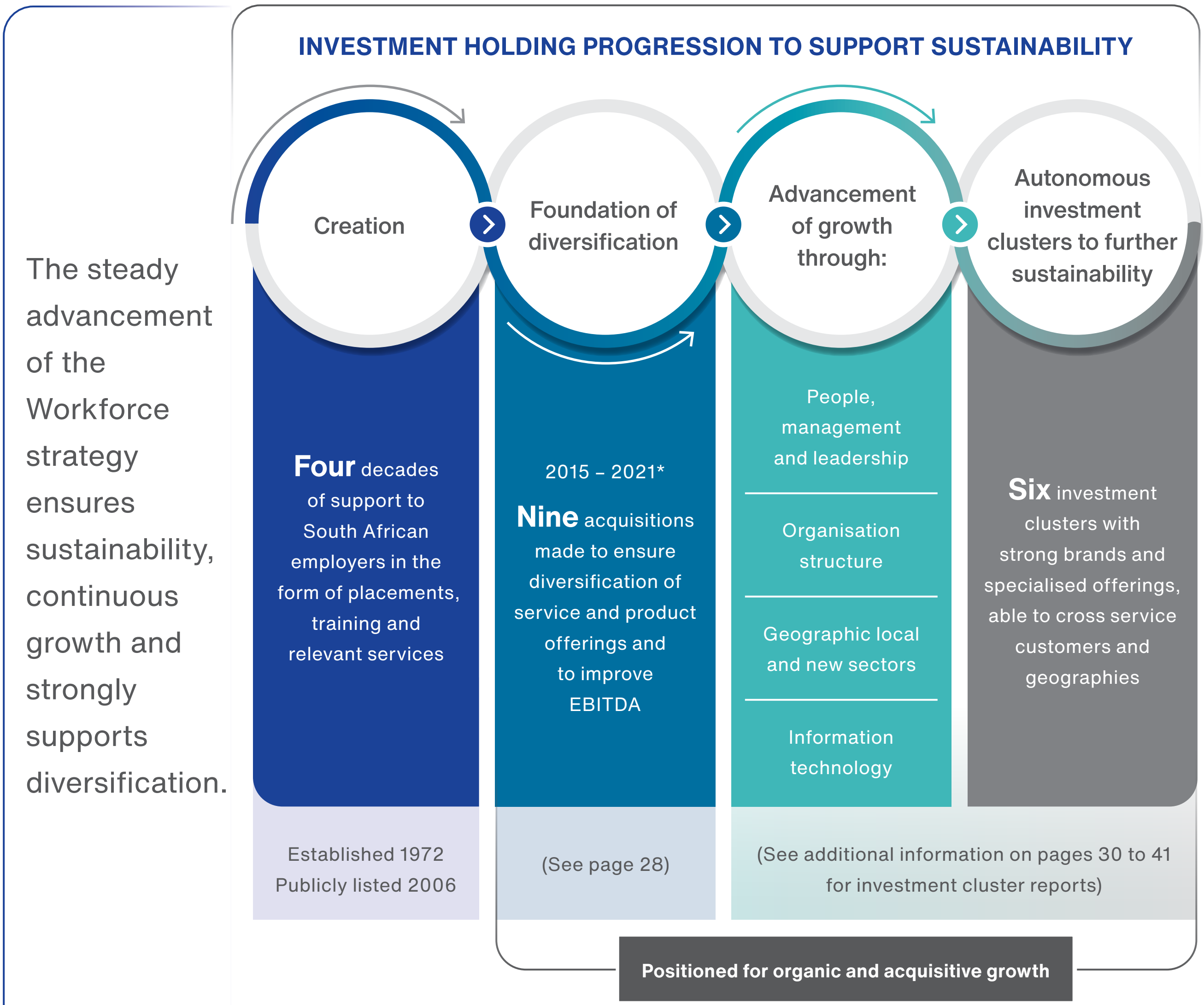
VALUE CREATION THROUGH INVESTMENT CLUSTERS AND ACQUISITIONS

The establishment of focused investment clusters has ensured that Workforce has the necessary diversification in skills, leadership, products, geographies, technology platforms and human capital to ensure that clients receive outstanding service quality.

Furthermore, investment clusters are run, and accordingly measured, as independent entities, with options of turning to Workforce Holdings for assistance and support in back-office functions. Each cluster is now positioned and responsible for its own acquisition policies, has an established investment committee in place and drives its own growth strategies with input from Workforce Holdings.

Covid-19, although extremely difficult to navigate, provided an environment in which cluster leadership had to stand up, face the music and make plans, not only to ensure human capital wellbeing, but to deeply evaluate costs as well as adopt technology solutions quicker than was originally anticipated.

I am very pleased to report that across the investment clusters, all executives and staff have risen to the challenge and this is evidenced in the results, particularly the recovery in the second six months.



* *Post year-end event: Acquisition of OpenSource.*

As an enhancement to our integrated annual report, in 2019 we included individual cluster operations reports and these are once again included on pages 30 to 41 of this year's report, albeit with additional disclosure.

With a history dating back to 1972, Workforce continues to maintain a strong commitment to core areas of competence. From 2015 onwards, growth was bolstered through a combination of successful acquisitions and organic growth.

Company acquired	Date	Description
Prisma Training Solutions	October 2015	Accredited mining training provider
Quyn	February 2016	Provided increased presence in outsourced technical skills
GCubed Boutique Recruitment	May 2016	Enhanced permanent placements and executive search capability
KBC Health & Safety	January 2017	Contractor onboarding and induction training
Oxyon	February 2017	Technical and artisanal skills
Day Click	March 2017	TES and permanent recruiting in Mauritius
Dyna Training	July 2018	Provider of leadership, management and supervisory training
Chartall Business College	January 2020	Niche training provider
Opensource Intelligent Solutions and Opensource International	January 2021	Placement of skilled SAP resources

In 2020, a team from Transman joined the group, adding further expertise to the staffing and outsourcing cluster.

The group has paid a total of **R237 million** for acquisitions to date and earned **65%** of the purchase consideration back in profit before tax.

It remains an intention of the group to continue to assess acquisition opportunities based on criteria including:

- Quality business
- Sustainable profitability and cash flow
- Share entrepreneurial values and ethos
- International and/or local businesses with international presence
- Strong management team
- Can benefit from or add value to Workforce expertise and operations (i.e. capabilities that support growth and scale)
- Scalability

TECHNOLOGY

Within Workforce Holdings, technology is used for decentralised decision-making, speeding up processes and improving visibility to support our planned growth, diversification and to retain our leadership position in the market. Coupled with this, we have a policy to develop our own software tailored to the needs of the business. To date we have developed an effective and substantial library of software used to operate the company.

This being said, Covid-19 presented an environment in which the investment clusters had to adopt technology solutions much more quickly than anticipated and did so very successfully to the benefit of clients and the group. We firmly believe that technology is instrumental to our growth and we will continue to focus on the internal development of software, only making use of non-proprietary software in certain limited circumstances.

HUMAN CAPITAL AND SOCIAL DEVELOPMENT

We provided employment to 1 259 permanent employees and deployed on average over 33 884 average weekly assignees to our clients on an outsourced basis. There should be no doubt as to the emphasis we place on our people and human capital development.

In the year under review great strides have been made in executive leadership development and organisational change, based on principles and guidance in line with the Tavistock Institute. We are committed to ensuring that the culture across the organisation is sensitive, is one of care and that we cultivate a workplace in which people feel that they are free to articulate both the good and the bad, in an environment where they are heard and not judged, and that we show empathy. This intervention was extremely positive, not only for our people, but also for our leaders, who I feel are more conscious and people-focused leaders now than ever before. This has further resulted in even greater collaboration across the investment clusters.

Workforce continues to place emphasis on social development. For four decades we have directly assisted with placements, training and recruitment and, more recently, with a diversified service offering including healthcare and financial services. Our involvement in the lives of people is thus tangible and measurable. Furthermore, ethics and ethical behaviour, essential to the social contract, features high on the agenda across the organisation, from our recruitment process, through to the evaluation of performance and rewards of employees to the sourcing of suppliers.

COVID-19

Being a human capital business dedicated to supporting and growing people, Workforce was very quick to react to the Covid-19 pandemic. Internally, stringent plans were put into place and meticulously followed. Similarly, we ensured that staff placed with clients were fully aware of Covid-19 protocols. Going forward we acknowledge that this way of operating within the workplace is the "new normal" and we will continue to be at the leading edge of all that needs to be done to care, protect and ensure safety in the Workforce space.

By the time that this integrated annual report is read by stakeholders, it will be just over one year that South Africa has been in some form of lockdown. During this time our employees, stakeholders, family and friends have lost loved ones to Covid-19. To all those who have suffered losses, our sincere condolences go out to you, your family and your colleagues, as we remember those who lost their lives during this pandemic.

Integrated and inter-related businesses, separated into investment clusters, ensure that Workforce is able to supply a holistic suite of products and services to employers and individuals in South Africa and in neighbouring countries.

GEOGRAPHIC EXPANSION AS A GROWTH VECTOR

Locational development and expansion are areas of careful and selected focus. Margins are attractive and demand for the group's services, solutions and products remains high outside of South Africa. There is no doubt that there is a real need for training, staffing and financial services in other African countries and for these countries to upskill their people and retain these skills in-country.

Outside of South Africa, Workforce operates in Botswana, Mozambique, Namibia and Mauritius and we recently added Chile to our geographic diversity. This was in response to following a client to that country and currently the move is exceeding expectations. The lessons we are learning along the way make it a little easier in each new geography we enter.

OUTLOOK

I am encouraged at the vast progress made during what was a very difficult operating environment. Our investment clusters have made significant strides in the year to further cement their positions in the marketplace by growing the customer base where possible, aligning costs, being mindful of human capital development, and putting strategies in place for both organic and acquisitive growth, which will be beneficial in years to come. Post the financial year-end, we are further encouraged by utilisation levels of services and earnings patterns.

We keep a watchful eye on Government's progress in developing additional infrastructure in South Africa, as well as similar large projects being developed in the geographies we operate in outside of South Africa. We are ever mindful that we can be a very relevant and significant player should the need arise.

The quick and robust adoption of technology in order to train, recruit, communicate and interact with customers and assignees has been of tremendous benefit to the group. This will be enhanced upon and similarly, we will continue our drive of diversification too. This has already been shown in our acquisition of OpenSource in the SAP space. Given Workforce's vast offering, there are still many synergistic areas into which we are able to grow and, given that costs have been optimised across the year, this will allow for additional gains.

We will remain dedicated to our core competencies as market conditions will likely remain challenging for the foreseeable future. However, four decades of experience, a very strong network of teams across the business, organised into investment clusters with a common purpose to ensure success and growth, makes for a force that cannot be underestimated.

APPRECIATION

I would like to sincerely thank all our employees and cluster executives and their advisors for your dedication during the year. While this was by no means easy, your commitment to our Workforce values is highly appreciated. To the executive and non-executive directors on the board, your guidance and input is always welcome and meaningful.

To all our customers, suppliers, shareholders, financiers and stakeholders, your support is valuable as we continue to ensure your trust in Workforce is earned.

Ronny Katz
Chief executive officer

26 April 2021

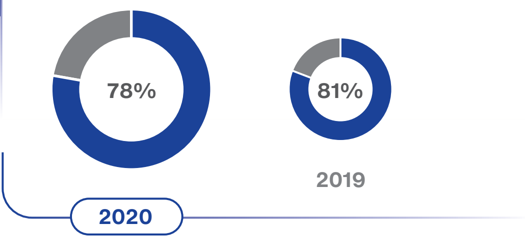
INVESTMENT CLUSTER OPERATIONS REPORT

STAFFING AND OUTSOURCING

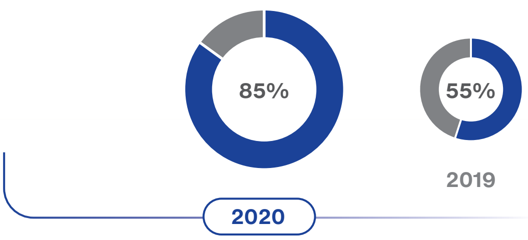
This cluster continues to build on the foundation of the Workforce Group from four decades ago. Its relevance and sustainability are housed in diversified brands answering to the needs of niche segments of the economy. The accelerated adoption of technology holds massive benefits, not only for client experience, but also for the efficiencies and agility of the overall performance of the cluster, whilst at the same time lowering operational costs.

FINANCIAL CONTRIBUTION

Percentage of revenue



Percentage of EBITDA



HIGHLIGHTS OF THE YEAR

The staffing and outsourcing cluster had a reasonable start to the first quarter of the financial year but was adversely affected by the impact of Covid-19 for the months of April, May and June. Pleasingly, when the economy reopened after the hard lockdown, business picked up significantly. Despite a reduction in overall revenue of 16% to R2,2 billion (2019: R2,6 billion), EBITDA improved by 1% to R127,4 million (2019: R125,9 million). During the second half of the year EBITDA increased by 78% compared to the first half of the financial year.

The cluster contributed 85% to overall EBITDA of the group.

The cluster continued to assist individuals with the TERS, which was due to end in October 2020, but which Government extended to 15 March 2021. The relaxation of barriers to the Employment Tax Incentive ("ETI") from April to July 2020, resulted in a significant benefit that enabled the cluster to offset to some extent the fall in revenue because of lockdown regulations.

Strong brand positioning within traditional economic sectors, allowed the cluster to continue to perform well. However, a significant boost to performance was due to diversification into sectors such as transport, warehousing, power generation, oil and gas, e-commerce, distribution, renewable energy and technical mining. This diversification ensured that by September 2020 volumes were back to the same levels as at March 2020, and then surpassed. A further contributor to the results is that the client base was retained, and in some instances expanded.

Stringent cash preservation, cost controls and a focus on debt collection continued throughout the financial year with great success.

EFFECTIVELY MANAGING THE CHALLENGES

There is no doubt that the impact of the pandemic is devastating the world over. Despite this, the cluster worked on a number of initiatives to reduce risk and focused on its key strengths.

The acceleration and adoption of technology was boosted to the benefit of client relationships and efficiencies. The cluster is now able to assist clients to forecast potential human capital bottlenecks and address staffing requirements ahead of time. This supports a significant step-change to increase the value proposition.

TOP THREE RISKS	MITIGATION OF RISKS
DEBTOR RISK	Strict credit control, greater focus on operational management of collection and improvement of debt management.
LEGISLATION	The cluster is adept at dealing efficiently with legislative changes by being ISO 9001 accredited. It also plays a leading role in advising clients on HR, IR and Labour Law by having the appropriate expertise in-house and in this way de-risking clients.
GROWTH	The cluster increased brand visibility and economic sector diversification.

OUTLOOK

The cluster remains well positioned for growth as it has positioned its business model to tap into the new sectors contributing to economic growth, in addition to all other areas of expertise this cluster has entrenched.

This is supported by human capital who are professional and made up of individuals with deep and direct industry experience, able to correctly place the right people at the right clients. The cluster recognises human capital as critical to its success and has embraced human capital development, the results of which are palpable.

RECRUITMENT

This investment cluster primarily serves the mining, petrochemical, parastatal, telecommunications and retail sectors. In recent years there has been a marked swing towards different models within the permanent solution arena, with clients more inclined to utilise agencies for the sourcing of senior and specialist skills. Hence the need for defined headhunting, recruitment and placement solutions.

Financial results for this investment cluster are included in the Staffing and Outsourcing investment cluster.

HIGHLIGHTS OF THE YEAR

Many of the sectors served by this investment cluster were deeply impacted by Covid-19, with permanent recruitment coming to a virtual halt during the initial lockdown period and slowly picking up after that. As a consequence, most vacancies were put on hold and new business service level agreements delayed to 2021.

The management team was able to pivot the business and offered a leading parastatal and other organisations novel solution models to their recruitment needs, which proved to be profitable. Lockdown further provided an opportunity to review efficiencies, implement cost reductions and hire critical resources, putting the cluster in a position to obtain greater market share. This is supported by one of the leading brands in the recruitment investment cluster, Fempower, obtaining a Level 1 B-BBEE rating.

Extreme cost cutting implemented in the last few months of the interim period, the outsourcing of non-essential services to group level, and the implementation of new business and specific revenue models contributed positively to the bottom line for the financial year. The development of an internal compliance department will further position this investment cluster for additional opportunities and hence growth.

EFFECTIVELY MANAGING THE CHALLENGES

The restructuring within the recruitment investment cluster created measurable revenue streams such as white collar contracting, “map and attract”, headhunting, contingency permanent, TES, blue collar recruitment and response handling, with each solution now being managed by an experienced manager, with strict mandates and measurable goals.

A reduction of operational expenditure within each brand has provided the necessary leeway to explore all opportunities within the broader staffing industry.

TOP THREE RISKS	MITIGATION OF RISKS
COVID-19 AND SIMILAR PANDEMIC	Servicing a broad industry client base.
COMPETITION	Reduction of fees, increased performance and strong client relationships.
ECONOMY	Cost optimisation to ensure competitiveness.

OUTLOOK

With an exceptional client base in place, tapping further into the entrenched footprint will be the focus for the coming year. Promise lies within the mining industry as a contributor to revenue for 2021, as it does for the headhunting and blue-collar services.

The acquisition of OpenSource will add diversity to an already strong offering from the recruitment cluster, through the ability to place and train within the SAP space. The Level 2 B-BBEE contributor and Accredited SAP Partner status, are further attributes of the business. OpenSource provides SAP professional services including placing resources on a contract or permanent basis, provides programme and project management services and highly skilled teams for clients utilising SAPs Enterprise Resource Planning System. Furthermore, it provides SAP end-user training and other SAP-related services including SAP site maintenance and contract management/payroll outsourcing.

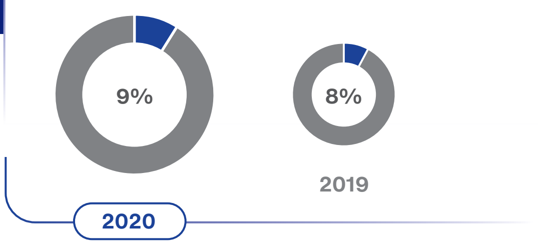
Hiring two additional executive staff members for sales and permanent operations was critical to alleviating pressure on existing management, allowing them to concentrate on their individual strengths. The investment cluster has, for too long, been dependent on too few hands.

TRAINING

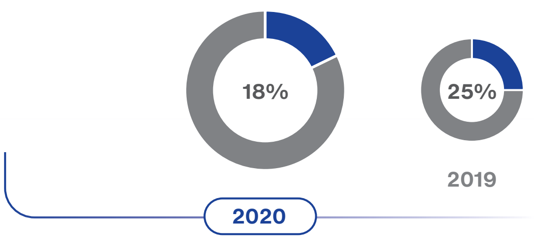
Globally there remains very strong demand for development, training, and education from individuals and companies looking for continual improvement in workplace skills. This bodes well for the training cluster, which has vast experience particularly in vocations that require compliance and certification. This is supported by a range of training, education and development options provided through facilitated classroom-style learning, digital learning or a blended option including both.

FINANCIAL CONTRIBUTION

Percentage of revenue



Percentage of EBITDA



HIGHLIGHTS OF THE YEAR

All industries, particularly the mining sector, that are serviced by the cluster were negatively impacted by the various lockdown levels during the first half of the financial year. Training stopped and in-classroom training was especially impacted, in turn affecting the cost per learner. The mining sector also stopped taking on additional workers for several months which impacted the on-boarding division. This resulted in an overall revenue decline of 8%, with an EBITDA decline of 51%. Despite the impact on profitability, during the second half of the year EBITDA improved by 56% compared to the first half of the year. The cluster contributed 18% to EBITDA of the group.

Chartall Business College ("Chartall"), acquired in January 2020, exceeded expectations primarily as it was already offering higher education Bachelor of Business Administration degrees and Sector Education and Training Authority ("SETA") registrations and learnerships to the banking sector via its digital platforms. In light of synergies, this digital element was incorporated, with great success, into the rest of the cluster businesses.

All companies in the cluster showed improved results in the second six months of the year, with much better activity levels, although these are not yet at the normalised levels of prior years. KBC, with a dedicated focus on contractors to the mining sector, remains impacted as many of the contractors' training products were placed on hold as the mining sector first shut down and then started implementing cost savings. It is expected that the coming financial year will be a better one for KBC.

EFFECTIVELY MANAGING THE CHALLENGES

The South African economy remains at low growth rates, obliging the cluster to innovate and deliver training via digital platforms. This option, together with a facilitated training option as well as a blended option of both, are now in place and are being offered to clients at attractive prices.

The cluster is further strengthening offerings for which it is already very well known, namely compliance training (i.e. where workers are required to hold such qualifications, licences and certificates as sector regulations dictate).

TOP THREE RISKS	MITIGATION OF RISKS
HUMAN CAPITAL MANAGEMENT AND WELLBEING	The impact and stresses of Covid-19 weighed heavily on our people. Caring for employees and staying as close to them as possible was essential and was facilitated by providing access to psychologists and allowing them to work efficiently from home through the provision of equipment and infrastructure.
PRODUCT AND SERVICE INNOVATION	Reduced activity in classroom-style training has ensured that changes to digital training offerings were quickly and successfully implemented.
LIQUIDITY AND CASH GENERATION	The appointment of individuals able to drive collections and to ensure cash flow remains strong was prioritised.

OUTLOOK

It is envisaged that the first six months of the new financial year will remain challenging given the second wave of Covid-19 infections. However, compared to the first half of 2020, activity levels are already much improved. The cluster has been able to maintain activity at 70% to 80% of normalised levels and it is expected that in the latter part of the 2021 financial year this will improve even further. Cash generation is expected to remain strong as per previous financial periods, with an optimal mix of the correct systems and people in place.

Acquisitions have positively supported the cluster and the review of potential acquisitions remains ongoing.

Given low economic growth in South Africa, the cluster will cautiously assess service offerings outside of the country, primarily to follow clients as they venture outside of our borders.

Compliance training, will receive impetus with the establishment of Sikelela Training Academy, a dedicated compliance training offering supported by the knowledge and expertise of three brands within the training cluster, all mandated to generate leads and roll out training.

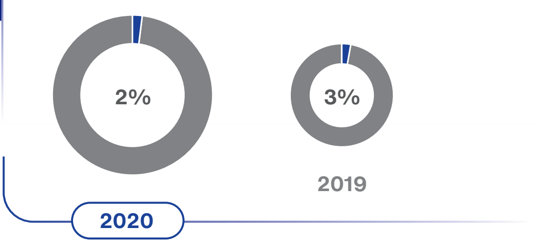
Our digital learning offerings are now well entrenched and are expected to deliver solid results in the coming financial year. This, coupled with the ability to be flexible and offer these courses in a facilitated (classroom) format or a blend of both, is set to assist the cluster in responding to the needs of our clients quickly and seamlessly.

FINANCIAL SERVICES

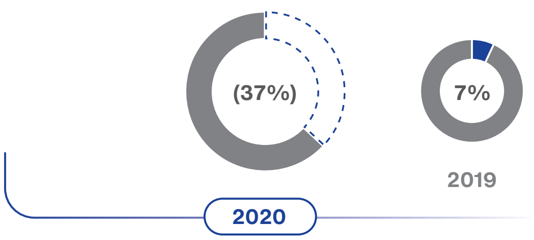
Lifestyle benefit packages, optimised financial services and support services especially funeral cover, medical insurance, hospital cover and responsible lending services, remain in demand. The philosophy of this investment cluster is to ensure that products and services are rendered ethically and in support of uplifting customers.

FINANCIAL CONTRIBUTION

Percentage of revenue



Percentage of EBITDA



HIGHLIGHTS OF THE YEAR

The Financial Services cluster experienced a difficult year and results were affected in part due to the effects of Covid-19 as well as the shutdown of the Babereki Product Division. The latter was due to many clients being laid off or put on short time and accordingly not able to afford their instalments and we also stopped issuing loans during that period. This led to a decision to write off a portion of the loan book amounting to a net R46,5 million, resulting in reduced revenue of 42% to R54,6 million (2019: R94,2 million) and an EBITDA loss of R55,0 million (2019: R15,8 million) was incurred. The cluster contributed 2% to revenue of the group.

Essential Employee Benefits ("EEB"), our investment into the medical insurance and other financial insurance products, and one of the first offerings in the Workforce group to operate outside of South Africa, continued with the momentum it has built up locally and in Africa, with strong cash generation and success in winning tenders.

The Debtworx business, post a strategic review, is now operationally leaner and has developed systems to help manage the upsurge in the business. It continues its successful involvement with the YES Programme and the focus on Authentic Early Debit Order ("AEDO").

Within Babereki, the financial management capability was bolstered, and daily financial monitoring of key indicators is in place.

EFFECTIVELY MANAGING THE CHALLENGES

Despite the effects of the pandemic, product demand and repayments have rebounded strongly, assisted by the cluster's geographic diversification. While Covid-19 had many negative impacts, it provided time to review each brand within the cluster and to interrogate operating costs, resulting in substantial cost savings and a greater adoption of technology, which in turn has resulted in greater sales. The reviewed priorities also helped to better position the cluster for the future.

TOP THREE RISKS	MITIGATION OF RISKS
NON-PAYMENT FROM GROUP SCHEMES	Largely an economic impact that had to be "waited out".
NON-PAYMENTS OF EXISTING LOANS	Ceased granting loans for a period of time.
REDUCTION OF COLLECTIONS DUE TO LIMITED EARNINGS	Collections campaigns instituted to encourage payments.

OUTLOOK

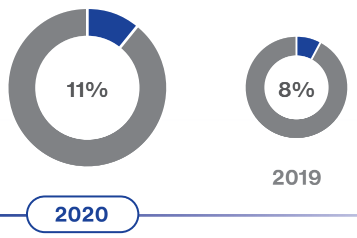
The easing of Covid-19 lockdown restrictions and the further opening up of the economy should lead to the re-employment of people, which will benefit the brands within the financial services investment cluster. We will maintain a cautious approach within the business, given poor income levels and credit markets. All indications are that insurance products show positive demand and further growth is envisioned. Overall, the pipeline for the financial services cluster for 2021 is strong and a stringent focus will be placed on generating cash flow and returning this business to profitability.

HEALTHCARE

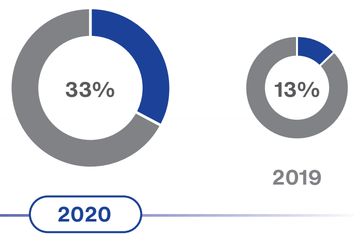
The healthcare investment cluster operates in a critical segment as the country positions to ensure all South Africans have access to suitable healthcare. Occupational health is a legislative requirement, and this provides further impetus for the cluster, as does the multitude of academic, specialised and general hospitals in South Africa, which always strive to ensure that critical resources such as doctors, nurses and technicians are available to care for the country's people, often needing assistance from external parties to provide suitable resources. This bodes exceptionally well for this specialised cluster, which is able to provide such much-needed capacity through its services and products.

FINANCIAL CONTRIBUTION

Percentage of revenue



Percentage of EBITDA



HIGHLIGHTS OF THE YEAR

The healthcare cluster was deemed to provide an essential service and as such was active throughout all of the lockdown levels. The business saw an increased demand for services to assist clients to ensure their business operations continued smoothly during the pandemic, which supported it in achieving a strong performance. Revenue growth of 14% was achieved, all of which was organic and the cluster contributed 11% of revenue to the group. EBITDA growth was pleasing at 71% to R49,6 million (2019: R29,0 million). The cluster contributed 33% to EBITDA of the group. Strict cash preservation measures remained in place, with a positive cash flow and improved debtors days.

The businesses in the cluster that provide primary healthcare personnel solutions, experienced little change in demand especially in the frail care sector. Although there was reduced demand from hospitals given that no elective procedures were performed during the lockdown and there were less trauma cases as a result of the alcohol ban, the rapid rise of Covid-19 cases during the first six months of the financial year led to an increased demand for nurses at hospitals. As lockdown levels eased, hospitals opened and the demand for placements of doctors, nurses and technicians once again increased. This part of the investment cluster also experienced exceptional success in winning tenders to provide medical and nursing staffing throughout the country.

The cluster also developed an array of new services specifically focused on responding to the pandemic, including a Covid-19 workplace risk assessment, virtual GP consultations, care centre support for suspected cases with telephonic questionnaires, counselling, tracing and laboratory testing, Covid-19 medical screening and training, as well as a Covid-19 support line. Covid-19 online training was developed in collaboration with the training cluster, which was used by many clients, helping to raise awareness of the Workforce brand in the medical sector.

The cluster achieved a Level 2 B-BBEE accreditation (2019: Level 3) and this further supported the use of solutions and products by clients country-wide.

EFFECTIVELY MANAGING THE CHALLENGES

Since the inception of the cluster it has grown organically – a fundamental foundation of this approach has been the development of systems and software that provide for improved efficiencies and a higher standard of service.

Keeping pace with technology has never been allowed to wane. A prime example of this is the certificate of fitness, where doctors onsite are provided with a full pack of test results, x-rays, and all other medical compliance information within one day after visiting one of the cluster's fixed or mobile operations. This is critical to clients, providing them with reliable assessments in record time and also electronically, which adds to efficiencies.

TOP THREE RISKS	MITIGATION OF RISKS
ECONOMY (AS IT IMPACTED CLIENTS)	Organic growth of current client base by being relevant in terms of the support offered and ensuring that clients remained operational, with systems in place to protect their employees with innovative protocols and new services.
LIMITED RE-SOURCES IN SOUTH AFRICA	Additional online training courses planned for nurses and technicians in association with selected universities and Workforce Training, will in turn lead to further diversification. Provincial oversupply is accommodated by moving resources to other provinces where there is undersupply.
TRANSFORMATION	Level 2 B-BBEE accreditation attained.

OUTLOOK

There is no doubt that the devastating effects of Covid-19 will be felt in the years to come, with clients having to adjust to ensure the legal requirements of occupational health remain firmly in place. The cluster is similarly adapting to ensure more remote access platforms are in place. Lessons learnt in the successful supply of critical staff in certain provinces will be rolled out across the country, and supported by online training options. These online courses are being provided free-of-charge partially as a way to make a meaningful positive impact to the lives of the staff placed and also as a way to drive partnerships in the training sphere.

Covid-19 is one of the most critical impacts the South African economy have recently had to face, and this investment cluster was able to validate itself as a leader in the healthcare space with brands able to withstand a recessionary environment.

AFRICA

While South Africa leads the rest of the continent in terms of skills development, access to training, outsourcing, employee benefits, healthcare professionals, financial services solutions, and recruitment options, the rest of Africa is experiencing a development boom, particularly in the form of massive infrastructure projects. This market therefore provides significant opportunities for Workforce Africa to tap into for the foreseeable future.

Financial results for this investment cluster are included in the Staffing and Outsourcing investment cluster.

HIGHLIGHTS OF THE YEAR

Workforce Africa is responsible for business development outside of South Africa and represents all of Workforce's services and products.

This area of our business was particular badly impacted by Covid-19 being unable to travel between South Africa and the countries where we started businesses, so the anticipated results from this investment cluster did not materialise. Despite this, we remain committed to doing work outside of our borders as we believe there will be good benefits in the future. Workforce Africa is responsible for business development outside of South Africa and represents all of Workforce's services and products.

The branch in Mauritius was restructured which mitigated the previously heavy exposure to the hospitality sector, giving it broader exposure to the provision of training in the agriculture and textile sectors.

In Mozambique, the investment cluster is extremely well positioned with the addition of strong management, to supply staffing and upskilling solutions through technical and general training courses for the large-scale LNG project. Most importantly, for the large-scale LNG projects in Mozambique, it is able to offer health, safety, environment and other quality training courses, as well as skilled staffing solutions from South Africa and abroad. The companies that Workforce Africa engages with are considered to be "blue chip companies", which are beginning to understand the value proposition the investment cluster brings, including the fact that any upskilling that is facilitated will remain in Mozambique and enhance the general level of skills in that country for the future.

Botswana, which comprises the most complete service offering outside of South Africa, including staffing, outsourcing and recruitment, employee benefits (such as funeral policies) and microfinance, continues to perform to expectations. Products and services are offered to government departments as well as to corporates, with encouraging uptake.

Workforce Africa's involvement in Namibia experienced improved demand with the service offerings performing well.

EFFECTIVELY MANAGING THE CHALLENGES

Covid-19 related travel restrictions were successfully surmounted by spending time enhancing current relationships, and pivoting the business somewhat by offering skills training and evaluations via online tools. Furthermore Workforce Africa was able to successfully demonstrate that through its training solutions, it can contribute meaningfully to having local skilled staff remaining in-country and to transfer these skills to others. This speaks to both the sustainability of offerings and to the impact being made on the continent. The African strategy is to build a sustainable business in the long term supported by local competence.

TOP THREE RISKS	MITIGATION OF RISKS
POLITICAL STABILITY	Evaluate and choose opportunities in stable countries or regions.
CURRENCY RISK	Hedge and ensure funds can be repatriated.
ECONOMIC RISK AND REGULATORY COMPLIANCE	Evaluate current and projected growth rates and continually monitor the likelihood of a change in regulation.

OUTLOOK

Workforce Africa is upbeat about the opportunities that exist in the rest of Africa. Economies are growing, supported by infrastructure projects, and there is demand for the provision of healthcare professionals, training, staffing and recruitment solutions, as well as financial services solutions. We are currently investigating other opportunities in other African countries attempting to form partnerships with local companies. We believe that there is a long-term growth opportunity in development in Africa of all our product offers and albeit that initially profitability is low, the expectation over the longer term is good.

FINANCIAL DIRECTOR'S REVIEW

2020 will long be remembered as one of the most unprecedented years in South Africa and across the world as everyone battled against the Covid-19 pandemic. The background to the Workforce results is that in the first six months, when almost all our investment clusters were unable to operate, ensuring the safety of our people and all the people we place into employment as well as cost cutting, collections and limited spend, were the order of the day.

Willie van Wyk
Financial director

The investment clusters are commended for their adaptation to what is now the "new normal" and in the second half of the financial year the results improved significantly.

OVERVIEW OF THE YEAR

The second half recovery from the investment clusters, aside from financial services, puts Workforce in a strong position for 2021 growth recovery. (This trend is highlighted in the Performance Indicators on pages 24 to 25.)

REVENUE

decreased by 13,9% to
R2,7 billion
(2019: R3,2 billion)

EBITDA

decreased by 45,5% to
R76,9 million
(2019: R140,9 million)

EBITDA IN THE SECOND HALF

increased by 42,0% to
R86,4 million
(2019: R60,9 million)

FINANCIAL PERFORMANCE

The 2020 financial performance of Workforce was impacted by the Covid-19 pandemic with revenue of R2,7 billion compared to revenue of R3,2 billion in the previous year. The impact of Covid-19 was visible during the first six months of 2020 and the recovery post July 2020 is reflected in the improved second half of the financial year. (Refer to page 24 for the revenue graph detailing the strong recovery in the second half of the financial year.)

The decline in EDITDA to R76,9 million is a reduction of 45,5% however the second six months of 2020 delivered an increase of 42% compared to the same period during 2019. These numbers are indicative of certain cost saving measures, very strong results from the Healthcare cluster and an exceptional recovery in the Staffing and Outsourcing cluster during the last quarter of 2020.

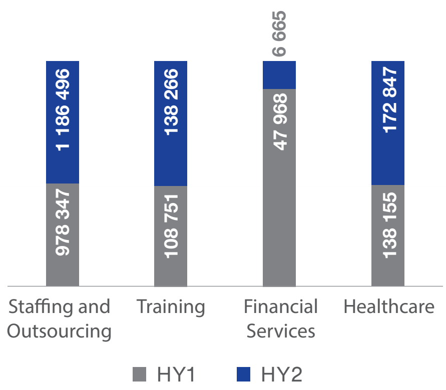
Despite headline earnings per share reducing by 71,7%, the clawback in HEPS in the second half of the financial year reflects the return of volumes within the business to near-normal levels. (Refer to page 25 for the HEPS graph detailing the strong recovery in the second half of the financial year in which headline earnings was positive rather than the loss of earnings in the first half of 2020.)

The strong increase in cash flow from operating activities to R172,8 million (2019: R35,7 million) is indicative of prudent capital allocation. During the first half of the year volumes reduced, resulting in lower working capital. This was followed by an aggressive debtor collection process and VAT payment postponements. By the second half of the year volumes normalised, resulting in higher working capital requirements and Workforce began to repay VAT.

SEGMENTAL PERFORMANCE

The Staffing and Outsourcing cluster had a reasonable start to the first quarter of the financial year but was adversely affected by the impact of Covid-19 for the months of April, May and June. Pleasingly, when the economy reopened after the hard lockdown, business picked up significantly. Despite a reduction in overall revenue of 16% to R2,2 billion

2020 revenue contribution first half vs second half (Rm)



CASH FLOW FROM OPERATING ACTIVITIES

increased to
R172,8 million
(2019: R35,7 million)

EPS

decreased by 67,3% (including impairment) to
13,9 cents per share
(2019: 42,5 cents per share)

HEPS

decreased by 71,7% to
12,0 cents per share
(2019: 42,4 cents per share)

The directors elected not to declare a final dividend in order to conserve cash resources in light of current economic circumstances.

(2019: R2,6 billion), EBITDA improved by 1% to R127,4 million (2019: R125,9 million). During the second half of the year EBITDA increased by 78% compared to the first half of the financial year. The cluster contributed 85% to overall EBITDA of the group.

All industries, particularly the mining sector, that are serviced by the Training cluster were negatively impacted by the various lockdown levels during the first half of the financial year. Training stopped and in-classroom training was especially impacted, in turn affecting the cost per learner. The mining sector also stopped taking on additional workers for several months which impacted the on-boarding division. This resulted in an overall revenue decline of 8%, with an EBITDA decline of 51%. Despite the impact on profitability, during the second half of the year EBITDA improved by 56% compared to the first half of the year. The cluster contributed 18% to EBITDA of the group.

The Financial Services cluster experienced a difficult year and results were affected in part due to the effects of Covid-19 as well as the shutdown of the Babereki Product Division. The latter was due to many clients being laid off or put on short time and accordingly not able to afford their instalments and we also stopped issuing loans during that period. This led to a decision to write off a portion of the loan book amounting to a net R46,5 million, resulting in reduced revenue of 42% to R54,6 million (2019: R94,2 million) and an EBITDA loss of R55,0 million (2019: R15,8 million) was incurred. The cluster contributed 2% to revenue of the group.

The Healthcare cluster was deemed to provide an essential service and as such was active throughout all of the lockdown levels. The business saw an increased demand for services to assist clients to ensure their business operations continued smoothly during the pandemic, which supported it in achieving a strong performance. Revenue growth of 14% was achieved, all of which was organic and the cluster contributed 11% of revenue to the group. EBITDA growth was pleasing at 71% to R49,6 million (2019: R29,0 million). The cluster contributed 33% to EBITDA of the group. Strict cash preservation measures remained in place, with a positive cash flow and improved debtors days.

Days sales outstanding improved to 46 days (2019: 50 days) and overdue debtors settled at 8% of total book (2019: 9,8%).

TAXATION

The group's positive tax charge arises primarily from the income derived from the ETI programme not being taxable, and the learnership allowances claimed in terms of section 12H of the Income Tax Act. For the period, the tax credit amounts to R27,7 million (2019: debit of R0,9 million). The gross ETI for the year amounted to R96,1 million (R55,8 million), however of this, R55,6 million was extended ETI claims for the year.

Due to the group decision to conserve cash, management approached SARS and was granted a deferral on payments of VAT for the period March 2020 to July 2020. The liability to SARS will be settled in 12 equal instalments beginning September 2020 to August 2021.

CASH GENERATION AND LIQUIDITY

The group cash flow from operations for the year dropped to R61,3 million from R138,6 million in the prior year. The mammoth impact that Covid-19 had on the group in the first six months contributed to the reduction in profits.

Days sales outstanding improved to 46 days (2019: 50 days) and overdue debtors settled at 8% of total book (2019: 9,8%).

Workforce remains a going concern, with sufficient liquidity to take the group through the current crisis. The group is confident to emerge stronger once this challenging time has passed. The necessary plans and strategies are in place to ensure a successful year ahead.

ACQUISITIONS AND DIVERSIFICATION

The quick and robust adoption of technology to train, recruit, communicate and interact with customers and assignees has been of tremendous benefit to the group. This will be enhanced upon and similarly, we will continue our drive of diversification too. Acquisitions such as Chartall, included in the numbers for the full year, have delivered very good results.

Our acquisition of OpenSource, effective post the year-end, in the SAP space is a further case in point to support specialised areas in the recruitment space. A maximum purchase consideration of R24,3 million in cash is payable by Workforce upon the fulfilment of certain conditions.

CAPITAL ALLOCATION

The diversification of revenue and product streams through the cluster structure continues to be a focus of the group. In addition to this, the acquisition of cash generative businesses to bolster the clusters will continue. The effective use of the ETI, coupled with funding, ensures that Workforce has the necessary cash resources to undertake acquisitive growth and to ensure clusters are at critical mass to make meaningful future contributions. This is supported by funders to close any gaps in funding that might arise. Shareholders are reminded that it is Workforce's intention to replace the ETI with earnings by driving organic and acquisitive growth to become less reliant on these incentives.

No dividend was declared in light of current economic circumstances.

GEARING

Workforce has a debt-to-equity ratio of 0,35 compared to the previous year of 0,45. The difference in this ratio occurred due to the decrease of our utilisation of the ABSA facility.

LOOKING FORWARD

Given stringent cost containment, a focus on collections and, in instances where required, the repositioning of certain activities to deal with operating a business in the Covid-19 environment and the "new normal" this has created – we believe that Workforce is well positioned to deliver a solid performance in the year ahead.

The acquisitions previously made are contributing to overall results and we will continue to assess acquisitions and, given the current climate in South Africa, we are pleased with the pipeline of possible future acquisitions.

Our careful and strategic growth outside of South Africa provides opportunities which we continue to assess, finding that Workforce has a vast array of services in high demand outside of South Africa and in support of blue chip customers operating outside of the borders of South Africa.

Willie van Wyk
Financial director

26 April 2021

OUR IMPACT

Environmental, social and governance ("ESG") issues are gaining traction amongst investors globally as the world increasingly looks to companies to play a more responsible role in ensuring the sustainability of natural resources, and to take a conscientious attitude regarding the environment, employees, and communities. Governance also weighs in, with a growing mobilisation from investors to only invest in responsibly managed organisations.

Workforce acknowledges that to be a truly sustainable company we must continually look internally and externally to remain abreast of our operating landscape and consider the impact our business has on all our stakeholders, as well as beyond.

IMPACT

Workforce is committed to being a responsible organisation

ENVIRONMENT

Consciousness and respect

Workforce does not have a major impact on the environment as we are a service delivery business, and are classified as a low impact business as a result. However, that does not prevent us from continuing to focus on minimising those impacts we do make. The group's efforts around environmental sustainability are aimed at mitigating the impacts of our operating divisions in order to respond to the challenge of climate change while minimising our operating costs (see further details on page 63 of this integrated annual report – Our relationship with the environment).

SOCIAL

Uplifting people for sustained earnings ability

From a social perspective our impact is measured in terms of those we place, train or assist. The social framework in South Africa is vital for the success of the country, with high unemployment rates a cause for major concern. For four decades Workforce has directly assisted with placements, training and recruitment and, more recently, with a diversified service offering including healthcare and financial services. Our involvement in the lives of people is thus tangible and measurable. Furthermore, ethics and ethical behaviour, essential to the social contract, features high on the agenda across the organisation, from our recruitment process, through to the evaluation of performance and rewards of employees, as well as the sourcing of suppliers.

33 884 Average weekly assignees

82 582 Training instances

8 356 Learners on learnership programmes

R1 million SED spend

GOVERNANCE

Ethics, responsibility, growth

Finally, with respect to governance, our executive team and the board are committed to the principles of the King IV™ Code of Corporate Governance, and the board, as the ultimate custodian of governance, is responsible for ensuring there is effective control within the business, including compliance with applicable laws, regulations and governance practices. All this to ensure Workforce remains known as a trusted corporate leader.

- Audit and risk committee
- Group IS steering committee
- Social,ethics and transformation committee
- Remuneration and nominations committee
- Investment committee

Investment clusters provide for diversification and organic and acquisitive growth

"We are here to stay, because while we strive to make an impact we want that impact to be sustainable."

Extract from the Workforce manifesto

SAFETY, HEALTH AND WELLBEING IN A COVID-19 ENVIRONMENT

The Covid-19 pandemic must be one of the worst impacts the already fragile South African economy has faced in recent years. Being a people business, Workforce responded quickly in preparedness of our staff and the thousands of people we placed across the year. When the pandemic broke in early 2020, Workforce responded quickly to ensure an emergency preparedness and response plan was in place.

As a result of Covid-19, many contractors have been unable to work, and Workforce has facilitated the application and dissemination of R206 million worth of UIF Temporary Employee Relief Scheme ("TERS") receipts to date. In addition, food vouchers were purchased amounting to R2,7 million.

For the months of April, May and June 2020, Workforce made top-up payments to our contractors amounting to R13,4 million. As an act of solidarity and to preserve liquidity, executive, senior management and members of staff, along with members of the board, took a 20% reduction in salary for the months of April, May and June 2020 and a reduction to 15% in July 2020.

This evolved over the year to include various activities which are now a standard way of doing business and includes amongst others:

Immediate reaction, protection and creation of safe spaces when the pandemic broke

Task and execution teams formed to focus on

- Covid-19
- Cash flow
- Overheads and cost controls
- Overall health and safety

Workforce facilitated the application and dissemination of R206 million worth of UIF Temporary Employee Relief Scheme ("TERS") receipts

Food vouchers were purchased amounting to R2,7 million

Management and board solidarity with 20% reduction in salaries and fees

Psychosocial assistance provided to staff

Office cleaning and disinfecting protocols for prevention and after a confirmed case

Mandatory wearing of face masks and social distancing

Swift, consistent and broad communication and status updates

Availability of hand sanitiser at head office and regional offices

Allowing staff to work from home

Workforce Covid-19 tracker in line with the Covid-19 Preparedness and Prevention Policy

Ongoing monitoring, detecting, preventing, responding and controlling

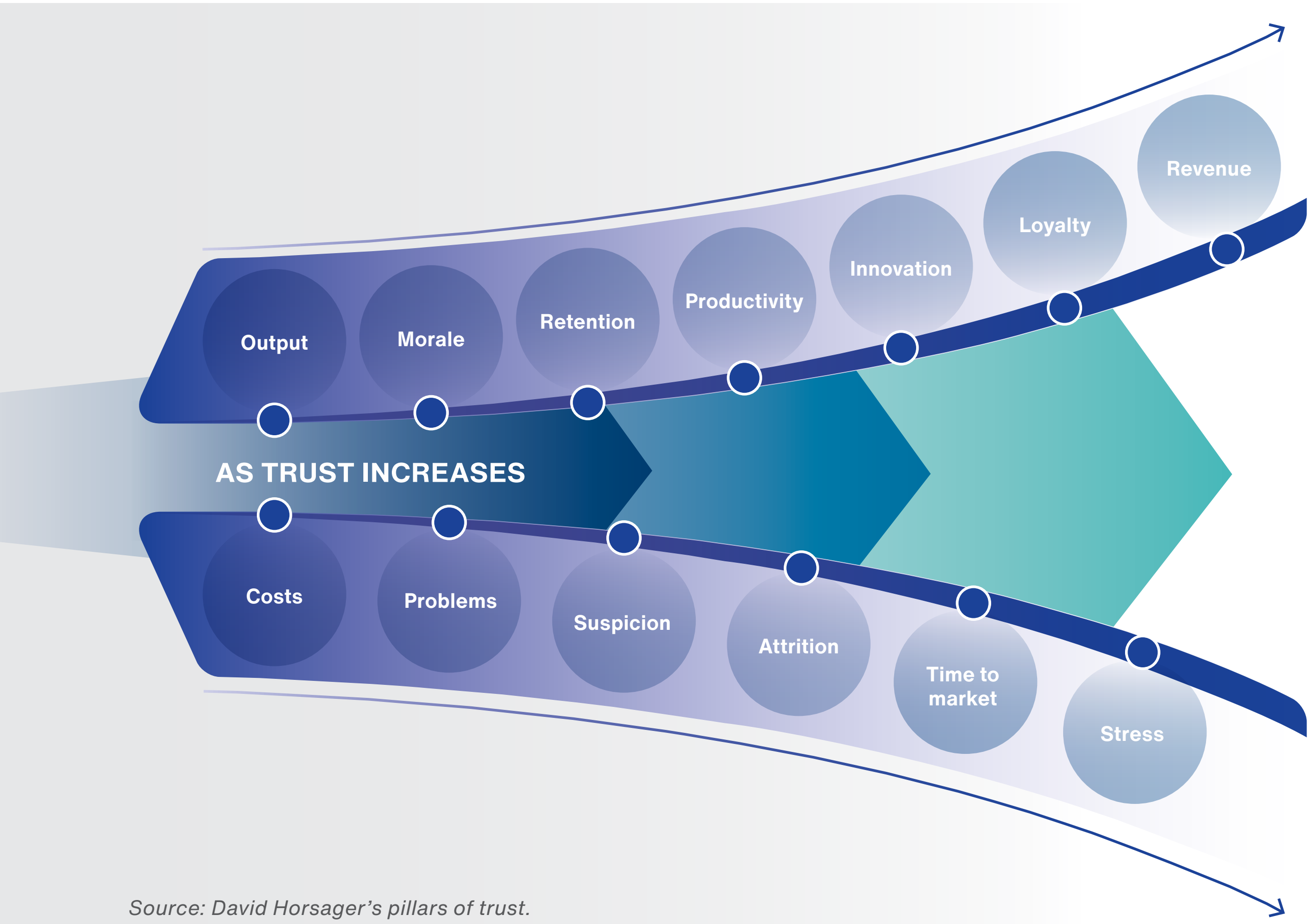
Our goal as a group is to ensure the long-term sustainability of our business. In that way, we will be in a better position to protect jobs and to ultimately grow and create additional opportunities for the Workforce family

The management plan is driven by head office through the 95-branch network across the country. It encapsulates: emergency preparedness and prevention protocols and continual communication to staff, customers and the people we support and place.

THE IMPORTANCE OF STAFF WELLBEING

The wellbeing of our human capital is of paramount importance to Workforce. Across the year, great strides have been made in executive leadership development as well as to ensure our staff feel secure to raise issues and that morale is in check. In instances where this might not have been the case, a lot of work has gone into ensuring a supportive environment for staff. Through the assistance of psychologists and coaches, Workforce has made excellent progress in ensuring staff are able to understand how to positively deal with the workplace being provided with life-skills and how to embrace emotional maturity to ensure productivity and innovation.

This approach was initiated a few years ago and given the social, personal, and financial stresses that Covid-19 brings, it was fortuitous that Workforce had a support mechanism in place. The programme provided additional benefits to staff by having qualified professionals in place for staff to engage with.



Source: David Horsager's pillars of trust.

ORGANISATION CAPITAL OUTCOMES

OUR DEFINITION OF ORGANISATIONAL CAPITAL

In assessing our impact we have combined intellectual and manufactured capital to create organisational capital which comprises our extensive national branch network; our diversified business clusters; our integrated decentralised business model; training facilities; training courses; proprietary software; licences; copyrights; internally developed bespoke operating systems; unique client solutions; trademarks, brand equity, products and services and our extensive intellectual capital.

FOCUS AREAS FOR 2020

- Growth of investment clusters
- Technology as a differentiator
- Proprietary software and operating systems
- Bolstering the presence and further growth in Africa
- Product and service innovation
- ISO 9001:2015 certification
- Brands and reputation
- Human capital care and health

Investment clusters to drive accelerated growth and diversification to enhance independence, sustainability and diversification

- STAFFING AND OUTSOURCING
- RECRUITMENT
- FINANCIAL SERVICES
- TRAINING
- HEALTHCARE
- AFRICA

Business activities of the investment clusters

- Permanent placement recruitment
- Functional outsourcing
- Specialist staffing
- Temporary employment services
- Disability staffing solutions
- Payroll management
- Business process outsourcing
- Training and skills development
  - Learnerships
  - Short courses
  - Online courses
  - Skills programmes
  - Full qualifications
  - Contractor on-boarding
  - Behaviour change management training
- Financial services
- Lifestyle products
- Employee death and disability benefits
- Primary healthcare solutions
- Occupational healthcare solutions
- Employee wellness
- Employee health risk assessments

Inputs

- Extensive intellectual capital and business know-how deployed
- Focused sales efforts to protect and grow existing business
- Labour legislative expertise and training
- Ongoing client engagement
- Product and service innovation
- Extensive national branch infrastructure
- Licences, bespoke software and systems
- Integration of acquisitions
- Inter-group collaboration/ cross-selling
- Management of underperforming businesses
- Investment holding structure supports clusters to drive independent growth, acquisitions, diversification and sustainability

Outcomes	2020
Revenue	R2,7 billion
EBITDA	R76,9 million
Trading brands in the group	29
Footprint extends to all provinces in SA	9
Active branches beyond our borders	6
Business structure reorganised into investment clusters	6
Acquired OpenSource Intelligent Solutions effective 1 January 2021, forming part of the recruitment investment cluster	–
Technology is a differentiator	–
Increased intergroup synergies	Greatly improved to the benefit of the entire group

TRADE-OFFS

Our investment in technology and other organisational capital components reduces our financial capital in the short term but is vital to improving our efficiency and competitiveness and increasing our capacity to generate stronger longer-term returns.

KEY ACTIONS TO MANAGE FOR VALUE

The formation of dedicated investment clusters has resulted in a clear focus into service and product offerings to draw on decades of industry knowledge, client relationships and to capitalise on the needs of the economy. Enhancements to this structure through the appointment of dedicated cluster executives tasked to develop the strategy, marketing, cross-selling, acquisitions and brand awareness in the marketplace is demonstrating excellent results. The impact of the Covid-19 pandemic demonstrated how important technology and software have become as differentiators. Those quick to adapt, as Workforce was, have been able to sustain and in some cases increase market share, even if only slightly.

Workforce has demonstrated an ability to find and secure acquisitions to enhance growth and broaden the service and product offering. The nine acquisitions made since 2015 have been successfully integrated into the group.

THE SUSTAINABLE VALUE WE CREATED

The direct value created by the group, through its diverse business operations and activities, is reflected in the revenue generated by our various operating subsidiaries, our operating costs, employee compensation, and payments we make to the South African Government (in the form of taxes and levies). Value is also created through our contribution to the economic systems in which we operate:

Improving the employability of individuals through skills training

Training instances	82 582
Learners on learnership programmes	8 356
Courses registered as learnerships	54

Creating employment and entry into the job market for the unemployed

Average weekly assignees	33 884

Active and measurable participation in the YES Programme – see statistics on page 63

Supporting small and medium local business enterprises whenever possible

Empowered suppliers supported	2 527

Paying in excess of R267 million in direct and indirect taxes

Providing supporting financial products

Funeral and medical policies issued	50 740
Lives covered through EAP call centre	160 000

Socio economic development involvement where our involvement has a direct impact on the children's development

Eyeworx project where **403** eye tests were carried out and glasses were provided to children at previously disadvantaged schools across Gauteng

See the infographic of our value creation for stakeholders on page 23 contained in our business model.

HUMAN CAPITAL OUTCOMES

OUR DEFINITION OF HUMAN CAPITAL

Our human capital is defined as people's competencies, capabilities, experience, and their motivations to innovate including their alignment with and support for our governance framework, risk management approach, ethical values and their ability to understand and implement our organisation's strategy. Paramount to this pillar is the wellness and wellbeing of our staff.

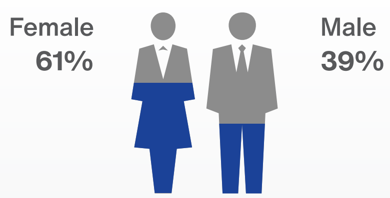
FOCUS AREAS FOR 2020

- Executive leadership and management development
- Automation and integration of human resource data
- Employment equity
- Strategic workforce planning, aligned to employment equity objectives and skills gaps
- Diversity management
- E-learning
- Skills development; aligned to career path planning and succession planning
- POPI and POPIA compliance and awareness

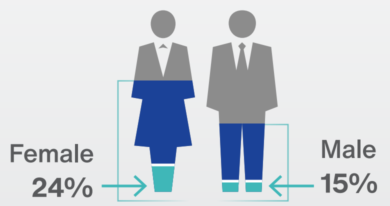
Permanent staff (1 259)

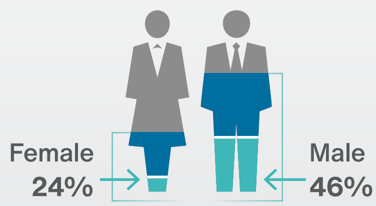
Temporary staff (11 984)

By gender

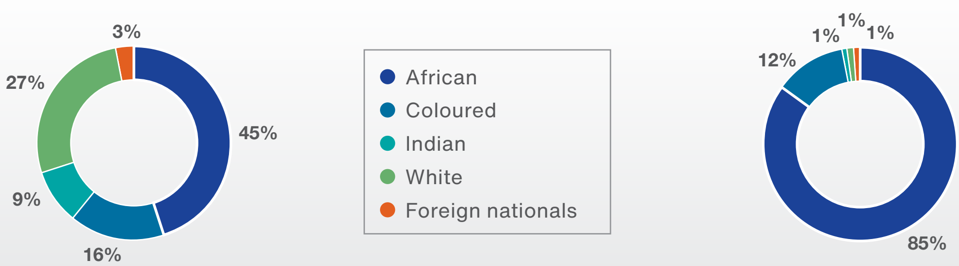


Youth employed (aged between 18 and 35)





By ethnicity



Inputs	Outcomes	2020	2019
▪ Experienced leadership and management	Total number of people remunerated during the year (IRP5s issued)	**64 310**	82 588
▪ Diverse, experienced and motivated workforce	Total number of permanent employees	**1 259**	1 328
▪ Motivated and skilled contractors/ assignees	% of "black" employees	**72%**	70%
▪ Safe working environment	% of female employees	**61%**	64%
▪ Compliant and fair labour practices	% of "black" top management	**24%**	25%
▪ Competitive remuneration packages	Average number of assignees deployed weekly	**33 884**	32 878
▪ Access to lifestyle benefits	Total amount paid in salaries/wages	**R2,1 billion**	R2,3 billion
▪ Access to death and disability benefits	Total number of staff/assignees trained	**1 185**	3 130
▪ Skills training and upskilling of our workforce			
▪ Stable work environment			
▪ Health and wellness services			

TRADE-OFFS

The group decided that there would be no annual increases in 2020, some salary adjustments were implemented based on restructuring and changes of roles. While higher remuneration costs impacted financial capital, we believe the investment in our workforce is fair and appropriate recognition for their contribution.

OUR APPROACH TO MANAGING OUR HUMAN CAPITAL

Our philosophy is to build a mutually beneficial working environment that is stable and secure, underpinned by an ethics-based culture that is equitable, supportive and diverse, to enable our employees to achieve their full potential through decent and challenging work and to recognise their contribution and enable them to share in the growth of the organisation.

We provided employment for 1 259 permanent employees and deployed on average 33 884 assignees weekly to our clients on an outsourced basis. We also employ many consultants and contractors whose professional and technical skills we procure.

HUMAN RIGHTS

In line with the South African Constitution, Labour Relations Act and the Basic Conditions of Employment Act, the group recognises the rights of employees to freedom of association, collective bargaining, dispute resolution mechanisms and protection against any form of harassment, victimisation or discrimination for exercising their rights.

There were no contraventions of these principles during the period under review.

LABOUR PRACTICES AND DECENT WORK

Decent work refers to opportunities for women and men to obtain work in conditions of freedom, equity, security and human dignity. According to the International Labour Organisation ("ILO"), "decent work" involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

Workforce is committed to the principles of the ILO decent work agenda and we ensure that our human resources practices are aligned to the standards set by the ILO.

During the reporting period, there were no fines for non-compliance with laws and regulations.

EMPLOYMENT EQUITY

The group timeously completed and submitted the necessary Employment Equity progress reports to the Department of Labour, ensuring compliance with the Employment Equity Act ("EEA") requirements and was able to ensure procedural compliance, respond to the Department of Labour's Director General audits and roll out an awareness campaign and Employment Equity ("EE") training during the national lockdown period.

The negative impact that the pandemic has had on the group, affected the achievement of the numerical and non-numerical goals and targets as some investment cluster subsidiaries had to undertake retrenchment process and recruitment of new employees was put on hold during the early stages of the national lockdown.

The focus for the coming year will include the development of new Employment Equity plans for the investment clusters incorporating designated employers and ensuring that EE plans are in place by the end of 2021. These plans will be developed with additional consultation and collaboration with the management of each cluster, ensuring that the workforce planning, career path development, succession planning and talent management are aligned to investment cluster's business objectives.

The main purposes of the Employment Equity Act being the achievement of equitable representation in all occupational levels and the elimination of unfair discrimination in the workplace remains the fundamental underpinned in the EE plans as well as the awareness programmes in 2021. The group timeously completed and submitted the necessary progress reports thereby complying with the Employment Equity Act ("EEA") requirements.

Employment equity remains an area in which the group can improve its performance with emphasis on better representation of designated groups particularly at a senior level and in alignment with economically active population ("EAP") statistics. Our low turnover of senior managers compounds the challenge. Workforce has excellent black representation across junior and middle management levels, providing an untapped pool of candidates for advancement. Our short to medium-term focus areas will be on career path development, succession planning and in general will aim to develop talent across the "experience" gap so that junior and middle management can compete more effectively for senior positions as they arise. The appointment of a talent manager will enable the development of structured and tailored employee development interventions.

In addition, more stringent management interventions have been put in place to reduce the number of employment equity recruitment deviations across all the trading divisions of the group.

YOUTH EMPLOYMENT

We continue to play an important role in youth development and job creation, particularly at grass roots level, where first time job seekers use temporary assignments as an entry into the job market and improve their employability because of on-the-job training and skills development provided. During the reporting period 39% (2019: 41%) of our permanent staff and 70% (2019: 69%) of our contractors were "youth" (aged between 18 and 35), reflecting our support of Government's aim of encouraging employers to hire young and less experienced work seekers as outlined in its National Development Plan.

TRAINING FOR PERMANENT STAFF

During the review period our training and development continued to focus on in-house product and operational training courses for employees of our businesses. In addition to the requirement for all new employees to attend induction training, much training took place on the group's bespoke in-house systems, including cross-training on various integrated systems as it is an important component of our business model and directly affects operational efficiency and performance. Training and re-training on labour legislation is another area which received much attention to ensure that our sales and operational staff are well versed with the requirements of the different legislation that impacts our business and to enable them to remain updated on any amendments that are promulgated.

The group also launched its online training platform, the Knowledge Hub, which at the time of implementation included an onboarding course consisting of HR Induction, Employment Equity training and Occupational Health and Safety Training. Group HR continues to work on more courses to be added to the platform for employees to access and upskill themselves.

LEARNERSHIPS FOR OUR CONTRACTORS

Many of our blue-collar contract staff were again offered the opportunity to consolidate their many years of work experience into a recognised qualification through a learnership intervention. A learnership opportunity enables a contractor to formalise and upskill in the work they are typically already doing by acquiring a qualification from a recognised Seta.

During the reporting period, 758 Workforce contractors trained and participated in learnerships. Of these learners, 46% were "youth" (younger than 36).

Learnership completions during 2020

Unfortunately, many of the external moderations planned for 2020 were delayed due to the temporary suspension of some of the training due to Covid-19. We are pleased to report, however, that 60 of our previously unemployed learners, who registered as Apprentice Artisans, successfully completed their trade test in 2020, made up of 23 bricklayers and 37 plumbers.

STAFF WELFARE

Management continued with its approach to create a high-performance culture by supporting employees in achieving holistic health and wellness. The group's #WorkforceWellness programme launched in 2018 continued to be well supported and utilised by staff.

During the reporting period 39% (2019: 41%) of our permanent staff and 70% (2019: 69%) of our contractors were "youth" (aged between 18 and 35), reflecting our support of Government's aim of encouraging employers to hire young and less experienced work seekers as outlined in their National Development Plan.

Training for permanent staff	Number of learners	Number of black learners	Black youth (under 36)
Business Admin NQF3 (March 2020 – September 2021)	127	121	36%
Business Admin NQF3 (August 2019 – February 2021)	14	12	100%
Generic Management NQF5 (November 2019 – May 2021)	121	71	30%
Generic Management NQF5 (November 2020 – May 2021) (Workforce Healthcare)	12	9	77%
Labour Relations Administration NQF5 (February 2020 – August 2021)	20	16	47%
Occupational Health, Safety and Environment (February 2020 – February 2021)	21	21	33%
End-user Computing NDF3 (November 2019 – May 2021)	18	18	77%
Bursaries	Bursaries at higher education institutions were sponsored and approximately 300 employees attended internal and external short training interventions during the year		

Training for contract staff	Number of learners	Number of black learners	Black youth (under 36)
Manufacturing and Engineering NQF1	426	426	78%
Production Technology NQF2	75	75	75%
Wholesale and Retail: Stock Control in a Distribution Centre NQF3	51	51	81%

WORKFORCE HOLDINGS LIMITED EMPLOYMENT EQUITY STATISTICS

Top management
Senior management
Professionally qualified, experienced specialists and mid-management
Skilled technical, academically qualified workers, junior management, supervisors, foremen and superintendents
Semi-skilled and discretionary decision making
Unskilled and defined decision making
Total permanent
Temporary employees (less than three months)
Grand total
People with disabilities

HEALTHY MINDS AND BODIES

The #WorkforceWellness programme comprises components of:

#workforce wellness

Workforce Wellness programme

An on-site clinic at the group's head office in Parktown with clinic services that include primary healthcare, family planning and the management of chronic and acute conditions;

"Emotional Wellness" which enables our employees to access face-to-face counselling and psycho social support. A qualified psycho therapist is available weekly at our head office for face-to-face counselling and telephonically for outlying areas; and

The #WorkforceWellness programme is our focus on physical fitness whereby employees are encouraged to improve their level of physical fitness. This drive is extended to operating divisions throughout the country and encourages employees to participate in various physical fitness activities through our inter-company yoga and running clubs, all free of charge.

HEALTH AND SAFETY

Workforce is committed to compliance with the Occupational Health and Safety Act, as amended, and in so doing, ensuring the health and safety of all our employees. This is achieved through the application of health and safety processes, including a management system and ultimately by aligning our Health and Safety Management System to best practice.

The group's health and safety management policy supports the development of a safety culture throughout the entire organisation, in which all staff assume responsibility for health and safety and engage in this effort, as well as ongoing improvement at all levels and within all areas of our trading entities. The group ensures a health and safety policy, and protocols are in place at the head office and that the guidance this policy supports is adhered to at regional offices too.

During 2020, given the investment structure of the group, health and safety committees and functional responsibility was tasked to the cluster's sub-committees and representatives. Going forward it is envisioned that reporting from the investment clusters will be included in this section. Due to the compliance requirements, compliance certificates for the investment clusters are being obtained to align with the legal structures they represent. Despite this, they continue to operate the highest standard of health and safety protocols in line with the strict group mandate.

Male				Female				Foreign nationals		
African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total
1	–	2	21	2	3	1	8	–	–	38
3	2	5	24	5	5	4	32	2	1	83
15	12	13	45	25	14	10	55	3	1	193
112	39	27	41	106	63	28	76	10	8	510
86	13	4	2	162	53	21	38	1	5	385
6	–	–	–	42	–	–	–	–	2	50
223	66	51	133	342	138	64	209	16	17	1 259
6 726	957	73	82	3 478	478	30	56	47	57	11 984
6 949	1 023	124	215	3 820	616	94	265	63	74	13 243
3	–	1	2	1	–	1	2	–	–	10

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES

OUR DEFINITION OF SOCIAL AND RELATIONSHIP CAPITAL

Our social and relationship capital is made up of a combination of social, relationship and natural capital and encompasses the institutions and the relationships within and between the communities in which we operate. Our stakeholders include our shareholders, funders, clients, employees, contractors, unemployed and unskilled individuals; learners, interns, suppliers, unions, Government and regulators; and all the local communities in which we operate. It also encompasses our relationship with the environment and the impact of our business on renewable and non-renewable environmental resources.

FOCUS AREAS FOR 2020

- Inclusive stakeholder engagement
- B-BBEE compliance
- Enterprise development
- Supplier development
- Community support
- Learnerships for unemployed
- Protection of personal information
- Management of ethics and anti-corruption
- Licence to operate
- Environmental stewardship

Inputs

- Taxes paid to Government
- Outreach activities by our staff
- Community support initiatives
- Youth empowerment via learnerships
- Inclusive engagement with stakeholders
- Environmental stewardship initiatives
- Support for establishment of an ethical culture

Outcomes	2020	2019
Total SED expenditure	**R1 024 650**	R1 046 454
B-BBEE rating	**Level 2**	Level 4
Black ownership	**51,28%**	51%
Black women ownership	**40,13%**	36%
Learnerships for unemployed – 100% of learners were black (in 2020) – 59% of learners were "youth" (in 2020)	**483**	495
Breach of privacy and loss of consumer data	**Nil**	Nil

TRADE-OFFS

Reducing our financial investment in socio-economic development would improve our financial capital in the short term but would have a negative impact on the communities in which we operate, which in turn would damage our brands. Over the long term, our investment creates goodwill in the communities from which we recruit the staff we need, specifically our assignees and contractors.

INCLUSIVE STAKEHOLDER ENGAGEMENT

We define stakeholders as individuals or groups who affect or are affected by our organisation and its activities. Our inclusive approach to stakeholder engagement enables us to identify and prioritise our material matters, gain insights and learning, mitigate risks to the business, seek areas of potential partnership and create mutual trust and respect. It also provides us with essential information to influence the crafting of our strategies. Each of our stakeholders plays an important role in helping us fulfil our purpose of "making a difference in people's lives".

Stakeholder group	Nature of engagement	Key issues raised	Our response and the value we create
Shareholders and providers of capital	Annual report; SENS announcements; road show presentations	Business sustainability; access to funding; share liquidity; debt-to-equity ratio; ROI	Creating shared value through managing a sustainable business with effective risk management structures and by operating within an optimal capital structure. Facilitating transparent engagement through presentations, roadshows and face-to-face meetings.
Clients and prospective clients	Meetings; site visits; telephonic; email; internet; social media	Legislative and regulatory; efficiency; national minimum wage; technology; pricing; productivity management; SLA performance; talent/skills search; cost management; B-BBEE rating	Creating value for our clients through product and service innovation to meet their needs; providing responsive customer service; treating our outsourced employees fairly and offering benefits; labour law education; training; learnership hosting; radical disability solutions; risk management; compliance; credit terms.
Employees/ assignees	Meetings; newsletters; newsflashes; email; social interactions; intranet; social media platforms; whistleblower hotline	Working conditions; benefits; employee welfare; training; mentoring; succession planning; remuneration, reward and recognition; discipline; working conditions; health and safety	Showing our commitment to creating value for all our employees and contractors by providing employment opportunities within a stable work environment that is non-discriminatory and legally compliant. Building a high-performance culture through training and skills development including ongoing legal and regulatory training for sales and operational staff. Appraising performance and aligning reward, recognition and career development opportunities. Providing access to health and wellness benefits.
Unions	Meetings; workplace forums; presentations	Employment conditions; benefits; pay rates; legislation; working conditions; employee welfare; temp to perm conversions	Creating value by being legally compliant and paying wages and benefits and not violating human rights and through transparent and meaningful engagement with employee representative forums.
Local communities	Meetings; community engagement; recruitment drives	Youth employment; training and skills development; mentoring; community leader engagement; labour desks; local recruitment; employee welfare; community support (SED/CSI)	Continuing to create value by employing people from local communities in which we operate. Showing our commitment to youth development and employment; learnership and internship programmes for unemployed; utilisation of local service providers and community support through SED/CSI initiatives.
Government and regulators	Forum participation; meetings; reporting	JSE; industry regulation; ETI (youth employment); skills development; B-BBEE; employment equity	Showing our commitment to support Government in achieving the National Development Goals by providing employment and training; contributing to the fiscal revenue; supporting the country's transformation agenda; involvement and active participation in industry regulatory bodies.

Stakeholder group		Nature of engagement	Key issues raised	Our response and the value we create
	Suppliers	Electronic portals; meetings; telephonic; preferential procurement	Funding; underwriting; preferential supplier listing; products and pricing; empowerment rating; enterprise development	Purchasing goods and services from B-BBEE accredited suppliers; and supporting supplier development initiatives.
	Media	Results announcements; media statements; editorials; advertisements	Results announcements; media statements; editorials advertisements; meetings	Working with the media as a partner in relaying relevant information to our broader stakeholder community.

MANAGEMENT OF ETHICS AND ANTI-CORRUPTION

Cultivating an atmosphere of mutual workplace respect and proper business conduct is vital to the integrity and success of the group. Our values form part of our endorsement to foster an open and ethical workplace environment throughout all our operating subsidiaries, where every opportunity is sought to promote a culture of reporting wrongdoing reinforced by a zero tolerance towards fraud and inappropriate conduct.

Maintaining effective policies is an important step in cultivating an ethical culture and the following policies were reviewed during the reporting period and found to be applicable:

- Code of Business Conduct;
- policy on fraud, theft, corruption and associated internal irregularities; and
- whistleblower and whistleblower protection policy.

These policies also support the group's observance of other anti-bribery and anti-corruption laws and regulations including, but not limited to, the South African Prevention and Combating of Corrupt Activities Act, 2004 (as amended) (Act 12 of 2004), the United National Global Compact Business Principles, and Organisation for Economic Cooperation and Development ("OECD") recommendations regarding corruption as outlined in the South African Companies Act 2008 (Act 71 of 2008), as amended.

Our whistleblower campaign continues to act as one of the components of our risk management framework. Permanent staff, contractors and our other stakeholders are encouraged to use this confidential disclosure medium through regular awareness communication elements including email footers, posters, etc. Our campaign also includes awareness on the whistleblower hotline which is independently operated by Whistle Blowers Proprietary Limited, who are also appointed to receive all reports and confidential disclosures.

During the reporting period there were five protected disclosures received via the whistleblower's hotline and two disclosures through internal channels. Six disclosures were fully investigated, and the applicable appropriate corrective actions taken by management. One disclosure could not be investigated due to insufficient information, despite repeated appeals to the anonymous callers requesting the necessary details required to pursue a proper investigation.

PROTECTION OF PERSONAL INFORMATION

The group is committed to protecting all our stakeholders' privacy and ensuring that their personal information is used appropriately, transparently and securely. No complaints related to breach of privacy and loss of customer data were received or reported during the period under review.

The group is working towards full compliance with the Protection of Personal Information Act ("POPIA") and is updating relevant policies and formulating new ones to ensure transparency in how it deals with personal information. This is supported by the establishment of a POPIA committee and champions from each investment cluster, as well as engaging with internal stakeholders to assess current levels of compliance and determine what can be done to ensure compliance is ensured. The group's online knowledge hub contains POPIA awareness training for all employees.

B-BBEE

Good B-BBEE credentials are vital to do business in South Africa and supports our social licence to operate. The group successfully retained its Level 4 B-BBEE rating on the revised codes of good practice. The score was increased to a Level 2 due to the successful implementation of the YES Programme.

B-BBEE score card	2020	2019
Equity ownership	23,11	23,41
Management and control (including employment equity)	7,18	7,19
Skills development	9,29	9,86
Enterprise and supplier development	42,48	35,02
Socio-economic development	5,00	5,00
Total score	87,06	80,48
B-BBEE level	4	4
Additional levels achieve (YES)	2	N/a
Final B-BBEE level achieved	2	4

In 2020 the group participated in the Youth Employment Service ("YES") initiative. As a result of successfully retaining its previous B-BBEE level and by meeting the target number of jobs created for unemployed youth, the group was awarded an additional 2 levels on the B-BBEE scorecard, thereby improving the score from a level 4 to a level 2.

The group's transformation efforts towards improving its B-BBEE contributor level status continues to focus on the following:

- Retaining and/or improving on our current B-BBEE contributor level status;
- improving our B-BBEE recognition level for the benefit of our clients;
- aligning the attraction and retention of top talent at all levels with our employment equity plans and the national EAP targets;
- ensuring that skills development and skills transfer take place across all levels and that developmental initiatives tie in with our talent management and transformation goals;
- promoting growth and sustainability through recognition and support of our black-owned, black female-owned and exempted micro enterprise ("EME") suppliers;
- rolling out our enterprise development initiatives involving selected black-owned businessed that are aligned to our core business; and
- focusing our socio-economic development initiatives on the upliftment and assistance of the local communities in which we operate.

ENTERPRISE DEVELOPMENT

The group's enterprise development programme is structured to provide for investment, mentoring, skills transfer and assistance for black-owned businesses that are aligned to our core business. During the year under review Workforce continued to support the development of black-owned and black women-owned businesses as we envisage that our partnerships will result in meaningful growth and development of the historically disadvantaged people associated with these enterprises.

SUPPLIER DEVELOPMENT

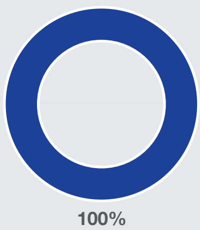
The group has supported Qunu Staffing since its inception in 2016 as its supplier development initiative with contributions towards overhead costs in the form of an interest-free loan. Qunu Staffing is 100% black-owned. On a smaller scale, Workforce Healthcare has offered two of its black-owned suppliers mentoring and support across a spectrum of business disciplines in order for those suppliers to gain skills and knowledge to grow their businesses.

PREFERENTIAL PROCUREMENT

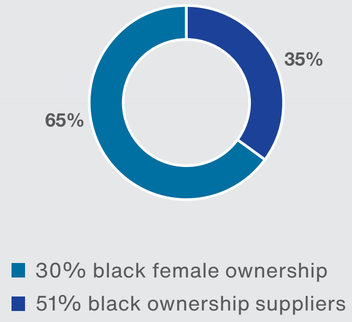
The group has 2 527 (2019: 3 544) suppliers from whom we procure the products and services we require for our day-to-day business operations throughout the country. In line with our transformation strategy we actively pursue the procurement of goods and services from suppliers with good B-BBEE credentials. This also includes extending supplier development initiatives that provide opportunities for black-owned and black women-owned businesses, including EME (exempted micro enterprise) and QSE (qualifying small enterprise) businesses, to benefit from our procurement spend.

The charts below indicate the percentage of the B-BBEE scorecard target that Workforce achieved within the specific category of spend across the period.

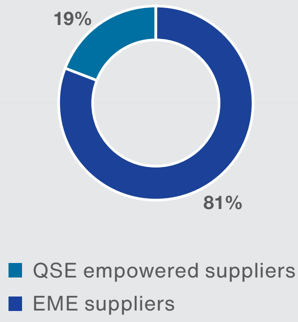
Empowered suppliers



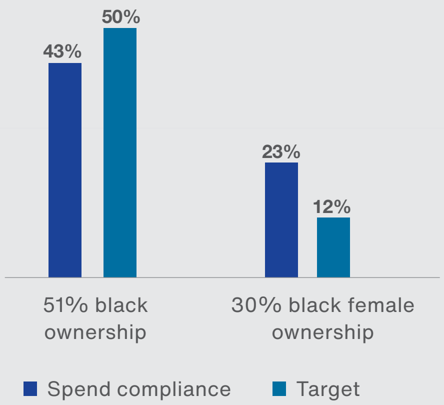
Ownership structure



Supplier categories



Spend and target



SOCIO-ECONOMIC DEVELOPMENT

Our socio-economic development efforts aim to uplift and assist historically disadvantaged individuals living in the local communities in which we operate. During the reporting period, the group's contribution towards socio-economic development amounted to over R1 million with support provided by Workforce across the year included:

The Association of the Aged – monetary donation for the upgrade of security infrastructure

Cape Peninsula Organisation for the Aged – monetary donation for the replacement of mattresses

Door of Hope and Akanani Sport – monetary donations

Eyeworx – carried out 403 eye tests and glasses were provided to children at previously disadvantaged schools across Gauteng

Eyeworx – carried out 403 eye tests

SKILLS DEVELOPMENT FOR UNEMPLOYED PEOPLE

Workforce continues to build on its extensive experience in hosting and facilitating learnership and internship programmes for unemployed people, with a good track record of successful completion by delegates. This not only supports our efforts to improve our B-BBEE rating, but it also translates into numerous spin-offs and value created for the communities in which we operate and the vast number of unemployed young people throughout the country.

Covid-19 seriously disrupted all training planned for the year under review. Much of the face-to-face and in classroom training was either cancelled or put on hold. This resulted in more training than ever before being undertaken online via MS Teams or similar platforms or through other portal interventions. Online training has become the norm rather than the exception. Learnerships are usually registered with the Setas as a one-year intervention but Setas are now automatically extending the learnership duration to 18 months to assist companies to complete the training. Covid-19 further affected the number of learnerships that the group was able to complete (as planned) in 2020.

Training of unemployed youth (defined as people under the age of 36) provides value to all stakeholders involved. The learner obtains a qualification and valuable work experience. Many of the learners on completion of their learnership/internship are offered either permanent or temporary contracts by either Workforce as the lead employer or by the host employer.

Learnerships for unemployed learners	Subsidiary	Timeframe	Number of learners	Number of black learners	Black youth (under 36)
Artisan Bricklayers	Workforce Staffing, Training Force, Fempower, Quyn	June 2018 to May 2021	113	113	74%
Artisan Plumbers	Workforce Staffing	September 2018 to August 2021	61	61	74%
Call Centre	Hosted	October 2019 to August 2021	301	301	49%
Wholesale and Retail	Workforce	November 2019 to October 2020	8	8	100%

YES PROGRAMME

The YES ("Youth Employment Services") programme is a business-led initiative undertaken in collaboration with government, labour, civil society and young people, launched in 2018 by President Cyril Ramaphosa to address the critical issue of youth unemployment and to drive inclusive growth that contributes towards building and strengthening our economy.

The objective of YES is to create one million jobs specifically for unemployed young people, aged between 18 and 35. These people need to be trained and employed by corporates and SMMEs for a 12-month period. The key focus of the YES initiative is work readiness and sustainable training and development programmes. These will prepare the youth for first-time employment and the creation of much-needed jobs.

The DTI offers participating companies, who meet certain criteria, the benefits to improve their B-BBEE scorecard recognition levels.

During the reporting period, 12-month contracts were entered into with young South Africans recruited to participate in the YES programme. These individuals received training as call centre agents and were hosted within a call centre specifically set up for the purpose of hosting and training the YES participants. At the end of the first year of participation, the group was awarded an additional two levels on the B-BBEE scorecard and several of the participants were awarded permanent jobs in the group.

In January 2020 and January 2021 further groups of unemployed "youth" were recruited to join the programme thereby reinforcing our commitment and confirming our second and third year of participation in the YES initiative.

OUR RELATIONSHIP WITH THE ENVIRONMENT

The group's efforts around environmental sustainability continue to focus on reducing the negative impacts of our operating divisions. Although we are classified as a low impact business because of the relatively small impact we have on the natural environment, we are committed to mitigating our impacts in order to respond to the challenge of climate change while minimising our operating costs.

Energy efficiency – Workforce's biggest natural resource input is coal-based electricity sourced from Eskom. Significant savings have been achieved through energy efficiency awareness campaigns launched throughout the group – specifically in respect of electricity usage. Motion sensing lights installed in various offices only switch on once motion in a room is detected. Desktop printers have been replaced with shared energy-efficient multi-functional devices.

Procurement – The group's centralised procurement department continues to scrutinise and evaluate the group's procurement processes. A number of actions introduced during the year resulted in cost savings, procurement of environmentally friendly products where possible, and an evaluation and review of our supplier database with specific emphasis on introducing preferential procurement structures to align our procurement spend with the new B-BBEE codes. The next phase of this initiative will be to incorporate environmental measurement indicators and measurement thereof.

Decrease paper usage – By raising awareness, the response throughout the group has been impressive especially in respect of reducing paper usage by printing less and where possible double-sided printing. The use of technology has reduced in-system paper utilisation by enabling the distribution of electronic payslips to our employees and eliminating the need to print curriculum vitaes received. Company notices, newsflashes and monthly newsletters are all communicated electronically to our staff, clients and other stakeholders.

Reduce and recycle – Recycling initiatives introduced throughout the group focus on managing the disposal of paper, plastic water bottles and containers used in the day-to-day business environment. Since creating a greater consciousness of the need to recycle it has also created awareness of the amount of plastic water bottles used daily in the business, specifically at our head office in Parktown. Recycling and reducing the use of paper has improved significantly throughout the group since the start of our environmental awareness initiatives.

The next phase of this initiative will be to incorporate environmental measurement indicators and measurement thereof.

CORPORATE GOVERNANCE REPORT

CUSTODIANS OF GOVERNANCE

The board accepts its responsibility as the custodians of corporate governance within the group and is therefore accountable to stakeholders for the provision of value-enabling governance. The board is constituted in terms of the company's memorandum of incorporation and in line with King IV™. The majority of the board members are independent non-executive directors who bring diversity to board deliberations and create value by constructively challenging management.

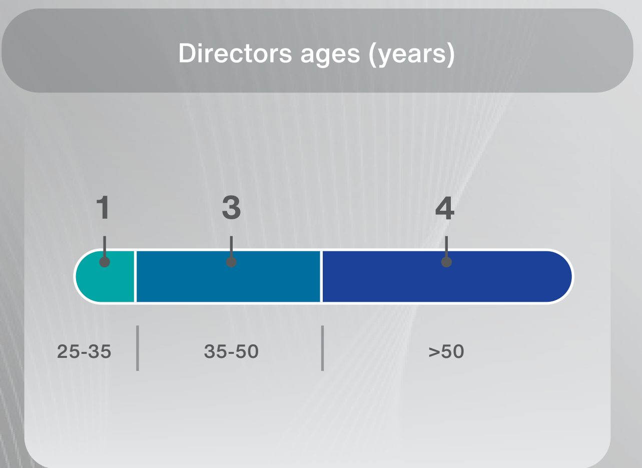
A clear division of responsibilities between the directors is maintained to ensure that no single director has unfettered decision-making powers. A delegation of authority framework is in place and reviewed regularly to ensure the necessary authority to management to implement and execute the strategy. The board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

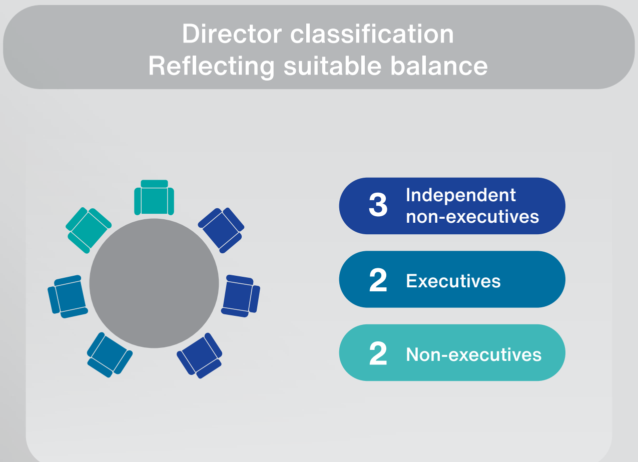
The board is the highest decision-making body in the group. It approves the group's strategy and ensures that it is aligned with the group's values. The board assumes collective responsibility for steering and monitoring strategy implementation and performance targets as well as any risks involved in the implementation of the strategy. It is collectively responsible for the group's long-term success. The board is accountable to shareholders and strives to balance the interests of the group and those of its various stakeholders. All directors are continuously taking steps to ensure that they have sufficient working knowledge of the group and industry within the triple context in which it operates. Directors are required to ensure continued development of their competencies to lead effectively and act with due care, skill and diligence and take reasonable diligent steps to become informed about matters for decision-making.

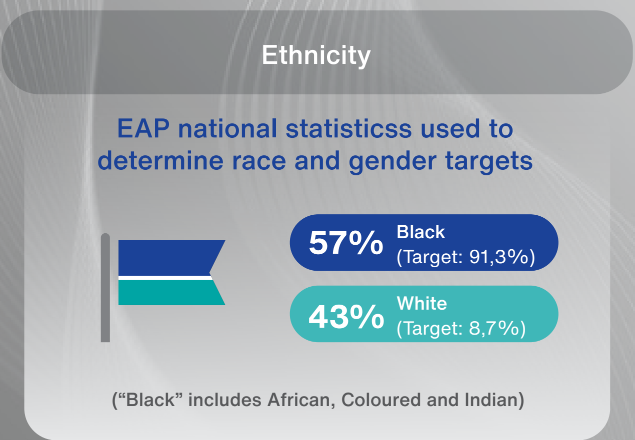
The directors have access to the advice and services of the company secretary. They are entitled, at the company's expense, to seek independent professional advice about the affairs of the company regarding the execution of their duties as directors.

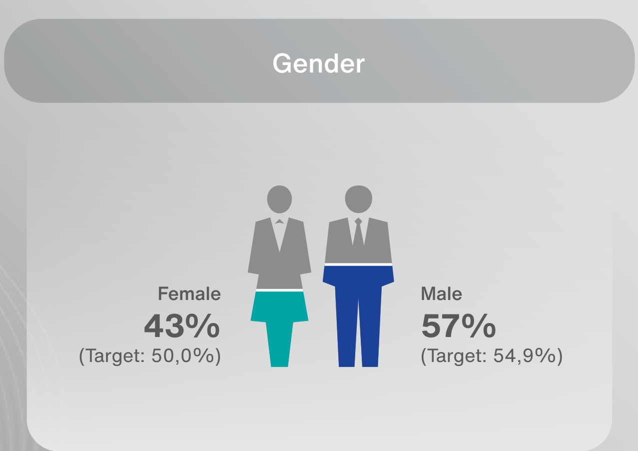
BOARD COMPOSITION

No changes were made to the composition of the board. The board met five times during the 2020 financial year, one meeting being a special meeting.









Name and qualifications	Designation and other public company appointments	Attendance	Committee membership ARC	RNC	SEC	IC
Executive						
Ronny Katz (78) BCom, LLB, MBA	Chief executive officer	**5/5**				✓
Willie van Wyk (50) CA(SA)	Financial director	**5/5**				✓
Non-executive directors						
John Macey (59) BBusSci (Hons), BCom (Hons), CA(SA)	Independent non-executive chairman	**5/5**	✓	✓		✓*
Kyansambo Vundla (43) BCom, HDip Acc, CA(SA)	Independent non-executive director	**5/5**	✓*	✓*		
Shelley Thomas (55) CA(SA)	Independent non-executive director	**5/5**	✓		✓*	
Shaun Naidoo (36) CA(SA), MBA	Non-executive director	**4/5**		✓	✓	✓
Inshaaf Ross (49) BCom	Non-executive director	**5/5**		✓	✓	

** Chairman.*
ARC – audit and risk committee.
RNC – remuneration and nominations committee.
SEC – social, ethics and transformation committee.
IC – investment committee.

Directors' resumes can be found on page 73.

APPOINTMENT, ROTATION AND RE-ELECTION OF DIRECTORS

The board has a formal and transparent policy regarding the appointment of directors to the board. While the appointments are a matter for the board, the authority to oversee the nomination and to carry out the interview process have been delegated to the remuneration and nominations committee.

Apart from a candidate's experience, knowledge, skills, availability and likely fit, the committee also considers a candidate's integrity, as well as other directorships and commitments to ensure that the candidate will have sufficient time to discharge his/her role properly. The remuneration and nominations committee also considers race and gender diversity in its assessment in line with its gender diversity policy. Although no appointment was made during the reporting period, targets for gender and race were agreed for future appointments.

New appointees are appropriately familiarised with the group's business through an induction programme. The composition of the board is reviewed on a regular basis to ensure ongoing compliance with the requirements set out in the Companies Act and King IV™.

In accordance with the company's memorandum of incorporation, a director, having been appointed by the board since the last annual general meeting of the company, is obliged to retire and being eligible, offers him/herself for election at the next annual general meeting.

In line with the memorandum of incorporation, one-third of the non-executive directors are required to retire, and if available and eligible, stand for re-election at the company's annual general meeting. Those directors who have been in office the longest, as calculated from the last re-election or appointment date, are required to stand for re-election. At the annual general meeting, Shaun Naidoo and John Macey will retire and be eligible for re-election. Brief professional profiles of Shaun Naidoo and John Macey can be found on page 73 respectively of the integrated annual report.

NON-EXECUTIVE DIRECTOR TENURE AND SUCCESSION

The management of the board's succession process is crucial to its sustainability. The remuneration and nominations committee ensures that, as directors retire, candidates with the necessary experience are identified to ensure that the board's competence and balance is maintained and enhanced, considering the group's current and future needs.

LEADERSHIP ROLES AND FUNCTIONS

Non-executive directors

All members of the board have a fiduciary responsibility to represent the best interest of the group and all of its stakeholders. The group's non-executive directors are individuals of a high calibre and credibility who make a significant contribution to the board's deliberations and decisions. They have the necessary skills and experience to exercise judgement on areas such as strategy, performance, transformation, diversity and employment equity.

The chairman

The chairman's role is to set the ethical tone for the board and to ensure that the board remains efficient, focused and operates as a unit. John Macey is an independent chairman. His role is separate from that of the chief executive officer, Ronny Katz. He provides overall leadership to the board and the chief executive officer without limiting the principle of collective responsibility for board decisions.

John Macey is a member of the audit and risk committee, remuneration and nominations committee and investment committee, and chairs the investment committee. The remuneration and nominations committee considered the recommendation by King IV™ that the chairman is not a member of the audit and risk committee and felt that, due to his extensive financial experience, he remains a member of the audit and risk committee.

Chief executive officer

The board appoints the chief executive officer to lead and implement the execution of the approved strategy. Ronny Katz serves as the link between management and the board and is accountable to the board. Quarterly feedback is provided from the chief executive officer on the progress made against the implementation of the strategy.

Company secretary

The company secretary plays a vital role in the corporate governance of the group and is responsible for ensuring board compliance with procedures and regulations of a statutory nature. The company secretary ensures compliance with the JSE Listings Requirements and is responsible for the submission of the annual compliance certificate to the JSE Limited ("JSE").

The company secretary ensures that, in accordance with the pertinent laws and regulatory framework, the proceedings and affairs of the board and its members and the company itself are properly administered.

The board satisfied itself regarding Sirkien van Schalkwyk's work experience, performance, technical skills and overall competence in fulfilling her role as company secretary at the previous meeting of the board (during which time she was excused from the meeting). She is a consultant and maintains an arm's length relationship with the board. She reports to the chair on all statutory duties and functions performed relating to the governing body.

The company secretary's primary responsibilities are to:

- Ensure that board procedures are followed and reviewed regularly;
- ensure applicable rules and regulations for the conduct of the affairs of the board are complied with;
- maintain statutory records in accordance with legal requirements;
- guide the board as to how its responsibilities should be properly discharged in the best interest of the company; and
- keep abreast of, and inform, the board of current and new developments regarding best practice corporate governance thinking and practice.

ETHICAL AND EFFECTIVE LEADERSHIP

The board is committed to achieving its goals with integrity, high ethical standards and in compliance with all applicable laws, whilst being a responsible corporate citizen. The board has adopted a code of business conduct which is continuously reviewed and sets the tone for an ethical culture within the group. The directors are fully committed to these principles, which ensures that the business is managed according to the highest ethical standards, even beyond mere legal compliance, within its operating environment, as well as social, political and physical environment within which the group operates.

The code of business conduct is included as part of induction for new employees as well as other regular training programmes and is available on the company's website at www.workforce.co.za. Ethics are part of our recruitment process, evaluation of performance and rewards of employees as well as the sourcing of suppliers.

No material ethical leadership and corporate citizenship deficiencies were noted. The board, through the audit and risk committee as well as the social and ethics committee, monitors compliance with Workforce's code of business conduct through various reporting channels including its internal audit department and the whistle-blower hotline. Quarterly feedback is given to the relevant committees and the board while sanctions and remedies are in place when ethical standards are breached.

No requests were received in terms of the Promotion of Access to Information Act, 2000 (Act 2 of 2000) ("PAIA").

Independents and conflicts

During the year ended 31 December 2020, none of the directors had a significant interest in any contract or arrangement entered into by the company or its subsidiaries, other than as disclosed in note 23 to the annual financial statements.

Directors are required to inform the board timeously of conflicts or potential conflicts of interest that they may have in relation to particular items of business. Directors are obliged to excuse themselves from discussions or decisions on matters in which they have a conflict of interest, in accordance with the conflict of interest policy that is in place. A standard agenda item is included for members to declare whether any of them have any conflict of interest in respect of a matter on the agenda. This is minuted accordingly.

When categorising the non-executive directors as independent, the interests, position, association or relationship is taken into consideration. Independent non-executive directors serving for longer than nine years are subjected to a rigorous review of their independence and performance by the board. The board makes full disclosure regarding individuals serving for more than nine years to enable shareholders to make their own assessment of directors. John Macey was appointed in 2009 and an assessment was conducted by the remuneration and nominations committee to ensure that he was still independent, in line with the requirements of King IV™.

This, together with the test of being judged from the perspective of a reasonable and informed third-party and other indicators in a substance-over-form basis, John Macey, Shelly Thomas and Kyansambo Vundla were found to be independent. The categorisation of directors can be found on page 72 of the integrated annual report.

Insider trading

No employee of the group may deal directly or indirectly in the company's shares based on unpublished price-sensitive information regarding business. No director or officer of the group may disclose trade information regarding business. Directors or officers of the group are precluded from trading in the shares of the group during a closed period or prohibited period, as determined by the board. Notification to this effect is communicated to the group's employees. A price-sensitive information group policy is in place in line with the JSE Listings Requirements.

Any director wishing to trade in ordinary shares of the company, must obtain clearance from the chairman of the board or, in his absence, the chief executive officer. The directors keep the company secretary advised of all their dealings in securities and details of dealings are placed on SENS in line with the JSE Listings Requirements.

ASSESSMENT OF THE BOARD

The board conducted a self-evaluation and found that it was performing satisfactorily. Weak areas were identified and will be addressed at future meetings. Following Covid-19 and the expansion of the investment holding company, discussions to ensure the viability of an enhancement strategy will be undertaken.

COMMITMENT TO THE GOVERNANCE PRINCIPLES SET OUT IN KING IV™

The board remains committed to the principles of King IV™ and ensures that its recommendations are materially entrenched into the board's internal controls, policies, terms of reference and overall procedures and processes. A King IV™ application register, setting out how the company has applied the principles of King IV™, is available on our website, www.workforce.co.za.

INTEGRATED EFFECTIVE CONTROL

As the custodian of governance, the board is ultimately responsible for ensuring there is effective control within the business. The board ensures effective control through a number of mechanisms, including:

Compliance with applicable laws, regulations and governance practices

The decisions and actions taken by the board ensures that the company subscribes to full compliance with applicable laws, regulations and governance practices. This function is delegated to the social, ethics and transformation committee with financial compliance overseen by the audit and risk committee. During the financial year, the company was fully compliant with the requirements of the Companies Act, memorandum of incorporation and the JSE Listings Requirements.

Debt officer

Effective 30 October 2020, pursuant to paragraphs 6.39(a) and 7.3(g) of the JSE Limited Debt Listings Requirements, the Board confirmed Willie van Wyk, in his capacity as Group Financial Director, as the Debt Officer of Workforce. The Board has considered and is satisfied with his competence, qualifications and experience.

The board charter

The roles and responsibilities of the board and individual directors are set out in the board charter which is aligned with the provisions of relevant statutory and regulatory requirements and is reviewed on an annual basis. The charter regulates the parameters within which the board operate and ensures the application of the principles of good governance in all its dealings.

Governance structures and delegation

The company's governance structure provides for delegation of authority, while enabling the board to retain effective control. Such structures similarly support and enable the informed oversight exercised by the board. The board delegates authority to established board committees, as well as the chief executive officer, with clearly defined mandates.

BOARD COMMITTEES

The roles, responsibilities and composition of the board committees are described below. The responsibilities delegated to these committees are formally documented in each committee's terms of reference, which are approved by the board and reviewed on an annual basis. After each committee meeting, committee chairmen report back to the board, which facilitates transparent communication between directors and ensures that all aspects of the board's mandate are addressed.

Workforce has the following committees in place:

Committee	Audit and risk	Group IS steering	Social, ethics and transformation	Remuneration and nominations	Investment
Additional information	Page 68, 82 to 85	Page 69	Page 69, 74 to 75	Page 70, 76 to 79	Page 71

The terms of reference are subject to change as and when required by the board in order to accommodate the company's changing needs. Roles and associated responsibilities and the composition of membership across committees are considered holistically. All committees have a minimum of three members and, as a whole, have the necessary knowledge, skills, experience and capacity to execute their duties effectively. The chairman of each board committee reports at meetings of the board, and minutes of board committee meetings are provided to the board.

Both the directors and the members of the board committees are supplied with full and timely information that enables them to properly discharge their responsibilities. All directors have unrestricted access to all group information.

The chairman of each board committee is required to attend annual general meetings to answer questions raised by shareholders.

Audit and risk committee

In reviewing the committee composition during the year, it was decided that, due to the size of the company, the audit committee and risk committee would remain one committee. However, the agenda is divided into two separate sections to ensure that both audit and risk management responsibilities are attended to.

The committee, appointed by the board and approved by shareholders at the company annual general meeting, comprises three independent non-executive directors, all of whom satisfied the requirements of section 94(4) of the Companies Act. As a collective and having regard to the size and circumstances of the group, the committee is adequately skilled, and all members possess the appropriate financial and related qualification, skills, financial expertise and experience required to discharge their responsibilities. The committee acknowledges the recommendation by King IV™ that the chairman of the board should not be a member of the committee, but due to John Macey's extensive financial experience, it was decided that he remains a member of the committee.

Summarised roles and responsibilities

- Providing the board with additional assurance regarding the efficiency and reliability of the financial information used by the directors to assist them in the discharge of their duties;
- reviewing interim and annual financial statements, the integrated annual report and any other external reports issued by the organisation;
- overseeing the internal audit function;
- ensuring that significant business, financial and other risks have been identified and are being managed suitably;
- ensuring independence of external audit and overseeing the external audit process;
- ensuring good standards of governance, reporting and compliance are in operation; and
- overseeing the group's risk management profile.

During the 2020 financial year, the committee met on three occasions and meetings were scheduled in line with the group's financial reporting cycle.

The audit and risk committee attendance is as follows:

Name and qualifications	Age	Appointed	Designation	Attendance
Kyansambo Vundla *BCom, HDip Acc, CA(SA)*	**43**	**November 2010**	**Independent non-executive director chairman**	3/3 meetings
John Macey *BBusSci (Hons), BCom (Hons), CA(SA)*	**59**	**November 2008**	**Independent non-executive director member**	3/3 meetings
Shelley Thomas *CA(SA)*	**55**	**December 2016**	**Independent non-executive director member**	3/3 meetings
Standing invitees	Financial director, group head of finance, external auditor, internal auditor, company secretary			

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Refer to page 82 of the annual financial statements for the audit and risk committee report.

Group IS steering committee

Within the group, the group IS steering committee is the governing body responsible for the governance of technology and information and sets the direction for how technology should be approached and addressed. The strategic intent of group IT is documented and communicated in the group IT strategy and is aligned with the enterprise strategy. The COBIT governance framework will be fully implemented in the current financial year.

The group IS steering committee meets formally at least four times a year to report on their duties in accordance with its terms of reference as approved by the board. The committee reports to the board via the audit and risk committee.

Social, ethics and transformation committee

The composition of the committee was reviewed and agreed to remain unchanged and comprises three members and chaired by an independent non-executive director.

Summarised roles and responsibilities

- Planning, implementing and monitoring the group's strategy for transformation;
- monitoring compliance with legislation;
- monitoring employment equity and fair labour practices;
- monitoring good corporate citizenship and the group's contribution to the development of communities in which it operates; and
- monitoring ethics and business conduct.

The social, ethics and transformation committee met four times during the reporting period and attendance was as follows:

Name and qualifications	Age	Appointed	Designation	Attendance
Shelley Thomas *CA(SA)*	**55**	**December 2016**	**Independent non-executive chairman**	4/4 meetings
Shaun Naidoo *CA(SA), MBA*	**36**	**March 2018**	**Non-executive director**	4/4 meetings
Inshaaf Ross *BCom*	**49**	**August 2018**	**Non-executive director**	4/4 meetings
Standing invitees	Financial director, corporate affairs executive, company secretary			

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Refer to pages 74 to 75 of the integrated annual report for the social, ethics and transformation committee report.

Remuneration and nominations committee

In reviewing the committee composition during the year, it was decided that, due to the size of the company, the remuneration committee and nominations committee would remain one committee.

No changes to the composition of the committee were made and therefore comprises Kyansambo Vundla, John Macey, Shaun Naidoo and Inshaaf Ross, being two independent members and two non-executive directors.

Summarised roles and responsibilities

- Identifying and nominating new directors for approval by the board;
- ensuring that appointments to the board are formal and transparent;
- approving the classification of directors as independent;
- overseeing induction and training of directors and conducting annual performance reviews of the board and board committees;
- overseeing an appropriate separation between executive, non-executive and independent directors;
- ensuring proper and effective functioning of the group's board committees; and
- reviewing the board's structure, and reviewing the size and composition of the various board committees and making recommendations.

The remuneration and nominations committee met twice during the reporting period.

Name and qualifications	Age	Appointed	Designation	Attendance
Kyansambo Vundla *BCom, HDip Acc, CA(SA)*	**43**	**November 2010**	**Independent non-executive chairman**	2/2 meetings
John Macey *BBusSci (Hons), BCom (Hons), CA(SA)*	**59**	**November 2008**	**Independent non-executive member**	2/2 meetings
Shaun Naidoo *CA(SA), MBA*	**36**	**June 2017**	**Non-executive director**	2/2 meetings
Inshaaf Ross *BCom*	**49**	**August 2018**	**Non-executive director**	2/2 meetings
Standing invitees	Chief executive officer, company secretary			

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Refer to pages 76 to 79 for the remuneration report by the remuneration and nominations committee.

Investment committee

The investment committee met once during the reporting period to consider acquisition opportunities.

Details of the members of the investment committee are included below.

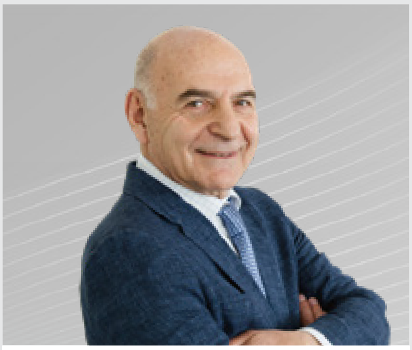
Name and qualifications	Age	Appointed	Designation	Attendance
John Macey *BBusSci (Hons), BCom (Hons), CA(SA)*	**59**	**November 2017**	**Independent chairman**	1/1 meeting
Shaun Naidoo *CA(SA), MBA*	**36**	**November 2017**	**Non-executive director**	1/1 meeting
Ronny Katz *BCom, LLB, MBA*	**78**	**November 2017**	**Chief executive officer**	1/1 meeting
Willie van Wyk *CA(SA)*	**50**	**November 2017**	**Financial director**	1/1 meeting

BOARD OF DIRECTORS

INDEPENDENT CHAIRMAN

John Macey
Independent non-executive director

EXECUTIVE DIRECTORS



Ronny Katz
Chief executive officer

Willie van Wyk
Financial director

NON-EXECUTIVE DIRECTORS

Inshaaf Ross

Shaun Naidoo

INDEPENDENT NON-EXECUTIVE DIRECTORS

Kyansambo Vundla

Shelley Thomas

INDEPENDENT CHAIRMAN

John Macey
Independent non-executive director and chairman
BBusSci (Hons), BCom (Hons), CA(SA), RA

John completed his articles at Deloitte & Touche in 1990. He has over 30 years of experience in finance and financial management. He has been financial director of manufacturing companies, lectured financial and management accounting at the University of Cape Town, advised on corporate finance deal structuring and acted as an outside advisor on technical accounting issues to accounting and auditing firms. He sits on the boards and audit committees of three listed groups. John was appointed to the Workforce Holdings Limited board in June 2009.

EXECUTIVE DIRECTORS

Ronny Katz
Chief executive officer
BCom, LLB, MBA

After completing his legal studies, Ronny joined City Merchant Bank and worked in the investment division before completing an MBA degree in 1968 at the University of Cape Town, after which he purchased the legal practice of David Borkum. In 1972, Ronny started Workforce and has been responsible for its growth and development since then. Ronny was appointed chairman of Workforce Holdings Limited in October 2006. Following the resignation of Philip Froom, Ronny stepped down as executive chairman to fulfil the role of chief executive officer effective 21 August 2018.

Willie van Wyk
Financial director
BCompt (Hons), CA(SA)

Willie completed his articles with Deloitte & Touche in 1996 and following that, held a number of financial management positions with Nola, a division of Foodcorp for three years and Nampak for five years. Willie joined the Workforce group in 2007 and was appointed a director of Workforce Holdings Limited in June 2008.

NON-EXECUTIVE DIRECTORS

Inshaaf Ross
Non-executive director
BCom (Business management)

Inshaaf worked in the land surveying and architectural industries between 1991 and 1998. In 1998, she joined Vunani (then African Harvest) and has worked across the group in several capacities. She is currently head of human resources at Vunani Limited. She is a member of Vunani's social and ethics committee as well as its employment equity committee. Inshaaf joined the board of Workforce Holdings Limited in August 2018 as a non-executive director.

Shaun Naidoo
Non-executive director
CA(SA), MBA

Shaun is a chartered accountant and holds an MBA from the Gordon Institute of Business Science. In his current role as Corporate Finance Director at Vunani Limited, he is involved in the execution of corporate transactions, B-BBEE structuring, balance sheet restructuring, valuations, IFRS and tax advisory and capital raising. Shaun was appointed to the Workforce Holdings Limited board in June 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Kyansambo Vundla
Independent non-executive director
BCom (Accounting), HDip Acc, CA(SA)

Kyansambo has 15 years of experience in finance and financial management. She completed her articles at BDO Spencer Steward and has been a chief financial officer in the financial services industry for the last 10 years. Kyansambo is currently the chief financial officer for the Africa and Asia division of MMI Holdings. She also served as Chairperson of the Bonitas Marketing Company's audit and risk committee as well as a member of the audit and risk committee of Bonitas Medical Aid Fund. Kyansambo was appointed to the Workforce Holdings Limited board in November 2010.

Shelley Thomas
Independent non-executive director
CA(SA)

Shelley is a qualified chartered accountant. She completed her articles at Kessel Feinstein and is currently self-employed. Her previous roles have included that of head of forensic, compliance, and governance in private practice. Shelley has also been appointed to the role of financial director, internal audit director and that of company secretary in private sector companies. She has over 20 years of experience sitting on boards and committees in both the public and private sectors.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

This report is prepared in compliance with the requirements of the Companies Act, and describes how the committee discharged its responsibilities in respect of the financial year ended 31 December 2020 and will be presented to the shareholders at the annual general meeting to be held on 27 May 2021.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE MEMBERS

The social, ethics and transformation committee met three times during the reporting period. The composition of the committee as at 31 December 2020 is as follows:

Name and qualifications	Age	Appointed	Designation	Experience	Attendance
Shelley Thomas *CA(SA)*	**55**	**December 2016**	**Independent member**	**Over 25 years of experience in financial and risk management**	3/3 meetings
Shaun Naidoo *CA(SA), MBA*	**36**	**March 2018**	**Non-executive member**	**Execution of corporate transactions, B-BBEE structuring, balance sheet restructuring, valuations, IFRS and tax advisory and capital raising**	1/3 meetings
Inshaaf Ross *BCom*	**49**	**August 2018**	**Non-executive member**	**Over 20 years' experience in human resources and related areas**	3/3 meetings
Other standing invitees	Financial director, group HR manager, company secretary, investment cluster social and ethics committee representatives				

RESPONSIBILITIES OF THE COMMITTEE

The social, ethics and transformation committee terms of reference were reviewed during the reporting period. In accordance with the terms of reference and annual work plan, the committee fulfils the functions and responsibilities assigned to it in terms of the company's compliance with the applicable requirements of Regulation 43 of the Companies Act, and includes the following functions:

(a) To monitor the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regards to matters relating to:
  - (i) Social and economic development, including the company's standing in terms of the goals and purposes of:
    - the 10 principles set out in the United Nations Global Compact Principles;
    - the OECD recommendations regarding corruption;
    - the Employment Equity Act; and
    - the B-BBEE Act;
  - (ii) Good corporate citizenship, including the company's:
    - promotion of equality, prevention of unfair discrimination, and reduction of corruption;
    - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
    - record of sponsorship, donations and charitable giving;
  - (iii) the environment, health and public safety, including the impact of the company's activities and of its products or services;
  - (iv) consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
  - (v) labour and employment, including:
    - the company's standing in terms of the International Labour Organisation protocol on decent work and working conditions;
    - the company's employment relationships, and its contribution toward the educational development of its employees;
    - to draw matters within its mandate to the attention of the board as occasion requires; and
    - to report, through one of its members, to shareholders at the company's annual general meeting on the matters within its mandate.

PERFORMANCE FOR 2020

Ethics and business conduct

The group's code of ethics and business conduct which embodies our guiding principles and values, was reviewed during the year and confirmed to be relevant and effective.

The company's "whistleblower and whistleblower protection policy", implemented during 2013, was reviewed during the year and confirmed to be relevant and effective, providing an appropriate balance between encouraging reporting and discouraging malicious and frivolous reporting.

Also reviewed and confirmed to be appropriate was the group's "anti-fraud, theft, corruption, cyber-crime and associated internal irregularities policy" that encourages ethical conduct and requires all employees to act honestly and with integrity at all times, to safeguard the group's reputation and to protect company resources.

Establishment of cluster social and ethics committees

Given the continual enhancement of the investment cluster structures, I am happy to report that the largest investment cluster has established social and ethics committees under the guidance of the Workforce Holdings social, ethics and transformation committee. In turn appointed members from these committees are invited and attend the social, ethics and transformation committee meetings.

Employees

Our employment equity policy embodies our commitment to implementing employment equity across the group. During the year under review, further attention was given to ensure our compliance with the Employment Equity Act and various initiatives were implemented to ensure the improvement of employment equity performance and achievement of numerical goals and targets.

Skills development plays a big role in our business and remains an area of focus and the various skills development programmes undertaken by the group are reported on more fully in the people section of this integrated annual report.

Aside from training and skills development, mentorships are important for economic sustainability and it is expected that investment clusters take responsibility for this action.

Refer to the social and relationship capital report which contains additional information and achievements.

Socio-economic development

The group's commitment is to foster good relations with the communities in which it operates and continues to pursue its business philosophy which is to draw the staff it needs from the local communities in which it operates and in so doing provides much-needed employment and other socio-economic benefits to local communities.

Transformation

Workforce remains focused on achieving its transformation goals and objectives through the implementation of strategies and the achievement of greater transformation across all operating divisions of the organisation and in line with the amended B-BBEE codes of good practice.

Our areas of focus for transformation are aligned to the various B-BBEE scorecard pillars and include:

- Ownership;
- Management control;
- Skills development;
- Enterprise and supplier development; and
- Socio-economic development.

During the reporting period, Workforce Holdings Limited achieved a Level 2 B-BBEE rating, an improvement on the previous year's Level 4 rating. Additional information on pages 59, 62 to 63 provide details of the scorecard and Workforce's participation in the YES Programme, resulting in several of the participants being awarded permanent jobs in the group. This sustainable transformation and skills development will continue to be a focus area.

Appointments are monitored on a monthly basis and reported on by group Human Resources at the social, ethics and transformation committee. Across the year, 223 appointments were made, with 29% deviations. Deviations are consistently monitored and corrective action suggested to investment clusters in order to support B-BBEE and EE targets and principles. During the year 59 promotions took place across with group, 80% being black employees.

Stakeholder management

The stakeholder engagement framework outlines the group's guiding principles for stakeholder engagement which are congruent with the values espoused in the group's formal code of business conduct. In Workforce's decentralised business environment, business units use these principles to guide and govern their stakeholder engagement processes.

Refer to pages 56 to 58 for details regarding stakeholders engaged during the reporting period.

Environment

The group has an approved environmental policy, which aims to reduce the negative environmental impacts of the group's trading entities. While the group has a low impact on the natural environment and is classified as a "low impact business", we are still fully committed to mitigating our impacts in order to respond to the challenge of climate change.

Evaluation of committee performance

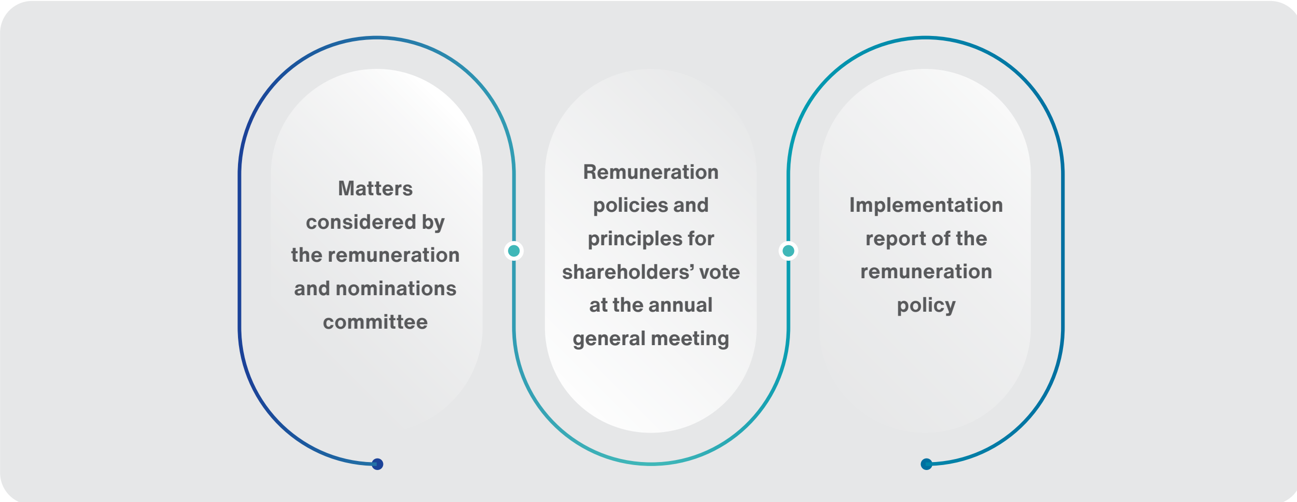
A self-evaluation of the committee's performance was conducted during 2020 and identified focus areas for the year. These include the enhancement of non-financial elements that will form part of the short-term incentive performance measures. Focus will also remain on transformation on top and senior management level.

Shelley Thomas
Social, ethics and transformation committee chairman

26 April 2021

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

This report comprises three sections:



1. Matters considered

It was decided that, due to the size of the company, the remuneration committee and nominations committee would remain as one committee.

APPOINTMENT OF DIRECTORS TO THE BOARD

Apart from a candidate's experience, availability and likely fit, the committee also considers a candidate's integrity, as well as other directorships and commitments to ensure that the candidate will have sufficient time to discharge his/her role properly. The remuneration and nominations committee also considers race and gender diversity in its assessment in line with its race and gender diversity policy. Although no new appointments were made during the reporting period, new targets had been included in the race and gender diversity policy to guide future appointments.

REMUNERATION AND NOMINATIONS COMMITTEE MEMBERS

The committee comprised the following at 31 December 2020:

Name and qualifications	Age	Appointed	Designation	Experience	Attendance
Kyansambo Vundla *BCom, HDip Acc, CA(SA)*	**43**	**November 2010**	**Independent chairman**	**Over 24 years of experience in the financial services industry**	2/2 meetings
John Macey *BBusSci (Hons), BCom (Hons), CA(SA)*	**59**	**November 2008**	**Independent member**	**Over 30 years of experience in finance and financial management**	2/2 meetings
Shaun Naidoo *CA(SA), MBA*	**36**	**March 2018**	**Non-executive member**	**Execution of corporate transactions, B-BBEE structuring, balance sheet restructuring, valuations, IFRS and tax advisory and capital raising**	2/2 meetings
Inshaaf Ross *BCom*	**49**	**August 2018**	**Non-executive member**	**Over 20 years' experience in human resources and related areas**	2/2 meetings
Standing invitees	Chief executive officer, company secretary				

The chairman of the board is not eligible for appointment as chairman of the committee and John Macey is only a member of the committee but presides as chairman when the committee fulfils its oversight responsibilities on nomination matters and board/director interactions.

EVALUATION OF THE COMMITTEE

The committee conducted a self-evaluation on the performance of the committee and found it to be performing satisfactorily. The following focus areas were identified:

- implementation of a formal internal financial control framework across clusters;
- full implementation of the COBIT governance framework; and
- enhance IT security controls.

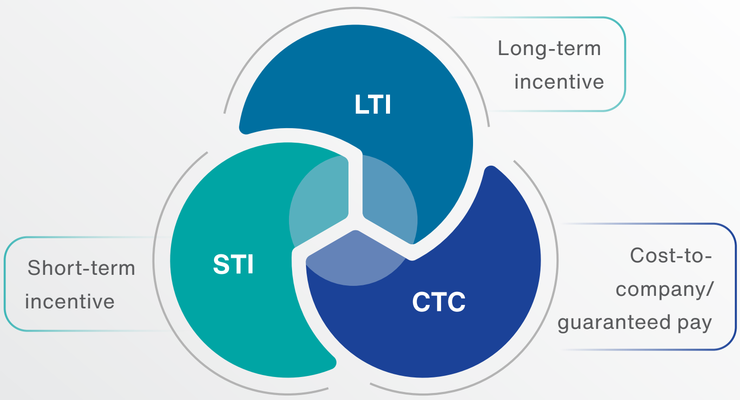
Kyansambo Vundla
Chairman of the remuneration and nominations committee

26 April 2021

2. Remuneration policy

BACKGROUND STATEMENT

The group's remuneration policy aims to attract, retain and motivate skilled and performing employees to execute the group's strategy. The group offers an integrated remuneration and reward model, which comprises:



Due to the diversified and decentralised business model, the group has different remuneration models for senior management. Workforce currently does not formally benchmark its remuneration percentiles. A formal benchmark in terms of remuneration percentiles will be conducted during the current financial year.

REMUNERATION STRUCTURE

Cost-to-company			Variable pay	
Element	Base pay	Benefits	**STI**	**LTI**
Workforce Group	Monthly salary Hourly wage	Medical aid Provident fund Funeral benefit Travel allowance	**Annual incentive** **Bonus scheme**	**Share appreciate rights** **Performance shares**
Objective	Retention and attraction	Retention in terms of the comprehensiveness of benefits offered Attraction to offer similar benefits to prospective employees	**Reward company and group performance** **Reward individual performance** **Retention/attraction recognition**	**Reward company and group performance** **Reward individual performance** **Retention/attraction recognition** **Recognition of group's long-term success**

SHORT-TERM INCENTIVE

The group awards management and most salaried employees on an annual performance incentive. The actual value awarded is subject to the achievement of predetermined thresholds relating to the performance and position of the group, cluster, segment and individual performance during the reporting period.

The executive directors are appraised against a set of objectives and key performance indicators to ensure they are remunerated fairly and responsibly. Executive directors and senior managers are measured and remunerated according to their alignment, achievement and contribution to the group's strategy, financial performance, segment performance and individual performance.

In its evaluation of performance of individuals, the remuneration and nominations committee considers external and internal factors that may have contributed to the thresholds not being met. The committee may from time to time consider discretionary short-term bonuses for an individual or cluster.

All payments in terms of the qualitative and quantitative portion of the short-term incentive scheme are based on predetermined targets.

LONG-TERM INCENTIVE

The long-term incentive plan ("LTIP") forms part of the variable compensation and is used to attract, retain and motivate employees who influence the long-term sustainability and strategic objectives of the group. The purpose is to foster sustainable performance or value creation over the long term, which is aligned to the group's strategy and which enhances stakeholder value. Its main characteristic is the promise to deliver value over a future vesting period, once performance criteria are met or exceeded.

The board mandated the remuneration and nominations committee to formulate a new LTIP scheme for adoption during the current financial year.

POLICY ON DIRECTORS' FEES AND REMUNERATION

The directors are appointed to the board to bring competencies and experience appropriate to achieving the group's objectives.

INCREASES

At an individual employee level, the annual CTC increases are determined by the individual's pay relative to the band he/she is in, as well as the performance of the individual in the role. No increases were made during 2020.

NON-EXECUTIVE DIRECTORS

It is the group's policy to identify, attract and retain non-executive directors who can add significant value to Workforce. The board applies principles of good corporate governance relating to directors' remuneration and also keeps abreast of changing trends. Governance of directors' remuneration is undertaken by the committee.

The committee takes cognisance of market norms and practices as well as additional responsibilities placed on the board members by new legislation and corporate governance principles.

The fees for non-executive directors is excluding value added tax ("VAT") and is recommended by the committee and will be approved by the shareholders at the annual general meeting in May 2021.

Non-executive directors receive a base fee for their main board membership and an attendance fee per meeting. Board members only receive fees for meetings they attend as well as an ad hoc hourly fee where special attention was given to actions outside of the normal responsibilities.

The policy on remuneration for non-executive directors is that this should:

- Be market-related (having regard to the median fees paid and number of meetings attended by non-executive directors of companies of similar size and structure to similar sectors); and
- not be linked to the share price of Workforce.

The group pays for all travel and accommodation expenses incurred by directors to attend board and committee meetings.

Non-executive directors do not receive bonuses or share options, recognising that this can create potential conflicts of interest which can impair the independence which non-executive directors are expected to bring to bear in decision-making by the board.

After benchmarking non-executive director fees with best practice, it was found that the chairman's fees were above the median. It is therefore recommended that the chairman only receive a retainer fee and no fees for meetings attended. Shareholders will therefore be requested to confirm that the non-executive director fees for 2020 remain unchanged, save for the chairman fee as mentioned above. The fees are set out in the notice of annual general meeting on page 157.

VOTING AND SHAREHOLDER ENGAGEMENT

In order to actively promote fair, responsible and transparent remuneration and remuneration reporting, Workforce encourages engagement with shareholders on remuneration-related matters. The remuneration policy as well as the implementation report will be tabled for two separate non-binding advisory votes by shareholders at the annual general meeting.

The committee will initiate shareholder engagement with dissenting shareholders, should 25% or more of the shareholders vote against either or both the remuneration policy or the implementation report.

3. Remuneration implementation report

The remuneration implementation report details the outcomes following the implementation of the approved remuneration policy detailed on pages 76 to 78 of the integrated annual report.

2020 TOTAL COST OF EMPLOYEES ("TCOE") AND INCREASES

The TCOE salaries for executive directors, as stated in note 24 on page 142 of the audited financial statements, and other employees of the group have been increased as follows effective 1 July 2020:

	TCOE 2020 % increase	TCOE 2019 % increase
Chief executive officer	**–**	8,00
Financial director	**–**	18,00

Refer to note 24 on page 142 for a detailed breakdown of executive directors and prescribed officers' remuneration.

The TCOE as earned by executive directors and prescribed officers for the period 2020 are as follows:

	TCOE 2020 R'000	TCOE 2019 R'000
Executive directors	**5 904**	5 936
Prescribed officers	**15 664**	15 402

2020 ANNUAL INCENTIVE BONUS

The awarding of annual incentive bonuses for the year ended 31 December 2020 were in line with the group's remuneration policy and stipulated allocation levels, which payments have been detailed at page 142 of the integrated report under note 24 "remuneration implementation report".

The total short-term incentives ("STI") payable to members of the executive directors and the prescribed officers are as follows:

	2020 annual incentive bonus R'000	2019 annual incentive bonus R'000
Executive directors	**517**	621
Prescribed officers	**4 844**	5 043

2020 LONG-TERM INCENTIVES ("LTI")

There was no LTI remuneration made to executive directors and prescribed officers for the period 2020:

	2020 LTIP payments R'000	2019 LTIP payments R'000
Executive directors	**–**	–
Prescribed officers	**–**	–

NON-EXECUTIVE DIRECTORS' REMUNERATION

The participation of non-executive directors in the group is essential to the group achieving its strategic objectives and non-executive directors' fees are therefore recommended by the executive directors and remuneration and nominations committee with this in mind.

In accordance with the Companies Act, and the company's memorandum of incorporation ("MOI"), non-executive directors' fees are approved by the shareholders at the annual general meeting. The current fee levels are approved by shareholders at the annual general meeting to be held on 27 May 2021 and is stated on page 160 of the notice of annual general meeting included in this integrated annual report.

The total amount spent on non-executive directors' fees for 2019 and 2020 are as follows:

	2020 R'000	2019 R'000
Non-executive directors' fees	**1 129**	1 134

DIRECTORS' SERVICE CONTRACTS

There are no fixed-term service contracts for executive or non-executive directors. The remuneration and nominations committee reviewed the employment contracts of the chief executive officer and financial director and found this still to be appropriate to meet the needs of the company.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the company and group annual financial statements, comprising the directors' report, statements of financial position as at 31 December 2020, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, a summary of significant accounting policies and the notes to the financial statements, in accordance with International Financial Reporting Standards ("IFRS"), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and in the manner required by the Companies Act.

The directors' responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors' responsibilities also include maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements. The directors have made an assessment of the company's and group's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The directors have reviewed the group's cash flow forecast for the year to 31 December 2021 and, in light of this review and the current financial position, they are satisfied that Workforce and its subsidiaries have, or have access to, adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

DIRECTORS' APPROVAL

The directors acknowledge and accept full responsibility for the preparation and integrity of the information presented in the company and group annual financial statements for the year ended 31 December 2020.

The company and group annual financial statements of Workforce, which have been prepared in accordance with the Companies Act, and comply with ("IFRS"), were approved by the board of directors on 11 March 2021 and are signed on their behalf by:

JR Macey
Independent Chairman

RS Katz
Chief Executive Officer

W van Wyk
Group Financial Director

SIGNIFICANT AREAS OF JUDGEMENT

CEO AND FINANCIAL DIRECTOR RESPONSIBILITY STATEMENT

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

- (a) the annual financial statements set out on pages 94 to 152, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code™.

Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

RS Katz
Chief Executive Officer

W van Wyk
Group Financial Director

DECLARATION BY THE COMPANY SECRETARY

In terms of section 58(2) of the Companies Act, and Companies Regulations 2011, I certify that, to the best of my knowledge, Workforce Holdings Limited has lodged with the Registrar of Companies, all such returns that are required of a public company in terms of the Act and further, that such returns are true, correct and up to date.

Sirkien van Schalkwyk
Company Secretary

Johannesburg

26 April 2021

AUDIT AND RISK COMMITTEE REPORT TO SHAREHOLDERS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The audit and risk committee has pleasure in submitting this report, which has been approved by the board and has been prepared in accordance with section 94(7) of the Companies Act and incorporating the recommendations of the King Report on Corporate Governance for South Africa, 2016 ("King IV™").

In summary, this committee assists the board in its responsibilities covering the:

- internal and external audit process for the group taking into account the significant risks;
- adequacy and functioning of the group's internal controls;
- integrity of the financial reporting; and
- risk management and information technology.

The committee has performed all the duties required in section 94(7) of the Companies Act.

Due to the size of the company, the board decided to combine the audit committee and risk committee and attend to both audit and risk responsibilities in one committee.

MEMBERS OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE AT MEETINGS

The committee, appointed by the board and approved by shareholders at the company's annual general meeting on 6 July 2020, comprised three independent non-executive directors, all of whom satisfied the requirements of section 94(4) of the Companies Act.

The audit and risk committee comprises three independent members, being Kyamsambo Vundla (chairman), John Macey and Shelley Thomas. The committee acknowledges the recommendation by King IV™ that the chairman of the board should not be a member of the committee, but due to John Macey's extensive financial experience, decided that he remains a member of the committee.

The financial director, partner of the external auditors and the internal auditor attend meetings by invitation. The board is satisfied that the independence, experience and qualifications of each member enable them to fulfil the committee's mandate. In addition to the quarterly meetings, the committee meets at least once a year with the company's internal and external auditors, without management being present.

During the 2020 financial year, the committee met on three occasions and meetings were scheduled in line with the group's financial reporting cycle.

The audit and risk committee attendance is as follows:

Name and qualifications	Age	Appointed	Designation	Experience	Attendance
Kyansambo Vundla *BCom, HDip Acc, CA(SA)*	**43**	**November 2010**	**Independent chairman**	**Over 25 years of experience in the financial services industry**	3/3 meetings
John Macey *BBusSci (Hons), BCom (Hons), CA(SA)*	**60**	**November 2008**	**Independent member**	**Over 30 years of experience in finance and financial management**	3/3 meetings
Shelley Thomas *CA(SA)*	**55**	**December 2016**	**Independent member**	**Over 25 years of experience in financial and risk management**	3/3 meetings
Standing invitees	Financial director, group head of finance, external auditor, internal auditor, company secretary				

The committee collectively has the necessary financial literacy, skills and experience to execute their duties effectively.

ROLE OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee has reviewed its terms of reference, approved by the board, setting out its duties and responsibilities as prescribed in the Act, King IV™ and incorporating additional duties delegated to it by the board.

The committee:

- fulfils the duties that are assigned to it by the Act and as governed by other legislative requirements;
- assists the board in overseeing the quality and integrity of the group's integrated reporting process, including the financial statements and sustainability reporting, and announcements in respect of the financial results;
- ensures that an effective control environment in the group is maintained;
- reviewed and adopted a combined assurance model;
- provides the financial director, external auditors and the head of internal audit with unrestricted access to the committee and its chairman as is required in relation to any matter falling within the ambit of the committee;
- meets with the external auditors, senior managers and executive directors as the committee may elect;
- meets confidentially with the internal and external auditors without other executive board members and the company's financial team being present;
- reviews and recommends to the board the interim financial results and annual financial statements;
- oversees the activities of, and ensures coordination between, the activities of the internal and external auditors;
- fulfils the duties that are assigned to it by the Act and as governed by other legislative requirements, including the statutory audit committee functions required for subsidiary companies;
- receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its financial statements or related matters;
- conducts annual reviews of the audit committee's work plan and terms of reference;
- assesses the performance and effectiveness of the audit committee and its members on a regular basis;
- reviewed the proactive monitoring process in terms of the letter from the JSE dated 18 February 2020, including Annexure 3; and
- considered the impact of Covid-19 on the results.

EXECUTION OF FUNCTIONS DURING THE YEAR

The committee is satisfied that, for the 2020 financial year, it has performed all the functions required to be performed by an audit and risk committee as set out in the Companies Act and the committee's terms of reference.

The audit and risk committee discharged its functions in line with its terms of reference and ascribed to it in terms of the Companies Act during the year under review as follows:

External audit

The committee, among other matters:

- nominated Crowe JHB and Gary Kartsounis as the external auditor and designated auditor respectively to shareholders for appointment as auditor for the financial year ended 31 December 2020, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- nominated the external auditor and the independent auditor for each material subsidiary company for reappointment;
- requested from the audit firm, the formal letter of their latest inspection performed by IRBA on Crowe JHB and Gary Kartsounis, including any findings, if applicable, to the firm and/or individual;
- requested from Crowe JHB the information detailed in paragraph 22.15(h) in their assessment of the suitability for appointment of Crowe JHB and Gary Kartsounis prior to their reappointment, which was presented on 13 August 2020;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- obtained an annual confirmation from the auditor that their independence was not impaired;
- maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide, split between permitted, permissible and prohibited services;
- approved non-audit services with Crowe JHB in accordance with its policy;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- obtained assurances from the external auditor that adequate accounting records were being maintained by the company and its subsidiaries;
- considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No 26 of 2005; and
- considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

Although Crowe JHB has been the auditors of the group for 49 years, the committee is satisfied that Crowe JHB is independent of the group after taking the following factors into account:

- representations made by Crowe JHB to the committee;
- the auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the company;
- the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by the auditor;
- the auditors' independence was not prejudiced as a result of any previous appointment as auditor;
- the criteria specified for independence by the Independent Regulatory Board for auditors and international regulatory bodies; and
- audit partners are rotating every five years.

Internal audit

The committee:

- reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter;
- considered the reports of the internal auditor on the group's system of internal control including financial controls, business risk management and maintenance of effective internal control systems;
- received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal thereof;
- reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to significant internal audit findings.

The head of internal audit reports functionally to the chair of the committee and administratively to the financial director.

Adequacy and functioning of the group's internal controls

The committee reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.

As noted above, it also reviewed the reporting around the adequacy of the internal controls and based on this concluded that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.

After due care and proper consideration, the chief executive officer and financial director are satisfied that the annual financial statements for the year ended 31 December 2020 reflect an accurate reflection of the group's performance. (Paragraph 3.84(k))

Financial reporting

The audit and risk committee ensures that the financial reporting to stakeholders fairly presents the state of affairs of the group. This covers the annual financial statements, integrated report, interim and preliminary reporting.

The committee, among other matters:

- confirmed the going concern as the basis of preparation of the interim and annual financial statements;
- reviewed compliance with the financial conditions of loan covenants and determined that the capital of the company was adequate;
- examined and reviewed the interim and annual financial statements, as well as all financial information disclosed prior to the submission to the board for their approval and then for disclosure to stakeholders;
- ensured that the annual financial statements fairly present the financial position of the company and of the group as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the company and the group was determined to be a going concern;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the external auditor's audit report and key audit matters included;
- reviewed the representation letter relating to the annual financial statements which was signed by management;
- considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements;
- considered accounting treatments, significant unusual transactions and accounting judgements; and
- ensured that appropriate financial reporting procedures exist and are working.

Significant areas of judgement

In arriving at the figures disclosed in the financial statements there are many areas where judgement was needed. These are outlined in accounting policies note 2.21 to the annual financial statements. The audit and risk committee has looked at the quantum of the assets and liabilities on the statements of financial position and other items that require significant judgement and decided to note the following:

- Information systems general control environment: audit evidence obtained from the adapted audit approach and found to be sufficient and appropriate; and
- Impairment of goodwill and intangible assets: reviewed and found this item to be fairly stated, in all material respects.

Risk management and information technology ("IT") governance

The committee:

- adopted an updated IT strategy to be implemented;
- commenced with the implementation of the COBIT governance framework;
- reviewed an IT terms of reference for the group IS committee;
- oversaw the value delivery on IT and monitored the return on investments on significant IT projects;
- ensured that intellectual property contained in information systems is protected;
- ensured that adequate business arrangements are in place for disaster recovery;
- ensured that all personal information is treated by the company as an important business asset and is identified; and
- reviewed and recommended to the board for approval any policies proposed by management and relevant to the areas of responsibility of the committee.

Legal and regulatory requirements

To the extent that these may have an impact on the annual financial statements, the committee:

- reviewed legal matters that could have a material impact on the group;
- reviewed the adequacy and effectiveness of the group's procedures, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;
- monitored complaints received via the group's whistleblowing service; and
- considered reports provided by management, internal audit and the external auditors regarding compliance with legal and regulatory requirements.

Expertise and experience of financial director and the financial function

As required by paragraph 3.84(g) of the JSE Listings Requirements, the committee has satisfied itself that the financial director, Willie van Wyk, has the appropriate expertise and experience. In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.

ELECTION OF COMMITTEE AT THE ANNUAL GENERAL MEETING

Pursuant to the provisions of section 94(2) of the Companies Act, which requires that a public company must elect an audit committee at each annual general meeting, it is proposed in the notice of annual general meeting to be held on 27 May 2021 that Kyansambo Vundla, John Macey and Shelley Thomas be reappointed as members of the audit and risk committee until the next annual general meeting in 2022.

EVALUATION OF THE COMMITTEE

The committee conducted a self-evaluation on its performance and, although the result was satisfactory, members agreed on the following focus areas of the current financial year:

- embedding the International Financial Control Framework across the Group;
- implementing the COBIT Framework; and
- ensuring that IT security is actively being monitored.

INTEGRATED REPORT

Following the review by the committee of the consolidated annual financial statements of Workforce Holdings Limited for the year ended 31 December 2020, the committee is of the view that in all material aspects they comply with the relevant provisions of the Act and International Financial Reporting Standards and fairly present the consolidated and separate financial positions at that date and the changes in equity, results of operations and cash flows for the year then ended. The committee has also satisfied itself of the integrity of the integrated report and the sustainability information reported therein.

RECOMMENDATION OF THE INTEGRATED REPORT FOR APPROVAL BY THE BOARD

Having achieved its objectives, the committee has recommended the annual financial statements and the integrated report for the year ended 31 December 2020 for approval to the board. The board has subsequently approved the reports, which will be open for discussion at the forthcoming annual general meeting.

Kyansambo Vundla
Audit and risk committee chairman

26 April 2021

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Workforce Holdings Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Workforce Holdings Limited and its subsidiaries ("the group") set out on pages 94 to 153, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 December 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Information Systems general control environment Information Systems are seen as an integral element of the operations of the group. Through the testing of general IT controls in the audit, we obtained audit evidence that elements of the general IT control environment were not functioning effectively. The increased level of risk associated with the internal control environment caused us to modify our planned audit approach.	Our audit procedures were designed in such a manner so as to limit the reliance placed on the functioning of the general IT control environment. The nature and extent of our audit procedures was adapted in order to obtain assurance which reduced our audit risk to an acceptable level, taking into account the increased assessed control risk. We consider the audit evidence obtained from the adapted audit approach to be sufficient and appropriate.

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill Under IFRS, the group is required to annually test goodwill for impairment. The test compares the carrying amount of the asset with its recoverable amount, which is the higher of its fair value less costs to sell (if known) and its value in use. Forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management. We have determined this to be a key audit matter due to the judgement required by management in preparing a "value-in-use" model to satisfy the impairment test. Details of the assumptions and estimations used has been disclosed in note 3.	Our audit procedures focused on evaluating and challenging the key assumptions applied by management in conducting the impairment review. These procedures included, amongst others, the following: ■ Reviewed the model for compliance with IAS 36 Impairment of Assets; ■ Verified the mathematical accuracy and methodology appropriateness of the underlying model calculations; ■ Evaluate the cash flow projections and the process by which they were developed, comparing the cash flows to the latest budgets, and assessing the historical accuracy of the budgeting process; ■ Assess the responsibility and appropriateness of the key inputs; ■ Perform a sensitivity analysis of the key assumptions in the model; and ■ Assess the key growth rate assumptions by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the group. We assessed the disclosures made for compliance with International Financial Reporting Standards.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Workforce Holdings Limited Integrated Annual Report 2020" and in the document titled "Workforce Holdings Limited Separate Financial Statements for the year ended 31 December 2020", 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 financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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, related safeguards.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Crowe JHB has been the auditor of Workforce Holdings Limited for 49 years.

Crowe JHB

Partner: Gary Kartsounis
Registered Auditor

3 Sandown Valley Crescent
Sandown
2196

28 April 2021

DIRECTORS' REPORT

The directors present their report for the year ended 31 December 2020. This report does not form part of the audited financial statements.

NATURE OF BUSINESS

Workforce is a holding company. Its subsidiaries provide human capital solutions that include temporary employment services, permanent placement recruitment, training and skills development, contractor on-boarding, healthcare and wellness, disability solutions, financial services, lifestyle benefits and business process outsourcing solutions.

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

PLEDGED SECURITIES

None of the prescribed officers within Workforce have pledged securities as guarantee/collateral during the course of the reporting period or at the present date. Should securities be pledged the necessary announcement will be made to the market.

FINANCIAL RESULTS

Financial results are discussed in detail in the chief executive officer's review on pages 20 to 23 of the integrated annual report.

SUBSIDIARIES

The company's directly owned subsidiaries are as follows:

	% holding
Allmed Healthcare Professionals Proprietary Limited	100
Debtworx Proprietary Limited	100
Fempower Personnel Proprietary Limited	100
KBC Holdings Proprietary Limited	100
Molapo Quyn Outsourcing Proprietary Limited	100
Nursing Emergencies Proprietary Limited	100
Programmed Process Outsourcing Proprietary Limited	100
Quyn HR Consulting Proprietary Limited	100
Quyn International Outsourcing Proprietary Limited	100
Quyn Payrolling Services Proprietary Limited	100
Rapitrade 465 Proprietary Limited	100
Sizuluntu Northern Cape Proprietary Limited	48
Sizuluntu Staffing Solutions Proprietary Limited	48
RecruitCo Proprietary Limited	100
Workforce Staffing Proprietary Limited	100
WFG Management Services Proprietary Limited	100
Workforce Outsourcing Proprietary Limited	100
Workforce Training and Consulting Holdings	100
Gauteng Wage Bureau Proprietary Limited	100
Programmed Sourcing Proprietary Limited	49
The Cyber Academy Proprietary Limited	51
Sizuluntu Projects Proprietary Limited	51

Details of the subsidiaries indirectly held are set out below:

	% holding
Angola The Workforce Group Limited	100
Babereki Employee Support Services Proprietary Limited	100
Day-Click Limited	100
Dyna Training Proprietary Limited	100
Dyna Training Namibia Proprietary Limited	100
Dyna Industrial Training and Development Proprietary Limited	100
Essential Employee Benefits Proprietary Limited	100

	% holding
Fads Proprietary Limited	100
Glen Moray Proprietary Limited	100
Interchange Business Consulting Proprietary Limited	100
Jet Talent Proprietary Limited	50
KBC Health & safety Proprietary Limited	100
NQ Plus Networks Proprietary Limited	100
Only The Best Proprietary Limited	100
Pha Phama Africa Staff Services Proprietary Limited	100
Prisma Training Solutions Proprietary Limited	100
Teleresources Proprietary Limited	100
The Workforce Group Mauritius Limited	100
Training Force Namibia Proprietary Limited	100
Training Force Proprietary Limited	100
Workforce Finance Proprietary Limited	100
Workforce Group Sociedade Unipessoal Limitada	100
Workforce Healthcare Proprietary Limited	50
Workforce Software Proprietary Limited	100
Worldwide Staffing Proprietary Limited	100
Peoples First Proprietary Limited	100
Worldwide Outsourcing Proprietary Limited	100
EEB Solutions Proprietary Limited	100
Talent Factor Proprietary Limited	100
Sikekela Skills Academy Proprietary Limited	100
Oxyon Peoples Solutions Proprietary Limited	100
WF Financial Services Proprietary Limited	100
Global Healthcare Resources Proprietary Limited	100
Staffing and Outsourcing Proprietary Limited	100

Details of the consolidated structured entities are set out below:

The Pha Phama Africa Employee Empowerment Trust and its subsidiary, Pha Phama Africa Investments Proprietary Limited, are consolidated in line with the requirements of IFRS 10: *Consolidated Financial Statements*.

The subsidiary of the share trust is the beneficial owner of 14 370 000 (2019: 14 370 000) shares in Workforce. The fair value of these shares amounted to R8 328 834 (2019: R8 044 704) and the loan outstanding is R9 111 761 (2019: R9 111 761).

	2020 R'000	2019 R'000
Aggregate profits of subsidiaries attributable to the holding company is as follows:	29 104	94 916

DECLARATION OF DIVIDENDS

There are no dividends declared in the current year.

SHARE CAPITAL

Details of the company's authorised and issued share capital at 31 December 2020 are shown in note 10 to the financial statements. No changes were made to the authorised and issued ordinary share capital during the year under review.

EMPLOYEE SHARE EMPOWERMENT SCHEME

The Pha Phama Africa Employee Empowerment Trust was formed for the purpose of providing an opportunity for previously disadvantaged employees of the group to participate in the group's growth and success.

BORROWINGS

In terms of the memorandum of incorporation, the directors have unlimited borrowing powers. Interest-bearing borrowings comprise loans secured by instalment sale agreements, cession of trade receivables, as well as a short-term loan facility.

SPECIAL RESOLUTIONS

1. It was resolved that the non-executive directors' remuneration was approved with effect from 1 January 2019 until the next annual general meeting.
2. It was resolved that approval was provided authorising the group to provide direct or indirect financial assistance to any related or inter-related companies.
3. It was resolved that a general approval was received for the company to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, subject to the provisions of sections of 46 and 48 of the Companies Act as amended and the JSE Listings Requirements.

DIRECTORS

The directors of the company for the financial year and up to the date of this report are as follows:

Executive directors

RS Katz
WP van Wyk

Non-executive directors

JR Macey (chairman)
S Naidoo
S Thomas
KN Vundla
I Ross

GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Notes	2020 R'000	2019 R'000
Assets			
Non-current assets		**448 525**	386 939
Right-of-use assets	1	**57 126**	28 183
Property, plant and equipment	2	**20 651**	20 642
Goodwill	3	**215 780**	192 993
Intangible assets	4	**77 325**	74 302
Deferred tax assets	5	**71 012**	63 882
Other financial assets	6	**6 631**	6 937
Current assets		**851 308**	892 530
Trade and other receivables and advances	7	**765 459**	836 224
Inventories	8	**3 907**	4 229
Taxation		**2 675**	3 069
Cash and cash equivalents	9	**79 267**	49 008
Total assets		**1 299 833**	1 279 469
Equity and liabilities			
Equity		**734 242**	694 877
Equity attributable to owners of the parent		**730 564**	695 325
Stated capital	10	**234 051**	234 051
Treasury shares	10	**(13 075)**	(13 075)
Foreign exchange differences on translation of foreign operations		**(2 444)**	(304)
Equity-settled employee benefits reserve	25	**5 555**	5 529
Retained earnings		**506 477**	469 124
Non-controlling interests		**3 678**	(448)
Non-current liabilities		**70 730**	57 022
Financial liabilities	11	**21 026**	17 698
Lease liabilities	1	**47 313**	14 781
Deferred tax liabilities	5	**2 391**	24 543
Current liabilities		**494 861**	527 570
Trade and other payables	12	**226 616**	167 906
Financial liabilities	11	**253 807**	341 877
Lease liabilities	1	**14 438**	17 787
Total equity and liabilities		**1 299 833**	1 279 469

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Notes	2020 R'000	2019 R'000
Revenue	13	2 778 034	3 227 054
Cost of sales		(2 132 608)	(2 524 659)
Gross profit		645 426	702 395
Other income	16	7 340	1 402
Operating costs		(575 887)	(562 862)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")		76 878	140 935
Fair value adjustments	16	(3 883)	30 147
Depreciation and amortisation		(47 598)	(41 030)
Finance income		745	1 278
Finance costs	14	(18 503)	(32 257)
Profit before taxation		7 640	99 073
Taxation	15	27 731	(943)
Profit after tax	16	35 370	98 130
Other comprehensive income after tax			
Items that are reclassified to profit or loss:			
Foreign translations (loss)		(2 140)	(853)
Exchange differences on translating foreign operations		(2 140)	(853)
Total comprehensive income for the year		33 230	97 277
Profit for the year attributable to:			
Owners of the parent		31 244	95 769
Non-controlling interests		4 126	2 361
		35 370	98 130
Total comprehensive income attributable to:			
Owners of the parent		29 104	94 916
Non-controlling interests		4 126	2 361
		33 230	97 277
Earnings per share (cents per share)			
Basic earnings per share	17	13,9	42,5
Diluted earnings per share	17	13,9	41,2

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Attributable to owners of the parent							
	Share capital and premium R'000	Treasury shares R'000	Foreign currency translation reserve R'000	Equity-settled employee benefits reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total equity R'000
Balance at 1 January 2019	234 051	(11 158)	549	9 288	368 543	601 273	(2 809)	598 464
Recognition of share-based payments	–	–	–	4 525	–	4 525	–	4 525
Buy-back of shares	–	(1 917)	–	–	–	(1 917)	–	(1 917)
Share vested under share options	–	–	–	(8 284)	8 284	–	–	–
Payment of dividends	–	–	–	–	(4 488)	(4 488)	–	(4 488)
Total comprehensive income for the year	–	–	(853)	–	96 785	95 932	2 361	98 293
Balance at 1 January 2020	**234 051**	**(13 075)**	**(304)**	**5 529**	**469 124**	**695 325**	**(448)**	**694 877**
Recognition of share-based payments	**–**	**–**	**–**	**6 802**	**–**	**6 802**	**–**	**6 802**
Buy-back of shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share vested under share options	**–**	**–**	**–**	**(6 776)**	**6 776**	**–**	**–**	**–**
Payment of dividends	**–**	**–**	**–**	**–**	**(667)**	**(667)**	**–**	**(667)**
Total comprehensive income for the year	**–**	**–**	**(2 140)**	**–**	**31 244**	**29 104**	**4 126**	**33 230**
Balance at 31 December 2020	**234 051**	**(13 075)**	**(2 444)**	**5 555**	**506 477**	**730 564**	**3 678**	**734 242**
Notes	10	10		25				

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Notes	2020 R'000	2019 R'000
Cash generated from operations before net working capital changes		**43 696**	111 845
Cash generated from operations	18.1	**61 346**	138 601
Finance income		**745**	1 278
Finance costs		**(14 602)**	(27 094)
Taxation paid	18.2	**(3 793)**	(940)
Increase/(decrease) in net working capital	18.3	**129 087**	(76 111)
Cash flows from operating activities		**172 783**	35 734
Cash flows from investing activities		**(27 924)**	(21 831)
Property, plant and equipment acquired	2	**(8 830)**	(10 028)
Proceeds on disposal of property, plant and equipment		**293**	386
Dividend income		**644**	1 200
Intangible assets acquired – maintaining operations	4	**(6 196)**	(13 389)
Payment of contingent consideration for business combinations	28	**(13 953)**	–
Acquisition of business	28	**118**	–
Cash flows from financing activities		**(114 600)**	(6 443)
Repayment of borrowings	18.4	**(90 778)**	(1 255)
Proceeds from borrowings		**10 000**	42 478
Payment of lease liabilities	18.4	**(25 741)**	(18 693)
Payment for buy-back of shares		**–**	(1 917)
Payment of contingent consideration for business combinations	18.4	**(7 415)**	(22 569)
Dividends paid		**(666)**	(4 487)
Net change in cash and cash equivalents		**30 259**	7 460
Cash and cash equivalents at the beginning of the year		**49 008**	41 548
Cash and cash equivalents at the end of the year	9	**79 267**	49 008

ACCOUNTING POLICIES

for the year ended 31 December 2020

1. GENERAL INFORMATION

Workforce is a holding company incorporated in South Africa. The registered address and principal place of business is disclosed under corporate information in the integrated annual report. The principal activities of the group are human capital solutions that include temporary employment services, permanent placement recruitment, training and skills development, contractor on-boarding, healthcare and wellness, disability solutions, financial services, lifestyle benefits and business process outsourcing solutions.

2. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the group annual financial statements are summarised below. The annual financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

2.1 Statement of compliance

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the IFRS Interpretations Committee ("IFRIC"), and comply with the financial reporting pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the requirements of the Companies Act, 2008 (Act 71 of 2008), as amended, as well as the company's memorandum of incorporation.

2.2 Basis of preparation

The annual financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value.

The preparation of the annual financial statements was supervised by the Financial Director, W van Wyk, CA(SA).

The annual financial statements are presented in South African Rand ("ZAR"), the functional currency of the group and company and all amounts are rounded to the nearest thousand, except when otherwise indicated.

The principal accounting policies are set out below.

2.3 Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the group and entities (including consolidated structured entities) controlled by the group (its subsidiaries). Control is achieved when the company has power over the investee, it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Where necessary, adjustments are made to the annual financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the group. All subsidiaries have a reporting date of 31 December 2020. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit.

2.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the annual financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the group's accounting policies.

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.4 Business combinations *(continued)*

Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the group's share of the identifiable net assets of the acquiree at the date of acquisition, as well as at portion of non-controlling interest.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

2.5 Segment reporting

In identifying its operating segments, management generally follows the group's service lines, which represent the main services provided by the group and is consistent with the way these results are reviewed by the decision-makers. During the reporting period, the group reorganised its segments and formed six business clusters of the different business activities and placed each cluster under an independent management team. For segmental reporting purposes, the group is organised into four main reporting segments namely staffing and outsourcing (incorporating recruitment and Africa), training, healthcare, and financial services. Each of these segments is managed separately as each of these service lines requires different technologies and other resources.

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. All inter-segment transactions are carried out at arm's length prices. These transactions are eliminated on consolidation. Segment assets and liabilities comprise operating assets and liabilities directly attributable to the segment, or which could reasonably be assigned to the segment. Performance is measured based on profit before interest and tax.

2.6 Revenue recognition

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

The company generates revenue from the rendering of services, selling goods as well as through financial services. These can be described further below:

Revenue type	Includes	Recognition driver	Transfer of control	Measurement
Services **Staffing and outsourcing**	Staffing solutions	As employees render services	Over time based on employee labour hours	Fair value
	Placement fees	On commencement of employment	Point in time when the placement begins employment with the customer	
	Payroll management	As service is rendered	Over time based on performance completed to date	
	Consulting services	As service is rendered or projects completed	Over time/point in time depending on service	

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.6 Revenue recognition *(continued)*

Revenue type	Includes	Recognition driver	Transfer of control	Measurement
Services				
Training	Accredited courses, education and training	When training is provided	Over time based on performance completed to date	Fair value
Loan fee income	Lending services	When services are provided	Over time based on performance completed to date	Fair value
Commissions	Funeral cover	When services are provided	Over time based on performance completed to date	Fair value
Healthcare	Medical cover, healthcare, wellness programmes and health risk assessments	As and when the services are provided	For nursing services – over time based on employee labour hours, for other services – over time based on performance completed to date	Fair value
Interest	Interest on financial services provided	Accrued as earned	Over time	Effective interest method
Dividends	Dividends received	When the right to receive payment is established	Point in time	Fair value

Significant payment terms for staffing and outsourcing, training and healthcare, services are 30 to 60 days.

2.7 Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attached to them and that the grants will be received.

Government grants for staff training costs are recognised in profit and loss over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis and are deducted in reporting the related expense.

Government grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the group with no future related costs, are recognised in profit or loss in the period in which they become receivable.

2.8 Cost of sales

Cost of sales primarily comprises the cost of services provided. Cost of sales also includes: the cost of wages; wage-related provisions; uniforms, other related subcontractor costs.

2.9 Finance costs

Finance costs primarily comprise interest on the group's borrowings. All finance costs are recognised in profit or loss in the period in which they are incurred. For cash flow purposes, finance costs are allocated to operating activities as they enter into the determination of profit to loss.

Finance costs are determined using the effective interest rate method of calculation.

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.10 Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment is initially measured at cost.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, depreciation methods and residual values are reviewed at each year-end, with the effect of any changes, accounted for on a prospective basis.

Land and buildings are carried at cost and are not depreciated.

The estimated average useful lives are as follows:

	Years
Computer equipment	3
Industrial equipment	4
Leasehold improvements	5
Motor vehicles	4
Office equipment	5
Land	Indefinite
Buildings	20
Training manuals	5

2.11 Intangible assets

Intangible assets acquired separately

Intangible assets are initially measured at cost. Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated computer software - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internally-generated computer software arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

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

The amount initially recognised for internally-generated computer software is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated computer software is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.11 Intangible assets *(continued)*

The following useful lives are used in the calculation of amortisation:

	Years
Computer software	**2 to 5**
Client relationships	**3**
Brand names	**3**
Training course accreditation	**3**

Intangible assets with a finite life are assumed to have a residual value of nil.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

2.12 Impairment of goodwill, property, plant and equipment and other intangible assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management. The recoverable amount is the higher of fair value less cost to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Impairment losses for cash-generating units first reduce the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged prorata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised, may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.14 Taxation

Tax expense recognised in profit and loss comprise the sum of deferred tax and current tax not recognised in the other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the annual financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

2.15 Equity, reserves and dividends paid

Stated capital

Stated capital represents the value of shares that have been issued. Shares are classified as equity when there is no obligation to transfer cash or assets. Incremental costs directly related to the issue of new shares are shown as a deduction from equity.

Treasury shares

Where the group or other consolidated subsidiaries purchase the group's equity investment in Workforce group's shares, the consideration paid, including directly attributable incremental costs, is deducted from the total shareholders' equity as treasury shares until they are sold. Fair value changes recognised in the subsidiary's annual financial statements on equity investments in the holding group's shares, are reversed on consolidation and dividends received are eliminated against dividends paid. Where such shares are subsequently sold, any consideration received, net of any directly attributable incremental costs, is included in shareholders' equity.

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.15 Equity, reserves and dividends paid *(continued)*

Empowerment trust

The group's employee empowerment incentive scheme is operated through a trust and its subsidiary company. The trust is a consolidated structured entity.

The share trust purchased shares for a share incentive scheme to benefit previously disadvantaged employees and to allow the group to meet its objective of achieving its broad-based black economic empowerment scorecard requirements. The purchase of the shares by the share trust is treated as a reduction in the group's equity. For the purpose of the earnings per share calculation, the weighted average number of shares in issue is reduced by the number of shares held by the trust.

2.16 Contingencies

Contingent assets and contingent liabilities are not recognised.

2.17 Retirement benefit costs

Contributions to defined contribution retirement plans are recognised as an expense when employees have rendered services entitling them to the contributions.

2.18 Financial instruments

Recognition and derecognition

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Where the group neither transfers, nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2.18.1 Financial assets

Classification and initial measurement of financial assets

Financial assets, are classified into the following categories:

- Amortised cost;
- Fair value through profit or loss ("FVTPL"); and
- Fair value through other comprehensive income ("FVTOCI").

The classification is determined by both:

- The group's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income.

Subsequent measurement

Financial assets at amortised cost

Financial assets are measured at amortised cost where the group's business model is to hold the financial assets and collect its contractual cash flows and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.18.1 *Financial assets* *(continued)*

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the period between the service and the expected payment date is less than 12-months and the effect of discounting is immaterial. The group's advances, trade and receivables and cash and cash equivalents fall into this category of financial instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Advances

Advances are non-derivative financial assets with fixed payments that are not quoted in the active market. The advances arise when the group provides money or goods directly to a debtor through the lending services and sale of goods. These advances are in the form of personal unsecured loans and are paid back in fixed equal instalments. Origination fees and monthly service fees that are integral to the effective interest rate are capitalised to the value of the loan and amortised to profit or loss over the contractual life of the loan using the effective interest rate method.

Advances are measured at amortised cost using the effective interest rate method, less any impairment losses through the use of an allowance account whereby the amount of the losses are recognised in profit or loss.

The significant financing component on the sale of goods is recognised using the effective interest method over the period of the contract.

Financial assets at fair value through profit or loss ("FVTPL") – mandatory

The group holds an investment in a listed entity and in an unconsolidated structured entity in the form of a cell captive. These investments do not fall within the business model to "hold to collect" or "hold to collect and sell" and its contractual cash flows are not solely payments of principal and interest, it is therefore accounted for as a financial asset mandatorily measured at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. Fair value is determined in the manner described in note 20.

Financial assets at fair value through other comprehensive income ("FVTOCI")

The group has elected to designate its equity investments in listed shares at FVTOCI. This is an irrevocable election permitted where the instruments meet the definition of equity under IAS 32: *Financial Instruments*: Presentation and are not held for trading.

Dividends received on these investments are recognised in profit or loss. Any gains or losses recognised in other comprehensive income ("OCI") will not be reclassified to profit or loss upon derecognition of the asset.

Impairment of financial assets

The group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are probability-weighted estimates based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate.

Trade and other receivables

The group uses an allowance account to recognise its credit losses on trade and other receivables. It applies the simplified approach of recognising lifetime ECLs for the trade receivables. 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. See note 7 for the impairment provisions. Historically the recoverability of the accounts receivables has been impacted by large losses in some of the acquired entities, we believe that these historical losses have been cleared and do not expect the high loss rates to continue.

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.18 Financial instruments *(continued)*

2.18.1 Financial assets (continued)

These credit losses are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the ECL, the company uses its historical experience, external indicators and forward-looking information using a provision matrix.

Advances

The group uses an allowance account to record its credit losses on advances, it applies the general impairment approach in determining the ECLs. ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month "ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime "ECL") (see trade and other receivables note 7 and accounting policies).

Due to the nature of the advances, the group considers an advance in default when they are handed over to the legal process. However, in certain cases, the group may also consider an advance to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group. An advance is written off when there is no reasonable expectation of recovering the contractual cash flows.

The group has established a policy to perform an assessment, at the end of each reporting period, of whether an advance'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 group categorises its advances into stage 1, stage 2 and stage 3, as described below (the advances can alternate between stages):

- Stage 1: These are advances which are performing or partially performing with payment in the last 90 days. There are no further indicators of a significant increase in credit risk. When advances are first recognised, the group recognises an allowance based on 12-month ECLs. Stage 1 advances also include advances where the credit risk has improved, and the advance has been reclassified from stage 2. The advances included within stage 1 are those for temporary employees that are currently working, and the instalments are deducted from their salaries consistently.

- Stage 2: When an advance has shown a significant increase in credit risk since origination, the group records an allowance for the life time ECLs. Advances with no repayments within the last 90 days are classified to stage 2. This stage also includes advances, where the credit risk has improved, and the advance has been reclassified from stage 3. The advances included within this stage are those that the group still manages on a portfolio basis. Based on the history of the group, these might include advances where the borrower has not made payments, mainly due to non-employment. This is considered to increase the credit risk of the borrower, but advances are still expected to be recovered through a debt management process or re-employment of the borrower.

- Stage 3: Advances considered credit-impaired. The group records an allowance for the life time ECLs. The entity considers an advance in default and therefore stage 3 (credit-impaired) for ECL calculations in all cases when the borrower enters the legal stage of the advance management process. At this time the loans are managed individually.

  The advances can move between stages based on their performance, i.e. an advance in stage 2 in the current year can move to a stage 1 advance in the next period if the borrower's risk decreases, for example, the borrower recovers and makes regular payments again.

  The ECL calculations are performed on a portfolio basis, grouping the advances into those with similar credit risks and within those portfolios, using statistics derived from a five-year historical past performance of that portfolio, validated by external borrowers and taking into account any changes to collection procedures and projected future market conditions.

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.18 Financial instruments *(continued)*

2.18.2 Financial liabilities

Financial liabilities at amortised cost

The Company's financial liabilities include trade and other payables.

Financial liabilities are measured at fair value, and where applicable, adjusted for transaction costs.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2.18.3 Fair value estimation

A number of the group's accounting policies and disclosures require the measurement of fair values. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 21.2 presents the group's assets and liabilities that are measured at fair value. The classification into different levels is based on the extent that quoted prices are used in the calculation of fair value and the levels have been defined as follows:

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

2.19 Share-based payment arrangements

Share-based payment transactions of the company

Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 26.

Employees receive shares in settlement of the equity-settled share-based payment scheme. The employees are given the option of retaining the shares granted, or selling the shares on the open market

The fair value determined at grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity-settled employee benefits reserve.

Cash-settled share-based payments

The fair value of the amount payable to employees in respect of cash-settled share-based payments is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured to fair value at each reporting date and at settlement date. Any changes in the liability are recognised in profit or loss.

2.20 Earnings per share ("EPS")

Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the profit after tax attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the number of ordinary shares in issue.

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.20 Earnings per share ("EPS") *(continued)*

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after tax dilutive effect. The company has dilutive potential ordinary shares which comprise share options and share rights issued in terms of the group's share schemes.

Headline earnings per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 1/2019 issued by the South African Institute of Chartered Accountants ("SAICA").

2.21 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.21.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations described in note 2.21.2 below, that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the annual financial statements. In the application of the group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Government grants

Determining whether training fees are recoverable from SETAs and when these amounts are recoverable, involve the exercising of judgement by management. Management ensures that the conditions attached to the various SETA programmes have been fully met before recognising the grants. Further to this management has considered the history of recoveries of these grants.

Control over Workforce Healthcare Proprietary Limited

Note 24.4 describes Workforce Healthcare Proprietary Limited as a subsidiary of the group even though the group has only a 50% ownership and has only 50% of the voting rights in Workforce Healthcare Proprietary Limited. The directors of the company assessed whether the group has control over Workforce Healthcare Proprietary Limited based on whether the group has other related rights sufficient to give it power over the company. Workforce Healthcare Proprietary Limited is reliant on the group for funding its total operations and no other party has rights which may interfere with those held by the entity. The company is also dependent on the group for the supply of critical services and technology. In addition the "Workforce" brand is controlled by the group and used by the company as part of its trading name. After assessment the directors concluded that they have sufficient related rights to give the group control over Workforce Healthcare Proprietary Limited.

Control over Pha Phama Africa Employee Empowerment Trust and its subsidiary

Note 24.4 describes Pha Phama Africa Employee Empowerment Trust and its subsidiary, Pha Phama Africa Investments Proprietary Limited, as a consolidated structured entity of the group. The directors assessed whether the group has control over Pha Phama Africa Employee Empowerment Trust and its subsidiary, Pha Phama Africa Investments Proprietary Limited. The trustees are the parties who make decisions about the relevant activities of the trust, based on the fact that the trustees of the Trust are required to be employees of the group who have been employed by the group for at least seven years, the directors concluded that they effectively have control over Pha Phama Africa Employee Empowerment Trust.

2.21 Critical accounting judgements and key sources of estimation uncertainty *(continued)*

2.21.1 Critical judgements in applying accounting policies (continued)

Control over Jet Talent Proprietary Limited

Note 24.4 describes Jet Talent Proprietary Limited as a subsidiary of the group even though the group has only a 50% ownership and has only 50% of the voting rights in Jet Talent Proprietary Limited. The directors of the company assessed whether the group has control over Jet Talent Proprietary Limited based on whether the group has other related rights sufficient to give it power over the company. Jet Talent Proprietary Limited is reliant on the group for funding its total operations. The company is also dependent on the group for the supply of critical services and technology. After assessment the directors concluded that they have sufficient related rights to give the group control over Jet Talent Proprietary Limited.

Control over Sizuluntu Staffing Solutions Proprietary Limited

Note 24.4 describes Sizuluntu Staffing Solutions Proprietary Limited as a subsidiary of the group even though the group has only a 48% ownership and has only 48% of the voting rights in Sizuluntu Staffing Solutions Proprietary Limited. The directors of the company assessed whether the group has control over Sizuluntu Staffing Solutions Proprietary Limited based on whether the group has other related rights sufficient to give it power over the company. Sizuluntu Staffing Solutions Proprietary Limited is reliant on the group for funding its total operations. The company is also dependent on the group for the supply of critical services and technology. After assessment the directors concluded that they have sufficient related rights to give the group control over Sizuluntu Staffing Solutions Proprietary Limited.

Control over Sizuluntu Projects Proprietary Limited

Note 24.4 describes Sizuluntu Projects Proprietary Limited as a subsidiary of the group even though the group has only a 48% ownership and has only 48% of the voting rights in Sizuluntu Projects Proprietary Limited. The directors of the company assessed whether the group has control over Sizuluntu Projects Proprietary Limited based on whether the group has other related rights sufficient to give it power over the company. Sizuluntu Projects Proprietary Limited is reliant on the group for funding its total operations. The company is also dependent on the group for the supply of critical services and technology. After assessment the directors concluded that they have sufficient related rights to give the group control over Sizuluntu Projects Proprietary Limited.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. The value-in-use calculation requires the entity to estimate future cash flows expected to arise from the cash-generating unit and to determine a suitable discount rate in order to calculate present value. In the process of measuring expected future cash flows management makes assumptions about future gross profits that relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the group's assets within the next financial year. Judgments and estimates employed in the goodwill impairment testing are discussed in more detail in note 3.

Deferred tax assets

Deferred tax assets arising from tax losses are recognised to the extent that it is probable that taxable income will be available in the future against which these can be utilised. The raising of deferred tax assets is a process that is based on certain assumptions about the ability of the group to generate future profits in order to utilise the future tax benefits. The assessment of the probability of future taxable income is based on the group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties, is assessed individually by management based on the specific facts and circumstances. Details of deferred tax assets are provided in note 5 of the notes to the group annual financial statements.

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.21 Critical accounting judgements and key sources of estimation uncertainty *(continued)*

2.21.1 Critical judgements in applying accounting policies (continued)

Deferred tax assets (continued)

The group claims significant tax deductions for learnerships and ETI income. The combined tax benefit of these deductions amounts to approximately R45 million (2019: R30 million). A deferred tax asset for tax losses of approximately R25 million was recognised on businesses claiming ETI and learnership deductions. The government has announced sunset clauses on these tax deductions. In the absence of these deductions the group would have earned taxable income and therefore management have assessed that there will be sufficient taxable income to utilise these tax losses. The group has incurred a significant once off loss due to the write-off of irrecoverable advances. The deferred tax asset of approximately R25,6 million is expected to be recovered through taxable income earned from the normal operations of the business. Several entities within the group have incurred tax losses due to difficult trading conditions under Covid-19. The related deferred tax asset for these losses amounts to approximately R17,4 million. These entities are returning to normal capacity and are expected to generate sufficient future taxable income to utilise these tax losses.

Expected credit losses

Provision for expected credit losses of trade receivables

The group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various client segments that have similar loss patterns. A period of 36 months was used for the assessment as it best represented the recovery rates expected. Management does not expect a change in the recovery rate due to the changes in the South African economy at this time.

Provision for expected credit losses of advances

The group uses the general impairment approach to calculate the ECLs for advances. The provision rates are based on historical defaults and processes, confirmed against a three-year historical performance of that portfolio, as well as external validations of those rates obtained from external borrowers. The rates are adjusted for judgements regarding the future market conditions.

The group has applied judgement in determining the stages that the advances fall within and defining "default" for these financial assets. Stage 1 includes the performing loans, stage 2 includes the loans that are currently not performing but are expected to perform again based on historical evidence of the types of borrower, their history and the stage of non-performance. The loans are recorded as stage 3 when they default. Default is determined by the group to be when the borrower enters the legal stage of the group's management process, at which time they are managed individually.

2.22 Leases

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less and leases of low value assets. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate of the lessee. The weighted average incremental borrowing rate of the group is 10.75%.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever: a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of modified lease by discounting the revised lease payments using a revised discount rate at he effective date of the modification. The group made once such adjustment during the period.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

2. SUMMARY OF ACCOUNTING POLICIES *(continued)*

2.22 Leases *(continued)*

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the right-of-use asset. The depreciation starts the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, Plant and Equipment" policy.

3. NEW STANDARDS AND INTERPRETATIONS

3.1 Standards effective and adopted in the current period

IFRS 3: *Business Combinations*

Definition of Business: The amendments:

- confirmed that a business must include inputs and a process, and clarified that:
  - the process must be substantive; and
  - the inputs and process must together significantly contribute to creating outputs.
- narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The effective date of the amendment was for periods beginning on or after 1 January 2020.

The amendment has been applied in the recognition of business combinations during the period. Refer to note 28.

IAS 1: *Presentation of Financial Statements* and IAS 8: *Accounting Policies*, *Changes in Accounting Estimates and Errors*
Definition of Material: The amendments clarify and align the definition of "material" and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment was for periods beginning on or after 1 January 2020.

The amendment has been implemented in management's consideration of what they deemed to be material in the preparation of these financial statements.

3.2 Standards and interpretations issued but not yet effective

IFRS 7: *Financial Instruments*: *Disclosures*
Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

- The amendment to IFRS 7 requires a company to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR reform on that company.

The effective date of the amendment is for periods beginning on or after 1 January 2021.

The amendment may result in additional disclosure in the future.

IFRS 9: *Financial Instruments*
Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

- The amendments to IFRS 9 enable a company to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform.

The effective date of the amendment is for periods beginning on or after 1 January 2021.

The amendment is not expected to have a material impact on the financial statements in the future.

3. NEW STANDARDS AND INTERPRETATIONS *(continued)*

3.2 Standards and interpretations issued but not yet effective *(continued)*

IFRS 9: *Financial Instruments*

- Annual Improvements to IFRS Standards 2018 – 2020: The amendment clarifies which fees an entity includes when it applies the "10 per cent" test in assessing whether to derecognise a financial liability.

The effective date of the amendment is for periods beginning on or after 1 January 2022.

The amendment is not expected to have a material impact on the financial statements in the future.

IFRS 16: *Leases*
Covid-19-related rent concessions: Amendment providing lessees with an exemption from assessing whether a Covid-19-related rent concession (a rent concession that reduces lease payments due on or before 30 June 2021) is a lease modification.

The effective date of the amendment is for periods beginning on or after 1 June 2020.

The amendment is not expected to have a material impact on the financial statements in the future as the group has not benefited from any rent concessions related to Covid-19.

IFRS 16: *Leases*
Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

- The amendment to IFRS 16 enables a company to apply a practical expedient to account for a lease modification required by the IBOR reform.

The effective date of the amendment is for periods beginning on or after 1 January 2021.

The amendment is not expected to have a material impact on the financial statements in the future.

IAS 1: *Presentation of Financial Statements*

- Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.
- Disclosure of accounting policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

The effective date of the amendments is for periods beginning on or after 1 January 2023.

The amendment is expected to result in more useful disclosures of accounting policies in the future. The group does not expect any impact on the current classifications between current and non-current liabilities in the future.

IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*
Definition of accounting estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, the accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.

The effective date of the amendment is for periods beginning on or after 1 January 2023.

The amendment is not expected to have a material impact on the financial statements in the future.

IAS 37: *Provisions, Contingent Liabilities* and *Contingent Assets*
Onerous Contracts – Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.

The effective date of the amendment is for periods beginning on or after 1 January 2022.

The amendment is not expected to have a material impact on the financial statements in the future.

1. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

	2020			2019		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Property	103 403	(51 660)	51 743	58 208	(35 632)	22 576
Motor vehicles	13 809	(8 426)	5 383	10 202	(4 595)	5 607
	117 212	(60 086)	57 126	68 410	(40 227)	28 183

The carrying value of right-of-use assets can be reconciled as follows:

	Property R'000	Motor vehicles R'000	Total R'000
Carrying value at 1 January 2019	27 341	3 900	31 241
Additions	9 961	5 503	15 464
Depreciation	(14 726)	(3 796)	(18 522)
Carrying value at 31 December 2019	22 576	5 607	28 183
Additions	45 203	3 607	48 810
Depreciation	(16 036)	(3 831)	(19 867)
Carrying value at 31 December 2020	51 743	5 383	57 126

The table below describes the nature of the group's leasing activities by type of right-of-use asset recognised on balance sheet:

	Number of right-of-use assets leased	Range of remaining term (months)	Average remaining lease term (months)	Number of leases with extension options	Number of leases with options to purchase	Number of leases with variable payments linked to an index	Number of leases with termination options
Right-of-use asset							
Property	31	12 to 60	60	80	–	–	80
Motor vehicles	96	12 to 48	36	71	–	–	71

Depreciation on right-of-use assets and property, plant and equipment are included in "Depreciation" in the statement of comprehensive income.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 December 2020 is as follows:

	Within a year	1 to 2 years	2 to 3 years
Minimum lease payments due 31 December 2020			
Lease payments	19 363	31 801	25 489
Finance charges	(4 925)	(7 490)	(2 487)
Net present values	14 438	24 311	23 002
31 December 2019			
Lease payments	20 104	12 346	3 448
Finance charges	(2 317)	(846)	(167)
Net present values	17 787	11 500	3 281

2. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Computer equipment	13 305	(9 084)	4 221	28 115	(23 970)	4 145
Industrial equipment	10 513	(9 182)	1 331	9 958	(8 306)	1 652
Land and buildings	2 700	–	2 700	2 700	–	2 700
Leasehold improvements	4 496	(2 164)	2 332	4 156	(1 251)	2 905
Motor vehicles	9 177	(8 190)	987	9 280	(7 628)	1 652
Office equipment	22 471	(17 680)	4 791	20 888	(15 637)	5 251
Training manuals	10 113	(5 824)	4 289	7 104	(4 767)	2 337
	72 775	(52 124)	20 651	82 201	(61 559)	20 642

The carrying value of property, plant and equipment can be reconciled as follows:

	Computer equipment R'000	Industrial equipment R'000	Land and buildings R'000	Leasehold improve-ments R'000	Motor vehicles R'000	Office equipment R'000	Training manuals R'000	Total R'000
Carrying value at 1 January 2019	4 748	2 483	2 700	619	2 944	4 119	2 653	20 266
Additions	2 891	388	–	2 596	418	2 862	873	10 028
Disposals	(9)	–	–	(43)	(305)	–	–	(357)
Depreciation	(3 485)	(1 219)	–	(267)	(1 405)	(1 730)	(1 189)	(9 295)
Carrying value at 31 December 2019	4 145	1 652	2 700	2 905	1 652	5 251	2 337	20 642
Additions	3 283	549		131	396	1 463	3 008	8 830
Disposals	(47)	–	–	(1)	(54)	(19)	–	(121)
Acquired through business combinations	–	–	–	–	–	9	–	9
Depreciation	(3 160)	(870)		(703)	(1 007)	(1 913)	(1 056)	(8 709)
Carrying value a 31 December 2020	4 221	1 331	2 700	2 332	987	4 791	4 289	20 651

Depreciation on right-of-use assets and property, plant and equipment are included in "Depreciation" in the statement of comprehensive income. No property, plant and equipment has been impaired during the year (2019: Nil).

The net book value of motor vehicles held under instalment credit agreements at 31 December 2020 amounted to R949 414 (2019: R1 187 921). Refer to note 11 for details of the instalment credit agreements. Motor vehicles acquired under instalment credit agreements amounted to R92 460 (2019: R86 563). The instalment sales relates primarily to motor vehicles.

The directors have determined that the residual value of the buildings is equal to the carrying value, therefore no depreciation has been provided for this category.

The group has no further contractual commitments to acquire property, plant and equipment at reporting date.

3. GOODWILL

		2020 R'000	2019 R'000
Carrying value at the beginning of the year		**192 993**	191 230
Acquired through business combination (see note 28)		**21 587**	1 763
Carrying value at the end of the year		**214 580**	192 993
Staff outsourcing	– Workforce Staffing	**4 275**	4 275
	– Telebest Holdings	**31 190**	31 190
	– Allmed Healthcare Professionals	**5 815**	5 815
	– Quyn Group	**39 134**	39 134
	– Gcubed	**652**	652
	– Day-Click	**885**	885
	– Oxyon Human Capital Solutions	**8 977**	8 977
Training	– Prisma Training Solutions	**21 221**	21 221
	– KBC Holdings	**21 131**	22 331
	– Talent Factor	**1 763**	1 763
	– Dyna Group	**56 750**	56 750
	– Chartall Group	**22 787**	–
		214 580	192 993

The recoverable amount of the cash-generating units are determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are discount rates, growth rates and expected cash flows. Management estimates discount rates using rates that reflect current market assumptions of the time value of money and the risk specific to the industry. An average discount rate of 17,6% (2019: 20,9%) was used, as all cash-generating units share similar risk characteristics. The reduction in the average discount rate is a reflection of the lower borrowing rates prevailing in the market as well as taking into account the capital structure of comparable businesses. The growth rates and cash flow forecasts are based on approved budgets for the forthcoming financial years, as well as an estimation of growth forecasts specific to each cash-generating unit into the future.

Cash flow projections during the budget period are based on the same expected gross margins throughout the budget period (four to five years). Cash flows beyond that five-year period have been extrapolated using a steady 5% (2019: 5%) per annum growth rate.

The following rates have been used:

	Average growth rate for years one to five
Workforce Staffing	5,0%
Telebest Holdings	11,9%
Allmed Healthcare Professionals	5,0%
Quyn Group	11,2%
Gcubed	5,0%
Day-Click	5,0%
Oxyon Human Capital Solutions	12,1%
Prisma Training Solutions	5,0%
KBC Holdings	10,0%
Dyna Group	10,0%
Uni Education Group	5,0%

3. GOODWILL *(continued)*

Operations of several of the cash generating units were severely affected as a result of Covid-19. These cash generating units experienced decreases in turnover and earnings during the period. These cash generating units are forecast to return to normal capacity over the next financial period. Due to budgeted turnover and earnings being estimated from the current year lower base, the average growth rates of these affected cash generating units appears higher than the expected.

The Covid-19 pandemic has had far reaching effects on the different business housed within the group.

Approximately R90,1 million rand of goodwill arises from training cash generating units. During the lock-down period most of these staff outsourcing cash generating units had to cease operations. As the restrictions were lifted these cash generating units returned to normal operating capacity.

Approximately R123,6 million rand of goodwill arises from training cash generating units. During the lock-down period most of these training cash generating units had to cease operations. As the restrictions were lifted these cash generating units returned to normal operating capacity

Management have performed a sensitivity analysis on the effect of changes of certain key assumptions on the recoverable amounts of the goodwill. The table below sets out the key assumptions and related sensitivities.

	Value %	Stressed value %	Potential impairment R'000
Staffing			
Telebest Holdings			
Budget period growth rate	11,9	10,0	12 300
Gross Profit margins	32,0	29,0	17 000
Discount rate	17,6	20,0	5 500
Quyn Group			
Budget period growth rate	11,2	9,2	22 500
Gross Profit margins	17,0	16,0	25 000
Discount rate	17,6	20,0	10 000
Training			
KBC holdings			
Budget period growth rate	10,0	8,0	20 600
Gross Profit margins	70,0	68,0	2 000
Discount rate	17,6	20,0	–
Dyna Group			
Budget period growth rate	10,0	8,0	5 900
Gross Profit margins	74,0	70,0	4 500
Discount rate	17,6	20,0	4 900

The other cash generating units have not been included in the table above as the sensitivity analysis did not result in any potential impairment.

4. INTANGIBLE ASSETS

	2020 Cost R'000	2020 Accumulated amortisation R'000	2020 Carrying value R'000	2019 Cost R'000	2019 Accumulated amortisation R'000	2019 Carrying value R'000
Brands	119	(66)	53	119	(5)	114
Client relationships	58 042	(44 793)	13 249	42 194	(36 465)	5 729
Computer software	106 007	(52 083)	53 924	99 487	(45 140)	54 347
Training course accreditations	20 620	(10 654)	9 966	20 620	(6 530)	14 090
Development costs	133	–	133	22	–	22
	184 921	(107 596)	77 325	162 442	(88 140)	74 302

4. INTANGIBLE ASSETS *(continued)*

The carrying amounts of intangible assets can be reconciled as follows:

	Brands R'000	Client relationships R'000	Computer software R'000	Training course accredi-tations R'000	Development costs R'000	Total R'000
Carrying value at 1 January 2019	76	14 352	29 664	18 214	11 822	74 128
Additions	75	–	13 436	–	(122)	13 389
Disposals	–	–	–	–	–	–
Acquired through business combinations	–	–	–	–	–	–
Additions from internal development	–	–	11 678	–	(11 678)	–
Amortisation	(37)	(8 623)	(431)	(4 124)	–	(13 215)
Carrying value at 31 December 2020	**114**	**5 729**	**54 347**	**14 090**	**22**	**74 302**
Additions	**–**	**–**	**6 085**	**–**	**111**	**6 196**
Acquired through business combinations	**–**	**15 849**	**–**	**–**	**–**	**15 849**
Amortisation	**(61)**	**(8 329)**	**(6 508)**	**(4 124)**	**–**	**(19 022)**
Carrying value at 31 December 2020	**53**	**13 249**	**53 924**	**9 966**	**133**	**77 325**

The above amortisation expense is included in "Amortisation of acquired intangible assets" in the statement of comprehensive income. Intangible assets of R1,2 million have been impaired during the year (2019: Nil). Computer software is mostly internally generated.

The group has no further contractual commitments to acquire intangible assets at reporting date. No restrictions exist over intangible assets.

5. DEFERRED TAX ASSETS AND LIABILITIES

	2020 R'000	2019 R'000
Balance at the beginning of the year	**39 339**	38 409
Acquired through business combinations	**(3 999)**	–
Movement per statement of comprehensive income	**33 281**	930
Balance at the end of the year	**68 621**	39 339

Deferred tax balances are presented in the statement of financial position as follows:

	2020 R'000	2019 R'000
Deferred tax assets	**71 012**	63 882
Deferred tax liabilities	**(2 391)**	(24 543)
	68 621	39 339

5. DEFERRED TAX ASSETS AND LIABILITIES *(continued)*

Deferred tax assets/(liabilities) arise from the following:

	Opening balance R'000	Charge to profit or loss R'000	Acquired through business combination R'000	Charge to other compre-hensive income R'000	Charge direct to equity R'000	Closing balance R'000
2020						
Temporary differences						
Property, plant and equipment	(813)	160	–	–	–	(653)
Intangible assets – maintaining operations	(9 295)	(402)	–	–	–	(9 697)
Intangible assets – acquired through business combination	(12 126)	(1 310)	–	–	–	(13 436)
Right-of-use assets	–	1 296	–	–	–	1 296
Doubtful debts	20 446	(8 353)	–	–	–	12 093
Financial assets at fair value	(696)	–	–	–	–	(696)
Equity share-based payments	1 548	–	–	–	–	1 548
Provision for leave	3 217	1 487	–	–	–	4 704
Income received in advance	1 224	6 664	–	–	–	7 888
Unearned initiation fee	–	(581)	–	–	–	(581)
Prepaid expenses	(1 169)	(405)	–	–	–	(1 574)
Fair value through other comprehensive income	(444)	(202)	–	–	–	(646)
Prior year corrections recognised in the current period	–	–	–	–	–	–
Tax losses	37 447	30 928	–	–	–	68 375
	39 339	29 282	–	–	–	68 621

5. DEFERRED TAX ASSETS AND LIABILITIES *(continued)*

	Opening balance R'000	Charge to profit or loss R'000	Acquired through business combination R'000	Charge to other compre-hensive income R'000	Charge direct to equity R'000	Closing balance R'000
2019						
Temporary differences						
Property, plant and equipment	(173)	(640)	–	–	–	(813)
Intangible assets	(6 173)	(3 122)	–	–	–	(9 295)
Intangible assets – acquired through business combination	(12 126)	–	–	–	–	(12 126)
Doubtful debts	33 172	(12 726)	–	–	–	20 446
Financial assets at fair value	(782)	86	–	–	–	(696)
Equity share-based payments	2 601	(1 053)	–	–	–	1 548
Provision for leave	2 720	497	–	–	–	3 217
Income received in advance	1 864	(640)	–	–	–	1 224
Prepaid expenses	(877)	(292)	–	–	–	(1 169)
Fair value through other comprehensive income	601	–	–	(1 045)		(444)
Prior year corrections recognised in the current period	(4 712)	4 712	–	–	–	–
Tax losses	22 294	15 153	–	–	–	37 447
	38 409	1 975	–	(1 045)	–	39 339

The net movement in deferred tax balances was an increase in deferred tax assets of R29 282. This is mainly due to increases in deferred tax assets arising from tax losses in the group. The tax losses are driven by tax allowances claimed by the group for learnership contracts and by trading losses. Difficult trading conditions relating to Covid-19 have resulted in a number of subsidiaries of the group experiencing losses in the current year. Management expects sufficient future taxable income to be realised in order to utilise these tax losses.

6. OTHER FINANCIAL ASSETS

	2020 R'000	2019 R'000
Fair value gain through other comprehensive income		
Listed shares		
4 616 907 (2018: 4 616 907) shares in Primeserv Limited at fair value	**4 155**	3 832
The above instrument has been designated as fair value through other comprehensive income as it is not held for trading.		
Fair value gain through profit and loss		
Investment in cell captive	**2 476**	3 105

Fair value of the investment in the cell captive has been determined by reference to the net asset value of the cell and is categorised as level 3 in the fair value hierarchy.

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables can be summarised as follows:

	2020 R'000	2019 R'000
Trade receivables	647 981	775 553
Other receivables	117 478	60 671
Trade and other receivables	765 459	836 224
Net trade receivables excluding advances	478 573	538 185
Gross trade receivables	491 215	553 135
Impairment provisions	(12 642)	(14 950)
Net advances	169 408	237 368
Gross advances	228 675	343 048
Impairment provisions	(59 266)	(105 680)
	647 981	775 553

Trade and other receivables consist of a large number of customers, spread across diverse industries and geographical areas. The management of this risk is set out in note 21.3.

The average term of advances is six months. Interest on advances are charged at rates compliant with the National Credit Act ("NCA") as prescribed by the National Credit Regulator ("NCR").

During the year, the group discounted trade receivables to ABSA Bank Limited ("ABSA") for cash proceeds. If the trade receivables are not paid at maturity date, the bank has the right to request the group to pay the unsettled balance. As the group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (refer to note 11.2).

At the end of the reporting period the carrying amount of the trade receivables that have been transferred but have not been derecognised amounted to R408 million (2019: R483 million) and the carrying amount of the associated liability is R238 million (2019: R337 million). Refer to note 11.

Other receivables

Other receivables comprise the following:

	2020 R'000	2019 R'000
Deposits	4 141	4 101
Staff debtors	2 631	3 533
Sundry debtors	110 707	53 037
	117 478	60 671

Impairment provisions

	2020 R'000	2019 R'000
Trade receivables	12 642	14 950
Advances	59 266	105 680
	71 908	120 630
Days sales outstanding (excluding advances)	46	50

7. TRADE AND OTHER RECEIVABLES *(continued)*

The information about the credit risk exposure on the group's trade receivables using the provision matrix is as follows:

	Current	30 days	60 days	90 days	120 days	Total
31 December 2020						
Expected credit loss rate	**1%**	**1%**	**4%**	**11%**	**42%**	**3%**
Estimated total gross carrying amount at default (R'000)	**286 854**	**143 681**	**30 142**	**14 327**	**16 211**	**491 215**
Expected credit loss (R'000)	**1 540**	**1 463**	**1 212**	**1 587**	**6 840**	**12 642**
31 December 2019						
Expected credit loss rate	0%	1%	3%	5%	30%	3%
Estimated total gross carrying amount at default (R'000)	305 621	151 259	37 490	24 903	36 081	553 135
Expected credit loss (R'000)	1 301	1 171	1 004	1 214	10 260	14 950

The expected credit loss rates rates have been increased compared to the rates in the previous financial year, as a result of a historical loss calculation. The gross debtors book has decreased from the prior year due to lost sales as a result of Covid-19. The expected credit loss on trade receivables has remained in line with.

The rate calculated was not adjusted in assessing future looking information. Management assessed that the increased historical loss ratio caused by the preceding period of various stages of lockdowns, is a fair rate to use for future looking purposes. Future looking information taken into account included an apparent slowdown in economic recovery, improving yet still weak business confidence, as well as the risk of future Covid related lockdowns.

Analysis of advances is as follows:

	Stage 1	Stage 2	Stage 3	Total
31 December 2020				
Average expected loss rate	**12%**	**27%**	**34%**	**26%**
Gross carrying amount	**41 061**	**126 407**	**61 207**	**228 675**
Loss provision	**4 927**	**33 774**	**20 565**	**59 266**
1 January 2020				
Average expected loss rate	12%	38%	24%	31%
Gross carrying amount	42 658	196 704	103 686	343 048
Loss provision	5 144	75 276	25 260	105 680

Stage one is seen as our actively paying book. The primary collection methodology is from payroll. Due to strict vetting criteria for loans during and post the lockdown periods, it was ensured, that there was limited default events occurring during this stage. There has been a noticeable trend of employees returning work as varying industries that have increased production, this further contributes to the upward trend in payroll collections for assignees who still need to service their outstanding loans.

Stage two has seen an improvement in the overall default rate. The improvement is due to both the write off of the book as well as management strategies being implemented to move away from traditional NAEDO collections to a more secure AEDO collection mechanism, where debtors are no longer able to dispute payments. The transition to lockdown level 1 and with the industry moving to a new payment platform, Debicheck, driven by SARB and PASA will further reduce default rate and dispute rates in the industry. Debicheck is a real time authentication where debtors authorise deductions/debit orders on their bank accounts. What this means is that the current platforms introduced by the various banks allowing debtors to dispute debit orders will no longer be available.

Naturally as we enter a new normal in the collections industry and review of the national state of disaster so will the above initiatives continue to gain momentum to levels expected prior to Covid-19.

Post the initial lockdown period, management made the decision to write off a significant portion of the NPL book. The reasoning behind this is that due to various government regulated protocols, particularly related to social distancing and protocols and the already overburdened government institutions (courts etc), and their limited operating time, it had created a backlog in the granting of garnishee orders and due to the fall out in the economy, with only essential workers allowed to work. The decision was made to write off approximately R97 million of the stage 2 book.

7. TRADE AND OTHER RECEIVABLES *(continued)*

Stage three has seen a overall decrease in the default rate. Lockdown has had an effect here, with courts being closed and or only addressing specific matters, the legal process was stagnant for a period of time during lockdown. The subsequent issuing of new and re-issue of existing garnishee orders on new employers (where debtors have changed employment) impacting legal collections. Although the last quarter of 2021 saw business recommence at court, this was limited to certain days of the week and hours in a day.

The turnaround times are now more predictable and the issuing of garnishee orders as well as interaction at the courts is expected to continue as we progress through the 2nd quarter of 2021.

Although the payback period for paying loans has subsequently been extended, the legal book is secured once a debtor acknowledges default of payment and guarantees payment of debt for the future. The implementation of AEDO as an alternative payment platform will also be introduced in stage 3 where turnaround times at the court may not be satisfactory.

We have considered the impact of Covid-19 on our ECL calculation and the recovery of economic activity – which the group is geared towards, with the placement of assignees in most economically active industries in Southern Africa.

Our ECL has been raised in accordance with our considerations around Covid-19 and the resumption of normal economic activity.

Analysis of provisions for expected credit losses

	Simplified approach R'000	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Opening Balance	14 950	5 144	75 276	25 260	120 630
Changes to the financial instruments recognised in the opening balance					–
Transfers from stage 1 to 2		(2 725)	2 725		–
Transfer from stage 1 to 3		(155)		155	–
Transfer from stage 2 to 3			(3 282)	3 282	–
Transfer from stage 2 to 1			(9 660)	9 660	–
Transfer from stage 3 to 1		139		(139)	–
Transfer from stage 3 to 2		1 352		(1 352)	–
Remained in same stage					–
Changes to the financial instruments recognised during the year					–
New advances					–
Changes due to movement in ageing	80				80
Buckets			(97 803)		(97 803)
Write-offs during the year	(2 388)				(2 388)
Additional provision		4849	46 540		51 389
Closing balance	12 642	8 605	13 794	36 866	71 908

8. INVENTORIES

	2020 R'000	2019 R'000
Consumables	669	429
Merchandise	3 238	3 800
Advances	102 376	62 515
	3 907	4 229

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2020 R'000	2019 R'000
Cash at bank and in hand	**79 267**	49 008
	79 267	49 008

10. STATED CAPITAL

	2020 Number of shares	2019 Number of shares
Authorised		
1 000 000 000 ordinary no par value shares		
Issued		
Authorised		
In issue at the beginning of the year	**243 731 343**	243 731 343
Treasury shares		
Balance at the beginning of the year	**18 239 064**	17 085 379
Share buy-back	**–**	12 733 685
Shares distributed in respect of share-based payments	**–**	(11 580 000)
Balance at the end of the year	**18 239 064**	18 239 064

	2020 R'000	2019 R'000
Issued		
Balance at the end of the year	**234 051**	234 051
Equity-settled share options	**–**	–
Balance at the end of the year	**234 051**	234 051
Treasury shares		
14 370 000 shares		
Balance at the beginning of the year	**(13 075)**	(11 158)
Share buy-back	**–**	(1 917)
Shares distributed in respect of share based payments	**–**	–
Balance at the end of the year	**(13 075)**	(13 075)

The company has one class of ordinary shares which carry no right to fixed income.

11. FINANCIAL LIABILITIES

Financial liabilities include the following:

		Current		Non-current	
		2020	2019	**2020**	2019
	Secured liabilities at amortised cost				
11.1	Loan from Simgarvin Proprietary Limited	**–**	–	**8 329**	7 974
	Gross amount owing	**–**	–	**9 112**	9 112
	Imputed interest	**–**	–	**(783)**	(1 138)
11.2	Invoice discounting facility bearing interest at 0,5% below prime rate	**196 349**	276 246	**–**	
11.3	Loan facility bearing interest at prime rate plus 3,6%	**40 000**	30 000	**–**	–
11.4	Loan facility bearing interest at prime rate plus 3%	**–**	29 258	**–**	–
11.5	Instalment sales liabilities	**984**	690	**1 116**	400
	Financial liabilities carried at fair value through profit or loss				
11.6	Business combination contingent consideration payable				
	Prior year	**9 498**	5 683	**–**	9 324
	Current year	**6 976**	–	**11 581**	–
		253 807	341 877	**21 026**	17 698

11.1 The loan from Simgarvin Proprietary Limited is secured by shares held in Workforce Holdings Limited. The loan is interest free and is repayable on 31 December 2022.

11.2 The group has entered into an invoice discounting and cession of debtors and inter-group loan accounts. A subsidiary loan of R290 million (2019: R350 million) is secured by cession of debtors and inter-group loan accounts. A subsidiary is bound as surety and co-principal debtor to the bank for due and punctual payment of the debtors. At year-end, trade receivables to the value of R407 814 352 (2019: R483 324 065) were ceded to the bank. (Refer to note on trade and other receivables.)

The group retained significant risk and reward of ownership of the receivables due to ABSA Bank Limited right of recourse against the group for any default of the debtor. The associate loan is granted by ABSA Bank Limited on 80% of the value of trade receivables excluding advances, ceded to ABSA Bank Limited. The net position of the transferred assets and associated liability is an amount of R117 million, which is the difference between the fair value of the assets transferred of R407 million and the fair value of the liability being R290 million. (Refer to note 7 on trade and other receivables.)

11.3 The group entered into a short-term loan to a limit of R40 million with ABSA Bank Limited, this facility is charged at the JIBAR rate of interest which is settled monthly and the capital portion is fully repayable by August 2020. The facility is secured by accession of inter-group loan accounts.

11.4 Instalment sale liabilities are secured over motor vehicles with a carrying value of R949 414 (2019: R1 187 921) bearing interest at rates approximating the prime overdraft rate and repayable in monthly instalments of R92 460 (2018: R86 563). (Refer to note 2 on property, plant and equipment.)

11.5 The contingent consideration of R28 055 million (2019: R15 007 million) is related to the acquisition of Dyna Group of companies acquired in a prior year.)

12. TRADE AND OTHER PAYABLES

	2020 R'000	2019 R'000
Trade creditors	27 920	42 442
Audit fee accrual	649	601
Payroll liabilities	27 436	39 070
Income received in advance	40 622	19 400
Accrual for paid annual leave	20 059	13 705
Other payables	109 930	52 688
	226 616	167 906

The increase in other trade payables compared to the prior period is mainly due to a VAT deferral. Due to the group decision to conserve cash, management approached SARS and was granted a deferral on payments of VAT for the period March 2020 to July 2020. Workforce was able to negotiate an 11-month payment plan with SARS in respect of VAT payments subsequent to an initial six-month payment plan. The liability to SARS will be settled in equal instalments beginning September 2020.

13. REVENUE

Set out below is the disaggregation of the group's revenue:

	Staffing and outsourcing R'000	Training R'000	Financial services R'000	Healthcare R'000	Total R'000
Type of services					
31 December 2020					
Staffing solutions	2 140 019	–	–	–	2 140 019
Placements fees	22 648	–	–	–	22 648
Payroll management	2 716	–	–	–	2 716
Accredited courses, education and training	–	247 017	–	–	247 017
Funeral cover and lending services	–	–	54 633	–	54 633
Medical cover, healthcare, wellness programmes and health risk assessments	–	–	–	311 002	311 002
	2 165 383	247 017	54 633	311 002	2 778 034

13. REVENUE *(continued)*

	Staffing and outsourcing R'000	Training R'000	Financial services R'000	Healthcare R'000	Total R'000
31 December 2019					
Staffing solutions	2 554 650	–	–	–	2 554 650
Placement fees	35 017	–	–	–	35 017
Payroll management	2 193	–	–	–	2 193
Accredited courses, education and training	–	268 577		–	268 577
Funeral cover and lending services	–	–	94 286	–	94 286
Medical cover, healthcare, wellness programmes and health risk assessments	–	–	–	272 331	272 331
	2 591 860	268 577	94 286	272 331	3 227 054

During the first six months of the year the investment clusters were particularly impacted by Covid-19. There was, however, a visible step change after July 2020, as lockdown levels eased, and our clients reopened for business. This was carried through the results, with a much-improved second half to the financial year.

14. FINANCE COSTS

	2020 R'000	2019 R'000
Interest on short-term borrowing	**9 116**	20 205
Interest charged to liabilities	**4 265**	3 851
Interest on bank overdrafts	**5 122**	6 201
	18 503	30 257

15. TAXATION

Taxation recognised in profit and loss

	2020 R'000	2019 R'000
Current tax expense	**–**	–
Current year	**(1 551)**	1 877
Prior year	**–**	(930)
Reversal of deferred tax	**–**	–
Reversal of temporary differences	**29 282**	–
Prior year adjustments	**–**	(4)
	27 731	943
Taxation recognised in other comprehensive income		
Deferred tax – fair value remeasurement of fair value on other comprehensive income of financial assets	**–**	228
	–	228
Estimated tax losses of subsidiaries of the group for utilisation against future taxable income:		
Tax losses recognised for deferred tax	**244 196**	133 532
Tax losses not recognised for deferred tax	**–**	–
	244 196	133 532

15. TAXATION *(continued)*

Reconciliation between accounting profit and tax expense

	2020 R'000	2019 R'000
Accounting profit	7 640	99 073
Tax at the applicable tax rate of 28% (2019: 28%)	2 139	27 741
Tax effect of adjustments on taxable income		
Non-taxable income		
Learnership tax allowances	(10 814)	(13 375)
Employment tax incentive	(20 200)	(17 765)
Dividend received	(360)	(336)
Non-deductible expenses		
Donations	7	73
Fair value adjustment	1 497	1 708
Prior year adjustment	–	2 897
	(27 731)	943

16. PROFIT FOR THE YEAR

Profit before taxation for the year has been arrived at after charging/(crediting):

	2020 R'000	2019 R'000
Gains on disposal of property, plant and equipment	(458)	(164)
Other income	7 340*	1 402
Other income in the current year comprises gain on bargain purchase of R6,2 million*		
Fair value adjustments		
Cell captive	629	387
Fair value contingent consideration	3 883	(30 147)
Government grants received for Employment Tax Incentive	40 500	55 800
Extended ETI claims for the period:	55 618	–
Contribution to provident fund	20 463	29 266
Equity-settled share-based payments	6 802	4 525
Staff costs	405 249	393 503
Audit fees	3 675	3 727

17. EARNINGS PER SHARE

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2020	2019
Profit attributable to equity shareholders of the parent company (R'000)	31 244	95 769
Weighted average number of ordinary shares in issue ('000)	225 492	225 492
Diluted weighted average number of shares in issue ('000)	225 492	231 634
Basic earnings per share (cents)	13,9	42,5
Diluted earnings per share (cents)	13,9	41,2

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2020	2019
The weighted average number of ordinary shares in issue ('000)	225 492	226 856
Shares deemed to be issued for no consideration in respect of:		
Employee options	–	4 778
Weighted average number of ordinary shares in the calculation of diluted earnings per share	225 492	231 634

Headline earnings per share

The earnings used in the calculation of headline earnings per share are as follows:

	Gross 2020	Tax 2020	Gross 2019	Tax 2019
Profit attributable to equity shareholders of the parent company (R'000)	–	31 244	–	95 769
Adjusted for:				
Loss/(gain) on disposal of property, plant and equipment (R'000)	1 058	762	(172)	(124)
Impairments of intangibles (R'000)	1 217	1 217	–	–
Gain on bargain purchase (R'000)	(6 226)	(6 226)	–	–
Tax effects of adjustments (R'000)			–	–
Total headline earnings (R'000)	–	26 997	–	95 645
Weighted average number of shares in issue ('000)	–	225 492	–	225 492
Diluted earnings per shares (cents)			–	232 356
Headline earnings per share (cents)	–	12,0	–	42,4
Diluted headline earnings per share (cents)	–	12,0	–	41,2

18. NOTES TO THE CASH FLOWS

18.1 Cash generated from operations

	2020 R'000	2019 R'000
Profit before taxation	**7 640**	99 073
Interest income	**(745)**	(1 278)
Other income	**(628)**	(1 200)
Finance costs	**14 602**	27 094
Adjusted for non-cash items:		
Gain on disposal of property, plant and equipment	**120**	357
Gain on bargain purchase	**(6 226)**	
Impairment of intangible assets	**1 217**	
Amortisation of acquired intangible assets	**–**	–
Depreciation and amortisation of non-financial assets	**47 598**	41 030
(Gain)/loss arising on financial liability at fair value through profit or loss	**–**	(30 147)
Foreign exchange differences on translation of foreign operations	**(2 140)**	(853)
Expense recognised in respect of equity-settled share-based payment	**(6 802)**	(3 759)
Other non-cash items	**6 711**	8 284
	61 346	138 601

18.2 Taxation paid

	2020 R'000	2019 R'000
Charged to profit or loss	**(2 180)**	(943)
Adjusted for deferred tax	**29 516**	(930)
Movement in taxation balance	**395**	933
	27 731	(940)

18.3 Working capital changes

	2020 R'000	2019 R'000
Change in trade and other receivables	**72 536**	(101 437)
Change in inventories	**322**	736
Change in trade and other payables	**56 229**	24 590
	129 087	(76 111)

18. NOTES TO THE CASH FLOWS *(continued)*

18.4 Changes in liabilities arising from financing activities

	1 January 2020	Cash flows	Additions	Cash flow not included in financing activities	Non-cash flows	31 December 2020
2020						
Lease liabilities	32 568	(25 741)	54 924	–	–	61 751
Borrowings	344 568	(80 778)	–	–	(17 012)	246 778
Contingent consideration	15 007	(7 415)	34 416	(13 953)	–	28 055
	392 143	(113 934)	89 340	(13 953)	(17 012)	336 584

	1 January 2019	Cash flows	Additions	Cash flow not included in financing activities	Non-cash flows	31 December 2019
2019						
Lease liabilities	35 797	(18 693)	15 464	–	–	32 568
Borrowings	302 333	(1 255)	–	–	43 490	344 568
Contingent consideration	66 972	(22 569)	–	–	(29 396)	15 007
	405 102	(42 517)	15 464	–	14 094	392 143

19. SEGMENT REPORTING

The group segment reporting is as follows:

- Staffing and outsourcing (includes recruitment and Africa) – comprising temporary employment services, functional outsourcing, permanent recruitment, executive search, specialist staffing, payroll management, HR and IR consulting and turnkey staffing solutions.
- Training – comprising accredited short courses, skills programmes, full qualifications, learnerships and apprenticeship programmes, adult education training and contractor on-boarding.
- Financial services – comprising death and disability cover, funeral cover, hospital cover, day-to-day medical insurance and financial and mobile products and services.
- Healthcare – comprising recruitment and placement of medical professionals for hospitals and frail-care homes, primary and occupational healthcare services, employee health and wellness programmes and health risk assessment.

These segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

19. SEGMENT REPORTING *(continued)*

Segment information can be analysed as follows for the reporting periods under review:

	Staffing and outsourcing R'000	Training R'000	Financial services R'000	Healthcare R'000	Shared services and central costs R'000	Eliminations R'000	Total R'000
2020							
Segment revenues	2 164 843	247 017	54 633	311 002	540	–	2 778 034
Inter-segment revenue	21 008	6 076	–	2 951	–	(30 035)	–
Cost of sales	(1 808 255)	(99 380)	(18 782)	(225 830)	19 639	–	(2 132 608)
Inter-segment cost of sales	(21 008)	–	–	–	–	21 008	–
Gross margin	356 588	153 713	35 851	88 122	20 179	(9 027)	645 425
Operating costs	(235 956)	(119 555)	(91 938)	(36 140)	(92 297)	–	(575 887)
Inter-segment operating costs	–	(6 602)	–	(2 425)	–	9 027	–
Other income	6 727	8	1 060	11	(465)	–	7 340
EBITDA	127 359	27 563	(55 028)	49 568	(72 583)	–	76 879
Fair value adjustment	–	(3 321)	(629)	–	66	–	(3 883)
Depreciation and amortisation of non-financial assets	(12 561)	(6 283)	(1 926)	(2 001)	(13 766)	(11 060)	(47 598)
Finance income	260	333	59	8	84	–	745
Finance costs	(3 412)	(1 034)	(1 085)	(1 278)	(11 695)	–	(18 503)
Segment profit/(loss) before tax	111 646	17 259	(58 608)	46 297	(97 894)	(11 060)	7 640
Capital expenditure	9 393	8 999	179	448	11 856	–	30 875
Segment total assets	441 070	158 923	255 635	66 101	629 940	(251 836)	1 299 833
Segment total liabilities	(59 944)	(111 371)	(376 205)	(36 006)	2 678	15 257	(565 591)
Net segment assets/(liabilities)	381 126	47 552	(120 570)	30 095	632 618	(236 579)	734 242

19. SEGMENT REPORTING *(continued)*

	Staffing and outsourcing R'000	Training R'000	Financial services R'000	Healthcare R'000	Shared services and central costs R'000	Eliminations R'000	Total R'000
2019							
Segment revenues	2 592 173	268 577	94 286	272 331	(313)	–	3 227 054
Inter-segment revenue	13 175	17 896	–	1 711	–	(32 782)	–
Cost of sales	(2 179 819)	(121 379)	(31 253)	(192 159)	(49)	–	(2 524 659)
Inter-segment cost of sales	(13 175)	–	–	–	–	13 175	–
Gross margin	412 354	165 094	63 033	81 883	(362)	(19 607)	702 395
Operating costs	(284 615)	(93 368)	(48 379)	(51 306)	(85 194)	–	(562 862)
Inter-segment operating costs	(1 839)	(16 186)	–	(1 582)	–	19 607	–
Other income	54	143	1 180	9	16	–	1 402
EBITDA	125 954	55 683	15 834	29 004	(85 540)	–	140 935
Fair value adjustments	–	–	(385)	–	30 532	–	30 147
Depreciation and amortisation of non-financial assets	(11 475)	(4 982)	(1 804)	(2 277)	(7 140)	(13 352)	(41 030)
Finance income	358	638	26	82	174	–	1 278
Finance costs	(10 781)	(1 691)	(1 406)	(1 698)	(16 681)	–	(32 257)
Segment profit/(loss) before tax	104 056	49 648	12 265	25 111	(78 655)	(13 352)	99 073
Capital expenditure	2 600	4 973	1 158	441	14 245	–	23 417
Segment total assets	415 703	119 363	284 932	17 788	651 731	(210 048)	1 279 469
Segment total liabilities	(21 037)	(66 477)	(352 954)	7 964	(160 357)	8 269	(584 592)
Net segment assets/ (liabilities)	394 666	52 886	(68 022)	25 752	491 374	(201 779)	694 877

Geographical information

The group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are immaterial.

Information about major customers

No single customers contributed 10% or more to the group's revenue in either 2020 or 2019.

20.1.1 Financial assets and financial liabilities

Set out below is an overview of financial assets held by the group

	Notes	2020 R'000	2019 R'000
Financial assets at amortised costs		**848 867**	852 999
Trade and other receivables	7	**769 600**	803 991
Cash and cash equivalents	9	**79 267**	49 008
Financial assets at fair value through profit and loss		**6 631**	6 937
Investment in cell captive	6	**2 476**	3 105
Quoted equity shares		**4 155**	3 832
Total		**855 498**	859 936
Total current		**848 867**	852 999
Total non-current		**6 631**	6 937
Set out below is an overview of financial liabilities held by the group			
Financial liabilities at amortised costs			
Trade and other payables		**179 121**	72 088
Interest bearing borrowings		**196 349**	276 246
Contingent consideration	11	**28 055**	15 007
Current	11	**16 474**	5 683
Non-current	11	**11 581**	9 324
Loan on treasury shares	11	**8 329**	7 974
Total		**411 854**	371 315
Total current		**391 944**	354 017
Total non-current		**19 910**	17 298

20.1.2 Fair value measurement

Fair values

The following table provides the fair value measurement hierarchy of the group's financial assets and financial liabilities.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

20.1.2 Fair value measurement *(continued)*

	Date of valuation	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobserv-able inputs Level 3
Financials assets/ (liabilities) as at 31 December					
Quoted equity shares	**31 December 2020**	**4 155**	**4 155**	**–**	**–**
Cell captive	**31 December 2020**	**2 476**	**–**	**–**	**2 476**
Financial liabilities					
Loan from Simgarvin Proprietary Limited	**31 December 2020**	**8 329**	**–**	**–**	**8 329**
Contingent consideration relating to business acquisition of Uni Education Group (Proprietary) Limited	**31 December 2020**	**(18 557)**	**–**	**–**	**(18 557)**
Contingent consideration relating to business acquisition of the Dyna Group	**31 December 2020**	**(9 498)**	**–**	**–**	**(9 498)**
As at 31 December 2019					
Financial assets					
Quoted equity shares	31 December 2019	3 832	3 832	–	–
Cell captive	31 December 2019	3 105	–	–	3 105
Financial liabilities					
Loan from Simgarvin Proprietary Limited	31 December 2019	(7 974)			(7 974)
Contingent consideration relating to business acquisition of the Dyna Group	31 December 2019	(15 007)	–	–	(15 007)

Valuation technique	Significant unobservable inputs	Sensitivity of the input to fair value
Quoted bid prices in active market	N/A	N/A
Net asset value is used as a valuation where the underlying assets and liabilities have been assessed to represent the fair value of the investment. Due to the nature of the investment, specifically the significant composition of liquid assets and liabilities, the net value is seen to be the most appropriate representation of fair value.	Fair values of the cell captive's assets and liabilities.	A 2% increase or decrease in the fair value of the underlying assets and liabilities should not result in a change in the fair value.
Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the group.	A risk adjusted discount rate of 5,9%.	A 2% increase in the discount rate used while holding all other variables constant would decrease/increase the fair value of the loan by R574 700 (2019: R297 902.)
Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the group. Discount rate of 17,5% determined using the capital asset pricing model. Probability adjusted profits with ranges of R5 million to R17,6 million.	Discount rate of 17,5% determined using the capital asset pricing model.	A 2% increase or decrease in the discount rate used while holding all other variables constant would decrease/increase the fair value of the loan by R3 062 000. A slight change in the probability adjusted profits in isolation would not result in a significant change in fair value.
Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the group. Discount rate of 17,5% determined using the capital asset pricing model. Probability adjusted profits with ranges of R5 million to R17,6 million.	Discount rate of 17,5% determined using the capital asset pricing model.	A 2% increase or decrease in the discount rate used while holding all other variables constant would decrease/increase the fair value of the loan by R1 556 775 (2019: R2 742 810). A slight change in the probability adjusted profits in isolation would not result in a significant change in fair value.
As above	As above	As above
As above	As above	As above

20.1.2 Fair value measurement *(continued)*

	Investment in cell captive	Contingent consideration	Total
As at 31 December 2020			
Opening balance	**3 105**	**15 007**	**18 112**
Gain/(loss) in profit or loss	**(385)**	**5 345**	**4 960**
Additions	**–**	**29 189**	**29 189**
Release on liability	**–**	**(21 486)**	**(21 486)**
	2 476	**28 055**	**1 586**
Change in unrealised gains or losses included in profit or loss	(385)	5 345	4 960
As at 31 December 2019			
Opening balance	3 490	31 401	34 891
Gain/(loss) in profit or loss	(385)	17 885	17 500
Release on liability	–	(34 279)	(34 279)
Closing balance	3 105	15 007	18 112
Change in unrealised gains or losses included in profit or loss	3 490	31 401	34 891

21. FINANCIAL RISK MANAGEMENT

The group is exposed to various risks in relation to financial instruments. The group's financial assets and liabilities by category are summarised in note 21.1. The main types of risks are market risk, credit risk and liquidity risk.

The group's financial risk management is coordinated at its headquarters, in close co-operation with the board of directors, and focuses on actively securing the group's short to medium-term cash flows.

The group does not enter into or trade financial instruments for speculative purposes. Borrowings have however been structured in such a way as to minimise financial risks, limit borrowing costs, as well as to facilitate growth. Borrowings are by and large secured by the securitisation of the group's debtors book.

The group is exposed to market risk through its use of financial instruments and specifically to interest rate risk, and certain other price risks, which result from both its operating and investing activities. Exposure to foreign currency risk is considered to be immaterial.

21.1 Interest rate risk management

The group is exposed to interest rate risk as it borrows funds, at rates linked to the prime overdraft rate. The group's ability to manage exposure to interest rate fluctuations is limited, however interest rates are constantly monitored and the group will take steps to limit its exposure if possible.

The group is further exposed to interest rate risk as it earns interest revenue on advances made from its financial services segment, these advances are made at fixed rates in line with the prescribed maximum interest rates under the National Credit Act.

Total interest-bearing borrowings amount to R238 million (2019: R337 million). Details of the interest rates payable are set out in note 11.

Sensitivity of profit to a reasonably possible change in interest rates of ±1% is illustrated by the following table:

	Profit for the year	
	R'000	R'000
	+1%	-1%
31 December 2020	**(2 120)**	**2 120**
31 December 2019	(3 098)	3 098

Management's expectation is that interest rates may decrease. The group's sensitivity to interest rate fluctuations has not changed significantly from the prior year. The interest rate sensitivity has been calculated, applying the closing borrowings rate on the average borrowing amount for the year.

21. FINANCIAL RISK MANAGEMENT *(continued)*

21.2 Other price risk sensitivity

The group is exposed to equity price risk arising from an equity investment as set out in note 6. Equity investments are considered to be long-term and held for strategic rather than trading purposes.

The impact on profit and equity if equity prices had been 5% higher/lower is illustrated by the following table:

	Profit for the year		Other equity reserves	
	R'000	R'000	R'000	R'000
	+5%	-5%	+5%	-5%
31 December 2020			**7**	**(7)**
31 December 2019			235	(235)

Management's view is that the equity investment may increase in value during the 2021 financial year. As the shares are classified as fair value through other comprehensive income, no effect on profit or loss would have occurred, unless where any decline in fair value to below cost resulted from the impairment of the asset. The group's sensitivity to equity prices has not changed significantly from the prior year.

The equity price risk has been calculated, applying the percentage movement on closing financial assets for the year.

The entity is not exposed to any foreign currency fluctuations.

21.3 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group.

The group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The information is supplied by independent ratings agencies where available and, if not available, the group uses other publicly available financial information and its own trading records to rate its major customers. The group's exposure to the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management on an annual basis.

The group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date, as summarised below:

	2020 R'000	2019 R'000
Net trade receivables	**478 573**	538 185
Other receivables	**6 772**	5 926
Net advances	**169 408**	237 368
Cash and cash equivalents	**79 267**	49 008
	734 020	830 487

All the above financial assets that are not impaired or past due for each of the reporting dates under review, are considered by management to be of good credit quality.

The credit terms on rendering of services is 30 to 60 days and interest may be charged on all overdue outstanding balances. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The average term of micro loans issued is five months.

The group has performed a detailed analysis of all past due amounts, and has impaired all amounts regarded as not collectable. Overdue amounts that have not been impaired are considered to be recoverable.

21. FINANCIAL RISK MANAGEMENT *(continued)*

21.3 Credit risk management *(continued)*

Before accepting any new customers, or increasing the credit limit allowed for an existing customer, the risk associated with the customer is assessed by the group's credit vetting department, using generally accepted vetting techniques. The acceptance of a new customer is authorised by senior management. For advances, the potential customer's credit quality, including relevant credit bureau checks, in compliance with the requirement of the National Credit Act (No. 34 of 2005) is assessed.

At the reporting date, there are no customers representing more than 5% of the total balance of the trade receivables.

The group has entered into an invoice discounting and cession of debtors agreement with ABSA Bank Limited for a borrowing facility of R290 million (2019: R350 million) secured by cession of debtors. A subsidiary is bound as surety and co-principal debtor to the bank for due and punctual payment of the debtors. In management's opinion the sensitivity analysis is unrepresentative of the inherent risk because the exposure at the end of the reporting period does not reflect the exposure during the year. The amount of trade receivables of the subsidiary amounted to R407 million (2019: R424 million).

All accounts receivable amounts of the group have been transferred to ABSA Bank Limited in terms of an invoice discounting and cession agreement. The group retained significant risk and reward of ownership of the trade receivables due to the terms and conditions of the contract. The associated loan is granted by ABSA Bank Limited on 80% of the value of trade receivables excluding advances, ceded to ABSA.

The group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amount owed by the group to the counterparty.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Credit risk exposure – advances

The group grants unsecured loans. Credit concentration risk is considered to be low due to the nature and distribution of the loan book. The average loan value advanced is R1 600 and customers range from various economic sectors and geographic regions. Exposure to systematic credit risk is regarded as being potentially higher due to the demographic and credit characteristics of the client base.

Measures taken by the group to limit credit risk to acceptable levels included, *inter alia*, the applications of standard credit acceptance procedure to assess potential clients daily monitoring collectible balances at both branch and head office level and monitoring the credit and risk committees. No security is obtained for loans and advances, and accordingly the entire balance as per the statement of financial positions is exposed to credit risk. We provide our customers with the option to take out appropriate credit life insurance through a third party cell captive. The credit quality of loans and advances is disclosed in note 7.

21.4 Liquidity risk management

The group manages liquidity risk by constantly monitoring its future commitments as well as available banking facilities and reserve borrowing facilities. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls and if available, borrowing facilities are expected to be sufficient over the lookout period. The necessary remedial action is taken as and when required

Liquidity needs are monitored on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs a 180-day lookout period are identified monthly.

21. FINANCIAL RISK MANAGEMENT *(continued)*

21.4 Liquidity risk management *(continued)*

The group's contractual maturities (including interest payments where applicable) are summarised below:

	Current		Non-current	
	Within six months R'000	**Six to 12 months R'000**	**One to five years R'000**	**Later than five years R'000**
2020				
Loan on treasury shares	**–**	**–**	**8 329**	**–**
Bank loans	**–**	**196 349**	**–**	**–**
Instalment sale liabilities	**424**	**259**	**1 417**	**–**
Amount due for acquisition of subsidiary	**16 474**	**11 581**	**–**	**–**
Trade and other payables	**179 121**	**–**	**–**	**–**
	196 579	**209 046**	**8 329**	**–**

	Current		Non-current	
	Within six months R'000	Six to 12 months R'000	One to five years R'000	Later than five years R'000
2019				
Loan on treasury shares	–	–	7 974	–
Bank loans	–	276 246	–	–
Instalment sale liabilities	345	345	400	–
Amount due for acquisition of subsidiary	–	–	9 324	–
Trade and other payables	95 817	–	–	–
	96 162	276 591	17 698	–

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

22. CAPITAL MANAGEMENT

The group's capital management objectives are to ensure the group's ability to continue as a going concern, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The group's overall strategy remains unchanged from 2019.

The group monitors capital through the optimisation of the debt and equity balance. The capital structure of the group consists of debt (borrowings, offset by cash and bank balances) and equity (comprising issued capital, reserves, retained earnings and non-controlling interests). The directors review the capital structure on an annual basis. As part of this review, the cost of capital and the risks associated with each class of capital is considered.

The group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The group's goal in capital management is to maintain a debt equity ratio of between 0,3 and 0,7.

22. CAPITAL MANAGEMENT *(continued)*

The gearing ratio for the reporting periods under review was as follows:

	2020 R'000	2019 R'000
Long and short-term borrowings	**336 584**	392 143
Cash and cash equivalents	**(79 267)**	(49 008)
Net debt	**257 317**	343 135
Total equity	**734 242**	692 674
Net debt-to-equity ratio	**0,35**	0,45
Net debt-to-assets ratio	**0,20**	0,24
Total assets	**1 299 833**	1 277 828

23. RELATED PARTY TRANSACTIONS

23.1 Transactions with related parties

During the year, the group entities entered into the following arm's length transactions with related parties that are not members of the group:

		2020 R'000	2019 R'000
Wellington Property Investments Proprietary Limited			
Relationship	Director has significant influence		
Type and term of transaction	The operating lease is extended with a five-year term beginning 1 September 2020 at an annual escalation of 8% and is paid monthly	**10 470**	14 222
Vunani Capital Proprietary Limited			
Relationship	Shareholder		
Type and term of transaction	Designated advisors' fees paid in terms of service level agreement.	**945**	144
Hunts Attorneys			
Relationship	Director with an interest in a legal practice – RS Katz		
Type and term of transaction	Disbursements for all cost related to litigation, commercial and labour legal work and advice on group's behalf.	**1 079**	151
Guardrisk Insurance Company Limited			
Relationship	Cell captive arrangement (refer to note 24.3)		
Type and term of transaction	Insurance premium paid monthly to cell captive in line with policy.	**389**	695
Monte Legal Consultants Proprietary Limited			
Relationship	Shareholder		
Type and term of transaction	Advisor's fees in terms of business acquisitions	**–**	320

23. RELATED PARTY TRANSACTIONS *(continued)*

23.2 Related party loans

Amounts due from/(payable to) related parties are as follows:

		2020 R'000	2019 R'000
Simgarvan Investments Proprietary Limited – refer to note 11			
Relationship	Company controlled by a director of the group	**(8 329)**	(7 974)
Hunts Attorneys			
Relationship	Director with an interest in a legal practice – RS Katz	**162**	162

The loans above are interest free, have no fixed terms of repayment and are unsecured.

23.3 Interests in unconsolidated structured entity

The group is involved with an unconsolidated structured entity through a cell captive administrated by Guardrisk Insurance Company Limited. The company's purpose is to provide credit insurance to customers of the group's credit lending business, as well as insuring accidental death claims by employees. The group became involved in this entity as it appeared to be the most efficient vehicle to provide these services to employees and customers. Contractually, the group is obliged to make additional funds available should the cell captive not meet its solvency requirements. The maximum potential future loss associated with the cell captive is potentially unlimited due to the nature of this agreement, in the event that the cell captive does not meet its solvency requirements. An actuarial opinion has however been obtained which states that the group does not appear to be exposed to significant amounts of market, credit, liquidity or business risk in this regard. The company has retained earnings of R2 745 887 (2019: R3 104 881) of which the group can access through a dividend as and when liquidity ratios allow. The entity is funded with a contribution to equity to the amount of R400 000 as well as contributions by lenders and staff, paid over as disclosed above. No additional financial support has been given to this entity outside of the initial R400 000 capital in a previous financial year.

	2020 R'000	2019 R'000
Assets of cell captive	**2 427**	3 447
Current liabilities of cell captive	**(151)**	(343)

23. RELATED PARTY TRANSACTIONS *(continued)*

23.4 Subsidiaries

The company's directly owned subsidiaries are as follows:

Direct subsidiaries	% holding
Allmed Healthcare Professionals Proprietary Limited	100
Debtworx Proprietary Limited	100
Fempower Personnel Proprietary Limited	100
KBC Holdings Proprietary Limited	100
Molapo Quyn Outsourcing Proprietary Limited	100
Nursing Emergencies Proprietary Limited	100
Programmed Process Outsourcing Proprietary Limited	100
Quyn HR Consulting Proprietary Limited	100
Quyn International Outsourcing Proprietary Limited	100
Quyn Payrolling Services Proprietary Limited	100
Rapitrade 465 Proprietary Limited	100
Sizuluntu Northern Cape Proprietary Limited	48
Sizuluntu Staffing Solutions Proprietary Limited	48
RecruitCo Proprietary Limited	100
Workforce Staffing Proprietary Limited	100
WFG Management Services Proprietary Limited	100
Workforce Outsourcing Proprietary Limited	100
Workforce Training and Consulting Holdings	100
Gauteng Wage Bureau Proprietary Limited	100
Programmed Sourcing Proprietary Limited	49
The Cyber Academy Proprietary Limited	51
Sizuluntu Projects Proprietary Limited	51

23. RELATED PARTY TRANSACTIONS *(continued)*

23.4 Subsidiaries *(continued)*

Details of the subsidiaries indirectly held are set out below:

Indirect subsidiaries	% holding
Angola The Workforce Group Limited	100
Babereki Employee Support Services Proprietary Limited	100
Day-Click Limited	100
Dyna Training Proprietary Limited	100
Dyna Training Namibia Proprietary Limited	100
Dyna Industrial Training and Development Proprietary Limited	100
Essential Employee Benefits Proprietary Limited	100
Fads Proprietary Limited	100
Glen Moray Proprietary Limited	100
Interchange Business Consulting Proprietary Limited	100
Jet Talent Proprietary Limited	50
KBC Health & safety Proprietary Limited	100
NQ Plus Networks Proprietary Limited	100
Only The Best Proprietary Limited	100
Pha Phama Africa Staff Services Proprietary Limited	100
Prisma Training Solutions Proprietary Limited	100
Teleresources Proprietary Limited	100
The Workforce Group Mauritius Limited	100
Training Force Namibia Proprietary Limited	100
Training Force Proprietary Limited	100
Workforce Finance Proprietary Limited	100
Workforce Group Sociedade Unipessoal Limitada	100
Workforce Healthcare Proprietary Limited	50
Workforce Software Proprietary Limited	100
Worldwide Staffing Proprietary Limited	100
Peoples First Proprietary Limited	100
Worldwide Outsourcing Proprietary Limited	100
EEB Solutions Proprietary Limited	100
Talent Factor Proprietary Limited	100

23. RELATED PARTY TRANSACTIONS *(continued)*

23.4 Subsidiaries *(continued)*

Indirect subsidiaries	% holding
Sikekela Skills Academy Proprietary Limited	100
Oxyon Peoples Solutions Proprietary Limited	100
WF Financial Services Proprietary Limited	100
Global Healthcare Resources Proprietary Limited	100
Staffing and Outsourcing Proprietary Limited	100

The Group owns 50% of Workforce Healthcare Proprietary Limited and 50% of Jet Talent Proprietary Limited, 48% of Sizuluntu Staffing Solutions Proprietary Limited, 51% of The Cyber Academy Proprietary Limited, 51% of Sizuluntu Projects Proprietary Limited, 49% of Programmed Sourcing Proprietary Limited and 48% of Sizuluntu Northern Cape Proprietary Limited. However, based on the contractual agreements between the group and other investors, the relevant activities of Workforce Healthcare Proprietary Limited, Jet Talent Proprietary Limited, Sizuluntu Staffing Solutions Proprietary Limited, Sizuluntu Northern Cape Proprietary Limited, The Cyber Academy Proprietary Limited, Programed Sourcing Proprietary Limited and Sizuluntu Projects Proprietary Limited. are determined by the board of directors of the group.

The Pha Phama Africa Employee Empowerment Trust and its subsidiary, Pha Phama Africa Investments Proprietary Limited, are consolidated in line with the requirements of IFRS 10: *Consolidated Financial Statements* and the subsidiary of the share trust is the beneficial owner of 14 370 000 (2019: 14 370 000) shares in Workforce Holdings Limited.

The cost of these shares amounted to R7 615 838 (2019: R7 615 838).

24. REMUNERATION IMPLEMENTATION REPORT

The remuneration of directors and other members of key management during the year was as follows:

	Basic remuneration R	Medical contributions R	Allowances R	Retirement contributions R	Share Incentive payments R	Bonus and profit share R	Total
2020							
Executive directors							
RS Katz	3 496 226	174 168	–	–	–	296 800	3 967 194
WP van Wyk	2 149 139	–	–	84 952	–	220 000	2 454 091
Non-executive directors							
I Ross	135 240	–	–	–	–	–	135 240
JR Macey	481 274	–	–	–	–	–	481 274
KM Vundla	118 144	–	–	–	–	–	118 144
S Naidoo	135 400	–	–	–	–	–	135 400
S Thomas	196 807	–	–	–	–	–	196 807
Prescribed Officers							
SB Herscovitz	2 089 200	76 375	193 106	96 654	–	2 273 756	4 729 091
S Momberg	2 982 329	69 316	397 143	117 657	–	670 000	4 236 445
DM McMillan	1 821 180	62 390	95 099	67 242	–	1 520 587	3 566 498
RB Malkin	2 285 919	99 158	118 125	96 324	–	100 000	2 699 526
E Vanassche	1 981 886	30 940	381 766	112 263	–	150 000	2 656 855
J Kruger	2 147 580	181 519	90 000	70 761	–	130 000	2 619 860
Total	20 020 325	693 866	1 275 239	645 853	–	5 361 143	27 996 425

24. REMUNERATION IMPLEMENTATION REPORT *(continued)*

	Basic remuneration R	Medical contributions R	Allowances R	Retirement contributions R	Share Incentive payments R	Bonus and profit share R	Total
2019							
Executive directors							
RS Katz	3 598 380	160 692	–	–	–	371 000	4 130 072
WP van Wyk	2 069 043	–	6 000	102 337	–	250 000	2 427 380
Non-executive directors							
I Ross	168 958	–	–	–	–	–	168 958
JR Macey	516 495	–	–	–	–	–	516 495
KM Vundla	121 520	–	–	–	–	–	121 520
S Naidoo	144 238	–	–	–	–	–	144 238
S Thomas	182 549	–	–	–	–	–	182 549
Prescribed Officers							
SB Herscovitz	2 181 151	63 540	190 257	111 572	–	2 457 840	5 004 360
S Momberg	3 030 737	58 692	477 970	152 313	–	999 261	4 718 973
DM McMillan	1 900 634	58 092	134 850	85 899	–	1 156 252	3 335 726
RB Malkin	2 389 954	110 402	126 000	117 664	–	120 000	2 864 020
E Vanassche	1 858 816	151 020	96 000	91 930	–	160 000	2 357 767
J Kruger	1 633 492	28 560	193 825	157 985	–	150 000	2 163 862
Total	19 795 967	630 998	1 224 902	819 700	–	5 664 353	28 135 920

24.1 Directors' interest in share capital

The directors' interest in share capital at year-end and at the date of this report were as follows:

	Beneficial	
	Direct '000	Indirect '000
2020		
RS Katz	–	65 860
WP van Wyk	1 126	–
S Naidoo	–	*
	1 126	65 860
2019		
RS Katz	–	65 860
WP van Wyk	1 118	–
S Naidoo	–	*

There have been no changes in these holdings from 31 December 2020 to the date of the annual financial statements.

25. EQUITY-SETTLED EMPLOYEE BENEFITS

25.1 Equity-settled share-based payments

Details of the employee share appreciation rights scheme

The company has a share appreciation rights scheme for certain directors, management and staff of the company and its subsidiaries. In accordance with the terms of the scheme, as approved by shareholders at a previous annual general meeting, key staff members with more than three years' service may be granted share appreciation rights. Any awards received under this scheme are required to be applied exclusively towards the subscription and/or purchase of ordinary shares in the company.

Each employee share appreciation right provides the employee with a call option where the pay-off is the difference between the market value of the company share and the strike price of the share on exercise date. Employees receive shares in settlement of the equity-settled share-based payment scheme. The employees are given the option of retaining the shares granted, or selling the shares on the open market. Share appreciation rights may be exercised at any time from the date of vesting until the date of their expiry.

	Number	Vest date	Grant date	Exercise price (cents)	Fair value at grant date (cents)	Fair value total
Share appreciation rights issued on 22 November 2019	16 241 000	22 November 2021	27 November 2019	123	159	16 113 471

There were no share appreciation rights exercisable at the end of the current financial year.

The fair value of the share appreciation rights is R5 555 198 (2019: R5 529 029) of which R6 802 207 (2019: R4 992 437) has been recognised in profit or loss and has been adjusted based on management's best estimate for the effects of non-transferability exercise restrictions and behavioural considerations.

25.2 Movement in share options during the year

	2020		2019	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercised price
Balance at the beginning of the year	**27 233 000**	**1,30**	21 645 000	1,59
Options granted during the year	**–**	**–**	17 168 000	–
Options forfeited during the year	**(1 367 000)**	**–**	–	–
Options exercised during the year	**(9 625 000)**	**1,51**	(11 580 000)	1,37
Options expired during year	**–**	**–**	–	–
	16 241 000	**1,41**	27 233 000	1,48

	Number exercised	**Exercise date**	**Share price at exercise date**
Share options exercised during the year	**9 625 000**	**13 October 2020**	**1,51**

All the options have been valued using the widely accepted Black-Scholes-Merton model. This model is used to value options traded openly in the market.

25. EQUITY-SETTLED EMPLOYEE BENEFITS *(continued)*

25.2 Movement in share options during the year *(continued)*

This methodology takes into account the following factors:

- The exercise price of the option;
- The dates at which the option can be exercised;
- The price of the Workforce share at grant date;
- The expected volatility of the share price; and
- The risk free interest rate for the term until the option is exercised.

Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercised restrictions (including the probability of meeting market conditions attached to the option) and behavioural considerations. Expected volatility is based on the historical share price volatility over the past three years.

25.3 Inputs into model

	2020	2019
Grant date share price	**70 cents**	170 cents
Exercise price	**151 cents**	155 cents
Expected volatility	**59,57%**	59,57%
Share appreciation life	**36 months**	36 months
Dividend yield	**0%**	0%
Risk free interest rate	**4,66%**	5,96%

Charge to profit and loss (note 16)

	2020	2019
2019 option	**5 056 055**	499 144
2017 option	**1 746 154**	2 495 679
2016 option	**–**	1 611 988
2015 option	**–**	(81 804)
	6 802 209	4 525 007

25.4 Movement in share options during the year

The share options outstanding at the end of the year had a weighted average exercise price of R1,41 (2019: R1,48), and a weighted average remaining contractual life of two years (2019: two years).

26. CONTINGENT LIABILITIES

Legal claim contingency

No customer has commenced an action against the group in respect of claims to be defective (2019: R13 447 760). Due to Covid-19 there were less claims against the group.

27. BUSINESS COMBINATION

Business acquired

27.1 Uni Education Group (Proprietary) Limited

Principal activity	Date of acquisition	Portion of business acquired %	Consideration transferred R'000
Uni Education Group Proprietary Limited ("UEG") is the 100% holding company of Chartall Business College Proprietary Limited ("Chartall Business College"), a registered and accredited provider of training services and educational qualifications primarily to the financial services sector and mainly through the on-line medium.	1 January 2020	100	34 883
			34 883

Workforce has obtained control of the above mentioned entity by acquiring 100% of the equity and voting rights in UEG. UEG was acquired in order to grow and diversify Workforce's training segment by providing specialised training programmes in addition to the existing training programmes currently offered.

	Total R'000
Consideration transferred	
Cash	13 953
Contingent consideration	20 930
Total	34 883
Contingent consideration	
First payment	13 558
Second payment	5 785
Third payment	4 923
Top-up payment	4 923
Total additional amount	29 189
Interest raised on future payments	5 694
	34 883

A further amount of up to R6 976 578 (inclusive of future interest) is payable subject to UEG achieving an agreed upon after tax profit for the 12 months ending 31 December 2021. Should the after tax profit for the 24 month period ending 31 December 2021 exceed R15 562 129, an additional payment of up to R6 976 578 (inclusive of future interest) may also be payable. All these payments are calculated using agreed upon formulae. The directors believe that these payments are probable. With regards to determining fair value at year-end, management considers factors such as the performance of the company during the period under review as well as the achievability company's budgets for the next financial year.

27. BUSINESS COMBINATION *(continued)*

Business acquired *(continued)*

27.1.2 Assets acquired and liabilities recognised at the date of acquisition

	Total R'000
Non-current assets	**5 213**
Property, plant and equipment	9
Intangible assets	5 184
Deferred tax asset	20
Current assets	**1 967**
Trade and other receivables	1 849
Cash and cash equivalents	118
Current liabilities	**(777)**
Trade and other payables	(777)
Total	**6 403**

The receivables acquired (principally trade receivables) in this transaction with a fair value of R1 849 703 for Chartall Business College is equivalent to the gross contractual amount. All contractual cash flows are expected to be collected.

	Total R'000
Net cash outflow on acquisition of subsidiaries	
Consideration to be paid in cash	34 883
Less: Cash and cash equivalent balances acquired	(118)
Total	**34 765**
Goodwill arising on acquisition	
Consideration transferred	34 883
Less: Fair value of identifiable net assets acquired	(6 402)
Less: Interest raised on future payments	(5 694)
Goodwill arising on acquisition	22 787

Goodwill arises on the acquisition of UEG because the cost of the combination includes a control premium. In addition, the consideration paid for the combination effectively includes amounts in relation to the benefit of the expected synergies, revenue growth and future market share. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill in the UEG acquisition is expected to be deductible for tax purposes.

Impact of acquisitions on the results of the group

Revenue from the above acquisition amounted to R25 473 391 with profit after tax of R7 561 430 for the period under review.

27. BUSINESS COMBINATION *(continued)*

Business acquired *(continued)*

27.1.3 Transman

Principal activity	Date of acquisition	Portion of business acquired %	Consideration transferred R'000
Staffing support services including temporary, contract and permanent staffing, productivity-based outsourcing, payroll, recruitment, HR and IR, health and safety, training and skills development and employee wellness.	1 May 2020	–	–

In terms of IFRS 3, the employment of some of the former staff of Transman Proprietary Limited (in liquidation) ("Transman") as well as the assumption of certain client relationships previously with Transman constitutes a business combination. Workforce Worldwide Staffing Proprietary Limited, a wholly owned subsidiary within the Workforce group, has employed these staff and assumed those client relationships. This business combination gives Workforce an increased customer base as well as bringing on board skilled and experienced staff.

	Total R'000
Consideration transferred	
No consideration was paid	–
Assets acquired at the date of acquisition	
Non-current assets	6 226
Intangible assets	8 647
Deferred tax asset	(2 421)

Intangible assets acquired represents the independently calculated value of client relationships that have been assumed by Workforce as a result of the employment of key employees from Transman who have the relationships with those former Transman clients. The recognition of the intangible assets at fair value has directly resulted in the gain on bargain purchase recorded in other income.

Impact of acquisitions on the results of the group

The impact of the above acquisition on the group for the period under review amounts to R4 406 905, which comprises the gain on bargain purchase less operating losses that were incurred while operationalising the acquired business and amortisation of the intangible asset for this period.

It is not possible to quantify the impact of the Transman acquisition on the results of the group had the acquisition been effective from 1 January 2020. The reason for this is that we are unable to meaningfully estimate the retrospective revenues and related costs attributable to the clients that have been assumed by Workforce at this stage.

28. SUBSEQUENT EVENT

Business acquired

28.1 Assets acquired and liabilities recognised at the date of acquisition

	Principal activity	Date of acquisition	Portion of business acquired %	Consideration transferred R'000
2021				
OpenSource Intelligent Solutions Proprietary Limited ("OIS") and OpenSource International Limited ("OpenSource International") (collectively "the OpenSource Group".)	The OpenSource Group is a provider of contract and permanent recruitment services to users of the SAP Resource Planning software system.	1 January 2021	100	24 209
				24 209

Workforce has obtained control of the above mentioned entities by acquiring 100% of the equity and voting rights in OIS and OpenSource International. OIS and OpenSource International were acquired in order to grow and diversify Workforce's staffing and recruitment segment by providing highly skilled staff into a niche and specialised market segment.

	Total R'000
Consideration transferred	
Cash	**10 325**
Contingent consideration	**13 884**
Total	**24 209**
Contingent consideration	
Second payment	**2 912**
Third payment	**2 522**
First top-up payment	**3 663**
Second top-up payment	**1 269**
Total additional amount	**10 366**
Interest raised on future payments	**3 518**
	13 884

Under the contingent consideration arrangement for the OpenSource Group, Workforce is obliged to pay an amount of up to R3 441 775 (inclusive of future interest) subject to the OpenSource Group achieving an agreed upon after tax profit for the 12 months ending 31 December 2021 and an amount of up to R3 441 775 (inclusive of future interest) subject to the OpenSource Group achieving an agreed upon after tax profit for the 12 months ending 31 December 2022. Should the after tax profit for the 24-month period ending 31 December 2022 exceed R8 227 993, a first additional payment of up to R5 000 000 (inclusive of future interest) may also be payable. In the event that after tax profit for the 12 months ending 31 December 2023 exceeds R4 900 496, a second additional payment of up to R2 000 000 (inclusive of future interest) will also become payable. All these payments are calculated using agreed upon formulae. The directors believe that these payments are probable.

28. SUBSEQUENT EVENT *(continued)*

Business acquired *(continued)*

28.1 Assets acquired and liabilities recognised at the date of acquisition (continued)

	Total R'000
Non-current assets	5 252
Property, plant and equipment	572
Intangible assets	4 680
Current assets	7 743
Trade and other receivables	5 354
Cash and cash equivalents	2 389
Current liabilities	(9 604)
Trade and other payables	(8 294)
Deferred tax liabilities	(1 310)
Total	3 391

The receivables acquired (principally trade receivables) in this transaction with a fair value of R5 350 375 for OIS is equivalent to the gross contractual amount. All contractual cash flows are expected to be collected.

Net cash outflow on acquisition of subsidiaries	
Consideration to be paid in cash	24 209
Less: Cash and cash equivalent balances acquired	(2 389)
Total	21 820

Goodwill arising on acquisition	
Consideration transferred	24 209
Less: Fair value of identifiable net assets acquired	(3 391)
Less: Interest raised on future payments	(3 751)
Goodwill arising on acquisition	17 067

Goodwill arises on the acquisition of the OpenSource Group because the cost of the combination includes a control premium. In addition, the consideration paid for the combination effectively includes amounts in relation to the benefit of the expected synergies, revenue growth and future market share. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill in the OpenSource Group acquisition is expected to be deductible for tax purposes.

28.2 GetSavvi

The group will acquire the GetSavvi group of companies with effect from 1 June 2021 with a maximum purchase consideration of R25 649 672.

GetSavvi is involved with the provision of affordable, quality health insurance and other specialised short term insurance products to the market, both under the GetSavvi brand and white labelled for corporate customers. The company is presently primarily focused on the consumer market but is also seeking to grow its corporate client base. GetSavvi currently has in excess of 7 300 policy holders.

GetSavvi will be a welcome addition to the groups growing Financial Cluster which offers optimised financial services, lifestyle benefit packages and support services that ensures protection against unforeseen financial events.

29. COVID-19

Workforce has been successfully trading without any restriction (on balance) and has been able to adjust to the "new normal" at better levels compared to the previous period since October 2020. Management continues to actively engage, communicate and monitor the impact of Covid-19 on the businesses of the group, firstly to ensure that we discharge our social responsibility to slow down the progress of the virus across the spectrum of human capital we are responsible for, but also to ensure the sustainability of our business, given the possible negative impact on the economy.

Workforce continues to carefully monitor the Covid-19 impact on the business and the economy and has strategic plans in place for any foreseeable lockdown level.

Workforce has shown itself to be agile with the ability to adjust to various lockdown levels during the financial year under review. The group does not foresee another hard lockdown level as experienced during the second quarter of 2020 though. Should this happen, the business would be severely affected if unaccompanied by government assistance measures as seen in 2020.

During 2020 management focused on cash preservation as well as more robust management of our credit granting activities. Discussions with our funders is ongoing in this regard coupled with a focus on those debtors who might miss payments or start to build up a large portion of outstanding debt. We undertake to monitor this stringently

Given the above, management feels the going concern assumption is valid and the group remains a going concern.

Trade and other receivables and impairments

The decrease in trade receivables compared to the prior period is mainly due to a reduction in sales as direct results of the Covid-19 pandemic. In addition, the provision for doubtful debt has increased significantly as a result of the pandemic, which has further contributed to the decrease in trade receivables

Trade and other payables

The increase in trade payables compared to the prior period is mainly due to a VAT deferral. Due to the group decision to conserve cash, management approached SARS and was granted a deferral on payments of VAT for the period March 2020 to July 2020. Workforce was able to negotiate an 11-month payment plan with SARS in respect of VAT payments. The liability to SARS will be settled in equal instalments beginning September 2020.

30. COMPREHENSIVE INCOME FOR THE SECOND SIX MONTHS

	2020 R'000	2019 R'000	%
Revenue	**1 504 933**	1 694 543	(11,2)
Cost of sales	**(1 151 165)**	(1 339 912)	(14,1)
Gross profit	**353 768**	354 631	(0,2)
Other income	**(489)**	1 402	(134,9)
Operating costs	**(266 875)**	(295 141)	(9,6)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	**86 404**	60 892	41,9

Although Covid-19 impacted the group's results the second six months improved and generated a strong EBITDA of R86 million.

CORPORATE INFORMATION

COMPANY SECRETARY
Sirkien van Schalkwyk

DESIGNATED ADVISOR
Merchantec Capital

REGISTERED OFFICE
11 Wellington Road
Parktown
2193

PO Box 11137
Johannesburg
2000

TRANSFER SECRETARIES
JSE Investor Services
13th Floor
19 Ameshoff street
Braamfontein
2000

BUSINESS ADDRESS
11 Wellington Road
Parktown
2193

PO Box 11137
Johannesburg
2000

COMMERCIAL BANKERS
ABSA Business Bank

COMPANY REGISTRATION NUMBER
2006/018145/06

WEBSITE ADDRESS
www.workforce.co.za

SHAREHOLDERS' DIARY

Financial year-end	31 December
Reviewed results released on SENS	31 March 2021
Integrated report available to shareholders on our website	28 April 2021
Summarised results and notice of annual general meeting posted to shareholders	28 April 2021
Annual general meeting	27 May 2021
Interim period	30 June
Half-year interim report	Mid-August 2021

ANALYSIS OF SHAREHOLDERS

as at 31 December 2020

	Number of holders	% of total shareholders	Number of shares	% of total issued share capital
1. ANALYSIS OF SHAREHOLDINGS				
1 – 1 000	402	71,15	56 561	0,02
1 001 – 10 000	81	14,34	376 771	0,15
10 001 – 100 000	53	9,38	2 092 677	0,86
100 001 – 1 000 000	21	3,72	6 560 278	2,69
1 000 001 and more	8	1,42	234 645 056	96,27
Totals	565	100,00	243 731 343	100,00
2. MAJOR SHAREHOLDERS (5% AND MORE OF THE SHARES IN ISSUE)				
Force Holdings Proprietary Limited			97 912 399	40,17
Little Kittens Proprietary Limited			65 860 000	27,02
Vebicept Proprietary Limited			42 900 000	17,60
Pha Phama Africa Investments Proprietary Limited			14 370 000	5,90
3. SHAREHOLDER SPREAD				
Non-public	4	0,71	85 225 221	34,97
Directors	3	0,53	66 986 157	27,48
10% or more of issued capital	–	–	–	0,00
Treasury shares	1	0,18	18 239 064	7,48
Public	561	99,29	158 506 122	65,03
Totals	565	100,00	243 731 343	100,00
4. DISTRIBUTION OF SHAREHOLDERS				
Individuals	83	14,69	553 500	0,23
Pension funds	107	18,94	230 920 674	94,74
Other managed funds	361	63,89	11 615 161	4,77
Other companies and corporate bodies	14	2,48	642 008	0,26
Totals	565	100,00	243 731 343	100,00

NOTICE OF ANNUAL GENERAL MEETING

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")

As a result of the impact of the Covid-19 pandemic and restrictions placed on public gatherings, the annual general meeting will be held in electronic format only.

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant, or other professional adviser immediately.

Notice is hereby given that the annual general meeting of the company's shareholders will be held via Microsoft Teams on Thursday, 27 May 2021 at 10:00 ("annual general meeting").

PURPOSE

The purpose of the meeting is to transact the business set out in this notice of annual general meeting ("annual general meeting notice") by considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions hereunder.

RECORD DATE, ATTENDANCE AND VOTING

	2021
Record date in order to be eligible to receive the annual general meeting notice	Friday, 23 April
Annual general meeting notice posted to shareholders	Wednesday, 28 April
Last date to trade in order to be eligible to vote at the annual general meeting	Tuesday, 18 May
Record date in order to be eligible to vote at the annual general meeting	Friday, 21 May
Last day to lodge forms of proxy for the annual general meeting (by 10:00) for administration purposes	Tuesday, 25 May
Annual general meeting (at 10:00)	Thursday, 27 May
Results of the annual general meeting released on SENS	Thursday, 27 May

- Shareholders entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the company. A form of proxy, in which is set out the relevant instructions for its completion, is enclosed for the use of a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the annual general meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the annual general meeting.
- The instrument appointing a proxy and the authority (if any) under which it is signed must reach the company's transfer secretaries at the address given below by not later than 10:00 on Tuesday, 25 May 2021.
- Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the annual general meeting in person will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
- Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the annual general meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and the CSDP or broker in the manner and time stipulated therein.
- Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.
- In terms of the Companies Act 2008 (Act 71 of 2008), as amended ("the Companies Act"), any shareholder or proxy who intends to attend or participate at the annual general meeting must include identification documents together with the application form included as Appendix A to this notice of AGM to attend and participate electronically. A green bar-coded identification document or identity card issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted at the annual general meeting as sufficient forms of identification.

AGENDA

Presentation and consideration of the annual financial statements of the company, including the reports of the auditors and directors and the audit and risk committee for the year ended 31 December 2020 as set out in the company's integrated annual report, of which this annual general meeting notice forms part; and to consider and, if deemed fit, approve, with or without modification, the following special and ordinary resolutions:

In accordance with regulations 43(5)(c) of the Companies Act, the chairperson of the Social and Ethics Committee or, in her absence, any member of the committee, will present the Social and Ethics report to shareholders a the AGM.

Note:
For any of the ordinary resolutions numbers 1 to 10, excluding ordinary resolution number 9, to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.

For any of the special resolutions numbers 1 to 3 to be adopted, at least 75% of the voting rights exercised on each such special resolution must be exercised in favour thereof.

For ordinary resolution number 9 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

ORDINARY BUSINESS

1. Ordinary resolution number 1: Re-election of Shaun Naidoo

"Resolved that Shaun Naidoo, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible and offering himself for re-election, be and is hereby re-elected as director."

An abbreviated *curriculum vitae* in respect of Shaun Naidoo may be viewed on page 73 of the integrated annual report of which this annual general meeting notice forms part.

The remuneration and nominations committee has considered Shaun Naidoo's past performance, contribution to the company and his independence and, in accordance with article 38.3 of the memorandum of incorporation of the company, recommends that Shaun Naidoo be re-elected as a director of the company.

2. Ordinary resolution number 2: Re-election of John Macey

"Resolved that John Macey, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible and offering himself for re-election, be and is hereby re-elected as director."

An abbreviated *curriculum vitae* in respect of John Macey may be viewed on page 73 of the integrated annual report of which this annual general meeting notice forms part.

The remuneration and nominations committee has considered John Macey's past performance and contribution to the company and, in accordance with article 38.3 of the memorandum of incorporation of the company, recommends that John Macey be re-elected as a director of the company.

Reason for ordinary resolutions numbers 1 and 2

The reason for ordinary resolutions numbers 1 and 2 is that article 36 of the memorandum of incorporation of the company and, to the extent applicable, the Companies Act requires that one-third of the non-executive directors rotate at the annual general meeting and, being eligible, may offer themselves for re-election as directors.

3. Ordinary resolution number 3: Confirmation of the reappointment of the auditors

"Resolved that the reappointment of Crowe JHB (previously Horwath Leveton Boner) as independent auditors of the company for the ensuing year (the designated auditor being Gary Kartsounis) on the recommendation of the company's audit and risk committee, be approved."

Reason for ordinary resolution number 3

The reason for ordinary resolution number 3 is that the company, being a public listed company, must have its annual financial statements audited and such auditor must be appointed or reappointed each year at the annual general meeting of the company as required by the Companies Act.

4. Ordinary resolution number 4: Reappointment of Kyansambo Vundla as member and chairman of the audit and risk committee

"Resolved that Kyansambo Vundla be re-elected as a member and chairman of the audit and risk committee, with effect from the conclusion of this annual general meeting in terms of section 94(2) of the Companies Act."

An abbreviated *curriculum vitae* in respect of Kyansambo Vundla may be viewed on page 73 of the integrated annual report of which this annual general meeting notice forms part.

5. Ordinary resolution number 5: Reappointment of John Macey as a member of the audit and risk committee

"Resolved that, subject to the passing of ordinary resolution number 2, John Macey be elected a member of the audit and risk committee, with effect from the conclusion of this annual general meeting in terms of section 94(2) of the Companies Act."

An abbreviated *curriculum vitae* in respect of John Macey may be viewed on page 73 of the integrated annual report of which this annual general meeting notice forms part.

6. Ordinary resolution number 6: Reappointment of Shelley Thomas as a member of the audit and risk committee

"Resolved that Shelley Thomas be re-elected a member of the audit and risk committee, with effect from the conclusion of this annual general meeting in terms of section 94(2) of the Companies Act."

An abbreviated *curriculum vitae* in respect of Shelley Thomas may be viewed on page 73 of the integrated annual report of which this annual general meeting notice forms part.

Reason for ordinary resolutions numbers 4 to 6

The reason for ordinary resolutions numbers 4 to 6 (inclusive) is that the company, being a public listed company, must appoint an audit committee as prescribed by sections 66(2) and 94(2) of the Companies Act, which also requires that the members of such audit committee be appointed, or reappointed, as the case may be, at each annual general meeting of a company.

7. Ordinary resolution number 7: Endorsement of remuneration policy and implementation report

Ordinary resolution 7.1

"Resolved that the company's remuneration policy, as set out in the remuneration report on page 76 of the integrated annual report of which this notice forms part, be and is hereby approved by way of a non-binding advisory vote of shareholders of the company in terms of the King IV™ Report on Corporate Governance."

Ordinary resolution 7.2

"Resolved that the implementation report, as set out on page 79 of the integrated annual report of which this notice forms part, be and is hereby endorsed as a non-binding advisory vote of shareholders of the company in terms of the King IV™ Report on Corporate Governance."

Reason for ordinary resolutions numbers 7.1 and 7.2

The reason for ordinary resolutions numbers 7.1 and 7.2 is that King IV™ recommends that the remuneration policy of the company be endorsed through separate non-binding advisory votes by shareholders at the annual general meeting of a company. Failure to pass these resolutions will not have legal consequences relating to existing arrangements. However, the board of directors of the company ("the board") will take the outcome of the vote into consideration when assessing the company's remuneration policy and implementation report.

8. Ordinary resolution number 8: Placing unissued shares under directors' control

"Resolved that the unissued shares in the company, limited to 15% of the number of shares in issue at 31 March 2021, be and are hereby placed under the control of the directors until the next annual general meeting and that they be and are hereby authorised to issue any such shares as they may deem fit, subject to the Companies Act, the memorandum of incorporation of the company, and the provisions of the Listings Requirements of the JSE, save that the aforementioned 15% limitation shall not apply to any shares issued in terms of a rights offer."

Reason for ordinary resolution number 8

The reason for ordinary resolution number 8 is that the board requires authority from shareholders in terms of article 3 of its memorandum of incorporation to issue shares in the company. This general authority, once granted, allows the board from time to time, when it is appropriate to do so, to issue ordinary shares as may be required, *inter alia*, in terms of capital raising exercises, and to maintain a healthy capital adequacy ratio that may be required from time to time. This general authority is subject to the restriction that it is limited to 15% of the number of shares in issue at 31 March 2021.

9. Ordinary resolution number 9: General authority to issue shares for cash

"Resolved that the directors of the company be and are hereby authorised by way of a general authority, to allot and issue any of its unissued shares for cash placed under their control as they in their discretion may deem fit, without restriction, subject to the provisions of the Listings Requirements of the JSE, and subject to the provision that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 15% of the issued share capital at 31 March 2021 (net of treasury shares being 225 492 279 ordinary shares), provided that:

- the approval shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond 15 months from the date of this resolution ("issue period");
- an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing between the Company and the parties subscribing for the securities and in respect of the issue of options and convertible securities the impact on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of comprehensive income, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, or in respect of an issue of shares, an explanation, included supporting information (if any), of the intended use of the funds, will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of securities in issue prior to the issue;
- the general issues of shares for cash in aggregate in the issue period may not exceed 15% of the company's issued share capital (number of securities) of that class (net of treasury shares), as at the date of this notice, being 225 492 279 securities;
- in the event of a sub-division or consolidation of issued shares during the issue period, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities. The JSE should be consulted for a ruling if the securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties; and
- any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue."

Reason for ordinary resolution number 9

For listed entities wishing to issue shares, it is necessary for the board not only to obtain the prior authority of the shareholders as may be required in terms of their memorandum of incorporation contemplated in ordinary resolution number 8 above, but it is also necessary to obtain the prior authority of shareholders in accordance with the Listings Requirements of the JSE. The reason for this resolution is accordingly to obtain a general authority from shareholders to issue shares in compliance with the Listings Requirements of the JSE. The authority granted in terms of this ordinary resolution number 9 must accordingly be read together with authority granted in terms of ordinary resolution number 8 above and any exercise thereof will be subject to the conditions contained in this ordinary resolution number 9.

Note:

In terms of the Listings Requirements of the JSE, this resolution requires the approval of not less than 75% of the votes cast by shareholders present or represented by proxy and entitled to vote at this annual general meeting.

10. Ordinary resolution number 10: Authority to action

"Resolved that any one director of the company and/or the company secretary is hereby authorised to do all such things and sign all such documents as deemed necessary to implement the ordinary and special resolutions as set out in this notice convening the annual general meeting at which these resolutions will be considered."

The reason for ordinary resolution number 10

The reason for ordinary resolution number 10 is to ensure that the resolutions voted favourably upon are duly implemented through the delegation of powers provided for in terms of article 29 of the company's memorandum of incorporation.

Special business

11. Special resolution number 1: Remuneration of non-executive directors

"Resolved that the remuneration payable to the non-executive directors be approved on the following basis, effective 1 January 2021:

	Recommended remuneration	
Category	**2021**	2020
Board chairman	**R408 312 annual retainer*** **R16 040 per meeting attended**	R408 312 annual retainer R16 040 per meeting attended
Board member	**R50 650 annual retainer** **R16 040 per meeting attended**	R50 650 annual retainer R16 040 per meeting attended
Ad hoc fee	**R2 250 per hour**	R2 250 per hour
Audit and risk committee		
Chairman	**R15 160 per meeting attended**	R15 160 per meeting attended
Member	**R13 480 per meeting attended**	R13 480 per meeting attended
Remuneration and nominations committee		
Chairman	**R15 160 per meeting attended**	R15 160 per meeting attended
Member	**R13 480 per meeting attended**	R13 480 per meeting attended
Social and ethics committee		
Chairman	**R15 160 per meeting attended**	R15 160 per meeting attended
Member	**R13 480 per meeting attended**	R13 480 per meeting attended
Investment committee		
Chairman	**R15 160 per meeting attended**	R15 160 per meeting attended
Member	**R13 480 per meeting attended**	R13 480 per meeting attended

* *The chairman will not receive any fees for meetings attended.*

Reasons for and effect of special resolution number 1

The reason for the proposed special resolution is to comply with section 66(9) of the Companies Act, which requires the approval of directors' fees prior to the payment of such fees.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next annual general meeting.

12. Special resolution number 2: Financial assistance to related and inter-related companies

"Resolved that the board be and is hereby authorised in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval (which approval will be in place for a period of two years from the date of adoption of this special resolution number 2), to authorise the group to provide any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to such term in section 45(1) of the Companies Act) that the board may deem fit to any related or inter-related company of the group ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act), on the terms and conditions and for the amounts that the board may determine."

Reason for and effect of special resolution number 2

The reason for and the effect of special resolution number 2 is to provide a general authority to the board for the group to grant direct or indirect financial assistance to any company forming part of the group, including in the form of loans or the guaranteeing of their debts.

13. Special resolution number 3: Authority to repurchase shares by the company

"Resolved as a special resolution that the company and its subsidiaries be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the company and the Listings Requirements of the JSE, namely that:

- the general repurchase of the shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond 15 months from the date of this resolution;

13. Special resolution number 3: Authority to repurchase shares by the company *(continued)*

- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board approving the purchase, that the company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position or required shareholder spread of the group;
- the general repurchase is authorised by the company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the applicant's securities have not traded in such five business day period;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf; and
- the company and its subsidiaries may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of section 5.72(h) of the Listings Requirements of the JSE.

Reason and effect of special resolution number 3

The reason for and effect of special resolution number 3 is to grant the directors a general authority in terms of its memorandum of incorporation and the Listings Requirements of the JSE for the acquisition by the company and/or its subsidiaries of shares issued by it on the basis reflected in the special resolution.

In terms of the Listings Requirements of the JSE any general repurchase by the company and/or its subsidiaries must, *inter alia*, be limited to a maximum of 20% of the company's issued share capital in any one financial year of that class at the time the authority is granted.

Other business

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the company.

INFORMATION RELATING TO THE SPECIAL RESOLUTIONS

1. General authority to purchase shares

The directors of the company or its subsidiaries will only utilise the general authority to purchase shares of the company and/or the subsidiary as set out in special resolution number 3 to the extent that the directors, after considering the maximum shares to be purchased, are of the opinion that the group position would not be compromised as to the following:

- The group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this annual general meeting and for a period of 12 months after the purchase;
- the consolidated assets of the group will at the time of the annual general meeting and at the time of making such determination be in excess of the consolidated liabilities of the group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the group;
- the ordinary capital and reserves of the group after the purchase will remain adequate for the purpose of the business of the group for a period of 12 months after the annual general meeting and after the date of the share purchase; and
- the working capital available to the group after the purchase will be sufficient for the group's requirements for a period of 12 months after the date of the notice of the annual general meeting and the directors have passed a resolution authorising the repurchase, resolving that the company has satisfied the solvency and liquidity test as defined in the Companies Act and resolving that since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the group.

2. Other disclosures in terms of section 11.26 of the Listings Requirements of the JSE

For the purposes of considering special resolution number 3, and in compliance with paragraph 11.26 of the Listings Requirements, the information listed below has been included in the integrated annual report, in which this notice of annual general meeting is included, at the places indicated:

- major shareholders (page 155); and
- share capital of the company (page 122).

3. Direct or indirect financial assistance

For purposes of special resolution number 2, the board will only utilise the general authority bestowed upon them to provide direct or indirect financial assistance related to inter-related companies to the extent that the directors, after considering the amount of financial assistance to be granted, are of the opinion that:

- Immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test (as defined in the Companies Act, 2008, as amended);
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the company; and
- all conditions or restrictions regarding the granting of financial assistance as set out in the company's memorandum of incorporation have been satisfied and that the board has passed a resolution authorising the grant of the said financial assistance ("the board resolution") under their general authority so granted, the company which will then provide written notice of the board resolution to all shareholders:
  - within 10 days after adoption of the board resolution, if the total value of all loans, debts, obligations or assistance contemplated in that resolution, together with any previous such resolution(s) during the financial year, exceeds one-tenth of 1% of the company's net worth at the time of the board resolution; or
  - within 30 business days after the end of the financial year, in any other case.

4. Litigation statement

The company is not involved in any legal or arbitration proceedings, nor are any proceedings pending or threatened of which the company is aware that may have or have had in the previous 12 months, a material effect on the company's financial position.

5. Responsibility statement

The directors, whose names are reflected on page 73 of this integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given 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 that have been made and that the notice contains all information required by the Listings Requirements of the JSE.

6. Material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the company and its subsidiaries since the date of signature of the audit report up to the date of this notice.

By order of the board

Schalkwyk

Sirkien van Schalkwyk
Company secretary

26 April 2021

NOTES

FORM OF PROXY

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")

FORM OF PROXY – for use by certificated and "own-name" dematerialised shareholders only at the annual general meeting of shareholders to be held at 11 Wellington Road, Parktown or via Microsoft Teams on Thursday, 27 May 2021 at 10:00 ("the annual general meeting") and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the annual general meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the relevant letter of representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend the annual general meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These ordinary shareholders must not use this form of proxy.

I/We (please print name in full)

of (address)

being a shareholder/s of Workforce Holdings Limited, holding shares in the company, hereby appoint:

1. or, failing him/her,

2. or, failing him/her,

3. or failing him/her,

4. the chairman of the annual general meeting, as my proxy to vote for me/us and on my/our behalf at the annual general meeting and at any adjournment thereof and to speak and act for me/us and, on a poll, vote on my/our behalf.

My/our proxy shall vote as follows:

	Number of shares		
	In favour of	Against	Abstain
To consider the presentation of the annual financial statements for the year ended 31 December 2020			
Ordinary resolution number 1: To re-elect Shaun Naidoo as director			
Ordinary resolution number 2: To re-elect Johan Macey as director			
Ordinary resolution number 3: Confirmation of auditor's reappointment			
Ordinary resolution number 4: Reappointment of Kyansambo Vundla as chairman to audit and risk committee			
Ordinary resolution number 5: Reappointment of John Macey to audit and risk committee			
Ordinary resolution number 6: Reappointment of Shelley Thomas to audit and risk committee			
Ordinary resolution number 7: 7.1 Endorsement of remuneration policy			
Ordinary resolution number 7: 7.2 Endorsement of the implementation report			
Ordinary resolution number 8: Placing of unissued shares under the directors' control			
Ordinary resolution number 9: General authority to issue shares for cash			
Ordinary resolution number 10: Authority to action			
Special resolution number 1: Remuneration of non-executive directors			
Special resolution number 2: Financial assistance to related and inter-related companies			
Special resolution number 3: General authority to the company to repurchase shares			

(indicate instruction to proxy by way of a cross in the space provided above)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this day of 2021

Signature

NOTES TO PROXY

1. The form of proxy must only be completed by shareholders who hold ordinary shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the annual general meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the annual general meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of Workforce) of the shareholder's choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the chairman of the annual general meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting 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 not less than 48 hours before the commencement of the annual general meeting.
6. 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 annual general meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the chairman of the annual general meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the annual general meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the chairman of the annual general meeting.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
12. Where there are joint holders of ordinary shares:
    - Any one holder may sign the form of proxy; or
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. For administrative purposes only, forms of proxy should be lodged with or mailed to JSE Investor Services.

    Hand deliveries to: Postal deliveries to:
    13th Floor, Rennie House PO Box 4844
    19 Ameshoff Street Johannesburg
    Braamfontein 2000
    Johannesburg
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.
15. Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:
    - A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting;
    - a proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy;
    - the appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder;
    - the appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company. 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; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph; and
    - if the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's memorandum of incorporation to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the "Notes to proxy".
The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.

APPENDIX 1

Electronic participation form

As a result of the Covid-19 outbreak, it may be required to participate in the annual general meeting via electronic means, rather than physically. Shareholders' attention is also drawn to the guidance from authorities regarding the need for social distancing, and therefore we urge shareholders to submit their votes via proxy.

Shareholders or their duly appointed proxy(ies) that wish to participate in the annual general meeting via electronic means ("Participant(s)") are requested to deliver written notice in the form of Appendix 1 to the notice of annual general meeting ("Appendix 1") to the company's transfer secretary, JSE Investor Services by delivering the duly completed Appendix 1 to:

13th Floor, Rennie House , 19 Ameshoff Street, Braamfontein, Johannesburg, or posting it to PO Box 4844, Johannesburg, 2000 (at the risk of the Participant), or by email to meetfax@jseinvestorservices.co.za so as to be received by JSE Investor Services by no later than 10:00 on Tuesday, 25 May 2021.

Participants participating via electronic means will still need to submit completed proxy forms in order for their votes to be counted. The company shall, by no later than 14:00 on Wednesday, 26 May 2021, notify Participants that have delivered valid notices in the form of Appendix 1, by email of the relevant details through which Participants can participate electronically. To the extent that the meeting will need to be held entirely through electronic means, shareholders may be advised of this by announcement on SENS in the week prior to the date of the meeting.

PARTICIPATION IN THE ANNUAL GENERAL MEETING VIA ELECTRONIC COMMUNICATION

CAPITALISED TERMS USED IN THIS FORM SHALL BEAR THE MEANINGS ASCRIBED THERETO IN THE NOTICE OF AGM TO WHICH THIS PARTICIPATION FORM IS ATTACHED

Shareholders or their duly appointed proxy(ies) that wish to participate in the annual general meeting via electronic communication (Participants), must apply to JSE Investor Services, by delivering the duly completed form to:
13th Floor, Rennie House , 19 Ameshoff Street, Braamfontein, Johannesburg, or posting it to PO Box 4844, Johannesburg, 2000 (at the risk of the Participant), or by email to meetfax@jseinvestorservices.co.za so as to be received by JSE Investor Services by no later than 10:00 on Tuesday, 25 May 2021. JSE Investor Services will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

Important notice

The company shall, by no later than 14:00 on Wednesday, 26 May 2021, notify Participants that have delivered valid notices in the form of this form, by email of the relevant details through which Participants can participate electronically.

Application form

Full name of Participant:

ID number:

Email address:

Cell number:

Telephone number: (code) (number)

Name of CSDP or broker (if shares are held in dematerialised format):

Contact number of CSDP/broker:

Contact person of CSDP/broker:

Number of shares certificate (if applicable):

Signature:

Date:

Terms and conditions for participation in the annual general meeting via electronic communication

1. The cost of electronic participation in the annual general meeting is for the expense of the Participant and will be billed separately by the Participant's own service provider.
2. The Participant acknowledges that the electronic communication services are provided by third parties and indemnifies Workforce against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against the company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participants via the electronic services to the annual general meeting.
3. Participants should note that they may not be able to vote during the annual general meeting. Should Participants wish to vote, they should, in accordance with the instructions included in the notice of annual general meeting, as may be applicable, either:
   3.1 complete the proxy form and return it to JSE Investor Services; or
   3.2 contact their CSDP or broker.
4. The application to participate in the annual general meeting electronically will only be deemed successful if this application form has been completed and signed by the Participant.
5. Workforce cannot guarantee there will not be a break in electronic communication that is beyond the control of the company.

Participant's name

Signature Date

DEFINITIONS AND ABBREVIATIONS

AEDO	Authenticated Early Debit Order
AGM	Annual General Meeting
B-BBEE	Broad-Based Black Economic Empowerment
Board	Board of directors of Workforce Holdings Limited
Companies Act or the Act	The South African Companies Act 2008 (Act 71 of 2008), as amended
COIDA	The Compensation for Occupational Injuries and Diseases Act, No 130 of 1993
COBIT	Control Objectives for Information Technology
CSI	Corporate Social Investment
EAP	Economically active population or employee assistance programme
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EEA	Employment Equity Amendment Act 47 of 2013
EEB	Essential Employee Benefits, a company and brand within the Financial Services investment cluster
EME	Exempted micro enterprise
EPS	Earnings per share
ETI	Employment tax incentive
Exco	Executive Committee
FET	Further Education and Training
Group	Workforce Holdings Limited and its subsidiaries
HEPS	Headline earnings per share
HET	Higher Education and Training
HR	Human Resources
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
IR	Industrial relations
IT	Information technology
JSE	JSE Limited (Registration number 2005/022939/06) a company duly registered and incorporated with limited liability, licensed as an exchange in terms of the Securities Services Act No 36 of 2004

LNG	Liquid natural gas
KBC	KBC Holdings Proprietary Limited
King IV™	King IV™ Report on Corporate Governance for South Africa, 2016
MOI	Memorandum of Incorporation
NAV	Net asset value
NQF	National qualifications framework
OECD	Organisation for Economic Cooperation and Development
PAIA	Promotion of Access to Information Act, 2000 (Act 2 of 2000)
POPI	Protection of Personal Information Act (Act 4 of 2013)
QSE	Qualifying small enterprise
ROI	Return on investment
SAQA	South African Qualifications Authority
SAP	Systems Applications and Products (in data processing)
SARS	Share Appreciation Rights Scheme
SED	Socio-economic development
SENS	Securities Exchange News Service of the JSE
SETA	Sector Education and Training Authority
SLA	Service level agreement
TERS	UIF Temporary Employee Relief Scheme
TES	Temporary Employment Services
The Workforce Group	The Workforce Group Proprietary Limited (Registration number 1999/006358/07) a company incorporated in terms of the company laws of South Africa, a wholly owned subsidiary of Workforce
UIF	Unemployment Insurance Fund
Workforce or the company	Workforce Holdings Limited (Registration number 2006/018145/06) a company incorporated in terms of the company laws of South Africa, and listed on the alternative exchange of the JSE (Altx)
YES Programme	Youth Employment Services programme

MANIFESTO

We believe a job is not just a job; it is a life-changing opportunity for an individual.

A job is a path to a quality life for the individual and a valuable investment for the stakeholder.

Our business has always been about people and how to change people's lives for the better. We've spent years learning about our industry and the people we work with; client, candidate and stakeholder. We've always been on a quest to uplift people, not just giving them an opportunity to work, but also ensuring that they have the tools to be productive through training, healthcare, employee benefits and lifestyle products. We've forged ahead in this quest and today not only do we give people an opportunity to work so that they can build a life for them and their loved ones, but we also uplift them through training and skills development and ensure that they are healthy and happy individuals.

But this is a never-ending quest because there are always more lives to be changed, more value to gain from investing in people.

We are here to stay, because while we strive to make an impact we want that impact to be sustainable. At our heart, we are many, all working towards a common goal, working together and supporting each other in every endeavour.

And we are here to uplift people and grow our business in the process.

Uplifting people. **Growing** business.

We want Workforce to stand for "upliftment and growth" – let it build over time. That is what the name Workforce Holdings becomes synonymous with.