

2021

INTEGRATED
ANNUAL
REPORT



Uplifting people.
Growing business.

SCOPE AND BOUNDARY

This report is guided by the International Integrated Reporting Framework ("IIRF") 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 2021 to

31 December 2021. 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 22.

Furthermore the Board of Directors accept that the company is in compliance with the provisions of the Companies Act and operating in conformity of the company's Memorandum of Incorporation.

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 1)	BEE scorecard	Assured	Fidelity Verification Valid to 19 July 2022	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 72
Protection of Personal Information Act ("POPIA")		Assured by internal commercial department	Internal commercial department	Chairman's report – page 11

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 been maintained at 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 2021 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

30 March 2022

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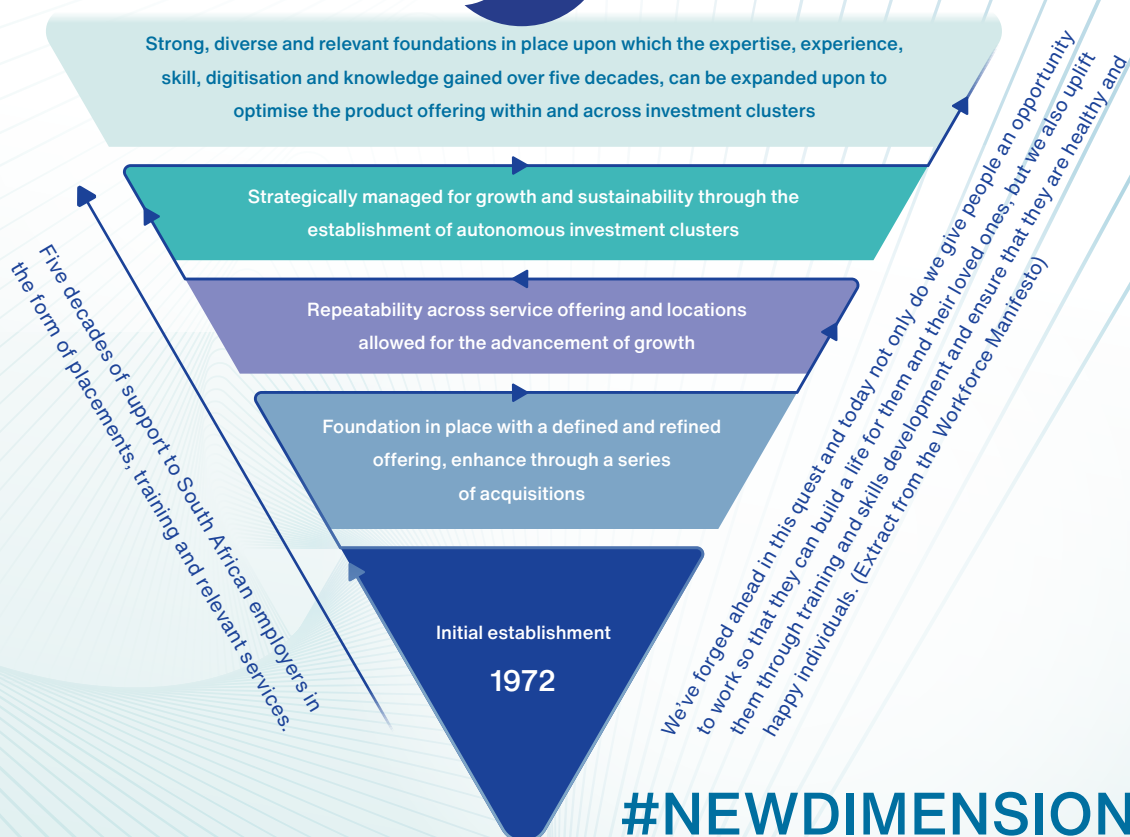
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Definitions and abbreviations can be found on inside back cover of this document and should be used to reference abbreviations and to clarify definitions.

Queries regarding this integrated annual report or its content should be addressed to: **Willie van Wyk (FD) | Tel: 011 532 0000**

WORKFORCE STORY



#NEWDIMENSIONS

Although this integrated annual report is “technically” for our 49th year, the 2022 calendar year marks 50 years since the group was established. The theme for this year’s report is **#newdimensions**, in acknowledgement of our drive for constructive change and development while we evolve and mature with the times. By ensuring we remain true to our mandate of uplifting people and growing business, our growth will provide both practical and constructive direction. **#Newdimensions** supports the diverse structure of brands, services, products, and expertise Workforce has built over five decades and points towards the future growth of our offerings, always ensuring that we remain relevant to our customers by creating profit with a purpose.

This milestone for Workforce Holdings and our group of companies also coincides with an event that profoundly impacted the entire world – the Covid-19 pandemic. The past three years have acted as a sharp reminder of the importance of keeping deep roots, and the value of having the resilience to meet adversity with a positive mindset and a willingness to adapt. This has been key to maintaining a steady course towards the future for Workforce and all those who depend upon us for stability.

WHY LOOK TOWARDS #NEWDIMENSIONS?

The pandemic prompted us to reassess our diversification strategy and our areas of expertise and apply these in more innovative ways to meet our customers’ needs. We drew upon our exceptional resilience and company agility to maintain business continuity, matched by the care and passion for our employees and customer for which Workforce is widely known. This resulted in the group effectively maintaining a path to sustained growth, ensuring our ongoing relevance to customers, the alignment of our products and services to their needs, as well as providing these on digital and online platforms.

The rapid development and adoption of these online platforms proved to be critical in our ability to continue delivering to customers, and will continue to do so. As we continually monitor and learn from global trends, it is clear that we have to be flexible in allowing staff to balance remote and onsite work as our connectivity allows for remote collaboration and service delivery.

Now, and in a post-pandemic era, Workforce will continue to play its part in addressing the much-needed skills development and human resourcing agenda needs critical to the development of this country and to the continent as a whole.

FIVE DECADES OF GROWTH AND DIVERSIFICATION

Having set the context for the group's #newdimensions theme, indulge me this opportunity on our 50th anniversary to share a story. The story of how, from its humble beginnings in 1972, over five decades Workforce transformed into a successful southern African business through exponential and organic growth, driven by strong values that are embedded into our organisation. Constantly embracing new technologies and adapting our methodologies ensure we could maintain our reputation as a leading human capital solutions provider whilst never neglecting our obligations to those that need us the most.

New business concepts have always intrigued me and when I was introduced to the model of staff outsourcing as it was being rolled-out in the UK, I saw it as a great opportunity. While general staff outsourcing wasn't something familiar to this country, the outsourcing of artisans certainly was. South African companies had for decades been sourcing skilled artisans from the UK, Germany and other parts of Europe due to the lack of skilled local artisans, and were still doing so at the time. After a rather

shaky start, and call from a leading chemical manufacturer in South Africa asking for 16 boilermakers to be made available the very next day, Workforce was catapulted into business.

In the months that followed, the business slowly grew to the extent that a management team was put in place, supported by a small team of sales and operational staff. The move towards unionised labour in the early 80s provided the next pivotal point for development – one that allowed us to spread our wings into other areas such as labour support and the company soon opened offices in Durban and Cape Town to support a thriving business in Johannesburg.

The Koeberg Nuclear Power Station marked the next big step forward, with the project giving rise to a huge demand for skilled artisans. European artisans were again recruited from abroad, which in turn provided a fundamental development platform for upskilling local artisans. South African companies quickly started realising that locally-available skills were becoming essential to their future development. This could only be achieved through targeted training.

One of our biggest tenders in the training area was a contract from a political party to teach people how to type. We won the contract in Port Elizabeth without even having a branch there. After arranging for someone to move to the Eastern Cape, buying every typewriter available from a then well-known electronic equipment and appliance chain, and securing financing by showing the bank the contract, we managed to establish a training school that had capacity to train 500 people at a time. We fulfilled the contract for over a year, demonstrating that it was possible for us to succeed, no matter the odds. It is this tenacity in taking on challenges such as this that clearly demonstrates why we are where we are today. Our tenacious spirit is still alive in Workforce today.

With Koeberg completed, the European artisans left as opportunities dried up, leaving local, and now skilled, artisans looking for job opportunities. When Sasol and the power stations around what is today Gauteng, Mpumalanga and the North West were being built, this provided us with major projects to secure artisans, many of whom had worked on Koeberg and who were flocking up from the Cape to be recruited. Once again, Workforce was there to assist.

From then on Workforce began what was essentially the start of our diversification strategy, setting up specialist areas to focus on various industries – this is the period that Truckmate, Strikeforce, Workforce Permanent Placements, and Programme Construction came into being, with Workforce itself becoming more focused on general labour.

Of course, these times were also filled with adversity – with the 1980s marked by recession and sanctions towards the latter end of the decade and into the early 1990s, resulting in the closure of some of our brands. Fortunately, that was when our diversification model truly came to the fore, enabling Workforce to weather the worst of it.

It was in the early to mid-2000s that two milestones occurred, the first being that 24% of the business was sold to a private equity investor, resulting in increased liquidity into the business. When Cycad Investments wrapped up, that share of Workforce was sold onto Vunani, which stipulated that payment would only be made on a significant corporate event occurring, giving rise to the second milestone, which was our listing in 2006.

Post our listing, and with legislation coming into being that essentially threatened the existence of staff outsourcing and labour brokers, we once again looked to diversify the business into areas in which we already had strength. This led to the establishment of the what is today the Healthcare cluster and the Training and Education cluster, and the beginnings of the business we now know it.

OUR JOURNEY CONTINUES THROUGH #NEWDIMENSIONS

Throughout these five decades, Workforce has faced numerous challenges. What has set us apart, and what I like to think continues to set us apart, is our will to succeed and to adapt and thrive. We have continued working with the same professionalism and care throughout the pandemic and have done our best to protect our staff and ensure our customers' needs are always met. Our journey towards #newdimensions will continue with the same attitude, skill and agility, with our roadmap now pointing to the next progressive milestone that lies ahead.

Ronny Katz

Founder and Chief Executive Officer
2022

More information regarding the year and the diversification strategy can be found in Section 03, page 26 to 45 containing the CEO Report, cluster performance and financial feedback.

01

THIS IS WORKFORCE

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

RECRUITMENT

TRAINING AND EDUCATION

AFRICA



STAFFING AND OUTSOURCING



FINANCIAL SERVICES



HEALTHCARE



See investment cluster operations report and segmental contribution contained on pages 30 to 41 and in note 17.

TYPES OF SERVICES (CONTRIBUTION TO REVENUE)

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



See additional comparative information contained in note 11 of the annual financial statements.

WHAT DIFFERENTIATES US

Entrepreneurial culture

30 to 41

Innovative service solutions

4

Extensive footprint

5

Diversified and integrated business model

24

Strong customer relationships

30 to 41

Our people

50



• intellectual capital • depth of management • committed workforce

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 102 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.

32

trading brands
in the group

6

active branches
beyond our borders

102

branches in
South Africa

Operational in

5

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 base 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, the businesses were realigned into

investment clusters and investment cluster executives were appointed to drive accelerated growth and diversification within each of the clusters.

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

Each investment cluster's business offerings are delivered through multiple brands in the marketplace. Service integration

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 by 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.

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, both 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.

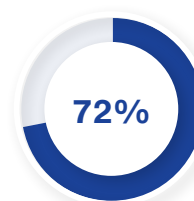
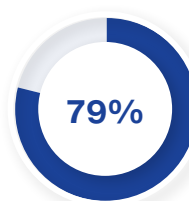
By achieving our strategic business goals and pursuing our purpose of making a difference in people's lives, it translates into shared value for our organisation and our stakeholders while achieving meaningful social contributions such as increased levels of employment.

Segmental revenue

Segmental EBITDA

2021

2021



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

- 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
- Import and export of skills required to close skills gaps
- COIDA and UIF claims support

Additional reference: See pages 30 to 31, note 17 and our website for additional information.

- 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 17 and our website for additional information.

- Entire suite of Workforce services and products

Additional reference: See pages 40 to 41, note 17 and our website for additional information.

STRUCTURE, STRATEGIC ESSENCE AND CLUSTER SUMMARY (CONTINUED)

Investment clusters

Brands and offerings



TRAINING AND EDUCATION

Investment cluster executive Steven Herscovitz



The Training and Education cluster expanded through the acquisition 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 the 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 cluster 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 specific 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 72 onsite clinics at various clients, all of which provide primary care, Covid-19 prevention and occupational healthcare; six walk-in occupational health centres nationally; and nine mobile units providing occupational health screening.

Employee wellness programmes ("EWPs") is a further focus area, which considers a wide range of employee needs, providing wellness programmes that support both the organisation and staff via a 24-hour call-centre and 300 affiliate psychologists/social workers nationally.

Primary healthcare services help reduce unnecessary time off work and loss of earnings that result from employees who need to travel to off-site primary healthcare facilities for the treatment of minor ailments or chronic conditions.

The cluster also provides a complete range of 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

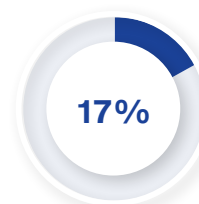
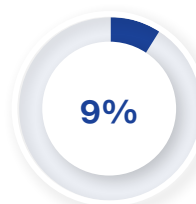
Segmental EBITDA

2021

2021

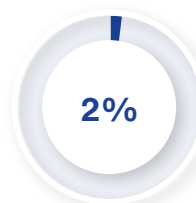
- Learnerships
- Short courses
- Skills programmes
- Online/digital courses
- SETA accredited
- SAQA and NQF aligned
- All divisions are registered and accredited
- Compliance and apprenticeships training
- Contractor onboarding and induction
- FET and HET offering
- SETA and QCTO accredited
- Behaviour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

Additional reference: See pages 34 to 35, note 17 and our website for additional information.



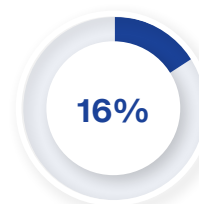
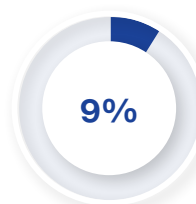
- Occupational healthcare services
- Mobile screening
- On-site clinics
- Employee wellness programmes
- Medical surveillance programmes
- Management of chronic and acute conditions
- Temporary, contract, emergency and permanent placings
- Medical staff recruitment
- Placing nurses and medical professionals
- Home-based care

Additional reference: See pages 38 to 39, note 17 and our website for additional information.



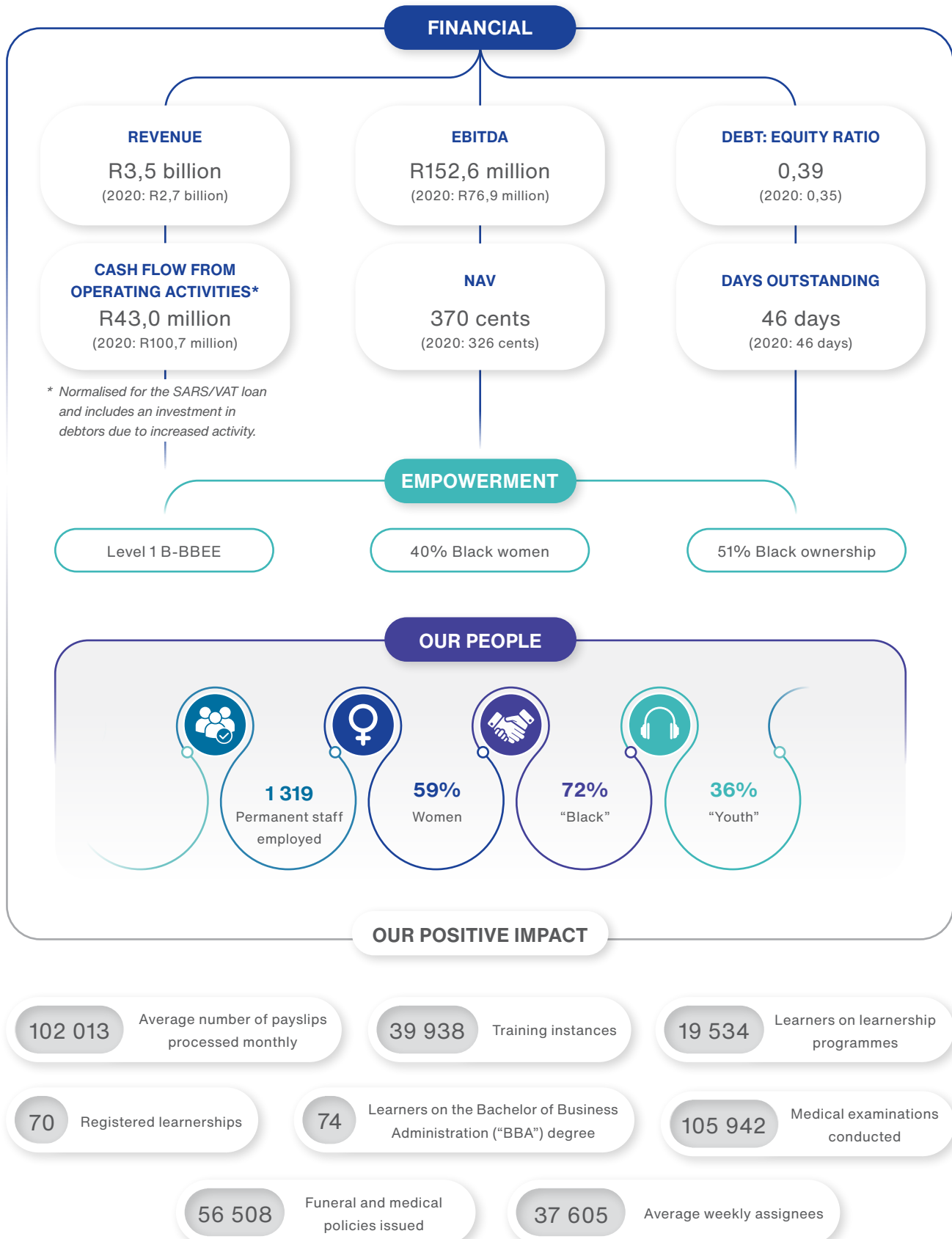
- Funeral cover
- Day-to-day medical insurance
- Hospital cover
- Responsible lending services
- Affordable optometry and glasses programme
- Wide range of financial products
- Debt collection services

Additional reference: See pages 36 to 37, note 17 and our website for additional information.



KEY NUMBERS

Through the 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 in support of the principles of the environment, social and governance ("ESG") aspects of being a responsible company.



CHAIRMAN'S REVIEW

It is again my pleasure to provide shareholders and stakeholders with a report on Workforce's performance for the 2021 financial year. As we look back across the business since its establishment in 1972, the group has grown to the extent that it now has strong, diverse and relevant foundations in place. This has provided a solid foundation on which the expertise, experience, skill, digitisation and knowledge gained over five decades can be expanded to optimise the product offering within and across our business clusters.

The past two years of Covid-19 lockdowns and the accompanying tragedy of the loss of jobs, businesses, income and life, have left terrible scars around the world. These have impacted our country and our group. Positively, everyone within the group and across the various brands and clusters has pulled together, evaluated the business and made difficult decisions that have strengthened the group.

I thank everyone in the group for the commitment and sacrifices they have made over a very difficult time.

There is no doubt that, as I have said before, 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 can report that the strategy held its own.

Despite difficult operating conditions, volumes across the business rose and, in some clusters, are back to levels before the pandemic. This resulted in a pleasing revenue increase of 29,6% for the year under review to R3,5 billion (2020: R2,7 billion). The 2021 revenue slightly exceeds the revenue of R3,2 billion achieved in 2019, a gratifying sign that normality is returning. Perhaps more importantly though, it indicates that Workforce has the correct service offering, products, and fundamentals in place. EBITDA increased by 98,4% to R152,6 million (2020: R76,9 million). Overall profit for the year settled at R94,0 million, an increase of 183,1% (2020: R33,2 million).

This tremendous recovery is in part due to difficult decisions to ensure costs remained within manageable bands and when the time was right, to begin to employ critical skills again. It is also due to the ongoing focus on the development of leadership, strongly supported by information technology, successfully and carefully cementing geographic expansion, and our fundamental bedrock – that the structure of the organisation supports human capital development.

This is a proud year for Workforce as the calendar year 2022 marks five decades in business, as celebrated in this annual integrated report. As explained in The Workforce Story, alongside our positioning statement of *Uplifting people, Growing business*, we are focusing on our theme of #newdimensions. This is Workforce's commitment to ensuring that the products, services and support structures are sustained into the future to meet the requirements of a new way of doing business. This is driven by our strong commitment to the sustainability and success of the group in the future.



John Macey
Independent chairman

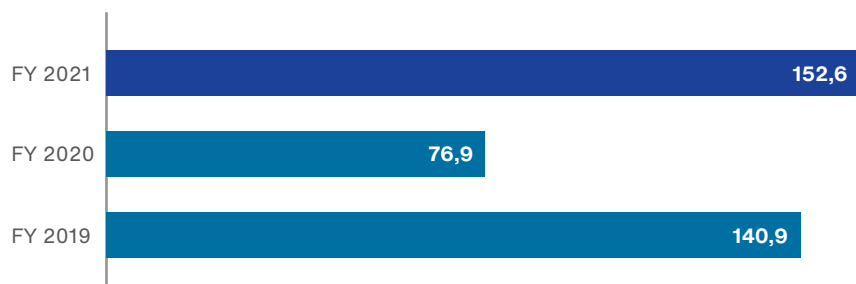
CHAIRMAN'S REVIEW (CONTINUED)

A STORY OF RECOVERY

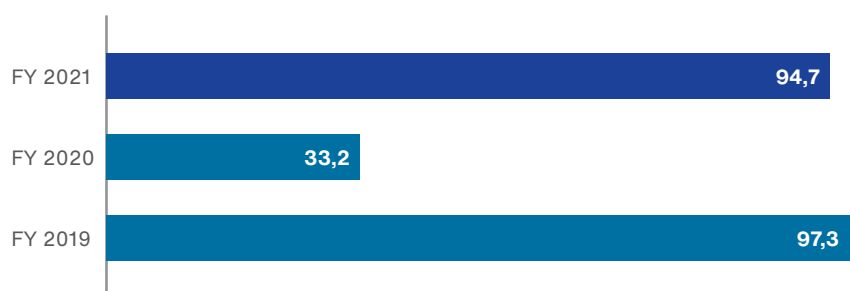
Revenue (Rbn)



EBITDA (Rm)



Total comprehensive income for the year (Rm)



TRANSFORMATION, ACCOUNTABILITY AND HUMAN CAPITAL

Workforce has continued to make a concerted effort to ensure that it is a company that supports transformation and I am delighted to report that Workforce attained a Level 1 B-BBEE rating (2020: Level 2). This rating ensures a competitive advantage in the marketplace and is important for South African clients that make use of the 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 58 of this report.

In this integrated annual report Workforce has begun to report in accordance with the United Nations Sustainable Development Goals ("SDGs"). In particular, the SDGs that Workforce supports are noted in the Impact and Corporate Governance section starting on page 46 of this report. The efforts made by the clusters to support the SDGs are also outlined in pages 30 to 41 in the investment cluster operations report.

Employees are critical stakeholders and coupled with our commitment to transformation, our total permanent employee complement is 1 319 (2020: 1 259), of which 59% are women and 72% are black. The group also continues to focus on the employment of youth (defined as those between the ages of 18 to 35), with 36% permanent employees classified in this category.

An extensive part of this integrated annual report is dedicated to the development and management of the different capital resources in the group. This spans organisational capital, human capital, social and relationship capital, and details will be found on pages 48 to 61 of this integrated annual report.

BOARD OF DIRECTORS

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

THANKS AND APPRECIATION

It remains an honour for me to serve as independent chairman to Workforce and I wish to thank my fellow board members and chairpersons of the various committees for the effort extended to ensure that corporate governance at Workforce is effective and of a high standard.

To all our customers, thank you for your ongoing support.

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.

Thank you all for making Workforce the success that it is.



John Macey
Independent chairman

30 March 2022

02 OUR STRATEGY

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

STRUCTURED FOR VALUE CREATION

To realise our vision (see page 5), enhance profitability and continue the advancement of the group, the business is structured into investment clusters (see page 6) with the intent of reducing the risk related to any one of the cluster businesses 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. Both have 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 five decades, the extent of our footprint (including a large national and mindful international presence), and the quality relationships we have with key stakeholders.

The culmination of this risk-mitigating structure has taken time to establish and has consisted of both organic and acquisitive growth, all while being able to provide enhanced, on-trend solutions to clients. At the same time Workforce has been able to successfully incorporate acquired businesses into the various investment clusters and benefit from what these new brands bring as well as to enhance their respective service offerings, based on the decades of experience Workforce has to offer.

INVESTMENT HOLDING PROGRESSION TO SUPPORT SUSTAINABILITY

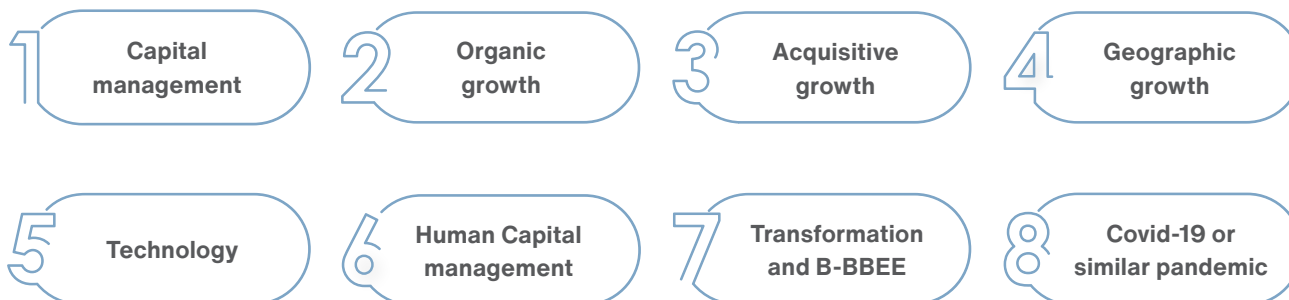


ACCELERATE GROWTH AND DIVERSIFICATION OF OUR INVESTMENT CLUSTERS

Our strategic intent is to drive the 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 the cluster structure.



Material and strategic focus areas (see further details on pages 17 to 21)



ALL THIS TO ENHANCE STAKEHOLDER VALUE THROUGH DIVERSIFICATION AND #NEWDIMENSIONS.

Operational priorities:

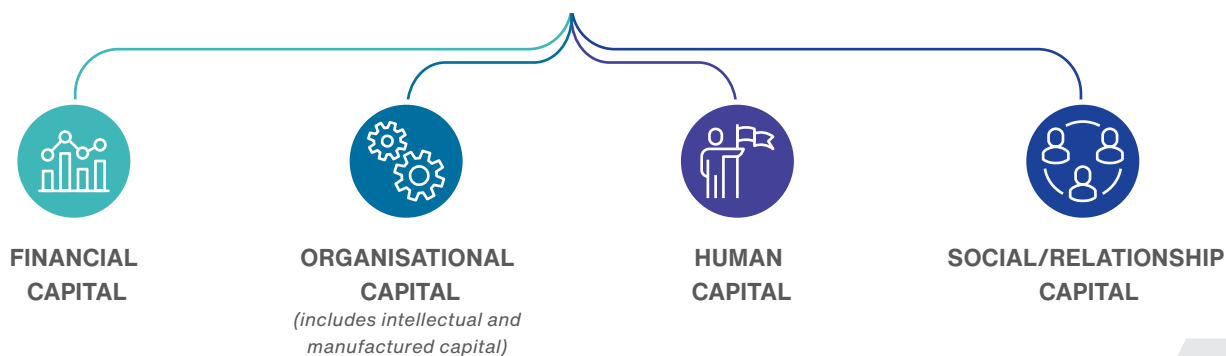
- Protect and grow existing business
- Use technology as a differentiator
- Unlock the value of the client base through intra-group collaboration
- Manage costs and achieve operational efficiencies
- Deliver unique and innovative customer solutions
- Grow into new territories
- Human capital management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



See pages 17 to 23 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.



STRATEGIC TRENDS, MATERIAL ISSUES AND RISKS

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



Important issues



Material issues



Most material issues

	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
		Economy Increased demand for occupational health and Employee Assistance (Wellness) Programmes (“EAP”)	!!!	Economy
	Covid-19 or similar pandemic	Change in product delivery as online demand increases	!!	Product/service innovation
Operating environment				Economy
	Fourth industrial revolution	Diversification, economy	!!!	Human capital management
	Negative union activity	Stakeholder engagement	!!	Growth
	Curbed spending by clients	Diversification, regulatory, economy	!!!	Technology
	B-BBEE scorecard	B-BBEE, regulatory	!!!	Stakeholder engagement (inclusivity)
	Employment Tax Incentive (“ETI”) continues until 2029	Regulatory	!!!	Covid-19 or similar pandemic
Legal and regulatory environment				B-BBEE
	Employment equity and B-BBEE legislation	B-BBEE, regulatory, B-BBEE (Level 1) attained	!	Youth employment and development
				Regulatory compliance
	AEDO (“Authenticated Early Debit Order”) legislation compliance	Regulatory, technology	!!	B-BBEE
				Regulatory compliance
				Technology

MATERIAL AND STRATEGIC FOCUS AREAS

1. CAPITAL MANAGEMENT

Capitals

Objective

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

- Debt capital markets
- Equity capital

Debt: equity ratio 0,39 (2020: 0,35)

2021 performance

- Maintained healthy relationship with bankers
- Acquisition facility in place
- Active engagement with current and potential equity funders
- Vastly improved cluster ownership of cash management

Material issue and key risks

- Risk of insufficient funding and continued reliance on Government incentives to fund the business

Cash management and credit risk

- Inability of clients to meet payment obligations timeously or at all
- Inability to sustain and grow the business

Capital and funding

- Inability to raise adequate debt or equity capital to sustain and grow existing business
- Short-term nature of debt facilities

Financial and regulatory

- The group relies on significant Government incentives that would impact its profitability if withdrawn

Mitigation and control strategy

- Diversification of revenue streams and product streams
- Acquisitions of cash-generative businesses

- 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

- Continue to explore new sources of funding

- 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

MATERIAL AND STRATEGIC FOCUS AREAS (CONTINUED)

2. ORGANIC GROWTH

Capitals

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 collaborations
- Improve working capital management to optimise cash generation

2021 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

- | | |
|---|--|
| <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Diversification of revenue streams and product streams • Acquisitions of cash-generative businesses • Geographic diversification • Development of leadership and management teams |
| <ul style="list-style-type: none"> • Failure to integrate and realise full value from acquisitions | <ul style="list-style-type: none"> • Acquisitions are considered against Workforce's defined acquisition criteria and continue to support the diversification drive successfully |
| <ul style="list-style-type: none"> • Low economic growth affects business confidence, negatively impacts customer spending and fuels unemployment | <ul style="list-style-type: none"> • Cluster executives tasked to accelerated growth drive • Continue to market innovative employer-centric solutions |
| <ul style="list-style-type: none"> • Political landscape and policy uncertainty coupled with a lack of infrastructure spend negatively affects investor and business confidence | <ul style="list-style-type: none"> • 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

Capitals

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



2021 performance

- Continue to assess possible acquisitions
- Previous acquisitions made are well integrated and have earned 74% of the purchase consideration back in profit before tax.

Material issue and key risks

- Growth

Mitigation and control strategy

- 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 DEVELOPMENT

Capitals

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.



2021 performance

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

Material issue and key risks

Inability to attract, motivate and retain key staff.
Potential to lose intellectual capital. Inability to execute and deliver on business strategy.

Mitigation and control 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

MATERIAL AND STRATEGIC FOCUS AREAS (CONTINUED)

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

2021 performance

- Covid-19 and/or similar pandemic framework fully adopted
- Full offsite collaboration platform
- Key risk areas addressed
- Implementation of COBIT Framework

Material issue and key risks

- Promotes sustainability and reporting effectiveness as well as ensures our value proposition remains 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

Mitigation and control strategy

- 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
- Roadmap to improve IT governance and maturity established

Focus areas for next year

- Further adoption of cloud-based platforms

Capitals



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

2021 performance

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

Material issue and key risks

- Capital management
- Regulatory and political risk

Mitigation and control strategy

- Supported by strong contracts in place
- Focus on southern Africa

Focus areas for next year

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

Capitals



7. TRANSFORMATION AND B-BBEE

Capitals

Objective

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

2021 performance

- Level 1 B-BBEE scorecard



Material issue and key risks

Poor B-BBEE rating can result in a negative impact on the sustainability and growth of our business.

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

Mitigation and control strategy

- Transformation committee with senior management representation
- Divisional strategy aligned to B-BBEE codes
- Participation in the Youth Employment Services Programme ("YES Programme")
- 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 YES Programme learners are "youth"

Focus areas for next year

- B-BBEE scorecard improvement sustained for the group and/or improved for a number of investment cluster businesses
- Greater diversity through achievement of employment equity numerical goals and targets
- Successfully deliver on the YES Programme initiative

8. COVID-19 OR SIMILAR PANDEMIC

Capitals

Objective

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

2021 performance

- Compliance with all regulatory protocols
- Effective business continuity management with no major operational disruptions



Material issue and key risks

- Economic lockdown or similar restrictive regulations

Mitigation and control strategy

- Diversification strategy
- Digital transformation and cloud-based delivery options

Focus areas for next year

- Ensure all measures in place for health and safety are adhered to on a continual basis

DETERMINATION OF MATERIALITY

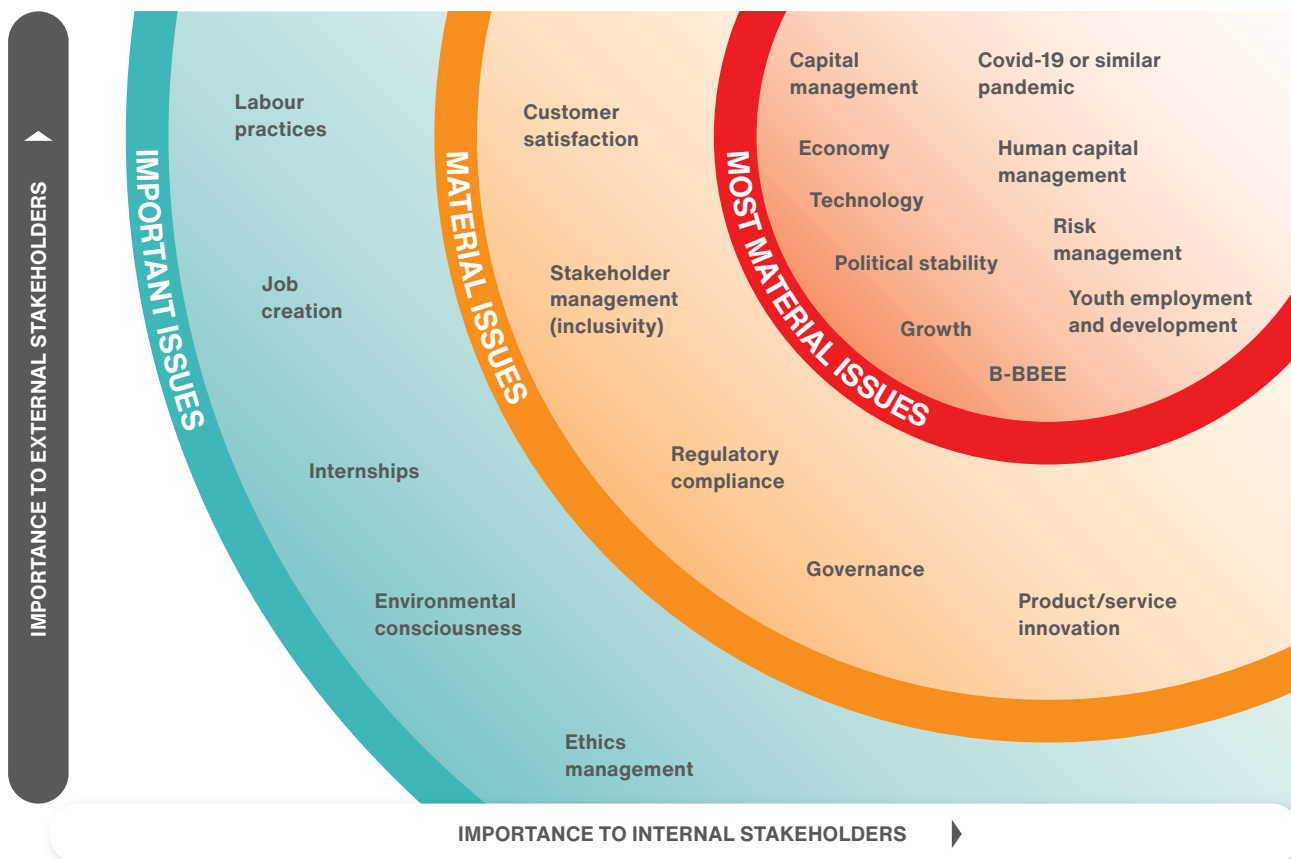
We define materiality as issues or occurrences that substantively affect our ability to create and sustain value over the short, medium and long term. Our material aspects are determined through a structured process of identifying relevant issues, evaluating their importance and prioritising those which 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.

Workforce regularly conducts materiality assessments to review and identify key aspects which impact our materiality. This involves 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 re-evaluating our material matters for 2021, it was determined that these have remained the same and include considering the impact the aspects could have on our strategy, our business model, the forms of capitals we utilise as well as 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

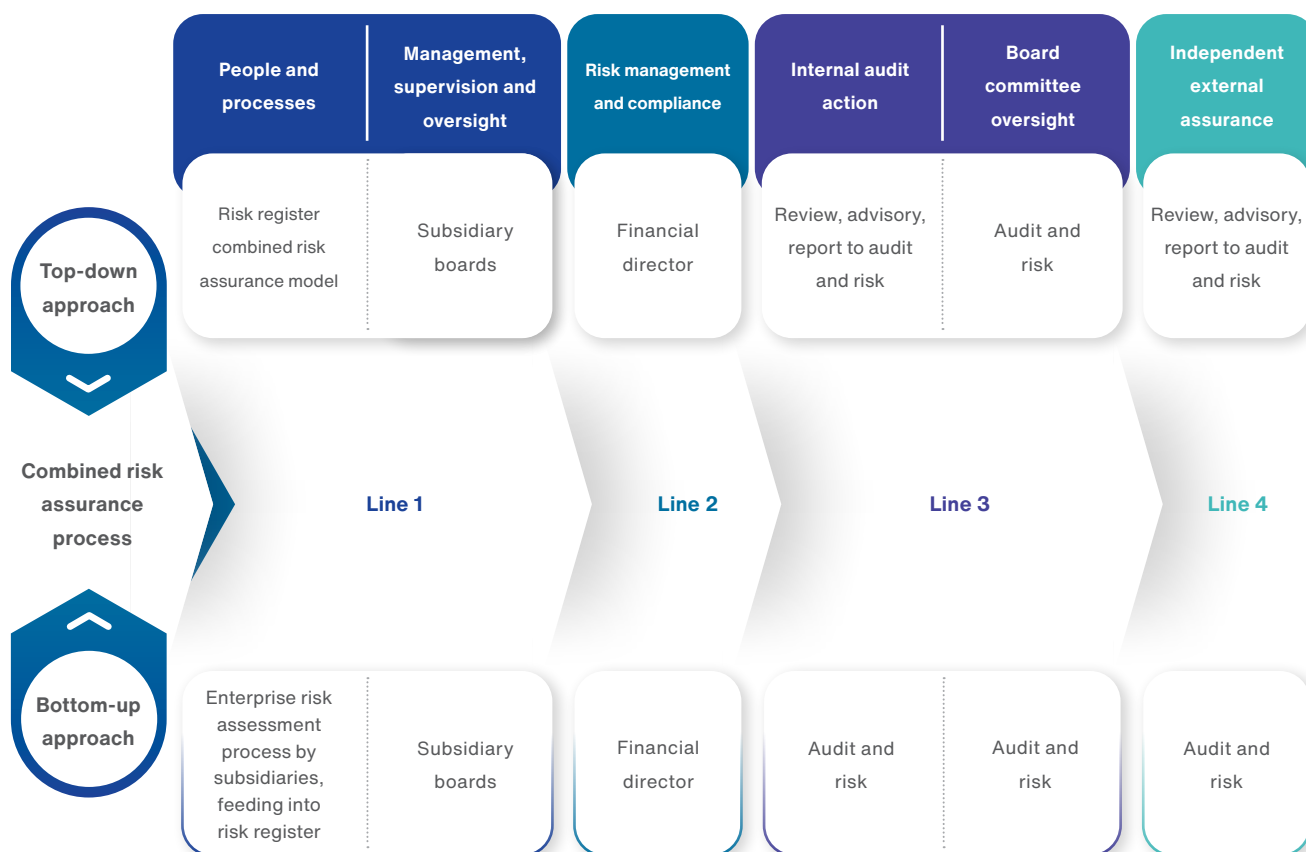


MANAGING OUR RISKS AND OPPORTUNITIES

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. We are satisfied that both the assurance map and our risk policy remain fit for purpose.

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, 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.



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

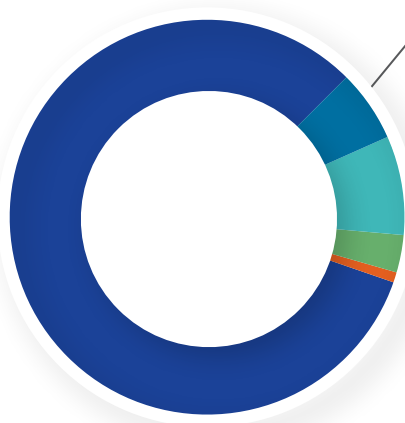
Wealth created
R3,2 billion

Total paid to
employees and
contractors
R2,6 billion

Value added
from operations
R3,2 billion



82%
Employees and
contractors



6%
Suppliers



8%
Government



3%
Reinvested in the group



1%
Providers of capital

03

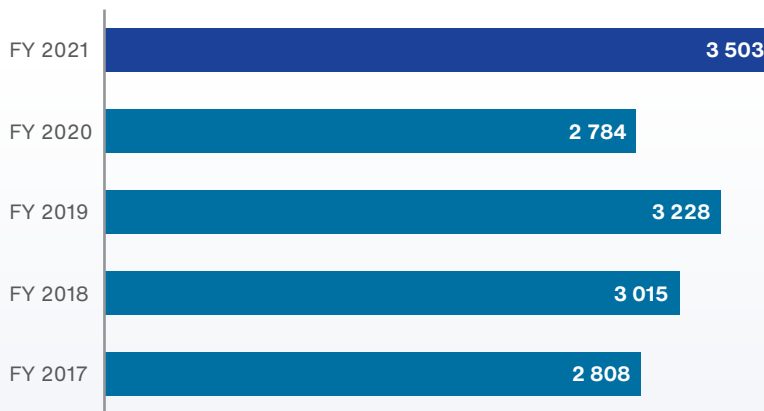
OUR PERFORMANCE

PERFORMANCE INDICATORS (FIVE-YEAR REVIEW)

The impact of the Covid-19 pandemic through a continuation of partial lockdowns, a ban on alcohol sales, which impacted the glass and hospitality industries in particular, generally weak economic indicators resulting in poor indicators and confidence, and the unrest and looting in KwaZulu-Natal and Gauteng in July 2021 affected the business.

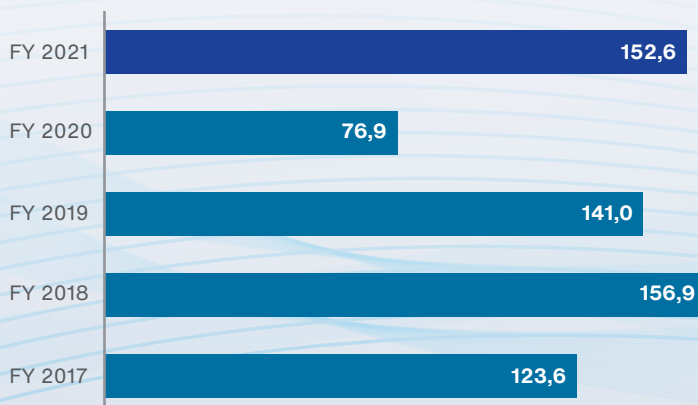
The financial scorecard is showing resilience due to the diversified investment cluster positioning of the business, as well as the adaptability of the business to ensure it remains relevant in brands, products and services to all the people it supports.

Revenue (Rm)



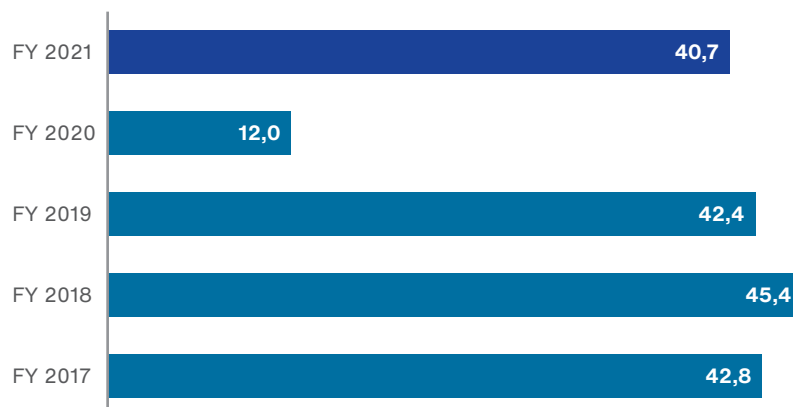
Revenue improved
by 29,6%
year on year

EBITDA (Rm)



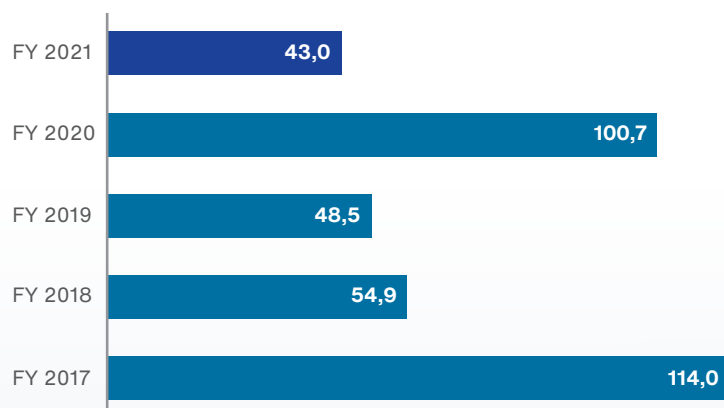
The 98,4% improvement
in EBITDA was significant
and attributable to a general
recovery in revenue with
results buoyed by
R40,8 million of a special
ETI extended by government
due to Covid-19

HEPS (cents)



The improved HEPS to pre-Covid-19 levels is indeed pleasing and demonstrates the resilience of the investment cluster diversification

Cash generated from operating activities* (Rm)



On a normalised basis cash generation was acceptable and supported an investment back into debtors due to increased activity

* Normalised for the SARS/VAT loan and includes an investment in debtors due to increased activity.

Days outstanding



Over the five-year period, days outstanding have improved by 7 days

CHIEF EXECUTIVE OFFICER'S REVIEW

I can't quite fathom that five decades have passed since Workforce was established. It has been an amazing journey, one that has been equally humbling and profitable, that is for certain. However, it is by far the last two years, in having to cope with Covid-19, that I can say have been some of the most difficult and challenging the group has faced.

OPERATING ENVIRONMENT - DEALING WITH A TRULY GLOBAL CHANGE EVENT

Despite having to deal with the challenges Covid-19 presented, the pandemic provided a unique opportunity to assess the way forward for the group. We now find ourselves in a position where a strong and meaningful foundation is in place, and not by chance, but rather by design. For five decades we worked through the stages in the business model laid out on page 24, to eventually reach the stage where Workforce is now, becoming a mature business that has learnt how to deal with and adapt to operating under challenging circumstances, particularly given the South African context.

While the pandemic created a global impetus for organisations to learn to adapt to overcome adversity, for Workforce it cemented our knowledge, learnings, and a high level of expertise in our diversified space.

2021 IN REVIEW

Workforce had a successful year, despite the overhang of Covid-19 still being present. During the first six months of the financial year, the group experienced a recovery in certain operations, while in the second six months those operations that had not yet managed to fully recover were able to do so.

All in all, 2021 was a year in which the group was able to improve on itself once again.

The group benefited from the diverse revenue streams that are in place, and while the pandemic certainly forced an evaluation and containment of costs, these initiatives were well implemented and contributed to Workforce's success.

In certain investment clusters, activity has returned to levels experienced pre-Covid. Those investment clusters where volumes were not quite there in 2021, are likely to see volumes return in the coming year.

A strategic focus in terms of leadership and organisational development continues to take place through the training and development of our executive committee members. The investment in our people remains significant. This is supported by a strategic focus on ensuring more diversification within our investments. All of this is aimed at driving improved profitability.

The year is defined by the further maturation of the cluster leadership in a way that supports the expanded strategy of the investment clusters to be more self-sufficient and ready to grow both organically and through acquisitions. This might not sound like much, but the segmentation has been incredibly

The Workforce story, narrated on page 2, tells a tale of tenacity, diversification and continual #newdimensions. All this has ensured we remain relevant to our customers and to the people we serve. I am delighted to say that we continue to expertly assist the market with services in recruitment, placement and training, as well as financial, healthcare and outsourcing support. In 2022 we celebrate 50 years of uninterrupted and superior service delivery and will carry on working towards more of this in our next chapter.



Ronny Katz
Chief executive officer

beneficial for the growth and cross-selling of various brands, combined as this has been with market knowledge, long-standing customer relationships, and the advancement in technology.

Covid-19 remains a terrible disruption that the world continues to grapple with. Workforce had to adapt very quickly to the impact of the pandemic, reviewing costs and looking at ways to improve efficiencies and deliver our services to customers in new ways. The speed at which the adaption to the digitisation of the business took place is certainly testimony to the strong can-do culture within Workforce.

Certainly, towards the latter part of the financial year and despite the discovery of the new variant, the investment clusters were able to counter the negative impacts of the pandemic through technology, delivering services in a different but still highly-effective format. This, combined with efficiency and cost cutting initiatives, supported sustainable growth.

Please see the financial director's report on page 42 to view details on the financial scorecard of Workforce in greater detail.

TECHNOLOGY

The theme of digitisation, both internally and externally, was a major focus during the financial year, and will continue into the future as we enhance and improve on digital delivery platforms as well as business intelligence systems.

HUMAN CAPITAL AND SOCIAL DEVELOPMENT

During the year under review, we provided employment to 1 319 permanent employees and deployed on average 37 605 weekly assignees to our clients on an outsourced basis. On a monthly basis we processed on average 102 013 payslips. Impacts such as these on the South African workforce should not be underestimated.

Being a responsible corporate, we have also indicated our contribution and support to the United Nations Social Development Goals. These can be viewed on page 46 of our impact and corporate governance section.

GEOGRAPHIC FOOTPRINT

On page 5, I note our humble beginnings with an office in Johannesburg, Cape Town and Durban. Five decades later we are strongly represented in 102 branches across South Africa, six active branches beyond our borders, and operations in six countries outside of South Africa, including Chile.

OUTLOOK

The Russian invasion of the Ukraine is likely to strike a devastating blow to global growth if the war is permitted to escalate. There is no doubt this will have an impact on the South African economy too, but it feels too early to assess what impact this will have on Workforce.

The outlook for the coming financial year is certainly more attractive than has been the case for the past two years, with the investment clusters coming to terms with a digitised operating environment, allowing technology to support the delivery of services in a much more ambitious way than in previous years.

Thanks to the focus on cost structures in previous years, there is now a lean cost base in place.

Similarly to Workforce having gotten "its house in order", many of South Africa's corporates have done the same, and our 50-year history, matched by our size, experience and knowledge, places the group in a stronger position now to penetrate the market even further.

Finally, there will be a greater focus across the group on delivering improved margins in the coming financial year to ensure that our success retains momentum.

APPRECIATION

I am privileged to have founded and successfully run a business in South Africa for the past 50 years. This would not have been possible without the dedication of all those who have supported our vision along the way. To all the cluster executives and Exco members, I value your input and dedication to the business. I know that we have a sustainable structure in place that supports our #newdimensions approach, one which will ensure Workforce remains sustainable into the future.

To my fellow board members who dedicate their time, expertise and guidance to Workforce, I thank you for your wise counsel and interactions.

This journey would not have been possible without the support of our customers, many of whom have remained loyal to Workforce for decades and are interwoven into the fabric of our story. We certainly do look forward to maintaining these relationships, as well as to building new ones along the way.

And to our dedicated employees, thank you for your support and enthusiasm. We truly could not exist as a business without your valuable contribution. I would also like to voice my sympathies on behalf of the Exco and the board to those who faced devastating loss during Covid-19, and to offer my heartfelt condolences to their families, friends, and colleagues.

We've successfully chartered the ups and downs of the past 50 years of business and I look forward to continuing our story of growth and resilience.



Ronny Katz
Chief executive officer

30 March 2022

INVESTMENT CLUSTER OPERATIONS REPORT

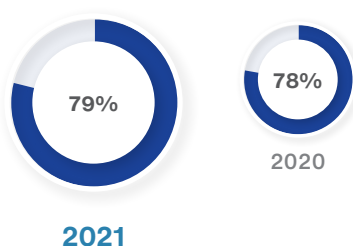


STAFFING AND OUTSOURCING

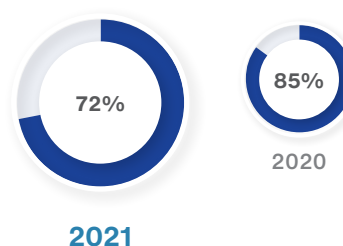
This cluster continues to build on the foundation of the Workforce Group, which this year celebrates 50 years in business. Services extend beyond Staffing and Outsourcing to turnkey, tailor-made outsourcing solutions, including all aspects of human capital management. The accelerated adoption of technology holds massive benefits, not only for client experience, but also for the efficiencies and agility of the overall performance of the cluster, while diversification has reaped enormous benefits.

FINANCIAL CONTRIBUTION

Percentage of revenue



Percentage of EBITDA



HIGHLIGHTS OF THE YEAR

As the main contributing investment cluster, the Staffing and Outsourcing cluster experienced a good year, with revenue increasing by 28% to R2,7 billion (2020: R2,2 billion) and EBITDA improving by 48% to R188,2 million (2020: R127,4 million). The cluster contributed 72% to EBITDA of the group. All the businesses within the cluster showed recovery, and in most instances, a return to profitability. As a whole, the cluster experienced a stronger second half, reflecting the seasonal nature of the sector, with trading patterns starting to reflect a return to normality.

The results must be viewed in light of the influence of the "Super Employee Tax Incentive" ("Super ETI") during the second half of the year, which allowed Workforce Staffing, the biggest business within the cluster, to claim ETIs on behalf of all claimants, not just those aged between 18 and 29 as was previously the case. This business also secured a number of large national tenders from clients, which added both to headcount and revenue growth, particularly in the technical (skilled artisans) and distribution staffing spaces.

Furthermore, the Workforce group's BEE rate improved from Level 2 to Level 1, supporting the cluster's success in gaining new contracts. This bodes well for skills development and skills transfer and the general ability of staff to earn improved salaries and so contribute to the growth rate of South Africa.

Increased brand visibility and marketing efforts paid off, and enabled the cluster to land new clients, particularly in those sectors given impetus by the pandemic such as logistics, e-commerce, warehousing, food manufacturing and transportation. The cluster offered staffing and outsourcing solutions to these industries, with good growth in particular in the renewable energy and oil and gas space as infrastructure development projects came online.

The investment cluster has also established an office in Chile, having followed a South African-based client into the country in order to continue servicing what remains an anchor client. While still nascent, the operation has shown excellent growth during the course of the financial year, having secured around 30 new clients in-country, resulting in the appointment of local employees.

EFFECTIVELY MANAGING THE CHALLENGES

Fortunately, most of the challenges faced by the cluster were the result of the good growth, with the major brands within the cluster having to recruit additional staff to service new clients and extensions of existing and new client contracts.

Clients are also seeking true partnerships with the cluster's businesses, and so there is a greater need for the cluster to be involved in ensuring the efficiency and efficacy of workers onsite and in understanding – and in some cases, even anticipating – clients' staffing needs in far more depth than previously.

The rapid advance of technology, and the potential effect of industry and other disruptors, means that the cluster must remain up to date and relevant in terms of its technology-driven offerings, as well as in all other aspects of the business that rely on technology-related processes.

TOP RISKS

DEBTOR RISK AND LEGISLATION

MITIGATION OF RISKS

Strict credit control, greater focus on operational management of collection and improvement of debt management.

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.

QUALITY OF RECRUITMENT

Overcome by hiring and retaining the necessary skills and ensuring the continuous training and development of employees.

TECHNOLOGY

Ongoing development of in-house technology is essential to remaining competitive and to avoid disruptors usurping the cluster's positioning with clients and in the marketplace.

UNITED NATIONS SOCIAL DEVELOPMENT GOALS ("SDG") PROGRESSION:



OUTLOOK

The outlook for the cluster is positive. As a result of competence and expertise the cluster was able to gain market share during the year, and achieve deeper penetration of the market.

This trend is set to develop further, along with the impetus in the market due to infrastructure development, primarily in the renewable energy sector. This, along with expected expansion into Africa, bodes well for the future. It is expected that in the coming financial year, all brands within the cluster will contribute meaningfully to income, strengthening the cluster's ability to operate as an autonomous operation.

INVESTMENT CLUSTER OPERATIONS REPORT (CONTINUED)



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

The restructuring of the Recruitment cluster, initiated during the previous financial year, and which involved separating generalist recruitment services from niche, more specialist revenue streams, proved to be successful. New services such as “map and attract” proved to be particularly effective during the year under review, generating good revenue for the cluster. The “blue collar” revenue stream also showed improvement, resulting in Workforce being appointed as the preferred service provider to a large petrochemical company. In addition, there was a focus on aligning the newer brands in the portfolio, including OTB, TeleResources and Accotech, to

these models, not only making it easier for clients to understand the brands, but also attracting more tender business, which in the Covid-19 years all but disappeared.

The additional revenue streams, and specific message to market for each brand worked well, underpinning an improved performance, which was bolstered by reduced competition, particularly in the permanent staffing solutions market. Anchor industry clients such as those in the mining, logistics and petrochemicals industries strongly supported the cluster’s service offering. Opex also remained a major focus, and was significantly reduced to ensure business sustainability.

EFFECTIVELY MANAGING THE CHALLENGES

OpenSource, the newest acquisition into the cluster, lost a major client at the beginning of the financial year. This challenge was quickly mitigated by ensuring that the business is exposed to existing clients, and supported by other businesses within the cluster to improve performance.

TOP RISKS

PRICING PRESSURE IN WHITE COLLAR INDUSTRY DUE TO NEW, ONE-MAN START-UPS

IMPACT OF "WORK FROM HOME" ON WINNING NEW CLIENTS AND TENDERS

MARKET SPEND

MITIGATION OF RISKS

Tender activity is once again on the rise and given the grouping of brands in the cluster, knowledge and experience, this effect can be countered.

Clients' remote working makes it difficult to secure new business, and has had an impact, particularly on the awarding of tenders, which slowed down substantially. The focus will be on growing existing clients.

Spending too little carries as much risk as spending too much. Given that costs are lean and the cluster is well positioned for the coming year, there is room to increase market spend slightly.

UNITED NATIONS SOCIAL DEVELOPMENT GOALS ("SDG") PROGRESSION:



OUTLOOK

Two significant accounts were won towards the end of the financial year, which along with an excellent existing client base, a leaner operation across all brands, dwindling competition, and a significantly upskilled team, places this cluster in a strong position for 2022, poised to take advantage of the business opportunities which still remain to be found in this market. Furthermore, digitisation and up-to-date tools are in place to align to market requirements.

INVESTMENT CLUSTER OPERATIONS REPORT (CONTINUED)

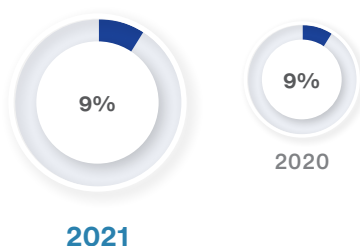


TRAINING AND EDUCATION

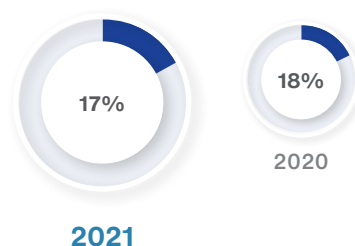
Globally there remains strong demand for development, training, and education from individuals and companies looking for continual improvement in workplace skills. This bodes well for the training cluster, which has vast experience particularly in vocations that require compliance and certification. 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

The Training and Education cluster delivered a good performance for the year under review, building on the strong performance of the first six months. Improvements to both online and blended service solutions, and the restructuring of several businesses, together with a reduction of Covid-19 lockdowns, resulted in improved revenue of 34%, while EBITDA increased by 56%. The cluster contributed 17% to EBITDA of the group. The cluster still lags from the 2019 base, but the group is confident that the parameters in place will come to fruition in the coming year.

Sikelela Training Academy, a dedicated compliance training offering, was integrated into KBC as a product offering, thus eliminating the duplication of costs, and ensuring exposure to at least 4 000 current clients within the KBC business.

Training Force, one of the largest brands within the cluster, underwent operational repositioning, with several actions

taken to improve performance during the first six months of the year. As a result of these interventions, Training Force delivered a strong performance during the second half of the year, with a newly appointed MD ensuring that this business continued to gain traction.

Chartall Business College ("Chartall") also delivered good results, being perfectly positioned to deal with pandemic conditions given its "online only" educational offering.

Other businesses within the cluster performed satisfactorily, with some bearing the brunt of corporate consolidations within the mining sector, which was still recovering from a low base.

Overall, the training and education cluster remains well positioned for the future, with technologies in place to ensure it remains capable of taking advantage of the digital transition, which is set to remain a reality, notwithstanding the lessening effects of Covid-19.

EFFECTIVELY MANAGING THE CHALLENGES

The cluster effectively devised new offerings, and transitioned to delivering training via digital platforms. This option, together with a facilitated training option, as well as a blended option of both, ensured that the training and education cluster continued servicing clients with minimum disruption. This included getting to grips with operating under pandemic and lockdown conditions, especially having to deal with smaller classrooms, as well as other challenges typically associated with training and learning environments during Covid-19.

The restructuring also resulted in a right-sized business ready to take advantage of any developments in the market, alongside a suitably strong management team and compatible client base, positioning the cluster well for the future. The downsizing in the mining sector will be surmounted by looking for opportunities in the industry's medium to smaller players and designing suitable products for these organisations.

TOP RISKS

PRODUCT AND SERVICE INNOVATION

CHANGES IN LEGISLATION

GENERAL ECONOMIC CONDITIONS

MITIGATION OF RISKS

Changes to digital and online training offerings to a blended approach were quickly and successfully implemented, although this remains an ongoing risk in the face of changing markets.

Changes in taxation and BEE legislation could potentially impact the businesses. The introduction of a new body within the Quality Council for Trades and Occupations ("QCTO") environment adds a new layer of complexity but not one which the cluster is unfamiliar with. The cluster has in-house expertise to manage the process.

The spread of deep expertise and industry knowledge is an advantage for the training and education cluster.

UNITED NATIONS SOCIAL DEVELOPMENT GOALS ("SDG") PROGRESSION:



OUTLOOK

The outlook for the cluster is positive, with good growth expected in 2022. Digital learning solutions are well entrenched and this, combined with the ability to offer courses in a facilitated (classroom) format or a blend of both, means the cluster can respond quickly and seamlessly to clients' needs. Further benefits are also expected to arise from the restructuring, and the management team has been bolstered by individuals with highly sought-after entrepreneurial skills, viewed as essential to driving growth and collaboration across the cluster to the benefit of all the brands.

The cluster remains on course for further acquisitions of part of its growth strategy and is capable of functioning as a stand-alone business into the future as the group positions itself for regeneration.

INVESTMENT CLUSTER OPERATIONS REPORT (CONTINUED)

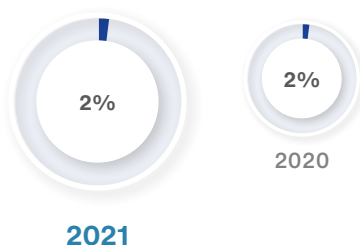


FINANCIAL SERVICES

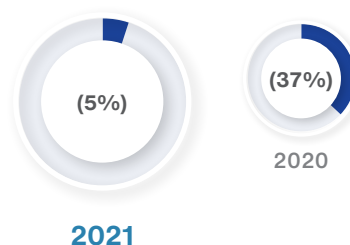
Lifestyle benefit packages, optimised financial services and support services, including funeral cover, medical insurance, hospital cover, responsible lending services, an affordable optometry and glasses programme, a wide range of financial products, as well as debt collection services. The philosophy of this investment cluster remains 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 an improved performance compared to 2020, but still lags the result produced in 2019. Highlights for the current year include the acquisition of GetSavvi, a health insurance company, in the Essential Employee Benefits (“EEB”) business, and a generally improved lending environment based on economic recovery.

This resulted in an increase in revenue of 48% to R80,8 million (2020: R54,6 million) and a reduced EBITDA loss of R12,4 million (2020: R55,0 million). The cluster contributed 2% to revenue of the group. This cluster was impacted by the unrest, poor economic conditions and job losses due to the lockdowns – all these factors impacting people’s ability to repay loans, with a cautious hesitance on the cluster to re-open loans too quickly.

The DebtWorx business is being restructured in order to expand its services beyond the internal servicing of the group to an external client focus.

EEB progressed well as an essential services company, with the diversification strategy through the acquisition of GetSavvi coming to fruition. In addition, there is a drive to secure additional, specific insurance products, and to expand further into financial services. This includes other strategic initiatives to improve sales and both the range and quality of products sold by this business.

Within Babereki, which went through a consolidation period post-lockdown as part of the overall preparation for the new environment, a renewed strategy was implemented to ensure a return to normal trading levels.

EFFECTIVELY MANAGING THE CHALLENGES

The cluster worked hard to ensure continuity of business during the year under review, and efforts to bolster activity, coupled with a large investment into technology through GetSavvi, returned a good result. The conservative approach to doing business ensured accelerated growth as the economy improved.

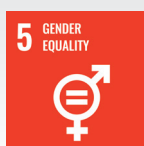
TOP RISKS

GENERAL TRADING

MITIGATION OF RISKS

The cluster has been affected by the various stages of lockdown and poor economic trading conditions. However, through strategic management intervention it was able to mitigate losses through improved business modelling and initiatives to ensure longevity.

UNITED NATIONS SOCIAL DEVELOPMENT GOALS (“SDG”) PROGRESSION:



OUTLOOK

Having resolved a number of operational and risk issues, and given the growth in DebtWorx from an external client perspective, along with improved sales and collections, as well as the revived ability for the EEB business to sell, in the difficult environment the outlook for the cluster has improved. The time taken during the lockdown periods to consolidate the business, and to relook operations and consolidate costs, has placed the cluster in a strong position to accelerate its successes, with the outlook as a whole being positive. Investment into analytical tools has been made to help support and control the business.

INVESTMENT CLUSTER OPERATIONS REPORT (CONTINUED)

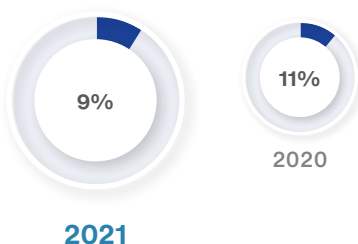


HEALTHCARE

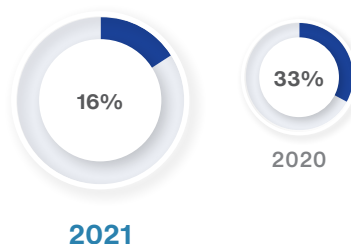
The healthcare investment cluster operates in a critical segment as the country positions to ensure all South Africans have access to suitable healthcare. Occupational health is a legislative requirement, and this provides further impetus for the cluster, as does the multitude of academic, specialised 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 experienced revenue growth of 6% compared to the previous financial year, which was organic in nature, with the cluster contributing 9% of revenue to the group. EBITDA was down to R41,6 million (2020: R49,6 million). Despite this reduction, the overall EBITDA result is for 2021 is 44% higher than EBITDA achieved in 2019. As a result, the cluster contributed 16% to group EBITDA. Strict cash preservation measures remain in place.

The supply of caregivers under the Allmed brand, is a significant part of the business of this investment cluster and in line with this, the cluster embarked on a national training initiative and drove greater brand awareness and marketing, with good results. Significant contracts with the Department of Health remain in place into which staff are regularly supplied.

The businesses in the cluster responsible for occupational health, wellness and Employee Assistance Programmes ("EAP") won a number of new clients in the financial year, in addition to entering into a joint venture with a leading pharmaceutical retailer in South Africa, thereby assisting clients with their own vaccination programmes. The Rustenburg fixed clinic acquisition provided additional business opportunities especially in the mining sector.

The businesses responsible for healthcare personnel played a vital role in the Covid-19 pandemic by staffing vaccination centres and providing nurses to the various laboratories involved in testing. This included setting up a 24/7 call centre in order to be accessible to clients.

The cluster achieved a Level 1 B-BBEE accreditation (2020: Level 2) 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 key systems and software that provide for improved efficiencies and higher service standards.

Keeping pace with technology has never been allowed to wane. Greater brand awareness and the supply of strategic services to clients has ensured that the brands remain top of mind. Despite ensuring costs remain in line, certain teams have been augmented by employing more permanent staff, coupled with the correct balance of temporary staff. The establishment of a cluster executive committee has ensured staff are empowered and included in decision making.

TOP RISKS

**CUSTOMER BUDGET CONSTRAINTS
AND LIMITED ACCESS DUE
TO WORK FROM HOME**

MITIGATION OF RISKS

Due to the increased ratio of employees working from home at our clients and to ensure sustainable access to care for our clients' employees, we adapted our model to cover employees working from home. Virtual events and vaccination webinars were held to ensure clients were well educated on the need for healthcare in the workplace.

Due to the impact of Covid-19 Infections of our professional staff, a pool of locums was sourced nationally to ensure continuity of services to our clients, with resources from the brands within the healthcare cluster also used for additional resources.

ECONOMY

The businesses were further diversified and also set about providing a more comprehensive service offering.

LIMITED RESOURCES IN SOUTH AFRICA

This was countered through greater brand awareness and visibility and outsourcing a talent acquisition specialist to recruit additional permanent staff.

UNITED NATIONS SOCIAL DEVELOPMENT GOALS ("SDG") PROGRESSION:



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, with employee wellness being critical to corporates and employers.

The legislative requirements for occupational healthcare are going to continue to be a significant driver of this investment cluster.

The investment into digital innovation will continue into the future, making both the delivery and access to information seamless.

With wellness and healthcare being pivotal to corporates and individuals alike, this investment cluster will continue to validate itself as a leader in the healthcare space, with brands that are able to withstand a recessionary environment. The impetus will also be driven by opportunities that exist in the healthcare space. An example of this is the opening of a service centre in Gqeberha in the Eastern Cape, with other centres to follow. The focus on the establishment and diversification of products and services on offer at clinics will also continue.

INVESTMENT CLUSTER OPERATIONS REPORT (CONTINUED)



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 still provides significant opportunities for Workforce Africa to tap into.

**FINANCIAL RESULTS FOR THIS INVESTMENT CLUSTER ARE INCLUDED
IN THE STAFFING AND OUTSOURCING INVESTMENT CLUSTER.**

HIGHLIGHTS OF THE YEAR

During the first six months of the year, operations continued to be impacted by Covid-19, particularly as travel restrictions affected the opening of new markets in Africa. However, activity gradually improved as the continent's economies started to pick up again, with business across all the countries the cluster operates in showing signs of recovery.

Botswana, the country in which the most well-rounded service offering is in place, has seen the development of new potential clients for insurance products. Services also include staffing, outsourcing and recruitment, employee benefits (such as funeral policies) and microfinance. This operation continued to perform well, with a number of new opportunities coming to fruition.

In Mauritius the restructuring and the focus on cost cutting paid off, which was supported by the reopening of the local economy, particularly the tourism sector.

In Mozambique, Workforce remains well positioned should activity on the Liquid Natural Gas ("LNG") project resume. Due to its strong presence in the country, the cluster continues to evaluate new opportunities outside of the project, many of which are now starting to bear fruit.

In Namibia, although operations remain small, the business has made good progress, particularly in the training and staffing offerings, with good growth as a result.

EFFECTIVELY MANAGING THE CHALLENGES

Covid-19-related travel restrictions were largely overcome by spending time enhancing existing relationships, and pivoting the business somewhat by offering online training and development tools. Even with travel starting to open again, Workforce Africa is able to demonstrate that it can contribute meaningfully to the skills development in Africa by having local skilled staff remaining in-country and transferring those skills to others, supported by online channels where necessary. The African strategy remains that of being able to build a sustainable business on the continent which is supported by local competence.

TOP RISKS

POLITICAL STABILITY

Evaluate and choose opportunities in stable countries or regions.

CURRENCY RISK

African currency volatility. Deal primarily in US dollars and Euro/foreign currency to mitigate this risk.

ECONOMIC RISK AND REGULATORY COMPLIANCE

Evaluate current and projected growth rates and continually monitor the likelihood of a change in regulation.

UNITED NATIONS SOCIAL DEVELOPMENT GOALS (“SDG”) PROGRESSION:



OUTLOOK

The outlook is positive, given that a strong, lean base is now in place from which to take on opportunities. The cluster also continues to strategically assess new countries and territories in Africa into which the suite of Workforce services and products can be offered. Further acquisitions and joint ventures are being investigated in another six countries in Africa, and it is hoped these will progress within the next 18 months. This points to the maturing of Workforce Africa, as operations continue to bed down and expand, and the businesses gain traction through their reputation and ability to deliver while at the same time developing skills that can remain in-country.

Given the greater focus on development into Africa, additional resources both in the form of human and financial capital are being directed to this investment cluster.

FINANCIAL DIRECTOR'S REVIEW

OVERVIEW OF THE YEAR

The five-year performance indicators on pages 26 to 27 illustrate a story of recovery. This is due in part to a slight improvement in economic conditions, but also to the tremendous work done by the investment clusters to turn to digitisation and to begin to sell their products and services in new ways. All of this led to a recovery of volumes across most the investment clusters, largely towards the second half of the financial year.

REVENUE

increased by 29,6% to

R3,5 billion

(2020: R2,7 billion)

EBITDA

increased by 98,4% to

R152,6 million

(2020: R76,9 million)

CASH FLOW FROM OPERATING ACTIVITIES

increased to

R100,7* million

(2020: R43,0 million)

* After normalisation of SARS VAT loan and an increased investment in debtors.

EPS

increased by 199,2% to

41,6 cents per share

(2020: 13,9 cents per share)

HEPS

increased by 239,0% to

40,7 cents per share

(2020: 12,0 cents per share)

DAYS OUTSTANDING

remained at 46 days – an improvement of 7 days across the past five-years

The directors elected not to declare a final dividend in order to conserve cash resources in light of current economic circumstances and to ensure sufficient capital for acquisitions.

The Covid-19 pandemic will long be remembered for the devastation it has left in its wake. Virtually no country, business, or family was able to escape its grip. However, it is encouraging that signs of normality are appearing, which bodes well for the coming financial year.

The 2021 financial year should be viewed as a story of recovery in financial metrics, culminating in a much-improved result from the previous financial year, taking Workforce back to 2019 levels and in some instances, even exceeding those results. This recovery across most metrics for the investment clusters is testament to the solid foundation that is in place at Workforce, which is of course supported by product and brand diversification.



Willie van Wyk
Financial director

FINANCIAL PERFORMANCE

It is a pleasure to report improved results from the comparative year under review. The 2021 financial performance was impacted by the elements mentioned above, supported by a strong recovery in the latter half of the year, which increased revenue to R3,5 billion compared to revenue of R2,7 billion in the previous year.

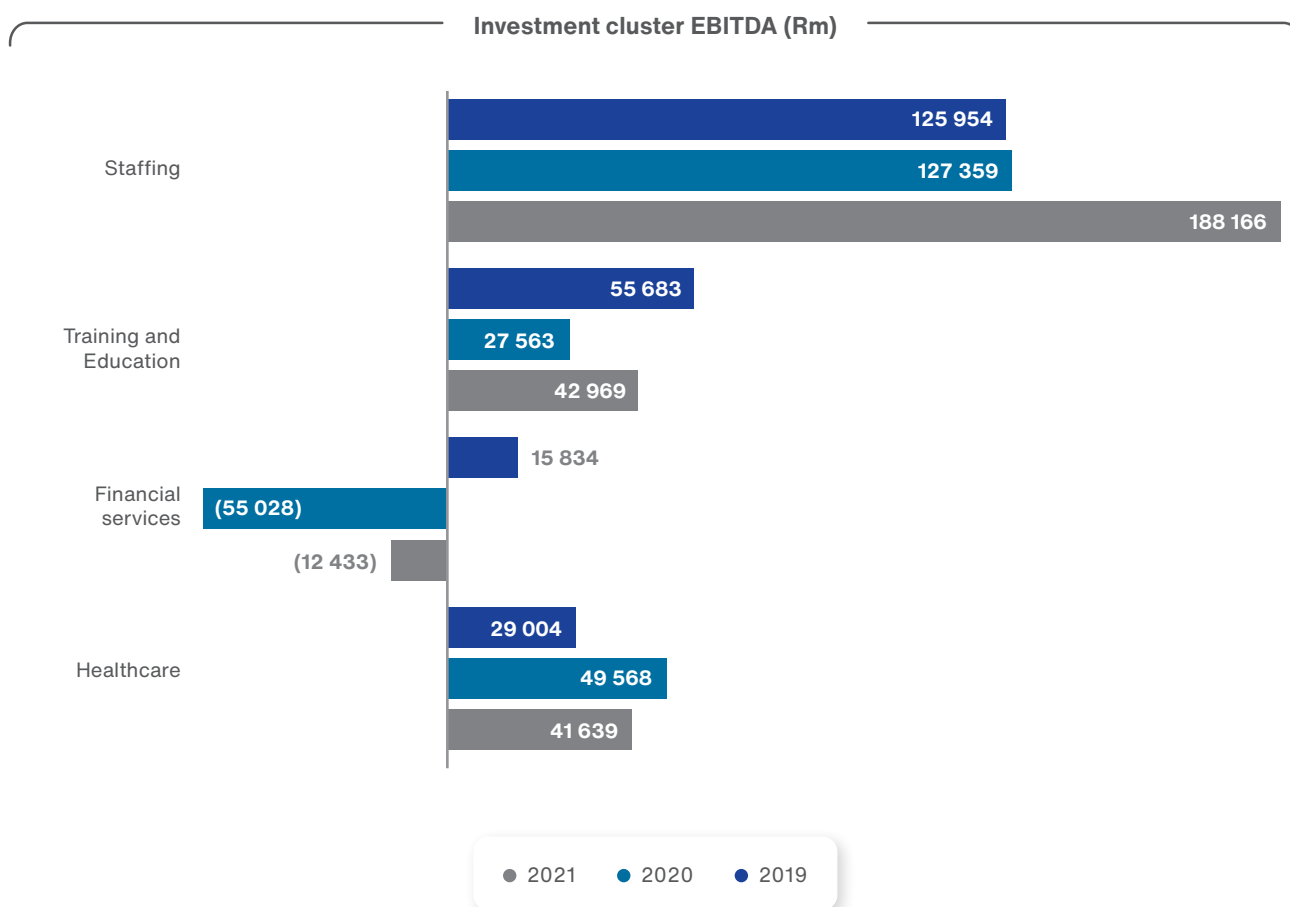
The improvement in EBITDA to R152,7 million represents an increase of 98,4% on the prior year and 8% higher than the R141,0 million of EBITDA produced in 2019. These numbers are indicative of a robust performance from the Staffing and Outsourcing and Training and Education investment clusters. Unfortunately, at an EBITDA level, the results from the Financial Services and Healthcare clusters detracted somewhat from the results. However, overall, the results are attributable to the diversified structure Workforce has in place.

Headline earnings per share ("HEPS") improved significantly by 239,0% to 40,7 cents per share compared to 12,0 cents per share in 2020.

PERFORMANCE OF INVESTMENT CLUSTERS

In summary, the performance of the investment clusters is pleasing and at a high level the following should be noted:

- Staffing and Outsourcing once again improved their results, and it should be remembered that within the results there is an amount of R38 million in 2021 attributable to the emergency tax relief under the ETI. If this amount is excluded from the cluster's overall performance, it remains a 20% better contribution from the 2019 financial year;
- Training and Education, though vastly improved from 2020, has not been able to return to 2019 levels, due to economic hinderances and disruptions in training programmes due to Covid-19;
- Financial Services was particularly hard hit by Covid-19 for the past two years, the unrests that took place in 2021 and a generally depressed economy; and
- Healthcare's performance improved from 2019 through benefiting from Covid-19, albeit that the 2021 performance is slightly lower than that of the 2020 financial year.



FINANCIAL DIRECTOR'S REVIEW (CONTINUED)

As the main contributing investment cluster, the Staffing and Outsourcing cluster experienced a good year, with revenue increasing by 28% to R2,7 billion (2020: R2,2 billion) and EBITDA improving by 48% to R188,2 million (2020: R127,4 million). The cluster contributed 72% to EBITDA of the group. All the businesses within the cluster showed recovery, and in most instances, a return to profitability. As a whole, the cluster experienced a stronger second half, reflecting the seasonal nature of the sector, with trading patterns starting to reflect a return to normality.

The Training and Education cluster delivered a good performance for the year under review, building on the strong performance of the first six months. Improvements to both online and blended service solutions, and the restructuring of several businesses, together with a reduction of Covid-19 lockdowns, resulted in improved revenue of 34%, while EBITDA increased by 56%. The cluster contributed 17% to EBITDA of the group. The cluster still lags from the 2019 base, but the group is confident that the parameters in place will come to fruition in the coming year.

The Financial Services cluster experienced an improved performance compared to 2020, but still lags the result produced in 2019. Highlights for the current year include the acquisition of GetSavvi, a health insurance company, in the Essential Employee Benefits ("EEB") business, and a generally improved lending environment based on economic recovery. This resulted in an increase in revenue of 48% to R80,8 million (2020: R54,6 million) and a reduced EBITDA loss of R12,4 million (2020: R55,0 million). The cluster contributed 2% to revenue of the group. This cluster was impacted by the unrest, poor economic conditions and job losses due to the lockdowns – all these factors impacting people's ability to repay loans, with a cautious hesitance on the cluster to re-open loans too quickly.

The Healthcare cluster experienced revenue growth of 6% compared to the previous financial year, which was organic in nature, with the cluster contributing 9% of revenue to the group. EBITDA was down to R41,6 million (2020: R49,6 million). Despite this reduction, the overall EBITDA result for 2021 is 44% higher than EBITDA achieved in 2019. As a result the cluster contributed 16% to group EBITDA. Strict cash preservation measures remain in place.

As a reminder to readers, pages 30 to 41 include the segment cluster operations report where each cluster provides detailed feedback on the market, risks and risk mitigation and outlook.

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 R15,4 million (2020: R27,7 million). The gross ETI for the year amounted to R91,3 million (2020: R96,1 million), however of this, R40,8 million (2020: R55,6 million) was as a result of extended non-recurring ETI claims applicable to the respective years.

A special ETI, allocated by government to support the depressed economic conditions as a result of the extended Covid-19 lockdowns, from August to November added an additional R40,8 million to the normal ETI dispensation.

CASH

The business effectively generated cash flow from operating activities of R43 million, after taking into account a VAT payment deferral granted during 2020 due to Covid-19, which had to be paid back in 2021. Higher trading levels caused an increase in trade receivables to the amount of R148 million. Days sales outstanding remained unaltered from 2020 levels at a healthy 46 days.

Workforce remains a going concern, with sufficient liquidity to ensure ongoing. The group is well positioned to benefit from improved economic conditions going forward as the economy returns to a level of normality.

ACQUISITIONS AND DIVERSIFICATION

The quick and robust adoption of technology to support digitisation to train, recruit, communicate and interact with customers and assignees has been of tremendous benefit to the group. Our technology is also continually enhanced to ensure ongoing relevance and efficient to customers.

Acquisitions remain a fundamental part of Workforce's growth and these, together with organic growth, will ensure that our theme of #newdimensions truly supports Workforce's future through ensuring relevance in the services we provide and in the products we supply.

Since 2015, ten (10) brands have been added into the respective investment clusters. In this time, the group has paid a total of R261 million for acquisitions and has earned 74% of the purchase consideration back in profit before tax.

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 considering current economic circumstances.

GEARING

Workforce has a debt-to-equity ratio of 0,39 compared to the previous year of 0,35. The slight increase, compared to the previous year, is mainly due to the increase in working capital levels as a result of the normalisation of business activities.

LOOKING TO THE FUTURE

The investment clusters are to be commended for the incredible job they have done on so many levels. They have respectively undertaken cost cutting, not to detrimental levels, but to reasonable levels and as the economy has slowly recovered from Covid-19, they have employed skills to fill any gaps they had. They have ensured that their products and services are available through a variety of channels and the move to digitisation has been well implemented and will continue to be improved on into the future.

For the past 10 years, acquisitions have provided additional brand penetration for Workforce and we now have 32 trading brands within the group. The careful implementation of this strategy will continue, always ensuring that strong, meaningful brands are added to the group.

Our cautious, yet strategic growth approach both inside and outside of South Africa continues to provide opportunities. Being operational in five countries outside of South Africa and within the borders of the country through 102 branches, means that careful consideration to the alignment of our strategy across the entities needs to continue to be on point, which we are confident will be the case. We look forward to the coming year – despite difficulties in the current year, our resilience and growth has certainly come through in these results.



Willie van Wyk
Financial director

30 March 2022

04

IMPACT AND CORPORATE GOVERNANCE

OUR IMPACT

Environmental, social and governance (“ESG”) responsibility is gaining traction amongst investors globally as the world increasingly looks to companies to play a more conscious 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. Through our operations, we contribute to the achievement of the following United Nations Sustainable Development Goals (“SDG”):



Workforce is committed to, in the years to come, expanding its level of disclosure and the measurement of our impact as pertains to governance, intellectual capital, the environment, electricity, water management, waste and environmental efficiency investments.



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 with respect to environmental sustainability are aimed at mitigating the impacts of our operating divisions on the environment in order to respond to the challenge of climate change while minimising our operating costs (see further details on page 61 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 five 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.

R1,1 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

Investment committee

Social, ethics and transformation committee

Remuneration and nominations 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

THE IMPORTANCE OF STAFF WELLBEING

The wellbeing of our human capital continues to be of paramount importance to Workforce. A commitment was made and is being upheld to invest 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 ongoing help of psychologists and coaches, Workforce ensures that staff are able to positively deal with workplace pressures. They are provided with the necessary life-skills to understand how to embrace emotional maturity, which in turn ensures productivity and innovation.

This approach was initiated a few years ago and the programme for staff is supported by Workforce Healthcare as well as external psychologists and councillors providing support and benefits to staff in their language of preference.

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 the following: 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 2021

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

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



Business activities of the investment clusters	Inputs	Outcomes	2021
<ul style="list-style-type: none"> • Permanent placement recruitment • Functional outsourcing • Specialist staffing • Temporary employment services • Disability staffing solutions • Payroll management • Business process outsourcing • Training and skills development <ul style="list-style-type: none"> – 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> Revenue EBITDA Trading brands in the group Footprint extends to all provinces in SA Active branches beyond our borders Business structure reorganised into investment clusters Increased intergroup synergies 	<ul style="list-style-type: none"> R3,5 billion R152,6 million 32 9 6 6 Greatly improved to the benefit of the entire group
		<p>Acquired OpenSource Intelligent Solutions effective 1 January 2021, forming part of the recruitment investment cluster and GetSavvi Health, forming part of the Healthcare cluster</p> <p>Technology is a differentiator</p>	

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.

Technology and software development continues to be an important area of development for Workforce across the

investment clusters. Workforce was quick to adapt through the pandemic and in some cases increased market share due to the quick and convenient delivery of services.

Another successful differentiator for the group has been its acquisition track record. Since 2015, ten (10) brands have been added into the respective investment clusters.

In this time, the group paid a total of R261 million for acquisitions to date and earned 74% of the purchase consideration back in profit before tax.

SUSTAINABLE VALUE 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:



See the infographic of our value creation for stakeholders on page 25 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.

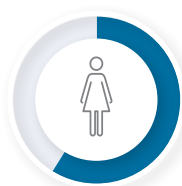
FOCUS AREAS FOR 2021

- Executive leadership and management development
- Automation and integration of human resource data
- Transforming our workforce by achieving Employment Equity (“EE”) objectives and compliance
- 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

PERMANENT STAFF (1 319)

TEMPORARY STAFF (11 934)

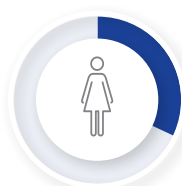
By gender



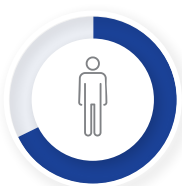
Female
59%



Male
41%



Female
32%



Male
68%

Youth employed (aged between 18 and 35)



Female
21%



Male
15%

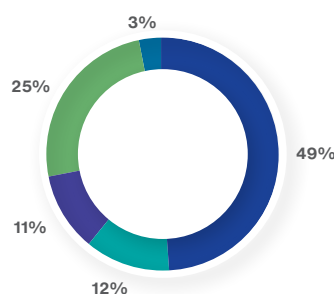


Female
64%

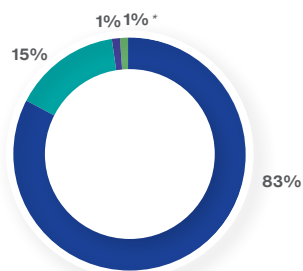


Male
66%

By ethnicity



- African
- Coloured
- Indian
- White
- Foreign nationals



* Foreign nationals 0%.

Inputs	Outcomes	2021	2020
<ul style="list-style-type: none"> Experienced leadership and management Diverse, experienced and motivated workforce Motivated and skilled contractors/assignees Safe working environment Compliant and fair labour practices Competitive remuneration packages Access to lifestyle benefits Access to death and disability benefits Skills training and upskilling of our workforce Stable work environment Health and wellness services 	<ul style="list-style-type: none"> Total number of people remunerated during the year (IRP5s issued) Total number of permanent employees % of “black” employees % of female employees % of “black” top management Average number of assignees deployed weekly Total amount paid in salaries/wages 	<ul style="list-style-type: none"> 61 109 1 319 76% 59% 34% 37 605 R2,3 billion 	<ul style="list-style-type: none"> 64 310 1 259 72% 61% 24% 33 884 R2,1 billion

TRADE-OFFS

The group granted annual salary increases of an average of 5%, 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 1 319 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 continues to comply by submitting 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 campaigns and EE training.

We continue to develop EE plans for the investment clusters incorporating designated employers. These plans are 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 EEA 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.

HUMAN CAPITAL OUTCOMES (CONTINUED)

EE 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. Within the investment clusters, human resources are committed to 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 36% (2020: 39%) of our permanent staff and 71% (2020: 70%) 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 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, intensive 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 that received 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, EE 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. In 2021 we concentrated on completing learnerships started in the previous two years.

Learnership completions during 2021

Unfortunately, many of the external moderations planned for 2021 were delayed due to the temporary suspension of some of the training due to Covid-19. We are pleased to report, however, that 38 of our previously unemployed learners, who registered as Apprentice Artisans, successfully completed their trade test, made up of 21 plumbers and 17 bricklayers.

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.

HEALTHY MINDS AND BODIES

The #WorkforceWellness programme comprises components of:

- 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 psychosocial support. A qualified psychotherapist 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.

Training for permanent staff	Number of learners	Number of black learners	Black youth (under 36)
Business Admin NQF3 (March 2020 – September 2021) (Completed)	127	121	36%
Generic Management NQF5 (November 2019 – May 2021) (Completed)	121	71	30%
Generic Management NQF5 (November 2020 – May 2021) (Workforce Healthcare) (Not yet complete)	12	9	77%
Labour Relations Administration NQF5 (February 2020 – August 2021) (Completed)	20	16	47%
Occupational Health, Safety and Environment (February 2020 – February 2021) (Completed)	21	21	33%
End-user Computing NQF3 (November 2019 – May 2021) Completed	18	18	77%
National Certificate: Occupationally-Directed Education Training and Development Practices NQF4 (March 2021 – September 2022)	76	60	79%
National Certificate: Information Technology: End User Computing NQF3 (March 2021 – September 2022)	15	15	100%
Secretarial/Administration Services NQF3 (March 2021 – September 2022)	38	35	92%
Secretarial/Administration Services NQF4 (March 2021 – September 2022)	4	4	100%
Labour Relations Administration NQF5 (March 2021 – September 2022)	48	39	81%
Generic Management: General Management NQF5 (March 2021 – September 2022)	56	45	80%
Contact Centre and Business Process Outsourcing Support NQF3 (March 2021 – September 2022)	3	3	100%
National Certificate: Occupationally-Directed Education Training and Development Practices NQF5 (September 2021 – March 2023)	45	43	96%
National Certificate: Information Technology: End User Computing (September 2021 – March 2023)	1	1	100%
Secretarial/Administration Services NQF4 (September 2021 – March 2023)	7	7	100%
Secretarial Administration NQF4 (September 2021 – March 2023)	37	37	100%
Labour Relations Administration NQF5 (September 2021 – March 2023)	14	13	93%
Generic Management: General Management NQF5 (September 2021 – March 2023)	30	23	76%
Contact Centre and Business Process Outsourcing Support NQF3 (September 2021 – March 2023)	8	8	100%
Bursaries	17 permanent staff members were registered for a BBA degree offered by Chartall		
Career Path Training	77 permanent and contract staff were selected to attend a series of accredited and non-accredited training specifically tailored to individualised career paths		

Training for contract staff	Number of learners	Number of black learners	Black youth (under 36)
National Certificate: Wholesale and Retail: Stock Control in a Distribution Centre NQF3 (Project 1)	207	206	82%
National Certificate: Wholesale and Retail: Stock Control in a Distribution Centre NQF3 (Project 2)	69	69	100%

HUMAN CAPITAL OUTCOMES (CONTINUED)

WORKFORCE HOLDINGS LIMITED EMPLOYMENT EQUITY STATISTICS

	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	2	–	4	19	2	3	2	6	–	–	38
Senior management	6	3	6	29	6	5	2	27	2	–	86
Professionally qualified, experienced specialists and mid-management	28	8	15	47	30	18	13	49	5	2	215
Skilled technical, academically qualified workers, junior management, supervisors, foremen and superintendents	127	38	24	39	116	67	22	59	6	7	505
Semi-skilled and discretionary decision making	95	15	10	2	189	53	16	38	1	5	424
Unskilled and defined decision making	4	–	–	–	45	1	–	–	–	1	51
Total permanent	262	64	59	136	388	147	55	179	14	15	1 319
Temporary employees (less than three months)	6 722	1 191	59	94	3 178	593	24	32	14	27	11 934
Grand total	6 984	1 255	118	230	3 566	740	79	211	28	42	13 253
People with disabilities	3	–	–	3	2	–	1	5	–	1	15

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. 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.

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 2021

- 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	Outcomes	2021	2020
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> Total SED expenditure B-BBEE rating Black ownership Black women ownership Learnerships for unemployed <ul style="list-style-type: none"> – 100% of learners were black – 59% of learners were “youth” Breach of privacy and loss of consumer data 	<ul style="list-style-type: none"> R1 165 569 Level 1 51,29% 40,20% 818 Nil 	<ul style="list-style-type: none"> R1 024 650 Level 2 51,28% 40,13% 483 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”.



SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES (CONTINUED)

Stakeholder group	Nature of engagement	Key issues raised	Our response and the value we create
 Shareholders and providers of capital	Annual report; SENS announcements; 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, 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	Working conditions; benefits; employee welfare; training; mentoring; succession planning; remuneration, reward and recognition; discipline; working conditions; health and safety	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	The JSE Limited ("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 10 protected disclosures received via the whistleblower's hotline and one disclosure through internal channels. Seven disclosures were fully investigated, and the applicable appropriate corrective actions taken by management. Three disclosures 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, while one was superseded by changes in the underlying circumstances that existed at the time the report was made.

PROTECTION OF PERSONAL INFORMATION ("POPI")

The group can report baseline POPI Act compliance since 1 July 2021 with key policies approved and distributed to all staff. The required Privacy Policy and updated Promotion of Access to Information Act ("PAIA") manuals have further been published on the Workforce Holdings website, as well as individual entity websites. The group has registered an Information Officer and Deputy Information Officers with the offices of the Information Regulator for each cluster with dedicated email channels to monitor any complaints which may be received. The group has not been alerted to any concerning conduct/non-compliance incidents and no data breaches have been reported to date.

B-BBEE

Good B-BBEE credentials are vital to do business in South Africa and supports our social licence to operate. The group achieved a Level 3 B-BBEE rating on the revised codes of good practice. The score was increased to a Level 1 due to the successful implementation of the YES Programme.

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES (CONTINUED)

B-BBEE scorecard	2021	2020
Equity ownership	23,29	23,11
Management and control (including employment equity)	8,14	7,18
Skills development	11,08	9,29
Enterprise and supplier development	42,54	42,48
Socio-economic development	5,00	5,00
Total score	90,04	87,06
B-BBEE level	3	4
Additional levels achieved (YES)	2	2
Final B-BBEE level achieved	1	2

In 2021 the group again 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 3 to a Level 1.

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 businesses 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.

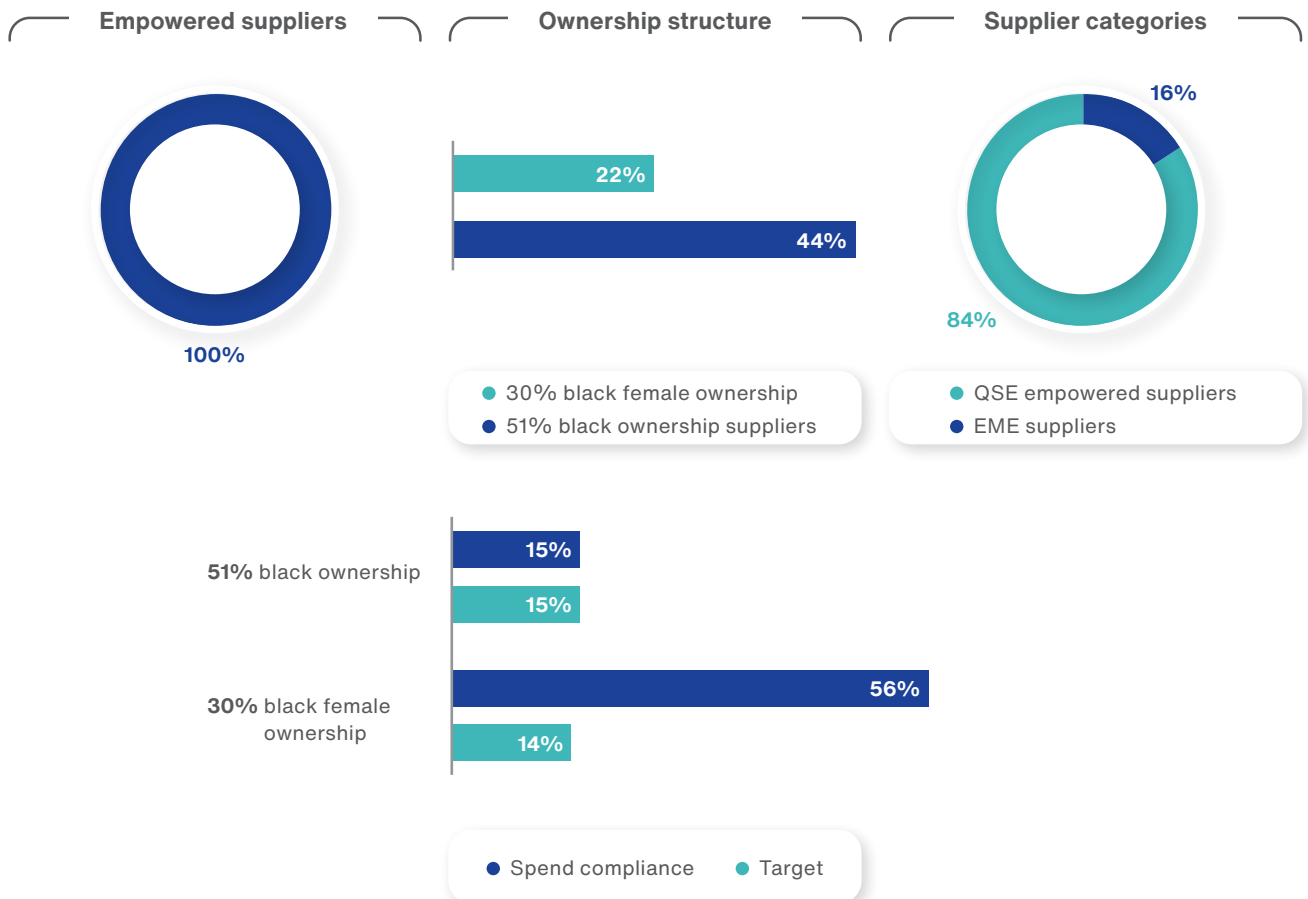
SUPPLIER DEVELOPMENT

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 as well as giving one of these businesses a donation to assist with cost associated with their development and growth.

PREFERENTIAL PROCUREMENT

The group has 1 538 (2020: 2 527) 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 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.



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:

Monetary donations were given to the following associations:

- The Association of the Aged
- Cape Peninsula Organisation for the Aged
- Door of Hope
- Akanani Sport
- Bobbi Bear home for sexually abused children in KwaZulu-Natal
- Adamsonvlei Farm School

Eyeworx

Given the massive success of the project in 2020, Workforce again carried out over 500 eye tests and donated 479 pairs of glasses to children at previously disadvantaged schools across Gauteng

Africa Upskill for Entrepreneurial Training

R100 000 was donated to this non-profit organisation ("NPO") for the training of black entrepreneurs

SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES (CONTINUED)

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 again 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.

During the current financial year, a lot was done to catch up on the completion of learnerships that were started in 2020/2021 but not necessarily completed due to Covid-19.

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%
Contact Centre Support NQF2	Hosted	January 2020 to July 2021	301	301	49%
Contact Centre and Business Process Outsourcing Support NQF3	Hosted	January 2020 to July 2021	61	61	100%
Further Education and Training Certificate: Early Childhood Development NQF4	Hosted	March 2021 to September 2022	31	31	100%
Secretarial Administration NQF4	Hosted	March 2021 to September 2022	105	105	100%
Contact Centre and Business Process Outsourcing Support NQF3	Hosted	February 2021 to August 2022	146	146	100%

Please see details in the learnership completed during 2021 paragraph on page 52 for details on the success achieved in training and qualifying bricklayers and plumbers.

YES PROGRAMME

The YES 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 intention is that the next phase of this initiative will be to incorporate environmental measurement indicators and measurement thereof.

Decrease paper usage – By raising awareness of paper usage, the response throughout the group has been impressive, especially in respect of reducing 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 vitae 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. Creating a greater consciousness of the need to recycle has also created a better 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.

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 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

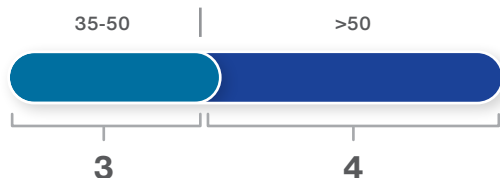
and performance targets as well as any risks involved in the implementation of the strategy. It is collectively responsible for the group's long-term success. The board is accountable to shareholders and strives to balance the interests of the group and those of its various stakeholders. All directors 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 the 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.

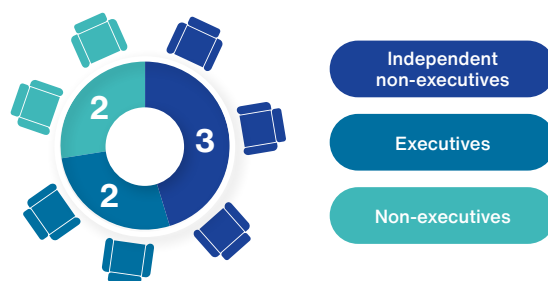
BOARD COMPOSITION

No changes were made to the composition of the board. The board met four times during the 2021 financial year.

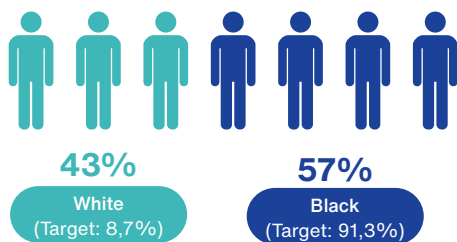
Director ages (years)



Director classification reflecting suitable balance



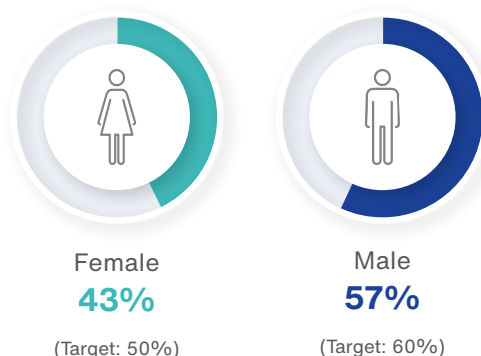
Ethnicity



EAP national statistics used to determine race and gender targets

("Black" includes African, Coloured and Indian)

Gender



Committee membership

Name and qualifications	Designation and other public company appointments	Attendance	ARC	RNC	SEC	IC
Executive						
Ronny Katz (79) <i>BCom, LLB, MBA</i>	Chief executive officer	4/4				✓
Willie van Wyk (51) <i>CA(SA)</i>	Financial director	4/4				✓
Non-executive directors						
John Macey (60) <i>BBusSci (Hons), BCom (Hons), CA(SA)</i>	Independent non-executive chairman	4/4	✓	✓		✓ *
Kyansambo Vundla (43) <i>BCom, HDip Acc, CA(SA)</i>	Independent non-executive director	3/4	✓ *	✓ *		
Shelley Thomas (56) <i>CA(SA)</i>	Independent non-executive director	4/4	✓		✓ *	
Shaun Naidoo (37) <i>CA(SA), MBA</i>	Non-executive director	4/4		✓	✓	✓
Inshaaf Ross (50) <i>BCom</i>	Non-executive director	4/4		✓	✓	

* *Chairman.*

ARC – audit and risk committee.

SEC – social, ethics and transformation committee.

RNC – remuneration and nominations committee.

IC – investment committee.

Directors' resumes can be found on page 70.

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 has 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 race and gender diversity policy. Although no appointment was made during the reporting period, targets for gender and race were agreed upon 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 ("AGM") of the company, is obliged to retire and being eligible, offers him/herself for election at the next AGM.

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 AGM. 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 AGM, Shelley Thomas and Inshaaf Ross will retire and be eligible for re-election. Brief professional profiles of Shelley Thomas and Inshaaf Ross can be found on page 71 of this 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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.

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 ethics and 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 whistleblower 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 PAIA, 2000 (Act 2 of 2000).

Independents and conflicts

During the year ended 31 December 2021, 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 21 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, Kyansambo Vundla in 2010 and an assessment was conducted by the remuneration and nominations committee to ensure that they were 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 indicator 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 pages 70 to 71 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 the 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 was reviewed during the reporting period and 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. Covid-19 and the expansion of the investment holding company, discussions were ongoing to ensure the viability of an enhancement strategy.

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 ensure 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. Implementation of the POPIA was monitored during the reporting period and found to be compliant. 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

In 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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 66, 82 to 86	Page 67	Page 67, 72 to 74	Page 68, 75 to 79	Page 67

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 AGMs to answer questions raised by shareholders.

AUDIT AND RISK COMMITTEE

Due to the size of the company, it was decided that 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 AGM, 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 qualifications, 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 the 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 2021 financial year, the committee met on four 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 <i>BCom, HDip Acc, CA(SA)</i>	43	November 2010	Independent non-executive director chairman	3/4 meetings
John Macey <i>BBusSci (Hons), BCom (Hons), CA(SA)</i>	60	November 2008	Independent non-executive director member	4/4 meetings
Shelley Thomas <i>CA(SA)</i>	56	December 2016	Independent non-executive director member	4/4 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 INFORMATION SERVICES ("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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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)	56	December 2016	Independent non-executive chairman	4/4 meetings
Shaun Naidoo CA(SA), MBA	37	March 2018	Non-executive director	3/4 meetings
Inshaaf Ross BCom	50	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 72 to 74 of the integrated annual report for the social, ethics and transformation committee report.

REMUNERATION AND NOMINATIONS COMMITTEE

In reviewing the committee composition last 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 the 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 <i>BCom, HDip Acc, CA(SA)</i>	43	November 2010	Independent non-executive chairman	2/2 meetings
John Macey <i>BBusSci (Hons), BCom (Hons), CA(SA)</i>	60	November 2008	Independent non-executive member	2/2 meetings
Shaun Naidoo <i>CA(SA), MBA</i>	37	June 2017	Non-executive director	1/2 meetings
Inshaaf Ross <i>BCom</i>	50	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 <i>BBusSci (Hons), BCom (Hons), CA(SA)</i>	60	November 2017	Independent chairman	1/1 meeting
Shaun Naidoo <i>CA(SA), MBA</i>	37	November 2017	Non-executive director	1/1 meeting
Ronny Katz <i>BCom, LLB, MBA</i>	79	November 2017	Chief executive officer	1/1 meeting
Willie van Wyk <i>CA(SA)</i>	51	November 2017	Financial director	1/1 meeting

BOARD OF DIRECTORS

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.

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 Limited ("Vunani") (then African Harvest) and has worked across the group in several capacities. She is currently head of human resources at Vunani. 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 2021 and will be presented to the shareholders at the AGM to be held on 27 May 2022.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE MEMBERS

The social, ethics and transformation committee met four 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)	56	December 2016	Independent member	Over 25 years of experience in financial and risk management	4/4 meetings
Shaun Naidoo CA(SA), MBA	37	March 2018	Non-executive member	Execution of corporate transactions, B-BBEE structuring, balance sheet restructuring, valuations, IFRS and tax advisory and capital raising	3/4 meetings
Inshaaf Ross BCom	50	August 2018	Non-executive member	Over 20 years' experience in human resources and related areas	4/4 meetings
Other standing invitees	Financial director, group HR manager, company secretary, cluster 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 the 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 AGM on the matters within its mandate.

PERFORMANCE FOR 2021

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 that it covered all the necessary tools to monitor ethics and business conduct.

The company's "whistleblower and whistleblower protection policy" 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.

During the reporting period there were 10 protected disclosures received via the whistleblower's hotline which from a total permanent staff count of 1 319 is encouraging. Details on the cases is disclosed on page 57 in the Management of ethics and anti-corruption section.

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.

United Nations Social Development Goals

At the start of this impact and corporate governance section of this report on page 46, the group has begun to disclose alignment with certain SDGs.

Corporate social investment

It is critical that CSI initiatives are sustainable and the group is proud to feedback on the continuation of the Eyeworx project. Given the massive success of the project in 2020, Workforce again carried out over 500 eye tests and donated 479 pairs of glasses to children at previously disadvantaged schools across Gauteng in 2021.

The pandemic affected so many and monetary donations were made to the following associations:

- The Association of the Aged;
- Cape Peninsula Organisation for the Aged;
- Door of Hope;
- Akanani Sport;
- Bobbi Bear home for sexually abused children in KwaZulu-Natal; and
- Adamsonvlei Farm School.

In line with the theme of sustainability, a donation of R100 000 was made to a non-profit organisation, Africa Upskill for Entrepreneurial Training, for the training of black entrepreneurs.

Establishment of cluster social and ethics committees

Given the continual enhancement of the investment cluster structures, I am happy to report that all the investment clusters are now attending the social, ethics and transformation committee to ensure unity within the group.

Employees

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

Skills development plays a critical role in our business and remains a key area of focus. 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 1 B-BBEE rating, an improvement on the previous year's Level 2 rating. Additional information on pages 58 to 61 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.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

REPORT (CONTINUED)

Appointments are monitored on a monthly basis and reported on by group Human Resources at the social, ethics and transformation committee. Across the year, 516 appointments, of which 336 were permanent and 180 were fixed-term contract appointments, were made, with 51% deviations.

Deviations are consistently monitored and corrective action suggested to investment clusters in order to support B-BBEE and employment equity targets and principles.

During the year 71 promotions took place across the group, of which 76% were 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 55 to 57 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.

It is the intention of the group to, in future, embark upon the measurement and reduction of fuel consumption, electricity, carbon emissions, water and waste management as well as assess environmental efficiency investments.

Evaluation of committee performance

The committee agreed to conduct evaluations only every second year and there was no evaluation conducted during 2021. However, the committee reviewed the focus areas for the 2022 year for monitoring by the committee, with the following focus areas identified for further action:

- The enhancement of non-financial elements that will form part of the short-term incentive performance measures; and
- transformation on top and senior management level.



Shelley Thomas

Social, ethics and transformation committee chairman

30 March 2022

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, the targets had been reviewed and 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 2021:

Name and qualifications	Age	Appointed	Designation	Experience	Attendance
Kyansambo Vundla <i>BCom, HDip Acc, CA(SA)</i>	43	November 2010	Independent chairman	Over 24 years of experience in the financial services industry	2/2 meetings
John Macey <i>BBusSci (Hons), BCom (Hons), CA(SA)</i>	60	November 2008	Independent member	Over 35 years of experience in finance and financial management	2/2 meetings
Shaun Naidoo <i>CA(SA), MBA</i>	37	March 2018	Non-executive member	Execution of corporate transactions, B-BBEE structuring, balance sheet restructuring, valuations, IFRS and tax advisory and capital raising	1/2 meetings
Inshaaf Ross <i>BCom</i>	50	August 2018	Non-executive member	Over 20 years of 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.

REMUNERATION AND NOMINATIONS COMMITTEE REPORT (CONTINUED)

EVALUATION OF THE COMMITTEE

The committee agreed to only have evaluations every second year and no evaluation was conducted for the 2021 financial year. However, the committee did review the focus areas and agreed that these remain relevant for the 2022 financial year.

The ongoing areas of the committee remain as follows:

- Finalise the key performance indicators ("KPIs"), including non-financial elements, of all executive committee members;
- Finalise the Scheme to be used for long-term incentives; and
- Finalise succession plans on Workforce Holdings level (chief executive officer and chairman).



Kyansambo Vundla

Chairman of the remuneration and nominations committee

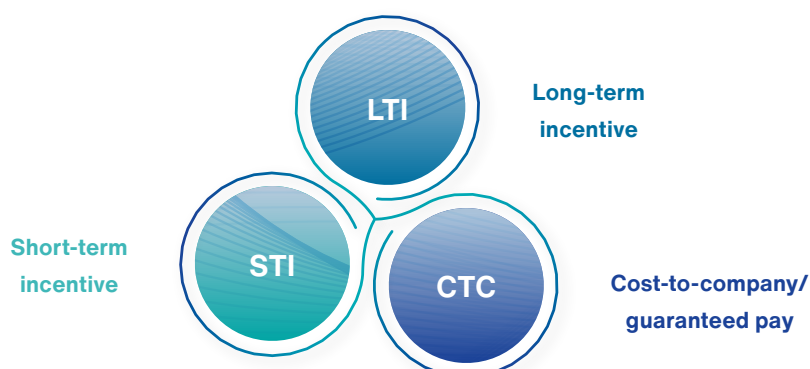
30 March 2022

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	
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 KPIs 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 the 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 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 appointed a service provider to assist the company in formulating a new LTIP to meet the needs of the company.

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 cost to company ("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. A 5% increase was approved for all employees and was implemented in July 2021.

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 exclude value-added tax ("VAT") and are recommended by the committee and will be approved by the shareholders at the AGM in May 2022.

Non-executive directors receive a base fee for their 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 that non-executive directors are expected to bring to bear in decision-making by the board.

The board wishes to recommend to shareholders an increase of 6% to the non-executive director fees. 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. The fees are set out in the notice of AGM on page 155.

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 AGM.

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.

REMUNERATION AND NOMINATIONS COMMITTEE REPORT (CONTINUED)

3. Remuneration implementation report

The remuneration implementation report details the outcomes following the implementation of the approved remuneration policy detailed on pages 75 to 77 of the integrated annual report.

2021 TOTAL COST OF EMPLOYMENT (“TCOE”) AND INCREASES

The TCOE salaries for executive directors, as stated in note 22 on page 141 of the audited financial statements, and other employees of the group have been increased as follows effective 1 July 2021:

	TCOE 2021 % increase	TCOE 2020 % increase
<i>Executive directors</i>		
RS Katz	11	–
WP van Wyk	21	–
<i>Prescribed officers/ Cluster heads</i>		
SB Herscovitz	(2)	–
S Momberg	21	–
DS McMillan	23	–
RB Malkin	11	–
E Vanassche	10	–
J Kruger	9	–

Refer to note 22 on page 141 for a detailed breakdown of executive directors and prescribed officers’ remuneration.

The TCOE as earned by executive directors and prescribed officers for the period 2021 are as follows:

	TCOE 2021 R’000	TCOE 2020 R’000
<i>Executive directors</i>		
RS Katz	4 400	3 967
WP van Wyk	2 980	2 454
<i>Prescribed officers/ Cluster heads</i>		
SB Herscovitz	4 610	4 729
S Momberg	5 140	4 236
DS McMillan	4 372	3 566
RB Malkin	3 006	2 699
E Vanassche	2 932	2 656
J Kruger	2 846	2 619
Total	30 286	26 926

2021 ANNUAL INCENTIVE BONUS

The awarding of annual incentive bonuses for the year ended 31 December 2021 were in line with the group’s remuneration policy and stipulated allocation levels, which payments have been detailed on page 141 of the integrated report under note 22 “remuneration implementation report”.

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

	2021 annual incentive bonus R’000	2020 annual incentive bonus R’000
<i>Executive directors</i>		
RS Katz	315	297
WP van Wyk	235	220
<i>Prescribed officers/ Cluster heads</i>		
SB Herscovitz	1 904	2 274
S Momberg	1 240	670
DS McMillan	2 051	1 520
RB Malkin	140	100
E Vanassche	170	150
J Kruger	500	130
Total	6 555	5 361

2021 LONG-TERM INCENTIVES (“LTI”)

There was no LTI remuneration made to executive directors and prescribed officers for the period 2020 or 2021.

	2021 LTIP payments R’000	2020 LTIP payments R’000
<i>Executive directors</i>	–	–
<i>Prescribed officers/ Cluster heads</i>	–	–

NON-EXECUTIVE DIRECTORS' REMUNERATION

The participation of non-executive directors is essential to the group achieving its strategic objectives. Non-executive directors' fees are therefore recommended by the executive directors and the 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 AGM. The current fee levels are approved by shareholders at the AGM to be held on 27 May 2022 and are stated on page 155 of the notice of AGM included in this integrated annual report.

The total amount spent on non-executive directors' fees for 2021 and 2022 are as follows:

	2021 R'000	2020 R'000
Non-executive directors' fees	1 449	1 129

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 during the year under review and found them still to be appropriate to meet the needs of the company.

05

ANNUAL FINANCIAL STATEMENTS

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 2021, 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 2022 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 2021.

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 30 March 2022 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 80 to 147, 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.



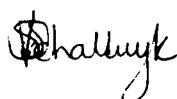
RS Katz
Chief Executive Officer



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 Companies Act and further, that such returns are true, correct and up to date.



Sirkien van Schalkwyk
Company Secretary

Johannesburg

30 March 2022

AUDIT AND RISK COMMITTEE REPORT TO SHAREHOLDERS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 27 May 2021, 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 Kyansambo 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 2021 financial year, the committee met on four occasions and meetings were scheduled in line with the group's financial reporting cycle.

The audit and risk committee attendance are 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	3/4 meetings
John Macey BBusSci (Hons), BCom (Hons), CA(SA)	60	November 2008	Independent member	Over 35 years of experience in finance and financial management	4/4 meetings
Shelley Thomas CA(SA)	55	December 2016	Independent member	Over 25 years of experience in financial and risk management	4/4 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 Companies 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 Companies 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 Companies 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 9 November 2021, 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 2021 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 2021, 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) of the JSE Listings Requirements in their assessment of the suitability for appointment of Crowe JHB and Gary Kartsounis prior to their reappointment, which was presented on 23 March 2021;
- 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 responses for their improvement and assessed their impact on the general control environment.

AUDIT AND RISK COMMITTEE REPORT TO SHAREHOLDERS (CONTINUED)

Although Crowe JHB has been the auditor of the group for 50 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.

The committee will consider mandatory auditor rotation into the future.

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 the disposal thereof; and
- 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 2021 reflect an accurate reflection of the group's performance.

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 were 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
- has confirmed that Workforce has, with consideration to all entities included in the consolidated group IFRS financial statements, established appropriate financial reporting procedures and that those procedures are operating to ensure that it has access to all the financial information of Workforce to allow Workforce to effectively prepare and report on the financial statements.

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 2.22 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 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 of 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 external auditors regarding compliance with legal and regulatory requirements.

Expertise and experience of the 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 skill 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 2022 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 2023.

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 Internal Financial Control Framework across the group;
- implementing the COBIT Framework; and
- ensuring that IT security is actively being monitored.

AUDIT AND RISK COMMITTEE REPORT TO SHAREHOLDERS (CONTINUED)

INTEGRATED REPORT

Following the review by the committee of the consolidated annual financial statements of Workforce Holdings Limited for the year ended 31 December 2021, the committee is of the view that in all material aspects they comply with the relevant provisions of the Companies 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 with 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 2021 for approval by 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

30 March 2022

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 80 to 147, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, 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.	<p>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.</p> <p>We consider the audit evidence obtained from the adapted audit approach to be sufficient and appropriate.</p>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of goodwill</p> <p>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.</p> <p>Forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management.</p> <p>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.</p> <p>Details of the assumptions and estimations used have been disclosed in note 3.</p>	<p>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:</p> <ul style="list-style-type: none"> • Reviewed the model for compliance with IAS 36: <i>Impairment of Assets</i>; • 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 reasonability 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. <p>We assessed the disclosures made for compliance with International Financial Reporting Standards.</p>

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 2021" and in the document titled "Workforce Holdings Limited Separate Financial Statements for the year ended 31 December 2021", 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 50 years.



Crowe JHB

Partner: Gary Kartsounis

Registered Auditor

3 Sandown Valley Crescent

Sandown

2196

31 March 2022

DIRECTORS' REPORT

The directors present their report for the year ended 31 December 2021. 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 28 to 29 of the integrated annual report.

SUBSIDIARIES

The company's directly owned subsidiaries are as follows:

	% holding
Workforce Financial Services Proprietary Limited	100
Workforce Training and Consulting Limited	100
RecruitCo Proprietary Limited	100
Workforce Holdings International Limited	100
Staffing and Outsourcing Holdings Limited	100
WFG Management Services Proprietary Limited	100
Global Healthcare Resources Proprietary Limited	100

Details of the subsidiaries indirectly held are set out below:

	% holding
DebtWorx Proprietary Limited	100
Essential Employee Benefits Proprietary Limited	100
Babereki Employee Support Services Proprietary Limited	100
EEB Solutions Proprietary Limited	100
FeelBetterFast Proprietary Limited	50
Arnocure Proprietary Limited	100
GetSavvi Consult Proprietary Limited	100
GetSavvi Health Proprietary Limited	100
Training Force Proprietary Limited	100
Prisma Training Solutions Proprietary Limited	100
KBC Health & Safety Proprietary Limited	100
The Cyber Academy Proprietary Limited	100
Talent Factor Proprietary Limited	100
UNI Education Group Proprietary Limited	100
Dyna Training Proprietary Limited	100
Dyna Training Namibia Proprietary Limited	100
WFGNAM Training Force	100
Dyna Industrial & Training Development Proprietary Limited	100
NQ Plus Networks Proprietary Limited	100

DIRECTORS' REPORT (CONTINUED)

	% holding
Depostep Proprietary Limited	75
Sikelela Skills Academy Proprietary Limited	100
OpenSource Intelligent Solutions Proprietary Limited	100
Fempower Personnel Proprietary Limited	100
Programme Process Outsourcing Proprietary Limited	100
Workforce Staffing Proprietary Limited	100
Workforce Outsourcing Proprietary Limited	100
Worldwide Staffing Proprietary Limited	100
Interchange Business Consulting Proprietary Limited	100
Oxyon People Solutions Proprietary Limited	100
Quyn International Outsourcing Proprietary Limited	100
Molapo Quyn Proprietary Limited	100
Quyn Payroll & HR Services Proprietary Limited	100
Sizuluntu Staffing Solutions Proprietary Limited	48
Sizuluntu Projects Proprietary Limited	47
TWG Mauritius	100
FADS Proprietary Limited	100
Workforce Finance Proprietary Limited	100
Workforce Software Proprietary Limited	100
Workforce Outsourcing Proprietary Limited	100
Rapitrade 465 Proprietary Limited	100
Workforce Healthcare Proprietary Limited	50
Allmed Healthcare Professionals Proprietary Limited	100
Nursing Emergencies Proprietary Limited	100
Jet Talent Proprietary Limited	50
Only the best Proprietary Limited	100
Teleresources Proprietary Limited	100
Africa Upskill Proprietary Limited	100
Gauteng wage Bureau Proprietary Limited	100
Flexi Talent Proprietary Limited	100
People First Proprietary Limited	100
Pha Phama Africa Investment Proprietary Limited	100
Pha Phama Africa Staff Services 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 (2020: 14 370 000) shares in Workforce Holdings Limited. The fair value of these shares amounted to R7 965 000 (2020: R8 328 834) and the loan outstanding is R9 111 761 (2020: R9 111 761).

	2021 R'000	2020 R'000
Aggregate profits of subsidiaries attributable to the holding company is as follows:	92 616	29 104

DECLARATION OF DIVIDENDS

There were no dividends declared in the current year.

SHARE CAPITAL

Details of the company's authorised and issued share capital at 31 December 2021 are shown in note 8 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, 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 2021 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 2021

	Notes	2021 R'000	2020 R'000
Assets			
Non-current assets		494 700	448 525
Right-of-use assets	1	46 768	57 126
Property, plant and equipment	2	27 505	20 651
Goodwill	3	253 412	215 780
Intangible assets	4	68 986	77 325
Deferred tax assets	5	91 123	71 012
Financial assets	6	6 906	6 631
Current assets		962 546	851 308
Financial assets	6	21 154	-
Trade and other receivables	7	854 866	765 459
Consumables		3 917	3 907
Taxation		3 653	2 675
Cash and cash equivalents		78 956	79 267
Total assets		1 457 246	1 299 833
Equity and liabilities			
Equity		831 767	734 242
Equity attributable to owners of the parent		825 933	730 564
Stated capital	8	234 051	234 051
Treasury shares	8	(13 563)	(13 075)
Foreign exchange differences on translation of foreign operations		(3 507)	(2 444)
Equity-settled employee benefits reserve	23	9 995	5 555
Retained earnings		598 957	506 477
Non-controlling interests		5 834	3 678
Non-current liabilities		70 410	70 730
Financial liabilities	9	29 887	21 026
Lease liabilities	1	36 946	47 313
Deferred tax liabilities	5	3 577	2 391
Current liabilities		555 069	494 861
Trade and other payables	10	216 561	226 616
Financial liabilities	9	321 660	253 807
Lease liabilities	1	16 848	14 438
Total equity and liabilities		1 457 246	1 299 833

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Notes	2021 R'000	2020 R'000
Revenue	11	3 503 798	2 778 034
Cost of sales		(2 708 511)	(2 132 608)
Gross profit		795 287	645 426
Other income	14	3 345	7 340
Operating costs		(645 991)	(575 887)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")		152 641	76 879
Fair value adjustments	14	5 212	(3 883)
Depreciation and amortisation		(55 772)	(47 598)
Finance income		1 537	745
Finance costs	12	(23 220)	(18 503)
Profit before taxation		80 398	7 640
Taxation	13	15 437	27 731
Profit after tax	14	95 835	35 370
Other comprehensive income after tax			
Items that are reclassified to profit or loss:			
Foreign translations loss		(1 063)	(2 140)
Exchange differences on translating foreign operations		(1 063)	(2 140)
Total comprehensive income for the year		94 772	33 230
Profit for the year attributable to:			
Owners of the parent		93 679	31 244
Non-controlling interests		2 156	4 126
		95 835	35 370
Total comprehensive income attributable to:			
Owners of the parent		92 616	29 104
Non-controlling interests		2 156	4 126
		94 772	33 230
Earnings per share (cents per share)			
Basic earnings per share	15	41,6	13,9
Diluted earnings per share	15	41,6	13,9

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Attributable to owners of the parent							Total equity R'000
	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	
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
Issue of ordinary shares under share option plan	-	-	-	(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 1 January 2021	234 051	(13 075)	(2 444)	5 555	506 477	730 564	3 678	734 242
Buy-back of shares	-	(488)	-	4 440	-	3 952	-	3 952
Payment of dividends	-	-	-	-	(1 199)	(1 199)	-	(1 199)
Total comprehensive income for the year	-	-	(1 063)	-	93 679	92 616	2 156	94 772
Balance at 31 December 2021	234 051	(13 563)	(3 507)	9 995	598 957	825 933	5 834	831 767
Notes	8	8		23				

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Notes	2021 R'000	2020 R'000
Cash generated from operations before net working capital changes		118 043	43 696
Cash generated from operations	16.1	140 112	61 346
Finance income		1 537	745
Finance costs		(17 064)	(14 602)
Taxation paid	16.2	(6 542)	(3 793)
Increase/(decrease) in net working capital	16.3	(147 330)	129 087
Cash flows from operating activities		(29 287)	172 783
Cash flows from investing activities		(17 707)	(27 924)
Property, plant and equipment acquired	2	(15 606)	(8 830)
Proceeds on disposal of property, plant and equipment		–	293
Dividend income		1 000	644
Intangible assets acquired	4	(1 708)	(6 196)
Loan advanced		(127 669)	–
Repayment of loans advanced		147 200	–
Payment of contingent consideration for business combinations	25	(24 030)	(13 953)
Cash acquired on business combination	25	3 106	118
Cash flows from financing activities		46 683	(114 600)
Repayment of borrowings	16.4	(7 101)	(90 778)
Proceeds from borrowings		80 953	10 000
Payment of lease liabilities	16.4	(18 472)	(25 741)
Payment for buy-back of shares		(488)	–
Payment of existing contingent consideration on business combinations	16.4	(7 010)	(7 415)
Dividends paid		(1 199)	(666)
Net change in cash and cash equivalents		(311)	30 259
Cash and cash equivalents at the beginning of the year		79 267	49 008
Cash and cash equivalents at the end of the year		78 956	79 267

ACCOUNTING POLICIES

for the year ended 31 December 2021

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"), the 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.

2.3 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies are set out below.

2.4 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 2021. 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. SUMMARY OF ACCOUNTING POLICIES (continued)

2.5 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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Cash payments at acquisition of a business are classified as cash flows from investing activities. Cash payments which reduce contingent consideration liabilities, from acquisitions reported in prior periods, are classified as cash flows from financing activities.

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.

2.6 Segment reporting

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. 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.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2021

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.7 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 services, selling goods as well as through financial services. These can be described further below:

Revenue type	Includes	Recognition driver	Transfer of control
Services			
Staffing and outsourcing	Staffing solutions Placement fees Payroll management Consulting services	As employees render services On commencement of employment As service is rendered As service is rendered or projects completed	Over time based on employee labour hours Point in time when the placement begins employment with the customer Over time based on performance completed to date Over time/point in time depending on service
Training	Accredited courses, education and training	As service is rendered	Over time based on performance completed to date
Loan fee income	Lending services	When services are provided	Over time based on performance completed to date
Commissions	Funeral cover	When services are provided	Over time based on performance completed to date
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
Other			
Interest	Interest on financial services provided	Accrued as earned	Over time
Dividends	Dividends received	When the right to receive payment is established.	Point in time

2.8 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. SUMMARY OF ACCOUNTING POLICIES (continued)

2.9 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.

2.10 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.

2.11 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

2.12 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.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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;

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2021

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.12 Intangible assets (continued)

- 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.

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.

2.13 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 pro rata 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. SUMMARY OF ACCOUNTING POLICIES (continued)

2.14 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.

2.15 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.

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

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.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2021

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.16 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.

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.

2.17 Contingencies

Contingent liabilities are not recognised. Until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is recognised.

2.18 Retirement benefit costs

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

2.19 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.

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. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2.19.1 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.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.19 Financial instruments (continued)

2.19.1 Financial assets (continued)

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.

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 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 an unconsolidated structured entity in the form of a cell captive. This investment does 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. (See note 6 on other financial assets.)

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.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2021

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.19 Financial instruments (continued)

2.19.1 Financial assets (continued)

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.

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 two 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 advances 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 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 lifetime 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 lifetime 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.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.19 Financial instruments (continued)

2.19.1 Financial assets (continued)

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 loan in the next period if the lender's risk decreases, for example, the lender 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.

2.19.2 Financial liabilities

Financial liabilities at amortised cost

The company 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.

Financial liabilities at FVTPL

Contingent consideration of an acquirer in a business combination is measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss.

2.19.3 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).

2.20 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 25.

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.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2021

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.21 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.

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").

2.22 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.

2.22.1 Critical judgements in applying accounting policies

"The following are the critical judgements, apart from those involving estimations described in note 2.22.2 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."

Internally generated computer software

Computer software is an integral part of the groups operations. The group is constantly developing new software systems to deal with the rapid uptake of technology in the industry and the group itself. Technology applications of the group are researched as the needs are identified. When the software reaches development stage the group begins capitalising the related costs. Judgement is required to determine when the various criteria for development stage recognition have been met.

At the point where management are satisfied that it is feasible to complete development of the software and are certain that the software can be used for its intended purpose within the group, the projects continue in the development phase. The group employs fulltime IT experts to write its software programs.

During the year R8 million (2020: R6 million) of employee costs were capitalised to software development.

Invoice discounting facility

The group is party to an invoice discounting arrangement with ABSA bank. Trade receivables are sold monthly to ABSA. The groups business model is a "hold to collect" business model and the groups objective is to collect the contractual cash flows of the trade receivables. ABSA has full recourse against the group for all invoices purchased. Management have determined that the group continues to hold substantially all the risks and rewards of ownership of these assets and therefore the group continues to recognise these trade receivables.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

2.22.1 Critical judgements in applying accounting policies (continued)

Control over entities with 50% or less voting rights

Note 21.4 describes the following entities as subsidiaries of the group even though the group has 50% or less ownership and has 50% or less voting rights:

Entity	Voting rights
Workforce Healthcare Proprietary Limited	50%
Jet Talent Proprietary Limited	50%
Sizuluntu Staffing Solutions Proprietary Limited	47%
Sizuluntu Projects Proprietary Limited	48%
FeelBetterFast Proprietary Limited	50%

The directors have assessed whether the group has control over the above entities based on whether the group has other related rights sufficient to give it power over the companies. These entities are reliant on the group for funding of operations. The entities are 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 entities as part of their marketing activities. The group is exposed to variable returns of these entities and also exercises control over the day-to-day activities. After assessment the directors concluded that they have sufficient related rights to give the group control over these entities.

Control over Pha Phama Africa Employee Empowerment Trust and its subsidiary

Note 21.4 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.

2.22.2 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. Judgements 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. The recognition of deferred tax assets 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.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2021

2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

2.22.2 Key sources of estimation uncertainty (continued)

The group claims significant tax deductions for learnerships and Employment Tax Incentive ("ETI") income. The combined tax benefit of these deductions amounts to approximately R39,5 million (2020: R45 million). A deferred tax asset for tax losses of approximately R41 million (2020: 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 an additional R46 million in the current year and therefore management has assessed that there will be sufficient taxable income to utilise these tax losses.

The total deferred tax asset arising from tax losses of approximately R66,5 million (2020: R68,3 million) is expected to be recovered through taxable income earned from the normal operations of the business, as discussed above. In addition, a significant new infrastructure project is due to come online during the year, and is expected to generate approximately R24 million over the next two years.

2.23 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.

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% (2020: 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 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.

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 with 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.

2.24 Foreign exchange transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

3. NEW STANDARDS AND INTERPRETATIONS

3.1 IFRS 4: *Insurance Contracts*

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 4 enables an insurer applying the temporary exemption from IFRS 9 to apply a practical expedient to account for a change in the contractual cash flows that are required by Interbank Offered Rates ("IBOR") reform by updating the effective interest rate to reflect any change arising from the reform.

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

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

3. NEW STANDARDS AND INTERPRETATIONS (continued)

3.1 IFRS 4: Insurance Contracts (continued)

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

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.

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

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 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 1: First-time Adoption of International Financial Reporting Standards

- Annual Improvements to IFRS Standards 2018 – 2020: Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture.

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

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.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 December 2021

3. NEW STANDARDS AND INTERPRETATIONS (continued)

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

IFRS 3: Business Combinations

Reference to the Conceptual Framework: The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

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 9: Financial Instruments

- Annual Improvements to IFRS Standards 2018 to 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 17: Insurance Contracts

- IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS.
- IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts.
- The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims.
- Insurance contracts are required to be measured based only on the obligations created by the contracts.
- An entity will be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums.
- This standard replaces IFRS 4: *Insurance Contracts*.

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 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 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 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, 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.

3. NEW STANDARDS AND INTERPRETATIONS (continued)

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

IAS 12: Income Taxes

Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

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 16: Property, Plant and Equipment

Property, Plant and Equipment: Proceeds before Intended Use: The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

	2021			2020		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Property	89 766	(48 952)	40 814	103 403	(51 660)	51 743
Motor vehicles	11 320	(5 366)	5 954	13 809	(8 426)	5 383
	101 086	(54 318)	46 768	117 212	(60 086)	57 126

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 2020	22 576	5 607	28 183
Additions	45 203	3 607	48 810
Depreciation	(16 036)	(3 831)	(19 867)
Carrying value at 1 January 2021	51 743	5 383	57 126
Additions	6 258	5 513	11 771
Disposals	–	(1 256)	(1 256)
Depreciation	(17 187)	(3 686)	(20 873)
Carrying value at 31 December 2021	40 814	5 954	46 768

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	Average remaining lease term	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	42	12 to 72 months	12 months	42	–	–	42
Motor vehicles	71	12 to 36 months	36 months	71	–	–	71

Depreciation on right-of-use assets and property, plant and equipment are included in "Depreciation and amortisation" 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 2021 is as follows:

	Within a year	2 to 3 years	3 to 6 years
Minimum lease payments due			
31 December 2021			
Lease payments	21 764	32 752	9 625
Finance charges	(4 916)	(5 055)	(376)
Net present values	16 848	27 697	9 249
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

2. PROPERTY, PLANT AND EQUIPMENT

	2021			2020		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Computer equipment	20 986	(12 570)	8 416	13 305	(9 084)	4 221
Industrial equipment	9 288	(7 716)	1 572	10 513	(9 182)	1 331
Land and buildings	2 700	-	2 700	2 700	-	2 700
Leasehold improvements	4 896	(2 027)	2 869	4 496	(2 164)	2 332
Motor vehicles	8 359	(5 427)	2 932	9 177	(8 190)	987
Office equipment	14 236	(9 416)	4 820	22 471	(17 680)	4 791
Training manuals	11 171	(6 975)	4 196	10 113	(5 824)	4 289
	71 636	(44 131)	27 505	72 775	(52 124)	20 651

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 2020	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 at 31 December 2020	4 221	1 331	2 700	2 332	987	4 791	4 289	20 651
Additions	7 633	1 065	-	1 300	2 486	1 920	1 202	15 606
Disposals	(3)	(14)	-	-	(10)	-	-	(27)
Acquired through business combinations	126	-	-	-	514	86	-	726
Depreciation	(3 561)	(811)	-	(762)	(1 045)	(1 977)	(1 295)	(9 451)
Carrying value at 31 December 2021	8 416	1 571	2 700	2 870	2 932	4 820	4 196	27 505

Depreciation on right-of-use assets and property, plant and equipment are included in "Depreciation and amortisation" in the statement of comprehensive income. No property, plant and equipment has been impaired during the year (2020: Nil).

The net book value of motor vehicles held under instalment credit agreements at 31 December 2021 amounted to R2 789 815 (2020: R949 414). Refer to note 11 for details of the instalment credit agreements. Motor vehicles under instalment credit agreements amounted to R2 089 710 (2020: R2 096 073).

The directors have determined that the residual value of the buildings is equal to or exceeds 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

3. GOODWILL

	2021 R'000	2020 R'000
Carrying value at beginning of the year	215 780	192 993
Acquired through business combination (see note 25)	37 632	21 587
Carrying value at end of the year	253 412	214 580
Staff outsourcing cash-generating units		
– Workforce Staffing	4 275	4 275
– RecruitCo (formally Telebest Holdings)	31 190	31 190
– OpenSource Intelligence Solutions	17 067	–
– 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
Financial services cash-generating units		
– GetSavvi Group	20 565	–
Training and Education cash-generating units		
– Prisma Training Solutions	21 221	21 221
– KBC Holdings	22 331	22 331
– Talent Factor	1 763	1 763
– Dyna Group	56 750	56 750
– Chartall Group	22 787	22 787
	253 412	215 780

The recoverable amount of the above 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. A discount rate of 18,4% (2020: 17,6%) was used, as all cash-generating units share similar risk characteristics.

Long-term growth rates are based on long-term inflation expectations for South Africa. Sales growth rates, gross margins, operating costs and working capital are derived from historical data and approved forecasts.

The following sales growth rates have been used for the budget periods:

	Average sales growth rates for budget period
Workforce Staffing	5,0%
RecruitCo (formally Telebest Holdings)	6,5%
Allmed Healthcare Professionals	5,0%
Quyn Group	44,7%
Gcubed	5,0%
OpenSource Group	5,0%
Day-Click	5,0%
Oxyon Human Capital Solutions	5,0%
GetSavvi Group	5,0%
Prisma Training Solutions	5,0%
KBC Holdings	7,2%
Talent Factor	5,0%
Dyna Group	5,0%
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 prior period. These cash-generating units have largely returned to normal capacity over the current financial period.

The Quyn Group has forecast higher growth of approximately 44,7% due to the commencement of a significant contract during the 2022 financial year. The Quyn Group will be providing staffing for a large infrastructure build project.

Management has 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
RecruitCo			
Budget period growth rate	6,5	5,0	29 000
Gross profit margins	22,0	20,0	31 000
Discount rate	18,4	20,0	6 200
Quyn Group			
Budget period growth rate	44,7	40,0	37 000
Gross profit margins	13,4	12,0	23 200
Discount rate	18,4	20,0	2 000
KBC Holdings			
Budget period growth rate	7,2	5,0	19 000
Gross profit margins	65,0	62,0	7 300
Discount rate	18,4	20,0	-

The other cash-generating units have not been included in the table above as the sensitivity analysis did not result in any potential impairment.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

4. INTANGIBLE ASSETS

	2021			2020		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Brands	210	(103)	107	119	(66)	53
Client relationships	65 349	(53 556)	11 793	58 042	(44 793)	13 249
Computer software	93 781	(42 762)	51 019	106 007	(52 083)	53 924
Training course accreditations	20 620	(14 778)	5 842	20 620	(10 654)	9 966
Development costs	223	-	223	133	-	133
	180 183	(111 119)	68 984	184 921	(107 596)	77 325

The carrying amounts of intangible assets can be reconciled as follows:

	Brand R'000	Client relationships R'000	Computer software R'000	Training course accreditations R'000	Development costs R'000	Total R'000
Carrying value at 1 January 2020	114	5 729	54 347	14 090	22	74 302
Additions of internally generated software	-	-	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
Additions	-	-	1 618	-	90	1 708
Additions of internally generated software	-	-	8 000	-	-	8 000
Acquired through business combinations	91	7 308	-	-	-	7 399
Amortisation	(37)	(8 764)	(12 523)	(4 124)	-	(25 448)
Carrying value at 31 December 2021	107	11 793	51 019	5 842	223	68 984

The above amortisation expense is included in "Depreciation and amortisation" in the statement of comprehensive income. No intangible assets have been impaired during the year (2020: 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

	2021 R'000	2020 R'000
Balance at the beginning of the year	68 621	39 339
Acquired through business combinations	(2 074)	(3 999)
Movement per statement of comprehensive income	20 999	33 281
Balance at the end of the year	87 546	68 621

Deferred tax balances are presented in the statement of financial position as follows:

	2021 R'000	2020 R'000
Deferred tax assets	91 123	71 012
Deferred tax liabilities	(3 577)	(2 391)
	87 546	68 621

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
2021						
Temporary differences						
Property, plant and equipment and intangible assets	(10 350)	(3 594)	-	-	-	(13 944)
Intangible assets – acquired through business combination	(13 436)	13 436	(2 074)	-	-	(2 074)
Right-of-use assets	1 296	(1 296)	-	-	-	-
ECL impairment allowances	12 093	3 441	-	-	-	15 534
Financial assets at fair value	(696)	377	-	-	-	(319)
Equity share-based payments	1 548	(1 548)	-	-	-	-
Provision for leave	4 704	5 459	-	-	-	10 163
Income received in advance	7 888	6 381	-	-	-	14 269
Unearned initiation fee	(581)	1 393	-	-	-	812
Prepaid expenses	(1 574)	288	-	-	-	(1 286)
Fair value through profit and loss	(646)	177	-	-	-	(469)
Tax losses	68 375	(3 515)	-	-	-	64 860
	68 621	20 999	(2 074)	-	-	87 546

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

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
2020						
Temporary differences						
Property, plant and equipment	(813)	160	-	-	-	(653)
Intangible assets	(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
ECL impairment allowances	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)
Tax losses	37 447	30 928	-	-	-	68 375
	39 339	29 282	-	-	-	68 621

The net movement in deferred tax balances was an increase in deferred tax assets of R18 925. 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. Management expects sufficient future taxable income to be realised in order to utilise these tax losses. The tax allowances available for learnerships are currently set to expire with all learnerships registered on or before 31 March 2024. The learnership deduction for the current period amounted to approximately R49 million (2020: R39 million), without these tax deductions the group would have generated taxable income.

Unrecognised deductible temporary differences pertaining to tax losses amounted to R13,9 million (2020: R10 million).

6. FINANCIAL ASSETS

	2021 R'000	2020 R'000
Non-current		
Fair value through profit and loss		
Listed shares		
4 616 907 (2020: 4 616 907) shares in Primeserv Limited at fair value	5 079	4 155
The above instrument has been designated as fair value through other comprehensive income as it is not held for trading.		
Investment in cell captive	1 827	2 476
	6 906	6 631
Current		
Amortised cost		
Loans receivable	21 154	-
	21 154	-

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. (Refer to note 18.2 on fair value measurements.)

Loan receivable from Qunu Staffing Proprietary Limited. The loan is unsecured, interest-free and has no fixed term of repayment. Management has determined that no expected credit loss is required for this loan.

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables can be summarised as follows:

	2021 R'000	2020 R'000
Trade receivables	819 214	647 981
Other receivables	35 652	117 478
Trade and other receivables	854 866	765 459
Trade receivables		
Trade receivables can be analysed as follows for the period under review:		
Net trade receivables excluding advances	619 646	478 573
Gross trade receivables	639 941	491 215
Impairment provisions	(20 295)	(12 642)
Net advances	199 568	169 409
Gross advances	271 137	228 675
Impairment provisions	(71 569)	(59 266)
	819 214	647 981

Trade and other receivables consist of a large number of customers, spread across diverse industries and geographical areas. Interest on advances are charged at rates compliant with the National Credit Act ("NCA") as prescribed by the National Credit Regulator ("NCR"). The management of this risk is set out in note 19.3.

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 9.2.)

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 R480 million (2020: R408 million) and the carrying amount of the associated liability is R247 million (2020: R196 million). Refer to note 9.

Other receivables

Other receivables comprise the following:

	2021 R'000	2020 R'000
Deposits	4 916	4 141
Staff debtors (net of impairment)*	4 203	2 631
Sundry debtors**	26 533	110 707
	35 652	117 478

* Staff loans to the value of R14 424 000 have been advanced, expected credit losses of R10 534 000 have been recognised against this balance.

** Management has determined that no expected credit losses are required for these balances.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

7. TRADE AND OTHER RECEIVABLES (continued)

Impairment provisions

	2021 R'000	2020 R'000
Trade receivables	20 295	12 642
Advances	71 569	59 266
	91 864	71 908
Days sales outstanding (excluding advances)	46	46

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 2021						
Expected credit loss rate	0%	1%	4%	7%	22%	3%
Estimated total gross carrying amount at default (R'000)	358 051	150 406	41 546	21 733	68 205	639 941
Expected credit loss (R'000)	1 028	1 079	1 516	1 595	15 076	20 295
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

Although the rates have decreased compared to the prior year, collections have been secured for the overdue debt by customers, hence the lower provision in the current year. The higher carrying amount in 120 days compared to 2020 is as a result of the lag in the economic recovery from Covid-19.

Analysis of advances is as follows:

	Stage 1	Stage 2	Stage 3	Total
31 December 2021				
Average expected loss rate	10%	29%	31%	26%
Gross carrying amount	39 163	168 309	63 665	271 137
Loss provision	3 864	48 161	19 544	71 569
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

The expected credit loss rates have seen marginal changes in the various stages as listed in the note below. The gross debtors book has seen an increase in the overall book, due to improvement in overall economic trading conditions as well as through various strategic interventions to increase sales.

There is a management assumption that there will be a reduction in future losses, due to the development and implementation of a Dynamic Risk Model tool, that will enable the targeted sales to individual debtors, who will have the highest propensity to fulfil their loan obligations. Through this tool, which has made use of various data sources, the proportion of expected future losses. Management has also considered both macro and micro economic conditions – with specific consideration around the relaxation of Covid-19 restrictions and resumption of normal economic activity.

Stage one is seen as our actively paying book. The primary method of collection is from payroll. As more assignees are deployed within the operating environment it is expected that there will be an increase in sales within this stage.

Stage two is expected to see an improvement in the default rate, due to the implementation of the dynamic risk model tool as well as targeted collection interventions within this stage to maximise early stage collection and prevention of default. The collections within this stage were successfully migrated on to the Debicheck platform, which prevents the debtor from disputing debit orders. Debicheck is a real-time authentication where debtors authorise debit orders on their bank accounts.

7. TRADE AND OTHER RECEIVABLES (continued)

Stage three refers to the legal stage of collection, where garnishee/judgements are obtained from defaulting debtors and are valid for 30 years. Collection teams continue to focus on this stage to ensure that any judgements/garnishee orders obtained are reloaded should the individual debtor change employment during the 30 year validity of the court order. Courts have reopened post various lockdown stages and it is expected that there will be increased granting of various legal orders to ensure collectability.

The legal book is secured once a debtor acknowledges default of payment and guarantees payment of debt in the future. The implementation of Debicheck and Authenticated Early Debit Orders ("AEDO") as an alternative platform that has been introduced as a risk mitigation tool, in the event that there is slow turnaround from the courts.

Our ECL has been raised in accordance with our considerations around Covid-19 and normal economic and operational trading activity.

	Simplified approach R'000	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Opening balance	12 642	4 927	33 774	20 565	71 908
Changes to the financial instruments recognised in the opening balance					
Transfer from stage 1 to 2	-	(2 322)	2 322	-	-
Transfer from stage 1 to 3	-	(224)	-	224	-
Transfer from stage 2 to 3	-	-	(902)	902	-
Transfer from stage 2 to 1	-	182	(182)	-	-
Transfer from stage 3 to 1	-	34	-	(34)	-
Transfer from stage 3 to 2	-	-	1 398	(1 398)	-
Remained in same stage	-	-	-	-	-
Changes to the financial instruments recognised during the year					
New advances	-	-	-	-	-
Changes due to movement in ageing buckets	12 380	-	-	(715)	11 665
Write-offs during the year	(4 727)	-	-	-	(4 727)
Additional provision	-	1 266	11 753	-	13 019
Closing balance	20 295	3 864	48 161	19 544	91 865

8. STATED CAPITAL

	2021 Number of shares	2020 Number of shares
Authorised		
1 000 000 000 ordinary no par value shares		
Issued		
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	18 239 064
Share buy-back	496 707	-
Balance at the end of the year	18 735 771	18 239 064

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

8. STATED CAPITAL (continued)

	2021 R'000	2020 R'000
Ordinary no par value shares	234 051	234 051
Treasury shares		
18 735 771 (2020: 18 239 064) shares		
Balance at the beginning of the year	(13 075)	(13 075)
Share buy-back	(488)	-
Balance at the end of the year	(13 563)	(13 075)

The company has one class of ordinary shares which carry no right to fixed income. The average share price for the 496 707 shares amounted to R1,03.

9. FINANCIAL LIABILITIES

Financial liabilities include the following:

	Current		Non-current	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Secured liabilities at amortised cost				
9.1 Loan from Simgarvin Proprietary Limited	-	-	7 965	8 329
Gross amount owing	-	-	9 112	9 112
Imputed interest	-	-	(1 147)	(783)
9.2 Invoice discounting facility bearing interest at 0,5% below prime rate	247 580	196 349	-	-
9.3 Loan facility bearing interest at prime rate plus 3,6%	34 000	40 000	-	-
9.4 Instalment sales liabilities	806	984	2 366	1 116
9.5 Loan facility bearing interest at prime rate plus 3%	22 662	-	-	-
Financial liabilities carried at fair value through profit or loss				
9.6 Business combination contingent consideration payable				
Prior years	13 675	9 498	-	-
Current year	2 937	6 976	19 556	11 581
	321 660	253 807	29 887	21 026

9.1 The loan from Simgarvin Proprietary Limited is secured by shares held in Workforce. The loan is interest-free and is repayable on 31 December 2023.

9.2 The group has entered into an invoice discounting and cession of debtors and inter-group loan accounts. A subsidiary loan of R350 million (2020: R290 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 R480,8 million (2020: R407,8 million) were ceded to the bank. (Refer to note on trade and other receivables.)

The group retained significant risk and rewards of ownership of the receivables due to ABSA which has a right of recourse against the group for any default of the debtor. The associate loan is granted by ABSA on 80% of the value of trade receivables excluding advances, ceded to ABSA. the net position of the transferred assets and associated liability is an amount of R130 million, which is the difference between the fair value of the assets transferred of R480 million and the fair value of the liability being R350 million. (Refer to note 7 on trade and other receivables.)

9.3 The group entered into a short-term loan to a limit of R40 million with ABSA, this facility is charged at the JIBAR rate of interest which is settled monthly and the capital portion is fully repayable by December 2022. The facility is secured by a cession of inter-group loan accounts.

9.4 Instalment sale liabilities are secured over motor vehicles with a carrying value of R2 789 815 (2020: R949 414) bearing interest at rates approximating the prime overdraft rate and repayable in monthly instalments of R102 650 (2020: R92 460.) (Refer to note 2 on property, plant and equipment.)

9. FINANCIAL LIABILITIES (continued)

- 9.5 Babereki Employee Support Services (Pty) Ltd, a subsidiary of the group, has a short-term facility with ABSA to a limit of R30 million (2020: R30 million), this facility is secured by an unlimited pledge and cession of all present and future book debts.
- 9.6 The contingent consideration of R36,168 million is for the acquisition of The GetSavvi Group and the OpenSource Group (2020: R28,055 million) is related to the acquisition of Dyna Group of companies acquired.

10. TRADE AND OTHER PAYABLES

	2021 R'000	2020 R'000
Trade creditors	52 197	27 920
Audit fee accrual	3 894	649
Payroll liabilities	42 714	27 436
Income received in advance	37 710	40 622
Accrual for paid annual leave	18 426	20 059
Other payables*	61 619	109 930
	216 561	226 616

* Other payables includes VAT payable.

11. REVENUE

Set out below is the disaggregation of the group's revenue:

Types of services	Staffing and outsourcing R'000	Training and education R'000	Financial services R'000	Healthcare R'000	Total R'000
31 December 2021					
Staffing solutions	2 724 333	-	-	-	2 724 333
Placements fees	36 082	-	-	-	36 082
Accredited courses, education and training	-	331 994	-	-	331 994
Funeral cover and lending services	-	-	47 421	-	47 421
Medical cover, healthcare, wellness programmes and health risk assessments	-	-	-	330 628	330 628
	2 760 415	331 994	47 421	330 628	3 470 358
31 December 2020					
Staffing solutions	2 142 735	-	-	-	2 142 735
Placements fees	22 648	-	-	-	22 648
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

12. FINANCE COSTS

	2021 R'000	2020 R'000
Interest on short-term borrowing	5 130	9 116
Interest relating to right-of-use assets	6 155	4 265
Interest on bank overdrafts	11 936	5 122
	23 220	18 503

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

13. TAXATION

Taxation recognised in profit and loss

	2021 R'000	2020 R'000
Current tax		
Current year	(5 161)	(1 551)
Deferred tax		
Current year	20 999	29 282
Prior year	(401)	-
	15 437	27 731
Estimated tax losses of subsidiaries of the group for utilisation against future taxable income:		
Tax losses	277 905	244 196
	231 643	244 196

Reconciliation between accounting profit and tax expense

	2021 R'000	2020 R'000
Accounting profit	80 398	7 640
Tax at the applicable tax rate of 28% (2020: 28%)	22 511	2 139
Tax effect of adjustments on taxable income		
Non-taxable income		
Learnership tax allowances	(13 933)	(10 814)
Employment tax incentive	(25 574)	(20 200)
Dividend received	(280)	(360)
Non-deductible expenses		
Non-operating and capital items	343	7
IFRS adjustments	1 496	1 497
	(15 437)	(27 731)

The proposed decrease in the South African tax rate from 28% to 27% announced by the Minister of finance in the February 2021 Budget Speech is not contained in any of the 2021/2022 Tax Bills. It can therefore not be said to have been substantively enacted as at 31 December 2021 and has therefore not been taken into account for purposes of financial reporting.

14. PROFIT FOR THE YEAR

Profit before taxation for the year has been arrived at after charging/(crediting):

	2021 R'000	2020 R'000
Other income	(3 345)	(7 340)
Gain on bargain purchase	(777)	(6 226)
Dividends received	(1 000)	(628)
Profit or loss on sale of assets	(1 568)	(486)
Fair value adjustments		
Cell captive	(649)	629
Fair value contingent consideration	(5 212)	3 883
Government grants received for Employment Tax Incentive	(50 437)	(40 500)
Extended ETI claims for the period	(40 893)	(55 618)
Contribution to provident fund	32 332	20 463
Equity-settled share-based payments	4 440	6 802
Staff costs	481 267	405 249
Audit fees	3 894	3 675

15. 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:

	2021	2020
Profit attributable to equity shareholders of the parent company (R'000)	93 679	31 244
Weighted average number of ordinary shares in issue ('000)	225 376	225 492
Diluted weighted average number of shares in issue ('000)	225 376	225 492
Basic earnings per share (cents)	41,6	13,9
Diluted earnings per shares (cents)	41,6	13,9

The weighted average number of ordinary shares for the purpose of diluted earnings per share equals to the weighted average number of ordinary shares used in the calculation of basic earnings per share.

Headline earnings per share

The earnings used in the calculation of headline earnings per share are as follows:

	Gross of tax 2021	Net of tax 2021	Gross of tax 2020	Net of tax 2020
Profit attributable to equity shareholders of the parent company (R'000)	-	93 679	-	31 244
Adjusted for:				
Loss/(gain) on disposal of property, plant and equipment (R'000)	(1 568)	(1 129)	1 058	762
Impairments of intangibles (R'000)	-	-	1 217	1 217
Gain on bargain purchase (R'000)	(777)	(777)	(6 226)	(6 226)
Total headline earnings (R'000)	-	91 773	-	26 997
Weighted average number of shares in issue ('000)	-	225 376	-	225 492
Diluted earnings per shares (cents)	-	-	-	-
Headline earnings per share (cents)	-	40,7	-	12,0
Diluted headline earnings per share (cents)	-	40,7	-	12,0

16. NOTES TO THE CASH FLOWS

16.1 Cash generated from operations

	2021 R'000	2020 R'000
Profit before taxation	80 398	7 640
Interest income	(1 537)	(745)
Dividend income	(1 000)	(628)
Finance costs	17 064	14 602
Adjusted for non-cash items:		
Gain on bargain purchase	(777)	(6 226)
Gain on disposal of property, plant and equipment	27	120
Impairment of intangible assets	-	1 217
Depreciation and amortisation of non-financial assets	55 772	47 598
Additions of internally generated software	(8 000)	-
(Gain)/loss arising on financial liability at fair value through profit or loss	(5 212)	3 883
Foreign exchange differences on translation of foreign operations	-	-
Expense recognised in respect of equity-settled share-based payment	4 440	6 802
Other non-cash items	(1 063)	(12 916)
	140 112	61 346

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

16. NOTES TO THE CASH FLOWS (continued)

16.2 Taxation paid

	2021 R'000	2020 R'000
Charged to profit or loss	15 437	27 731
Adjusted for deferred tax	(21 001)	(31 922)
Movement in taxation balance	(978)	395
	(6 542)	(3 796)

16.3 Working capital changes

	2021 R'000	2020 R'000
Change in trade and other receivables	(122 610)	72 536
Change in consumables	(10)	322
Change in trade and other payables	(24 710)	56 229
	(147 330)	129 087

16.4 Changes in liabilities arising from financing activities

	1 January 2021	Cash flows	Additions	Cash flow not included in financing activities	Non-cash flows	31 December 2021
Lease liabilities	61 751	(18 472)	10 515	-	-	53 794
Borrowings	246 778	(7 101)	80 953	-	(5 251)	315 379
Contingent consideration	28 055	(7 010)	49 859	(24 030)	(10 706)	36 168
	336 584	(32 583)	141 327	(24 030)	(13 505)	407 793

	1 January 2020	Cash flows	Additions	Cash flow not included in financing activities	Non-cash flows	31 December 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

17. 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 and education – 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.

Segment information can be analysed as follows for the reporting periods under review:

	Staffing and outsourcing R'000	Training and education R'000	Financial services R'000	Healthcare R'000	Shared services and central costs R'000	Eliminations R'000	Total R'000
2021							
Segment revenues	2 760 415	331 994	80 761	330 628	–	–	3 503 798
Inter-segment revenue	(27 309)	(17 341)	–	(3 809)	–	48 459	–
Cost of sales	(2 283 303)	(156 824)	(24 296)	(242 734)	(1 354)	–	(2 708 511)
Inter-segment cost of sales	27 309	–	–	–	–	(27 309)	–
Gross margin	477 112	157 829	56 465	84 085	(1 354)	21 150	795 287
Operating costs	(289 217)	(132 509)	(69 898)	(46 379)	(107 988)	–	(645 991)
Inter-segment operating costs	–	17 341	–	3 809	–	(21 150)	–
Other income	271	308	1 000	124	865	777	3 345
EBITDA	188 166	42 969	(12 433)	41 639	(108 477)	777	152 641
Fair value adjustment	(1 962)	(2 066)	(1 352)	–	10 592	–	5 212
Depreciation and amortisation	(10 931)	(7 914)	(2 118)	(1 793)	(23 012)	(10 004)	(55 772)
Finance income	245	197	723	7	365	–	1 537
Finance costs	(10 746)	(1 483)	(1 512)	(2 143)	(7 336)	–	(23 220)

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

17. SEGMENT REPORTING (continued)

	Staffing and outsourcing R'000	Training and Education R'000	Financial services R'000	Healthcare R'000	Shared Services and Central costs R'000	Eliminations R'000	Total R'000
Segment profit/(loss) before tax	164 772	31 703	(16 692)	37 710	(127 868)	(9 227)	80 398
Capital expenditure	2 636	5 964	1 345	1 491	5 969	7 308	24 713
Segment total assets	160 055	197 932	286 315	41 703	993 752	(222 511)	1 457 246
Segment total liabilities	(94 242)	(85 325)	(54 511)	(27 893)	(374 679)	11 171	(625 479)
Net segment assets/ (liabilities)	65 813	112 607	231 804	13 810	619 073	(211 340)	831 767
	Staffing and outsourcing R'000	Training and Education 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)	-	76 878
Fair value adjustments	-	(3 321)	(629)	-	66	-	(3 884)
Depreciation and amortisation	(12 561)	(6 283)	(1 926)	(2 001)	(13 766)	(11 060)	(47 597)
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 segments assets/ (liabilities)	381 126	47 552	(120 570)	30 095	632 618	(236 579)	734 242

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 2021 or 2020.

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of financial assets held by the group:

	Notes	2021 R'000	2020 R'000
Financial assets at amortised costs		938 738	848 867
Trade and other receivables	7	859 782	769 600
Cash and cash equivalents		78 956	79 267
Financial assets at fair value through profit and loss		6 906	6 631
Investment in cell captive	6	1 827	2 476
Quoted equity shares		5 079	4 155
Total		945 644	855 498
Total current		938 738	848 867
Total non-current		6 906	6 631
Set out below is an overview of financial liabilities held by the group			
Financial liabilities at amortised costs			
Trade and other payables		155 420	179 121
Interest-bearing borrowings		247 580	196 349
Loan on treasury shares	9	7 965	8 329
Financial liabilities at fair value through profit and loss			
Contingent consideration	9	36 168	28 055
Current	9	13 675	16 474
Non-current	9	22 493	11 581
Total		447 133	411 854
Total current		416 675	391 944
Total non-current		30 458	19 910

18.1 Fair value measurement

Fair values

The following table provides the fair value measurement hierarchy of the group's financial assets and financial liabilities.

Trade and other receivables, trade and other payables, and cash and cash equivalents all have carrying amounts which approximate fair values due to the short maturity of these instruments.

Borrowings and the current portion of borrowings have carrying amounts which approximate fair values as the impact of credit risk is included in the measurement of carrying amounts.

- 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

18.1 Fair value measurement (continued)

	Date of valuation	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
As at 31 December 2021					
Financial assets					
Quoted equity shares	31 December 2021	5 079	5 079	-	-
Cell captive	31 December 2021	1 827	-	-	1 827
Financial liabilities					
Loan from Simgarvin Proprietary Limited	31 December 2021	7 965	-	-	7 965
Contingent consideration relating to business acquisition of The OpenSource Group	31 December 2021	(12 095)	-	-	(12 095)
Contingent consideration relating to business acquisition of the GetSavvi Group	31 December 2021	(10 398)	-	-	(10 398)
As at 31 December 2020					
Financial assets					
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 Dyna Group	31 December 2020	(9 498)	-	-	(9 498)

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 6,9%.	A 2% increase in the discount rate used while holding all other variables constant would decreased/increase the fair value of the loan by R554 005 (2020: R574 700).
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 by R2 177 000. 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 R10 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 715 670. 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
As above	As above	As above
As above	As above	As above
As above	As above	As above
As above	As above	As above

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

18.1 Fair value measurement (continued)

	Investment in cell captive R'000	Contingent consideration R'000	Total R'000
As at 31 December 2021			
Opening balance	2 720	28 055	30 775
Gain/(loss) in profit or loss*	(893)	6 485	5 592
Additions	-	49 859	49 859
Release on liability	-	(48 261)	(48 261)
	1 827	36 168	37 965
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)
Closing balance	2 720	28 055	30 775

* Change in unrealised gains or losses included in profit or loss.

19. 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 19.1. 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 cooperation 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.

19.1 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 R350 million (2020: R290 million). Details of the interest rates payable are set out in note 7 and 9.

Sensitivity of profit to a reasonably possible change in interest rates of $\pm 1\%$ is illustrated by the following table:

	Profit for the year	
	R'000	R'000
	+1%	-1%
31 December 2021	(2 168)	2 168
31 December 2020	(2 120)	2 120

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.

19. FINANCIAL RISK MANAGEMENT (continued)

19.2 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 2021			2 065	(2 065)
31 December 2020			7	(7)

Management's view is that the equity investment may increase in value during the 2022 financial year.

The equity price risk has been calculated, applying the percentage movement on closing financial assets for the year.

19.3 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:

	2021	2020
	R'000	R'000
Net trade receivables	619 646	478 573
Other receivables	9 119	6 772
Net advances	199 568	169 408
Cash and cash equivalents	78 956	79 267
	907 289	734 020

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. The group has recognised an allowance for doubtful debts of 100% against all receivables over 120 days because historical experience has been that receivables that are past due beyond 120 days are not recoverable. Allowances for expected credit losses are recognised against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

19. FINANCIAL RISK MANAGEMENT (continued)

19.3 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 for a borrowing facility of R350 million (2020: R290 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 R480 million (2020: R407 million).

All accounts receivable amounts of the group have been transferred to ABSA 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 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.

19.4 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 for a 180-day lookout period are identified monthly.

19. FINANCIAL RISK MANAGEMENT (continued)

19.4 Liquidity risk management (continued)

The group's contractual maturities (including interest payments where applicable) are summarised below:

	Current		Non-current	
	within 6 months R'000	6 to 12 months R'000	1 to 5 years R'000	later than 5 years R'000
2021				
Loan on treasury shares	-	-	7 965	-
Bank loans	-	247 580	-	-
Instalment sale liabilities	806	2 366	-	-
Amount due for acquisition of subsidiary	16 612	19 556	-	-
Trade and other payables	155 420	-	-	-
	172 838	269 502	7 965	-
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	-	-	-
	196 019	208 189	9 746	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

20. 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 2020.

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.

The gearing ratio for the reporting periods under review was as follows:

	2021 R'000	2020 R'000
Long and short-term borrowings	405 341	336 584
Cash and cash equivalents	(78 956)	(79 267)
Net debt	326 385	257 317
Total equity	831 767	734 242
Net debt-to-equity ratio	0,39	0,35
Net debt-to-assets ratio	0,22	0,20
Total assets	1 457 246	1 299 833

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

21. RELATED PARTY TRANSACTIONS

21.1 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:

		2021 R'000	2020 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	10 197	10 470
Vunani Capital Proprietary Limited			
Relationship	Shareholder		
Type and term of transaction	Designated advisors' fees paid in terms of service level agreement	453	945
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	185	1 079
Guardrisk Insurance Company Limited			
Relationship	Cell captive arrangement (refer to note 23.3)		
Type and term of transaction	Insurance premium paid monthly to cell captive in line with policy	351	389
Monte Legal Consultants Proprietary Limited			
Relationship	Shareholder		
Type and term of transaction	Advisor's fees in terms of business acquisitions	655	-

21.2 Related party loans

Amounts due from/(payable to) related parties are as follows:

		2021 R'000	2020 R'000
Simgarvin Investments Proprietary Limited – refer to note 9			
Relationship	Company controlled by a director of the group	(7 965)	(8 329)
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.

21. RELATED PARTY TRANSACTIONS (continued)

21.3 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 R1 827 264 (2020: R2 745 887) 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.

	2 021 R'000	2 020 R'000
Assets of cell captive	1 827	2 427
Current liabilities of cell captive	(78)	(151)

21.4 Subsidiaries

The company's directly owned subsidiaries are as follows:

Direct subsidiaries	% holding
Workforce Financial Services Proprietary Limited	100
Workforce Training and Consulting Limited	100
RecruitCo Proprietary Limited	100
Workforce Holdings International Limited	100
Staffing and Outsourcing Holdings Limited	100
WFG Management Services Proprietary Limited	100
Global Healthcare Resources Proprietary Limited	100

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

21. RELATED PARTY TRANSACTIONS (continued)

21.4 Subsidiaries (continued)

Details of the subsidiaries indirectly held are set out below:

Indirect subsidiaries and other consolidated entities	% holding
DebtWorx Proprietary Limited	100
Essential Employee Benefits Proprietary Limited	100
Babereki Employee Support Services Proprietary Limited	100
EEB Solutions Proprietary Limited	100
FeelBetterFast Proprietary Limited	50
Arnocure Proprietary Limited	100
GetSavvi Consult Proprietary Limited	100
GetSavvi Health Proprietary Limited	100
Training Force Proprietary Limited	100
Pha Phama Africa Employee Empowerment Trust	100
Prisma Training Solutions Proprietary Limited	100
KBC Health & Safety Proprietary Limited	100
The Cyber Academy Proprietary Limited	100
Talent Factor Proprietary Limited	100
UNI Education Group Proprietary Limited	100
Dyna Training Proprietary Limited	100
Dyna Training Namibia Proprietary Limited	100
WFGNAM Training Force	100
Dyna Industrial & Training Development Proprietary Limited	100
NQ Plus Networks Proprietary Limited	100
Depostep Proprietary Limited	75
Sikelela Skills Academy Proprietary Limited	100
OpenSource Intelligent Solutions Proprietary Limited	100
Fempower Personnel Proprietary Limited	100
Programme Process Outsourcing Proprietary Limited	100
Workforce Staffing Proprietary Limited	100
Workforce Outsourcing Proprietary Limited	100
Worldwide Staffing Proprietary Limited	100
Interchange Business Consulting Proprietary Limited	100
Oxyon People Solutions Proprietary Limited	100
Quyn International Outsourcing Proprietary Limited	100
Molapo Quyn Proprietary Limited	100
Quyn Payroll & HR Services Proprietary Limited	100
Sizuluntu Staffing Solutions Proprietary Limited	48
Sizuluntu Projects Proprietary Limited	47
TWG Mauritius	100
FADS Proprietary Limited	100
Workforce Finance Proprietary Limited	100
Workforce Software Proprietary Limited	100
Workforce Outsourcing Proprietary Limited	100
Rapitrade 465 Proprietary Limited	100
Workforce Healthcare Proprietary Limited	50
Allmed Healthcare Professionals Proprietary Limited	100
Nursing Emergencies Proprietary Limited	100
Jet Talent Proprietary Limited	50
Only the best Proprietary Limited	100
TeleresourcesProprietary Limited	100
Africa Upskill Proprietary Limited	100
Gauteng wage Bureau Proprietary Limited	100
Flexi Talent Proprietary Limited	100
People First Proprietary Limited	100
Pha Phama Africa Staff Services Proprietary Limited	100

22. REMUNERATION IMPLEMENTATION REPORT

22.1 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 R
2021							
Executive directors							
RS Katz	3 905 674	179 340	-	-	-	315 000	4 400 014
WP van Wyk	2 615 959	-	-	129 286	-	235 000	2 980 244
Non-executive directors							
I Ross	210 851	-	-	-	-	-	210 851
JR Macey	408 312	-	-	-	-	-	408 312
KM Vundla	430 075	-	-	-	-	-	430 075
S Naidoo	182 211	-	-	-	-	-	182 211
S Thomas	218 010	-	-	-	-	-	218 010
Prescribed officers							
SB Herscovitz	2 397 245	72 597	117 894	117 584	-	1 904 487	4 609 808
S Momberg	3 308 577	61 005	367 898	162 656	-	1 240 000	5 140 136
DM McMillan	2 057 388	54 157	109 898	100 696	-	2 050 726	4 372 865
RB Malkin	2 526 407	89 358	126 000	124 589	-	140 000	3 006 354
E Vanassche	2 276 016	28 560	458 257	-	-	170 000	2 932 833
J Kruger	1 980 804	172 524	96 000	97 651	-	500 000	2 846 979
Total	22 517 528	657 541	1 275 947	732 463	-	6 555 213	31 736 692

	Basic remuneration R	Medical contributions R	Allowances R	Retirement contributions R	Share incentive payments R	Bonus and profit share R	Total R
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	20 020 324	693 866	1 275 239	645 853	-	5 361 143	27 996 425

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

22. REMUNERATION IMPLEMENTATION REPORT (continued)

22.2 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
2021		
RS Katz	–	65 860
WP van Wyk	1 126	–
S Naidoo	–	*
I Ross	–	*
	1 126	65 860
2020		
RS Katz	–	65 860
WP van Wyk	1 126	–
S Naidoo	–	*
I Ross	–	*
	1 126	65 860

* These Directors have an interest in Vunani Capital Proprietary Limited, which owns 42 900 000 shares in the company.

There have been no changes in these holdings from 31 December 2021 to the date of the annual financial statements.

23. EQUITY-SETTLED EMPLOYEE BENEFITS

23.1 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 payoff 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.

Share appreciation rights issued on	Number	Vest date	Grant date	Exercise price (cents)	Fair value at grant date (cents)	Fair value Total
22 November 2019	15 279 000	22 November 2022	27 November 2019	123	159	14 319 650

There were no share appreciation rights exercisable at the end of the current financial year.

Fair value of the share appreciation rights granted during the year

The fair value of the share appreciation rights is R9 995 010 (2020: R5 555 198) of which R4 439 811 (2020: R6 802 207) 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.

23. EQUITY-SETTLED EMPLOYEE BENEFITS (continued)

23.2 Movement in share options during the year

	2021		2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercised price
Balance at the beginning of the year	16 241 000	1,41	27 233 000	1,30
Options granted during the year	–	–	–	–
Options forfeited during the year	(962 000)	–	(1 367 000)	–
Options exercised during the year	–	–	(9 625 000)	1,51
Options expired during year	–	–	–	–
	15 279 000	1,41	16 241 000	1,41

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.

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.

23.3 Inputs into model

	2021	2020
Grant date share price	159 cents	70 cents
Exercise price	123 cents	151 cents
Expected volatility	77,02%	59,57%
Share appreciation life	36 months	36 months
Dividend yield	0%	0%
Risk-free interest rate	7,45%	4,66%

Charge to profit and loss (note 13)

	2021	2020
2019 option	4 439 811	5 056 055
2017 option	–	1 746 154
	4 439 811	6 802 209

23.4 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 (2020: R1,41), and a weighted average remaining contractual life of 11 months (2020: one year and 11 months).

24. CONTINGENT LIABILITIES

Legal claim contingency

Various legal claims were brought against the group during the year. Unless recognised as a liability, the directors consider these claims to be unjustified and the probability that they will require settlement at the group's expense to be remote, since the claims are not in accordance with either the contracts with the customers or normal business practices in the industry. This evaluation is consistent with external independent legal advice. Potential claims by third parties amount to R2 million (2020: R nil). The directors believe, based on past history, that the likelihood of such claims being successful are minimal.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

25. BUSINESS COMBINATION

25.1 Business acquired – OpenSource Group

	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 with effect from 1 January 2021. 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
Fourth payment	3 663
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. Future interest is derived by discounting the contingent considerations that are contractually payable. 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 which reduce the contingent consideration in the event that contractually agreed after tax profits are not achieved. The directors believe that these payments are probable.

25. BUSINESS COMBINATION (continued)

25.1 Business acquired – OpenSource Group (continued)

	Total R'000
Assets acquired and liabilities recognised at the date of acquisition	
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

Property, plant and equipment has been valued according to the replacement cost method. Intangible assets comprise client relationships and restraint agreements, these have been valued using a cost approach method. The value captures the cost to the group of ensuring the employees stay loyal and do not compete with the group. The receivables acquired (principally trade receivables) in this transaction with a fair value of R5 354 375 for OIS is equivalent to the gross contractual amount as reflected in OIS's books of account. All contractual cash flows are expected to be collected.

Cash and cash equivalents are deemed to be at fair value. Current liabilities are short-term in nature and represent the amount expected to be paid out to settle the liabilities.

Net cash outflow on acquisition of subsidiaries	
Consideration to be paid in cash	10 325
Less: Cash and cash equivalent balances acquired	(2 389)
Total	7 936
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. Such benefits may be achieved by virtue of OIS having access to Workforce's client base as well as from Workforce's ability to assist OIS by providing additional working capital funding, allowing OIS to take on larger scale clients and projects. 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2021

25. BUSINESS COMBINATION (continued)

25.2 Business acquired – GetSavvi Group

	Date of acquisition	Portion of business acquired %	Consideration transferred R'000
2021			
The GetSavvi Group	1 June 2021	100	25 650
			25 650

Workforce has obtained control of GetSavvi Health Proprietary Limited, GetSavvi Consult Proprietary Limited and Arnocure Proprietary Limited by acquiring 100% of the equity and voting rights in these entities and it has acquired 50% of the equity and voting rights in FeelBetterFast Proprietary Limited (collectively “the GetSavvi Group”). The GetSavvi Group was acquired with effect from 1 June 2021 in order to broaden Workforce’s short-term health insurance offering as well as to bring specialised skills and intellectual property into the company.

	Total R'000
Consideration transferred	
Cash	13 705
Contingent consideration	11 945
Total	25 650
Contingent consideration	
Second payment	2 564
Third payment	2 292
First top-up payment	4 738
Total additional amount	9 594
Interest raised on future payments	2 351
	11 945

Under the contingent consideration arrangement for the GetSavvi Group, Workforce is obliged to pay an amount of up to R2 936 679 (inclusive of future interest) subject to the GetSavvi Group achieving an agreed upon profit before tax for the 12 months ending 31 May 2022 and an amount of up to R2 936 679 (inclusive of future interest) subject to the GetSavvi Group achieving an agreed upon profit before tax for the 12 months ending 31 May 2023. Future interest is derived by discounting the contingent considerations that are contractually payable. Should the profit before tax for the 24-month period ending 31 May 2023 exceed R15 481 525, an additional payment of up to R6 071 811 (inclusive of future interest) may also be payable. All these payments are calculated using contractually agreed upon formulae whereby the contingent considerations are reduced or increased subject to the agreed upon profit before tax targets being missed or exceeded. The directors believe that these payments are probable.

25. BUSINESS COMBINATION (continued)

25.2 Business acquired – GetSavvi Group (continued)

	Total R'000
Assets acquired and liabilities recognised at the date of acquisition	
Non-current assets	2 873
Property, plant and equipment	154
Intangible assets	2 719
Current assets	7 288
Trade and other receivables	6 571
Cash and cash equivalents	717
Non-current liabilities	
Deferred tax liabilities	(766)
Current liabilities	
Trade and other payables	(6 361)
Total	3 034

Property, plant and equipment has been valued according to the replacement cost method. Intangible assets comprise client relationships and restraint agreements, these have been valued using a cost approach method by an independent valuation expert, adopting the relevant International Accounting Standards. The value captures the cost to the group of ensuring the employees stay loyal and do not compete with the group. The receivables acquired (principally trade receivables and loan receivables) in this transaction with a fair value of R6 665 049 for the GetSavvi Group is equivalent to the gross contractual amount and are based on the value as reflected in the reviewed books of account as at the effective date of the business combination. All contractual cash flows are expected to be collected.

Cash and cash equivalents are deemed to be at fair value. Current liabilities are short-term in nature and represent the amount expected to be paid out to settle the liabilities.

Net cash outflow on acquisition of subsidiaries	
Consideration to be paid in cash	13 705
Less: Cash and cash equivalent balances acquired	(717)
Total	12 988
Goodwill arising on acquisition	
Consideration transferred	25 650
Less: Fair value of identifiable net assets acquired	(3 034)
Less: Interest raised on future payments	(2 351)
Goodwill arising on acquisition	20 265

Goodwill arises on the acquisition of the GetSavvi 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. It is anticipated that these benefits will arise from the utilisation of certain of the GetSavvi Group's systems, software in certain of Workforce's business and from Workforce being able to draw off the expertise and experience of the GetSavvi Group's management team. 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 GetSavvi Group acquisition is expected to be deductible for tax purposes.

Impact of acquisitions on the results of the group

As per IFRS 3 requirements, had the above acquisition occurred on 1 January 2021, the revenue and profit before tax would have been R2 675 366 and R587 756 respectively. The above figures have been extracted without amendment from the management accounts of the GetSavvi Group.

25.3 Depostep

Workforce has obtained 75% shareholding of Depostep Pty Ltd, effective 1 February 2021. Depostep is a start up training company acquired to grow and diversify the groups training segment. There was no consideration transferred on this acquisition. The assets and liabilities acquired consisted of trade receivables (R65 million) and trade payables (R57 million). Due to the short-term nature, these instruments, the carrying values were deemed to approximate their fair values. The acquisition resulted in a gain on bargain purchase of R777 000.

06

SHAREHOLDER INFORMATION

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 2021
Audited results released on SENS	31 March 2022
Integrated report available to shareholders on our website	31 March 2022
Summarised results and notice of annual general meeting posted to shareholders	31 March 2022
Annual general meeting	27 May 2022
Interim period	30 June 2022
Half-year interim report	Mid-August 2022

ANALYSIS OF SHAREHOLDERS

as at 31 December 2021

	Number of holders	% of total shareholders	Number of shares	% of total issued share capital
1. ANALYSIS OF SHAREHOLDINGS				
1 – 1 000	1 204	89,19	86 169	0,04
1 001 – 10 000	80	5,93	345 979	0,14
10 001 – 100 000	41	3,04	1 904 893	0,78
100 001 – 1 000 000	16	1,19	4 445 626	1,82
1 000 001 and more	9	0,67	236 948 676	97,22
Totals	1 350	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	6	0,44	226 534 327	92,94
Directors	2	0,15	66 986 157	27,48
10% or more of issued capital	2	0,15	140 812 399	57,77
Treasury shares	2	0,15	18 735 771	7,69
Public	1 344	99,56	17 198 016	7,06
Totals	1 350	100	243 731 343	100,00
4. DISTRIBUTION OF SHAREHOLDERS				
Individuals	82	6,07	478 500	0,20
Pension funds	91	6,74	230 725 278	94,66
Other managed funds	1 164	86,22	11 864 102	4,87
Other companies and corporate bodies	13	0,96	663 463	0,27
Totals	1 350	100	243 731 343	100

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 Friday, 27 May 2022 at 10:00 ("annual general meeting" or "AGM").

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

	2022
Record date in order to be eligible to receive the annual general meeting notice	Friday, 25 March
Annual general meeting notice distributed to shareholders	Thursday, 31 March
Last date to trade in order to be eligible to vote at the annual general meeting	Tuesday, 17 May
Record date in order to be eligible to vote at the annual general meeting	Friday, 20 May
Last day to lodge forms of proxy for the annual general meeting (by 10:00) for administration purposes	Wednesday, 25 May
Annual general meeting (at 10:00)	Friday, 27 May
Results of the annual general meeting released on SENS	Friday, 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 Wednesday, 25 May 2022.
- 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 the 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 (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 identity 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.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

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 2021 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 regulation 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 at 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 ordinary resolution number 9 to be adopted, more than 75% of the voting rights exercised on 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.

ORDINARY BUSINESS

1. Ordinary resolution number 1: Re-election of Shelley Thomas

"Resolved that Shelley Thomas, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible and offering herself for re-election, be and is hereby re-elected as a director."

An abbreviated *curriculum vitae* in respect of Shelley Thomas may be viewed on page 71 of the integrated annual report of which this annual general meeting notice forms part.

The remuneration and nominations committee has considered Shelley Thomas's past performance, contribution to the company and her independence and, in accordance with article 38.3 of the memorandum of incorporation of the company, recommends that Shelley Thomas be re-elected as a director of the company.

2. Ordinary resolution number 2: Re-election of Inshaaf Ross

"Resolved that Inshaaf Ross, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible and offering herself for re-election, be and is hereby re-elected as director."

An abbreviated *curriculum vitae* in respect of Inshaaf Ross may be viewed on page 71 of the integrated annual report of which this annual general meeting notice forms part.

The remuneration and nominations committee has considered Inshaaf Ross'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 Inshaaf Ross 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, if 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 71 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 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 70 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, subject to the passing of ordinary resolution number 1, 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 71 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 the 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 75 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 78 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 are that King IV™ recommends that the remuneration policy and implementation report 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 2022, 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 (“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 2022.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

9. Ordinary resolution number 9: General authority to issue shares, and to sell treasury shares, for cash

“Resolved that the directors of the company and any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to allot and issue, or to issue any options in respect of, any of its authorised but unissued ordinary shares in the capital of the company placed under their control and/or to sell or otherwise dispose of or transfer, or issue any options in respect of ordinary shares in the capital of the company purchased by subsidiaries of the company, for cash, as they in their discretion may deem fit, without restriction, subject to the Companies Act, the memorandum of incorporation of the company and 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 as at the date of this annual general meeting notice (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 the issue period, 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 subdivision 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;
- 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; and
- whenever the company wishes to use repurchased shares, held as treasury stock by a subsidiary of the company, such use must comply with the Listings Requirements of the JSE as if such use was a fresh issue of ordinary shares.”

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 authorisation 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 authorisation 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 more 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 2022:

Category	Recommended remuneration	
	2022	2021
Board chairman	R408 312 annual retainer* R17 002 per meeting attended	R408 312 annual retainer* R16 040 per meeting attended
Board member	R53 689 annual retainer R17 002 per meeting attended	R50 650 annual retainer R16 040 per meeting attended
Ad hoc fee	R2 362 per hour	R2 250 per hour
Audit and risk committee		
Chairman	R16 070 per meeting attended	R15 160 per meeting attended
Member	R14 288 per meeting attended	R13 480 per meeting attended
Remuneration and nominations committee		
Chairman	R16 070 per meeting attended	R15 160 per meeting attended
Member	R14 288 per meeting attended	R13 480 per meeting attended
Social, ethics and transformation committee		
Chairman	R16 070 per meeting attended	R15 160 per meeting attended
Member	R14 288 per meeting attended	R13 480 per meeting attended
Investment committee		
Chairman	R16 070 per meeting attended	R15 160 per meeting attended
Member	R14 288 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 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.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

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 effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond 15 months from the date of this resolution;
- 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 at the time this general authority is granted (“initial number”) 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 at which such ordinary shares are traded on the JSE 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 paragraph 3.67 of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of paragraph 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 repurchase 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 repurchase;
- 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 repurchase; and
- the working capital available to the group after the repurchase will be sufficient for the group’s requirements for a period of 12 months thereafter 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 150); and
- share capital of the company (page 123).

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 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 70 of this integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution number 3 and certify that to the best of their knowledge and belief there are no facts in relation to this special resolution 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 law and 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



Sirkien van Schalkwyk

Company secretary

30 March 2022

[illegible]

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 entirely by electronic format via Microsoft Teams on Friday, 27 May 2022 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 2021			
Ordinary resolution number 1: To re-elect Shelley Thomas as director			
Ordinary resolution number 2: To re-elect Inshaaf Ross as director			
Ordinary resolution number 3: Confirmation of auditor's reappointment			
Ordinary resolution number 4: Reappointment of Kyansambo Vundla as chairman of the audit and risk committee			
Ordinary resolution number 5: Reappointment of John Macey to the audit and risk committee			
Ordinary resolution number 6: Reappointment of Shelley Thomas to the 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, and to sell treasury 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

2022

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	

to be received by no later than 10:00 on Wednesday, 25 May 2022 (or 48 (forty-eight) hours before any adjournment of the AGM which date, if necessary, will be notified on SENS).
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 will 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 2022.

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 Thursday, 26 May 2022, 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.

APPENDIX 1 (CONTINUED)

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 Wednesday, 25 May 2022. 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 Thursday, 26 May 2022, 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 will 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

NOTES

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DEFINITIONS AND ABBREVIATIONS

AEDO	Authenticated Early Debit Order	LNG	Liquid natural gas
AGM	Annual General Meeting	KPI	Key Performance Indicators
BBA	Bachelor of Business Administration	KBC	KBC Holdings Proprietary Limited
B-BBEE	Broad-Based Black Economic Empowerment	King IV™	King IV™ Report on Corporate Governance for South Africa, 2016
Board	Board of directors of Workforce Holdings Limited	MOI	Memorandum of Incorporation
Companies Act or the Act	The South African Companies Act 2008 (Act 71 of 2008), as amended	NAV	Net asset value
COIDA	The Compensation for Occupational Injuries and Diseases Act, No 130 of 1993	NQF	National qualifications framework
COBIT	Control Objectives for Information Technology	OECD	Organisation for Economic Cooperation and Development
CSI	Corporate Social Investment	PAIA	Promotion of Access to Information Act, 2000 (Act 2 of 2000)
EAP	Economically active population or employee assistance programme	POPIA	Protection of Personal Information Act (Act 4 of 2013)
EBITDA	Earnings before interest, taxation, depreciation and amortisation	QCTO	Quality Council for Trades and Occupations
EEA	Employment Equity Amendment Act 47 of 2013	QSE	Qualifying small enterprise
EEB	Essential Employee Benefits, a company and brand within the Financial Services investment cluster	ROI	Return on investment
EME	Exempted micro enterprise	SAQA	South African Qualifications Authority
EPS	Earnings per share	SAP	Systems Applications and Products (in data processing)
ETI	Employment tax incentive	SARS	Share Appreciation Rights Scheme
EWP	Employee Wellness Programme	SDG	United Nations Social Development Goals
Exco	Executive Committee	SED	Socio-economic development
FET	Further Education and Training	SENS	Securities Exchange News Service of the JSE
Group	Workforce Holdings Limited and its subsidiaries	SETA	Sector Education and Training Authority
HEPS	Headline earnings per share	SLA	Service level agreement
HET	Higher Education and Training	TES	Temporary Employment Services
HR	Human Resources	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
IFRS	International Financial Reporting Standards	UIF	Unemployment Insurance Fund
ILO	International Labour Organisation	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)
IR	Industrial relations	YES Programme	Youth Employment Services programme
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		

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.



www.workforce.co.za