



Beyond the Horizon

Exploring Tomorrow's Landscape

2023

Integrated Annual Report

Uplifting people. Growing business.

Staffing & Outsourcing | Recruitment | Training & Education | Healthcare | Financial Services

Beyond the Horizon

Exploring Tomorrow's Landscape

For five decades, Workforce has provided support to South Africans as a Level 1 B-BBEE human capital services company that operates through focused investment clusters comprising Staffing and Outsourcing, Training and Education, Recruitment, Healthcare and Financial Services.

Workforce continues to forge ahead, and today, not only do we give people an opportunity to work so that they can build a life for themselves and their loved ones, but we also uplift people through training and skills development and ensure they are healthy and happy individuals.

This foundation is now being enhanced through a theme of looking beyond the horizon to explore and entrench tomorrow's business landscape. It's a landscape where innovation is the compass, and each challenge is a stepping stone toward success – exploring tomorrow's business landscape through strategic collaborations and alliances, working to cultivate opportunities where diverse talents converge, and driving profits to enrich our business journey. As we traverse the horizon, innovation guides us, leading us to new products that redefine our market presence and boost sales, conquering new markets in the process. This journey is a commitment to sustainable growth, expanding our footprint, and embracing change with resilience. This is where strategic alliances amplify

our capabilities, and the journey itself is a testament to our dedication to success in the ever-evolving human capital landscape.

Our group's foundation is strengthened with our focus on exploring and proactively embracing tomorrow's business landscape. This is guided by innovation and agility, with every challenge seen as an opportunity for success.

Where diverse talents converge, strategic collaboration thrives. We work together to cultivate opportunities and drive profits to enrich all stakeholders on our journey. Our commitment to sustainable growth helps us work to expand our footprint, embracing all change with learned resilience.

As we traverse the horizon, innovation guides us, leading us to new products that redefine our market presence and boost sales in the ever-evolving human capital landscape. Strategic alliances amplify our capabilities, helping us conquer new markets in the process. This journey is a commitment to sustainable growth, exploring the unknown and defining the future of Workforce Holdings beyond our horizon.



Strong, diverse and relevant foundations and a global footprint in place upon which the expertise, experience, skill, digitisation and knowledge gained over five decades, can be expanded upon to optimise the product offering within and across investment clusters



Strategically managed for growth and sustainability through the establishment of autonomous investment clusters



Repeatability across service offering and locations allowed for the advancement of growth



Foundation in place with a defined and refined offering, enhanced through a series of acquisitions



Initial establishment in 1972



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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 the JSE Listings Requirements, the King Report on Corporate Governance in South Africa (“King IV™”) and the Companies Act of 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 2023 to 31 December 2023.

This is our primary report to shareholders and stakeholders and provides material information about 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 accepts that the company is in compliance with the provisions of the Companies Act and operating in conformity with 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 89
Empowerment				
B-BBEE (Level 1)	BEE scorecard	Assured	Fidelity Verification Valid until 21 June 2024	www.workforce.co.za/aboutus
Ethics and trust				
Whistleblower and whistleblower protection policy	Internal	Assured by internal audit department	Social, ethics and transformation committee	Social, ethics and transformation committee report – page 74
Protection of Personal Information Act (“POPIA”)	Internal	Assured by internal audit department	Internal commercial department	Chairman’s report – page 12
King IV™	Application register	Assured internally	Board and executive management	www.workforce.co.za/aboutus

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 acknowledges its responsibility to ensure the integrity of the integrated annual report for the 2023 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



Willie van Wyk
Financial director



Kyansambo Vundla
Independent non-executive director



Ronny Katz
Chief executive officer



Shaun Naidoo
Non-executive director



Shelley Thomas
Independent non-executive director

28 March 2024

1 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

Staffing and Outsourcing



Recruitment



Training and Education



Healthcare



Financial Services



Africa



See the investment cluster operations report and segmental contribution on pages 34 to 45 and note 17.



Types of services (contribution to revenue)

- Staffing solutions
- Placement fees
- Accredited courses, education and training
- 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

Diversified and integrated business model

4

Strong customer relationships

34

Innovative service solutions

3

Entrepreneurial culture

34

Extensive footprint

4

Our people

50

Intellectual capital | Depth of management
Committed workforce

Where we operate

The group primarily operates in South Africa and has an extensive national branch infrastructure that spans across all provinces of the country. To increase geographic diversification, we have established our presence in several neighbouring countries, including Mozambique, Botswana, Namibia, Tanzania, Zambia, Rwanda and Uganda, as well as further afield in Mauritius, Scotland and South America.

31 trading brands	12 active branches beyond our borders	102 branches in South Africa	Operational in 10 countries outside of South Africa
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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.



Key numbers

Workforce fulfilled its purpose and promise by being flexible and providing globally innovative, integrated and diversified human capital solutions which make 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.

We are proud to support the principles of environmental, social, and governance (“ESG”) responsibility and strive to be a responsible company in everything we do. To ensure we continue to strive beyond the horizon, our people, empowerment, our positive impact and our financial numbers are equally important as we navigate tomorrow's human capital landscape.

Empowerment



Level 1 B-BBEE	40,62% Black women ownership	51,83% Black ownership
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Our people



1 269 Permanent staff employed	58% Women	82% “Black”	39% “Youth”
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Our positive impact



99 181 average number of payslips processed every month	89 289 training instances	11 883 learners on learnership programmes	28 000 daily positions filled
120 learners on the Bachelor of Business Administration (“BBA”) degree	94 registered learnerships	101 217 medical examinations conducted	
54 248 funeral and medical policies issued	64 on-site clinics managed and supported	5 walk in and 9 mobile occupational health screening facilities	

Financial



Revenue	EBITDA	HEPS
R4,5 billion (2022: R4,3 billion)	R151,3 million (2022: R201,1 million)	-13,3 cents per share (2022: 46,8 cents per share)
Cash flow from operating activities	NAV per share	Days outstanding
R136,5 billion (2022: -R65,3 billion)	389 cps (2022: 407 cps)	51 (2022: 54)

Investment clusters and performance summary

The group is firmly committed to its core competence areas to enable the harnessing of inter-group synergies and diversification into new markets and territories. Our business is structured for value creation, with considerable emphasis placed on endeavouring to ensure that our diverse business portfolio is managed from a solid base to ensure sustainable growth.

To support this, the businesses were realigned into investment clusters and investment cluster executives were appointed to drive accelerated growth and diversification within each cluster.

This strategy has proven to be highly effective and we are incredibly 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 of the various offerings of each closely aligned business unit is of utmost importance to the group’s sustainable growth, both within and beyond South

Africa’s borders. This diversification strategy will remain a key priority and strongly supports the theme of this report – to look beyond the horizon.

Human capital is integral to our business model, with people at the core of our value creation process. Achieving our strategic business goals and pursuing our purpose of making a difference in people’s lives translates into shared value for our organisation and our stakeholders while achieving meaningful social contributions such as increased employment levels.

Investment cluster

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.

Cluster brands



Service offering

- 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

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



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.



Cluster brands



Service offering

- 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

🔗 See pages 38 to 39, note 17 and our website for additional information.



Investment clusters and performance summary (continued)



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.



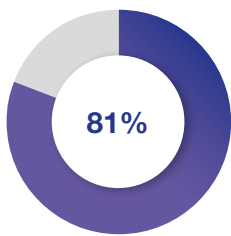
Cluster brands



Service offering

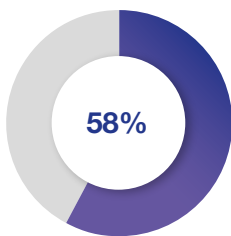
- Entire suite of Workforce services and products
- 🔗 See pages 36 to 37, note 17 and our website for additional information.

Segment revenue



2023

Segment EBITDA



2023

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



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 leadership training, learnerships, mining and specialised compliance training. With our training solutions, we aim to improve trainees’ employability and the earning capability of employed people to earn more in the shortest time possible. KBC and Prisma focus on technical training and onboarding in the mining industry. Chartall Business College (“Chartall”) is a registered Higher Education training provider that offers degrees in Business Administration and specialises in various training for the banking industry. Dyna focuses on supervisory, management and leadership training.



Cluster brands



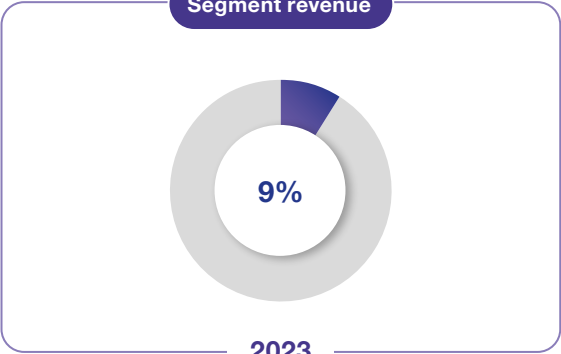
Service offering

- Learnerships
- Short courses
- Skills programmes
- Online/digital courses
- SETA accredited
- SAQA and NQF aligned
- Compliance and apprenticeships training
- Contractor on-boarding and induction
- FET and HET offering
- QCTO accredited
- Behaviour change management training
- Supervisory and leadership training

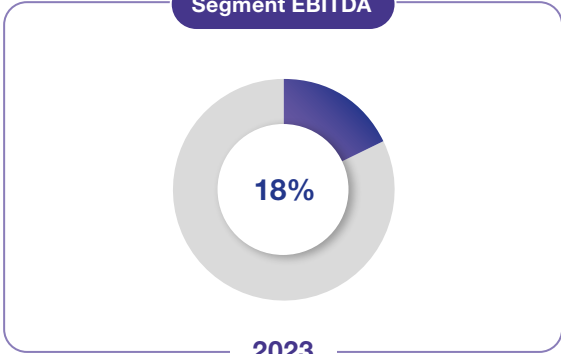
🔗 See pages 40 to 41, note 17 and our website for additional information.

* The investment cluster is in the process of exiting the Cyber Academy shareholding, of which Workforce owns a 51% stake.

Segment revenue



Segment EBITDA



Investment clusters and performance summary (continued)



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.



Cluster brands

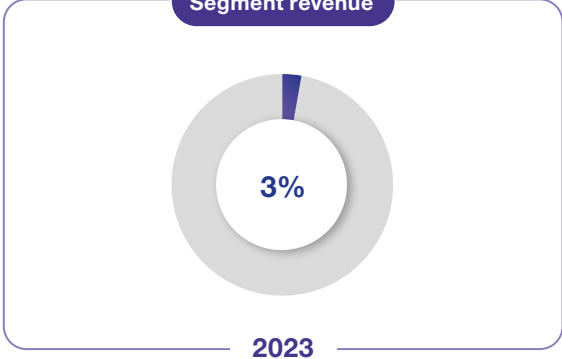


Service offering

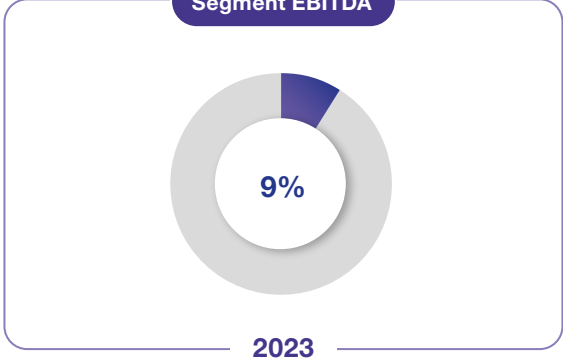
- Funeral cover
- Day-to-day medical insurance
- Hospital cover
- Responsible lending services
- Affordable optometry and glasses programme
- Wide range of financial products
- Debt collection services

See pages 42 to 43, note 17 and our website for additional information.

Segment revenue



Segment EBITDA



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 64 onsite clinics at various clients, all of which provide primary care, Covid-19 prevention and occupational healthcare; five 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 resulting from employees who need to travel to off-site primary healthcare facilities to treat 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.



Cluster brands

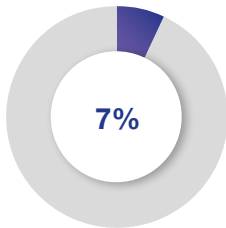


Service offering

- 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

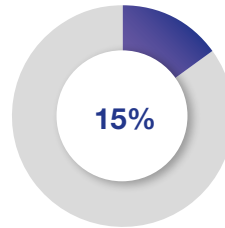
🔗 See pages 44 to 45, note 17 and our website for additional information.

Segment revenue



2023

Segment EBITDA



2023

Chairman's report



John Macey

Independent chairman

“ It was a challenging year for South Africa and for Workforce, given the structural, political and economic headwinds. However, the group has a strong foundation of 50-years which has provided it with clear guidance, foresight, and encouragement from the executive leadership. The investment clusters have worked collaboratively across the organisation to enhance their base, which will drive further growth. As technology and data play a vital role in gaining a competitive advantage, Workforce has dedicated much time and resources to improving efficiency and enhancing client service across the group supported by this combination of data and vast experience across the group. ”

The theme for this report is “beyond the horizon”, which denotes the next steps in the group’s expansion and growth path. In 2015, Workforce embarked on an acquisition drive, and by 2021 it had added ten (10) brands to the respective investment clusters. A total of R293,58 million was spent on acquisitions across those years which earned 88% of the purchase consideration back in profit before tax. Looking back at 2018, Workforce was operational in four (4) countries, had six (6) branches beyond the borders and 25 trading brands. By 2023, this has grown to be operational in 10 countries outside of South Africa with 12 active branches beyond the borders and 31 trading brands. This foundation and the wealth of knowledge and experience contained in the group set the foundation for growth into the future.

After successfully dealing with the Covid-19 pandemic, Workforce now faces unprecedented challenging economic conditions and political sentiment in South Africa. The economy is challenged by frequent power outages, logistical issues due to a breakdown of ports and rail infrastructure, high interest rates, rising national Government debt and massive unemployment, fuelled further through large-scale retrenchment of staff by companies unable to carry the burden of poor

economic growth rates. Globally uncertainty is further amplified by global inflation, the ongoing war in Ukraine and Israel, increased tensions in the Red Sea and a series of global elections to come in 2024.

South Africa remains the largest geography where Workforce human capital products and services are provided. Despite revenue being slightly improved, it was not sufficient to cover increased overheads. The group has to balance growth in jurisdictions outside of South Africa, with efficient structures in South Africa to support the blue chip client base it services. To position for future growth, a successful cost-cutting initiative was implemented, with encouraging results seen towards the end of the financial year. A greater emphasis on innovative technology, information systems and data will support quick reactions in the clusters and ensure that clients are supported by data points that demonstrate the advantage of working with Workforce. Today, where data metrics are critical, Workforce is spending time and dedicating resources to modernising systems and in some instances is able to leap-frog systems to implement leading-edge solutions. The main aim is to continue to deliver on the human capital needs of our customers and, in doing so, drive growth and shareholder returns.

The group delivered an increase in revenue of 4,4% for the year under review to R4,5 billion (2022: R4,3 billion). EBITDA (before ECL movement) decreased to R151,4 million (2022: R201,1 million). After ECL movements, a total comprehensive loss for the year of -R26,4 million was recorded compared to a profit of R105,3 million in 2022.

Transformation, accountability and human capital

Workforce is committed to conducting business in an ethical and responsible manner. We are particularly aware of the unique circumstances in South Africa, and we are proud to announce that we have maintained our Level 1 B-BBEE accreditation. We are also actively participating in the YES Programme, which focuses on youth development – an important area for the growth and development of South Africa. We currently have 1 269 permanent employees, of which 58% are female and 82% are black. Additionally, we employ 64 286 temporary or contract employees.

Changes to the board

During the year under review there were no changes to the board. Although the board is small in number, it contains the necessary independence, experience and expertise to ensure it keeps the interest of all shareholders aligned.

Thanks and appreciation

I would like to take a moment to express my gratitude to my fellow board members for their hard work and dedication. I am proud to work alongside them and value their contributions.

I would also like to extend my thanks to our shareholders, customers, stakeholders, suppliers, local communities, and providers of capital for their support throughout the year. Thank you for your continued support and belief in us.

Our employees are the soul of our business, and their focus and commitment are essential to our success. I would like to send a special thank you to all of them.

Lastly, I would like to thank the management team for their daily efforts. Our executive and managers are the heart of the company, and Workforce could not have navigated through the year without their leadership, years of experience, and industry knowledge and believe in the suite of products and services Workforce delivers to the market place.



John Macey
Independent chairman

28 March 2024

Workforce is committed to conducting business in an ethical and responsible manner. We are particularly aware of the unique circumstances in South Africa, and we are proud to announce that we have maintained our Level 1 B-BBEE accreditation.



2 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 4), 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, who 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 international presence), and the quality relationships we have with key stakeholders.

Our “beyond the horizon” theme acknowledges our drive for constructive change and development as we evolve and mature with the times. Accordingly, Workforce has carefully and successfully enhanced the international working footprint, operational in 10 countries outside of South Africa. This supports the diversification and improves revenue quality through the ability to charge and earn foreign currencies. Venturing into Africa has gained real traction, given the skills shortage and training needs in many countries. Furthermore, proximity to these markets makes them easily accessible and most work is undertaken together with local partners, ensuring skills transfer.

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 structure 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.



Autonomous investment clusters established to further enhance sustainability

Well positioned for sustainability on the back of >50 years of experience, diversification, skill and digitisation

Foundation in place for diversification established on track record of acquisitions and organic growth



This foundation is now being enhanced by looking beyond the horizon to explore and entrench tomorrow’s business landscape. It’s a landscape where innovation is the compass, and each challenge is a stepping stone toward success – exploring tomorrow’s business landscape through strategic collaborations and alliances, working to cultivate opportunities where diverse talents converge, and driving profits to enrich our business journey.

As we traverse the horizon, innovation guides us, leading us to new products that redefine our market presence and boost sales, conquering new markets in the process.

This journey is a commitment to sustainable growth, expanding our footprint, and embracing change with resilience. This is where strategic alliances amplify our capabilities, and the journey itself is a testament to our dedication to success in the ever-evolving human capital landscape.

This enhancement, in line with our Workforce manifesto, enables us to continue to our mantra of **“Uplifting people. Growing business.”**

Operational priorities



Protect and grow existing business



Use technology as a differentiator



Unlock the value of the client base through intra-group collaboration and sales and marketing capability improvement



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



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 mitigating 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 
	Uncertain global environment	» Economy Financial	Economy 
	Covid-19 or similar pandemic	» Economy Increased demand for occupational health and Employee Assistance (Wellness) Programmes (“EAP”) Change in product delivery as online demand increases	Product and service innovation 
	Global skills shortage	» Economy	Human capital management 
Operating environment	Artificial intelligence and machine learning	» Diversification, economy	Economy Human capital management Growth Technology 
	Negative union activity	» Stakeholder engagement	Stakeholder engagement (inclusivity) 
	Curbed spending by clients	» Diversification, regulatory, economy	Covid-19 or similar pandemic 
	B-BBEE scorecard	» B-BBEE, regulatory	B-BBEE 
	Employment Tax Incentive (“ETI”) continues until 2029 and QCTO-accredited	» Regulatory	Youth employment and development 
Legal and regulatory	Employment equity and B-BBEE legislation	» B-BBEE regulatory, B-BBEE (Level 1) attained	Regulatory environment, B-BBEE 
	AEDO (“Authenticated Early Debt Order”) legislation compliance	» Regulatory, technology	Regulatory compliance Technology 

Material and strategic focus areas

Our capitals

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



Financial capital



Organisational capital
(includes intellectual and manufactured capital)



Human capital



Social/relationship capital

1. Capital management

Capitals



Objective

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

- Debt capital markets
- Debt: equity ratio 0,59 (2022: 0,59)
- Equity capital

2023 performance

- Progress made with international funders
- New relationships with funders for the funding of international expansion initiatives
- Good relationships with bankers maintained
- Improved engagement with current and potential equity funders

* Treasury management improved.

Material issue and key risks

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

Capital and funding

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

Capital and funding (internal)

- 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

- 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

- 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

- Treasury function to be delegated to clusters
- Improving international funding lines
- Credit risk management
- Improved debtor management and recovery

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 inter-group synergies and collaborations
- Improve working capital management to optimise cash generation

2023 performance

- Substantial business growth experienced in new geographies, especially the rest of Africa
- Larger volume of inter-cluster collaborative deals experienced

Material issue and key risks

- 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
- Failure to integrate and realise full value from acquisitions
- Low economic growth affects business confidence, negatively impacts customer spending and fuels unemployment
- Political landscape and policy uncertainty coupled with a lack of infrastructure spend negatively affects investor and business confidence

Mitigation and control strategy

- Diversification of revenue streams and product streams
- Acquisitions of cash-generative businesses
- Geographic diversification
- Development of leadership and management teams
- Acquisitions are considered against Workforce's defined acquisition criteria and continue to support the diversification drive successfully
- Cluster executives tasked to accelerated growth drive
- Continue to market innovative employer-centric solutions
- Continue active membership and involvement in industry forums
- Continue stakeholder engagement

Focus areas for next year

- International expansion
- Improved value offering through leveraging the use of technology
- Geographic expansion
- Improve sales and marketing capability and spend
- Add scale to international businesses started in recent year

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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 markets

2023 performance

- Continue to assess possible acquisitions
- No substantial acquisitions were undertaken during 2023
- All acquisitions are now fully paid for. Previous acquisitions made are well integrated and have earned 88% 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 investment cluster

4. Human capital development

Capitals



Objective

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

2023 performance

- Significant and widespread leadership training and development maintained from previous year
- Continuous talent management and career development programmes in place
- Improved role definition
- Further initiatives to improve employee wellness and engagement
- Workforce Staffing wins "Top employer" award for the second year in a row

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
- Youth employment and development
- Inculcate our high-performance culture further
- Digitise talent management platform

Workforce Staffing Top Employer 2024

top
EMPLOYER




SOUTH
AFRICA
2024


CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS



Material and strategic focus areas (continued)


5. Technology

Capitals   

Objective 

Delivering industry-rich technical solutions to support the growth of the group. Technology is a key differentiator for the group and supports our ability to remain relevant and competitive.

- Infrastructure services
- Application development
- Investment
- Digital transformation
- Intellectual capital

2023 performance 

- Significant changes to the organisational structure aligned to key aspects of the COBIT governance framework and implementation methodologies
- Alignment of IT investment with strategic outcomes through continued focus on process automation, digital solutions and re-platforming to new technologies
- IT governance – adoption of IS Steering committee and implementation of relevant policies
- Substantial investment into reskilling and upskilling and onboarding of people with relevant skill sets

Material issue and key risks

- Relevance of IT infrastructure and systems on the business model directly impacts our ability to deliver and support the client base and the group




Mitigation and control strategy


- Ensure that IT is an enabler across the group
- Invest in existing and new IT infrastructure, network security and modernised platforms to remain relevant
- Roadmap to improve IT governance and maturity established
- Implementation of solution roadmaps aligned to business strategic objectives
- Replacement and re-platforming of legacy solutions to address technology debt and key-man dependencies

Focus areas for next year

- Optimise infrastructure and information security to support the national, African and global footprint
- Digital services rollout across the business to secure our competitive advantage and reduce cost of ownership across the value chain
- Implementation of a group-wide cloud based financial management system
- Africa and global rollout of solutions through the enablement of the digital transformation strategy
- Deep industry knowledge across the group will continue to be leveraged to create outstanding solutions
- Replacement and re-platforming of legacy solutions to address technology debt and key-man dependencies


6. Geographic growth

Capitals   

Objective 

Geographic diversification.

- Deepen presence outside of South Africa
- Grow revenue and profit base from existing territories
- Follow local clients offshore

2023 performance 

- Operational in 10 countries outside of South Africa, eight (8) of which are in Africa
- Substantial turnover growth in the rest of Africa

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

7. B-BBEE, transformation and youth employment development

Capitals



Objective



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

2023 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

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”)

Youth employment/development

- First-time job seekers use temporary assignments as an entry into the job market and improve their future employability resulting from on-the-job training and skills development provided
- Continue to support Government initiatives to facilitate youth employment and development
- 68% 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. Health and safety

Capitals



Objective



To ensure the highest standard of care for the health and safety of our staff.

2023 performance



- Excellent health and safety record
- Focus on employee wellness programmes
- Health and safety visibility improved by utilising the group’s own subsidiary health and safety offering

Material issue and key risks

- Regulatory compliance

Mitigation and control strategy

- Adherence to all protocols, Training and Education
- Health and safety briefings and Occupational Health and Safety Training Programme
- Culture of health and safety awareness and care throughout the group

- Health and safety monitoring

- Health and safety management system in place aligned to best practice

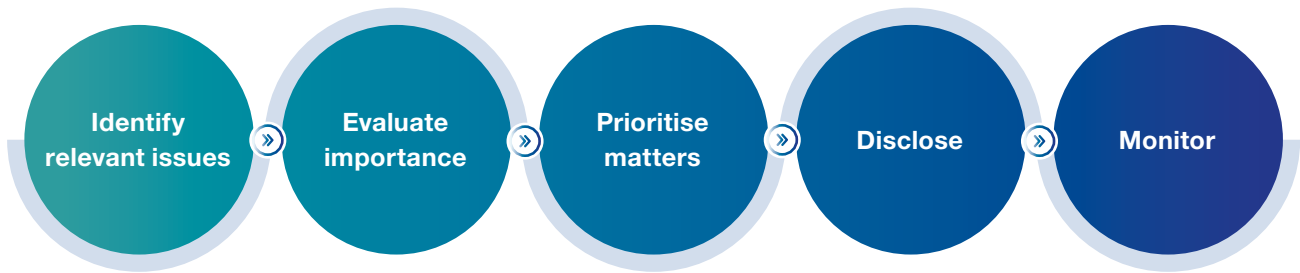
Focus areas for next year

- Continuous focus on ensuring all measures in place for health and safety are adhered to

Determination of materiality

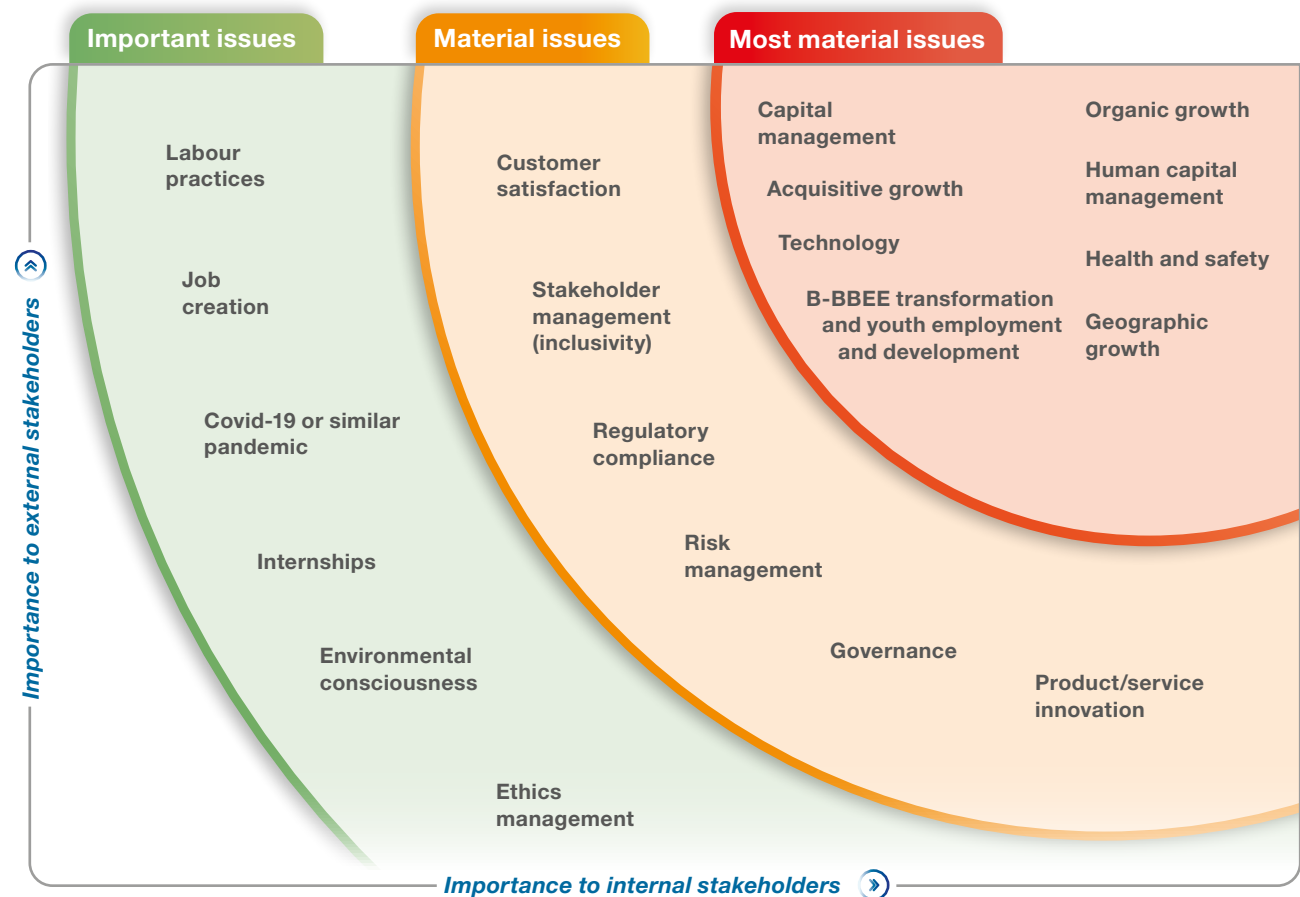
We define materiality as issues or occurrences that substantively affect our ability to create and sustain value over the short, medium and long term. Our material aspects are determined through a structured process of identifying relevant issues, evaluating their importance, and prioritising those which 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 2023, 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

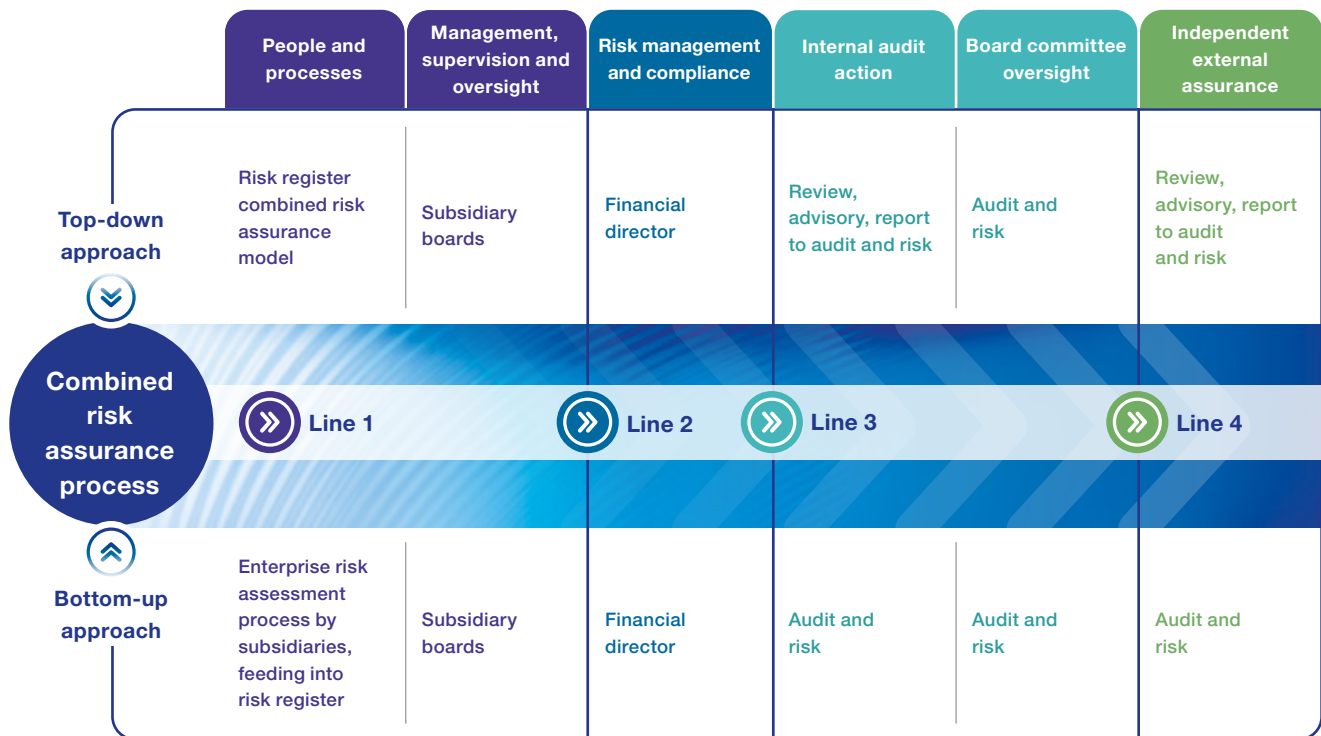


Managing our risks and opportunities

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 2020, 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, since implemented.

The group also formalised its enterprise risk management process, some years ago, 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 regularly.

The board is satisfied with management’s process of determining material issues, risks, and opportunities and that the risk management effectively identifies and evaluates risks and opportunities and ensures that these risks are managed in line with our business strategy.



Our value creation business model

For 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 to enhance 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.
 - Expansion of products and services into global territories.

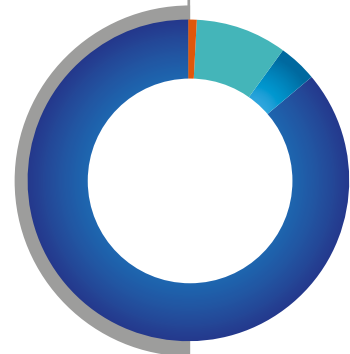
We provide employment, functional outsourcing, training, healthcare, wellness, financial services and lifestyle benefits to individuals and their employers.

Value creation for stakeholders

Wealth created
R3,7 billion

Total paid to employees and contractors
R3,2 billion

Value added from operations
R3,8 billion



1%

Providers of capital



9%

Government



4%

Suppliers



86%

Employees and contractors

3 Our performance

Performance indicators (five-year review)

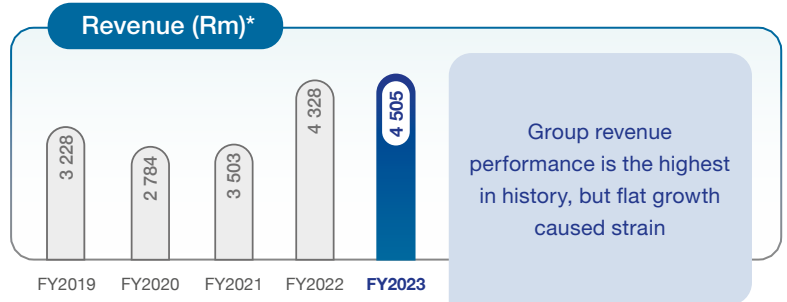
This is the highest revenue the group has ever earned. However, facing very difficult operating conditions in South Africa meant that the group had to quickly react to high overheads, which were in place based on an expectation of better economic growth and opportunities that did not materialise. A cost-cutting exercise was embarked upon and ended in September 2023. Since then, the group has experienced much better overall results.

The CEO's review takes stakeholders through the challenges faced by Workforce and how we have successfully countered them.

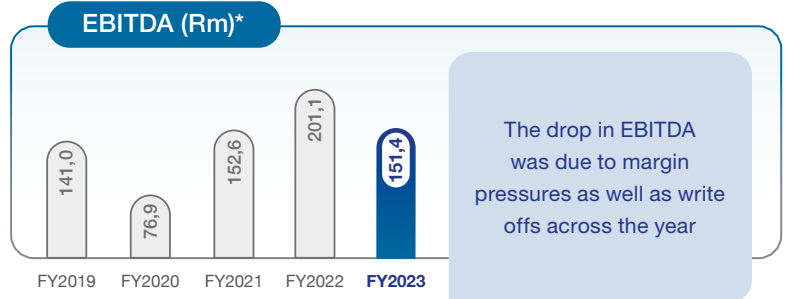
The financial director's report delves into the financials and explains the perfect storm the investment clusters had to contend with. Thankfully, many of the harsh conditions were quickly mitigated, and the results for the future are already looking better.

The chapter concludes with the individual investment clusters' performance and outlook for the future.

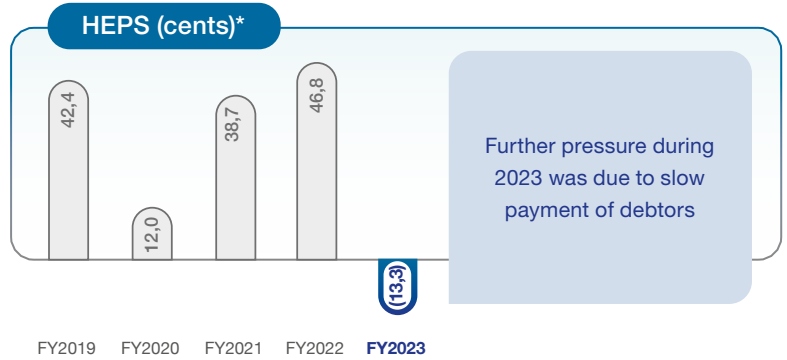
Revenue (Rm)*



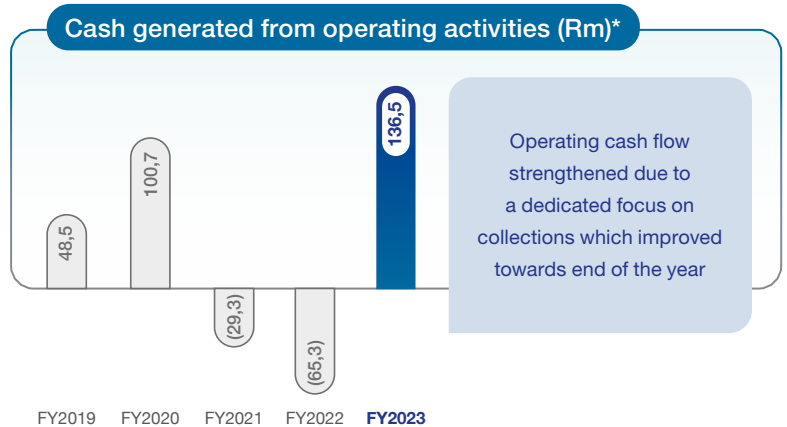
EBITDA (Rm)*



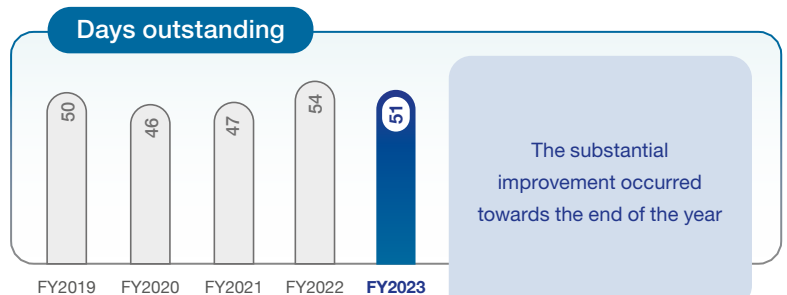
HEPS (cents)*



Cash generated from operating activities (Rm)*



Days outstanding



* 2021 Restated.

Chief executive officer's review



Ronny Katz

Chief executive officer

“ Workforce’s five decades of experience and in more recent years, acquisitions and geographic expansion, has ensured that a strong and resilient foundation is in place. This means that when faced with economic, political and structural headwinds, as has been the case in the year under review, which has been a difficult one, the group is able to react quickly to changing circumstances. Measures to improve margin pressure were implemented, and we were able to successfully continue our geographic growth initiatives, while also boosting our sales and marketing focus. ”

Our primary market, South Africa faced several impediments to economic growth in 2023. Aside from experiencing the highest ever level of loadshedding, the country was greylisted by the Financial Action Task Force (“FATF”), a near collapse of logistics and ports infrastructure and high interest rates, led to a drop in overall business and consumer confidence. This was exacerbated by several South African companies laying off permanent staff, reducing temporary staff or cutting training and education budgets. According to the Quarterly Employment Statistics from Statistics South Africa (Stats SA), 97 000 jobs were lost between March 2022 and March 2023. In the public sector we have become accustomed to budget and spending cuts.

This harsh operating environment was the central theme of 2023. As a result, growth in turnover from R4,3 billion in 2022 to R4,5 billion in the current period, was insufficient to meet the rate of the increase in overheads, with reduced EBITDA and HEPS being delivered. Given the tremendous economic pressure, margin erosion was also experienced. Realising that we needed to act quickly, the group embarked on a project in March 2023 to reduce overheads, re-scaling the business to more appropriate levels and structures, to reverse the trend.

The project was completed in the second half of the year by September 2023, after which we implemented a programme specifically designed to drive a greater sales and market penetration. This helped to stabilise the business further. We are thus well positioned to reap the benefits of this more focused

sales and marketing approach, as well as the reduced overheads, in the current financial year.

The deteriorating economic climate impacts consumers the most, as they do not have enough discretionary income. This in turn changes their payment profile substantially. After conducting an in depth analysis on the profile, we felt it prudent to adjust the value of the lending book through an expected credit loss. This adjustment brings the book’s carrying value in line with our future expectation of the customer’s credit profile.

In South Africa, we focused on ensuring the correct structure of overheads given the level of economic activity, as well as a focus on skilled, senior sales and business development executives. The group has already experienced slightly higher economic activity in 2024 given that loadshedding has been reduced, and there is a more optimistic outlook in terms of the interest rate, with the general hope that this will start falling towards the latter part of the year. From the most recent budget speech, there seems to be a greater focus on infrastructure development, hospital care and economic investment from which we hope to benefit through the supply of skills, human capital, training and education.

Our efforts in the rest of Africa during the first half of the year saw Workforce establishing seven branches in certain parts of the continent on a low-cost, low-risk basis. In the second half of the year, we started to break into those markets more meaningfully. Our hope for 2024 is that these will all continue to be profitable in the current financial year.

Chief executive officer's review *(continued)*

Operating environment and the focus on diversification

South Africa remains the largest geography in which Workforce operates. Due to the size of the economy, despite lower growth rates and activity, its economy remains substantially larger than many countries in the rest of Africa. The major focus in the South African market is our sales and marketing drive. The low economic growth rate and negativity did, however, spill over, resulting in margin pressure across the entire Workforce investment cluster structure during the year. All necessary steps have been taken to mitigate this.

The demand for our products and services in jurisdictions outside of South Africa remains high, especially in the sectors we have identified as growth segments because of foreign direct investment in projects and infrastructure. This creates a diversification and mitigation platform, which the group is taking advantage of. Our ability to succeed in this area is supported by our knowledge, skills, and resources, coupled with our promise to build on the developmental aspect of not only the businesses, but also the skills that remain in the respective countries. This, in turn, will stimulate growth and sustainability.

The Staffing and Outsourcing and the Training and Education investment clusters continued to deliver the bulk of EBITDA for the Workforce group – a total of 76%. These two clusters continued to focus on the South African marketplace, with all brands in both remaining profitable, thanks to detailed business analysis and optimised structures, reduced overhead costs and a focus on sales and marketing positioning. The stability of brands in these two investment clusters are continuously experiencing more and more brand recognition. Successful positioning, mainly because of our experience, training and education programmes, accreditations and sector knowledge, will benefit the investment clusters even more in the future.

The Healthcare cluster bore the brunt of Government budget cuts, which negatively impacted results. This was mitigated by diversifying more deeply into specialised markets. However, we still need both the sector and our market share to grow in order to fully mitigate the reduced work coming from the public sector fully. Wellness days at corporates and in collaboration with healthcare providers is on the increase. The collection of an outstanding amount from a Government contract, as well as more focused general collections, has helped liquidity.

In the Financial Services cluster positive traction was experienced in the medical insurance and funeral space with further licences for medical insurance acquired. Regrettably, fraud was uncovered in DebtWorx. Fortunately, the group has appropriate insurance in place and reacted quickly by using external consultants to determine the extent of the fraud and upgraded controls and security measures in the business. Given the poor performance of the South African economy and extreme pressure on disposable consumer spending, provisions for bad debts were significantly increased.

Technology

I have spoken on many occasions about the importance of technology to Workforce. Our structure is vast and so too is the technology we have in place. This technology must be modernised and data digitised in order to retain its relevance and ability to provide the financial and operational data points we need to enable quick corrective action. We also strive to ensure that the technology provides the data points our customers need to run their businesses efficiently. Across the group, we do not only provide staffing and other solutions, we are measuring the impact on the services provided to customers to gain insight into the real value creation.

Through the Group Information Services Steering Committee, the organisational structure, related processes and selected methodologies underwent further changes to solidify the desired structure to support and deliver solutions, all with longevity and scalability in mind. Group Information Technology continues on the path of reskilling, upskilling and recruiting skills to future-proof the infrastructure and solutions provided to the group. This supports the continued investment in our people, processes, technology and data. Through the new structure, we expect to experience considerable improvements in the service and solution delivery both to and by the group.

The investment into business intelligence has continued across Workforce, enabling data-driven business decisions and measurable outcomes.

Human capital and social development

Just as human capital development and support is important to our customers, so too it is to Workforce. We provide permanent employment to 1 269 employees, 58% of whom are female. Our percentage of black staff has increased to 82%. Our Level 1 B-BBEE compliance rating has been maintained and we are extremely proud of the work we continue to do to engage and train the youth. Daily, we fill roughly 28 000 positions across the economy, meaning that these individuals have a job and can earn money. We remain grateful for the opportunity to continue to support our mantra of **“Uplifting people. Growing business”**.

Being an ethical and responsible corporate citizen, we have once again included the United National Social Development Goals that we support, together with examples and measurements of the successes achieved. Section 4 details our impact and corporate governance and includes data on training and development undertaken to ensure our own people exceed.

Outlook

I am proud to report that the group has a robust, diverse and relevant foundation in place upon which expertise, experience, skills, digitisation and knowledge can be expanded on to optimise the product offering within and across investment clusters and geographies. I am confident that we can harness this experience as we fulfil the theme of this annual report which is to look beyond the horizon, to ensure our products and services are delivered diligently to current and future customers in both current and future areas of operation. We have been thoughtful and careful in our geographic expansion.

There are many unforeseen factors, not only in South Africa, but across the globe, all of which can impact Workforce in the coming year. If our assumptions of growth remain consistent, each one of the investment clusters will make a better contribution to the group.

With South Africa remaining our main market, we are hopeful that despite being an election year, the Government will focus on Operation Vulindlela, the joint initiative of the Presidency and National Treasury to accelerate the implementation of structural reforms and support economic recovery. The project outline focuses on electricity, water, transport/logistics and digital communications, which are critical to ensure economic growth, which in turn supports human capital and the prosperity of businesses to close the circle so that people thrive.

In conclusion, Workforce has made some bold structural moves over the past six years. The foundation is strong and able to take the group beyond the horizon because of our dedication and investment in people, technology, and partnerships. This is supported by deep knowledge and expertise and our ability to disperse this in selected sectors needing this support at the moment.

Appreciation

Our growth journey would not have been possible without the dedicated efforts of our executive management, cluster

executives, and permanent as well as temporary staff. I extend my sincere appreciation to each one of you. I would also like to thank our customers who have remained loyal to Workforce for decades. Also to those who have operations across geographies, and who have placed their trust in our decades of experience to ensure that their staff are trained, employed or supported by our various products. Without your continued support and trust in our extensive offerings, our growth journey would have been interrupted.

As a responsible corporate citizen, Workforce places much responsibility on its board members to ensure our governance remains aligned with best practice. I continue to be very grateful for their commitment, wise counsel and recommendations.

2023 was not an easy year for Workforce, but while it necessitated consolidation and a hard focus on collections and liquidity, our ongoing expansion continued to benefit the group tremendously.



Ronny Katz
Chief executive officer

28 March 2024



Financial director's review



Willie van Wyk

Financial director

“ The financial performance of the group was severely hampered by significant challenges in the various investment clusters. After implementing corrective actions, the future growth trajectory is encouraging and supports the deep knowledge, skills and expertise housed in each investment cluster. Investment in technology and global expansion further supports the growth needed. ”

The perfect storm

As I review our financial performance for the past year, 2023, it is important to note that the group faced significant challenges across the investment clusters that make up the group.

Economic tribulations led to margin contraction in the Staffing and Outsourcing cluster, resulting in a substantial reduction in profits. Our Training and Education cluster was also under pressure due to clients being less willing to spend on training, while the Healthcare cluster was affected by government budget cuts. Additionally, fraud in the collections division severely hampered collections capabilities, negatively impacting the Financial Services cluster.

The challenging economic conditions have resulted in significant write-offs and a need for the group to increase its expected credit losses considerably. This increase has particularly impacted the micro-lending book in the Financial Services cluster, due to the continued financial pressure that consumers are expected to face in the coming year. The management team is currently evaluating different options concerning the micro-lending business.

These challenges, coupled with bad debt write-offs and increased interest costs, led to a near-flat revenue growth and the group was forced to reduce overheads substantially. Though the effects of the cost reduction exercise will only be visible in

2024, we remain committed to navigating the challenges ahead and positioning ourselves for long-term success.

The silver lining

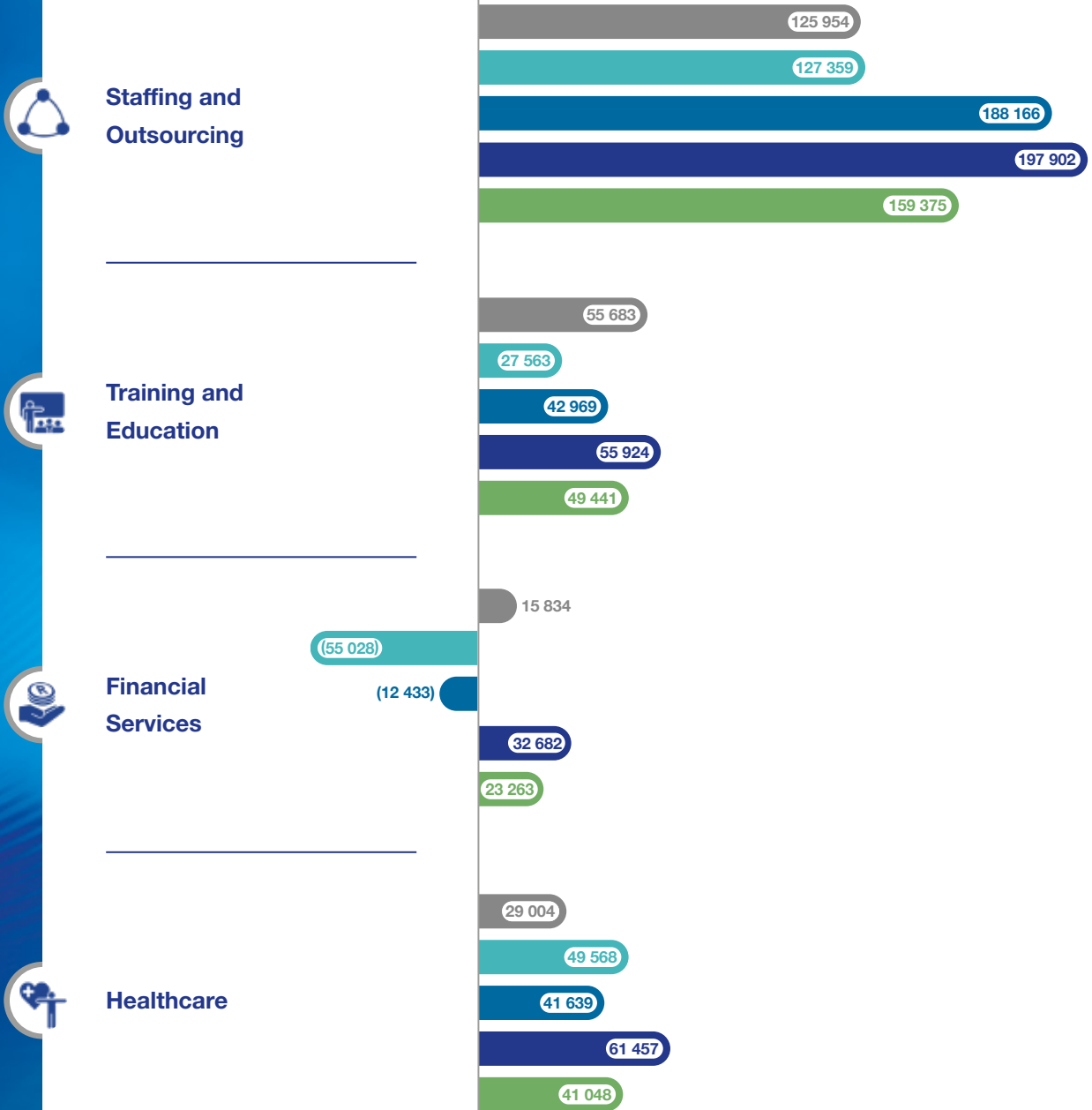
Before I work through some of the numbers, I am pleased to report that the 2023 financial year ended positively. Despite incurring losses, operating cash flow has significantly improved. Cash availability and the debtors' book have also improved with a reduced days outstanding to 51 days.

Overheads, which increased substantially in anticipation of growth, were reduced from March 2023 onwards. The full effect of the reduction was only prevalent towards the end of the year. The reduction in overheads was nonetheless an outstanding achievement. We have invested in our sales capabilities, creating a solid future sales pipeline. Our international business expansion and involvement in energy projects, expected to come to fruition in 2024, should also contribute to it.

We have improved our margin discipline through investment in technology and controls. Our controls and treasury management have also improved with increased quality staff, technology projects, and accountability by investment cluster financial personnel.

We are optimistic and look forward to continuing our growth trajectory in the coming year.

Cluster EBITDA (Rm) performance



● FY2019 ● FY2020 ● FY2021 ● FY2022 ● FY2023

* 2021 Restated.

Financial director's review *(continued)*

Financial performance

Revenue at R4,5 billion (2022: R4,3 billion) is again one of the highest revenue numbers ever produced by the group. Sadly, it came with reduced gross margins and was not sufficient to counteract the growth in overheads as described above. Costs increased by 7% versus a revenue increase of 4%. Staffing solutions, in particular, experienced severe margin pressures, partly due to economic circumstances, which were the main contributor to the lowering of gross margins to 19,3% (2022: 21,3%).

EBITDA declined to R151,4 million from R201,1 million in 2022, primarily due to the above mentioned reasons.

The group claims significant tax deductions for learnerships and ETI income. The combined tax benefit of these deductions amounts to approximately R95,8 million (2022: R59,4 million). A deferred tax asset for tax losses of approximately R25,9 million (2022: R16,1 million) was recognised on businesses claiming ETI and learnership deductions. The government has announced sunset clauses on these tax deductions.

The group incurred a headline loss per share of 13,3 cents per share (2022: HEPS: 46,8 cents per share).

Overall cash flows from operating activities increased significantly due to the near-flat growth rate, but also much improved collections where days outstanding improved to 51 days from 54 days.

The board of directors decided not to declare a dividend due to the company's need for debtor funding and continued expansion plans.

Performance of the investment clusters

The **Staffing and Outsourcing** cluster delivered a solid top-line performance. This was on the back of a strong brand presence in the primary market, which is South Africa, and expansion in jurisdictions outside of South Africa, supported by an experienced management and operational team.

The 2023 financial year proved to be quite challenging due to poor economic growth and a general tightening of budgets and spending, loadshedding, high interest rates and higher overhead costs, all contributing to margin contraction. To counteract this, emphasis was placed on controlling costs, promptly collecting payments from debtors, and discontinuing low-margin services and products. Revenue increased by 6% to R3,6 billion (2022: R3,4 billion), and an EBITDA of R159,4 million (2022: R198,0 million) was produced. The reduction was caused mainly by severe margin pressures, as described above. The cluster contributed 58% to group EBITDA.

Despite all businesses in the **Training and Education** cluster remaining profitable across the year and a pick-up in activity in the second half of the year, the cluster suffered the impact of macroeconomic difficulties in South Africa. Overall revenue was flat at R386,0 million compared to R388,1 million in the prior year. The harsh realities of poor economic performance manifested in reduced SETA and B-BBEE levied spending, exacerbated by staff layoffs across the economy. Margin pressure and higher operating overheads resulted in a decrease in EBITDA of 12%. Despite this, the cluster contributed 18% to the group's EBITDA.



The **Financial Services** cluster showed an improvement in revenue for the 2023 financial year, building upon positive changes initiated in 2022 and delivering an 11% improvement to R121,7 million. An EBITDA of R23,3 million was recorded. Due to economic pressures significant write-offs will impact expected credit losses. This is in turn expected to impact the micro-lending book of this cluster due to the continued financial pressure that consumers are expected to face in the coming year. The cluster also experienced an unfortunate fraud incident (further details are provided on [page 42](#) of the investment cluster operations report). All this resulted in eroding EBITDA from R32,7 million in 2022 to R23,3 million in the current year.

The **Healthcare** cluster's revenue declined from R454,9 million to R360,0 million in the current financial year. This resulted in an EBITDA decline of 33% to R41,0 million from R61,5 million in the previous financial year. This is mainly due to reduced spending by the Government on health care personnel. Strict cash preservation measures remain in place and debtors' days were maintained in the 35 to 37 days range, contributing positively to the cluster's cash flow.

As a reminder to readers, [pages 34 to 45](#) include the segment cluster operations report where each cluster provides detailed feedback on the market, risks and risk mitigation and outlook.

The underpin of diversification

The group has five decades of knowledge and experience under its belt, so it made sense to structure the business into a collective of skills and expertise. This diversification into clusters allowed expertise to thrive and acquisitions and expansion to take place, and we are confident that this structure is solid and defensive and will grow from strength to strength in the future.

Between 2015 and 2021, ten (10) brands were added to the respective investment clusters. During this time, the group paid a total of R293,5 million for the acquisitions and earned 88% of the purchase consideration back in profit before tax.

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 year under review, the ETI tax credit amounts to R17,9 million (2022: R22,1 million) and the learnership tax allowances amounts to R7,8 million (2022: R14,8 million). The ETI has been extended to 28 February 2029 whilst the 12H learnership allowance will be in place until 31 March 2027.

Cash

The business ended the year with cash and cash equivalents of R113,7 million, an improvement of 67% on the previous year. Lower trading levels as well as much improved collections caused trade receivables to decrease by 15% from R1,1 billion to R913,0 million in the current year.

Workforce remains a going concern, with sufficient liquidity to ensure ongoing operations. The group is well-positioned to benefit from the base of growth and diversification.

Funding

The diversification of revenue and product streams through the cluster structure continues to be a focus of the group. Profitable trading and effective debtors management going forward, coupled with funding, ensures that Workforce has the necessary cash resources to undertake acquisitive or expansive growth and to ensure clusters are at critical mass to make meaningful future contributions.

Funders' support this to close any gaps in funding that might arise. I am pleased to report that funding is being further enhanced through new funding relationships and possible debt funding out-of-country.

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.

Gearing

Workforce has a debt-to-equity ratio of 0,59, which is in line with the ratio from 2022.

Looking ahead

The group's outlook is optimistic. We look forward to continuing the growth trajectory planned for the coming year. The future sales pipeline is encouraging since overheads were reduced towards the end of the 2023 year, coupled with an investment into sales capabilities. We will continue to keep a watchful eye on developments in our main market, South Africa. Being an election year we are mindful that business tends to develop a cautious approach. Given that we have improved our margin discipline through investment in technology and controls, I look forward to working with the financial staff in the clusters and experiencing the results of technology projects.



Willie van Wyk
Financial Director

28 March 2024

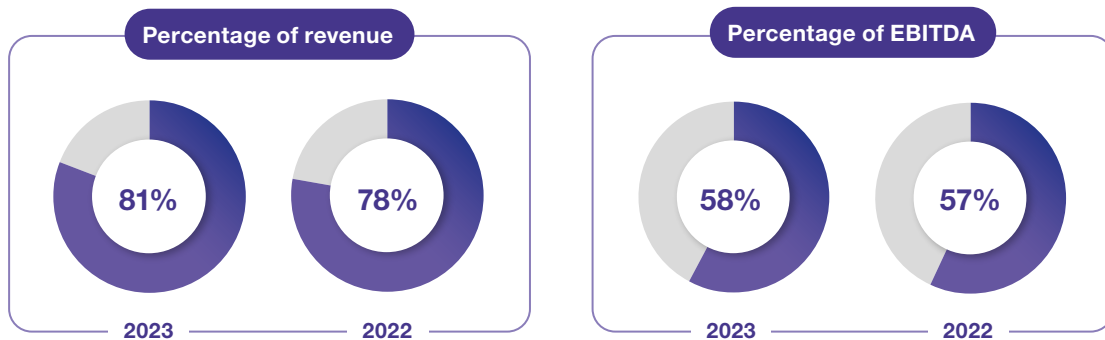
Investment cluster operations report

Staffing and Outsourcing



Building on 50 years of experience in the Workforce group, this cluster continues to expand. 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 for client experience and the efficiencies and agility of the cluster’s overall performance, while diversification has reaped enormous benefits.

Financial contribution



Performance of the year

The 2023 financial year for the Staffing and Outsourcing cluster proved to be quite challenging due to poor economic growth, a general tightening of customers’ budgets and spending, loadshedding, high interest rates and higher overhead costs, all contributing to margin contraction.

As the largest contributing investment cluster to the group, it delivered an increase in revenue of 6% to R3,6 billion (2022: R3,4 billion), and a reduced EBITDA of R159,4 million compared to R198,0 million in 2022. The cluster contributed 58% to group EBITDA.

The increase in turnover did not match the increase in overheads. Additionally, investments were made to develop the cluster’s business model in Africa, Scotland and the USA which did not initially contribute to profits, but have since turned around. Furthermore, there were several one-off losses and provisions in certain divisions of the investment cluster.

To counteract this, emphasis was placed on resizing the business to suit the low level of economic activity, controlling costs, promptly collecting payments from debtors, and discontinuing low-margin services and products. The primary focus areas were client retention, building solid relationships, and ensuring the high standard of value-added services the cluster is known for. To enhance sustainability further, each brand in the investment cluster was reassessed to ensure it was correctly positioned in the market and resourced and that operational costs were optimal to produce a viable result at a sustainable margin.

Staffing and Outsourcing services in jurisdictions outside of South Africa have developed to such an extent that they will deliver to profit from 2024, due to increased headcount, supporting the notion that the cluster’s services and deep knowledge and experience remain in demand.

Financial intelligence is critical to the cluster, and using technology, the cluster can verify margins per contract weekly. If margins fall outside the parameters imposed by the cluster, interventions immediately occur. This discipline has formed a base from which minor adjustments result in sustained profitability, clearly visible in the second half of the financial year.

Feedback on the African operations is contained in the Africa section. Operations in Chile experienced headcount growth and delivered a profitable result. Investing in technology to support the business across the 18 regions where Workforce is operational was undertaken, together with the strengthening of the management team.

Effectively managing the challenges

During the year, we assessed the risk profile of the cluster and eliminated low-margin contracts. The corporate executive sales team was bolstered to focus on the blue-chip client base in South Africa. Resulting in a strong pipeline of tenders and big contracts identified and engaged on, the results of which will come through in 2024.

Top risks

Maintenance of margin and cost management

Global political risk, interest rates, currency volatility and reduced Government spending

Mitigation of risk

Ongoing in-house technology development is essential to remaining competitive and to secure the cluster's positioning with clients and in the marketplace. Weekly evaluation of costs and margins ensures a positive enhancement to the sustainability of the investment cluster.

This cluster is the fulcrum of the Workforce group. With five decades of experience, political uncertainty, high interest rates, and currency fluctuations have been successfully managed in the past. These skills are applied to navigate operating environments to the group's advantage. Operating outside of South Africa also provides a Rand hedge to the group and helps to counter the failure of the Government to invest in infrastructure to grow the economy.

United Nations Social Development Goals progression



Outlook

Looking forward, the smaller brands in this cluster, are now profitable and should add even greater impetus to the cluster in the coming year on the back of reduced overheads, corrected staff positioning and structured for local and international growth. The 2024 pipeline is strong, having signed contracts towards the end of the previous financial year. Analytical technology and financial intelligence will ensure that margins are sustainable and carry the investment cluster forward, supported by knowledgeable management, services, and products that cater directly to market needs.

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 large infrastructure development and the exploration of mineral and oil and gas resources. Jurisdictions outside of South Africa provide significant opportunities for Workforce Africa to tap into.

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

Performance of the year

The culmination of hard work and a careful approach in the preceding years to establish a presence and access to opportunities have resulted in profitability across all African countries where Workforce has a presence. In certain countries, partnerships have been entered into to undertake training, particularly in the mining sector, which has been highly successful, given the vast experience the Training and Education cluster has.

The Africa cluster, consisting of operations in Mozambique, Botswana, Namibia, Zambia, Tanzania and Mauritius, turned profitable towards the end of the 2023 financial year. Momentum was achieved across the countries, where headcount continues to increase due to foreign direct investment.



Effectively managing the challenges

The Africa investment cluster was established to take the comprehensive suite of Workforce group services into jurisdictions on the continent and beyond. This has successfully been achieved with many growth prospects still in place. The ability to earn foreign exchange has supported the cluster and the group.

Top risks	Mitigation of risk
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 monitor the likelihood of a change in regulation.

United Nations Social Development Goals progression



Outlook

The outlook is to solidify and grow the current business footprint outside of South Africa and assess, with caution, which other countries and international jurisdictions our services and products can be offered. The cluster will continue solidifying the office network to ensure continued profitability.

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 sourcing 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.

Performance of the year

The cluster experienced an excellent end to the year despite a very difficult start to it. Forced cost-cutting and repositioning of the businesses within the cluster were extremely beneficial to the overall position of the cluster in the market and, in turn, its performance. The cluster provides permanent placement and recruitment services as well as temporary employment services.

In the realm of permanent placements, a strong emphasis on the skills and expertise of technical specialists was applied, as well as utilising technology to map skills and resources to meet the exact search criteria of our clients. This approach resulted in a more targeted service offering and has helped to secure significant new permanent placement clients with a cost-effective approach. As a result, this has led to an improved overall margin for the cluster. Our specialised service offering focuses on technical expertise and specialist skills.

In the temporary employment part of the cluster, significant additional business was secured during the year. Internal promotions have ensured a sustained quality of service and results in the last quarter of the financial year were much improved. This should support stronger growth in the new financial year where the focus will remain on technical and specialist artisans.



Effectively managing the challenges

The economic and political climate severely impacts the Recruitment cluster primarily because of uncertainty, which fuels fear in this part of the market. This challenge was managed through a review of each business in the cluster to ensure it is repositioned more cost-effectively to ensure overall margin improvement and a streamlined approach to specialisations and industries supported.

Top risks

Mitigation of risk

Retention of staff



The competitiveness of the market will dictate a hybrid working model be considered.

Economic and political environment and availability of qualified people



The emigration of highly qualified candidates is causing a massive disparity in supply and demand, which is exacerbated by uncertainty in South Africa, both politically and economically. The workforce lost is highly skilled, qualified individuals. The restructure of the cluster to win work in specific niche sectors and industries is proving successful.

Transformation



The significance of black women's ownership cannot be overstated. With a Level 1 B-BBEE accreditation already in place at the group level, more inclusivity is encouraged.

United Nations Social Development Goals progression



Outlook

After conducting a thorough analysis, the cluster has a positive, strong future pipeline. The expansion of our business has led to the opening of new branches and the reopening of previously closed offices. This has ultimately increased the overall presence in the market, strengthening our position. However, we must ensure we manage and control costs, retain skilled employees, and continue to grow through sales.

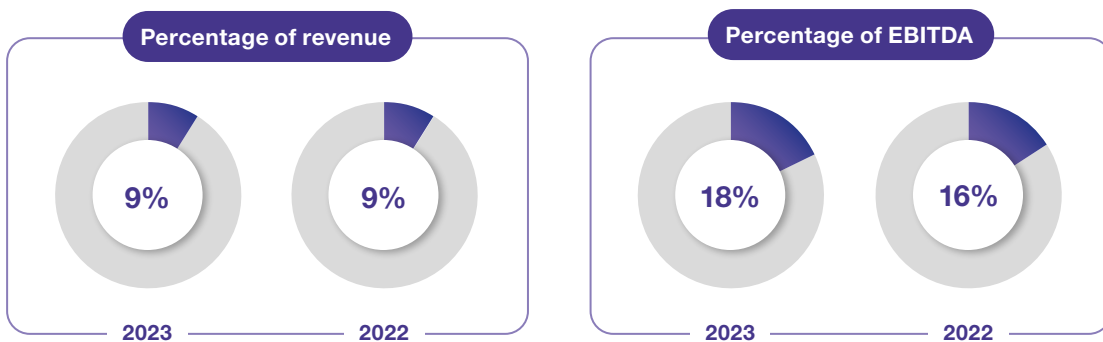
Investment cluster operations report (continued)

Training and Education



Globally, there remains strong demand for development, training and education from individuals and companies looking to improve workplace skills continuously. This bodes well for the Training and Education cluster, which has vast experience in vocations requiring compliance and certification. This is supported by various training, education and development options provided through facilitated classroom-style learning, digital learning or a blended option, which includes both. The offering is further supported by supervisory, management and leadership training.

Financial contribution



Performance of the year

Despite all brands remaining profitable across the year and a pick-up in activity in the second half of the year, the cluster suffered the impact of macroeconomic difficulties in South Africa. Overall revenue was flat at R386,0 million compared to R388,1 million in the prior year. The harsh realities of poor economic performance manifested in reduced SETA and B-BBEE levied spending, exacerbated by staff layoffs across the economy. Margin pressure and higher operating overheads resulted in a decrease in EBITDA of 12%. Despite this the cluster contributed 18% to the group's EBITDA.

A restructuring in KBC paid off to ensure a continued strategic focus on the mining, construction and manufacturing sectors. Training from this brand focuses on managing contractor risks while providing systems to track on-site compliance. This training offering and monitoring support is proving to be highly sought after.

Training Force had a challenging year as many companies found it easier to cut costs by reducing their training budgets. However, Prisma, the group's mining training specialist division, managed to secure contracts outside of South Africa and is still providing their services across different parts of Africa, where they are achieving a lot of success.

Dyna delivered a better second half with a continued focus on management and supervisory skills development and learnership programmes throughout Southern Africa.

The Chartall business delivered a satisfactory result and continues as an innovative and modern provider of education and training, with multiple modes of training delivery to enhance the course offering.

Workforce dissolved the joint venture with The Cyber Academy and will assess commencing with cyber training in the future.

Effectively managing the challenges

The cluster has successfully diversified its offerings by investing in products and services in Africa and South America, capitalising on technical mining and onboarding knowledge with the help of an enhanced business development team. Additionally, the cluster pursued collaborative partnerships, which further benefited its operations.

Top risks	Mitigation of risk
<p>General economic and political conditions</p>	<p>Country risk across South Africa due to loadshedding, poor economic growth forecasts and the elections are feeding an overall pessimistic outlook for the country. The cluster can counter this by expanding training options into jurisdictions outside South Africa, particularly in industries requiring technical knowledge and compliance.</p>
<p>Challenges in legislation</p>	<p>Changes in taxation and BEE legislation could 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 the cluster is unfamiliar with. The cluster has the in-house expertise and knowledge to manage the process.</p>
<p>Product and service innovation</p>	<p>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. Technology solutions also enable changes to be implemented quickly and seamlessly.</p>

United Nations Social Development Goals progression



Outlook

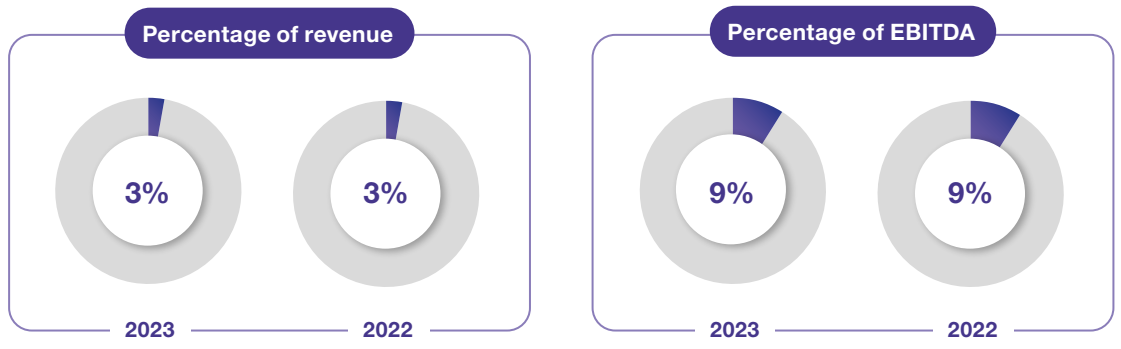
Given the strong commodity and technology cycle, quality training and education remain in demand, and the cluster is well-positioned to benefit. Continued business development drives will enable additional growth in all markets where the cluster operates. Investing in technology will support these products and services, providing better real-time data for internal and external efficiencies. The group’s Level 1 B-BBEE scorecard enables the cluster to engage fully in training and education in South Africa while at the same time ensuring that the principles of economic empowerment continue to permeate and be supported in all areas of business.

Investment cluster operations report (continued)

Financial Services



Financial contribution



Highlights of the year

The Financial Services cluster showed an improvement in revenue for the 2023 financial year, building upon positive changes initiated in 2022 and delivering an 11% improvement to R121,7 million. An EBITDA of R23,3 million was recorded. Due to economic pressures significant write-offs will impact expected credit losses. This is in turn expected to impact the micro-lending book of this cluster due to the continued financial pressure that consumers are expected to face in the coming year. The cluster also experienced an unfortunate fraud incident. All this resulted in eroding EBITDA from R32,3 million in 2022 to R23,3 million in the current year.

Babereki

Babereki experienced a highly productive year, buoyed by the full-year implementation of a dynamic risk model for granting loans. The risk model has been operational throughout the year, playing a pivotal role in enhancing the quality of loans approved by conducting more refined risk assessments. This strategic initiative resulted in the approval of loans with a higher degree of confidence, aligning with improved risk management practices. As a result of the dynamic risk model’s effectiveness, positive cash generation was realised in the second half of the year.

DebtWorx

At the end of the financial year, we discovered that some members of staff had been involved in fraudulent activities while collecting the DebtWorx book. Presently, investigations and prosecutions are underway. Fortunately, insurance is in place to cover the fraud. We are waiting for the insurance company assessor to determine whether the claim will be paid. Additionally, the services of an external company have been engaged to review procedures and provide additional controls to prevent any such fraudulent activities in the future. Furthermore, a forensic investigations expert has been employed to ascertain the level of fraud and the individuals involved. The fraud amounts to less than 3% of the financial cluster’s gross advances.

Insurance division

This part of the cluster includes GetSavvi, EEB and a new acquisition concluded post-year end, Medical Healthcare Network Providers (“MHNP”) together with the administration system that drives it – Kalydoscope.

In the year under review, EEB succeeded in finalising business with Lion of Africa, which underwrites their business and provides funeral and medical insurance. The business is at a breakeven stage, with all future sales contributing directly to the bottom line. The growth path for the EEB business is encouraging.

GetSavvi had a very good first half of the year, but by the second half, results had deteriorated, which had a lot to do with the consumer’s affordability and disposable income constraints. Immediate remedial action was taken to make available to GetSavvi all policies the group has, to provide a greater pool to sell into. A much better result is expected for the coming year. The integration of GetSavvi into the cluster solidifies the cluster’s capacity to integrate new entities, leveraging synergies to enhance overall efficiency.

Effectively managing the challenges

The cluster was affected by poor economic conditions and substantially reduced personal disposable income due to high interest rates. As a result bad debt provisions have been increased. The conservative approach to business should ensure accelerated growth as the economic conditions improve.

Top risks

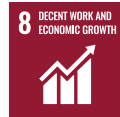
Mitigation of risk

General trading



Continued investment into technology through business intelligence and increased marketing spending will see improved brand awareness of the insurance and funeral offering, given that additional licences were acquired.

United Nations Social Development Goals progression



Outlook

In conclusion, the strategic initiatives undertaken by Babereki, DebtWorx, EEB, and GetSavvi have laid the groundwork for sustained success in the future. The commitment to innovation, risk management, and client-centric approaches underscores the resilience and adaptability of the Financial Services cluster in a dynamic business landscape.



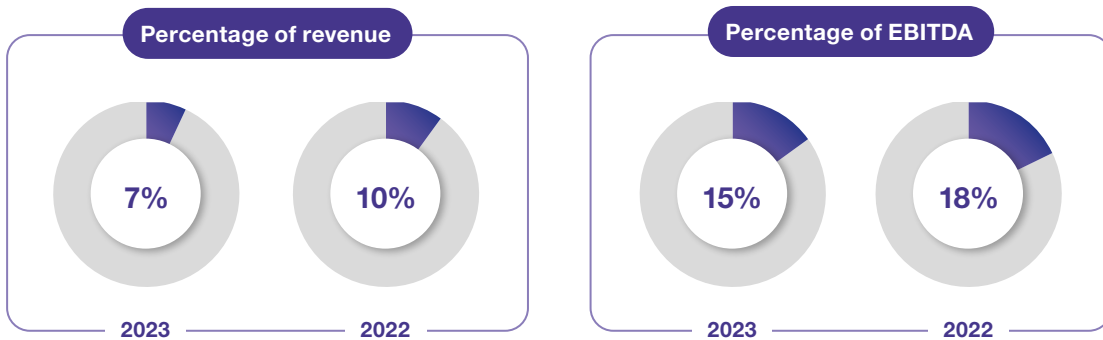
Investment cluster operations report (continued)

Healthcare



The Healthcare investment cluster operates in a critical segment as the country positions itself 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 appropriate resources. This bodes exceptionally well for this specialised cluster, which can give much-needed capacity through its services and products.

Financial contribution



Performance of the year

The Healthcare cluster’s revenue declined from R454,9 million to R360,0 million in the current financial year. This resulted in an EBITDA decline to R41,0 million from R61,5 million in the previous financial year. This is mainly due to reduced spending by the Government on health care personnel and an interest charge having to be carried on an outstanding payment by the Government until the amount was settled. Strict cash preservation measures remain in place and debtors’ days were maintained in the 35 to 37 days range, contributing positively to the cluster’s cash flow.

Clinics and primary healthcare

Operationally, the cluster was successfully appointed the Employee Assistance Programme (“EAP”) service provider for various new clients. Similarly, clinic services were expanded by being appointed as the service provider for several new sites. This supports the quality and substance of the offering.

This reduction in public sector spending was counteracted by more work in the private sector, including collaboration with the occupational healthcare services businesses in this cluster. On a national level, wellness days at large corporate employers and medical aid schemes and administrators were provided and proved successful. The cluster provided nurses and call centre agents for pre-approvals, as well as equipment needed to run these wellness days. This preventative health care initiative is a priority area for medical aid schemes and this cluster is more than able to support their requirements.

Provision of healthcare personnel

The part of the business responsible for healthcare personnel experienced public sector budget cuts. However, towards the end of the financial year, the Department of Health in the Eastern Cape awarded the business a contract.

The business continues to provide qualified personnel to the frail care sector with additional contracts awarded during the year. A three-month training course has been developed to ensure carers are correctly qualified and will be rolled out in the new year.

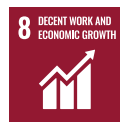
Effectively managing the challenges

Since its inception, this investment cluster has grown organically. A foundation of this approach has been the development of critical systems and software that provide improved efficiencies and higher service standards. In the social and political environment South Africa faces, it is critical to ensure an elevated reputation in the market, one which fosters consistent, stable and competent skills levels. These operational enhancements were maintained across the year through the appointment of competent managers and the launch of education content via YouTube, including videos and webinars, to enhance outreach and engagement. To ensure visibility in the market, road shows, business park mobile branding and primary healthcare initiatives, showcasing commitment to innovation were undertaken.

Being a niche healthcare provider continues to position this business primarily as recession-proof. However, across the financial year, the business has had to focus on cost control as well as ensuring strong visibility in the private sector. This, together with collaboration across all brands in the cluster, has proven to be successful.

Top risks	Mitigation of risk
Economy and affordability	<p>Across the businesses, diversified product and service offerings remain in place. The Healthcare cluster works across the public sector, corporates, private hospital groups, frail care centres and with medical aids as well as with private home-care clients in support of diversification.</p>
Customer budget constraints	<p>The return of corporate wellness spending and the advantages of staff retention and less sick leave are again a focus by corporates. The fact that the Healthcare cluster can provide a holistic service across the country positions it for success.</p> <p>Private hospitals continue to hire personnel, despite reductions in budgets and the frail care sector is proving to be resilient.</p>
Loss of major contracts	<p>The potential loss of contracts is countered by ensuring diversification across healthcare market segments. It is further supported by the group's Level 1 B-BBEE rating. Healthcare remains a resilient industry in the face of inflation and economic turmoil, as it is a critical industry that supports the health and wellness of the population.</p> <p>Exposure to large contracts has been reduced by increasing work in the frail care and the medical aid and administration sectors, to ensure greater diversification of income.</p>

United Nations Social Development Goals progression



Outlook

It is expected that a dashboard tool aiming to elevate company information, status and competitive edge will be launched in the new year. A digital app is being piloted together with exploring partnership opportunities with large corporates, which should support additional revenue growth across the new financial year.

The private healthcare sector and frail care industry provide promising opportunities. By implementing a blended training programme, which comprises both theoretical and practical experience, nurses and caregivers can be trained and upskilled. This approach will enhance the quality of service offered to the market.

4 Impact and corporate governance

This chapter provides detailed information on the group's compliance, achievements and impact across social and governance metrics, including organisation, human, social, and relationship capital. 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.

Environmental, social, and governance ("ESG") responsibility is increasingly important to investors globally. The world looks to companies to play a more conscious role in ensuring the sustainability of natural resources, and in adopting a conscientious attitude regarding the environment, employees, and communities. Also important are governance factors such as a company's commitment to responsible management practices.

The corporate governance report covers structures designed to ensure stakeholders and shareholders have confidence in the company. It also details how Workforce complies with all applicable laws and regulations and ethical business practices. Our approach and commitment to social, ethics and transformation is detailed in a report from the committee's chairman.

This chapter also contains the remuneration and nominations committee report, an overview of how the company approaches and implements compensation.

Our impact

“ 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



Environment

Consciousness and respect

Workforce does not have a major impact on the environment because we are a service delivery business. However, that does not prevent us from continuing to focus on minimising our environmental impacts by mitigating (reducing) those impacts we do make. The group's efforts with respect to environmental sustainability are aimed at reducing climate change impacts while minimising our operating costs.



Social

Uplifting people for sustained earnings ability

From a social perspective, Workforce is measured in terms of the people we place, train, or assist. The high unemployment rate in South Africa is cause for major concern. For the last five decades, we have directly assisted with placements and training and more recently with healthcare and financial services. Our involvement in the lives of people is thus tangible and measurable. Furthermore, ethics and ethical behaviour are essential to the social contract; they feature high on the agenda across Workforce from recruitment processes through performance evaluations to supplier sourcing.

In excess of R1 million was spent on SED projects in 2023

Further details and information on initiatives supported by the group are contained on [page 60 to 62](#).



Governance

Ethics, responsibility and growth

Finally, our executive team and the board of directors are committed to the principles of the King IV™ Code of Corporate Governance, which guides our corporate governance practices. The board of directors is responsible for ensuring there is effective control within the business, including compliance with applicable laws, regulations and governance practices. This is 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

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”):



No poverty

Workforce provides employment opportunities to over 28 000 people on a daily basis, thus providing income to the most vulnerable communities.

- Creating employment and entry into the job market for the unemployed
- 99 181 average number of payslips processed every month
- 28 000 unique daily positions filled
- Active and measurable participation in the YES Programme – see [🔗](#) page 63



Good health and well-being

Through the Healthcare cluster, Workforce provides access to essential healthcare services and medical insurance to people who would ordinarily not have access to these.

- 101 217 medical examinations conducted
- Providing supporting financial products through the issuance of 54 248 funeral and medical policies
- 64 on-site clinics managed and supported
- 5 walk in and 9 mobile occupational health screening facilities



Quality education

The group gives access to training and upskilling opportunities, particularly to people from disadvantaged backgrounds, thus enabling career advancement and socio-economic upliftment.

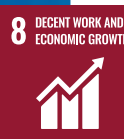
- Improving the employability of individuals through skills training
- 89 289 training instances
- 11 883 learners on learnership programmes
- 94 registered learnerships
- 120 learners on the Bachelor of Business Administration (“BBA”) degrees



Gender equality

The group promotes gender equality by empowering women in the workplace and providing equal access to capital resources and economic opportunities for women to advance professionally and socially.

- 58% of permanent staff are female
- 20% of temporary staff are female



Decent work and economic growth

Workforce provides productive and decent work opportunities to marginalised and vulnerable people in society.

- Level 1 B-BBEE contributor
- 139 unemployed youth placed on Services SETA and MerSETA-funded learnerships
- Paying in excess of R30,4 million in direct and indirect taxes



Reduced inequality

By providing employment, training, financial and healthcare services, Workforce is playing a critical role in reducing inequalities by allowing people to participate in the mainstream of the South African economy.

In 2023 Workforce focused its main SED contributions to Kids Kicking Cancer. In addition, 139 unemployed youth were placed on Services Seta and MerSETA-funded learnerships.

The Services SETA’s primary function is to facilitate skills development through learning programmes such as learnerships, skills programmes, and internships. The mission of the MerSETA is “to increase access to high quality and relevant skills development and training opportunities in order to reduce inequalities and unemployment and to promote employability and participation in the economy”. It encapsulates six industry sectors, including Metal and Engineering, Auto Manufacturing, Motor Retail, Tyre Manufacturing, Plastics Manufacturing and Components Manufacturing.

Organisation capital outcomes



Our definition of organisational capital

By combining intellectual and manufactured capital, we have created organisational capital. This comprises: our extensive national branch network; our diversified business clusters; our integrated decentralised business model; training facilities; courses; software; licences; copyrights; internally developed bespoke operating systems; unique client solutions; trademarks and brand equity in products and services offered to clients, as well as extensive intellectual capital.

Focus areas for 2023

- 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:



Staffing and Outsourcing



Recruitment



Financial Services



Training and Education



Healthcare



Africa

Business activities of the investment clusters	Inputs	Outputs	2023
<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 onboarding – 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 under-performing businesses • Investment holding structure supports clusters to drive independent growth, acquisitions, diversification and sustainability 	Revenue	R4,5 billion
		EBITDA	R151,3 million
		Trading brands in group	31
		Footprint extends to all provinces in SA	9
		Active branches beyond our borders	12
		Structured into investment clusters	6
		Technology and digitisation is a differentiator	
<p>A total investment of R293,5 million was made between 2015 and 2021 to acquire 10 additional brands which earned R257,9 million back for the group in PBT</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 on service and product offerings to draw on decades of industry knowledge, client relationships and to capitalise on the needs of the economy. Enhancing this structure through appointing dedicated cluster executives tasked to develop the strategy, marketing, cross-selling, acquisitions and brand awareness in the marketplace is gaining momentum and supports expansion outside of South Africa.

Technology and software development continues to be important for Workforce across the investment clusters. Another successful differentiator for the group has been its acquisition track record.

Between 2015 and 2021, ten (10) brands were added to the respective investment clusters. During this time, the group paid a total of R293,5 million for the acquisitions and earned 88% 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 created through our contribution to the economic systems in which we operate – the statistics and economic value added are depicted in the table, including the SDGs we support on [pages 25 and 62](#).



Human capital outcomes



Our definition of organisational 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 well-being of our staff.

Focus areas for 2024

- Executive leadership and management development
- Transforming our workforce by achieving Employment Equity (“EE”) objectives and compliance
- Strategic workforce planning, aligned to employment equity objectives and skills gaps
- Skills development; aligned to career path planning and succession planning
- Automation and integration of human resource data
- System integration and optimisation

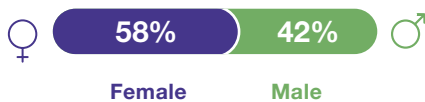
The importance of staff well-being

The well-being 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 and 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 can deal positively 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 and external psychologists and counsellor providing support and benefits to staff in their language of preference.

Permanent staff (1 269)

Temporary staff (64 877)

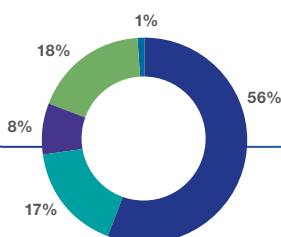
By gender



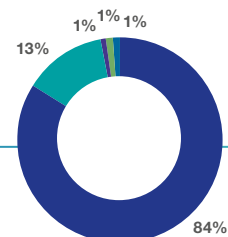
Youth employed (aged between 18 and 35)



By ethnicity



- African
- Coloured
- Indian
- White
- Foreign nationals



Inputs	Outcomes	2023	2022
<ul style="list-style-type: none"> Experienced leadership and management Diverse, experienced and engaged 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 	Total number of people remunerated during the year (IRP5s issued)	64 894	66 739
	Total number of permanent employees	1 269	1 664
	% of “black” employees	82%	77%
	% of female employees	58%	58%
	Total amount paid in salaries/wages	R3,2 billion	R3,1 billion

Trade-offs

The group did not apply increases to all employees in the period under review due to tough economic conditions. An average increase of 6% was applied to employees earning salaries below a certain salary bracket. It was felt that this was a prudent decision in light of financial capital allocations. 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 1 269 permanent employees and placed, daily, an average 28 000 assignees 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, Employment Equity 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 reports to the Department of Employment and Labour, ensuring compliance with the Employment Equity Act (“EEA”) requirements and was able to ensure procedural compliance, respond to the Department of Employment and Labour’s Director General audits and conduct 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.

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.

Human capital outcomes *(continued)*

Youth employment

We continue to play an important role in youth development and job creation, particularly at grass roots level, where first time job seekers use temporary assignments as an entry into the job market and improve their employability because of on-the-job training and skills development provided.

During the reporting period 39% (2022: 37%) of our permanent staff and 68% (2022: 68%) 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

The BBA bursary programme was continued, as was the career path training initiated by the Staffing and Outsourcing cluster. Management training for many of the group companies was formalised, and permanent staff members attended several specialised external short courses. 437 staff were registered for various learnership interventions. Training and development continued to focus on in-house product and operational training courses for employees.

Learnerships for our contractors and unemployed people

Many of our blue-collar contract staff were again offered the opportunity to consolidate their many years of 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 2023 we concentrated on completing learnerships discussed in the previous two years of reporting. In addition, Workforce initiated a learnership project specifically targeting black disabled people.

Learnership completions during 2023

Several internal and external moderations took place in 2023. Several other learnerships have completed the 100% internal moderation stage and await external moderation dates.

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.
- 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 running clubs, all free of charge.



	Number of learners	Number of black learners	Black youth (under 36)
Training for permanent staff			
FETC: Business Administration NQF4	113	81	70%
NC: Generic Management NQF5	66	52	42%
NC: Labour Relations Practices NQF5	64	55	88%
NC: Business Analysis NQF5	34	26	59%
NC: Systems Support NQF5	28	26	75%
Certificate: Accounting Technician NQF4	30	24	50%
FETC: Debt Recovery NQF4	15	14	73%
FETC: Generic Management NQF4	38	30	40%
NC ODETDP NQF5	49	21	43%
Bursaries	13 permanent staff members continued with their BBA degree offered by Chartall Business College		
Career Path Training	92 permanent and contract staff continued to attend a series of accredited and non-accredited training specifically tailored to individualised career paths		
Best Management Skills Programme	36 permanent staff members from Shared Services attended management and supervisory skills programmes offered by Dyna Training		

Various other short courses, including compliance and health and safety courses were attended by permanent staff members during the year.

	Number of learners	Number of black learners	Black youth (under 36)
Training for contract and unemployed staff			
Business Administration NQF 4	32	32	32
Contact Centre and Business Process Outsourcing Support NQF3	100	100	100
Business Administration NQF 3 (black disabled)	30	30	30



Human capital outcomes (continued)

	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	1	0	3	16	0	3	2	2	0	0	27
Senior management	3	3	7	19	4	3	3	24	1	1	68
Mid-management and professionally qualified	37	8	14	29	47	23	19	38	4	0	219
Skilled technical and academic, junior management, supervisors	139	40	18	27	138	62	10	36	3	1	474
Semi-skilled and discretionary decision making	121	15	10	5	175	50	13	29	0	1	419
Unskilled and defined decision making	6	0	0	0	51	5	0	0	0	0	62
Total permanent	307	66	52	96	415	146	47	129	8	3	1 269
Temporary/contract employees	36 496	5 905	317	401	17 969	2 805	130	208	348	298	64 877
Grand total	36 803	5 971	369	497	18 384	2 951	177	337	356	301	66 146
People with disabilities (permanent)	5	0	0	1	4	1	1	3	0	0	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.

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 organisational capital

Our social and relationship capital includes social, relationship and natural capital, encompassing the institutions and relationships within and between the communities in which we operate. It also includes our shareholders, funders, clients, employees, contractors, unemployed individuals; learners, interns and suppliers; unions; Government and regulators; as well as 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 2023

- 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	2023	2022
<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 	Total SED expenditure	R1 200 000	R1 005 000
	B-BBEE rating	Level 1	Level 1
	Black ownership	51,83%	51,19%
	Black women ownership	40,62%	41,34%
	Learnerships for unemployed	578	162
	Black learners	100%	100%
	“Youth” learners	100%	100%
	Breach of privacy and loss of consumer data	Nil	Nil

Trade-offs

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

Inclusive stakeholder engagement

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

Social and relationship capital outcomes (continued)

Shareholder group	Nature of engagement
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Shareholders and providers of capital

Results announcements; annual report; SENS announcements; presentations; emails



Clients and prospective clients

Meetings; site visits; telephonic; email; internet; social media; technology



Employees/assignees

Meetings; newsletters; newsflashes; email; social interactions; intranet; social media platforms; whistleblower hotline



Unions

Meetings; workplace forums; presentations



Local communities

Meetings; community engagement; recruitment drives



Government and regulators

Forum participation; meetings; reporting



Suppliers

Electronic portals; meetings; telephonic; preferential procurement



Media

Results announcements; media statements; editorials; advertisements



Key issues raised

Response and the value we create

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 face-to-face meetings.

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; providing responsive customer service; treating outsourced employees fairly and offering benefits; labour law education; training; learnership hosting; radical disability solutions; risk management; compliance; credit terms.

Working conditions; benefits; employee welfare; training; mentoring; 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.

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.

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. Commitment to youth development and employment; learnership and internship programmes for unemployed; utilisation of local service providers and community support through SED/CSI initiatives.

The JSE Limited (“JSE”); industry regulation; ETI (youth employment); skills development; B-BBEE; employment equity

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.

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.

Results announcements; media statements; editorials; advertisements; meetings

Working with the media as a partner in relaying relevant information to our broader stakeholder community.

Social and relationship capital outcomes *(continued)*

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 11 reports received via the whistleblower’s hotline and three disclosure through internal channels. 11 disclosures were fully investigated, and the applicable appropriate corrective actions taken by management. Two 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 investigation remains ongoing.

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.

No requests were received in the year under review. The group has not been alerted to any concerning conduct or 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.

B-BBEE scorecard	2023	2022
Equity ownership	25,00	23,70
Management and control (including employment equity)	8,59	8,61
Skills development	11,40	11,99
Enterprise and supplier development	40,11	41,35
Socio-economic development	5	5
Total score	90,10	90,65
B-BBEE level	3	3
Additional levels achieved (YES)	2	2
Final B-BBEE level achieved	1	1

The Workforce group continues to support and participate 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 two 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 continue 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

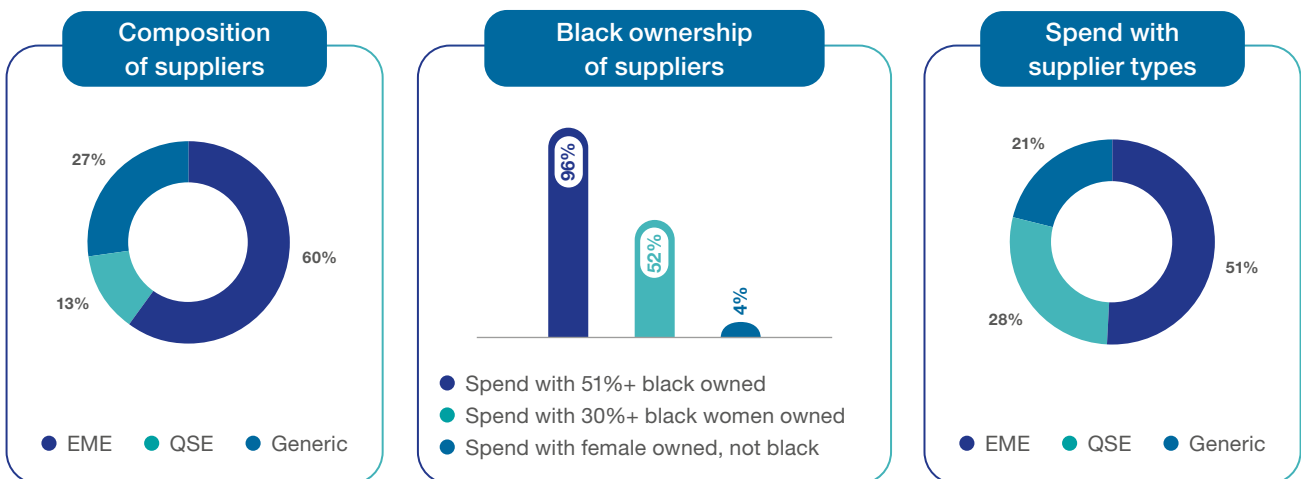
The group Supplier Development initiative is the support of a 100% black-owned staff outsourcing company. On a smaller scale, Workforce Healthcare has offered several of its black-

owned suppliers interest-free loans to assist them to grow and develop their businesses.

Preferential procurement

The group has close to 2 300 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 an analysis of the group spend with suppliers over the January to December 2023 period.



Social and relationship capital outcomes *(continued)*

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.

Monetary donations and interactions were dedicated to the following associations:

Kids Kicking Cancer

Arebaokenng Multipurpose and Palliative Care Centre

Bobbi Bear

Mandela Day



“ By partnering with Kids Kicking Cancer, we are showing the thousands of colleagues within our team that while there are problems out there, they can and have the potential to be part of the solution. Our financial donation is the start, but it paves the way for us as a group and individuals to help in other equally important ways too. ”

Workforce CEO, Mr Katz

Kids Kicking Cancer is one of our proud CSI initiatives – helping little heroes on big journeys.

In many South African public hospitals, there are small children undergoing cancer therapy in an isolating and scary way. Often, their parents and family are unable to accompany them to the hospital for their treatments due to long distances or work commitments. Undergoing painful and uncomfortable chemotherapy sessions when you’re a small child, all by yourself can be truly terrifying.

Kids Kicking Cancer is a charity with a mission to ease the pain of these very sick children while empowering them to heal physically, spiritually, and emotionally. Workforce Holdings and our group of companies have pledged to donate R100 000 a month for 2023 to Kids Kicking Cancer.

Through an evidence-based innovative programme that merges modern integrative medicine with traditional martial arts, the Kids Kicking Cancer Heroes Circle programme helps children to:

- Regain a sense of control over the chaos of their lives
- Become empowered partners in their own healing
- Push away the message of pain
- Provide inspiration and light to others facing life-challenges
- See themselves as victors, not victims

Workforce Holdings and our group of companies have pledged to donate R100 000 a month for 2023 to Kids Kicking Cancer.

Mandela Day

On 18 July 2023, the Recruitment investment cluster did their best to live up to Madiba's legacy and played their part in helping uplift those in need. In participating in initiatives such as this, one realises the tremendous impact the dedication of a few minutes or hours has on the lives of others.

New Acropolis. Chow4Change. 30 Acts of Kindness Challenge



Another initiative on Mandela Day saw the Staffing and Outsourcing cluster partner with the NGO New Acropolis South Africa. New Acropolis has been making a significant impact in South Africa since 2006 through various initiatives. They share our values of love, giving, and fraternity. Together, we participated in a project called Chow4Change, which seeks to bring dignity to the lives of homeless people.

Chow4Change is more than just a charity event. It creates a sense of community and fosters profound connections. We worked with the Department of Social Development and a team of 80 volunteers to serve nearly 300 displaced individuals, including men, women, youth, and children, abled and disabled. We provided them with wholesome, nutritious, and delectable meals of their choosing. We treated each person with the utmost respect and care, offering a stark contrast to the hardships they endured daily.

We worked with the Department of Social Development and a team of 80 volunteers to serve nearly 300 displaced individuals.

We also aimed to rekindle hope in their hearts by setting up a mock store filled with freshly washed and ironed clothes. For many, it may have been the first time in a long time that they felt respected and valued.

Our volunteers lent their time and skills to make a lasting impact. Every interaction was a reminder of their inherent worth, from the smiling waiter who served their meals to the photographer capturing their essence. We sought to touch their spirits and help them believe in a brighter future.

Growing Champions

For many years, Chartall Business College has supported Growing Champions, a non-profit organisation that empowers underprivileged youth. As a part of their commitment to creating opportunities for young individuals in need, Chartall has donated a laptop, a year's internet contract, and 50 toiletry bags filled with essential items such as toothpaste, toothbrushes, and soap to Growing Champions this year. This donation aims to bridge the digital divide and provide access to educational resources and online learning for the participants of Growing Champions.



Social and relationship capital outcomes *(continued)*

Flames of Hope Foundation

Workforce Group Marketing initiated a collection drive for the Flames of Hope Foundation, a remarkable charity based in Hillbrow. The charity was founded and managed by Nkosinathi Mazibuko, a night shift security guard at the Workforce Head Office. During the day, he runs the foundation. The team collected clothes, shoes, bags, and even a laptop and delivered these on Mandela Day to the Twilight Building on Van der Merwe Street in Hillbrow. Seeing and hearing about the foundation’s plans for the poorest of the poor in Johannesburg was amazing. All they need is support to turn their dreams into reality. From after-school programmes to food-growing schemes, their dreams are enormous, and we hope more people will help them realise them. The Workforce team expressed gratitude to the Flames of Hope Foundation for the warm welcome and experience.



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.

Face-to-face and in-classroom training was reintroduced but online training continued as a choice for many learners. 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.

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)
National Certificate: Information Technology: End User Computing NQF3	Workforce Group	December 2021 to June 2023 (96/100% have to date been declared competent)	95	95	92
Contact Centre and Business Process Outsourcing Support NQF3	Workforce Group	March 2022 to September 2023 (moderation not yet complete)	27	27	27
Contact Centre and Business Process Outsourcing Support NQF3	Teleresources, Quyn International, Fempower, Allmed, Nursing Emergencies	May 2022 to April 2023 (126/51% have to date been declared competent)	246	246	246
Business Administration NQF4	Workforce Group	March 2022 to September 2023 (124/95% have to date been declared competent)	130	130	130
Business Administration NQF 4	Workforce Group	May 2023 to April 2024	32	32	32
Contact Centre and Business Process Outsourcing Support NQF3	Allmed & Fempower	April 2023 to March 2024	100	100	100
Business Administration NQF 3 (black disabled)	Workforce Group	November 2023 to October 2024	30	30	30

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 2022 and January 2023 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 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 to provide 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. All board members have diverse professional backgrounds and are held to high standards of ethics and integrity.

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 of directors ensures that the management of the business is conducted in line with the values of the company. It reviews the delegation of authority framework regularly to ensure that the necessary authority has been delegated to management to implement and execute the strategy. The board is satisfied that this framework contributes to role clarity and effectively exercising authority and responsibilities.

The board assumes collective responsibility for steering and monitoring strategy implementation and performance targets and any risks involved in the strategy implementation. The board

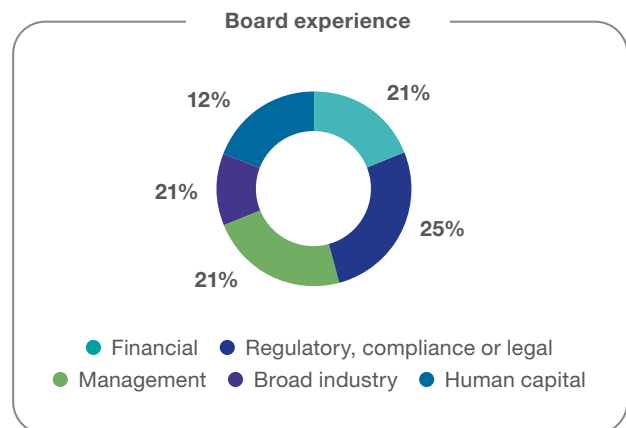
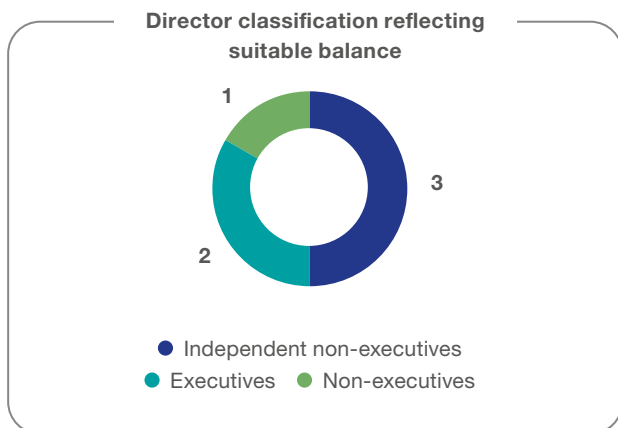
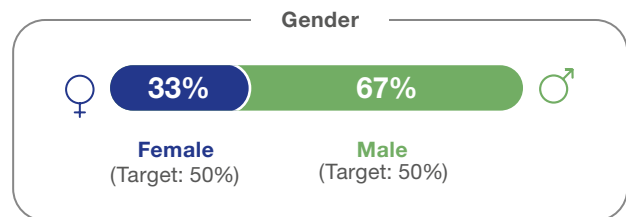
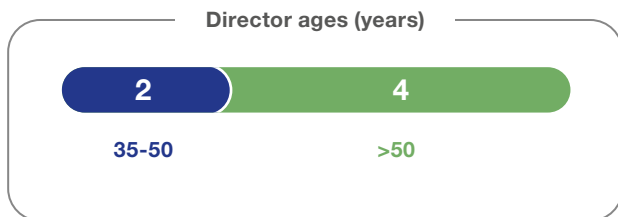
is collectively accountable for ensuring long-term success, balancing the interests of shareholders with those of other stakeholders. All directors continue to build up their knowledge of the group and its industry within the triple context in which it operates. Directors must ensure they have sufficient competencies to lead effectively and act with due care, skill and diligence when making decisions.

The board acts as the focal point and custodian of corporate governance of the group. 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 directors of a company have access to the services of the company secretary. They are entitled, at the company’s expense, to seek independent professional advice regarding the execution of their duties as directors.

Board composition and changes

The board met six times during the 2023 financial year, one meeting being a special board meeting and a two day strategy session. There were no changes to the composition of the board during the reporting period.



EAP national statistics used to determine race and gender targets

(“Black” includes African, Coloured and Indian)

Name and qualifications	Designation and other company appointments	Committee membership				
		Attendance	ARC	RNC	SEC	IC
Executive directors						
Ronny Katz (81) <i>BCom, LLB, MBA</i>	Chief executive officer	6/6	3/4	2/2	–	–
Willie van Wyk (53) <i>CA(SA)</i>	Financial director	6/6	4/4	–	3/4	–
Non-executive directors						
John Macey (62) <i>BBusSci (Hons), BCom (Hons), CA(SA)</i>	Independent non-executive chairman	6/6	4/4	2/2	–	–
Kyansambo Vundla (45) <i>Com, HDip Acc, CA(SA)</i>	Independent non-executive director	5/6	4/4	2/2	–	–
Shelley Thomas (57) <i>CA(SA)</i>	Independent non-executive director	6/6	3/4	–	4/4	–
Shaun Naidoo (39) <i>CA(SA), MBA</i>	Non-executive director	3/6	–	2/2	2/4	–

ARC – audit and risk committee.

RNC – remuneration and nominations committee.

SEC – social, ethics and transformation committee.

IC – investment committee.

Directors' resumes can be found on [pages 72 to 73](#).

Appointment, rotation and re-election of directors

The board has a formal and transparent policy regarding the appointment of directors to the board. While the appointments are a matter for the board, the authority to oversee the nomination and to carry out the interview process 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, gender, culture, age, field of knowledge, skills and experience in its assessment in line with its Board Diversity Policy. Although no appointment was made during the reporting period, targets for gender and race were agreed upon for future appointments, which is a target of 50% female and 60% black representation.

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 Shaun Naidoo will retire and be eligible for re-election. Brief professional profiles of Shelley Thomas and Shaun Naidoo can be found on [page 73](#) 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 are maintained and enhanced, considering the group's current and future needs.

Leadership roles and functions

Non-executive directors

All board members 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 significantly contribute 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.

Corporate governance report *(continued)*

The chairman

John Macey is an independent chairman. The chairman is the board's ethical leader. His role is separate from that of the chief executive officer, Ronny Katz. John Macey provides overall leadership to the board and the chief executive officer without limiting the principle of collective responsibility for board decisions. He chairs the investment committee and is a member of the audit and risk committee and remuneration and nominations committee. The remuneration and nominations committee considered King IV™'s recommendation that the chairman not be a member of the audit and risk committee but felt that due to his extensive financial experience, he remains a member of that committee.

Chief executive officer

The board appoints the chief executive officer to lead and implement the execution of the approved strategy. Ronny Katz is the link between management and the board and is accountable to the board. The chief executive officer provides quarterly feedback on the progress made in implementing the strategy.

Company secretary

The company secretary of a listed company is responsible for ensuring that the board complies with the JSE Listings Requirements and ensures that the annual compliance certificate is submitted 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 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 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 and high ethical standards while being a responsible corporate citizen. The board has adopted a code of business conduct that 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 when dealing with employees, customers, and other stakeholders.

The code of business conduct is included as part of induction for new employees and 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 and 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.

There was no request received regarding PAIA, 2000 (Act 2 of 2000) during the reporting period.

Independents and conflicts

During the year ended 31 December 2023, 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 and in the SENS announcement dated 4 October 2023. 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 indicators in a substance-over-form basis, John Macey, Shelly Thomas and Kyansambo Vundla were found to be independent. The categorisation of directors can be found on [pages 72 to 73](#) of the integrated annual report.

Insider trading

No group employee 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 group's shares during a closed period or prohibited period, as determined by the board. Notification to this effect is communicated to the group's employees. A group information 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. The following focus areas were identified for the current financial year:

- transformation on senior and top level;
- enhancement of financial internal controls; and
- cash management.

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 POPI Act 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

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 the 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.

Corporate governance report *(continued)*

Board committees

Workforce has the following committees in place:

	Audit and risk	Group IS steering	Social, ethics and transformation	Remuneration and nominations	Investment
Committee report/additional information	Pages 68, 84 to 88	Pages 69	Pages 70, 74 to 76	Pages 70, 77 to 81	Pages 71
Number of meetings held during the year	4	4	4	2	0*

* The investment committee remains constituted and no meetings were held during the year as no acquisitions were made.

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 annually. 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.

The terms of reference are subject to change as and when required by the board to accommodate the company’s changing needs. Roles and associated responsibilities and membership composition 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 discharge their responsibilities properly.

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.

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

Audit and risk committee membership and attendance:

Name	Appointed	Designation	Attendance
Kyansambo Vundla	November 2010	Independent non-executive director chairman	4/4 meetings
John Macey	June 2009	Independent non-executive director member	4/4 meetings
Shelley Thomas	December 2016	Independent non-executive director member	3/4 meetings
Standing invitees	Financial director, group head of finance, external auditor, internal auditor, company secretary		

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. It 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 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.

Achievements during the year

During the past year the organisational structure, related processes and selected methodologies underwent further changes to solidify the desired structure to support and deliver solutions with longevity and scalability. Group IT continues on the path of reskilling, upskilling and recruiting skills to future-proof the infrastructure and solutions provided to the group. This indicates the continued investment in our people, processes and technology. Through the new structure, we have experienced considerable tangible improvements in the service and solution delivery to the group.

Group IT launched an Information Security Programme informed by a vulnerability assessment and an Information Security Audit by a third-party provider. Remedial actions and continuous improvements form part of the Information Security Programme.

Some of the strategic projects implemented during the year include:

- The replacement of the legacy full-time employee payroll and HR system with a group-wide global solution;
- documentation of the Temporary Employment Services Administration systems;
- rollout of the digital onboarding solutions for the Group;
- implementation of a group-wide sales pipeline solution;
- implementation of a group-wide integrated service desk; and
- monitoring solution for IT support services.

The investment into Business Intelligence has continued across the business, enabling data-driven business decisions and measurable outcomes.

Vision and objectives for 2024

- To align technology initiatives with business goals, ensuring technology investments support the organisation’s strategic objectives. To prioritise investments that will deliver the most value with the highest business impact.
- To manage technology-related risks through proactive risk and security management programmes.

- To implement an effective Architecture Review Board, whose mandate will be to make objective and informed technology decisions through requisite due diligence. This is to optimise technology choices and control the costs into the future as the technology offerings change.
- To stay agile in a rapidly changing business environment by improving efficiency, increasing productivity and reducing costs by reducing duplication, streamlining processes and automating manual tasks.
- To cultivate a learning culture by encouraging individual and divisional learning, where both gaining and sharing knowledge is prioritised, valued and rewarded.

Infrastructure services strategy

The key focus area for the new financial year is to continue optimising our infrastructure services to support the group’s national, African and global footprint. This will be achieved through a significant investment in technologies that support an automated infrastructure service and partnering with leading industry experts for communication and networking services. There will be enhancements to our physical and virtual environments that support our information and cyber security strategy. Cloud-hosted services will be investigated further where feasible to manage and mitigate risk by further transitioning into cloud services.

Applications and solutions delivery strategy

Deep industry knowledge within the group clusters will continue to be leveraged to create outstanding solutions for our businesses. The business’ core solutions will continue to evolve for automation, digitisation, and integration with best-of-breed solutions. The technical debt on the legacy systems will be addressed by re-platforming the solutions onto new technology. There will be a focus on the rationalisation of systems where multiple systems are engaged for similar business functions, thereby reducing the cost of ownership. The group has initiated a programme to replace the current accounting platform with an “in the cloud” ERP financial solution that will integrate with all our core administration platforms across the Workforce businesses. Some of the initiatives listed are multi-year projects with iterative delivery, allowing for business benefits through the life cycle of the programmes.

Digital transformation

Group IT and the investment clusters will use the opportunity to globalise our solutions by enabling our digital strategy. Further focus will be on extending the Application Programme Interfaces to leverage off the in-country bureaus and payment gateways to fast-track the expanding global footprint.

Corporate governance report (continued)

Social, ethics and transformation committee

During the reporting period, Willie van Wyk was appointed as member to the committee in place of Inshaaf Ross. The committee comprises Shelley Thomas (independent chairman), Shaun Naidoo and Willie van Wyk.

Summarised roles and responsibilities

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

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

Social, ethics and transformation committee membership and attendance:

Name	Appointed	Designation	Attendance
Shelley Thomas	December 2016	Independent non-executive chairman	4/4 meetings
Shaun Naidoo	March 2018	Non-executive director	2/4 meetings
Willie van Wyk	May 2023	Financial director	3/4 meetings
Standing invitees	Representatives of clusters, company secretary		

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. There were no changes to the composition of the committee during the reporting period. The committee therefore comprises Kyansambo Vundla (independent chairman), John Macey and Shaun Naidoo.

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

Remuneration and nominations committee membership and attendance:

Name	Appointed	Designation	Attendance
Kyansambo Vundla	November 2010	Independent non-executive chairman	2/2 meetings
John Macey	June 2009	Independent non-executive member	2/2 meetings
Shaun Naidoo	June 2017	Non-executive director	2/2 meetings
Standing invitees	Chief executive officer, group human resources executive, company secretary		

Investment committee

The investment committee did not meet during the reporting period as there were no acquisition opportunities to consider.

Name	Appointed	Designation
John Macey	November 2017	Independent chairman
Shaun Naidoo	November 2017	Non-executive director
Ronny Katz	November 2017	Chief executive officer
Willie van Wyk	November 2017	Financial director



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 finance 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 thereafter held a number of financial management positions with Nola, a division of Foodcorp, for three years and Nampak for five years. Willie joined the Workforce group in 2007 and was appointed a director of Workforce Holdings Limited in June 2008.

Non-executive directors

Independent non-executive directors



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.

Kyansambo Nundla

Independent non-executive director

Dip Acc, CA(SA)

Kyansambo has 17 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 15 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

Investors are increasingly looking to companies to play a more conscious role in ensuring the sustainability of natural resources, and taking a conscientious attitude regarding employees, the environment, communities and all other stakeholders. Investors also have a growing mobilisation towards only investing in responsibly managed organisations.

The committee is responsible for ensuring that a company operates in a socially and ethically responsible manner. They monitor the company’s activities to ensure they comply with laws, regulations, and best practices related to social, ethical and transformation matters.

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 2023. The committee reports to the board of directors and to shareholders through the AGM to be held on 17 May 2024. Through this report, transparency is provided about the company’s social, commercial, environmental and transformation behaviour. This transparency builds trust among all stakeholders and enhances the company’s credibility.

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 2023 is as follows:

Name and qualifications	Appointed	Designation	Experience	Attendance
Shelley Thomas CA(SA)	December 2016	Independent non-executive director	Over 26 years of experience in financial and risk management	4/4 meetings
Shaun Naidoo CA(SA), MBA	March 2018	Non-executive director	Execution of corporate transactions, B-BBEE structuring, balance sheet restructuring, valuations, IFRS and tax advisory and capital raising	2/4 meetings
Willie van Wyk CA (SA)	March 2023	Financial director	Over 25 years experience in financial management	3/4 meetings
Other standing invitees	Group human resources executive, company secretary, cluster representatives			

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. Guided by the committee’s principles, investment cluster representatives can revert to their respective clusters and support meaningful initiatives. This in turn, means more can be done and best practices can be replicated.

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 2023

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. The company's "whistleblower and whistleblower protection policy" confirmed to be relevant and effective, providing an appropriate balance between encouraging reporting and discouraging malicious reporting.

During the year, 11 (2022: eight) reports were received via the whistleblower's hotline. One of these reports included an alert to a fraud in the Financial Services cluster. An internal investigation was conducted in collaboration with Hunt's attorneys. The key members responsible for the fraud were identified, and after undergoing the disciplinary process, they were dismissed from the investment cluster. Policies and procedures have been strengthened to ensure that any potential loopholes are closed.

Details on cases and status pertaining to the Whistleblower hotline are disclosed on [page 58](#) in the Management of ethics and anti-corruption section.

United Nations Social Development Goals

At the start of this impact and corporate governance section of this report on [page 46 and 47](#), the group not only discloses alignment with certain SDGs, but also indicates the tremendous impact the Workforce group has on the people of South Africa and the geographies outside of South Africa, where it operates. In particular, those blue collar workers who require a job, skills training or financial services to help them progress, earn a living and support their families.

Corporate social investment

The Workforce group continues to support CSI initiatives as a pivotal part of care and support back into the communities in areas where we operate. The section on socio-economic development on [page 60](#) details the projects the group was involved with across the 2023 financial year. The largest contribution was made to Kids Kicking Cancer. This support and other initiatives supported on Mandela Day are outlined in detail on [pages 61 to 62](#).

Monetary and time donations were made to the following associations:

- Kids Kicking Cancer
- Arebaokenng Multipurpose and Palliative Care Centre
- Bobbi Bear
- Mandela Day
- New Acropolis. Chow4Change. 30 Acts of Kindness Challenge
- Growing Champions
- Flames of Hope Foundation

The group spends roughly R1 million in supporting communities and NGOs in need.

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 improve employment equity performance and achieve 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.

This year, as in the past, our EE credentials have improved slightly. Our progress on ethnicity and gender metrics shows that 82% of our permanent employees are black and 58% are female. Across the permanent staff, we employ and cater for 15 employees with disabilities. 99% of our temporary/contract staff are black.

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

During the reporting period 39% (2022: 37%) of our permanent staff were "youth" (aged between 18 and 35), reflecting our support of the Government's aim of encouraging employers to hire young and less experienced work seekers as outlined in its National Development Plan. This further ensures that youth are able to enter the market and gain valuable experience for lasting career development.

The BBA bursary programme was continued, as was the career path training initiated by the Staffing and Outsourcing cluster. Management training for many of the group companies was formalised, and permanent staff members attended several specialised external short courses. 437 staff were registered for various learnership interventions. Training and development continued to focus on in-house product and operational training courses for employees.

Refer to the social and relationship capital report, which contains additional, detailed 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 implementing strategies and achieving 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;

Social, ethics and transformation committee report *(continued)*

- Skills development;
- Enterprise and supplier development; and
- Socio-economic development.

Workforce Holdings Limited maintained a Level 1 B-BBEE rating. Additional information on [pages 58 to 63](#) provide details of the scorecard and Workforce’s participation in the YES Programme, resulting in several of the participants being awarded permanent jobs in the group. This sustainable transformation and skills development will continue to be a focus area.

Appointments are monitored monthly and reported on by group Human Resources at the social, ethics and transformation committee. Across the year, 300 appointments were made, with 33% (2022: 29%) deviation. Deviations are consistently monitored and corrective action is suggested to investment clusters to support B-BBEE and employment equity targets and principles. 93% of the 300 appointments were in middle management, skilled-technical or semi-skilled levels, contributing to skills development and retention.

Pleasingly, 67 promotions took place across the group, of which 82% were promotions of black employees and 57% of the total promotions were women.

Stakeholder management

The stakeholder engagement framework outlines the group’s guiding principles, 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 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 2023 year for monitoring by the committee, with the following focus areas identified for further action in 2024:

- Improve succession planning and talent management;
- Continued health and safety oversight; and
- Enhancement of Risk Registers and Opportunities.



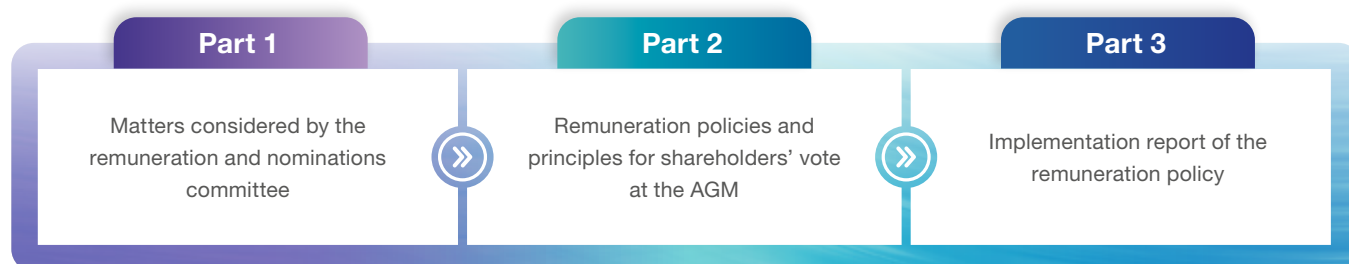
Shelley Thomas

Social, ethics and transformation committee chairman

28 March 2024



Remuneration and nominations committee report



Part 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, gender, culture, age, field of knowledge, skills and experience in its assessment in line with its Board Diversity Policy. Although no appointment was made during the reporting period, targets for gender and race were agreed upon for future appointments, which is a target of 50% female and 60% black representation.

Remuneration and nominations committee members

The committee comprised the following at 31 December 2023:

Name and qualifications	Appointed	Designation	Experience	Attendance
Kyansambo Vundla <i>BCom, HDip Acc, CA(SA)</i>	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>	November 2008	Independent member	Over 35 years of experience in finance and financial management	2/2 meetings
Shaun Naidoo <i>CA(SA), MBA</i>	March 2018	Non-executive member	Execution of corporate transactions, B-BBEE structuring, balance sheet restructuring, valuations, IFRS and tax advisory and capital raising	2/2 meetings
Standing invitees	Chief executive officer, human resources executive, 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 conducted a self-evaluation by way of questionnaires. 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

28 March 2024

Part 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.

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. There were no increases implemented during 2023.

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.

Directors decided to follow the decision of individual employees and have no increase in fees for the 2023 reporting period.

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 is 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.

Voting and shareholder engagement

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)

Part 3 – Remuneration implementation report

The remuneration implementation report details the outcomes following the implementation of the approved remuneration policy detailed on pages 78 to 79 of the integrated annual report.

2023 Total cost of employment (“TCOE”) and increases

There were no increases implemented during 2023. The TCOE as earned by executive directors and prescribed officers for the period 2023 are as follows:

	TCOE 2023 R'000	TCOE 2022 R'000
<i>Executive directors</i>		
RS Katz	4 719	4 727
WP van Wyk	3 431	3 434
<i>Prescribed officers/ Cluster heads</i>		
SB Herscovitz	5 691	5 398
S Momberg	6 162	6 060
DS McMillan	4 844	4 698
RB Malkin	3 218	3 155
E Vanassche	3 424	3 326
J Kruger	3 280	2 982
Total	34 769	33 780

2023 Annual incentive bonus

The awarding of annual incentive bonuses and/or profit share for the year ended 31 December 2023 was in line with the group’s remuneration policy and stipulated allocation levels, which payments have been detailed on page 137 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:

	2023 annual incentive bonus R'000	2022 annual incentive bonus R'000
<i>Executive directors</i>		
RS Katz	187	350
WP van Wyk	135	250
<i>Prescribed officers/ Cluster heads</i>		
SB Herscovitz	2 291	2 524
S Momberg	1 380	1 890
DS McMillan	1 759	2 043
RB Malkin	100	143
E Vanassche	100	375
J Kruger	75	505
Total	6 027	8 080



2023 Long-term incentives (“LTI”)

There was no LTI remuneration made to executive directors and prescribed officers for the period 2022 or 2023. A new, more relevant LTI is being developed.

	2023 LTIP payments R'000	2022 LTIP payments R'000
Executive directors	-	-
Prescribed officers/ Cluster heads	-	-

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 17 May 2024 and are stated on [page 137](#) of the notice of AGM included in this integrated annual report.

The total amount spent on non-executive directors’ fees for 2022 and 2023 are as follows:

	2023 R'000	2022 R'000
Non-executive directors’ fees	1 062	1 118

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.



5 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 2023, 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 2024 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 2023.

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 28 March 2024 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

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

- the annual financial statements set out on [pages 96 to 143](#), fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- 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;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.



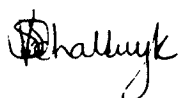
RS Katz
Chief Executive Officer



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

28 March 2024

Audit and risk committee report to shareholders

Annual financial statements for the year ended 31 December 2023

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 26 May 2023, 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 2023 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	Appointment	Designation	Experience	Attendance
Kyansambo Vundla BCom, HDip Acc, CA(SA)	November 2010	Independent chairman	Over 25 years of experience in the financial services industry	4/4 meetings
John Macey BBusSci (Hons), BCom (Hons), CA(SA)	June 2009	Independent member	Over 35 years of experience in finance and financial management	4/4 meetings
Shelley Thomas CA(SA)	December 2016	Independent member	Over 25 years of experience in financial and risk management	3/4 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 reviews of the audit and risk committee's work plan and terms of reference every second year or as the need arises;
- assesses the performance and effectiveness of the audit committee and its members on a regular basis; and
- reviewed the proactive monitoring process in terms of the report from the JSE.

Execution of functions during the year

The committee is satisfied that, for the 2023 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 as the external auditor to shareholders for appointment as auditor for the financial year ended 31 December 2023, 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 Craig George, including any findings, if applicable, to the firm and/or individual;
- requested from Crowe JHB and considered the information detailed in paragraph 3.84 (g) (ii) of the JSE Listings Requirements in their assessment of the suitability for appointment of Crowe JHB and Craig George prior to their reappointment, which was presented in November 2023;
- 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 52 years, the committee is satisfied that Crowe JHB is independent of the group after taking the following factors into account:

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

Internal audit

The committee:

- reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter;
- considered the reports of the internal auditor on the group's system of internal control including financial controls, business risk management and maintenance of effective internal control systems;
- received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or 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 2023 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 and interim 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 2.22.1 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:

- Internally generated software: audit evidence obtained from the adapted audit approach and found to be sufficient and appropriate;
- Impairment of goodwill and intangible assets: reviewed and found this item to be fairly stated, in all material respects;
- Invoice discounting facility: audit evidence obtained and found to be sufficient and appropriate; and
- Deferred tax: reviewed and found this item to be fairly stated, in all material respects audit evidence obtained and found to be sufficient and appropriate.

Risk management and information technology (“IT”) governance

The committee:

- adopted an updated IT strategy that was being implemented;
- 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) (i) 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 17 May 2024 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 2025.

Evaluation of the committee

The committee conducted a self-evaluation of its performance and, although the result was satisfactory, members agreed on the ongoing focus areas of the committee as follows:

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

Integrated report

Following the review by the committee of the consolidated annual financial statements of Workforce Holdings Limited for the year ended 31 December 2023, 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.

Audit and risk committee report to shareholders (continued)

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 2023 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

28 March 2024

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 96 to 143, which comprise the consolidated statement of financial position as at 31 December 2023, 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 2023, 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. 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 has 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>
<p>Expected credit loss on advances to customers ("ECL")</p> <p>The group provides unsecured advances to customers, resulting in the consideration of the related credit risk and ECL. As required by International Financial Reporting Standards, advances are measured at amortised cost and the group recognises an expected credit loss at each reporting date which includes assessing whether there has been any significant increases in credit risk and considers forward-looking information.</p> <p>As a result of significant judgement, complexity and estimates applied in determining the ECL for advances and the significance of the impairment provision to the financial statements in the current year, it was considered a key audit matter.</p> <p>Refer to note 7 and 27 for details on the ECL on advances in the current year.</p>	<p>For our audit procedures, we understood and critically assessed the models used for ECL estimation on advances. These procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • Understanding of the group's systems, processes and controls implemented; • Performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable considering the credit risk profile; • Tested the mathematical accuracy of the model; • Evaluated the appropriateness of the accounting policies and disclosures based on IFRS requirements; • Assessed the completeness, accuracy and validity of data and inputs used during the development and application of the ECL model applied by management; • Reperformance and reasonability assessment of the Group's forward-looking adjustments; • Assessed the appropriateness of the macroeconomic scenario forecasts and probability weightings by benchmarking these against external data and supporting evidence; and • Performed sensitivity analyses for significant assumptions (based on audit procedures) in order to assess the potential financial impact on the entity's ECL and the reasonableness of these assumptions.

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 2023” and in the document titled “Workforce Holdings Limited Separate Financial Statements for the year ended 31 December 2023”, 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.

Independent auditor's report (continued)

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Crowe JHB has been the auditor of Workforce Holdings Limited for 52 years.



Craig George
Partner
Registered Auditor

28 March 2024

9 Autumn Street
Rivonia
2191

Directors' report

The directors present their report for the year ended 31 December 2023. 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 are discussed in detail in the chief executive officer's review on [pages 27 to 45](#) 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 and Safety Proprietary Limited	100
The Cyber Academy Proprietary Limited	51
Talent Factor Proprietary Limited	100
Chartall Business College Proprietary Limited	100
UNI Education Group Proprietary Limited	100
Dyna Training Proprietary Limited	100
Dyna Training Namibia Proprietary Limited	100
WFGNAM Training Force	100
NQ Plus Networks Proprietary Limited	100
Dyna Industrial and Training Development Proprietary Limited	100
Depostep Proprietary Limited	75
Sikelela Skills Academy Proprietary Limited	100
OpenSource Intelligent Solutions Proprietary Limited	100
Fempower Personnel Proprietary Limited	100
Jet Talent Proprietary Limited	50
Only the best Proprietary Limited	100
Teleresources Proprietary Limited	100
People First Proprietary Limited	100
Programmed Process Outsourcing Proprietary Limited	100
Workforce Staffing Proprietary Limited	100
Gauteng Wage Bureau Proprietary Limited	100

Directors' report *(continued)*

	% holding
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
Workforce Group Zambia	100
Workforce Group Tanzania	100
Workforce Group Botswana T/A Glen Moray Proprietary Limited	100
Workforce Group Limitada – Mozambique	100
TWG Rwanda	100
Workforce Group Latam	100
Workforce Chile Staffing	100
Workforce Chile Outsourcing	100
DayClick Limited	100
FADS Proprietary Limited	100
Workforce Finance Proprietary Limited	100
Workforce Software Proprietary Limited	100
Worldwide 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
Flexi Talent 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 (2022: 14 370 000) shares in Workforce Holdings Limited. The fair value of these shares amounted to R7 770 000 (2022: R7 638 000) and the loan outstanding is R9 111 761 (2022: R9 111 761).

	2023 R'000	2022 R'000
Aggregate profits of subsidiaries attributable to the holding company is as follows:	(30 577)	105 173

Share capital

Details of the company's authorised and issued share capital at 31 December 2023 are shown in note 8 to the financial statements.

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 facilities.

Special resolutions

1. It was resolved that the non-executive directors' remuneration was approved with effect from 1 January 2023 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 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

Group statement of financial position

as at 31 December 2023

	Notes	2023 R'000	2022 R'000
Assets			
Non-current assets			
Right-of-use assets	1	25 560	40 589
Property, plant and equipment	2	29 093	27 521
Goodwill	3	253 412	253 412
Intangible assets	4	70 892	62 240
Deferred tax assets	5	163 473	102 829
Financial assets	6	6 318	7 058
Current assets		1 038 165	1 172 300
Financial assets	6	5 067	15 877
Trade and other receivables	7	912 912	1 079 002
Inventory		2 194	4 682
Taxation		4 277	4 704
Cash and cash equivalents		113 715	68 035
Total assets		1 586 913	1 665 949
Equity and liabilities			
Equity			
Equity attributable to owners of the parent		874 565	908 842
Stated capital	8	235 218	234 051
Treasury shares	8	(10 531)	(13 563)
Foreign exchange differences on translation of foreign operations		(3 466)	(3 866)
Equity-settled employee benefits reserve	23	–	6 701
Retained earnings		653 344	685 519
Non-controlling interests		10 182	5 961
Non-current liabilities		86 542	102 298
Financial liabilities	9	56 140	59 779
Lease liabilities	1	13 000	28 885
Deferred tax liabilities	5	17 402	13 634
Current liabilities		615 624	648 848
Trade and other payables	10	276 833	266 043
Financial liabilities	9	318 733	362 956
Lease liabilities	1	20 058	19 849
Total equity and liabilities		1 586 913	1 665 949

Group statement of comprehensive income

for the year ended 31 December 2023

	Notes	2023 R'000	2022 R'000
Revenue	11	4 504 615	4 327 959
Cost of sales		(3 634 985)	(3 405 135)
Gross profit		869 630	922 824
Other income	14	2 134	615
Operating costs		(720 390)	(755 146)
Earnings before interest, taxation, depreciation, amortisation ("EBITDA") and ECL movement		151 374	201 114
ECL movement	27	(144 478)	(32 821)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")		6 896	168 293
Fair value adjustments	14	32	10 851
Depreciation and amortisation		(46 993)	(48 939)
Finance income		7 715	4 980
Finance costs	12	(47 738)	(36 669)
(Loss)/profit before taxation		(80 088)	98 516
Taxation	13	53 332	7 143
(Loss)/profit after tax	14	(26 756)	105 659
Other comprehensive (loss)income after tax			
Items reclassified to profit or loss:			
Foreign translations/loss		400	(359)
Exchange differences on translating foreign operations		400	(359)
Total comprehensive (loss)income for the year		(26 356)	105 300
Profit for the year attributable to:			
Owners of the parent		(30 977)	105 532
Non-controlling interests		4 221	127
		(26 756)	105 659
Total comprehensive (loss)income attributable to:			
Owners of the parent		(30 577)	105 173
Non-controlling interests		4 221	127
		(23 356)	105 300
(Loss)/earnings per share (cents per share)			
Basic and diluted (loss)/earnings per share	15	(13,5)	46,7

Group statement of changes in equity

for the year ended 31 December 2023

	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 2022	234 051	(13 563)	(3 507)	9 995	572 778	799 754	5 834	805 588
Benefits reserve movement	-	-	-	4 282	-	4 282	-	4 282
Issue of ordinary shares under share option plan	-	-	-	(7 576)	7 576	-	-	-
Payment of dividends	-	-	-	-	(367)	(367)	-	(367)
Total comprehensive income for the year	-	-	(359)	-	105 532	105 173	127	105 300
Balance at 1 January 2023	234 051	(13 563)	(3 866)	6 701	685 519	908 842	5 961	914 803
Issue of ordinary shares under share option plan	1 167	3 032	-	(6 701)	-	(2 502)	-	(2 502)
Payment of dividends	-	-	-	-	(1 198)	(1 198)	-	(1 198)
Total comprehensive income for the year	-	-	400	-	(30 977)	(30 577)	4 221	(26 356)
Balance at 31 December 2023	235 218	(10 531)	(3 466)	-	653 344	874 565	10 182	884 747
Notes	8	8		23				

Group statement of cash flows

for the year ended 31 December 2023

	Notes	2023 R'000	2022 R'000
Cash generated from operations before net working capital changes		(40 427)	127 350
Cash generated from operations	16.1	(1 796)	157 933
Finance income		7 715	4 980
Finance costs		(43 229)	(31 073)
Taxation paid	16.2	(3 117)	(4 490)
Increase/(decrease) in net working capital	16.3	176 887	(192 665)
Cash flows from operating activities		136 460	(65 315)
Cash flows from investing activities		(17 652)	(7 289)
Property, plant and equipment acquired	2	(14 767)	(10 168)
Profit on disposal of property, plant and equipment		451	–
Cash from business combination		(60)	–
Dividend income		323	–
Intangible assets acquired	4	(350)	(2 398)
Loan advanced		(3 249)	(5 672)
Repayment of loans advanced		–	10 949
Cash flows from financing activities		(73 128)	61 683
Repayment of borrowings	16.4	(46 228)	(24 018)
Proceeds from borrowings		3 726	122 795
Payment of lease liabilities	16.4	(20 909)	(19 837)
Payment of existing contingent consideration on business combinations	16.4	(8 519)	(16 890)
Dividends paid		(1 198)	(367)
Net change in cash and cash equivalents		45 680	(10 921)
Cash and cash equivalents at the beginning of the year		68 035	78 956
Cash and cash equivalents at the end of the year		113 715	68 035

Accounting policies

for the year ended 31 December 2023

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 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 2023. 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition, to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

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

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

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment. 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

for the year ended 31 December 2023

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, 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	As employees render services. Employee hours is an appropriate depiction of the transfer of services as the services comprise labour.	Over time based on employee labour hours
	Placement fees	On commencement of employment. The commencement of employment is an appropriate depiction of the transfer of the service as the customer will only enjoy the benefit of the services from the date of placement onwards.	Point in time when the placement begins employment with the customer
Training	Accredited courses, education and training	As service is rendered. The passage of time is an appropriate depiction of the transfer of the service as it is recognised over the delivery of the training.	Over time based on performance completed to date
Loan fee income	Lending services	When services are provided. The passage of time is an appropriate depiction of the transfer of the service as it is recognised over the life of the loan.	Over time based on performance completed to date
Commissions	Funeral cover	When services are provided. The passage of time is an appropriate depiction of the transfer of the service as it is recognised over the life of the policy.	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. Employee hours is an appropriate depiction of the transfer services as the services comprise labour.	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. Using the effective interest rate method.	Over time
Dividends	Dividends received	When the right to receive payment is established.	Point in time

Staffing and outsourcing revenue contains variable consideration. The estimate for the variable consideration is not typically constrained, the group has an obligation to refund customers if permanent staff placements are unsuccessful within the first three months of the employee being placed.

Under the group's standard contract terms payments are due within 30 days.

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.

2. Summary of accounting policies (continued)

2.8 Government grants (continued)

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.

2.9 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 and 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.

Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Land is carried at cost less impairment.

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.

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
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.

Accounting policies

for the year ended 31 December 2023

2. Summary of accounting policies (continued)

2.12 Intangible assets (continued)

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

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

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

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.

2. Summary of accounting policies (continued)

2.13 Impairment of goodwill, property, plant and equipment and other intangible assets (continued)

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.

2.14 Inventory

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

2.15 Taxation

Tax expense recognised in profit and loss comprises 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 assets are recognised for unused tax losses, unused tax credits and deductible temporary differences (as applicable) to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be used. The group is required to make significant estimates in assessing whether future taxable profits will be available. Future taxable profits are determined based on business plans for individual subsidiaries in the group and the probable reversal of taxable temporary differences in future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

Current and deferred tax for the period

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

2.16 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.

Accounting policies

for the year ended 31 December 2023

2. Summary of accounting policies (continued)

2.16 Equity, reserves and dividends paid (continued)

Empowerment trust

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

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

2.17 Contingencies

The group applies judgement in assessing the potential outcome of uncertain legal matters. The group does not recognise contingent liabilities in the statement of financial position 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. The group has disclosed contingent liabilities where economic outflows are considered possible but not probable.

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

Classification and initial measurement of financial assets

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. Unlike other financial assets, trade receivables are initially recognised at their transaction price.

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.

Financial assets

The classification is determined by both:

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

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

Subsequent measurement

Financial assets at amortised cost

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

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 (see note 7 on trade and other receivables).

2. Summary of accounting policies (continued)

2.19 Financial instruments (continued)

Advances (continued)

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.

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

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 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 18.

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.

When the trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit and loss. Changes to the carrying amount of the allowance account are recognised in profit and loss.

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.

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.

When considering the forward-looking information, economic factors are considered, such as the unemployment rate, inflation and prevailing interest rates and those rates that are legislated for use within the microfinance environment, as governed by the National Credit Act. Additional considerations are taken into account when looking at the overall loan portfolio, specifically around the performance and strategies implemented to improve collection performance. These factors have been considered when determining the overall provision matrix within the ECL.

Other receivables, are reviewed at each financial year-end, based on the remaining life-span of the receivable, management assesses the balances for recoverability.

Net 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).

Accounting policies

for the year ended 31 December 2023

2. Summary of accounting policies (continued)

2.19 Financial instruments (continued)

Net advances (continued)

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 classifies its advances into stage 1, stage 2 and stage 3, as described below (the advances can alternate between stages):

- Stage 1: These are advances which are performing or partially performing with payment in the last 90 days. There are no further indicators of a significant increase in credit risk. When advances are first recognised, the group recognises an allowance based on 12-month ECLs. Stage 1 advances also include advances where the credit risk has improved, and the advance has been reclassified from stage 2. The advances included within stage 1 are those for temporary employees that are currently working, and the instalments are deducted from their salaries consistently.
- Stage 2: When an advance has shown a significant increase in credit risk since origination, the group records an allowance for the life time ECLs. Advances with no repayments within the last 90 days are classified to stage 2. This stage also includes advances, where the credit risk has improved, and the advance has been reclassified from stage 3. The advances included within this stage are those that the group still manages on a portfolio basis. Based on the history of the group, these might include advances where the borrower has not made payments, mainly due to non-employment. This is considered to increase the credit risk of the borrower, but advances are still expected to be recovered through a debt management process or re-employment of the borrower.
- Stage 3: Advances considered credit-impaired. The group records an allowance for the life time ECLs. The entity considers an advance in default and therefore stage 3 (credit-impaired) for ECL calculations in all cases when the borrower enters the legal stage of the advance management process. At this time the loans are managed individually.

The advances can move between stages based on their performance, i.e. an advance in stage 2 in the current year can move to a stage 1 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.

2.19.1 *Financial liabilities*

Financial liabilities at amortised cost

The company financial liabilities include trade and other payables and financial liabilities. Financial liabilities are measured at fair value, and where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2.19.2 *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.

2. Summary of accounting policies (continued)

2.19 Financial instruments (continued)

2.19.2 Fair value estimation (continued)

Note 18 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

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 23.

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.

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 1/2023 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.

Accounting policies

for the year ended 31 December 2023

2. Summary of accounting policies (continued)

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

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 group's 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 full time IT experts to write its software programmes.

Invoice discounting facility

The group is party to an invoice discounting arrangement with ABSA bank. Trade receivables are sold to ABSA. The group's business model is a "hold to collect" business model and the group's objective is to collect the contractual cash flows of the trade receivables. ABSA has full recourse against the group for all invoices purchased. In line with the ABSA agreement the group continues to recognise these trade receivables, as the group continues to hold substantially all the risks and rewards of ownership of these assets.

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	48%
Sizuluntu Projects Proprietary Limited	47%
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, Arnocure Trust, and their subsidiaries

Note 21.4 describes Pha Phama Africa Employee Empowerment Trust and its subsidiary, Pha Phama Africa Investments Proprietary Limited, as well as Arnocure Trust 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 the Trusts.

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

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.

The group claims significant tax deductions for learnerships and ETI income. The combined tax benefit of these deductions amounts to approximately R95,8 million (2022: R59,4 million). A deferred tax asset for tax losses of approximately R25,9 million (2022: R16,1 million) was recognised on businesses claiming ETI and learnership deductions. The government has announced sunset clauses on these tax deductions.

The total deferred tax asset arising from tax losses of approximately R117,4 million (2022: R68,2 million) is expected to be recovered through taxable income earned from the normal operations of the business, as discussed above.

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 lessee. The weighted average incremental borrowing rate of the group is 11% (2022: 11%).

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 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.

Accounting policies

for the year ended 31 December 2023

3. New Standards and interpretations

3.1 Standards and interpretations affected and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

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

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

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 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

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2024 or later periods:

IFRS 16: Leases

Lease Liability in a Sale and Leaseback: The narrow scope amendment requires a seller-lessee in a sale and leaseback transaction to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of a gain or loss, relating to the right of use retained by the seller-lessee. The new requirement does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The effective date of the amendments is for periods beginning on or after 1 January 2024.

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

IAS 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.

- Non-current liabilities with Covenants: The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current, with additional guidance to explain how an entity should disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The effective date of the amendments is for periods beginning on or after 1 January 2024.

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.

Notes to the group financial statements

for the year ended 31 December 2023

1. Right-of-use asset and lease liabilities

	Cost 2023 R'000	Accumulated depreciation 2023 R'000	Carrying value 2023 R'000	Cost 2022 R'000	Accumulated depreciation 2022 R'000	Carrying value 2022 R'000
Property	86 082	(63 364)	22 718	90 679	(55 917)	34 762
Motor vehicles	7 766	(4 924)	2 842	10 539	(4 712)	5 827
	93 849	(68 288)	25 560	101 218	(60 629)	40 589

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 2022	40 814	5 954	46 768
Additions	11 479	3 900	15 379
Termination of leases	(406)	(196)	(602)
Depreciation	(17 125)	(3 831)	(20 956)
Carrying value at 1 January 2023	34 762	5 827	40 589
Additions	5 058	175	5 233
Depreciation	(17 102)	(3 160)	(20 262)
Carrying value at 31 December 2023	22 718	2 842	25 560

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	18	12 to 36 months	24 months	18	-	-	18
Motor vehicles	32	12 to 36 months	24 months	31	-	-	31

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 2023 is as follows:

	Within a year	2 to 3 years	Total
Minimum lease payments due			
31 December 2023			
Lease payments	22 588	13 587	36 175
Finance charges	(2 530)	(587)	(3 117)
Net present values	20 058	13 000	33 058
31 December 2022			
Lease payments	24 084	31 529	55 613
Finance charges	(4 235)	(2 644)	(6 879)
Net present values	19 849	28 885	48 734

Notes to the group financial statements (continued)

for the year ended 31 December 2023

2. Property, plant and equipment

	Cost 2023 R'000	Accumulated depreciation 2023 R'000	Carrying value 2023 R'000	Cost 2022 R'000	Accumulated depreciation 2022 R'000	Carrying value 2022 R'000
Computer equipment	32 180	(22 620)	9 561	23 712	(16 810)	6 902
Industrial equipment	6 742	(5 382)	1 360	6 314	(4 590)	1 724
Land	2 223	–	2 223	2 223	–	2 223
Leasehold improvements	8 464	(4 198)	4 266	6 937	(2 617)	4 320
Motor vehicles	7 489	(6 131)	1 358	7 654	(5 428)	2 226
Office equipment	19 474	(14 219)	5 254	18 122	(12 332)	5 790
Training manuals	15 281	(10 209)	5 071	12 831	(8 495)	4 336
	91 852	(62 760)	29 093	77 794	(50 273)	27 521

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

	Computer equipment R'000	Industrial equipment R'000	Land 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 2022	8 416	1 571	2 700	2 870	2 932	4 820	4 196	27 505
Additions	1 359	1 423	–	3 057	185	2 418	1 726	10 168
Disposals	–	(178)	–	–	(63)	(6)	–	(247)
Impairment	–	–	(477)	–	–	–	–	(477)
Depreciation	(2 873)	(1 092)	–	(1 607)	(828)	(1 442)	(1 586)	(9 428)
Carrying value at 31 December 2022	6 902	1 724	2 223	4 320	2 226	5 790	4 336	27 521
Additions	8 761	464	–	1 571	–	1 522	2 449	14 767
Disposals	(2)	(34)	–	–	–	–	–	(36)
Depreciation	(6 100)	(794)	–	(1 625)	(868)	(2 058)	(1 714)	(13 159)
Carrying value at 31 December 2023	9 561	1 360	2 223	4 266	1 358	5 254	5 071	29 093

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

The net book value of motor vehicles and computer equipment held under instalment credit agreements at 31 December 2023 amounted to R6 566 866 (2022: R3 616 360). Refer to note 9 for details of the instalment credit agreements. Motor vehicles under instalment credit agreements amounted to R620 699 (2022: R138 262).

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

3. Goodwill

	2023 R'000	2022 R'000
Carrying value at the beginning of the year	253 412	253 412
Carrying value at the end of the year	253 412	253 412
Staff Outsourcing cash-generating units		
– Workforce Staffing	4 275	4 275
– RecruitCo (formerly Telebest Holdings)	31 190	31 190
– OpenSource Intelligence Solutions	17 067	17 067
– Allmed Healthcare Professionals	5 815	5 815
– Quyn Group	39 134	39 134
– Gcubed	652	652
– DayClick	885	885
– Oxyon Human Capital Solutions	8 977	8 977
Financial services cash-generating units		
– GetSavvi Group	20 565	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	253 412

The recoverable amount of the above cash-generating units is determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are discount rates, growth rates, gross profit margins and expected cash flows. Management estimates discount rates using rates that reflect current market assumptions of the time value of money and the risk specific to the industry. An average discount rate of 16.8% (2022: 17.9%) was used, as all cash-generating units share similar risk characteristics.

	Average sales growth rates for budget period	
	2023	2022
Workforce Staffing/Gcubed	10,7%	10,0%
RecruitCo (formally Telebest Holdings)	10,0%	10,0%
OpenSource Intelligence Solutions	10,0%	10,0%
Allmed Healthcare Professionals	9,7%	10,0%
Quyn Group	100,0%	7,5%
DayClick	10,0%	10,0%
Oxyon Human Capital Solutions	10,0%	10,0%
GetSavvi Group	10,0%	10,0%
Prisma Training Solutions/Talent Factor	15,7%	7,5%
KBC Holdings	0,0%	10,0%
Dyna group	0,0%	10,0%
Chartall Group	10,0%	10,0%

Management have performed a sensitivity analysis on the effect of changes of certain key assumptions on the recoverable amounts of the goodwill. The table overleaf sets out the key assumptions and related sensitivities.

Notes to the group financial statements (continued)

for the year ended 31 December 2023

3. Goodwill (continued)

	Value %	Stressed value %	Potential impairment R'000
RecruitCo and OpenSource			
Budget period growth rate	10,0	5,0	49 305
Gross profit margins	10,0	15,0	48 257
Discount rate	16,8	20,9	34 783
Quyn Group			
Budget period growth rate	113,0	20,0	39 134
Gross profit margins	14,0	10,0	39 134
Discount rate	16,8	20,9	4 321
KBC Holdings			
Budget period growth rate	(3,7)	(20,0)	14 526
Gross profit margins	14,0	50,0	11 849
Discount rate	16,8	20,9	–

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

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

The respective cash generating units are all forecasted to generate enough cash to support the underlying value of its respective goodwill.

4. Intangible assets

	Cost 2023 R'000	Accumulated amortisation 2023 R'000	Carrying value 2023 R'000	Cost 2022 R'000	Accumulated amortisation 2022 R'000	Carrying value 2022 R'000
Brands	210	(201)	9	210	(190)	20
Client relationships	65 349	(64 911)	438	65 349	(61 274)	4 075
Computer software	123 957	(57 453)	66 505	105 387	(49 229)	56 158
Training course accreditations	20 620	(20 620)	–	20 620	(18 902)	1 718
Development costs	3 941	–	3 941	269	–	269
	214 066	(143 174)	70 892	191 836	(129 594)	62 240

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

	Brands 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 2022	107	11 793	51 019	5 842	223	68 984
Additions of externally purchased software	–	–	2 352	–	46	2 398
Additions of internally generated software	–	–	9 254	–	–	9 254
Disposals at carrying value	(43)	–	–	–	–	(43)
Amortisation	(44)	(7 718)	(6 467)	(4 124)	–	(18 353)
Carrying value at 31 December 2022	20	4 075	56 158	1 718	269	62 240
Additions Additions of internally generated software	–	–	350	–	–	350
Additions from business combination	–	–	14 912	–	3 672	18 584
Amortisation	(11)	(3 637)	(8 206)	(1 718)	–	(13 572)
Carrying value at 31 December 2023	9	438	66 505	–	3 941	70 892

4. Intangible assets (continued)

The above amortisation expense is included in “Depreciation and amortisation of acquired intangible asset” in the statement of comprehensive income. No intangible assets have been impaired during the year (2022: Nil). Computer software is mostly internally generated, this constitutes of development of processes and other software used within the group

The group has no further contractual commitments to acquire intangible assets at reporting date. No restrictions exist over intangibles assets.

Included in intangible assets is computer software that is not considered integral to computer equipment.

When the software reaches development stage the group begins capitalising the related costs.

5. Deferred tax assets and liabilities

	2023 R'000	2022 R'000
Balance at the beginning of the year	89 195	78 613
Movement per statement of comprehensive income	56 876	10 582
Balance at the end of the year	146 071	89 195

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

	2023 R'000	2022 R'000
Deferred tax assets	163 473	102 829
Deferred tax liabilities	(17 402)	(13 634)
	146 071	89 195

Deferred tax assets/(liabilities) arise from the following:

	Opening balance R'000	Charge to profit/loss R'000	Closing balance R'000
2023			
Temporary differences			
Property, plant and equipment and intangible assets	(12 131)	(2 870)	(15 001)
Right-of-use assets	(2 199)	4 223	2 024
ECL impairment allowances	9 026	15 994	25 020
Financial assets at fair value	(577)	(75)	(652)
Provision for leave	10 942	858	11 800
Income received in advance	17 077	(10 368)	6 709
Unearned initiation fee	496	32	528
Prepaid expenses	(1 441)	(308)	(1 749)
Fair value through profit and loss	(250)	250	-
Tax losses	68 252	49 140	117 392
	89 195	56 876	146 071

Notes to the group financial statements (continued)

for the year ended 31 December 2023

5. Deferred tax assets and liabilities (continued)

	Opening balance R'000	Charge to profit/loss R'000	Closing balance R'000
2022			
Temporary differences			
Property, plant and equipment and intangible assets	(13 944)	1 813	(12 131)
Intangible assets – acquired through business combination	(2 074)	2 074	–
Right-of-use assets	–	(2 199)	(2 199)
ECL impairment allowances	15 534	(6 508)	9 026
Financial assets at fair value	(319)	(258)	(577)
Provision for leave	10 163	779	10 942
Income received in advance	5 336	11 741	17 077
Unearned initiation fee	812	(316)	496
Prepaid expenses	(1 286)	(155)	(1 441)
Fair value through profit and loss	(469)	219	(250)
Tax losses	64 860	3 392	68 252
	78 613	10 582	89 195

The net movement in deferred tax balances was an increase in deferred tax assets of R56,8 million. 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 R29 million (2022: R53 million), without these tax deductions the group would have generated taxable income.

There were deductible temporary differences and unused tax losses of R16,2 million (2022: Rnil) for which no deferred tax asset has been recognised in the statement of financial position in the current or prior year.

6. Financial assets

	2023 R'000	2022 R'000
Non-current	6 318	7 058
Fair value through profit and loss		
Listed shares		
4 616 907 (2022: 4 616 907) shares in Primeserv Limited at fair value	5 818	5 541
The above instrument has been designated as fair value through other comprehensive income as it is not held for trading.		
Investment in cell captive	500	1 517
Current		
Amortised cost		
Loans receivable	5 067	15 877
Qunu Staffing Proprietary Limited	–	14 060
Gross	14 060	21 090
Less: Impairment	(14 060)	(7 030)
Qunu Capital Proprietary Limited	1 501	–
Workforce International (Scotland) Limited	3 566	1 817
	11 385	22 935

Fair value of the listed shares have been determined by the quoted bid prices in an active market and is categorised as level 1 in the fair value hierarchy. (Refer to note 18.1 on fair value measurements.)

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 18.1 on fair value measurements.)

Loan receivable from Qunu Staffing Proprietary Limited has been fully impaired.

6. Financial assets (continued)

Loan receivable from Qunu Capital 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.

Loan receivable from Workforce International (Scotland) 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:

	2023 R'000	2022 R'000
Trade receivables	890 473	1 066 471
Other receivables	22 439	12 530
Trade and other receivables	912 911	1 079 001
Trade receivables		
Trade receivables can be analysed as follows for the period under review:		
Net trade receivables excluding advances	716 104	831 824
Gross trade receivables	729 938	845 747
Impairment provisions	(13 834)	(13 924)
Net advances	174 369	234 648
Gross advances	315 225	287 988
Impairment provisions	(140 856)	(53 340)
	890 473	1 066 472

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 NCA as prescribed by the 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 R541 million (2022: R580 million) and the carrying amount of the associated liability is R284 million (2022: R295 million). Refer to note 9.

Other receivables

Other receivables comprise the following:

	2023 R'000	2022 R'000
Deposits	4 749	4 967
Staff debtors (net of impairment)	1 409	1 022
Sundry debtors**	16 280	6 542
	22 439	12 530

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

Notes to the group financial statements (continued)

for the year ended 31 December 2023

7. Trade and other receivables (continued)**Impairment provisions**

	2023 R'000	2022 R'000
Trade receivables	13 834	13 924
Advances	140 856	53 340
Total	154 690	67 264
Days sales outstanding (excluding advances)	51	54

The information about the credit risk exposure on the group's trade receivables using the provision matrix as follows:

	Current	30 days	60 days	90 days	120 days	Total
31 December 2023						
Expected credit loss rate	0%	1%	4%	5%	32%	2%
Estimated total gross carrying amount at default (R'000)	468 586	174 293	49 387	11 274	26 399	729 939
Expected credit loss (R'000)	1 313	1 420	1 997	543	8 561	13 834
31 December 2022						
Expected credit loss rate	0%	0%	1%	1%	9%	2%
Estimated total gross carrying amount at default (R'000)	451 179	171 691	69 901	30 412	122 564	845 747
Expected credit loss (R'000)	1 051	633	536	351	11 353	13 924

The debtors book decreased during the year, due to substantial debtors, settling their debt within their payment terms.

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 a decrease in the overall book, due to improvement in overall economic trading conditions as well as through various strategic interventions to increase sales.

Analysis of advances is as follows:

	Stage 1	Stage 2	Stage 3	Total
31 December 2023				
Average expected loss rate	10%	56%	30%	45%
Gross carrying amount	38 134	207 969	69 152	315 225
Loss provision	3 820	116 458	20 578	140 856
31 December 2022				
Average expected loss rate	10%	16%	33%	19%
Gross carrying amount	38 572	197 256	52 160	287 988
Loss provision	3 724	32 144	17 472	53 340

The expected credit loss rates have undergone adjustments across various stages, as detailed below. The gross debtors' book has experienced an overall increase, attributable to strategic interventions implemented by management aimed at bolstering sales. These interventions have included targeted approaches to different wage bands within our trading environment. Throughout 2023, with the use of the Dynamic Risk Model facilitated a more refined approach to credit assessment, resulting in improved targeting of sales towards individuals with the highest propensity to repay loans. This strategic shift has yielded several positive outcomes for the business. Notably, there has been a marked enhancement in overall monthly sales, driven by consistent sales values and improved collection rates.

7. Trade and other receivables (continued)

Impairment provisions (continued)

Consequently, this has led to enhanced cash generation and reduced transitions between credit stages, indicative of better loan quality throughout the 2023 trading year.

Aligned with management objectives, these improvements have contributed to a reduction in expected future losses, notably through enhanced collection rates and decreased movements between stages one and three. While there has been a decline in stage two expected future losses, this can be attributed primarily to a decrease in newly granted loans transitioning to stage two, with a greater focus on managing older debt through interventions based on best practice collection methodologies.

Stage one represents our actively paying book, with the primary method of collection being payroll deductions. The deployment of more assignees within our operating environment is expected to drive increased sales within this stage, along with anticipated improvements in future collection rates as our credit granting model evolves.

In stage two, efforts are directed towards early intervention to mitigate defaults. Implementation of the Dynamic Risk Model and targeted collection strategies have been instrumental in reducing default rates. Additionally, collections within this stage have been migrated to the Debicheck platform, preventing debtors from disputing debit orders. This real-time authentication method enhances collection effectiveness, with successful cases progressing to non-disputable debit orders.

Stage three involves legal collection proceedings, including garnishments and judgments, valid for 30 years. Our collection teams are dedicated to ensuring the enforcement of judgments, with a focus on reloading garnishee orders should debtors change employment. Management strategies include targeted interventions to transition clients from late-stage legal collections back to stage two or even stage one collection methods where feasible.

The legal book is secured upon acknowledgment of payment default, with the implementation of Debicheck and AEDO serving as preemptive risk mitigation measures. These initiatives have proven successful in minimising reliance on legal proceedings for recovery.

Our expected credit loss provisioning aligns with assessments of normal economic and operational trading activity, ensuring prudent risk management practices are maintained.

	Trade receivables	Net advances			Total R'000
	Simplified approach R'000	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	
Opening balance	13 924	3 724	32 144	17 472	67 264
Changes to the financial instruments recognised in the opening balance					
Transfer from stage 2 to 3	-	-	(505)	505	-
Transfer from stage 2 to 1	-	1 592	(1 592)	-	-
Transfer from stage 3 to 2	-	-	291	(291)	-
New advances	-	2 607	(261)	66	2 412
Write-offs during the year	(33 893)	(4 103)	-	-	(37 996)
Additional provision	33 803	-	86 381	2 826	123 010
Closing balance	13 834	3 820	116 458	20 578	154 690

Notes to the group financial statements (continued)

for the year ended 31 December 2023

8. Stated capital

	2023 Number of shares	2022 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	16 529 707	18 735 771
Balance at the end of the year	16 529 707	18 735 771

	2023 R'000	2022 R'000
Ordinary no par value shares	235 218	234 051
Treasury shares		
16 529 707 (2022: 18 735 771) shares		
Balance at the beginning of the year	(13 563)	(13 563)
Share buy-back	-	-
Shares distributed in respect of share-based payments	3 032	-
Balance at the end of the year	(10 531)	(13 563)

9. Financial liabilities

Financial liabilities include the following:

	Current		Non-current	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Secured liabilities at amortised cost				
9.1 Loan from Simgarvin Proprietary Limited	-	-	7 770	7 638
Gross amount owing	-	-	9 112	9 112
Imputed interest	-	-	(1 342)	(1 474)
9.2 Invoice discounting facility bearing interest at 0,5% below prime rate	284 447	295 469	-	-
9.3 Loan facility bearing interest at prime rate plus 3,6%	-	10 833	-	-
9.4 Instalment sales liabilities	6 223	1 607	2 561	2 141
9.5 Loan facility bearing interest at prime rate plus 3%	26 563	28 646	-	-
9.6 Loan facility bearing interest at prime rate plus 1%	-	-	44 090	50 000
9.7 Loan facility bearing interest at prime rate plus 2%	-	17 824	-	-
Financial liabilities carried at fair value through profit or loss				
9.8 Business combination contingent consideration payable				
Prior years	-	8 577	-	-
Current year	1 500	-	1 719	-
	318 733	362 956	56 140	59 779

9.1 The loan from Simgarvin Proprietary Limited is secured by shares held in Workforce Holdings Limited. The treasury share loan is interest free and is repayable on 31 December 2025.

9.2 The group has entered into an invoice discounting and cession of debtors and inter-group loan accounts. A loan facility of R350 million (2022: R350 million) is secured by cession of debtors and inter-group loan accounts. A subsidiary is bound as surety and co-principal debtor to the bank for due and punctual payment of the debtors. At year end, trade receivables to the value of R541 million (2022: R580 million) were ceded to the bank. (Refer to note 7 on trade and other receivables.)

The group retained significant risk and rewards of ownership of the receivables due to ABSA Bank Limited which has a right of recourse against the group for any default of the debtor. The associate loan is granted by ABSA Bank Limited on 80% of the value of trade receivables excluding advances, ceded to ABSA Bank Limited. The net position of the transferred assets and associated liability is an amount of R191 million (2022: R230 million), which is the difference between the fair value of the assets transferred of R541 million and the fair value of the liability being R350 million. (Refer to note 7 on trade and other receivables.)

9. Financial liabilities (continued)

- 9.3 The group entered into a short-term loan to a limit of R40 million with ABSA Bank Limited, this facility is charged at the JIBAR rate of interest. The facility has been fully settled at the year end date.
- 9.4 Instalment sale liabilities are secured over motor vehicle and computer equipment with a net book value of R5,1 million (2022: R2,7 million) bearing interest at rates approximating the prime overdraft rate and repayable in monthly instalments of R138 261 (2022: R102 650). (Refer to note 2 on property, plant and equipment).
- 9.5 Babereki Employee Support Services (Pty) Ltd, a subsidiary of the group, has a short term facility with ABSA Bank to a limit of R30 million (2022: R30 million), this facility is secured by an unlimited pledge and cession of all present and future book debts.
- 9.6 The group entered into a loan to a limit of R50 million with Force Holdings Pty Ltd, interest on this facility is charged at the prime rate of interest plus one percent, which is fully repayable in September 2025.
- 9.7 The loan with Force Holdings Pty Ltd, interest on this facility is charged at the prime rate of interest plus two percent.
- 9.8 The contingent consideration of R3,2 million is for the acquisition of MHNP and Kalydoscope in the current year (2022: R8,5 million is for the acquisition of The GetSavvi Group).

10. Trade and other payables

	2023 R'000	2022 R'000
Trade creditors	121 295	127 041
Audit fee accrual	4 425	4 200
Payroll liabilities	48 168	23 902
Accrual for paid annual leave	27 310	17 474
Other payables*	75 636	93 425
	276 833	266 043

* Other payables includes VAT payable and Workmen's Compensation.

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 2023					
Staffing solutions	3 591 837	-	-	-	3 591 837
Placement fees	33 959	-	-	-	33 959
Accredited courses, education and training	-	393 358	-	-	393 358
Funeral cover and lending services	-	-	121 708	-	121 708
Medical cover, healthcare, wellness programmes and health risk assessments	-	-	-	363 753	363 753
	3 625 796	393 358	121 708	363 753	4 504 615
31 December 2022					
Staffing solutions	3 353 138	-	-	-	3 353 138
Placement fees	41 037	-	-	-	41 037
Accredited courses, education and training	-	372 578	-	-	372 578
Funeral cover and lending services	-	-	110 141	-	110 141
Medical cover, healthcare, wellness programmes and health risk assessments	-	-	-	451 065	451 065
	3 394 175	372 578	110 141	451 065	4 327 959

Notes to the group financial statements (continued)

for the year ended 31 December 2023

12. Finance costs

	2023 R'000	2022 R'000
Interest on invoice discount facility	12 962	9 439
Interest relating to right-of-use assets	4 509	5 596
Interest on bank overdrafts	30 267	21 634
	47 738	36 669

13. Taxation**Taxation recognised in profit and loss**

	2023 R'000	2022 R'000
Current tax		
Current year tax expense	2 318	2 454
Prior year tax expense	770	985
Deferred tax		
Current year tax income	(56 420)	(10 582)
	(53 332)	(7 143)
Estimated tax losses of subsidiaries of the group for utilisation against future taxable income:		
Tax losses	117 392	255 715

Reconciliation of the tax expenses

Reconciliation between accounting profit and tax expense

	2023 R'000	2022 R'000
Accounting profit/(loss)	(80 088)	98 516
Tax at the applicable tax rate of 27% (2022: 28%)	(21 624)	27 584
Tax effect of adjustments on taxable income		
Learnership tax allowances	(7 870)	(14 829)
Employment tax incentive	(17 994)	(22 160)
Dividend received	(411)	(180)
Prior period underprovision on deferred tax	(5 433)	985
Change in corporate tax rate*	-	2 807
Non-operating and capital items	-	1 688
Loss on fair value adjustments on contingent consideration	-	(3 038)
	(53 332)	(7 143)

* Corporate tax rate has been changed from 28% to 27% for tax periods ending on or after 31 March 2023.

14. Profit for the year

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

	2023 R'000	2022 R'000
Other income	(2 134)	(615)
Dividends received	(323)	(277)
Recovery	(1 359)	-
Profit or loss on sale of assets	(452)	(338)
Other expenses		
Re-measurement of cell captive	1 517	309
Fair value contingent consideration	(32)	(10 851)
Government grants received for Employment Tax Incentive	(66 643)	(79 144)
Contribution to provident fund	37 372	36 680
Equity-settled share-based payments	-	4 282
Staff costs	527 396	554 364
Audit fees	5 139	4 199

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:

	2023 R'000	2022 R'000
Profit attributable to equity shareholders of the parent company (R'000)	(30 577)	105 173
Weighted average number of ordinary shares in issue ('000)	227 202	224 996
Diluted weighted average number of shares in issue ('000)	227 202	224 996
Basic earnings per share (cents)	(13,5)	46,7
Diluted earnings per shares (cents)	(13,5)	46,7

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 as follows:

Headline earnings per share

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

	Gross of tax 2023	Net of tax 2023	Gross of tax 2022	Net of tax 2022
Profit attributable to equity shareholders of the parent company (R'000)		(30 577)		105 173
Adjusted for:				
Gain/(loss) on disposal of property, plant and equipment (R'000)	451	329	(338)	(247)
Total headline earnings (R'000)	-	(30 248)	-	105 285
Weighted average number of shares in issue ('000)	-	227 202	-	224 996
Diluted earnings per shares (cents)	-	-	-	-
Headline earnings per share (cents)	-	(13,3)	-	46,8
Diluted headline earnings per share (cents)	-	(13,3)	-	46,8

16. Notes to the cash flows

16.1 Cash generated from operations

	2023 R'000	2022 R'000
(Loss)/profit before taxation	(80 088)	98 516
Interest income	(7 715)	(4 980)
Finance costs	43 229	31 073
Adjusted for non-cash items:		
Gain on disposal of property, plant and equipment	36	247
Dividend income	(323)	-
Depreciation and amortisation of non-financial assets	46 993	48 939
Revaluation of land and buildings	-	477
Additions of internally generated software	(18 584)	(9 254)
Gain arising on financial liability at fair value through profit or loss	-	(13 446)
Foreign exchange differences on translation of foreign operations	400	-
Expense recognised in respect of equity-settled share-based payment	-	4 282
Impairments	14 060	-
Other non-cash items	196	2 079
	(1 796)	157 933

16.2 Taxation paid

	2023 R'000	2022 R'000
Charged to profit or loss	53 332	7 143
Adjusted for deferred tax	(56 876)	(10 582)
Movement in taxation balance	427	(1 051)
	(3 117)	(4 490)

Notes to the group financial statements (continued)

for the year ended 31 December 2023

16. Notes to the cash flows (continued)**16.3 Working capital changes**

	2023 R'000	2022 R'000
Change in trade and other receivables	166 090	(224 136)
Change in inventory	2 488	(765)
Change in trade and other payables	8 309	32 236
	176 887	(192 665)

16.4 Changes in liabilities arising from financing activities

	1 January 2023 R'000	Cash flows R'000	Non-cash flows		31 December 2023 R'000
			Additions R'000	Interest R'000	
Lease liabilities	48 734	(20 909)	5 233	–	33 058
Borrowings	414 156	(46 228)	3 726	–	371 654
Contingent consideration	8 577	(8 519)	4 500	(1 339)	3 219
	471 467	(75 656)	19 369	(1 339)	407 931

	1 January 2022 R'000	Cash flows R'000	Non-cash flows		31 December 2022 R'000
			Additions R'000	Interest R'000	
Lease liabilities	53 794	(19 837)	14 777	–	48 734
Borrowings	315 379	(24 018)	122 795	–	414 156
Contingent consideration	36 168	(16 890)	–	(10 701)	8 577
	405 341	(60 745)	137 572	(10 701)	471 467

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 onboarding.
- 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.

17. Segment reporting (continued)

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
2023							
Segment revenues	3 636 927	386 004	121 708	359 976	-	-	4 504 615
Inter-segment revenue	54 806	7 354	-	3 777	11 179	(77 116)	-
Cost of sales	(3 141 458)	(193 533)	(27 089)	(265 514)	(7 391)	-	(3 634 985)
Inter-segment cost of sales	(49 709)	-	-	-	-	49 709	-
Gross margin	500 566	199 825	94 619	98 239	3 788	(27 407)	869 630
Operating costs	(337 508)	(144 108)	(71 356)	(53 546)	(113 872)	-	(720 390)
Inter-segment operating costs	(4 236)	(7 354)	-	(3 777)	(12 040)	27 407	-
Other income	553	1 078	-	132	1 568	(1 197)	2 134
EBITDA before ECL movement	159 375	49 441	23 263	41 048	(120 556)	(1 197)	151 374
ECL movement	(37 563)	(2 466)	(89 207)	(1 160)	(14 082)	-	(144 478)
EBITDA after ECL movement	121 812	46 975	(65 944)	39 888	(134 638)	(1 197)	6 896
Fair value adjustment	-	-	32	-	-	-	32
Depreciation and amortisation	(6 968)	(10 049)	(3 817)	(2 355)	(19 650)	(4 154)	(46 993)
Finance income	1 458	797	1 718	3 742	-	-	7 715
Finance costs	(29 390)	(2 913)	(3 343)	(2 409)	(9 683)	-	(47 738)
Segment profit/(loss) before tax	86 912	34 810	(71 354)	38 866	(163 971)	(5 351)	(80 088)
Capital expenditure	1 041	5 200	230	577	8 069	-	15 117
Segment total assets	702 985	360 257	308 294	58 011	374 228	(216 862)	1 586 913
Segment total liabilities	(148 057)	(211 824)	(42 247)	(31 068)	(294 095)	25 125	(702 166)
Net segment assets/(liabilities)	554 928	148 433	266 047	26 943	(79 732)	(191 737)	884 747

Notes to the group financial statements (continued)

for the year ended 31 December 2023

17. Segment reporting (continued)

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
2022							
Segment revenues	3 430 010	388 074	110 141	454 877	–	(55 143)	4 327 959
Inter-segment revenue	(35 835)	(15 496)	–	(3 812)	–	55 143	–
Cost of sales	(2 895 670)	(171 359)	(23 557)	(340 618)	(9 767)	35 835	(3 405 136)
Inter-segment cost of sales	35 835	–	–	–	–	(35 835)	–
Gross margin	534 340	201 219	86 584	110 447	(9 767)	–	922 823
Operating costs	(336 575)	(160 623)	(53 902)	(53 154)	(137 377)	19 308	(722 323)
Inter-segment operating costs	–	15 496	–	3 812	–	(19 308)	–
Other income	137	(168)	–	352	662	(368)	615
EBITDA before ECL	197 902	55 924	32 682	61 457	(146 481)	(368)	201 116
ECL movement	6 396	4 171	18 674	3 580	–	–	32 821
EBITDA after ECL	191 506	51 753	14 008	57 877	(146 481)	(368)	168 296
Fair value adjustment	12 095	(307)	(1 399)	–	462	–	10 851
Depreciation and amortisation	(11 205)	(7 395)	(2 918)	(2 007)	(16 455)	(8 960)	(48 940)
Finance income	2 011	269	1 198	1 136	366	–	4 980
Finance costs	(19 274)	(2 460)	(2 311)	(3 902)	(8 723)	–	(36 669)
Segment profit/ (loss) before tax	175 133	41 860	8 580	53 104	(170 831)	(9 327)	98 518
Capital expenditure	1 592	7 374	1 781	995	10 276	–	22 018
Segment total assets	671 327	220 721	289 348	126 796	565 685	(207 928)	1 665 949
Segment total liabilities	(187 459)	(141 430)	(350 745)	(63 015)	(133 729)	125 231	(751 146)
Net segments assets/(liabilities)	483 868	79 291	(61 397)	63 781	431 956	(82 697)	914 803

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 2023 or 2022.

18. Financial assets and financial liabilities

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

	Notes	2023 R'000	2022 R'000
Financial assets at amortised costs		1 004 188	1 134 506
Trade and other receivables	7	890 473	1 066 471
Cash and cash equivalents		113 715	68 035
Financial assets at fair value through profit and loss		6 318	7 058
Investment in cell captive	6	500	1 517
Quoted equity shares		5 818	5 541
Total		1 010 506	1 141 564
Total current		1 004 188	1 134 506
Total non-current		6 318	7 058
Set out below is an overview of financial liabilities held by the group			
Financial liabilities at amortised costs			
Trade and other payables		214 695	153 952
Interest-bearing borrowings		404 712	471 469
Loan on treasury shares	9	7 770	7 638
Financial liabilities at fair value through profit and loss			
Contingent consideration	9	3 219	8 577
Current	9	1 500	8 577
Non-current	9	1 719	–
Total		630 396	641 636
Total current		574 256	633 998
Total non-current		56 140	7 638

18.1 Fair value measurement

Fair values

Loans and receivables and financial liabilities at amortised cost. The carrying value of current receivables and liabilities measured at amortised cost approximates their fair value. The fair values of the majority of the non-current receivables and liabilities measured at amortised cost, other than for the instruments listed below, are also not significantly different to their carrying 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 2023

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 2023					
Financial assets					
Quoted equity shares	31 December 2023	5 818	5 818	-	-
Cell captive	31 December 2023	500	-	-	500
Financial liabilities					
Contingent consideration relating to business acquisition of the Medical Health Network Providers (Pty) Ltd ("MHNP") and Kalydoscope (Pty) Ltd ("Kalydoscope")	31 December 2023	(3 219)	-	-	(3 219)
As at 31 December 2022					
Financial assets					
Quoted equity shares	31 December 2022	5 541	5 541	-	-
Cell captive	31 December 2022	1 517	-	-	1 517
Financial liabilities					
Contingent consideration relating to business acquisition of the GetSavvi Group	31 December 2022	(8 577)	-	-	(8 577)

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.	If the discount was 5 per cent higher/lower while all other variables were held constant, the carrying amount would decrease/increase by R25 000 (2022: decrease/increase by R76 000).
The anticipated value of the future economic benefits that will flow out of the group is based on an agreed upon formula taking into account operational performance conditions that need to be achieved by the businesses that have been acquired.	Discount rate of 16.9% determined using the Purchase Consideration Formula stated in the agreement.	If the discount rate was 5% higher/lower while all other variables were held constant, the carrying amount would increase/decrease by R160 000.
As above	As above	As above
As above	As above	As above
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.	If the discount rate was 5% higher/lower while all other variables were held constant, the carrying amount would increase by Rnil (2022: 428 000).

Notes to the group financial statements (continued)

for the year ended 31 December 2023

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
Reconciliation of level 3 fair value measurements			
As at 31 December 2023			
Opening balance	1 517	8 577	10 094
Gain/(loss) in profit or loss*	(1 517)	(58)	(1 575)
Additions	500	3 219	3 719
Release on liability	–	(8 519)	(8 519)
Closing balance	500	3 219	3 719
As at 31 December 2022			
Opening balance	1 827	36 138	37 965
Gain/(loss) in profit or loss*	(310)	2 748	2 438
Release on liability	–	(30 309)	(30 309)
Closing balance	1 517	8 577	10 094

* 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 18. 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.

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 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:

	2023 R'000	2022 R'000
Net trade receivables	716 104	831 824
Other receivables	22 439	12 530
Net advances	174 369	234 648
Cash and cash equivalents	113 715	68 035
	1 026 627	1 147 037

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 advances issued is five months. (See note 7 on trade and other receivables.)

19. Financial risk management (continued)

Credit risk management (continued)

Before accepting any new customers, or increasing the credit limit allowed for an existing customer, the risk associated with the customer is assessed by the group's credit vetting department, using generally accepted vetting techniques. The acceptance of a new customer is authorised by senior management. For advances, the potential customer's credit quality, including relevant credit bureau checks, in compliance with the requirement of the National Credit Act (No. 34 of 2005) is assessed.

At the reporting date, there are no customers representing more than 5% of the total balance of the trade receivables.

The group has entered into an invoice discounting and cession of debtors agreement with ABSA Bank Limited for a borrowing facility of R350 million (2022: R350 million) secured by cession of debtors. A subsidiary is bound as surety and co-principal debtor to the bank for due and punctual payment of the debtors. The amount of trade receivables of the subsidiary amounted to R541 million (2022: R580 million).

All accounts receivable amounts of the group, have been transferred to ABSA Bank Limited in terms of an invoice discounting and cession agreement. The group retained significant risk and reward of ownership of the trade receivables due to the terms and conditions of the contract. The associated loan is granted by ABSA Bank Limited on 80% of the value of trade receivables excluding advances, ceded to ABSA.

Credit risk exposure – advances

The group grants unsecured loans. The average loan value advanced is R2 800 and customers range from various economic sectors and geographic regions.

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 position is exposed to credit risk. The credit quality of loans and advances is disclosed in note 7.

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 borrowings facilities in order to determine headroom or any shortfalls and if available, borrowings 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.

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 2 years R'000
2023			
Loan on treasury shares	–	–	7 770
Bank loans	–	284 447	–
Instalment sale liabilities	6 223	2 561	–
Contingent consideration	1 500	–	1 719
Trade and other payables	214 695	–	–
	222 418	287 008	9 489
2022			
Loan on treasury shares	–	–	–
Bank loans	–	295 469	7 638
Instalment sale liabilities	1 607	2 141	–
Contingent consideration	8 577	–	–
Trade and other payables	173 567	–	–
	183 751	297 610	7 638

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

Notes to the group financial statements (continued)

for the year ended 31 December 2023

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:

	2023 R'000	2022 R'000
Long and short-term borrowings	407 931	471 469
Cash and cash equivalents	113 715	68 035
Net debt	521 646	539 504
Total equity	884 747	914 803
Net debt-to-equity ratio	0,59	0,59
Net debt-to-assets ratio	0,33	0,32
Total assets	1 586 913	1 665 949

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:

	2023 R'000	2022 R'000
Wellington Property Investments Proprietary Limited		
Relationship	16 757	12 757
Type and term of transaction		
Director has significant influence The operating lease is extended with a five-year term beginning 1 September 2020 at an annual escalation of 8% and is paid monthly.		
Vunani Capital Proprietary Limited	113	249
Relationship		
Type and term of transaction		
Shareholder Designated advisors' fees paid in terms of service level agreement.		
Hunts Attorneys	187	197
Relationship		
Type and term of transaction		
Director with an interest in a legal practice – RS Katz Disbursements for all cost related to litigation, commercial and labour legal work and advise on group's behalf.		
Guardrisk Insurance Company Limited		
Relationship		
Type and term of transaction		
Cell captive arrangement (refer to note 21.3) Insurance premium paid monthly to cell captive in line with policy.	1 154	345
Monte Legal Consultants Proprietary Limited		
Relationship		
Type and term of transaction		
Shareholder Advisor's fees in terms of business acquisitions.	263	653

21. Related party transactions (continued)

21.2 Related party loans

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

		2023 R'000	2022 R'000
Force Holdings Proprietary Limited			
Relationship	Shareholder.	(44 090)	(67 824)
Simgarvan Investments Proprietary Limited – refer to note 9			
Relationship	Company controlled by a director of the group.	(7 770)	(7 638)
Hunts Attorneys			
Relationship	Director with an interest in a legal practice – RS Katz.	162	162

The Force Holdings Proprietary Limited loan, bears interest charged at the prime rate of interest plus one percent.

The Simgarvan Investments and Hunts Attorneys loans above are interest free, have no fixed terms of repayment and are unsecured.

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 R589 773 (2022: R1 518 768), 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 R500 000 as well as contributions by lenders and staff, paid over as disclosed above.

		2023 R'000	2022 R'000
Assets of cell captive		653	1 544
Current liabilities of cell captive		(63)	(25)

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
WFG Management Services Proprietary Limited	100
Staffing and Outsourcing Holdings Limited	100
Workforce Holdings International Limited	100
Global Healthcare Resources Proprietary Limited	100

Notes to the group financial statements (continued)

for the year ended 31 December 2023

21. Related party transactions (continued)**21.4 Subsidiaries** (continued)

Details of the subsidiaries indirectly held are set out below:

Indirect subsidiaries	% holding
DebtWorx Proprietary Limited	100
Essential Employee Benefits Proprietary Limited	100
Babereki Employee Support Services Proprietary Limited	100
EEB Solutions Proprietary Limited	100
FeelBetter Fast Proprietary Limited	50
Arnocure Proprietary Limited	100
Training Force Proprietary Limited	100
Prisma Training Solutions Proprietary Limited	100
GetSavvi Consult Proprietary Limited	100
GetSavvi Health Proprietary Limited	100
KBC Health & Safety Proprietary Limited	100
The Cyber Academy Proprietary Limited	51
Talent Factor Proprietary Limited	100
Chartall Business College 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
Jet Talent Proprietary Limited	50
Only the best Proprietary Limited	100
Teleresources Proprietary Limited	100
People First Proprietary Limited	100
Programmed Process Outsourcing Proprietary Limited	100
Workforce Staffing Proprietary Limited	100
Worldwide Outsourcing Proprietary Limited	100
Gauteng wage Bureau 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 Payrol & HR Services Proprietary Limited	100
Sizuluntu Staffing Solutions Proprietary Limited	48
Sizuluntu Projects Proprietary Limited	47
TWG Mauritius	100
Workforce Group Zambia	100
Workforce Group Tanzania	100
Workforce Group Botswana T/A Glen Moray Proprietary Limited	100
Workforce Group Limitada – Mozambique	100
TWG Rwanda	100
DayClick Limited	100

21. Related party transactions (continued)

21.4 Subsidiaries (continued)

Indirect subsidiaries	% holding
Flexi Talent Proprietary Limited	100
Pha Phama Africa Investment Proprietary Limited	100
Pha Phama Africa Staff Services Proprietary Limited	100
FADS Proprietary Limited	100
Workforce Finance Proprietary Limited	100
Workforce Software Proprietary Limited	100
Rapitrade 465	100
Workforce Health Care Proprietary Limited	50
Allmed Healthcare Professionals Proprietary Limited	100
Nursing Emergencies Proprietary Limited	100

The group owns 50% of Workforce Health Care Proprietary Limited and 50% of Jet Talent Proprietary Limited, 48% of Sizuluntu Staffing Solutions Proprietary Limited, 51% of The Cyber Academy Proprietary Limited, 47% of Sizuluntu Projects Proprietary Limited, 49% of Programmed Sourcing Proprietary Limited, Arnocure Trust and 48% of Sizuluntu Northern Cape Proprietary Limited. However, based on the contractual agreements between the group and other investors, the relevant activities of Workforce Health Care Proprietary Limited and Jet Talent Proprietary Limited, Sizuluntu Staffing Solutions Proprietary Limited and Sizuluntu Northern Cape Proprietary Limited are determined by the board of directors of the group.

The Pha Phama Africa Employee Empowerment Trust and its subsidiary, Pha Phama Africa Investments Proprietary Limited, are consolidated in line with the requirements of IFRS 10: *Consolidated Financial Statements* and the subsidiary of the share trust is the beneficial owner of 14 370 000 (2022: 14 370 000) shares in Workforce Holdings Limited.

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
2023							
Executive directors							
RS Katz	4 313 204	218 772	–	–	–	186 949	4 718 925
WP van Wyk	3 140 843	–	–	155 107	–	135 000	3 430 950
Non-executive directors							
JR Macey	408 312	–	–	–	–	–	408 312
KM Vundla	352 638	–	–	–	–	–	352 638
S Naidoo	297 881	–	–	–	–	–	297 881
S Thomas	300 785	–	–	–	–	–	300 785
Prescribed officers							
S Momberg	3 612 232	94 415	454 898	180 612	440 000	1 379 695	6 161 851
SB Herscovitz	2 622 174	74 694	134 557	128 290	440 000	2 290 739	5 690 454
DM McMillan	2 443 149	55 710	177 217	119 729	288 600	1 759 366	4 843 771
RB Malkin	2 782 995	66 306	131 000	137 518	–	100 000	3 217 819
E Vanassche	2 536 864	46 852	451 675	–	288 600	100 000	3 423 991
J Kruger	2 172 684	175 308	461 000	107 000	288 600	75 000	3 279 592
	24 744 327	737 637	1 830 996	828 256	1 745 800	6 026 749	36 211 645

Notes to the group financial statements (continued)

for the year ended 31 December 2023

22. Remuneration implementation report (continued)

22.1 The remuneration of directors and other members of key management during the year was as follows: (continued)

	Basic remuneration R	Medical contributions R	Allowances R	Retirement contributions R	Share incentive payments R	Bonus and profit share R	Total R
2022							
Executive directors							
RS Katz	4 184 189	192 612	–	–	–	350 000	4 726 801
WP van Wyk	3 033 597	–	–	149 696	–	250 000	3 433 293
Non-executive directors							
I Ross	146 273	–	–	–	–	–	146 273
JR Macey	408 312	–	–	–	–	–	408 312
KM Vundla	218 117	–	–	–	–	–	218 117
S Naidoo	102 846	–	–	–	–	–	102 846
S Thomas	242 412	–	–	–	–	–	242 412
Prescribed officers							
S Momberg	3 540 875	75 641	378 725	173 821	–	1 890 305	6 059 367
SB Herscovitz	2 541 742	74 694	132 985	124 421	–	2 523 657	5 397 499
DM McMillan	2 353 064	55 710	130 186	115 330	–	2 042 927	4 697 217
RB Malkin	2 443 733	39 868	467 584	–	–	374 491	3 325 676
E Vanassche	2 684 295	66 306	127 291	132 640	–	143 000	3 153 532
J Kruger	2 099 806	176 946	96 000	103 528	–	505 000	2 981 280
	23 999 260	1 332 771	1 332 771	799 437	–	8 079 380	34 892 625

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
2023		
RS Katz	–	65 860
WP van Wyk	1 126	–
	1 126	65 860
2022		
RS Katz	–	65 860
WP van Wyk	1 126	–
S Naidoo	–	–
	1 126	65 860

There have been no changes in these holdings from 31 December 2022 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	–	0

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 Rnil (2022: R6 700 760) of which R0 (2022: R4 281 540) 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.

23.2 Movement in share options during the year

	Number of options 2023	Weighted average exercise price 2023	Number of options 2022	Weighted average exercise price 2022
Balance at the beginning of the year	15 229 000	–	15 279 000	1,67
Options granted during the year	–	–	–	–
Options forfeited during the year	–	–	(50 000)	–
Options exercised during the year	–	–	–	–
Options expired during the year	(15 229 000)	–	–	–
	–	–	15 229 000	1,67

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;
- The dividends expected on the shares; and
- The risk free interest rate for the term till 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.

Notes to the group financial statements (continued)

for the year ended 31 December 2023

23. Equity-settled employee benefits (continued)**23.3 Inputs into model**

	2023	2022
Grant date share price	0 cents	159 cents
Exercise price	0 cents	123 cents
Expected volatility	0,00%	77,02%
Share appreciation life	0%	36 months
Dividend yield	0%	0%
Risk free interest rate	0,00%	7,45%

Charge to profit and loss (note 13)

	2023	2022
2019 option	-	4 281 540
	-	4 281 540

23.4 Movement in share options during the year

The share options outstanding at the end of the 2022 year had a weighted average exercise price of R1,67. The vesting date has passed in November 2022 and all shares have been granted and recognised in equity in 2023.

24. Contingent liabilities**Legal claim contingency**

The group is involved in various legal matters, the outcome of which may not be favourable to the group and none of which are considered individually material. The group has applied its judgement and has recognised liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable. The likelihood of economic outflows is considered remote as the claims amounting to R7,2 million are not in accordance with the related contracts or normal business practices within the industry. This determination is consistent with legal advice obtained by the group.

25. Business combination

	Date of acquisition	Portion of business acquired	Consideration transferred R'000
2023			
Medicall Healthcare Network Providers (Pty) Ltd ("MHNP") and Kalydoscope (Pty) Ltd ("Kalydoscope")	1 September 2023	100%	4 500

Workforce has obtained control of the above mentioned entities by acquiring 100% of the equity and voting rights in MHNP and Kalydoscope with effect from 1 September 2023. MHNP & Kalydoscope were acquired in order to complement and enhance Workforce's service offerings and capability in the occupational/primary healthcare space and medical insurance industry.

25. Business combination (continued)

Consideration transferred

	Total R'000
Contingent consideration	4 500
Total	4 500
Contingent consideration	
First payment	1 735
Second payment	1 484
	3 219
Interest raised on future payments	1 281
	4 500

Under the contingent consideration arrangement for MHNP & Kalydoscope, Workforce is obliged to pay an amount of up to R2 250 000 (inclusive of future interest) subject to MHNP & Kalydoscope achieving agreed upon operational targets for the 12-month period commencing on 1 April 2024 and an amount of up to R2 250 000 (inclusive of future interest) subject to MHNP & Kalydoscope achieving agreed upon operational targets for the 12-month period commencing on 1 April 2025. Future interest is derived by discounting the contingent considerations that are contractually payable. Both these payments are calculated using agreed upon formulae which reduce the contingent consideration in the event that contractually agreed operational targets are not achieved. The directors believe that these payments are probable.

Asset acquired and liabilities recognised at the date of the acquisition

	Total R'000
Non-current assets	3 291
Intangible assets	3 291
Current liabilities	72
Trade and other payables	12
Cash and cash equivalents	60
Total	3 219

Intangibles asset comprise of R3 million. 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

	Total R'000
Consideration to be paid in cash	4 500
Add: Cash overdraft	60
Total	4 560
Goodwill arising on acquisition	
Consideration transferred	4 500
Less: Fair value of identifiable net assets acquired	(3 219)
Less: Interest raised on future payments	(1 281)
Goodwill arising on acquisition	-

Notes to the group financial statements (continued)

for the year ended 31 December 2023

25. Business combination (continued)**Impact of acquisitions on the results of the group**

As per IFRS 3: *Requirements*, had the acquisition been effective on 1 January 2023, the revenue and loss before tax would have been R997 996 and R71 416 respectively. The above figures have been extracted without amendment from the management accounts of MHNP & Kalydoscope.

26. Subsequent event

		Date of acquisition	Portion of business acquired	Consideration transferred R'000
2023				
Xperia Financial Services (Pty) Ltd ("Xperia")	Xperia Financial Services (Pty) Ltd ("Xperia")	1 January 2024	100%	3 450

Workforce has obtained control of the above mentioned entity by acquiring 100% of the equity and voting rights in Xperia with effect from 1 January 2024. Xperia was acquired in order to complement and enhance Workforce's service offerings and capability in the financial cluster.

Consideration transferred

	Total R'000
Cash	–
Contingent consideration	3 450
Total	3 450
Contingent consideration	–
First payment	1 251
Second payment	696
Third payment	595
Interest raised on future payments	908
Total	3 450

Under the contingent consideration arrangement for Xperia, Workforce is obliged to pay an amount of up to R1 500 000 (inclusive of future interest) subject to Xperia achieving agreed upon operational targets for the 12-month period ending on 31 December 2024, an amount of up to R975 000 (inclusive of future interest) subject to Xperia achieving agreed upon operational targets for the 12 month period ending on 31 December 2025 and an amount of up to R975 000 (inclusive of future interest) subject to Xperia achieving agreed upon operational targets for the 12-month period ending on 31 December 2026. Future interest is derived by discounting the contingent considerations that are contractually payable. Both these payments are calculated using agreed upon formulae which reduce the contingent consideration in the event that contractually agreed operational targets are not achieved. The directors believe that these payments are probable.

26. Subsequent event (continued)

Asset acquired and liabilities recognised at the date of the acquisition

	Total R'000
Non-current assets	100
Intangible assets	100
Current assets	441
Trade and other receivables	133
Cash and cash equivalents	308
Non-current liabilities	1 097
Directors' loan	45
Non-interest-bearing loans	1 026
Interest-bearing loans	26
Current liabilities	447
Trade and other payables	447
Total	(1 003)

Intangibles asset comprise intellectual property that has been developed by Xperia and has been valued by the directors of Xperia at its replacement cost of R100k. Cash and cash equivalents are deemed to be at fair value. The receivables acquired (principally trade receivables and loan receivables) in this transaction with a fair value of R133 193 for Xperia is equivalent to the gross contractual amount and are based on the value as reflected in the management accounts as at the effective date of the business combination. All contractual cash flows are expected to be collected. Current liabilities are short-term in nature and represent the amount expected to be paid out to settle the liabilities. Non-current liabilities are long-term in nature and represent the amount expected to be paid out to settle the liabilities beyond 12 months.

Net cash outflow on acquisition of subsidiaries

	Total R'000
Consideration to be paid in cash	3 450
Less: Cash and cash equivalents	(308)
Total	3 142
Consideration transferred	3 450
Less: Fair value of identifiable net assets acquired	(1 003)
Less: Interest raised on future payments	(908)
Goodwill arising on acquisition	1 539

27. ECL movement

	2023 R'000	2022 R'000
ECL on net advances	89 207	21 051
ECL on trade receivables	41 189	11 770
Loan receivables	14 082	-
	144 478	32 821

The challenging economic conditions have resulted in significant write-offs and a need for the group to increase its expected credit losses considerably. This increase has particularly impacted the micro-lending book in the Financial Services cluster, due to the continued financial pressure that consumers are expected to face in the coming year. The management team is currently evaluating different options concerning the micro-lending business.

6 Shareholders' 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 Proprietary Limited
One Exchange Square
2 Gwen Lane
Sandown
Sandton
2196

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 2023
Audited results released on SENS	28 March 2024
Integrated reports available to shareholders on our website	28 March 2024
Summarised results and notice of annual general meeting posted to shareholders	3 April 2024
Annual general meeting	17 May 2024
Interim period	30 June 2024

Analysis of shareholders

	Number of holders	% of total shareholders	Number of shares	% of total issued share capital
1. Analysis of shareholdings				
1 – 1 000	1 664	92,29	84 924	0,03
1 001 – 10 000	75	4,16	327 547	0,13
10 001 – 100 000	40	2,22	1 872 236	0,77
100 001 – 1000 000	13	0,72	3 974 094	1,63
1 000 001 – and more	11	0,61	237 472 542	97,43
Totals	1 803	100	243 731 343	100
2. Major shareholders (5% and more of the shares in issue)				
Force Holdings Proprietary Limited			140 812 399	57,77
Little Kittens Proprietary Limited			65 860 000	27,02
Pha Phama Africa Investments Proprietary Limited			14 370 000	5,90
3. Shareholder spread				
Non-public	7	0,44	224 474 149	92,10
Directors	2	0,15	67 132 043	27,54
10% or more of issued capital	3	0,15	140 812 399	57,77
Treasury shares	2	0,15	16 529 707	6,78
Public	1 796	99,61	19 257 194	7,90
Totals	1 803	100	243 731 343	100,00
4. Distribution of shareholders				
Individuals	82	4,55	2 033 500	0,8
Pension funds	6	0,33	376 916	0,2
Other managed funds	1 703	94,45	240 594 273	98,7
Other companies and corporate bodies	12	0,67	726 654	0,3
Totals	1 803	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")

In accordance with the rules of the memorandum of incorporation of the company, the annual general meeting of shareholders of Workforce ("annual general meeting" or "AGM") will be held in electronic format only.

If you are in any doubt as to what action you should take in respect of the resolutions set out below, 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 will be held via Microsoft Teams at 10:00 on Friday, 17 May 2024.

Purpose

The purpose of the annual general meeting is to transact the business set out in this notice of annual general meeting ("notice of annual general meeting") by considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions set out hereunder.

Record date, attendance and voting

The board of directors of Workforce ("the board") has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended ("the Companies Act"), the following dates are applicable:

	2024
Record date in order to be eligible to receive the notice of annual general meeting	Friday, 22 March
Notice of annual general meeting distributed to shareholders	Thursday, 28 March
Last date to trade in order to be eligible to vote at the annual general meeting	Tuesday, 7 May
Record date in order to be eligible to vote at the annual general meeting	Friday, 10 May
Last day to lodge forms of proxy for the annual general meeting (by 10:00) for administration purposes	Wednesday, 15 May
Annual general meeting (at 10:00)	Friday, 17 May
Results of the annual general meeting released on SENS	Friday, 17 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, which sets 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, JSE Investor Services Proprietary Limited, at the address given below by not later than 10:00 on Wednesday, 15 May 2024.
- 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 the shareholder 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, 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 annual general meeting 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.

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 2023 as set out in the company's integrated annual report, of which this notice of annual general meeting 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 Shaun Naidoo

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

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.

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

2. Ordinary resolution number 2: Re-election of 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 director."

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 board and committee experience in both the public and private sectors.

The remuneration and nominations committee has considered Shelley Thomas'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 Shelley Thomas 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 retire by rotation 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 Craig George) 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.

Notice of annual general meeting *(continued)*

4. Ordinary resolution number 4: Reappointment of Kyansambo Vundla as a 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.”

Kyansambo has 17 years of experience in finance and financial management. She completed her articles at BDO Spencer Steward and has held the position of chief financial officer in the financial services industry for the last 15 years. Kyansambo is currently the chief financial officer for the Africa and Asia division of Momentum Metropolitan Holdings Limited (formerly 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.

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.”

John completed his articles at Deloitte & Touche in 1990. He has over 30 years of experience in finance and financial management. He has been the finance 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 JSE listed companies. John was appointed to the Workforce Holdings Limited board in June 2009.

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 2, 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 under ordinary resolution number 2 above.

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 number 7.1

“Resolved that the company’s remuneration policy, as set out in the remuneration report on [page 77](#) of the integrated annual report of which this notice of annual general meeting 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 number 7.2

“Resolved that the implementation report, as set out on [page 80](#) of the integrated annual report of which this notice of annual general meeting 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 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 2024, 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 Limited (“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 the memorandum of incorporation of the company 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 2024.

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, all or any of its authorised but unissued ordinary shares in the capital of the company placed under their control; and/or
- 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 as amended from time to time, provided that:

- the general authority 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 securities which are the subject of a general issue for cash may not exceed 15% of the number of listed securities, excluding treasury shares, as at the date of this notice of annual general meeting, being 227 201 636 securities. Any securities issued under this authorisation will be deducted from the aforementioned 227 201 636 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 securities may be issued in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such securities, as measured over the 30 trading days prior to the date that the price of the issue is agreed to in writing 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 contemplated in the Listings Requirements of the JSE and not, subject to the following, to related parties:
 - related parties may participate in a general issue for cash through a bookbuild process provided:
 - related parties only participate with a maximum bid price at which they are prepared to take-up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price, the relevant related party will be “out of the book” and not be allocated shares; and
 - equity securities must be allocated equitably “in the book” through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;
- the securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must 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 the memorandum of incorporation of the company 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 the 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.

Notice of annual general meeting (continued)

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.”

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 memorandum of incorporation the company.

Special business

11. Special resolution number 1: Remuneration of non-executive directors

“Resolved that, in terms of the provisions of section 66(9) of the Companies Act, the annual remuneration payable to the non-executive directors in 2024 (which will remain unchanged from the remuneration paid to the non-executive directors in 2023) until the next annual general meeting, be and is hereby approved on the following basis:

Category	2024 and 2023
Board Chairman	R408 312 annual retainer*
Board member	R83 689 annual retainer R18 022 per meeting attended
Ad hoc fee	R2 503 per hour
Audit and risk committee	
Chairman	R17 034 per meeting attended
Member	R15 145 per meeting attended
Remuneration and nominations committee	
Chairman	R17 034 per meeting attended
Member	R15 145 per meeting attended
Social, ethics and transformation committee	
Chairman	R17 034 per meeting attended
Member	R15 145 per meeting attended
Investment committee	
Chairman	R17 034 per meeting attended
Member	R15 145 per meeting attended

No changes were made to fees paid in 2023.

* No increase in retainer fee and no meeting attendance fee received.

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.

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 passing 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 acquisitions of ordinary shares, in aggregate, in any one financial year may not exceed 20% of the company’s issued ordinary share capital;
- 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 of the group;
- the general repurchase is authorised by the memorandum of incorporation of the company;
- 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 repurchase securities during a prohibited period as defined in paragraph 3.67 of the Listings Requirements of the JSE, unless:
 - the company had a repurchase programme in place and the programme has been submitted to the JSE prior to the prohibited period commencing;
 - only one independent third party has been instructed to execute the repurchase programme prior to the prohibited period commencing; and
 - the repurchase programme includes the name and date of appointment of the independent third party instructed to execute the repurchase programme, the commencement and termination date of the repurchase programme and the fixed number of securities to be traded during the period.”

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 the memorandum of incorporation of the company 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

Notice of annual general meeting *(continued)*

- 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 set out below has been included in the integrated annual report, of which this notice of annual general meeting forms part, at the places indicated:

- major shareholders ([↗](#) page 145); and
- share capital of the company ([↗](#) page 122).

3. 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.

4. Responsibility statement

The directors, whose names are reflected on [↗](#) pages 72 to 73 of the integrated annual report of which this notice of annual general meeting 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 in relation to this special resolution false or misleading and that all reasonable enquiries to ascertain such facts that have been made and that this special resolution together with the notice of annual general meeting contains all information required by law and the Listings Requirements of the JSE in relation to this special resolution.

5. 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 of annual general meeting.

6. 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);
- 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 memorandum of incorporation of the company 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.

By order of the board



Sirkien van Schalkwyk
Company secretary

28 March 2024

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 at 10:00 on Friday, 17 May 2024 (“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 2023			
Ordinary resolution number 1: To re-elect Shaun Naidoo as a director			
Ordinary resolution number 2: To re-elect Shelley Thomas as a director			
Ordinary resolution number 3: Confirmation of auditors' reappointment			
Ordinary resolution number 4: Reappointment of Kyansambo Vundla as a member and chairman of the audit and risk committee			
Ordinary resolution number 5: Reappointment of John Macey a member of the audit and risk committee			
Ordinary resolution number 6: Reappointment of Shelley Thomas a member of 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 _____ 2024

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 shareholder (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 at:

Hand deliveries to:	Postal deliveries to:
One Exchange Square	PO Box 4844
2 Gwen Lane	Johannesburg, 2000
Sandown, Sandton, 2196	

to be received by no later than 10:00 on Wednesday, 15 May 2024 (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 memorandum of incorporation of the company 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

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 Proprietary Limited (“JSE Investor Services”), by delivering the duly completed Appendix 1 to:

One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196, 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, 15 May 2024.

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, 16 May 2024, 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 of proxy to:

One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196, 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, 15 May 2024. 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, 16 May 2024, 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

Definitions and abbreviations

AEDO	Authenticated Early Debit Order	IS	Information systems
AGM	Annual General Meeting	JSE	JSE Limited (Registration number 2005/022939/06) a company duly registered and incorporated with limited liability, licenced as an exchange in terms of the Financial Markets Act (Act 19 of 2012)
BBA	Bachelor of Business Administration	KPI	Key Performance Indicators
B-BBEE	Broad-Based Black Economic Empowerment	KBC	KBC Holdings Proprietary Limited
Board	Board of directors of Workforce Holdings Limited	King IV™	King IV™ Report on Corporate Governance for South Africa, 2016
Companies Act or the Act	The South African Companies Act 2008 (Act 71 of 2008), as amended	LTIP	Long-term incentive plan
COIDA	The Compensation for Occupational Injuries and Diseases Act, No 130 of 1993	MOI	Memorandum of Incorporation
COBIT	Control Objectives for Information Technology	NAV	Net asset value
CPS	Cents per share	NQF	National qualifications framework
CSI	Corporate Social Investment	OECD	Organisation for Economic Cooperation and Development
CTC	Cost to company	PAIA	Promotion of Access to Information Act, 2000 (Act 2 of 2000)
EAP	Economically active population or employee assistance programme	PBT	Profit before tax
EBITDA	Earnings before interest, taxation, depreciation and amortisation	POPIA	Protection of Personal Information Act (Act 4 of 2013)
ECL	Expected credit loss	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
ERP	Enterprise resource planning	SARS	Share Appreciation Rights Scheme
ESG	Environment, social and governance	SDG	United Nations Social Development Goals
ETI	Employment tax incentive	SED	Socio-economic development
EWP	Employee Wellness Programme	SENS	Stock Exchange News Service of the JSE
FATF	Financial Action Task Force	SETA	Sector Education and Training Authority
FET	Further Education and Training	SLA	Service level agreement
Group/group	Workforce Holdings Limited and its subsidiaries	TCOE	Total cost of employment
HEPS	Headline earnings per share	TES	Temporary Employment Services
HET	Higher Education and Training	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
HR	Human Resources	UIF	Unemployment Insurance Fund
IFRS	International Financial Reporting Standards	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)
IIRC	International Integrated Reporting Council	YES Programme	Youth Employment Services programme
IIRF	International Integrated Reporting Framework		
ILO	International Labour Organisation		
IR	Industrial relations		
IT	Information technology		

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