

The Independent Board
Workforce Holdings Limited
11 Wellington Road
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Dear Sirs and Mesdames

7 November 2024

INDEPENDENT EXPERT OPINION TO WORKFORCE HOLDINGS LIMITED (“Workforce” or the “Company”) IN TERMS OF SECTION 114 OF THE COMPANIES ACT (THE “Act”) REGARDING AN OFFER BY FORCE HOLDINGS PROPRIETARY LIMITED (“Force Holdings”) TO ACQUIRE THE ISSUED ORDINARY SHARES IN WORKFORCE, SAVE FOR THOSE HELD BY FORCE HOLDINGS AND CERTAIN EXCLUDED SHAREHOLDERS, BY WAY OF A SCHEME OF ARRANGEMENT AND THE SUBSEQUENT DELISTING OF WORKFORCE FROM THE JSE LIMITED

Introduction

Shareholders of Workforce (“**Workforce Shareholders**” or “**Shareholders**”) were advised, by way of the Firm Intention Announcement (the “**FIA**”) dated 21 October 2024, that on 18 October 2024 (“**Signature Date**”) Workforce and Force Holdings (the “**Parties**”) entered into an implementation agreement (“**Implementation Agreement**”) in terms of which Force Holdings agreed to express a firm intention to make an offer (“**Force Holdings Offer**”) to acquire all of the issued ordinary shares (“**Workforce Shares**” or “**Shares**”) in the Company (“**Issued Shares**”) from Shareholders, save for:

- 111 216 111 Shares already directly owned by Force Holdings;
- and those Workforce Shares held by certain Shareholders, which Force Holdings has advised the Company, have agreed with Force Holdings to be excluded from the Force Holdings Offer (“**Excluded Shareholders**”), which Shares comprise:
 - 65 860 000 Shares owned and/or controlled by Little Kittens Investments Proprietary Limited (“**Little Kittens**”), the entity through which the Chief Executive Officer of Workforce, Ronald Stanley Katz, holds his indirect beneficial interest in Workforce Shares;
 - 42 900 000 Shares owned and/or controlled by Force Holdings’ wholly owned subsidiary, Verbicept Proprietary Limited (“**Verbicept**”);
 - 14 870 000 Shares owned by Force Holdings’ wholly owned subsidiary, Pha Phama Africa Investments Proprietary Limited (“**Pha Phama**”); and
 - 2 159 707 Shares held by Workforce Staffing Proprietary Limited (“**Workforce Staffing**”) (“**Treasury Shares**”).

As at the Signature Date, the Excluded Shareholders collectively hold an aggregate of 125 789 707 Shares (“**Excluded Shares**”), representing 51.61% of the Issued Shares.

The Workforce Shares, excluding those referred to above, equate to 6 725 525 Shares held by Shareholders eligible to participate in the Force Holdings Offer (“**Eligible Shareholders**”), representing approximately 2.76% of the Issued Shares (“**Eligible Shares**”).

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Registration Number: 2014/226782/07

The Force Holdings Offer will be implemented by way of a scheme of arrangement (the “**Scheme**”) in terms of section 114 of Companies Act, No. 71 of 2008, as amended (the “**Act**”). The Eligible Shareholders are offered a cash consideration of 165 cents per Workforce Share (the “**Scheme Consideration**”).

As at the date of this opinion, the share capital of the Company comprises the following:

- Authorised share capital of 1 000 000 000 no par value shares; and
- Issued share capital of 243 731 343 Workforce Shares, including 2 159 707 Treasury Shares held by Workforce Staffing.

The Company had no share options outstanding as at the date of this opinion.

Full details of the Scheme are contained in the scheme circular to be issued to Workforce Shareholders on Wednesday, 13 November 2024 (the “**Circular**”) (which includes a copy of this opinion). We understand that there are no further changes or amendments to the terms and conditions of, and rationale for, the Scheme.

The material interests of the directors are set out in paragraph 11 of the Circular.

Scope

The Scheme is an affected transaction as defined in section 117(1)(c)(iii) of the Companies Act. In terms of section 114(2) of the Companies Act, as read with Regulations 90 and 110 of the Companies Regulations, the Workforce Independent Board (“**Independent Board**”) is required to retain an independent expert to provide an independent expert report (in the form of a fair and reasonable opinion) in terms of section 114(3) of the Companies Act and Regulations 90 and 110 of the Companies Regulations (the “**Opinion**” or the “**Fair and Reasonable Opinion**”).

Nodus Capital TS Proprietary Limited (“**Nodus**”) has been appointed by the Independent Board as the Independent Expert to advise on whether the terms and conditions of the Scheme are fair and reasonable to Workforce Shareholders.

Responsibility

Compliance with the Act is the responsibility of the Independent Board. Nodus’s responsibility is to report on the terms and conditions of the Scheme in accordance with the provisions of the Act.

We confirm that our Fair and Reasonable Opinion has been provided to the Independent Board for the sole purpose of assisting them in forming and expressing an opinion for the benefit of Workforce Shareholders in relation to the Scheme. This opinion is prepared solely for the Independent Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

Definition of the terms “fair” and “reasonable”

The “fairness” of a transaction is based on quantitative issues. A transaction may be said to be fair if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value surrendered by the shareholders.

The Scheme may be said to be fair if the Scheme Consideration is greater than or equal to the value of one Workforce Share or unfair if the Scheme Consideration is less than the value of one Workforce Share. Furthermore, in terms of regulation 110(8) of the Companies Regulations, an offer with a consideration within the fair-value range is generally considered to be fair.

In terms of the Companies Regulations, a transaction will be considered reasonable if the Scheme Consideration received by shareholders in terms of the corporate action is higher than the market price of the company’s securities at the time that the corporate action was announced, or at some other more appropriate identifiable time. In addition, other qualitative considerations may be taken into account when considering the reasonableness of the corporate action. Even though the consideration may differ



from the market value of the assets being acquired, a transaction may still be reasonable after considering other significant qualitative factors.

Our approach in considering the Scheme

In considering the Scheme, we have independently calculated the fair value of one Workforce Share and compared our fair value of one Workforce share to the Scheme Consideration.

Details and sources of information

The principal sources of information used in performing our analysis include:

- The Implementation Agreement;
- The FIA;
- The Circular;
- The terms and conditions of the Scheme and its rationale, set out in the Circular;
- Independent Board's recommendation in respect of the Scheme, as set out in the Circular;
- Representations and assumptions made available by, and discussions held with Workforce management, its advisors and the Independent Board;
- Publicly available information relating to the industries in which Workforce operates;
- Publicly available information relating to Workforce that we deemed to be relevant, where applicable;
- Share price information of Workforce over the last 12 months to assess the relative liquidity and volatility of Workforce Shares;
- Published market data on Workforce;
- The 30-day, 60-day and 90-day volume weighted average price (the "**VWAP**") of Workforce Shares as at the date preceding the date of the FIA;
- Audited annual financial statements of Workforce for the 5 years ended 31 December 2023;
- Board approved forecast financial information of Workforce for the years ending 31 December 2024 to 31 December 2030;
- Interim financial results for Workforce for the 6 months ended 30 June 2024 ("**Interim Financial Results**"); and
- Latest management accounts for Workforce for the 9 months ended 30 September 2024 ("**Latest Management Accounts**").

The information above was obtained from:

- Directors and management of Workforce; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Workforce.

Procedures performed

In arriving at our findings, we have undertaken the following procedures in evaluating the fairness and reasonableness of the Scheme:

- Considered the rationale for the Scheme, as represented by the Independent Board, its advisors, and Workforce management;
- Reviewed the terms and conditions of the Scheme, as set out in the Circular;



- Supplemented our knowledge and understanding of Workforce as well as the industries in which it operates;
- Held discussions with management on the prospects of Workforce;
- Reviewed and analysed the historical financial information of Workforce;
- Assessed the Workforce forecasts prepared by management and approved by the Board, and challenged certain assumptions;
- Considered the value of Workforce, taking cognisance of the market multiples of comparable companies and comparable/recent transactions, as applicable, and a discounted cash flow valuation performed on Workforce;
- Performed various scenarios and/or sensitivities on the value of Workforce, as applicable;
- Performed an analysis of other information considered pertinent to our valuation and Opinion;
- Considered the Interim Financial Results and the Latest Management Accounts against the forecast financial information of Workforce;
- Considered the fact that the Scheme is settled in cash;
- Reviewed Workforce historic traded share prices and trading volumes on the JSE to ascertain the relative trading activities, liquidity and volatility of the Workforce Shares;
- Considered the fact that the Workforce Shareholders are invested in a listed entity with limited liquidity;
- Considered the fact that ~32.12% of the Workforce Shareholders, who are eligible to vote on the Offer, have provided irrevocable undertakings to vote in favour of the Scheme;
- Considered the prevailing economic and market conditions; and
- Obtained from the management of Workforce a letter of representation in respect of amongst other things the information shared and/or statements made to us and upon which we have relied.

We have not interviewed any of the Workforce Shareholders to obtain their views on the Scheme.

Based on the results of the procedures mentioned above, we determined the fairness and reasonableness of the Scheme to Workforce Shareholders. We believe that the above considerations justify the opinion outlined below.

Limiting conditions

This Opinion of the Independent Expert is provided to the Independent Board in connection with and for the purpose of the Scheme. The Opinion of the Independent Expert does not purport to cater for each individual Workforce Shareholder's perspective, but rather that of the general body of Workforce Shareholders.

We have relied upon and assumed the accuracy of the information provided to and obtained by us in deriving our Opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our Opinion, whether in writing or obtained in discussion with Workforce management, by reference to publicly available or independently obtained information.

While our work has involved an analysis of, *inter alia*, the annual financial statements and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

This Opinion of the Independent Expert is provided in terms of the Act. It does not constitute a recommendation to any Workforce Shareholder as to how to vote at any shareholders' meeting relating to the Scheme or on any matter relating thereto. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this Opinion of the Independent Expert is used or



relied upon for anything other than its intended purpose. Should an individual Workforce Shareholder have any doubts as to what action to take, such shareholder should consult an independent advisor.

The projections/forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the forecast period. Accordingly, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods.

We express no opinion as to how closely actual results will correspond to those projected/forecast provided by the management of Workforce. We have compared the projected/forecast financial information to past trends as well as discussed the assumptions inherent therein with Workforce management.

Our Opinion is based on the current economic, regulatory, and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments. We have assumed that all conditions precedent in the transaction agreements, including any material regulatory and other approvals, if any, will be properly fulfilled/obtained. Our Opinion does not include an evaluation of the commercial rationale of the Scheme.

The valuation of companies and businesses is not a precise science and conclusions arrived at, will, in many cases, be subjective and dependent on the exercise of individual judgement.

Valuation

Nodus performed an independent valuation of Workforce to determine whether the Scheme represents fair value to the Workforce Shareholders.

For the purposes of our valuation, we used the income approach (discounted cash flow) valuation as our primary valuation methodology. In addition, we used the market approach (based on financial data for comparable publicly traded companies and comparable transactions, as applicable) as a corroborative valuation methodology to support the results of our income approach valuation.

The valuation was performed taking cognisance of risk and other market and industry factors affecting Workforce. Additionally, sensitivity analyses were performed considering key assumptions. Prevailing market and industry conditions were also considered in assessing the risk profile of Workforce.

Key internal value drivers included the discount rate, revenue growth and operating margins.

Key external value drivers including gross domestic product growth rates, interest rates, headline inflation rates, and prevailing market and industry conditions in respect of the industry in which Workforce operates were also considered in assessing the forecast cash flows and risk profile of Workforce.

Assumptions

Our Opinion is based on the following key assumptions:

- Any agreements that will or have been entered into in terms of the Scheme will be legally enforceable;
- The Scheme will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of Workforce;
- Reliance can be placed on the financial information of Workforce;
- For the purposes of this Opinion of the Independent Expert, we assumed Workforce's existing businesses to be ongoing under current business plans and management;
- Current economic, regulatory and market conditions will not change materially;



- Workforce is not involved in any material legal proceedings other than those conducted in the ordinary course of business;
- Workforce is, at the date of this Opinion of the Independent Expert, not engaged in any discussions relating to any acquisitions or transactions that will have a significant impact on the value of Workforce;
- Workforce has no material outstanding disputes with the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of Workforce; and
- Representations made by the Independent Board, Workforce management and their advisors during the course of forming this Opinion of the Independent Expert.

Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our Opinion by:

- Placing reliance on audit reports in the financial statements of Workforce;
- Conducting analytical reviews on the historical financial results and the forecast financial information, such as key ratio and trend analyses, where applicable; and
- Determining the extent to which representations from Workforce management were confirmed by documentary and audited financial evidence, as well as our understanding of Workforce and the economic environment in which it operates.

Valuation results

In undertaking the valuation exercise of Workforce above, we determined a valuation range of the Workforce Shares of 132 cents to 173 cents per share, with a likely value of 153 cents per share.

The Scheme Consideration falls within our calculated valuation range of Workforce shares.

The valuation above is provided solely in respect of this Fair and Reasonable Opinion and should not be used for any other purposes.

Qualitative considerations

In arriving at our Opinion, we have also considered the following key qualitative considerations in evaluating the reasonableness of the Scheme:

- The rationale for the Scheme, as set out in the FIA and Circular;
- The opinion of the Independent Board, as set out in the Circular;
- The trading liquidity of Workforce Shares;
- The historic trading price of Workforce Shares;
- In evaluating the reasonableness of the Scheme to arrive at our Opinion, we have considered that the Scheme Consideration is at a premium to the traded price of the Workforce Shares as well as the 30-, 60-, and 90-day VWAP immediately prior to the FIA; and
- The Scheme provides Workforce Shareholders the opportunity to exit an illiquid share for a cash consideration.

Opinion

Nodus has considered the terms and conditions of the Scheme and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Scheme based on quantitative considerations, are fair to the Workforce Shareholders.

Based on qualitative factors, we are of the opinion that the terms and conditions of the Scheme are reasonable from the perspective of the Workforce Shareholders.



Our opinion is based upon the information available to us up to 25 October 2024, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us.

Independence, competence and fees

We confirm that we have no direct or indirect interest in Workforce nor do we have any relationship with Workforce or any person related to Workforce such as would lead a reasonable and informed third party to conclude that our integrity, impartiality or objectivity has been compromised by such relationship. We also confirm that we have the necessary competence and experience to provide the Independent Expert Report.

Furthermore, we confirm that our professional fee of R348 750 (excl VAT) is not contingent upon the success of the Scheme.

Consent

We consent to the inclusion of this letter and the reference to our Opinion in the Circular to be issued to the Shareholders of Workforce in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours faithfully



Johan le Roux CA(SA)

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