Uplifting people.
Growing business.

workforce
HOLDINGS LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

(Incorporated in the Republic of South Africa) (Registration number 2006/018145/06) JSE code: WKF ISIN: ZAE000087847
("Workforce" or "the group" or "the company")

Where we operate

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

32 trading brands

12 active branches beyond our borders

100 branches in South Africa

Operational in **10** countries outside of South Africa

Our vision

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

Our purpose

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

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 work 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
- Compensation for Occupational Injuries and Diseases Act ("COIDA") and UIF claims support

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
- TES
- Short- and long-term hires
- Payroll management
- HR and IR consulting services
- Disability solutions
- Call centre

What we do *(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 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

* *Results for the Africa and Recruitment investment clusters are reported 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 management training, learnerships, internships and specialised compliance training. We aim to improve trainees' employability and the capability of employed people to earn more in the shortest time possible with our training solutions. KBC and Prisma focus on training and on boarding in the mining industry. The cluster also focuses on training cyber security through The Cyber Academy. Chartall Business College ("Chartall") is a registered training provider and offers degrees in Business Administration and specialises in Financial Advisory and Intermediary Services ("FAIS") training for the banking industry.

Cluster brands

Service Offering

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

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 66 onsite clinics at various clients, all of which provide primary care, Covid-19 prevention and occupational healthcare; six walk-in occupational health centres nationally; and nine mobile units providing occupational health screening. Employee wellness programmes ("EWPs") is a further focus area, which considers a wide range of employee needs, providing wellness programmes that support both the organisation and staff via a 24-hour call centre and 300 affiliate psychologists/ social workers nationally. Primary healthcare services help reduce unnecessary time off work and loss of earnings 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

workforce healthcare | DNA wellness | allmed | Nursing Emergencies

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

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

babereki Employee Financial Solutions | DEBTWORX collections agency | essential employee benefits | GetSavvi Health

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

Key features of the six-month period

Revenue

Increased by **7%** to **R2,1 billion**
(2022: R1,9 billion)

Gross profit

R431,8 million achieved
(2022: R424,7 million)

EBITDA

Reduced to **R32,8 million**
(2022: R68,7 million)

Cash generated from operations

R22,5 million
(2022: R64,6 million)

EPS

Decreased to **1,7 cents per share**
(2022: 14,7 cents per share)

Days sales outstanding

48 days
(2022: 50 days)

Investment cluster operations have continued to trade, contend with and adapt exceptionally well in the face of pressures in the operating environment, supported by decades of experience and the digitisation of services

B-BBEE

Level 1 B-BBEE
compliance maintained

Commentary

Introduction

The first six months were challenging due to several factors including, low levels of economic activity, loadshedding, high interest rates, lack of client confidence, and decreased demand for personnel services. Overhead costs increased by 12% because of burgeoning inflation rates and operating expenses ("opex"), which were geared for growth that did not occur due to the prevailing economic climate. We embarked on remedial action during March to right-size our businesses and to better position the group for the coming year.

The effects of our interventions have become apparent since June 2023 as our cost base has been better aligned to our operational requirements.

We would like to express our appreciation to the investment cluster heads and their teams for their positive handling of the challenging operating conditions. This further demonstrates the exceptional level of expertise and market awareness present in each cluster.

Financial performance

Revenue increased 7% during the period to R2,1 billion (2022: R1,9 billion), mainly as a result of all investment clusters ensuring market presence. Operating expenses increased by 12% to R399,1 million for the period, against a slight reduction in gross margin from 21% to 20%. EBITDA settled at R32,8 million (2022: R68,7 million).

The total comprehensive income for the period was R4,2 million and headline earnings per share ("HEPS") for the period declined to 1,7 cents per share (2022: 14,6 cents per share). The group's positive tax charge arises primarily from the income derived from the Employee Tax Incentives ("ETI") programme not being taxable, and the learnership allowances claimed in terms of section 12H of the Income Tax Act. For the period under review, the ETI tax credit amounts to R34,3 million (2022: R35,3 million) and the learnership tax allowances amounts to R23,4 million (2022: R27,3 million). The ETI has been extended to 28 February 2029 whilst the 12H learnership allowance will be in place until 1 April 2024.

The business generated cash flow from operations before net working capital adjustments of R2,3 million (2022: R52,1 million), ending the period with cash and cash equivalents of R84,9 million. A deliberate focus on collections allowed for trade receivables to drop to R977 million compared to the prior year end. 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. The debt-to-equity ratio of Workforce over the period was 0,53 (2022: 0,56).

Performance of investment clusters

Staffing and Outsourcing

The **Staffing and Outsourcing** cluster generated revenue of R1,7 billion (2022: R1,5 billion). A tough macroeconomic climate affected the temporary and flexible staffing sector, resulting in reduced volumes and margin pressure given the poor economic growth. This impacted the cluster's EBITDA performance, reducing it to R48,6 million (2022: R84,9 million).

African operations have been focused on relatively stable sectors like mining, oil and gas, hospitality and tourism and manufacturing, which continue to deliver good returns. The cluster has established its presence in Scotland and is awaiting additional contract awards. Technical skills from South Africa are deployed to Scotland for permanent and remote work opportunities.

In Chile, the cluster has successfully replicated its South African business model, and the client base is growing, with some 30 clients already secured.

Staffing operations are facing margin pressure and are having to renegotiate margins mid-contract in some instances. Because clients tend to reduce temporary staff before they consider reducing permanent staff, the cluster focused on cost consolidation and strict cost monitoring across all brands to improve profitability. However, sales and marketing efforts were maintained to ensure brand visibility.

Africa*

The **Africa** cluster experienced fair growth during the first half of the financial year across all its countries of operation as its range of products, knowledge, and know-how has gained recognition.

Involvement in projects in Africa has yielded satisfactory results, and the business has gained momentum by partnering with companies in countries where we do not have offices, such as Zimbabwe and Guinea. The cluster has secured new clients in Botswana and in Mauritius where pre-Covid-19 conditions have returned.

The remainder of the financial year will focus on improving profitability, and seeking new opportunities, with a particular emphasis on providing remote skilled workers and training in the mining sector across Africa.

Recruitment*

The first half of this year was challenging, given the various issues facing the South African economy that have caused a difficult business environment. Despite these challenges the cluster secured multiple large corporate clients for permanent recruitment services. Due to economic uncertainty, high-quality candidates are less likely to leave their current positions. This resulted in reduced volumes and decreased profit margins, and accordingly a programme to reduce costs and to streamline operations has been initiated.

* *Results for the Africa and Recruitment investment clusters are reported in the Staffing and Outsourcing cluster.*

Commentary *(continued)*

The TES segment of the business continues to perform well and is generating good margins.

Looking ahead, the Recruitment cluster has a positive outlook provided strong candidates are willing to take advantage of the opportunities offered by new corporate clients. The cluster continues to recruit high-calibre candidates, but needs stability in the economy to thrive.

Training and Education

The **Training and Education** cluster successfully improved its cash collections and debtors management during the first six months of the financial year, resulting in a strong cash position. The overall profitability of the cluster aligns close to the budget and the second half of the year is expected to be more robust.

Despite South Africa's macroeconomic challenges, all brands within the cluster remain profitable, with some exceeding expectations. The cluster delivered revenue of R176,6 million (2022: R175,1 million) and EBITDA of R22,3 million (2022: R21,8 million).

Our training businesses have also secured contracts with mining clients in Zambia, Ghana and Tanzania. The cluster excels in this sector, especially in compliance and technical training, which is critical for mining operations. Skilled and qualified trainers from South Africa are utilised for training in Africa.

The next six months are anticipated to remain profitable, with less "elective" training in South Africa and more work in other African countries. The investment in business development personnel is expected to enhance sales and collaboration across the group further.

Financial Services

The **Financial Services** cluster continued to show a positive progression in 2023, building on its improvement in the preceding year. This can be directly attributed to strategic shifts in management structures and the continuous enhancement of operational systems, bolstered by the successful integration of the GetSavvi acquisition into the cluster's operations.

Through a renewed focus on credit allocation strategies, further optimisation of collection methodologies and a targeted sales approach, the cluster increased interim revenue by an impressive 27%, from R70,8 million in 2022 to R90,2 million in 2023. The cluster's commitment to prudent cost management remained a key focus, as it implemented various cost reduction initiatives. These initiatives combined to generate a positive EBITDA of R1,5 million compared to the previous year's negative EBITDA.

As the Financial Services cluster moves ahead with its upward trajectory, it is poised for sustained growth and success in the times to come.

Healthcare

The occupational **Healthcare** and employee wellness business within this cluster experienced positive organic growth since the Covid-19 pandemic subsided, with existing clients resuming their wellness programmes and new clients having been acquired.

The healthcare professional outsourcing brands successfully secured new clients in the frail care sector and with a leading pharmaceutical group but were forced to terminate a significant contract in the public sector due to non-payment. As a result, marketing efforts have been refocused, as well as the implementation of a leaner overhead structure to align with current market conditions.

Given the current economic uncertainty, there is a growing trend amongst clients to be more agile and flexible with their staffing needs. This need for outsourced staffing solutions is gaining traction and this part of the Healthcare cluster is well-positioned to meet demand.

Revenue for the Healthcare cluster was R193,6 million (2022: R206,5 million) with EBITDA of R19,7 million (2022: R27,5 million).

For the second half of the year, our Healthcare personnel brands will continue to focus on increasing brand visibility and securing new clients to expand and diversify the customer base. The future sales pipeline looks promising.

The National Health Insurance ("NHI") bill presents an opportunity for us to partner with various stakeholders in serving NHI patients. We are well-positioned to assist in achieving the commendable goal of providing healthcare access to all South Africans.

By enhancing the management team's skills, optimising reporting, and providing detailed management information to the sales team, we expect to experience sustained growth. Additionally, introducing a primary care service is anticipated to be a significant source of growth in the next two to three years.

Looking ahead

Our projections for the second six months of the year indicate that lower operating costs and a seasonally better second half of the financial year will result in overall improved profitability for the group.

We anticipate that the challenging business environment will continue for the balance of the year and into 2024, but believe that we are better-structured to withstand the headwinds. As government and private sector investment into infrastructure development continues to grow, this should impact positively on our own business.

Our expansion into Africa and beyond is showing positive signs and we believe this to be an important development and opportunity for the Workforce group in the future.

Our diversification policy that we continue to implement through the different investment clusters, will continue to develop and significantly contribute to group profitability and to our risk management initiatives in the medium term.

JR Mace
Independent Chairman

RS Katz
Chief Executive Officer

W van Wyk
Group Financial Director

23 August 2023

Condensed consolidated statement of financial position

as at 30 June 2023

	Notes	As at 30 June 2023 R'000	As at 30 June 2022 Restated R'000	As at 31 December 2022 R'000
Assets				
Non-current assets		**507 575**	483 874	493 649
Right-of-use asset		**33 093**	41 939	40 589
Property, plant and equipment		**32 268**	28 639	27 521
Goodwill		**253 412**	253 412	253 412
Intangible assets		**60 519**	62 976	62 240
Deferred tax assets	7	**122 742**	90 525	102 829
Other financial assets		**5 541**	6 383	7 058
Current assets		**1 086 096**	1 049 865	1 172 300
Financial assets		**13 163**	20 639	15 877
Trade and other receivables		**977 454**	967 157	1 079 002
Consumables		**4 958**	4 164	4 682
Taxation		**5 585**	5 837	4 704
Cash and cash equivalents		**84 936**	52 068	68 035
Total assets		**1 593 671**	1 533 739	1 665 949
Equity and liabilities				
Equity		**914 974**	843 359	914 803
Equity attributable to owners of the parent		**908 732**	835 204	908 842
Stated capital		**234 051**	234 051	234 051
Treasury shares		**(10 868)**	(13 563)	(13 563)
Foreign exchange differences on translation of foreign operations		**(3 839)**	(3 594)	(3 866)
Equity-settled employee benefits reserve		**–**	12 360	6 701
Retained earnings		**689 388**	605 950	685 519
Non-controlling interests		**6 242**	8 155	5 961
Non-current liabilities		**117 110**	66 437	102 298
Financial liabilities	11	**82 401**	30 546	59 779
Lease liabilities		**21 075**	32 229	28 885
Deferred tax liabilities		**13 634**	3 662	13 634
Current liabilities		**561 587**	623 943	648 848
Trade and other payables		**257 840**	260 884	266 043
Financial liabilities	11	**283 516**	345 708	362 956
Lease liabilities		**20 231**	17 351	19 849
Total equity and liabilities		**1 593 671**	1 533 739	1 665 949

Condensed consolidated statement of comprehensive income

for the six months ended 30 June 2023

	Notes	Six months to 30 June 2023 R'000	Six months to 30 June 2022 R'000	Increase/ (decrease) %	Year to 31 December 2022 R'000
Revenue	6	**2 142 556**	1 994 219	7	4 327 959
Cost of sales		**(1 710 706)**	(1 569 510)	9	(3 405 135)
Gross profit		**431 850**	424 709	2	922 824
Other income		**101**	458	(78)	615
Operating costs		**(399 141)**	(356 458)	12	(755 146)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")		**32 810**	68 709	(52)	168 293
Fair value adjustments		**(418)**	(1 541)	(73)	10 851
Depreciation and amortisation		**(26 247)**	(26 702)	(2)	(48 939)
Finance income		**1 883**	1 484	27	4 980
Finance costs		**(23 708)**	(14 792)	60	(36 669)
(Loss)/profit before taxation		**(15 680)**	27 158	(158)	98 516
Taxation credit	7	**19 830**	8 335		7 143
Profit after tax		**4 150**	35 493	(88)	105 659
Other comprehensive income/(loss) after tax					
Items that are reclassified to profit or loss:		**27**	(87)		(359)
Foreign translation gain/(loss)		**27**	(87)		(359)
Total comprehensive income for the period		**4 177**	35 406		105 300
Profit for the period attributable to:					
Owners of the parent		**3 869**	33 172		105 532
Non-controlling interests		**281**	2 321		127
		4 150	35 493		105 659
Total comprehensive income attributable to:					
Owners of the parent		**3 896**	33 085		105 173
Non-controlling interests		**281**	2 321		127
		4 177	35 406		105 300
Earnings per share (cents)					
Basic	8	**1,7**	14,7		46,8

Condensed consolidated statement of changes in equity

for the six months ended 30 June 2023

	Attributable to owners of the parent							
	Share capital and premium R'000	Treasury shares R'000	Foreign currency translation reserve R'000	Equity-settled employee benefits reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interest R'000	Total R'000
Balance at 1 January 2023	**234 051**	**(13 563)**	**(3 866)**	**6 701**	**685 519**	**908 842**	**5 961**	**914 803**
Recognition of share-based payments	**–**	**–**	**–**	**(6 701)**	**–**	**(6 701)**	**–**	**(6 701)**
Other comprehensive income relating to foreign currency translation reserve	**–**	**–**	**27**	**–**	**–**	**27**	**–**	**27**
Issue of ordinary shares under share option plan	**–**	**2 695**	**–**	**–**	**–**	**2 695**	**–**	**2 695**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**3 869**	**3 869**	**281**	**4 150**
Balance at 30 June 2023	**234 051**	**(10 868)**	**(3 839)**	**–**	**689 388**	**908 732**	**6 242**	**914 974**
For the six months ended 30 June 2022								
Balance at 1 January 2022 – restated	234 051	(13 563)	(3 507)	9 995	572 778	799 754	5 834	805 588
Recognition of share-based payments	–	–	–	2 365	–	2 365	–	2 365
Other comprehensive income relating to foreign currency translation reserve	–	–	(87)	–	–	(87)	–	(87)
Total comprehensive income for the period	–	–	–	–	33 172	33 172	2 321	35 493
Balance at 30 June 2022	234 051	(13 563)	(3 594)	12 360	605 950	835 204	8 155	843 359
For the year ended 31 December 2022								
Balance at 1 January 2021 – previously reported	234 051	(13 075)	(2 444)	5 555	506 477	730 564	3 678	734 242
Prior year adjustment – refer to note 14	–	–	–	–	(17 246)	(17 246)	–	(17 246)
Balance at 1 January 2021 – restated	234 051	(13 075)	(2 444)	5 555	489 231	713 318	3 678	716 996
Buy-back of shares	–	(488)	–	4 440	–	3 952	–	3 952
Payment of dividends	–	–	–	–	(1 199)	(1 199)	–	(1 199)
Total comprehensive income for the year	–	–	(1 063)	–	93 679	92 616	2 156	94 772
Prior year adjustment – refer to note 14	–	–	–	–	(8 933)	(8 933)	–	(8 933)
Balance at 1 January 2022 – restated	234 051	(13 563)	(3 507)	9 995	572 778	799 754	5 834	805 588
Recognition of share-based payment	–	–	–	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 31 December 2022	234 051	(13 563)	(3 866)	6 701	685 519	908 842	5 961	914 803

Condensed consolidated statement of cash flows

for the six months ended 30 June 2023

	Notes	Six months to 30 June 2023 R'000	Six months to 30 June 2022 R'000	Year to 31 December 2022 R'000
Cash generated from operations before net working capital changes		**2 298**	52 103	127 350
Cash generated from operations	10.1	**22 538**	64 621	157 933
Finance income		**1 883**	1 484	4 980
Finance costs		**(21 159)**	(11 903)	(31 073)
Taxation paid		**(964)**	(2 099)	(4 490)
Decrease/(increase) in net working capital	10.2	**93 069**	(85 461)	(192 665)
Cash flows from operating activities		**95 367**	(33 358)	(65 315)
Cash flows from investing activities		**(10 468)**	(6 977)	(7 289)
Property, plant and equipment acquired		**(11 012)**	(6 728)	(10 168)
Loss on disposal of property, plant and equipment		**–**	(92)	–
Intangible assets acquired		**(100)**	(672)	(2 398)
Loans advanced		**(873)**	(34 698)	(5 672)
Repayments of loans advanced		**–**	35 213	10 949
Proceeds on disposal of investment in cell captive		**1 517**	–	–
Cash flows from financing activities		**(67 998)**	13 447	61 683
Repayment of borrowings	11	**(64 769)**	(10 167)	(24 018)
Proceeds from borrowings	11	**7 561**	47 286	122 795
Payment of lease liabilities	11	**(10 790)**	(9 719)	(19 837)
Dividends paid		**–**	–	(367)
Payment of existing contingent consideration for business combination		**–**	(13 953)	(16 890)
Net change in cash and cash equivalents		**16 901**	(26 888)	(10 921)
Cash and cash equivalents at the beginning of the period		**68 035**	78 956	78 956
Cash and cash equivalents at the end of the period		**84 936**	52 068	68 035

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2023

1. Nature of operations and general information

Workforce Holdings Limited ("the company") is a holding company incorporated in South Africa. 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.

The unaudited condensed consolidated interim financial statements are presented in South African Rand ("ZAR"), which is the functional currency of the parent company.

The unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors on 23 August 2023.

2. Events after reporting date

No material events occurred between the reporting date and the date of approval of these condensed financial statements.

3. Auditor's responsibility

These unaudited condensed consolidated interim financial results have not been audited or reviewed by the group's auditors.

4. Basis of preparation and significant accounting policies

Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Listings Requirements of JSE Limited ("JSE"), International Accounting Standard ("IAS") 34: Interim Financial Reporting and the South African Companies Act (Act 71 of 2008), as amended, and the SA financial reporting requirements.

The unaudited condensed interim financial statements for the six months ended 30 June 2023 were compiled under the supervision of W van Wyk, CA(SA), the group financial director. The unaudited condensed consolidated interim financial statements have been prepared using the measurement basis specified by International Financial Reporting Standards ("IFRS") for each type of asset, liability, income and expense. The accounting policies applied in preparation of these unaudited condensed consolidated interim financial results are consistent with those applied in the previous annual financial statements.

5. Segment analysis

The group's segment analysis is based on the following four core business segments:

- **Staffing and outsourcing** (includes recruitment and Africa): comprising temporary employment services, functional outsourcing, permanent recruitment, executive search, specialist staffing, payroll management, HR and IR consulting and turnkey staffing solutions.
- **Training:** comprising accredited short courses, skills programmes, full qualifications, learnerships, apprenticeship programmes, adult education training and contracting on-boarding.
- **Financial services:** 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 reporting segments better represent the current core trading of the group and allows for simple understanding and communication of the performance of the business.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

5. Segment analysis *(continued)*

Revenues, profit, assets and liabilities generated for each of the group's business segments are summarised as follows:

	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
Six months to June 2023							
Segment revenues	1 677 279	176 581	90 189	193 656	4 851	–	2 142 556
Inter-segment revenues	–	27 000	–	1 783	–	(28 783)	–
Cost of sales	(1 434 055)	(82 996)	(43 116)	(142 769)	(7 770)	–	(1 710 706)
Inter-segment cost of sales	–	(19 197)	–	–	–	19 197	–
Operating costs	(194 721)	(71 286)	(45 586)	(31 191)	(56 357)	–	(399 141)
Inter-segment operating costs	–	(7 803)	–	(1 783)	–	9 586	–
Other income	68	20	–	24	(11)	–	101
EBITDA	48 571	22 319	1 487	19 720	(59 287)	–	32 810
Fair value adjustments	–	–	(418)	–	–	–	(418)
Depreciation and amortisation	(4 532)	(5 004)	(1 910)	(1 253)	(10 612)	(2 936)	(26 247)
Net finance costs	40	(257)	(734)	(119)	(20 755)	–	(21 825)
Segment profit/(loss) before tax	44 079	17 058	(1 575)	18 348	(90 654)	(2 936)	(15 680)
Capital expenditure	914	2 182	104	473	14 659	–	18 332
Segment total assets	609 378	250 763	323 692	120 268	511 235	(221 665)	1 593 671
Segment total liabilities	(120 296)	(97 563)	(44 127)	(31 753)	(402 647)	17 689	(678 697)
Net segment assets/ (liabilities)	489 082	215 612	47 074	9 627	705 787	(210 412)	683 654

Notes to the condensed consolidated interim financial statements *(continued)*

for the six months ended 30 June 2023

5. Segment analysis *(continued)*

	Staffing and Outsourcing R'000	Training and Education R'000	Financial Services R'000	Healthcare R'000	Shared services and central costs R'000	Eliminations R'000	Total R'000
Six months to June 2022							
Segment revenues	1 541 527	175 104	70 820	206 461	307	–	1 994 219
Inter-segment revenues	(13 765)	(10 901)	–	(1 859)	–	26 525	–
Cost of sales	(1 295 715)	(81 583)	(29 051)	(156 433)	(6 728)	–	(1 569 510)
Inter-segment cost of sales	13 766	–	–	–	–	(13 766)	–
Gross profit	245 813	82 620	41 769	48 169	(6 421)	12 759	424 709
Operating costs	(161 024)	(71 694)	(42 736)	(22 820)	(58 184)	–	(356 458)
Inter-segment operating costs	–	10 900	–	1 859	–	(12 759)	–
Other income	192	8	–	258	–	–	458
EBITDA	84 981	21 834	(967)	27 466	(64 605)	–	68 709
Fair value adjustments	(676)	(307)	(558)	–	–	–	(1 541)
Depreciation and amortisation	(5 940)	(4 645)	(1 176)	(924)	(9 537)	(4 480)	(26 702)
Net finance costs	548	(159)	(475)	(246)	(12 976)	–	(13 308)
Segment profit/(loss) before tax	78 913	16 723	(3 176)	26 296	(87 118)	(4 480)	27 158
Capital expenditure	1 211	491	491	760	4 447	–	7 400
Segment total assets	605 403	255 106	283 636	122 237	508 890	(241 533)	1 533 739
Segment total liabilities	(149 276)	(80 629)	(49 612)	(25 963)	(402 864)	17 964	(690 380)
Net segment assets/(liabilities)	456 127	174 477	234 024	96 274	106 026	(223 569)	843 359
Year to December 2022							
Segment revenues	3 430 010	388 074	110 141	454 877	–	(55 143)	4 327 959
Inter-segment revenues	(35 835)	(15 496)	–	(3 812)	–	55 143	–
Cost of sales	(2 895 669)	(171 359)	(23 557)	(340 618)	(9 767)	35 835	(3 405 135)
Inter-segment cost of sales	35 835	–	–	–	–	(35 835)	–
Gross margin	534 341	201 219	86 584	110 447	(9 767)	–	922 824
Operating costs	(342 973)	(164 794)	(72 576)	(56 734)	(137 377)	19 308	(755 146)
Inter-segment operating costs	–	15 496	–	3 812	–	(19 308)	–
Other income	137	(168)	–	352	662	(368)	615
EBITDA	191 505	51 753	14 008	57 877	(146 482)	(368)	168 293
Fair value adjustments	12 095	(307)	(1 399)	–	462	–	10 851
Depreciation and amortisation	(11 204)	(7 395)	(2 918)	(2 007)	(16 455)	(8 960)	(48 939)
Finance income	2 011	269	1 198	1 136	366	–	4 980
Finance costs	(19 273)	(2 460)	(2 311)	(3 902)	(8 723)	–	(36 669)
Segment profit/(loss) before tax	175 134	41 860	8 580	53 104	(170 831)	(9 328)	98 516
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	(187 458)	(141 430)	(350 745)	(63 015)	(133 729)	125 231	(751 146)
Net segment assets/(liabilities)	483 869	79 291	(61 396)	63 781	431 956	(82 697)	914 803

5. Segment analysis *(continued)*

Geographical information

The group's revenue from external customers and information regarding its segment asset (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are immaterial.

Information about major customers

No single customer contributed 10% or more to the group's revenue in either 2023 or 2022.

6. Revenue

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

Type of goods or services	Staffing and Outsourcing R'000	Training and Education R'000	Financial Services R'000	Healthcare R'000	Total R'000
Six months to June 2023					
Staffing solutions	**1 637 018**	**–**	**–**	**–**	**1 637 018**
Placement fees	**14 788**	**–**	**–**	**–**	**14 788**
Payroll management	**1 540**	**–**	**–**	**–**	**1 540**
Accredited courses, education and training	**–**	**203 581**	**–**	**–**	**203 581**
Funeral cover and lending services	**–**	**–**	**90 189**	**–**	**90 189**
Medical cover, healthcare, wellness programmes and health risk assessments	**–**	**–**	**–**	**195 440**	**195 440**
	1 653 346	**203 581**	**90 189**	**195 440**	**2 142 556**
Six months to June 2022					
Staffing solutions	1 532 554	–	–	–	1 532 554
Placement fees	7 551	–	–	–	7 551
Payroll management	1 422	–	–	–	1 422
Accredited courses, education and training	–	175 411	–	–	175 411
Funeral cover and lending services	–	–	70 820	–	70 820
Medical cover, healthcare, wellness programmes and health risk assessments	–	–	–	206 461	206 461
	1 541 527	175 411	70 820	206 461	1 994 219
Year to 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

7. Taxation

As with previous financial years, the group's tax credit arises primarily from the income derived from the ETI programme not being taxable, and the learnership allowances that are claimed in terms of section 12H of the Income Tax Act. The ETI has been extended to 28 February 2029 whilst the 12H learnership allowance will be in place until 1 April 2024. Ongoing initiatives are under way to employ more youth, as well as to train more learners. Going forward, the group's tax rate will continue to be a function of our ability to utilise these two initiatives with regards to our taxable profits. One of our strategic reasons for diversifying the business is to ensure that, should the ETI come to an end, Workforce will not be negatively impacted.

As a result of the above, the group's net deferred tax position has increased by R19,9 million, of which learnership tax allowances contributed R6,3 million and ETI contributed R9,3 million.

8. Earnings per share

	Six months to 30 June 2023	Six months to 30 June 2022	Year to 31 December 2022
Basic earnings per share			
Profit attributable to equity shareholders of the parent company (R'000)	**3 869**	33 172	105 532
Weighted average number of shares in issue ('000)	**225 586**	225 996	224 996
Diluted weighted average number of shares in issue ('000)	**225 586**	225 996	224 996
Basic earnings per share (cents)	**1,7**	14,7	46,8
Diluted earnings per share (cents)	**1,7**	14,7	46,8

Headline earnings per share

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

	Gross six months to 30 June 2023	**Net of tax six months to 30 June 2023**	Gross six months to 30 June 2022	Net of tax six months to 30 June 2022	Gross year to 31 December 2022	Net of tax year to 31 December 2022
Profit attributable to equity shareholders of parent company (R'000)	–	**3 869**	–	33 172	–	105 532
Adjusted for:						
– Loss on disposal of property, plant and equipment (R'000)	–	–	–	–	(338)	(247)
– Gain on bargain purchase (R'000)	–	–	(92)	(66)	–	–
Total headline earnings (R'000)	–	**3 869**	–	33 106	–	105 285
Weighted average number of shares in issue ('000)	–	**225 586**	–	225 996	–	224 996
Headline earnings per share (cents)	–	**1,7**	–	14,6	–	46,8
Diluted headline earnings per share (cents)	–	**1,7**	–	14,6	–	46,8

9. Dividends

No dividend was declared during the period under review.

10. Notes to the condensed consolidated statement of cash flows

	Six months to 30 June 2023 R'000	Six months to 30 June 2022 R'000	Year to 31 December 2022 R'000
10.1 Cash generated from operations			
(Loss)/profit before taxation	**(15 680)**	27 158	98 516
Finance income	**(1 883)**	(1 484)	(4 980)
Finance costs	**21 159**	11 903	31 073
Adjusted for non-cash items:			
Gain on disposal of property, plant and equipment	**–**	–	247
Depreciation and amortisation of non-financial assets	**26 247**	26 702	48 939
Additions of internally generated software	**(7 220)**	(4 000)	(9 254)
Gain/(loss) arising on financial liability at fair value through profit or loss	**–**	1 541	(13 446)
Impairments	**3 500**	–	477
Foreign exchange differences on translation of foreign operations	**29**	(87)	–
Shares issued	**2 695**	–	–
Settlement of share appreciation rights scheme liability	**(6 701)**	–	–
Expense recognised in respect of equity-settled share-based payment	**–**	2 365	4 282
Other non-cash items	**392**	523	2 079
	22 538	64 621	157 933
10.2 Working capital changes			
Change in trade and other receivables	**101 548**	(112 291)	(224 136)
Change in consumables	**(276)**	(247)	(765)
Change in trade payables	**(8 203)**	27 077	32 236
	93 069	(85 461)	(192 665)

Notes to the condensed consolidated interim financial statements *(continued)*

for the six months ended 30 June 2023

11. Changes in liabilities arising from financing activities

	1 January 2023 R'000	Cash flows R'000	Additions R'000	Non-cash flows R'000	Six months to June 2023 R'000
Lease liabilities	**48 734**	**(10 790)**	**3 362**	**–**	**41 306**
Borrowings	**414 156**	**(64 769)**	**7 561**	**–**	**356 948**
Contingent consideration	**(8 313)**	**–**	**–**	**392**	**(7 921)**
	454 577	**(75 559)**	**10 923**	**392**	**390 333**

	1 January 2022 R'000	Cash flows R'000	Additions R'000	Non-cash flows R'000	Six months to June 2022 R'000
Lease liabilities	53 794	(9 719)	5 505	–	49 580
Borrowings	315 379	37 119	–	(37)	352 461
Contingent consideration	36 168	(13 953)	–	1 541	23 756
	405 341	13 447	5 505	1 504	425 797

	1 January 2022 R'000	Cash flows R'000	Additions R'000	Non-cash flows R'000	31 December 2022 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)	(16 890)	(10 701)	(8 313)
	405 341	(60 745)	120 682	(10 701)	454 577

12. Financial assets and financial liabilities

	Six months to 30 June 2023 R'000	Six months to 30 June 2022 R'000	Year to 31 December 2022 R'000
12.1 Financial assets			
Financial assets at amortised cost			
Trade and other receivables	**963 283**	967 157	1 066 471
Cash and cash equivalents	**84 936**	52 068	68 035
Financial assets at fair value through profit or loss			
Quoted equity shares	**5 541**	4 569	5 541
Investment in cell captive	**–**	1 814	1 517
Total	**1 053 760**	1 025 608	1 141 564
Total current	**1 048 219**	1 019 225	1 134 506
Total non-current	**5 541**	6 383	7 058
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	**212 576**	243 638	153 952
Lease liabilities	**41 306**	49 580	39 698
Interest-bearing borrowings	**365 917**	377 937	471 469
Loan on treasury shares	**7 985**	8 226	7 638
Financial liabilities at fair value through profit and loss			
Contingent consideration	**8 969**	23 793	8 577
Current	**8 969**	4 157	8 577
Non-current	**–**	19 636	–
Total	**636 753**	703 174	641 636
Total current	**628 768**	675 312	633 998
Total non-current	**7 985**	27 862	7 638

12. Financial assets and financial liabilities *(continued)*

12.2 The following table provides the fair value measurement hierarchy of the group's financial assets and financial liabilities as at June 2023, June 2022 and December 2022.

	Date of valuation	Total R'000	Quoted prices in active markets Level 1 R'000	Significant unobservable inputs Level 3 R'000
As at 30 June 2023				
Financial assets				
Quoted equity shares	**30 June 2023**	**5 541**	**5 541**	**–**
Financial liabilities				
Contingent consideration relating to business combination	**30 June 2023**	**(8 969)**	**–**	**(8 969)**
As at 30 June 2022				
Financial assets				
Quoted equity shares	30 June 2022	4 569	4 569	–
Cell captive	30 June 2022	1 814	–	1 814
Contingent consideration relating to usiness combination	30 June 2022	(23 793)	–	(23 793)
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 combination	31 December 2022	(8 577)	–	(8 577)

12.3 Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements of financial instruments within level 3 of the fair value hierarchy, together with a quantities sensitivity analysis as at 30 June 2023, December 2022 and June 2022 are shown below:

Valuation technique	Significant unobservable inputs	Significant unobservable inputs
Quoted bid prices	N/A	N/A
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 11,9% determined using the capital asset pricing model. Profitability adjusted profits with ranges of R3 million to R15 million, between the periods December 2021 to December 2023.	Discount rate of 11,9% (December 2022: 11,9%) (June 2022: 17%) determined using the capital asset pricing model.	A 2% increase or decrease in the discount rate used while holding all other variables constant would increase/decrease the fair value of the loan by R179 338 (December 2022: R392 000) (June 2022: R775 000). A slight change in the probability adjusted profits in isolation would not result in a significant change in fair value.

12. Financial assets and financial liabilities *(continued)*

12.4 Reconciliation of level 3 fair value measurements

	Investment in cell captive R'000	Contingent consideration R'000	Total R'000
As at 30 June 2023			
Opening balance	**1 517**	**8 577**	**10 094**
Gain/(loss) in profit or loss	**–**	**392**	**392**
Disposal of cell captive	**(1 517)**	**–**	**(1 517)**
Closing balance	**–**	**8 969**	**8 969**
Change in unrealised gains or losses included in profit or loss	**–**	**392**	**392**
As at 30 June 2022			
Opening balance	1 827	36 138	37 965
(Loss)/gain in profit or loss	(13)	1 541	1 528
Release on liability	–	(13 953)	(13 953)
Closing balance	1 814	23 726	25 540
Change in unrealised gains or losses included in profit or loss	(13)	1 541	1 528
As at 31 December 2023			
Opening balance	1 827	36 138	37 965
(Loss)/gain 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	(385)	5 345	4 960

Changes in unrealised gains or losses for the period included in profit or loss or assets and liabilities held at the end of the reporting period are included under "fair value adjustments" in the statement of comprehensive income.

13. Related-party transactions

13.1 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.

		June 2023 R'000	June 2022 R'000	December 2022 R'000
Wellington Investments Proprietary Limited				
Relationship:	Director has significant influence.			
Type and term of transaction	The operating lease is extended with a five-year term beginning 1 September 2020 at an annual escalation of 8% and is paid monthly.	**7 520**	6 158	12 757
Vunani Capital Proprietary Limited				
Relationship:	Shareholder.			
Type and term of transaction	Designated advisor's fees paid in terms of service level agreement.	**113**	675	249
Hunts Attorneys				
Relationship:	Director with an interest in a legal practice – RS Katz.			
Type and term of transaction	Disbursements for all costs related to litigation, commercial and labour work and advice on group's behalf.	**187**	112	197

Notes to the condensed consolidated interim financial statements *(continued)*

for the six months ended 30 June 2023

13. Related party transactions *(continued)*

13.1 Transactions with related parties *(continued)*

		June 2023 R'000	June 2022 R'000	December 2022 R'000
Guardrisk Insurance Company Limited				
Relationship:	Cell captive arrangement			
Type and term of transaction	Insurance premium paid monthly to cell captive in line with policy.	**643**	247	345
Monte Legal Consultants Proprietary Limited				
Relationship:	Shareholder.			
Type and term of transaction	Advisor's fees in terms of business acquisitions.	**263**	54	653

13.2 Related-party transactions

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

		June 2023 R'000	June 2022 R'000	December 2022 R'000
Force Holdings Proprietary Limited				
Relationship:	Shareholder.	**(69 795)**	–	(67 824)
Simgarvin Investments Proprietary Limited				
Relationship:	Company controlled by a director of the group.	**(7 675)**	(8 226)	(7 638)
Hunts Attorneys				
Relationship:	Director with an interest in a legal practice – RS Katz.	**162**	162	162

14. Prior year adjustment

2020 error

Subsequent to the release of the financial statements for the year ended 31 December 2021, management noticed that the ETI claimed and raised for the period in March 2018 to July 2020 was overstated. The investigation into the incorrect calculation and claim of ETI was done by SARS and concluded towards the end of December 2022. The previously published June 2022 financial statements were restated because of this.

2021 error

Furthermore, management noted a clerical error in our 2021 deferred tax computation. Based on the above, the 31 December 2021 financial statements were restated in terms of IAS 8. Although not required to disclose all the notes for the adjustments, the company has presented this information for benefit of the users of these financial statements below.

	Previously reported R'000	Restated R'000	Adjustment R'000
Non-current assets			
Deferred tax assets	99 458	90 525	(8 933)
Equity			
Retained earnings	632 129	605 950	26 179
Currently liabilities			
Trade payables	243 638	260 884	(17 246)

The above prior year adjustment had no effect on the earnings per share, and headline earnings per share as previously reported.

Corporate information

Executive directors
RS Katz
WP van Wyk

Non-executive directors
JR Macey (Chairman) (Independent)
S Thomas (Independent)
KN Vundla (Independent)
S Naidoo

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S van Schalkwyk

Designated advisor
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