



WORKFORCE HOLDINGS LIMITED
Incorporated in the Republic of South Africa
(Registration number 2006/018145/06)
Share code: WKF ISIN: ZAE000087847
("Workforce" or "the Company")



FORCE HOLDINGS PROPRIETARY LIMITED
Incorporated in the Republic of South Africa
(Registration number 1973/013522/07)
("Force Holdings" or "the Offeror")

JOINT ANNOUNCEMENT OF FORCE HOLDINGS' FIRM INTENTION 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 FORCE HOLDINGS FROM THE JSE LIMITED

1. INTRODUCTION

1.1 Shareholders of Workforce ("Workforce Shareholders" or "Shareholders") are advised 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 on the terms and conditions as will be set out in more detail in the scheme circular to be sent to Workforce Shareholders containing full details of the Scheme ("Circular") save for:

1.1.1 111 216 111 Shares already directly owned by Force Holdings;

1.1.2 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:

1.1.2.1 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;

1.1.2.2 42 900 000 Shares owned and/or controlled by Force Holdings' wholly owned subsidiary, Verbipect Proprietary Limited ("Verbipect");

1.1.2.3 14 870 000 Shares owned by Force Holdings' wholly owned subsidiary, Pha Phama Africa Investments Proprietary Limited ("Pha Phama"); and

1.1.2.4 2 159 707 Shares held by Workforce Staffing Proprietary Limited ("Treasury Shares").

1.2 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.

1.3 The Workforce Shares, excluding those referred to in paragraphs 1.1.1 and 1.1.2 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").

2. MECHANICS OF THE FORCE HOLDINGS OFFER AND SCHEME OF ARRANGEMENT

2.1 The Force Holdings Offer will be implemented by way of a scheme of arrangement ("Scheme") in terms of section 114(1) of the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act"), to be proposed by the Workforce board of directors ("Board") between Workforce and the Eligible Shareholders in terms of which Eligible Shareholders will, if the Scheme becomes operative, dispose of their Shares ("Scheme Shares") to Force Holdings for the Scheme Consideration (as defined in paragraph 2.3 below).

2.2 The holders of the Workforce Shares referred to in paragraphs 1.1.1 and 1.1.2 above will not participate in the Scheme and thus will not sell their Shares in terms thereof.

2.3 The consideration payable by Force Holdings to Eligible Shareholders participating in the Scheme (each a "Scheme Participant") for the Scheme Shares shall be a cash amount equal to R1.65 (or 165 cents) per Scheme Share ("Scheme Consideration") acquired pursuant to the implementation of the Scheme.

2.4 The Scheme Consideration represents a premium of 17% to the closing price of Workforce Shares, and a premium of 16% premium to the 30-day volume-weighted average traded price of Workforce Shares on the securities exchange operated by the JSE Limited ("JSE") of R1.41 and R1.42 respectively, as at 17 October 2024, being the last trading day prior to the Signature Date.

2.5 Pursuant to the approval of a special resolution by Eligible Shareholders to approve the Scheme ("Scheme Resolution") and the fulfilment and/or waiver (to the extent possible) of the Scheme Conditions set out in paragraph 6.3 below ("Scheme Conditions"), application will be made by the Company for the delisting of all of the Shares from the securities exchange ("Exchange") operated by the JSE, in terms of paragraph 1.17(b) of the JSE Listings Requirements.

2.6 Should the Scheme become operative, Force Holdings will, on the date on which the Scheme is to be implemented ("Scheme Implementation Date"), acquire all of the Scheme Shares from the Scheme Participants (being the Eligible Shareholders but excluding the Dissenting Shareholders (if any) as defined in paragraph 6.2.1.2 below) for the Scheme Consideration.

2.7 The purpose of this firm intention announcement is to *inter alia* advise the Workforce Shareholders of the offer to the Eligible Shareholders by way of the Scheme as contemplated in Chapter 5 of the Companies Act and Chapter 5 of the Companies Regulations promulgated under the Companies Act (which includes the "Takeover Regulations" issued pursuant to sections 120 and 223 of the Companies Act) ("Companies Regulations").

2.8 As required by the Companies Regulations, Workforce has constituted an independent board of directors comprising of John Russel Macey, Kyansambo Ntombi Vundla and Shelley Thomas ("Independent Board") for purposes of evaluating the terms and conditions of the Scheme and performing such other functions required of an independent board in terms of the Companies Act and Companies Regulations.

3. OVERVIEW OF FORCE HOLDINGS

3.1 Force Holdings is an investment and property holding company.

3.2 The sole director of Force Holdings, Ronald Stanley Katz, who is however, not a shareholder of Force Holdings, controls the exercise of more than 35% of the votes of Force Holdings.

3.3 The shares in Force Holdings are 100% owned by South Moulton Road Investment Limited, with the ultimate beneficial shareholder being the Kore Foundation.

4. RATIONALE FOR THE SCHEME

4.1 Force Holdings holds, directly and indirectly, 69.33% of the Issued Shares, and if the Force Holdings Offer is successfully implemented, Force Holdings, together with the Excluded Shareholders, will own 100% of the Issued Shares.

4.2 The Workforce shares have not attracted significant investor interest resulting in the lack of a meaningful rating or value appreciation in terms of share price. This has negated the possibility and feasibility of Workforce using its shares as a means of payment consideration for mergers and acquisitions, or as a mechanism to attract, retain and incentivise staff.

4.3 The compliance costs of Workforce maintaining its listing are material and difficult to justify given the lack of investor interest referred to in 4.2 above.

4.4 The Scheme would also afford minority Workforce Shareholders the opportunity to exit their investment in Workforce at a significant premium to the market price as detailed in paragraph 2.4 above.

5. OFFEROR ACTING AS PRINCIPAL AND PARTIES ACTING IN CONCERT

5.1 The Offeror is acting as principal and not as an agent in respect of the Scheme and is deemed to be 'acting in concert' in terms of Companies Regulation 84 with the Excluded Shareholders ("Concert Parties") for purposes of the implementation of the Scheme.

5.2 In terms of section 115(4) of the Companies Act, the Concert Parties will not participate in the Scheme, will not be entitled to vote on the Scheme Resolution, nor will their shareholding be taken into account for the purposes of establishing a quorum at the general meeting of Workforce Shareholders to be convened for purposes of, *inter alia*, approving the Scheme ("General Meeting").

6. SALIENT TERMS AND CONDITIONS OF THE SCHEME

6.1 General

6.1.1 The Scheme will constitute an "affected transaction" as defined in section 117(1)(c) of the Companies Act. It will be implemented in accordance with the Companies Act and the Companies Regulations and will be regulated by the Takeover Regulation Panel ("TRP").

6.1.2 The Scheme will be subject to the fulfilment or, where applicable, adjustment or waiver of the Scheme Conditions.

6.2 The Scheme becoming operative and payment of the Scheme Consideration

6.2.1 If the Scheme becomes operative, Force Holdings will be deemed to have acquired all of the Scheme Shares and will pay the Scheme Consideration to "Scheme Participants", being:

6.2.1.1 all Eligible Shareholders recorded in the register of securities of Workforce in order to be eligible to receive the Scheme Consideration ("Scheme Consideration Record Date");

6.2.1.2 but excluding those Shareholders (if any) who validly exercise their appraisal rights by giving written notice to the Company objecting in advance to the Scheme Resolution prior to the General Meeting in accordance with section 164(3) of the Companies Act, voting against the Scheme Resolution and demanding, in terms of section 164(5) and 164(8) of the Companies Act, that the Company pay to them the value of their Shares ("Dissenting Shareholders").

6.2.2 The Scheme Consideration shall be settled in full, in accordance with the terms of the Scheme, without any lien, right of set-off, counterclaim or other analogous right to which Force Holdings may otherwise be, or claim to be, entitled against a Scheme Participant.

6.2.3 Details regarding the settlement of the Scheme Consideration will be provided for in the Circular.

6.3 Scheme Conditions

6.3.1 The Scheme and the implementation thereof will be subject to the fulfilment, or where applicable, waiver or adjustment of each of the following Scheme Conditions:

6.3.1.1 the Independent Expert referred to in paragraph 11 below has issued an opinion ("Fair and Reasonable Opinion") confirming the terms of the Scheme and the Scheme Consideration as being fair and reasonable, unless the Independent Board and Force Holdings have waived this Scheme Condition in writing before or on the date of required fulfilment;

6.3.1.2 having regard to the Fair and Reasonable Opinion, the Independent Board has resolved that it is of the opinion that the Scheme and the Scheme Consideration are fair and reasonable and has resolved unconditionally to recommend to Workforce Shareholders that they vote in favour of the Scheme Resolution, unless the Independent Board and Force Holdings have waived this Scheme Condition in writing before or on the date of required fulfilment;

6.3.1.3 the Circular has been approved by the JSE and the TRP;

6.3.1.4 the Scheme Resolution is approved by the requisite majority of Eligible Shareholders, as contemplated by section 115(2) of the Companies Act, and in the event of the provisions of section 115(2) (c) of the Companies Act becoming applicable;

6.3.1.4.1 the High Court of South Africa ("Court") approves the implementation of the relevant resolution; and

6.3.1.4.2 if applicable, Workforce not treating the aforesaid resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;

6.3.1.5 Eligible Shareholders holding 5% or more of the Scheme Shares do not exercise their appraisal rights ("Appraisal Rights") by:

6.3.1.5.1 delivering notice objecting, as contemplated in section 164(3) of the Companies Act, to the Scheme Resolution at the General Meeting;

6.3.1.5.2 voting against the Scheme Resolution; and

6.3.1.5.3 delivering a valid demand, as contemplated in sections 164(5) to 164(8) of the Companies Act, within the time period prescribed in section 164(3) and (7) of the Companies Act,

unless the Independent Board and Force Holdings have waived this Scheme Condition in writing before or on the date of required fulfilment;

6.3.1.6 the regulatory approvals required to implement the Scheme having been obtained, namely:

6.3.1.6.1 the Financial Surveillance Department of the South African Reserve Bank grants such approvals with respect to the Scheme as are required in terms of the South African Exchange Control Regulations (promulgated in terms of the South African Currency and Exchanges Act No. 9 of 1933) to implement the Scheme either unconditionally, or subject to conditions acceptable to Force Holdings; and

6.3.1.6.2 the JSE grants such approvals as are required in terms of the JSE Listings Requirements with respect to the Scheme; and

6.3.1.7 prior to the fulfilment or where applicable waiver of the last of the Scheme Conditions in paragraphs 6.3.1.1 to 6.3.1.6, the Independent Board has not withdrawn, modified or qualified its recommendation that Shareholders (who are entitled to vote on the Scheme Resolution) vote in favour of the Scheme Resolution and/or withdrawn, modified or qualified its opinion that the Scheme Consideration is fair and reasonable to Shareholders, unless the Independent Board and Force Holdings have waived this Scheme Condition in writing before or on the date of required fulfilment.

6.3.2 In the event of the circumstances in section 115(3)(a) becoming potentially applicable by reason of at least 15% of Scheme Participants having voted against the Scheme Resolution, Workforce shall not be obliged to bring an application to Court as contemplated in section 115(5)(a) unless:

6.3.2.1 Force Holdings, within one business day of any Scheme Participant who voted against the Scheme Resolution requiring Workforce to seek Court approval as contemplated in Section 115(5)(a) (or such later date as agreed in writing by the Board) (i) confirms in writing to the Board that Force Holdings agrees to an extension of the Second Long Stop Date (the Second Long Stop Date being 30 April 2025) to no earlier than 30 June 2025 (or such other date as may be agreed in writing by the Board); and (ii) delivers to the TRP a new TRP Guarantee for the extended period as security for the payment of the Scheme Consideration, if required, the TRP Guarantee having been issued and delivered to the TRP and the TRP approved the new TRP Guarantee; and

6.3.2.2 the Board has resolved to bring the application,

in which case the Board shall be entitled, at its election, to declare the Scheme Resolution a nullity.

6.3.3 Each Party shall use its reasonable endeavours to procure the fulfilment or, where applicable, waiver or adjustment of the Scheme Conditions as soon as reasonably practicable.

6.3.4 The Scheme Conditions in paragraphs 6.3.1.1 to 6.3.1.3 must be fulfilled or, where waiver or adjustment is permitted, waived or adjusted by no later than the First Long Stop Date (the First Long Stop Date being 31 January 2025) and the Scheme Conditions in paragraphs 6.3.1.4 to 6.3.1.7 must be fulfilled or, where waiver or adjustment is permitted, waived or adjusted by no later than the Second Long Stop Date. Workforce and Force Holdings shall be entitled to extend the First Long Stop Date and/or the Second Long Stop Date by written agreement and subject to TRP approval insofar as necessary. If the First Long Stop Date or the Second Long Stop Date is extended, the amended date will be released on SENS and, if required, published in the South African press.

6.3.5 The Scheme Conditions in paragraphs 6.3.1.3, 6.3.1.4 and 6.3.1.6 are regulatory in nature and cannot be waived.

6.3.6 Neither Force Holdings nor Workforce may waive or vary any other Scheme Condition unless that waiver is agreed to in writing by both Workforce and Force Holdings and is permissible in law (or unless specifically provided for in the Implementation Agreement).

6.3.7 The Scheme will not be implemented unless the TRP has issued a compliance certificate to Workforce with respect to the Scheme in terms of section 121(b) of the Companies Act.

7. RIGHT TO MATCH

7.1 Without limiting the provisions of section 126(1)(a) of the Companies Act, Workforce shall not, in respect of any Superior Proposal, being a *bona fide* written alternative proposal received by Workforce from an unsolicited third party ("Alternative Offer") that would in the opinion of the Independent Board (acting in good faith and in the exercise of their fiduciary and statutory duties (having taken written advice from external advisors): (a) is reasonably capable of being implemented, taking into account, *inter alia*, all financial, regulatory and/or financing aspects of the alternative offer, including its suspensive conditions; and (b), if implemented in accordance with its terms, result in a transaction more favourable to Shareholders than the Force Holdings Offer taking into account the terms and conditions set out in (a) above of the Alternative Offer), enter into any agreement to effect same, unless:

7.1.1 Force Holdings has been provided with a copy of the document containing such Superior Proposal (with such deletions as are necessary to protect any confidential portions of such document, provided that the material terms and conditions thereof, and the identity of the person making such Superior Proposal, may not be deleted), together with details of the principal reasons as to why the Independent Board considers the Superior Proposal if implemented in accordance with its terms to be a more favourable transaction to the Eligible Shareholders than the Force Holdings Offer, in order to afford Force Holdings the right to match or better the Superior Proposal;

7.1.2 ten business days have elapsed from the date on which Force Holdings has received a copy of the document contemplated in paragraph 7.1.1 above and Force Holdings has not made a revised binding offer with a new Scheme Consideration and/or other terms and/or proposing any other form of alternative transaction ("New Force Holdings Offer") such that the New Force Holdings Offer would, if completed substantially in accordance with the terms thereof, be equal or more favourable than the Superior Proposal; and

7.1.3 the Superior Proposal has been received by Workforce prior to the fulfilment or, where capable, waiver of the last Scheme Condition; and

7.1.4 Workforce terminates the Implementation Agreement as contemplated in paragraph 7.3 below.

7.2 Upon receipt of the New Force Holdings Offer, the Board and the Independent Board must review the terms thereof in good faith. If the Board and the Independent Board determine that the New Force Holdings Offer would be equal to or more (or no less) favourable than the Superior Proposal, then the Parties must use their reasonable endeavours to agree the amendments to the Implementation Agreement that are reasonably necessary to reflect the New Force Holdings Offer and to enter into an addendum to the Implementation Agreement and/or supplement the Circular, to implement and give effect to the New Force Holdings Offer including the recommendations to support the New Force Holdings Offer and not the Superior Proposal.

7.3 If a Superior Proposal is received by Workforce and/or the Independent Board and if Force Holdings has not within the ten business days period contemplated in paragraph 7.1.2 above (or such additional period of time as may be agreed in writing by the Parties) submitted a New Force Holdings Offer together with a revised guarantee to the TRP approved by the TRP:

7.3.1 the Independent Board shall be entitled to withdraw or modify its recommendation in respect of the Force Holdings Offer; and

7.3.2 Workforce shall be entitled to elect not to be bound to the Implementation Agreement for purposes of the Force Holdings Offer and terminate the Implementation Agreement.

8. TRP GUARANTEE

In accordance with regulation 111(4)(a) and 111(5) of the Companies Regulations, Force Holdings has provided the TRP with an irrevocable bank guarantee issued by ABSA Bank Limited in respect of a guaranteed amount which is sufficient to satisfy the payment of the maximum Scheme Consideration, being an amount of R11 300 262.60.

9. INTERESTS OF OFFEROR AND OFFEROR DIRECTORS IN WORKFORCE SHARES

9.1 The Offeror holds, directly and indirectly, 168 986 111 Shares representing 69.33% of the Issued Shares.

9.2 The sole director of the Offeror, Ronald Stanley Katz, who is not a shareholder of Force Holdings, controls the exercise of more than 35% of the votes of Force Holdings.

9.3 Ronald Stanley Katz has an indirect beneficial interest in Workforce Shares, holding 65 860 000 Shares through Little Kittens.

9.4 Save for the indirect acquisition by Force Holdings of 14 870 000 Shares at R1.65 per share on 14 October 2024 and the direct acquisition of 11 880 570 Shares at R1.65 per share on 18 April 2024, the Offeror has not had any dealings in Workforce Shares during the six-month period prior to the Signature Date.

9.5 The Offeror's director has not had any dealings in Workforce Shares during the six-month period prior to the Signature Date.

9.6 Little Kittens, Pha Phama and Verbipect each act in concert (as defined in the Companies Act) with Force Holdings in respect of the Force Holdings Offer and commenced to act in concert as aforesaid on 18 October 2024. Since commencing to act in concert with Force Holdings in respect of the Force Holdings Offer, Little Kittens, Pha Phama and Verbipect have not had any dealings in Workforce Shares.

10. IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, irrevocable undertakings have been obtained to vote in favour of the Scheme Resolution by the following Shareholders, who collectively hold 32.71% of the Shares held by Eligible Shareholders:

Shareholder	Number of Shares held directly/ indirectly	Shares held as a % of the Scheme Shares
Esther Serebro	597 893	8.89
Philip Froom	339 147	5.04
Carol Knoetze	290 622	4.32
Steven Herscovitz	287 578	4.28
Flagship Asset Management Proprietary Limited	180 018	2.68
Ahmed Varachia	146 996	2.19
Warwick Du Preez	100 000	1.49
Diane Wright	92 642	1.38
Jacques Farmer	90 000	1.34
Arnold Cigler	75 000	1.12
Total	2 199 896	32.71

11. INDEPENDENT EXPERT AND FAIR AND REASONABLE OPINION

11.1 The Independent Board has appointed Nodus Capital TS Proprietary Limited as the independent expert, as required in terms of section 114(2) of the Companies Act and the Companies Regulations ("Independent Expert"), to issue an opinion dealing with the matters set out in sections 114(2) and 114(3) of the Companies Act and regulations 90, 110(1) and 113(1)(a) of the Companies Regulations, to express an opinion on whether the Scheme Consideration is fair and reasonable to Eligible Shareholders ("Fair and Reasonable Opinion").

11.2 The full report of the Independent Expert in connection with the Scheme will be included in the Circular to be distributed to Shareholders in due course.

12. DISTRIBUTION OF THE CIRCULAR

The Circular providing full details of the Scheme and containing, *inter alia*, the Fair and Reasonable Opinion, the opinion and recommendations of the Independent Board, the salient dates and times relating to the Scheme, a notice to convene the General Meeting, a form of proxy and other necessary forms to give effect to the Scheme, will be distributed to Workforce Shareholders on or about Wednesday, 13 November 2024.

13. RESPONSIBILITY STATEMENTS

13.1 The Independent Board (to the extent that the information relates to Workforce) collectively and individually accept responsibility for the information contained in this announcement and certify that, to the best of their knowledge and belief, the information contained in this announcement relating to Workforce is true and this announcement does not omit anything that is likely to affect the importance of such information.

13.2 The board of directors of Force Holdings (to the extent that the information relates to Force Holdings and the Excluded Shareholders) collectively and individually accept responsibility for the information contained in this announcement and certify that, to the best of their knowledge and belief, the information contained in this announcement relating to Force Holdings is true and this announcement does not omit anything that is likely to affect the importance of such information.

Johannesburg
21 October 2024

Corporate Advisor and Transaction Sponsor to Workforce



Legal Advisor to Workforce



Legal Advisor to Force Holdings



Independent Expert

