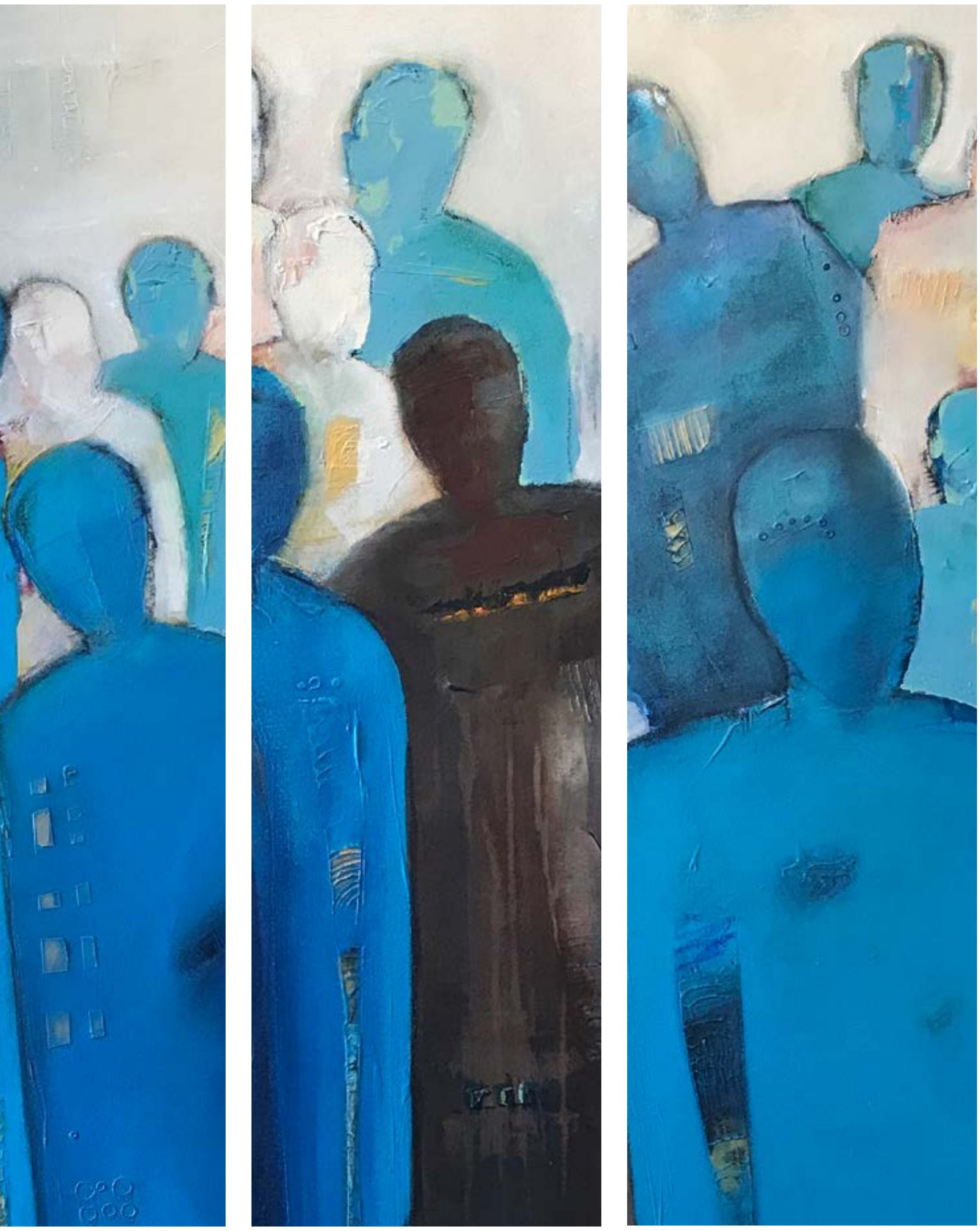
twentytwentyone

integrated report
2021



primeserv

guide
to the report

navigating the six capitals

Primeserv successfully delivers a comprehensive range of Integrated Business Support Services to clients in a variety of different sectors of the economy to create positive financial and non-financial outcomes for the group. These support services are based on the six capital inputs and are key to how we create value for our stakeholders.

financial capital
The first of the six capital inputs is financial capital; the value of the equity and debt funding used to finance the group's operations. Securing Primeserv's profitability, cash flows, balance sheet, long-term growth potential and sustainability is achieved through a conservative and controlled approach to financial management, backed by integrated systems, processes and procedures.

human capital
Primeserv could not do what it does without its people. Human capital, the second of the six inputs, refers to the value of our employees. To ensure that we can continue delivering on our value proposition to clients, we invest extensively in employee recruitment and retention. We provide our staff with ongoing training and skills development and nurture employee wellness and advancement. Diversity, inclusivity and transformation are key human capital priorities of the group.

intellectual capital
Fundamental to Primeserv's business is our intellectual property ("IP") – the skills and experience of our staff, our products, services, systems and procedures. This encompasses intellectual capital, which is the value of our IP. We preserve the value of our intellectual capital by actively participating with industry and business bodies specialising in human capital and retaining highly experienced South African industry sector experts.

manufactured capital
For Primeserv to deliver our services, we require a robust infrastructure, appropriate equipment and effective systems, such as our Shared Services hub. This is a customised, client-centric system that enables the group to provide efficient payroll processes and management information that enhances, and then measures and monitors performance. This is the value of how we deliver our products and services – manufactured capital.

social and relationship capital
Relationship-building is a key area of value for Primeserv, both internally with our people, and externally with stakeholders and the communities in which we operate. This is social and relationship capital. We champion diversity throughout our business and promote transformation through our long-term Corporate Social Investment ("CSI") programmes, that actively advance youth and community development.

natural capital
Underlying everything we do are the natural resources that are imperative to the daily operation of the group. These resources, or natural capital, include air, water, electricity, fuel and paper. Primeserv is doing more to promote sustainable daily practices and raise awareness by ensuring that the use of natural resources is very carefully managed.

introducing
this report

introducing this report

We take pleasure in presenting the Primeserv Group Limited ("Primeserv" or "the group") Integrated Report for the year ending 31 March 2021, which covers the performance of the group and its subsidiaries, all of which operate within South Africa. This Integrated Report includes our annual financial statements, the analysis of these statements, and reports on our non-financial performance in key areas such as value creation, governance, risk management and compliance with the King Report on Corporate Governance for South Africa (2016).

material issues and stakeholder engagement

At Primeserv, we are committed to conducting our business in an ethical, transparent and responsible way so as to create long-term value for all of our stakeholders.

This report has therefore been compiled in compliance with the principles of integrated reporting as set out by the International Integrated Reporting Council ("IIRC"), which align with our strategy, purpose and values as a large employer operating in South Africa.

The report focuses on information that is material to the group's business, and provides a concise overview of its performance, prospects and ability to create sustainable value for all its stakeholders. The legitimate interests of all stakeholders have been considered and all material information has been included in this Integrated Report.

preparation of the integrated report

The reporting frameworks set out in the following legislation and guidelines were considered when compiling this report:

- The Companies Act of South Africa (No. 71 of 2008)
- The Listings Requirements of the JSE Limited ("JSE Listings Requirements")
- The King Report on Corporate Governance for South Africa (2016) ("King IV")
- The International Financial Reporting Standards ("IFRS")
- The IIRC Integrated Reporting Framework

The contents of this report are broadly comparable with those of the 2020 Integrated Report.

assurance

Primeserv has implemented a combined assurance framework for the assurance of its Integrated Report. Further information about this framework is available on page 28.

The Board of Directors, assisted by the Audit, Governance and Risk Committee, is responsible for ensuring the integrity of each year's report. The audit opinion expressed by the external auditors is included in their audit report, which is published as part of the annual financial statements.

forward-looking statements

Certain statements contained in this report are forward-looking and have been included for the information of stakeholders. The Board believes these statements to be reasonable and accurate as at the date of publication. Final results could, however, differ materially from those set out in the forward-looking statements due to factors such as changes in economic and market conditions or changes in the regulatory environment.

These statements are not a guarantee of future performance and should be regarded as informed opinions based on Primeserv's business model, strategy and operating environment. Any subsequent oral or written forward-looking statements attributable to the group or anyone acting on its behalf are qualified in their entirety by this cautionary statement.

Primeserv also accepts no responsibility for undertaking or distributing updates or revisions to any forward-looking statement contained in this report or to react to any changes in expectations, events, conditions or circumstances that have informed these forward-looking statements, which have neither been reviewed nor audited by the group's auditors, Mazars.

contacts

Primeserv's executive directors for the reporting period were Merrick Abel (Chief Executive Officer – "CEO") and Raphael Sack (Financial Director – "FD"). They can be contacted at the company's registered office.

Primeserv's Integrated Report 2021 is available in electronic format on the group's website: www.primeserv.co.za and any queries regarding or related to the report are welcomed at the following email address: IR@primeserv.co.za.

approval of the integrated report

The Board of Directors acknowledges that it is responsible for ensuring the integrity of the group's Integrated Report and has therefore carefully considered all of the relevant guidelines for integrated reporting. It is of the opinion that this report addresses all material issues and fairly presents the integrated performance and impacts of the organisation.

For and on behalf of the Board

DL Rose	M Abel	R Sack
Chairperson	*CEO*	*FD*

30 July 2021

the year
in review

▼ 9%
revenue
R737.3
million

▼ 53%
operating profit
R12.8
million

▼ 50%
profit before taxation
R13.4
million

▼ 27%
headline earnings per share (heps)
23.34
cents

▲ 10%
tangible net asset value per share
182
cents

▼ 20%
EBITDA
R24.0
million

▼ 34%
operating profit excluding goodwill impairment
R18.1
million

▼ 34%
earnings per share (eps)
20.15
cents

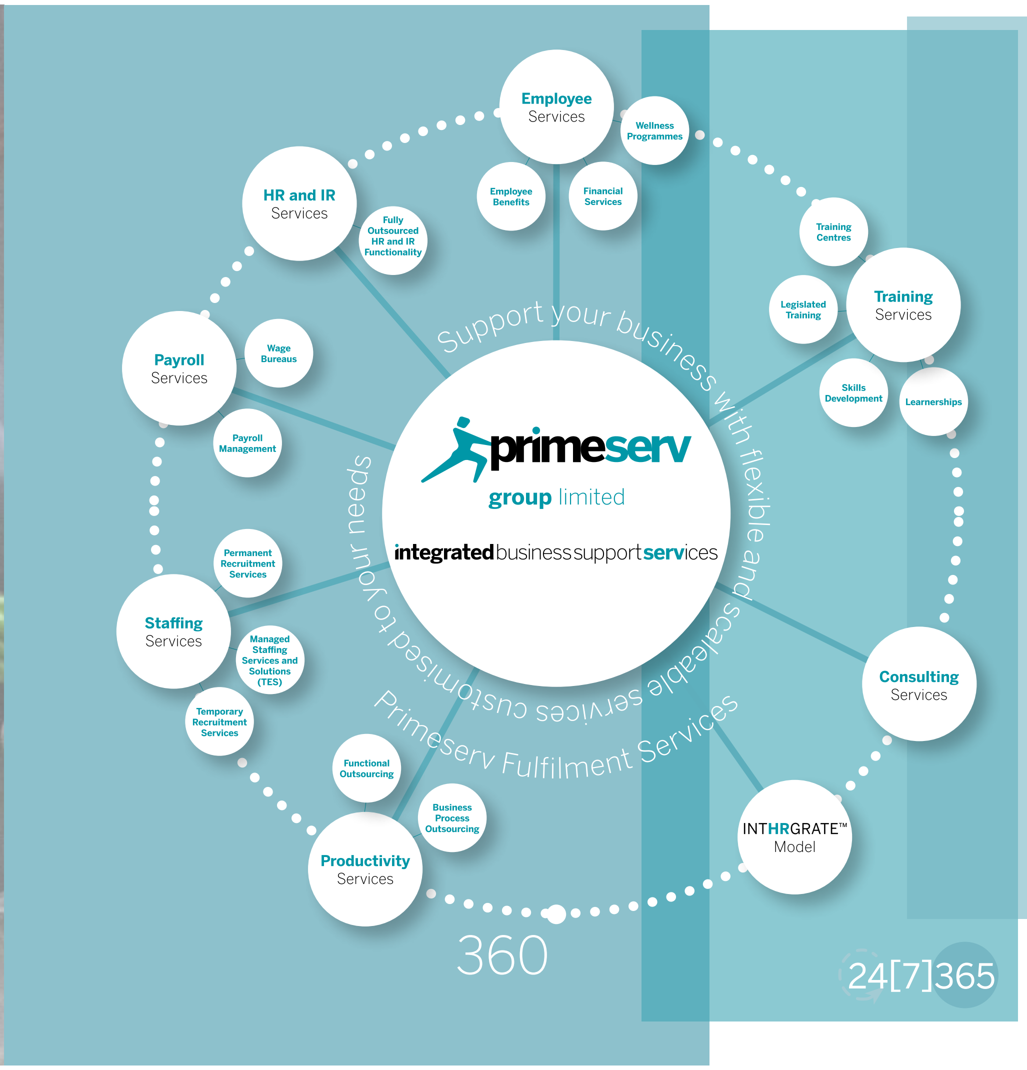
▲ 9%
net asset value per share
218
cents

▲ 33%
dividend per share
4.0
cents

our business

Primeserv is a company of long-standing, dedicated to providing innovative and customised Integrated Business Support Services to clients across diverse industries and sectors. Our goal is to provide added-value solutions that optimise human capital so as to enhance our clients' capabilities, efficiencies, productivity and performance. Our Integrated Business Support Services focus on the implementation, management and measurement of human capital, made possible through a comprehensive range of products. These include specialised staffing services, functional outsourcing and productivity solutions, skills training and consulting services, and related fulfilment and support services.

Through our strong commitment to service delivery excellence, Primeserv strives to support each of our clients by the customised matching of the group's integrated services to clients' core competencies, needs and strategic objectives.



our focus

Primeserv is deeply committed to the development and successful advancement of people. Through our rich expertise and industry knowledge, we recognise that for Integrated Business Support Services and human capital management to be effective, individuals must be equipped in several areas. This includes having up-to-date knowledge, strategic thinking, skills, abilities, experience, intelligence and training. These attributes are imperative to develop an individual's employability and the potential for career enhancement. Mindful of all these factors and the employment challenges facing both employers and employees in South Africa today, Primeserv focuses on skills and capacity development through training and learnership programmes, many of which are aimed specifically at our youth.

In understanding our client's needs, Primeserv combines a collaborative approach with ongoing solution-centred innovation. In our own business, we seek to foster a culture of inclusiveness, teamwork and a passion for excellence in client service. This is driven by an overarching philosophy of continuous improvement and conscious and responsible leadership at all levels.

our
group structure

primeserv
group limited

integrated business support services

Staffing Services

- Staffing Services
- Permanent Recruitment
- Temporary Recruitment
- Temporary Employment Services ("TES")
  - Contract Staffing
  - Contingent and Full Site Services
  - Adhoc Labour Pools
  - Independent Contracting Services
  - Industrial Action/Strike Solutions
  - Business Continuity Services
  - Staff Express

- Related Fulfilment Services
  - Payroll Services
  - Wage Bureaus
  - Payroll Management
  - Productivity Services and Solutions
  - Functional Outsourcing
  - Business Process Outsourcing
  - Time and Attendance Systems
  - Customised Management Information
  - HR and IR Services
  - Fully Outsourced HR and IR Functionality
  - Mega-project Services
  - Employee Services
  - PPE and Health & Safety Services
  - Lifestyle and Employee Benefits
  - Wellness Programmes
  - Financial Services

Shared Services

- Shared Services
  - Corporate Office
  - Finance
  - Legal, Risk and Compliance
  - Information Technology
  - Human Resources
  - Marketing
  - Administration

360

Training and Consulting Services

- Training Services
  - Training Needs Identification
  - Implementation and Audits
  - Training Centres
  - Legislated Training
  - Customised Training Programmes
  - Training (at Primeserv Centres, online or on-site at client)
    - ABET
    - Technical
    - Corporate
    - Management
    - Legislated
  - Learnerships Facilitation and Administration
  - Skills Development
  - Skills Centres
  - Workplace Skills Plans
  - Innovation Skills Development Hub
- Consulting Services
  - Human Capital Management Consulting
  - Strategic HR planning
  - Skills Gap Analysis
  - Training Needs Advisory
  - Legislative Training Compliance
  - Performance Management
  - B-BBEE Advisory
  - EE Advisory
  - Remuneration Advisory
  - Development of Workplace Skills Plans

brands and trademarks

primeserv

integrated business support services

the Primeserv INTHRGRATE™ model

STAFF DYNAMIX

Denverdraft

BATHUSI STAFFING SERVICES

LAPACE est 1995

CONSCIOUS COMPANIES

our
value proposition

Primeserv has a long-established presence and credibility in the market as a JSE listed company and as a leading provider of client-centric Integrated Business Support Services.

Primeserv adds value to our clients by supporting them in the enhancement of their productivity, performance and profitability. Our goal is to remain responsive and agile so as to support our clients within South Africa's challenging business environment.

We strive to develop and deliver innovative mechanisms to provide customised and relevant solutions to meet the specific human capital needs of our clients. Importantly, we ensure that our clients are fully compliant with all relevant legislation and regulatory requirements.

At the heart of our service offering is Primeserv's proprietary INTHRGRATE™ model which has been developed using in-depth understanding of both our clients' businesses and the complexities of human capital management.

INTHRGRATE™ guides a holistic approach to human capital management, determining the correct portfolio of services for each client. It takes into account the client's specific business strategy, objectives and structure to support the creation of a customised, effective solution for the organisation.

our competitive differentiators

Primeserv's client-centred purpose and holistic approach to business seeks to guide our clients' performance in their various market segments.

Clients at the centre of everything

- Customised services and solutions to achieve our clients' strategic business objectives
- A collaborative approach to understand our clients' specific needs
- An extensive national operational network of professional teams

Specialist knowledge

- Deep, insightful knowledge and experience in Integrated Business Support Services
- Current, in-depth understanding and expertise of human capital management and related labour and regulatory issues
- Full legislative and regulatory compliance for complete peace of mind

Innovative systems

- Market-leading client service excellence supported by the proprietary Primeserv INTHRGRATE™ Model
- Leading information and management systems customised to client requirements
- Robust monitoring against performance objectives to deliver enhanced performance and productivity

Inclusiveness

- Entrenched culture of diversity, inclusion and transformation
- Teamwork imbued with mutual respect
- Strong B-BBEE credentials

our pledge

- Demonstrate integrity in everything we do
- Work together to achieve common goals
- Celebrate innovation and cherish performance
- Perform with professionalism, skill and care
- Exceed clients' expectations every day
- Be conscious and respectful of our environment

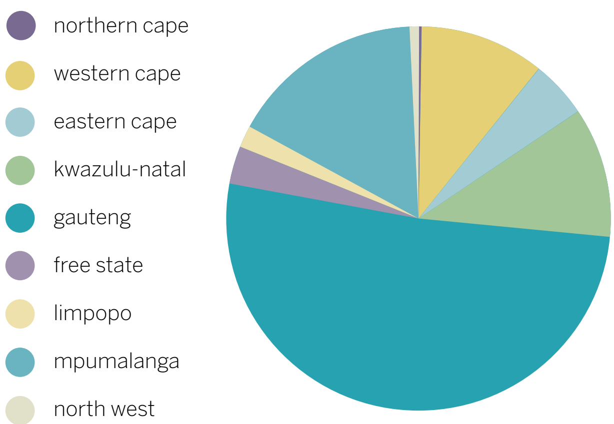
our brand

The Primeserv difference lies in people, productivity and performance. It always has and it always will.

our
national footprint

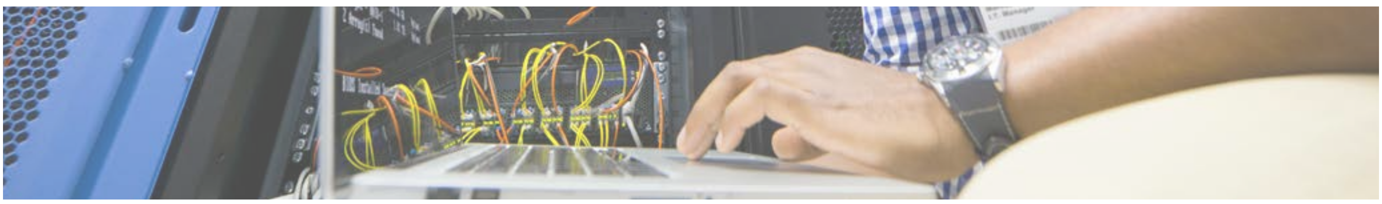
- Managed Staffing Services
- Permanent Recruitment
- Temporary Recruitment
- Temporary Employment Services
- Productivity Services
- Functional Outsourcing
- Business Process Outsourcing
- Payroll Services
- Time and Attendance Systems
- HR and IR Services
- Customised Management Information Reporting
- PPE and Health & Safety Services
- Mega-project Services
- Accredited Training and Skills Development
- Online Training
- Learnerships
- Human Capital Management Consulting
- Skills Development and Innovation Hub
- Lifestyle and Employee Benefits
- Wellness Programmes
- Financial Services

integrated business support services revenue by geographic region



sectors and industries
we service

- Agriculture
- Automotive
- Banking
- Building and Construction
- Design and Draughting
- Drivers and Transportation
- Engineering and Fabrication
- Facilities Management
- Financial and Insurance
- Food Production
- FMCG
- Government Services
- Harbours and Railways
- Hospital, Nursing and Medical
- Logistics and Distribution Centres
- Mechanical
- Mega-projects
- Merchandising
- Mining
- Paper and Pulp
- Petrochemical
- Pharmaceutical
- Power Generation
- Retail and Wholesale
- Secretarial and Office Support
- Tourism and Hospitality
- Telecoms
- Telemarketing and Call Centres
- Warehousing
- Waste Management



how we
create value

Primeserv creates value by using six key capital inputs, namely financial, human, intellectual, manufactured, social & relationship and natural capital. We transform these through our business activities to create a set of outputs in the form of products and services. Efficient delivery of these products and services creates added-value outcomes for the business and all its stakeholders.

the value roadmap

our value

Primeserv's strategy is aimed at unlocking value for shareholders through dividend distributions and capital growth. Our value is unlocked through key objectives, and realised via targeted implementation within three primary areas, namely our business, our services and the market, as follows:

Business

- Establishing, maintaining and growing, where possible, a sound financial position in order to facilitate both organic and acquisitive growth

Services

- Investing in intellectual capital
- Securing and developing industry-specific skills
- Maintaining strong and experienced executive and management teams supported by a skilled and capable staff complement

Market

- Securing, maintaining and developing short- and long-term contractual business to deliver real and consistent growth in earnings

key objectives

Business

- Deliver economically measurable value to our clients
- Diversify our services offering to include higher margin businesses
- Partner with clients to support economic growth in South Africa

Services

- Engage with a process of continuous innovation
- Constantly align our products and services to our clients' strategic objectives to meet their specific needs
- Evolve our services offerings in line with the dynamic labour environment

Market

- Continuously expand our client base and market reach
- Be an employer of choice in South Africa
- Enhance and effect meaningful transformation, diversity and inclusion
- Advance youth employment in South Africa

targeted implementation

Business

- Strong values and ethics
- Financial discipline and the maximisation of efficiencies

Services

- A performance-driven culture in a nurturing environment
- Frequent and meaningful interaction with clients in order to align our products and services to their needs and to provide optimal client care and service excellence
- Targeted benchmarking to ensure that products and services are aligned to clients' needs and international best practice
- Market-leading technology that enhances the delivery of our services

Market

- In-depth knowledge of market dynamics
- Representation on key industry bodies
- Market, client and staff surveys to assess internal performance relative to desired outcomes

Our proprietary client management model, Primeserv INTHRGRATE™, informs and supports our services offering to our clients, whether they need a fully integrated and comprehensive solution or a modular service. This service is offered at no extra cost to our clients.

our
business model

Primeserv's business model drives our process of value creation. It utilises inputs that have been defined in accordance with our strategy and operational business plans to create outputs in the form of products and services. The process of converting inputs into outputs using operational resources produces outcomes, both for the business and its stakeholders.

inputs

Equity funding
Debt funding
Internal cash resources

Experienced executive and management teams
Suitably qualified, well-trained and capable personnel
Carefully selected and managed assignees
Reliable and compliant suppliers and service providers
Continuous training and skills development
Staff career advancement programmes

Proven leadership skills
Ethical values and responsible leadership
Sound business strategy
Implementable business plans
Risk management processes and procedures
Corporate governance aligned with international best practice

Enabling technology
IT hardware
Proprietary IT systems and software
Vehicles and transportation
Tools and equipment
Infrastructure

Strong organisational and company specific culture
Positive employee relations
Collaborative partnerships
Active and constructive relationships with government, labour and employer organisations
Active memberships of industry bodies
Established CSI programme
Covid-19 specific health and safety processes and protocols

Air
Water
Electricity
Fuel
Paper
Reduce Reuse Recycle

business activities

Strategy development and implementation
Tactical business plan development and execution
Investment and financial management
Risk management and mitigation processes
Client needs assessment
Development, provision, management and monitoring of customised and Integrated Business Support Services
Resource allocation
Brand management
Marketing
Logistics
Administration

impacts on our business

Macro-economic and socio-economic conditions
Political instability
Unstable labour environment
Labour legislation and regulations
B-BBEE compliance requirements
Digitisation and automation
Local and international governance requirements
JSE Listings Requirements
Covid-19 pandemic

operating environment

Geared to macro-economic conditions
Highly competitive and price sensitive
Hampered by skills shortages
Influenced by disruptive technologies and automation
Characterised by low growth and high levels of unemployment
Covid-19 pandemic restrictions
Socio-economic and political unrest

outputs

A comprehensive range of primarily human capital related Integrated Business Support Services delivered through the group's national infrastructure:

Human capital consulting services

Functional outsourcing services

Business process outsourcing

Productivity services

Staffing and recruitment services

Accredited training and skills development services

Payroll management services

Fulfilment services

Shared services

Performance and productivity monitoring

Real-time and in-depth management reporting

Labour market research

outcomes

Business stability
Sustainable revenue and profits
Robust balance sheet
Fair remuneration
Tax contributions
Long-term sustainability
Value creation
Dividends to shareholders

Employment opportunities
Staff retention
Youth advancement
Continuous skills development
Enhanced efficiency and productivity
Fair labour practices
Individual and collective empowerment
Transformation, Diversity and Inclusion

Proprietary INTHRGRATE™ operating model
Unique intellectual property
Customised and proprietary systems and procedures
Legal and regulatory compliance
Influence in the labour industry

Modern, connected regional hubs
National branch network
Client-specific sites
Mobile sites
Shared services hub
Innovation hub
Technologically advanced training centres
Online training
Innovative systems and technology
Continuous benchmarking of expertise and service excellence

High B-BBEE ratings
Employer of choice
Social and economic transformation
Socio-economic growth and development

Planned and well-managed use of natural resources
Caring for the environment
Working towards a better planet for all

our
stakeholders

Fundamentally, Primeserv's business is about people, and the productivity and performance that they can deliver. People are connected through relationships, partnerships, groups and communities and Primeserv recognises that the value within each of these is integral to ensuring productivity and performance. As such we actively engage with all of our stakeholder groups thereby gaining the critical insight necessary that inform our strategic, tactical, risk and mitigation management and organisational development decisions.

the essence – our people

Including permanent and contract employees, our assignees, shared services teams and operational and management teams, our people, who are our employees are everything to us. As a critical enabler of Primeserv's sustainable success, the development, motivation and retention of our people is a value-driven business goal for the group, our clients' businesses, broad-based economic growth and social development.

We are passionate about ensuring accessible employee care and wellness, because this fosters excellent service which ultimately fosters positive outcomes for both the group and its clients. We take care to engage with our employees in both formal and informal settings, from ensuring formal onboarding and induction programmes, performance management and a mentorship programme, to staff events, where possible, and an active internal communications programme.

our value to employees:

- Providing a wide range of employment opportunities, including first-time employment opportunities
- Active and engaged performance management, coaching and mentorship
- General and industry-specific training and skills development
- Fair and rewarding performance-related remuneration and incentives
- Managed career development
- An innovative, supportive and safe working environment
- Transformation initiatives, incorporating a focus on diversity and inclusion initiatives

the cornerstone – our clients

Including local businesses and corporations, multinationals, government, state-owned enterprises and municipal-owned entities, our clients are the cornerstone of our business. As such, we are committed to nurturing long-term relationships and partnerships with our existing clients, as well as actively engaging in the attraction of new clients. Primeserv's team of dedicated client relationship managers are underpinned by a strong client support service system and the continual evolving of products and services to mirror the dynamic needs of our clients.

Our clients' successes are the greatest measure of our own success:

our value to clients

- Customised, fully managed, Integrated Business Support Services and solutions
- Greater business capability and resilience
- Increased competitiveness
- The ability to focus on their core competencies and activities while we manage their human capital requirements
- Service excellence backed by continuous monitoring and benchmarking of services using reliable systems
- Product and service offerings that provide solutions that address evolving business needs and objectives
- On-time and uninterrupted services
- Legislative and regulatory compliance

the driver – our shareholders and potential investors

Including our shareholders and the larger investment community, Primeserv recognises that a stable major shareholder base is essential to our success and sustainability. A sound relationship with the investment community enhances our ability to raise capital in the market if necessary. Current and important information is pivotal in serving these relationships, thus Primeserv endeavours to ensure accessible communication in this regard, from direct communications, announcements (such as SENS and results), media coverage, as well as Primeserv's website and social media channels.

Primeserv seeks to deliver value to its investors, through a meaningful return on investment, via a sustainable business enterprise that is compliant with relevant legislative and regulatory requirements, and which can support growth opportunities.

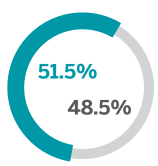
the guide – our government and regulators

As the custodian of labour legislation and regulations, government is a key stakeholder in Primeserv's business. We actively engage and collaborate with government and regulators to ensure that legislation and regulations protect and advance the interests of both labour and businesses. From a compliance perspective, Primeserv is rigorous in our compliance with legislation and regulation, and in our tax contributions. From the perspective of government's broad-based transformation, Primeserv is actively committed in facilitating transformation through job creation, with a special focus on youth employment, a key national priority.

the source – our communities

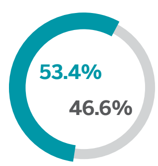
These encompass the communities in which we operate. Primeserv is adamant in our view that mutual benefit can be created through shared value. Not only does this secures the kind of stable operating environment in which both individuals and businesses can be successful, but it contributes towards broad-based socio-economic development. To this end, Primeserv endeavours to provide financial support to community skills development initiatives as well as including communities in the value chain via employment, procurement or CSI initiatives which directly benefit locals, particularly the youth.

shareholders 2021



- directors, management and treasury shares
- individuals and other corporate bodies

shareholders 2020



- directors, management and treasury shares
- individuals and other corporate bodies

risk management
and mitigation

how we manage risk

Primeserv's full risk management measures are outlined on pages 27 to 30. A summary of the most significant risks the group faces and the processes it has in place to manage these are indicated in the risk matrix below.

risk	management and mitigation measures
Labour legislation	Primeserv is fully compliant with existing labour legislation and regulations, and we will ensure that we maintain compliance should either legislation or regulations change.
Ability to attract and retain key staff and historically disadvantaged individuals ("HDIs")	Primeserv is well established in the market as an employer of choice and we consistently work to retain this position. We also have a formal recruitment and retention plan, which is supported by an active training and development plan. We provide learnerships in order to attract and develop young people.
Skills shortage	Most of our business units continue to be affected by skills shortages and we therefore consistently invest in employee development, as well as in community skills development programmes. A dedicated skills development and training unit facilitates employee skills development and upliftment.
Security of IT systems	Primeserv outsources its primary IT requirements to a highly skilled and experienced IT team which has developed systems that are specific to our business. Hardware and software are continually updated and tested to ensure optimal capability and efficiency. Advanced cybersecurity systems are in place to protect our IT systems, wherever possible, from both internal and external threats.
Creating, maintaining and securing business sustainability	Primeserv has uniform sustainability targets that have been developed with the business's strategy, values and objectives in mind. Monitoring, measuring and improving sustainability is the responsibility of the Social and Ethics Committee and its decisions are monitored by the Board. Both internal and external surveys are carried out to measure sustainability metrics and to facilitate improvements where required.
Maintaining an effective system for the collection of sustainability data	Primeserv has a centralised HR, IR, administration and payroll platform that supports our national operational footprint and enables us to collect all relevant data. Dedicated modules enable us to interface directly with our staffing related systems and databases. Improvements to data definitions and the data collection process are ongoing. Data is managed in compliance with the Protection of Personal Information Act, No. 4 of 2013
Covid-19 pandemic	Comprehensive health and safety operational protocols were developed and implemented at the very outset of the pandemic in order to maximise the safety of all stakeholders. An internal communication campaign was developed to keep safety protocols as well as staff motivation top-of-mind. A LinkedIn campaign was developed to keep clients and stakeholders informed.

primeserv

shareholders and stakeholders

board of directors

non-executive chairperson
David Rose

non-executive directors
Brenda Kali
Letepe Maisela

executive directors
Merrick Abel CEO
Raphael Sack FD

audit, governance and risk committee

David Rose chairperson
Brenda Kali
Letepe Maisela

remuneration and nominations committee

Letepe Maisela chairperson
Brenda Kali
David Rose

social and ethics committee

Brenda Kali chairperson
Merrick Abel
Letepe Maisela

executive directors

exco

covid task team

integratedbusinesssupportservices

operational unit executives

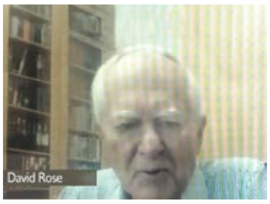
business unit management teams

national hub and branch network

supported by
shared services

our

board



non-executive directors

1. David L Rose^#¤

Chairperson

BCom, BA, CA(SA), F.Inst.D

Appointed: February 2005

An independent consultant with a significant track record, David held dual positions at Super Group Limited until 2019, both as an independent non-executive director of Super Group Limited and Chairperson of its Audit, Risk and Social and Ethics Committee. Prior to this, David worked at a major national chartered accounting firm, Fisher Hoffman, for forty-one years. Having made partner of the firm in 1970, David held the positions of Managing Partner of the Johannesburg office and Chairperson at the firm's national practice, for seven years until 1998.

2. Letepe M Maisela^#¤*

BA (Social Sciences) (Harvard Business School, PMD)

Appointed: December 2008

With twenty-nine years' experience in marketing and management consulting, Letepe is currently the Managing Director of Village Management Consulting Proprietary Limited, and the founder and Chairperson of Tsabatsaba Holdings Proprietary Limited. In addition to these roles, Letepe holds the position of Chairperson at International Finance Group, is a director of Reutech Limited, Kayamandi Resources and is the Chairperson of Tshwane Hub of Arts.

3. Brenda Kali#¤*

Appointed: March 2019

In her twenty-five-year tenure as an executive, Brenda has seen the reputational turnaround of major companies including Sasol and Telkom, where she spearheaded its reputational transformation. Today Brenda is the CEO of Conscious Companies and the founder of the Conscious Leadership Academy. Prior to this she was the CEO of the Children's Media Council in the Office of the President, and from 1994 to 2000, a member of the transformation team at the national broadcaster, SABC. Brenda has also been a board member of the South African Chamber of Commerce and Industries and is currently a board member at non-profit organisation, Project Literacy.

executive directors

4. Merrick Abel*

CEO

BA (Hons), MBA

Appointed: August 1997

Merrick has more than thirty years of both local and international business experience, gained predominantly in the industrial and services sectors. Merrick founded the Primeserv Group in 1997 and is a director of both Primeserv Group Limited and several Primeserv subsidiaries. Merrick served as Chief Executive Officer and Executive Chairperson from 2000 to 2003, and fulfilled the role of Acting Chairperson whilst the group finalised the Board component of its transformation strategy, from April 2015 to March 2016.

5. Raphael Sack

FD

BCom, BCompt (Hons), CA(SA)

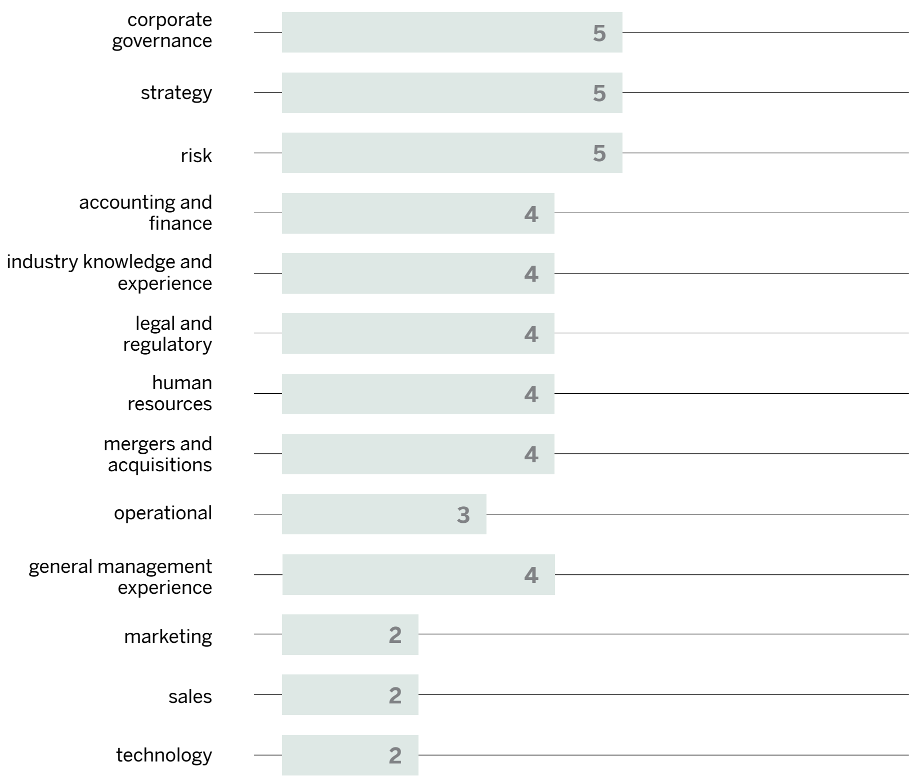
Appointed: June 2009

Raphael has been with the Primeserv Group for fifteen years, most of this time as its Financial Director. Since joining the group, he has also held the position of Director of a number of Primeserv subsidiaries. Prior to this, Raphael was the Financial Director of Spanjaard Limited, amongst other companies.

^ Independent Non-Executive # Audit, Governance and Risk Committee ¤ Remuneration and Nominations Committee * Social and Ethics Committee

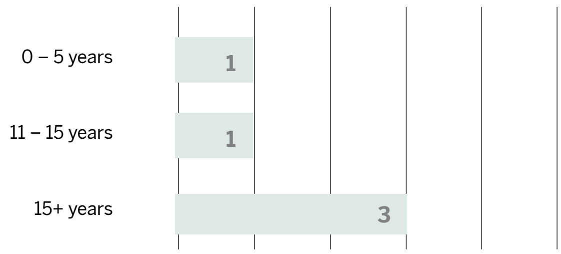
board skills

(number of directors) as at 31 March 2021



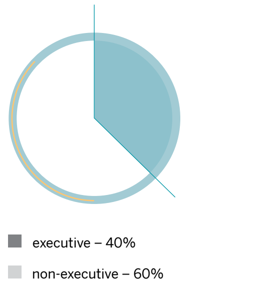
board tenure

(number of directors) as at 31 March 2021



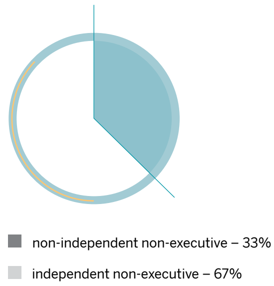
directors

as at 31 March 2021



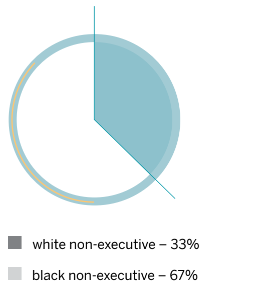
independence

as at 31 March 2021



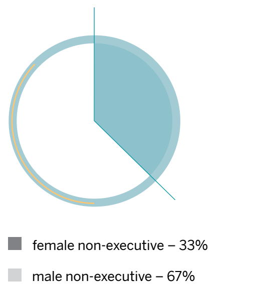
race

as at 31 March 2021



gender

as at 31 March 2021



chairperson's
report

"Primeserv has, despite the challenges encountered throughout this reporting period, been able to deliver a solid operational and financial performance."

David L Rose *Chairperson*

Primeserv's financial year under review began with a baptism of fire. It was towards the end of the first quarter of 2020, and the start of Primeserv's 2021 financial year, that the Covid-19 pandemic and South Africa's subsequent lockdown began to exert immediate and significant pressure on the country's fragile economy. Primeserv was not immune to these effects, which were most keenly felt in the first three months of the year under review. Remarkably, given the devastating circumstances wrought by the pandemic, the group was able to make a swift recovery to once again deliver a set of solid results for the year ended 31 March 2021.

While Primeserv is not alone in having weathered the pandemic induced storm and to manage its way out strongly thus far, South Africa as a whole has been battered. Towards the end of 2020, more than half of the country's consumers had mixed feelings on the ability of the South African economy to recover, as they continued to experience reductions in income, spending and savings (McKinsey, 2020). The Misery Index, which is a statistical measure that combines a country's unemployment figures and inflation outlook, indicates that South Africa's misery levels are at their highest in eighteen years. By the end of 2020, we were the twelfth most miserable country in the world (Finweek, 2021).

This is not surprising given the unrelentingly negative economic impacts that have been – and continue to be – endured by businesses and the country's people alike. In the second quarter of 2020, nearly all industries experienced a massive drop in output during what Statistics SA ("StatsSA") have aptly named "the pandemic quarter". This was a result of the country's hard lockdown announced by President Cyril Ramaphosa on 23 March 2020, which would be in place for twenty-one days from 26 March to 16 April 2020, in an effort to contain the spread of the pandemic. The national lockdown in fact remained in place in its differing alert levels for the entire year under review and the group's performance must therefore be viewed against the unprecedented set of circumstances this created.

Gross domestic product ("GDP") fell by over 16 percent between the first and second quarters of 2020, giving an annualised and seasonally adjusted growth rate of minus 51 percent. StatsSA reported that historical data sourced from the South African Reserve Bank, showed the pandemic quarter to have seen the biggest fall in GDP since 1960, which was far steeper than even the annualised 8.2 percent decline in the fourth quarter of 1982 (when the country was bracing itself for deep recession).

The construction industry experienced dramatic losses in the pandemic quarter, slumping by an annualised and seasonally adjusted rate of 76.6 percent. Mining experienced a decline of 73.1 percent, and manufacturing output shrank by 74.9 percent. The finance industry, including banking, insurance services, real estate and business services, fell by 28.9 percent. Spending on restaurants and hotels ground to an almost complete halt, tumbling by 99.9 percent (StatsSA).

In April and May 2020, South Africa's retail sales (which, along with trade, accounts for 15 percent of GDP) plunged by a record 50.4 percent and 12 percent respectively, on an annual basis. StatsSA said that the April annual figures were the lowest since 2002 when the agency began compiling the data. (StatSA).

The third and fourth quarters of 2020 were buoyed up by a surge of economic growth as South Africa's lockdown began to ease, with GDP increasing at an annualised rate of 67.3 percent in the third quarter and 6.3 percent in the fourth quarter (StatsSA). Eight industries saw positive growth in this period, with the largest positive contributions to GDP in the fourth quarter coming from manufacturing, trade and transport.

Growth, albeit tepid, continued into the first quarter of 2021, by 1.1 percent from January to March (or at an annualised growth rate of 4.6 percent). Good gains were made by most sectors, with the most significant contributions coming from mining (at 18.1 percent), finance (at 7.4 percent) and trade (at 6.2 percent).

The positive bounds made in the last two quarters of 2020 and the first of 2021, were unfortunately not enough to neutralise the economic damage wrought by the Covid-19 pandemic. Consider that the overall economic activity for 2020 decreased by 7.0 percent, which is the largest annual fall of South Africa's economic activity since 1946 (StatsSA).

These statistics foreshadow the deepening and troubling unemployment in South Africa, which was highlighted as a major concern in Primeserv's 2020 integrated financial report. In the first quarter of 2020, unemployment stood at 31.1 percent (StatsSA). During the second quarter, the formal non-agricultural sector shed 648 000 jobs. From the period December 2020 to March 2021, despite the finance sector adding 215 000 jobs, the construction sector lost 87 000 jobs; the trade industry, 84 000 jobs; and transport, 40 000 jobs (Bloomberg).

By the first quarter of 2021, unemployment had increased to 32.6 percent, or 43 percent according to the expanded definition of unemployment (which includes people who are available for work but not looking for a job). These figures indicated that just 51 percent of South Africans between 35 and 64 had a job, and only 57 percent of young people between 15 and 34 were either employed or in education or training. Essentially, three in every five South Africans are not employed (Business Tech).

In particular, South Africa's youth remains a vast, untapped resource that is unable to meet their full potential. This population group is vulnerable to unemployment irrespective of education level. The graduate unemployment rate was 40.3 percent for those aged 15 to 24 and 15.5 percent among those aged 25 to 34 years, while the rate among adults (aged 35 to 64 years) was 5.4 percent. These figures suggest that the youth face extreme difficulties engaging with the labour market in South Africa (StatsSA).

The shedding of jobs against already elevated unemployment numbers is of tremendous concern. In November 2020, a Bloomberg article cautioned that, "Persistently high unemployment poses a threat to social stability in Africa's most-industrialised economy." Eight months later in July 2021 (and at the time of writing), the spate of social unrest experienced in parts of South Africa sends a clear warning that pressures, irrespective of the root cause, may be compounded by the significant numbers of people who are without livelihoods.

Despite the sombre backdrop of South Africa's economy, the private sector has made a "valiant attempt" – to quote investment writer, Leon Kok in a FinWeek magazine column – in boosting economic growth and development.

In the financial year under review, Primeserv's strong foundation and robust systems enabled the swift development of service delivery solutions that could be adapted and rolled out at a moment's notice; initially in response to the hard lockdown, but continuing thereafter as the company operated within various lockdown levels throughout the year. This enabled Primeserv's expert teams to guide the group's progress throughout the difficult trading environment. Operations continued uninterrupted and fully resourced to enable ongoing delivery of the group's Integrated Business Support Services, particularly for those clients that, as essential service providers, were required to continue operations throughout the hard lockdown. As the lockdown began to ease, the group's flexible and agile focus enabled teams to meet each client's varying service demands, without compromising Primeserv's client centric service excellence.

For Primeserv, an important strategic imperative for the year under review was, quite simply, to put the welfare of the group's people before profit whilst also supporting and working with the group's partners to secure long term stakeholder interests. Concerted effort and financial investment was made into securing jobs and livelihoods throughout the period. Stringent Covid-19 protocols ensured that all staff members were protected at work, remote working was encouraged where possible, and wellness support programmes were available when needed. In conjunction with this people first approach, the group's leadership and management team made certain to implement its robust business continuity plans so as to ensure its operational sustainability and position it to meet the constantly changing business environment that it was faced with.

Primeserv is fortunate to be among those companies which remain robustly sustainable, despite the ravages of 2020. The group has striven to meet and accommodate its clients' changing needs throughout the year under review and has sought to keep its people safe and secure, while still producing favourable outcomes for shareholders.

I would like to convey a heartfelt appreciation to the Primeserv Board Members and Board Committees, which have remained focused and supportive throughout the toughest of circumstances to deliver their fiduciary duties. Furthermore, Merrick Abel, Primeserv's CEO, and his management team, are to be commended for guiding the group with insight, while never comprising Primeserv's core commitment to responsible leadership and performance excellence. It is through their conviction that Primeserv has, despite the challenges encountered throughout this reporting period, been able to deliver a solid operational and financial performance.

David L Rose
Chairperson

30 July 2021

ceo's
report

"Primeserv's resilient performance would not have been possible without the outstanding efforts and unwavering commitment of our people, and the loyalty and support of our valued clients and service providers whose partnerships made all the difference. To you all, our profound appreciation."

Merrick Abel *CEO*

The Covid-19 pandemic, catastrophic for so many across the world, has created unprecedented challenges. It thrust 97 million people into poverty in 2020, leading to an historically unparalleled increase in global poverty that sets back poverty eradication by five years (The World Bank). The pandemic's impact will continue to be felt for some time, potentially leading to the unemployment of 200 million people across the globe by 2022 (United Nations).

South Africa has been especially hard hit, given the presence of structural weaknesses in the economy prior to the onset of the pandemic. The country's real gross domestic product ("GDP") per person has been falling since 2013/14, which means that the average South African is becoming poorer, despite high and rising fiscal deficits. Both private and public investments are lower than at any time since 2005, having declined to 12.5 percent and 5.4 percent of GDP, respectively, in 2019. Consolidated government spending, which increased due to the large fiscal response to the pandemic, had reached 41.7 percent of GDP by February 2021, compared to 29.6 percent in 2008/09. GDP is expected to reach pre-pandemic levels only in 2023 (Treasury).

Resulting from the government mandated hard lockdown in the first quarter of 2020, there were 1.7 million fewer jobs in the third quarter compared to the same period in 2019. During the twelve-month period to December 2020, total employment decreased by 594 000 or -5.8 percent year-on-year (StatsSA). According to National Treasury, South Africa's outlook remains highly uncertain and the economic effects of the pandemic are expected to be far reaching.

The impact of the Covid-19 pandemic was felt across the entire Primeserv Group for the entirety of the financial year under review. Fortunately, the group was able to weather the huge impact of this pandemic storm, delivering another year of profitable results, with strong year-on-year operational cash flows and a characteristic further strengthening of its ungeared balance sheet.

The pandemic's effects were most acutely felt in the first quarter of the financial year under review, when the national lockdown was at its most stringent. Management responded immediately and proactively to the hard lockdown so as to ensure the group's business sustainability. Capital and operating expenditure were curtailed where possible in order to align the group's operational cost base to the sudden drop in revenue experienced.

Strategically, Primeserv maintained its nationwide infrastructure and its full-service capability and capacity in order to continue delivering its full suite of Integrated Business Support Services. Group-wide operations remained fully resourced to meet both service delivery fluctuations and anticipated improvements across the group's trading environment. This enabled Primeserv to support its clients through an uncertain and constantly evolving environment, beyond the initial hard lockdown and throughout the year under review.

At the introduction of South Africa's hard lockdown in March 2020, the group was able to adapt, modify and even enhance its comprehensive range of Integrated Business Support Services so as to meet its clients' needs during this period. This was operationally critical for those clients classified under the lockdown as delivering essential services. In these instances, Primeserv's well developed and tested business continuity plans were actioned on demand and were effective in ensuring uninterrupted full-service delivery capability to all its clients nationwide. Not only did this result in a continuous service delivery to clients facing Covid-19 related challenges, but also enabled the group to maintain certain of its key revenue streams during the hard lockdown. These actions resulted in some stabilisation of revenue in the second quarter of the year ended 31 March 2021.

The second half of the year under review saw a solid upturn in overall revenue levels within some of the group's main operating sectors. Hence full year revenue declined by only 8.7 percent year-on-year from R807.7 million to R737.3 million. Unfortunately, there were certain sectors of the economy and, in particular, some of the group's clients who were

unable to operate throughout the lockdown. This resulted in a drastic falloff in revenue which, in some instances, has still not recovered.

A direct consequence of the pandemic-induced lockdown was a change in both client margin mix and client margin retention, which had a negative impact on the group's overall operating margins for the year as a whole. Margins were further eroded as Primeserv partnered with certain clients, who were not deemed as essential service providers during the heightened lockdown, in costly business continuity initiatives. These initiatives were expressly aimed at maintaining operational viability and saving key skills and jobs that were under threat of being lost for a time or even completely due to the lockdown.

Of further significance was the substantial loss of revenue and operating margin as a consequence of the almost complete cessation in the contracting and delivery of the group's training and skills development support services during the year under review.

Gross profit for the year decreased by 20.9 percent from R113.4 million to R89.7 million. As a consequence of the impact that the pandemic and associated lockdown had on certain sectors and components of the group's services offering, goodwill to the value of R5.3 million was impaired. EBITDA for the year ended 31 March 2021 decreased by 20.4 percent from R30.2 million to R24.0 million.

Notwithstanding the extremely difficult operating conditions, the group's rapid response to the pandemic and the lockdown resulted in a successfully managed outcome. Operating expenses, excluding the goodwill impairment, were managed down by 17.4 percent from R86.9 million to R 71.8 million. Interest received improved from R0.7 million to R1.2 million for the twelve-month period, while interest paid on bank borrowings decreased from R0.8 million for the comparable period to R0.3 million for the current reporting period. The reason for these positive changes was two-fold: firstly, due to Primeserv's strong debtor collections; and secondly, from a reduction in the working capital required during the first half of the financial year as a consequence of lower revenue during that period.

Notably, the group did not avail itself of any of the relief measures offered by government that were intended to ease constraints on working capital. The group settled all of its statutory and other obligations in full and on time throughout the reporting period.

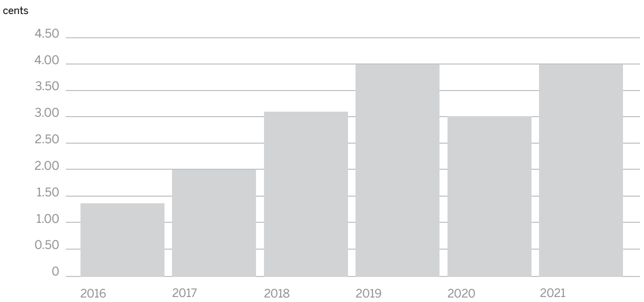
Operating profit, including the effects of the goodwill impairment, reduced from R27.3 million to R12.8 million for the review period. However, core operating profit, excluding the effect of the goodwill impairment, decreased by 34 percent from R27.3 million to R18.1 million for the financial year. Core earnings before tax (in other words, excluding the goodwill impairment) were down by 30.2 percent, from R26.8 million to R18.7 million compared to the prior year. This is indicative of a resilient financial and operating performance, particularly in the second half of the year under review.

Profit and total comprehensive income, including the goodwill impairment, decreased year-on-year by 49.0 percent, from R24.3 million to R12.4 million. Basic earnings per share and diluted earnings per share decreased by 34.4 percent, from 30.73 cents per share to 20.15 cents per share for the current reporting period. Headline earnings per share, and diluted headline earnings per share, decreased by 27.4 percent, from 32.08 cents per share to 23.28 cents per share.

Despite a full year of trading under some level of lockdown, combined with the difficulties and obstacles arising out of doing business under the constraints of a pandemic, the group maintained a strong control on its financial resources. This resulted not only in a profitable outcome, but also the generation of strong operational cash flows and an enhanced and ungeared balance sheet at year end.

Net cash increased by 171.4 percent, from R13.5 million to R36.7 million at the close of the financial year under review. Net asset value per share increased by 9.0 percent, from 200 cents per share to 218 cents per share. The group's tangible net asset value increased by 9.6 percent, from 166 cents per share to 182 cents per share at the end of March 2021.

dividend history



Since the onset of the pandemic, Primeserv has implemented various extraordinary measures to safeguard the health and safety of its people through the implementation of stringent Covid-19 specific protocols. These included the issuing of appropriate personal protective equipment, reconfiguring work sites and spaces, facilitating remote working capability where practically and operationally feasible, and providing wellness support where needed. A key focus for the group during the past year has been to mitigate risk where possible and to manage the overriding imperative of business sustainability. Primeserv has sought to counterbalance this with a responsibility to maintain and retain skills and to minimise job losses where possible, given the exigencies of the group's business.

Throughout the year under review, Primeserv's Integrated Business Support Services offering remained robust. More specifically, the group's specialised logistics staffing, training and related fulfilment support services business unit experienced a demanding year. This necessitated the implementation of fast, flexible and innovative client specific solutions over and above those already in place, so as to be able to optimally service the group's clients operating across a broad spectrum of the logistics value chain. A strong operational performance was delivered by the business units servicing the transportation and logistics, distribution centres, warehousing and wholesale and retail sectors, and in particular this included the effective management of complex support services for clients operating as essential service providers across key points of the South African supply chain.

Support services to the professional engineering, design and draughting sector remained relatively stable throughout the year. The units servicing the construction, heavy engineering, industrial manufacturing and project mining sectors were in many instances severely affected by the hard lockdown, and some were still in early stages of recovery some twelve months later. Support services to the broader general market, encompassing the other sectors of the economy serviced by the group, experienced differing degrees of activity from almost no revenue generation to below average activity when compared to the prior year.

The Lapace business, acquired early in the year under review, was hampered by the lockdown but started to see a return to more normalised levels of trading in the latter part of the year. The training and skills development services unit experienced a dramatic falloff of business during the first half of the year as a result of its business being primarily face-to-face training, some of which was not able to be carried out remotely or via an online platform. In the second half of the year there was a move to online training delivery where possible and some resumption of face-to-face client and learner interaction. This remained limited, however, given pandemic safety protocols. Consequently, this unit will take some time to return to prior levels of revenue.

Substantial advancement was made in furthering the black women ownership component across the group's primary operating entities by the close of the financial year under review. This resulted in increased black women equity ranging from 25.1 percent to over 50 percent within these entities. Ongoing Broad-Based Black Economic Empowerment, diversity, inclusion and equity initiatives remain key imperatives for Primeserv as it continues to enhance its commitment to meaningful and sustainable transformation.

Whilst the group is well positioned to respond positively to an improved trading environment, both from an organic and acquisitive perspective, there is still a high level of uncertainty as to when and how this will manifest. The regions and sectors across the group's operating environment continue to present ongoing challenges; hence, inherent pressures on short-term profitability exist.

Primeserv is taking a cautiously optimistic view of the year ahead, while remaining cognisant of the unpredictability of future trading performance. Given all that has occurred this past year under review, the group is satisfied with what it has been able to achieve. Along with consistently meeting all our clients' differing service needs, Primeserv's ethos of client-centric service excellence and positively impacting those we engage with, has been steadfastly maintained.

Primeserv's resilient performance would not have been possible without the outstanding efforts and unwavering commitment of our people, and the loyalty and support of our valued clients and service providers whose partnerships made all the difference. To you all, our profound appreciation.

A special thank you to our Chairperson, David Rose, and the Primeserv Board whose work ethic and guidance supported us during this difficult time. Of further special note, I would like to thank Brenda Kali, Chairperson of our Social and Ethics Committee, for her most valued input in keeping our focus on conscious and responsible leadership at all times.

May the year ahead be kind to all!

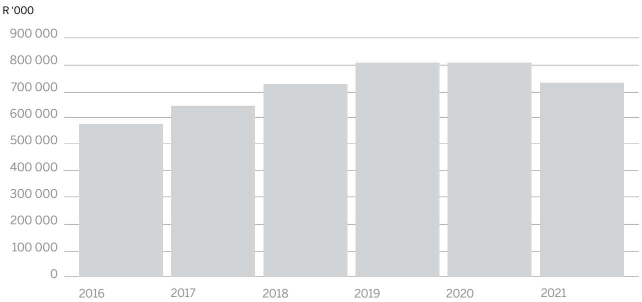
M. Abel

Merrick Abel
CEO

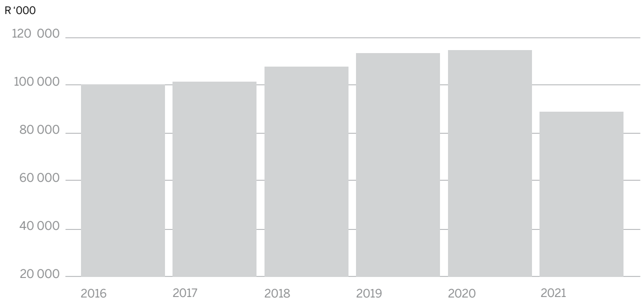
30 July 2021

six year historical
performance

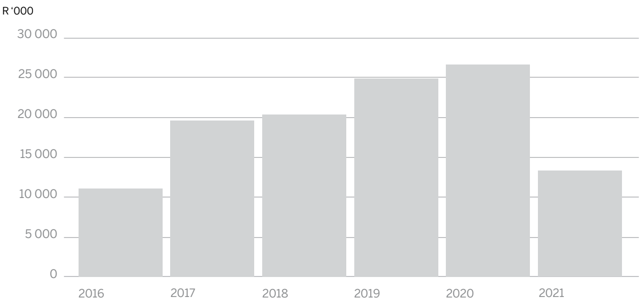
revenue



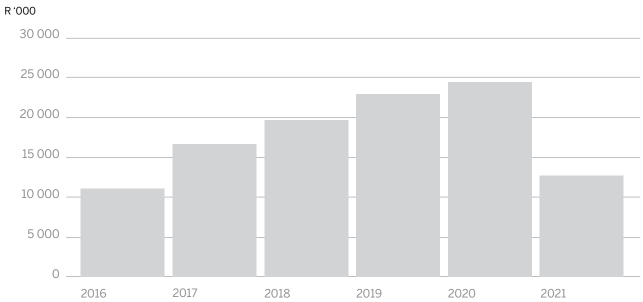
gross profit



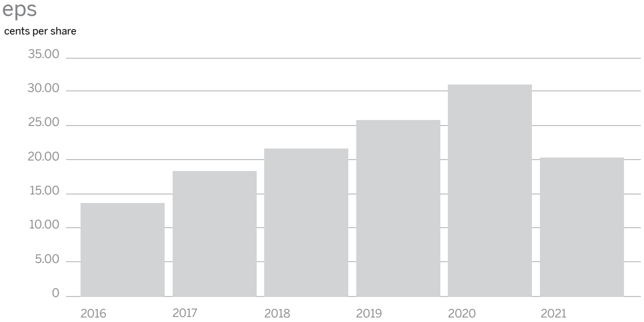
profit before tax



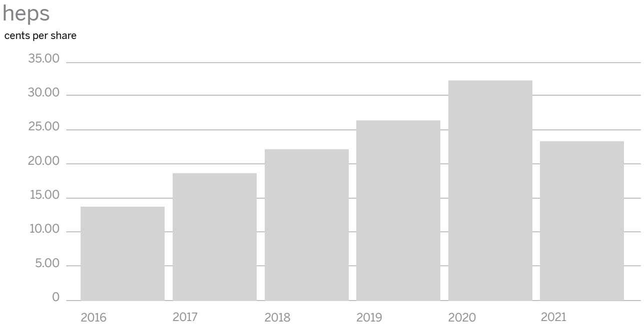
profit after tax



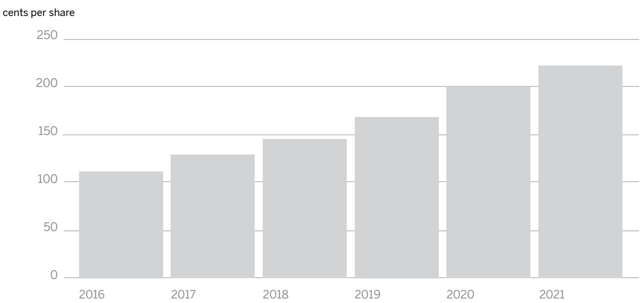
eps



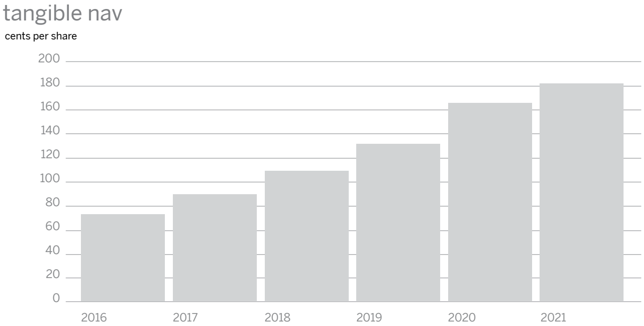
heps



nav



tangible nav



corporate governance report

governance framework

Corporate governance is the cornerstone of Primeserv's reputation as a leading provider of integrated business support services and is also essential to the group's performance and sustainability. Our Board of Directors leads by example: it subscribes to ethical and responsible leadership, principles of good governance, stakeholder inclusivity and business, social and environmental sustainability. The Board recognises its obligation to the community as a corporate citizen, by actively promoting ethical and responsible practices. The group has implemented a Code of Ethics and Corporate Conduct to ensure that it operates within a framework of good business practice. Alongside this is the Primeserv Pledge (page 5) that all Primeserv people adhere to and is proudly displayed in the group's offices.

Primeserv has four ethical values based on good corporate governance, that influence all decision-making by the Board and executive management.

Responsibility: Responsibility for all actions and assets of the group resides with the Board. It ensures that the group, its subsidiaries and business units follow the defined strategic objectives, and if required, has the power to take the necessary corrective action.

Accountability: The Board has to answer to the group's shareholders and other stakeholders by ensuring that it can justify its decisions and actions.

Fairness: The Board does not operate in self-interest; it considers the interests and concerns of all stakeholders.

Transparency: This is a core value in all communications by the Board to shareholders and other stakeholders to ensure that they can evaluate the group's activities in an informed and educated way.

To ensure effective governance, the group adheres to all relevant legislation, including the JSE Listings Requirements as well as the corporate governance guidelines defined in King IV. The group follows a strict review procedure to guarantee that governance structures and processes are updated regularly to reflect best practice and internal changes and developments.

The group's Code of Ethics and Corporate Conduct reinforces the way we strive to do business: being transparent at all times and acting in a responsible and ethical manner and ensuring our continued responsibility to all stakeholders. The Primeserv Pledge underpins the expectations of our employees to conduct themselves professional and with integrity in all interactions internally and externally. Our team are held to account with consistent and uncompromising adherence to the highest standards of ethical behaviour.

The Board maintains assurance that the group is upholding the ethical standards and values of good governance.

composition of the board

The Primeserv Board upholds the group's standards of excellence, bringing expertise and dedicated industry, financial, management and corporate experience. The Board is currently made up of five directors, including two executive directors, one non-executive director and two independent non-executive directors.

The independent non-executive Chairperson and the CEO have very clearly defined differences in their respective roles and responsibilities to ensure that any decisions taken that affect the group are measured, and encourage collaboration and cooperation. To further safeguard against decisions being made in self-interest, no single director has the power to exercise decision-making, ensuring that stakeholder's interests are considered.

The CEO is responsible for the daily operational decisions of the group and its business activities, as well as the over-arching short-term and long-term strategic leadership. The duty of the non-executive directors is to provide unbiased and independent assessment on issues including strategy, budgets and performance, resources, transformation, diversity, employment equity and standards of conduct. They are also required to ensure adherence of the Chairperson in encouraging proper and appropriate deliberation on matters requiring the Board's attention.

Executive directors are bound by employment contracts and restraint agreements.

The Remuneration and Nominations Committee is responsible for reviewing the composition of the Board every year. The committee considers the variety of qualities, skills and experience that Board members should have, including race and gender. It also measures the effectiveness of the Board and its committees and each of the directors, and the individual contributions they make.

The appointment of executive directors is based on their skills and experience, as well as how they contribute to the group's activities, and the impact that they have. Non-executive directors are selected based on their industry knowledge, professional skills and experience, and their ability to improve decision-making and ensure stability within the organisation, in line with the group's transformation strategy. The Board Charter implies that the Social and Ethics Committee may make recommendations on suitably qualified candidates who will enhance the Board whilst at the same time promoting change within the group.

attendance at meetings during the year

	Board		Audit, Governance and Risk Committee		Remuneration and Nominations Committee		Social and Ethics Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
DL Rose	4	4	3	3	2	2	2	2
B Kali	4	4	3	3	2	2	2	2
LM Maisela	4	4	3	3	2	2	2	2
M Abel	4	4	3	3*	2	2*	2	2*
R Sack	4	4	3	3*				

* By invitation

In accordance with the group's Memorandum of Incorporation ("MOI"), at least one-third of non-executive directors retire by rotation at the group's annual general meeting ("AGM"). Retiring directors may make themselves available for re-election if they remain eligible as outlined by the MOI and in compliance with the JSE Listings Requirements. All non-executive directors are subject to election by shareholders.

Accordingly, Board members DL Rose and LM Maisela will retire by rotation at the upcoming AGM and will offer themselves for re-election owing to their eligibility. Their summary CVs are contained in this Integrated Report. The Remuneration and Nominations Committee considers the director's record of compliance with regulatory requirements, attendance at meetings, participation in and contributions to the activities of the Board in determining whether to recommend a director for re-election. The committee also considers the results of the most recent Board self-evaluation survey.

The appointment of non-executive directors is not always formalised through letters of appointment. The Board believes that rigorous review of candidates also provides sufficient evidence to support their appointment. Any changes to the Board are published on the JSE's SENS. All new non-executive directors undergo the group's induction programme, which takes into account their individual experience, skills, requirements and responsibilities to the group.

Directors are remunerated in accordance with the group's Remuneration Policy, which is detailed on pages 33 to 37.

evaluation of the board

The Chairperson, the Board, the committees of the Board and individual directors all undergo yearly evaluations. Appropriate measures are taken to address any weaknesses that may have been highlighted through the evaluation process. Each non-executive director provides input and is expected to demonstrate intellectual integrity in his/her self-assessment.

conflicts of interest

When considering, appointing and evaluating directors, the Board considers all of their interests, including either direct or indirect shareholding in the group and whether they have a contract with the group or an interest in the contract with the group.

The Board assesses the materiality of the directors' interests, but considers amounts constituting less than 5% (five percent) not material. Actual or perceived conflicts of interest are monitored and disclosed at each Board meeting. Share trading by directors and senior officers is governed by a formal policy.

board responsibilities and functioning

The Board operates in accordance with its Board Charter, a copy of which is available on request. It meets regularly and directs and controls the management of the group, is responsible for strategy and fiscal policy, and is involved in all material decisions affecting the group.

The Board defines levels of materiality, reserving specific powers for itself and delegating other matters, together with the necessary authority, to the CEO, any other executive director, the committees of the Board or management. Notwithstanding this, the directors recognise that they are ultimately accountable and responsible for the performance and affairs of the group and that the use of these delegated authorities in no way absolves the Board of the obligation to carry out its duties and responsibilities.

A process of control enables the Board to assess and manage and mitigate risks where possible and directs the attainment of the group's objectives. This process sets the tone for the group and encompasses ethics and values, organisational philosophy and employee competence.

The Board actively participates in the process of strategy assessment and development and is not merely a recipient of strategy and plans proposed by management. The directors appreciate that strategy, risk, performance and sustainability are inseparable. The Board contributes to and approves the group's strategy, satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly considered and assessed by management. The Board seeks to ensure that the strategy will result in sustainable outcomes and considers the possible impact of the group's various operations on society and the environment as a whole, while also ensuring compliance with the Constitution and laws of the country. The Board also ensures that measurable and effective corporate citizenship programmes are developed, and that these programmes are implemented by management.

Together with management, the Board seeks to identify the group's key risk areas and key performance indicators, and updates and reviews them regularly. Full and timely information is supplied to the Board and Committee members, and they have unrestricted access to all the group's management information, records, documents and property.

company secretary and independent advice

The group's Company Secretary, ER Goodman Secretarial Services Proprietary Limited, provides guidance and assistance in line with the requirements outlined in the Companies Act (No. 71 of 2008), the King IV Report and the JSE Listings Requirements. The Board of Directors has direct access to the Company Secretary. Primeserv's FD and/or the group Legal and Risk Officer also attend to certain company secretarial responsibilities.

A review of the Company Secretary is conducted annually. The Board of Directors has reviewed and is satisfied with the Company Secretary's independence, competence, qualifications and experience. As the company secretarial duties are outsourced to an independent firm, in its assessment, the Board has considered the individuals who fulfil the role of Company Secretary, as well as the directors and shareholders of the firm, and confirms that it has maintained an arm's length relationship with the Board. The Company Secretary has more than 20 years of company secretarial experience, having performed these duties both independently as well as within the company secretarial departments of well-known audit firms.

All directors may obtain independent professional advice at the group's expense, where they deem it necessary. This enhances the Board's independence, decision-making capability and the accuracy of its reporting.

board committees

The Board delegates certain functions to appropriately constituted Committees without abdicating any of its responsibilities. Board Committee charters define the purpose, authority and responsibility of the various Board Committees.

The Audit, Governance and Risk Committee is constituted as a statutory committee of the Board in compliance with the Companies Act, King IV and the JSE Listings Requirements. Its composition, responsibilities and activities are covered in the Audit, Governance and Risk Committee section on pages 31 and 32.

The Remuneration and Nominations Committee is constituted as a statutory committee of the Board for the purposes of considering remuneration across the group. It also reviews the composition of the Board and its Committees, executive training and succession planning. Its composition, responsibilities and activities are covered in the Remuneration and Nominations Committee Report on pages 33 to 37.

social and ethics committee

The Social and Ethics Committee is constituted as a statutory committee of the Board in compliance with the Companies Act. Its composition, responsibilities and activities are covered in the Social and Ethics Committee Report on pages 38 to 40.

risk and compliance

risk management policy

Primeserv has a comprehensive risk management policy in place, which is ingrained throughout the group. The Audit, Governance and Risk Committee is responsible for monitoring the implementation and effectiveness of the policy. The Board plays a vital role in risk management and mitigation. The group's risk management strategy is determined by the Board, with input from the executive directors, the group's Legal and Risk Officer and senior management. This strategy identifies, assesses, monitors, manages and, where possible, mitigates all identified forms of risk across the group.

The identification of risks and opportunities is a robust and systematic process that is conducted at all levels in the group. The Board is responsible for determining the group's tolerance or appetite for risk. The Audit, Governance and Risk Committee assists the Board in reviewing both the risks facing the group and the risk management process. The role of the Committee is to ensure that the group has effective ongoing processes that are designed to identify and assess risk and that, whatever measures are considered to be necessary in order to manage this risk proactively, are implemented as and when necessary. Risk management presentations and updates are done by management at each Board meeting.

The Audit, Governance and Risk Committee makes use of a heat risk mapping process aimed at identifying key performance areas and associated areas of risk. It assesses and addresses, inter alia, physical and operational risk, human resources risk, technology risk, business continuity risk, disaster recovery, cyber risk, credit and market risk, governance and compliance risk, diversity and inclusion risk, and transformation and B-BBEE risk. This assists the Board in the process of assessing, managing and mitigating risk.

The group's risk management policy is reviewed annually and, together with an appropriately updated risk management plan, is presented to the Board for review and approval. The approved policy is disseminated and implemented throughout the group and the risk management plan is integrated into the day-to-day activities of the group.

The Board is regularly updated as to the group's risks, and risk management and mitigation recommendations are then made. The Board approves the assessment and management of risk within the levels of tolerance and appetite.

The risk management process incorporates frameworks and methodologies designed to anticipate and mitigate unpredictable risks wherever possible. There are pre-specified risk responses at management and executive level, as well as guidelines for monitoring the response to risk. The group obtains formal opinions on the process of risk management and the effectiveness of the risk management system. Reporting on risk management is timely, comprehensive, accurate and relevant.

risk management framework

A key focus in the ongoing process of building a successful and sustainable business, is risk management and the continuous improvement in the corresponding control structures. The Board recognises that risk management is a dynamic process and that the risk framework should be robust enough to effectively manage and react to changes in an efficient and timeous manner. The group's Board of Directors is responsible for the formalisation of a risk management framework.

Primeserv's risk management framework aims to ensure:

- efficient allocation of capital across various activities to maximise returns and the diversification of income streams;
- risk-taking within levels acceptable to the group and within the constraints of the relevant business units;
- efficient liquidity management and control of funding costs;
- improved risk management and control.
- efficient allocation of capital across various activities to maximise returns and the diversification of income streams;
- risk-taking within levels acceptable to the group and within the constraints of the relevant business units;
- efficient liquidity management and control of funding costs; and
- the continuous improvement in improved risk management and control.

operational risk management

The structure of the group promotes the active participation of executive management in all of the operational and strategic decisions affecting their business units. This creates a strong culture of ownership and accountability. Senior management also takes an active role in the risk management process and is responsible for the implementation, ongoing maintenance of and ultimate compliance with the risk processes and protocols as they apply to each business unit.

The Board is kept abreast of developments through formalised reporting structures, ongoing communication with the CEO and management, regular management meetings at an operating subsidiary level and through representation of executive members of the Board on certain of the forums responsible for the management of risk at an operating subsidiary level. The group remains committed to employing and retaining the highest calibre of staff to ensure a strong financial and operational infrastructure within each of the operating units.

combined assurance framework

The group utilises a combined assurance framework in alignment with the assurance model introduced in King IV. This model aims to optimise all of the various assurance services and functions, both internal and external, so that when taken as a whole, they will support the integrity of the information used for decision-making by all stakeholders, including management, the Board, shareholders and regulatory bodies.

Primeserv makes use of several assurance providers to provide cost-effective and relevant assurance given the group's risk tolerance. The group applies, where practical, the four-lines-of-defence model, which is depicted below:

Line of defence	Assurance provider	Nature of assurance
First	Management oversight	Operational management is accountable and responsible for following the established guidelines, protocols and operating procedures as outlined by the group's Best Operating Practices and Internal Controls so as to ensure that identified risk areas are managed and mitigated where possible by using a combination of both preventative and detective controls.
Second	Internal assurance	Senior management reviews the implementation and appropriateness of existing controls and, where appropriate, refines or develops processes that will enhance existing risk mitigation processes. The people responsible for doing this typically include the executives in charge of the various business segments, the executives within the shared services structure (which includes finance, payroll and HR/IR) and the group's Legal and Risk Officer.
Third	Internal audit	The group has assessed the possibility of implementing an internal audit function, but does not believe that the cost of a full-time resource is currently warranted. The group does, however, engage external consultants from time to time to review, audit and report on identified aspects of the business.
Fourth	Independent external assurance	External assurance derives from external audits performed by various bodies governed by both statute and regulation. This includes the annual audit of the financial statements of the business, as well as those performed by accreditation bodies such as bargaining councils and SETAs. The group is also reviewed where applicable by its bankers and sponsors as well as by its B-BBEE verification agencies.

internal control

The internal control systems exist to provide reasonable assurances regarding key areas of the business. This includes the safeguarding of assets and the prevention of their unauthorised use or disposal, the maintenance of proper accounting records, and the reliability of financial and operational information used in the business.

The system of internal control is designed to manage rather than eliminate the risk of failure so as to achieve business objectives. It can provide reasonable rather than absolute assurance against material misstatement or loss.

The Board is responsible for the group's systems of internal control and risk management and mitigation, where possible. It ensures that there are internally defined lines of accountability and delegation of authority, and makes provision for comprehensive reporting and analysis against approved standards and budgets. There is an ongoing process of identifying, evaluating, managing, monitoring and reporting on significant risks faced by the group.

The Board is assisted by the Audit, Governance and Risk Committee, which evaluates the adequacy and effectiveness of internal control systems and monitors the implementation of recommendations made by the external auditors.

Compliance is tested by way of management reviews, internal review processes and external audit. The Audit, Governance and Risk Committee considers the results of these reviews on a regular basis. It confirms the appropriateness and satisfactory nature of these processes, and ensures that breakdowns involving material loss, if any, together with the remedial actions taken to rectify these, are reported to the Board.

internal audit

Given the group's size and the internal controls within the organisation, the cost-benefit ratio of a permanent internal audit function is not currently regarded as warranted by the Board. However, an internal audit of certain key components of the group's operations is undertaken from time to time, using internal and/or external resources.

external audit

The group aims to achieve efficient audit processes using its internal controls and external auditors. The Board is confident in the ability of the group's auditors to uphold professional ethics and operate to the highest standards of business practice.

insurance

Primeserv takes a risk-averse approach to insurable matters and reviews its insurance portfolio annually. The group's operating assets, including various assets owned by lessors, are insured at replacement value. Credit evaluations are performed on its clients and, where available and cost-effective, the group uses credit insurance. Key-man policies cover key executives wherever possible, and liability cover is taken out for fidelity, directors' liability, loss of profits, political risk, general liability, professional liability, and cyber-related matters.

governance and risk
management (cont)

information technology

Information Technology provides value to the group in a technologically efficient and secure way. Given its dynamic nature, it allows for cost-effective innovation. It also plays a critical role in the identification and response to risks, thus ultimately contributing to the achievement of the group's objectives.

The Board, which oversees and is responsible for the governance of the group's IT, ensures the robustness of the IT framework which has been developed according to best-practice IT governance procedures. The IT framework takes into account our business requirements, control needs and technical issues, while ensuring the integrity of the group's IT.

The scope of the IT governance framework is constantly evolving to take changing conditions into account. It allows for:

- alignment of strategic IT objectives and strategic enterprise objectives and processes;
- prioritisation of IT project initiatives and delivery of IT investment recommendations for Board approval;
- sufficient organisational capability to enable the business to deliver on its strategic and operational objectives;
- continual evaluation of processes and procedures;
- remedial action to deal with poor performance if and when required;
- suitable criteria for decision-making;
- open communication between the IT service provider and the business units to promote collaborative planning;
- evaluation of the benefits of outsourcing certain IT functionalities;
- an annual IT assurance statement on key IT projects and performance metrics; and
- a robust disaster recovery and business continuity management process.

tax

Effective and efficient controls must be in place to ensure that tax, as a major business expense, is properly managed. As part of its governance accountability, the group complies with all tax legislation.

compliance with laws, rules, codes and standards

Primeserv operates within a complex legislative framework. The group monitors amendments to existing laws, new laws and the passing of new Bills to ensure compliance at all times. Business processes are then updated in order to align them to the legislative framework.

restrictions on share dealings

In accordance with Primeserv's policy, no group director or employee who has inside information in respect of the group may deal directly or indirectly in Primeserv group Limited shares based on such information. All transactions by directors and senior management or parties connected to them that involve Primeserv shares or options must be approved by the Chairperson or, in matters involving the Chairperson, by the CEO.

stakeholder relationships

Inclusivity of all stakeholders is of the utmost importance to the group, with all shareholders and stakeholders with a legitimate interest in the group's activities being able to obtain a full, fair and honest account of our pursuits and performance.

The Board accepts its duty to present a balanced and understandable assessment of the group's position when reporting to our stakeholders. This must include material matters of significant interest and concern, and a comprehensive and objective assessment of the group.

Primeserv is proactive regarding its stakeholder engagement policy, which is aimed at aligning the group's stakeholder engagement policies and processes with the principles outlined in King IV.

Details of the group's engagement with key stakeholders is outlined on pages 12 and 13.

integrated reporting and disclosure

The Board acknowledges its responsibility to ensure the integrity of the Integrated Report and its Responsibility Statement authorising the release of the Integrated Report appears on page 1.

annual general meeting

Primeserv recognises the Annual General Meeting ("AGM") as an important institution for the protection of our shareholders. It provides them with the opportunity to vote on the group's issues, where applicable, and to interact with our executives in a formalised manner.

The agenda for the AGM is set by the Company Secretary well in advance of the meeting, and is communicated to all shareholders in the notice of the meeting that accompanies the Integrated Report. This gives all shareholders sufficient time to familiarise themselves with the effects of any proposed resolutions.

During the meeting, the Chairperson ensures that there is adequate time during the meeting for the discussion of any proposed resolutions. The conducting of a vote to decide on any such resolutions is controlled by the Chairperson and takes account of the votes of all shareholders, whether present in person or by proxy. A proxy form is included in the Integrated Report for this purpose.

All attendees at the AGM are required to provide satisfactory identification at the meeting. Acceptable forms of identification include original and valid identity documents, driver's licences and passports.

Unless otherwise communicated to shareholders, the AGM is a physical meeting. However, those shareholders choosing to participate electronically are required to make an application to the transfer secretaries in order to do so. The cost of accessing any means of electronic participation provided by the group will be borne by the shareholder accessing the facility.

In accordance with Regulation 43(5)(c) of the Companies Act, the Chairperson of the Social and Ethics Committee will report to shareholders at the AGM.

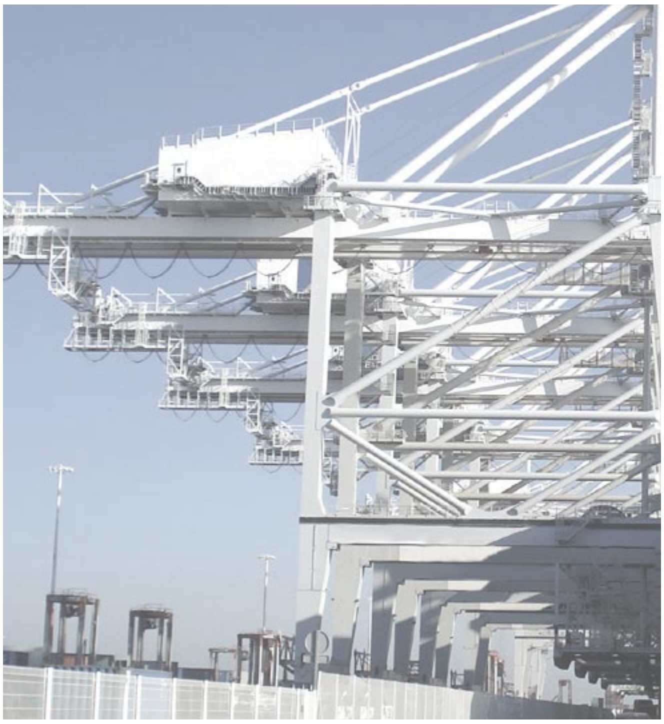
audit, governance and risk committee

The information presented below relates to corporate governance pertaining to the committee and should be read in conjunction with Audit, Governance and Risk Committee ("AGRC") Report on pages 44 and 45 which forms part of the annual financial statements.

The committee is chaired by DL Rose and included B Kali and LM Maisela during the course of the 2021 financial year all of whom together have the skills, expertise and experience as required in terms of King IV. Executive directors M Abel (CEO) and R Sack (FD) attend by invitation. The designated audit partner also attends meetings of the AGRC by invitation.

The Committee meets at least three times a year and convenes additional meetings if required. Attendance at Committee meetings is set out on page 25.

The AGRC's terms of reference are set out in the Audit, Governance and Risk Committee Charter, which complies with all applicable legislation and is available on request. The charter includes the specific requirements relating to auditors and audit committees as set out in the Companies Act and King IV. The Board approves any amendments to the Charter, which are made in compliance with legislative amendments and other governing codes and principles.



The responsibilities of the Committee include:

- developing and maintaining effective systems of internal control;
- assessing the need for and monitoring the function of internal audit and/or reviews;
- safeguarding the group's assets;
- maintaining adequate financial reporting systems;
- evaluating and defining the levels of risk that are appropriate and acceptable to the group;
- ensuring the reliability and accuracy of financial information provided to shareholders and other users of financial information;
- appointing external and, where deemed necessary, internal auditors;
- assessing the relevance, impact and resolution of accounting and/or auditing issues as may be identified by the external auditors;
- ensuring compliance with legal and regulatory provisions, including stock exchange requirements;
- formulating and updating the group's MOI;
- formulating and updating the Code of Ethics and Corporate Conduct;
- formulating and updating the by-laws and rules established by the Board; and
- reviewing both the risks facing the group and the risk management and mitigation process.

management process

The Committee is satisfied that the appropriate risk management processes are in place. The effectiveness of the Committee is assessed annually and, based on the most recent assessment, it duly fulfilled its responsibilities during the reporting period in accordance with its terms of reference. The AGRC has developed an annual work plan that sets out the timing of events and the tasks to be performed by the committee.

going-concern assessment

The Committee has reviewed management's assessment of the solvency and liquidity of the group as well as its operational budgets, management accounts and cash flow forecast and regards the group to be a going concern. It is expected to continue to be profitable in the current financial year and to have adequate cash and other resources to fund its combined operations without the need to dispose of any assets or undertake any capital restructuring.

solvency and liquidity assessment

The AGRC performs a solvency and liquidity assessment before dividend recommendations are recommended to the Board, as well as performing an assessment in relation to share buy-backs as might be approved by shareholders at the AGM.

risk management

The AGRC holds a dedicated risk meeting at least once each year using a heat risk map prepared by executive management to consider those risk areas particularly relevant to the group. The key risk areas that have been identified include:

- macro environment
- governance
- transformation and B-BBEE
- statutory compliance
- human resources
- credit and market
- controls
- information technology
- disaster recovery
- working capital management
- financial management
- operational sustainability

covid-19

Management is continually assessing and monitoring developments with regards to the Covid-19 pandemic and at the time of finalising the annual report for the year ended 31 March 2021 are confident that the group's responses to date are adequate and that the situation is being continuously monitored to assess the effect on the financial position of the group. Should current circumstances change to the extent that they would negatively impact the group's operating environment, the group will implement its proactive operational sustainability plan accordingly. The Committee has satisfied itself as to the adequacy of the processes and protocols implemented across the group.

David L Rose
Audit, Governance and Risk Committee Chairperson

30 July 2021

remuneration and nominations committee report

background statement

The Remuneration and Nominations Committee, during the 2021 financial year, comprised of LM Maisela as Chairperson and B Kali and DL Rose. The CEO, M Abel, attends meetings by invitation to assist the Committee with information related to some of its deliberations, but is excluded from any deliberations relating to his own remuneration. None of the directors is directly involved in decisions relating to their own remuneration.

The Committee is governed by a formal charter, which is reviewed by the Board. The Charter has been updated in order to comply with the principles of King IV.

Details of meeting attendance are given on page 25.

responsibilities

The Committee's responsibilities include:

- ensuring that the group's remuneration structures effectively and adequately attract and retain talented and relevantly experienced individuals who can contribute to the group's performance, growth and sustainability;
- recommending compensation policies and remuneration packages that support the group's strategic and tactical objectives, and which remunerate and reward employees for their contribution to strategic, operational and financial performance; and
- ensuring that nominees to the Board are not disqualified from being directors and, prior to their appointment, investigating their backgrounds in accordance with JSE recommendations.

key objectives

Key objectives for the current period are to:

- offer remuneration levels that will attract the best and most relevant talent available to the business;
- develop, motivate and retain a skilled, industry relevant and knowledgeable staff complement; and
- continue, wherever possible, to implement the policy of filling vacant positions with qualifying black, preferably female, candidates.

remuneration policy

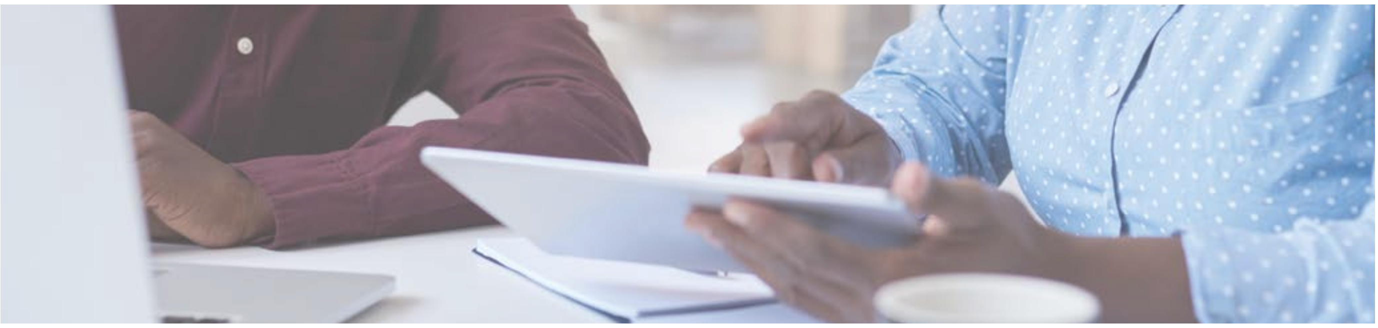
remuneration philosophy

Primeserv is committed to offering fair and market-related remuneration, taking into account scarce skills, critical and strategically important positions and the need to reward consistent and excellent performance. Remuneration philosophy therefore focuses on maintaining, rewarding and developing the value of all employees. The group considers remuneration a key element in empowering each employee to make a positive contribution to the performance, growth and sustainability of the business.

The Remuneration and Nominations Committee considers the remuneration principles applicable to employees holding permanent positions and does not consider remuneration in regard to temporary and probationary employees.

Primeserv's remuneration strategies and objectives are formulated to take account of desired outcomes at individual, segmental and group level. An appropriate balance is maintained between employee and shareholder interests. The Board remains ultimately responsible for the group's remuneration policy.

The group's remuneration policy includes principles designed to ensure compliance with the recommended practices set out in King IV. It provides the group with a basis for ensuring that it remunerates its employees fairly, responsibly and transparently in order to ensure the realisation of the group's strategy and the best levels of performance over the short, medium and long-term.



remuneration elements and principles

Primeserv subscribes to the principles of employment equity and is committed to addressing disparities between the upper and lower levels of remuneration over time. As a consequence, salaries payable to employees in the lowest income band are adjusted at rates greater than those applied to executives and management.

The group remunerates its employees on the following basis:

- salaries are calculated as a total cost to company;
- salaries are reviewed annually in March and increases are implemented with effect from 1 April, subject to qualifying criteria;
- salaries are where possible benchmarked against market and industry standards;
- remuneration for executive directors and prescribed officers is considered in relation to peer group remuneration, relevant remuneration surveys and scarcity of industry specific skills and the crucial element of key strategic and operational roles in the business;
- a number of employee benefits are available to employees as part of their total cost to company, depending on their role and position and length of service;
- remuneration includes contributions to the group pension fund and a medical scheme; and
- packages include amongst others, such contractually negotiated benefits as a travel allowance and a telephone allowance.

remuneration of non-executive directors

terms of service

Non-executive directors are appointed by shareholders at the AGM. Group policy does, however, make allowance for interim Board appointments to be made between AGMs, as and if necessary. Interim appointees serve until the next AGM, when they may make themselves available for election by shareholders.

In accordance with the group's MOI, non-executive directors are required to retire periodically by rotation, at which point they may seek re-election. Within this context, the length of service of non-executive directors who have served for more than 10 years has been reviewed. Given the need for continuity in an industry subject to constant change, the size of the group and its ability to attract and retain essential skills, the Board has determined that the continued involvement of long-serving directors is vital and of benefit to the group.

remuneration

Non-executive directors are remunerated for their contribution to the Board and Board Committees. Compensation for loss of office is not a contractual agreement. The annual remuneration payable to non- executive directors consists of a retainer-based fee for membership or chairpersonship of the Board and its Committees as well as a fee for attendance at meetings. At each AGM special resolutions regarding remuneration of non-executive directors are tabled for approval by shareholders. There are no short- or long-term incentive schemes for non-executive directors. There are no pension, medical or other benefits for non-executive directors.

Reviews of non-executive directors' remuneration are made on an annual basis and recommendations are then made to the Board, which, in turn, proposes fees for approval by shareholders at the AGM.

remuneration of executive directors

terms of service

The group complies with relevant legislation in determining minimum terms and conditions for the appointment of executive directors. Unless stated otherwise in the contract of employment, a notice period of one month applies.

In terms of their contracts of employment, a six-month notice period applies to the CEO, a three-month notice period applies to the other executive director, and a period of between one and three months applies to prescribed officers. Based upon seniority and length of service, certain benefits continue after retirement or termination, but there are no other benefits contractually payable to executives arising out of the standard termination of their contracts.

external appointments

Executive directors are not permitted to hold external paying directorships or offices without the approval of the Board. If such approval is granted, directors may retain the fees payable from such appointments. The executive directors do not hold any external professional appointments.

remuneration

Remuneration of executive directors is determined through a process of needs evaluation and benchmarking, using current market information relating to remuneration and reward practices. Market conditions impact on the ability to attract and retain experienced executives with relevant industry experience, and the key nature of executive positions and industry relevant skills are considered when determining remuneration.

Fixed remuneration may be complemented by short-term performance bonuses, which may reach up to 70 percent of executives' basic packages. The group's longer-term incentives for key executives include cash rewards, share options, share purchase schemes and share awards.

The group adopts the principle of total cost to company in determining executive directors' remuneration packages. This includes basic remuneration and retirement, medical and other benefits. In addition, executive directors benefit from long-term incentives linked to performance and retention measures.

Remuneration packages comprise the following:

- a basic cost-to-company salary, which is determined by market value and the executive's role;
- short-term cash-based incentives, which are determined by the fulfilment of short-term strategic, operational and performance targets; and
- long-term cash and share-based incentives, which are determined by the successful development and implementation of medium and long-term business strategies, the implementation of key business imperatives, growth in shareholder value, and behaviour consistent with this goal.

The extent of managerial responsibility, together with actual workplace location, plays a role in determining the basic remuneration of executive directors.

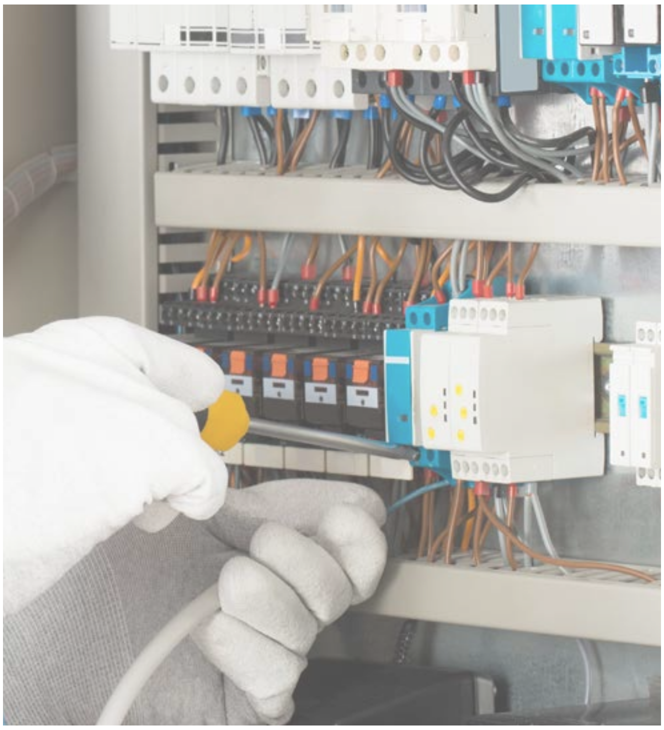
short-term incentives

Discretionary performance bonus schemes are applicable to executive directors as well as to prescribed officers. Job level, business unit and individual performance determine individual awards. The aim of the bonus scheme is to reward performance in line with organisational objectives and achievements. Incentives are assessed and paid after the end of the relevant financial year once there is certainty regarding the achievement of the relevant financial and other performance measures.

long-term incentives

Retention of skills is a primary long-term objective for the group and this is becoming increasingly important given prevailing economic conditions. Retention plans may include cash payments and/or asset-based awards as well as share-based incentive schemes.

Long-term awards are designed to align the performance of the individual and the group as well as to retain high-calibre and key personnel. Share incentive awards and other financial awards as may be considered appropriate from time to time are recommended to the Board by the Remuneration and Nominations Committee only when business and individual performance targets and/or other key objectives have been attained.



implementation report

remuneration of non-executive directors

Non-executive directors receive a base fee plus an attendance fee per meeting. Fees proposed for the 2022 financial year are outlined in the table below and represent a 6 percent increase on those approved for the 2021 year.

Role	Base fees R	Attendance fee per meeting R	Attendance fees at all scheduled meetings R
Chairperson	102 078	23 818	95 272
Non-executive directors	30 623	23 818	95 272
Chairperson of Audit, Governance and Risk Committee	124 762		
Chairperson of Remuneration and Nominations Committee	17 013		
Chairperson of Social and Ethics Committee	17 013		
Committee members – Audit, Governance and Risk Committee		11 342	34 026
Committee members – Remunerations and Nominations Committee		5 671	11 342
Committee members – Social and Ethics Committee		5 671	11 342

The fees in the table are for individual roles.

The aggregate fees any single director will earn for the 2022 financial year will be based on the combined fees for all roles performed and meetings attended.

The table below shows what the non-executive directors may be expected to earn for the 2022 financial year based on attendance at all scheduled meetings.

Non-executive director	Total fees year-end March 2022 (expected based on full attendance)	Total fees year-end March 2021 (based on actual attendance)
DL Rose	333 454	279 102
B Kali	172 938	151 730
LM Maisela	172 938	151 730
Total fees	679 330	582 562

remuneration of executive directors

Details of executive directors' remuneration are listed on page 72 of the Integrated Report.

Details of remuneration paid to Prescribed Officers is set out on page 73 of the Integrated Report.

In relation to the 2021 financial year, short-term incentives paid to executive directors are set out on page 72 of the Integrated Report.

No long-term incentive share awards were made to executive directors in the year ended March 2021. The Committee has, however, sanctioned the grant of share options and cash awards as a retention tool in regard to executive directors and certain senior management, details of which will be released on SENS, if so required, at the appropriate time.

implementation of remuneration policy

In terms of King IV, the group's remuneration policy and a report on its implementation must be tabled every year for separate non-binding votes by shareholders at the AGM. Should 25% (twenty-five percent) or more of the votes cast be against one or both of these resolutions, the company undertakes to engage with shareholders as to the reasons for this. It also undertakes to consider and make recommendations based upon the feedback received.

conclusion

The Committee, through its individual members, is satisfied that it has diligently fulfilled its mandate as required in terms of its Charter for the year ending 31 March 2021.

LM Maisela
Remuneration and Nominations Committee Chairperson

30 July 2021

social and ethics committee report

This Social and Ethics Committee performs its duties in line with the Companies Act and in terms of any additional duties that may be assigned to it by the Board. Although management is tasked with the day-to-day operational sustainability of their respective areas of business, the Board remains ultimately responsible for group sustainability and has delegated certain duties in this regard to the Committee.

The Committee was chaired by B Kali, for the year under review, and comprised LM Maisela and M Abel during that period. Details of meeting attendance are given on page 25.

The Committee is governed by a formal charter, which is reviewed by the Board.

responsibilities

The statutory duties and responsibilities of the Committee, as outlined in the Companies Act, are the monitoring of the group's activities in relation to relevant legislation, other legal requirements and the prevailing codes of best practice.

The Committee assists the Board in ensuring that there are appropriate strategies and policies in place to further transformation, diversity and inclusion across all facets of the group. The Committee seeks to address all issues pertaining to the transformation of the group into an organisation that is relevant within the context of a democratic South Africa. It plays a role in seeking to ensure that demographic composition of the group is fully representative of the country's diversity.

Its role is not to redress the imbalances that exist in society as a whole, but to ensure that Primeserv is a leader in the implementation of HR and IR practices that recognise the equality of all individuals. Primeserv seeks to implement, through careful and considered processes, a range of measures – including affirmative action in support of the group's employment equity and workplace skills plans – that do not detract from the organisation's long-term goal of delivering sustainable returns to shareholders and stakeholders alike.

During the reporting period the Committee accordingly reviewed the following:

- social indicators;
- demographic representation and diversity and inclusion;
- employment equity;
- skills development and employee career advancement; and
- youth employment and the creation of workplace opportunities.

Primeserv promotes equal opportunities and fair treatment in employment and does not tolerate discrimination against any employee. Primeserv employees may exercise their rights in terms of the Basic Conditions of Employment Act (No. 75 of 1997) without fear of discrimination. All new employees are required to attend a formal induction programme where they are made aware of the various group policies and procedures, as well as rights, duties and obligations. The group's disciplinary practices are conducted in accordance with its Disciplinary Code and Procedures, which are in line with King IV. A formal grievance procedure is also in place to address employee grievances.

The group, including the holding company and its subsidiaries, has submitted its Employment Equity and Workplace Skills Development Plans to the relevant authorities, and continues to strive to exceed the required targets. The Board subscribes to the principles of employment equity and recognises the value of demographic and cultural diversity.

The group is committed to providing equal opportunities for its employees, regardless of their ethnic origin or gender. It actively develops its employees to empower them to fulfil more responsible positions within the group, while also placing a concerted focus on increasing representation of historically disadvantaged individuals ("HDIs") and women throughout the organisation, thereby reinforcing its diversity and meeting demographic representational requirements.

The Board monitors the group's compliance with the Skills Development Act (No. 97 of 1998) and ensures that the required plans and reports have been submitted to the relevant authorities. Primeserv is committed to the growth of its own people and recognises the need to continually improve the productivity and performance of its operating units through training and development programmes.

Consideration has been given to the group's policies, procedures, practices as well as to the working environment to identify equity barriers and any other negative influences that might influence the positive outcome of the Primeserv Employment Equity Plan. A designated officer manages and monitors the implementation of the plan, and a budget is allocated to support developmental goals. When recruiting, Primeserv ensures that, wherever possible, vacancies are filled from within the group.

Primeserv is committed to the development of all employees and provides equal opportunities in the workplace.

The group provides skills development opportunities to enable employees to build on their existing strengths and personal potential. It also aligns employment equity targets with skills development programmes and objectives. Employees from designated groups have personal development plans in place to ensure that training, development and study opportunities are made available in order to further promote equity within the staff complement.

In addition, Primeserv offers a mentoring and coaching programme comprising a developmentally oriented relationship between a senior and junior colleague. Mentoring and coaching is an essential aspect of the process of evaluation for promotion. It is designed to assist with goal-setting and planning, as well as to identify certain employees for fast-tracking.

preferential procurement

Primeserv has a rigorous B-BBEE procurement programme in place, which is aimed at increasing the amount of money spent on procurement from highly-rated B-BBEE-compliant enterprises, particularly those that are black-women owned.

corporate social investment

Primeserv's CSI initiatives are close to our hearts. The professional planning and implementation of these initiatives is both a core objective and a privilege.

Primeserv's corporate social responsibility and investment strategy is focused on promoting the sustainable upliftment of disadvantaged communities with primary emphasis on youth development and upliftment, which the group sees as key to future socio-economic success.

Primeserv continues to create employment and upskilling opportunities for our youth and poorly skilled employees nationally. Our operational activities are aligned to support youth employment, learnerships and skills development grants.

The group is a long-standing partner and benefactor of the Siyakhula Trust, which works with rural youth to develop leadership skills and capability. The group makes available financial, professional and skills transfer assistance. We also provide ongoing support to disadvantaged children in informal settlements.

Ongoing initiatives, managed by internal volunteers, aim to support animal welfare organisations in our communities.

The group continues to provide financial support to Hatzolah who provide world-class, free, emergency medical care to those in need.

The group prioritises the communities in which we operate, thus increasing employment opportunities while uplifting the very communities in which our employees and their families live.

conscious companies partnership

Primeserv is immensely proud of its expanding partnership with Conscious Companies which plays an important role in developing and advancing conscious and ethical leadership in South Africa and beyond.

The group continues to provide sponsorship of the Conscious Leadership Summit as well as the Conscious Companies Awards, both instrumental in raising awareness of the importance of conscious and responsible leadership among key stakeholders in the south African economy.

The Conscious Leadership Academy trains our youth and works to build conscious leadership capacity. We are humbled to partner with such an inspirational organisation and look forward to the ongoing growth of this key partnership and to expanding Primeserv's role within Conscious Companies in the years ahead.

ethical indicators

As a responsible corporate citizen and employer, Primeserv meets the requirements of the various Acts, rules and regulations governing labour, including the Constitution of the Republic of South Africa, the Labour Relations Act (No. 66 of 1995), the Employment Equity Act (No. 55 of 1998), the Skills Development Act and the Basic Conditions of Employment Act (No. 75 of 1997).

The group is implacably opposed to bribery and corruption and has implemented anti-corruption practices. Employees are discouraged from accepting any gifts or favours from suppliers that obligate them in any way to reciprocate. The group has also implemented a system that encourages employees to report all incidences or suspicions of fraud, theft, corruption and similar unethical behaviour through a confidential and secure line of communication to either the CEO or to the Chairperson.

The group supports and encourages free external and internal competition in all business units and subsidiary companies. Marketing and advertising is conducted through a variety of mediums by the business entities within the group, targeting the markets and clients which are appropriate to each business unit. The group has no record of charges having been laid by the public or competitors regarding misleading or unfair practices or advertisements.

governance and risk
management (cont)

safety, health and environment indicators

Primeserv is fundamentally committed to preventing workplace accidents and fatalities in terms of the Occupational Health and Safety Act (No. 85 of 1993). The Board recognises its responsibility for dealing with safety, health and environment ("SHE") issues and, where applicable, constantly reviews and implements systems of internal control and other policies and procedures to manage SHE risks.

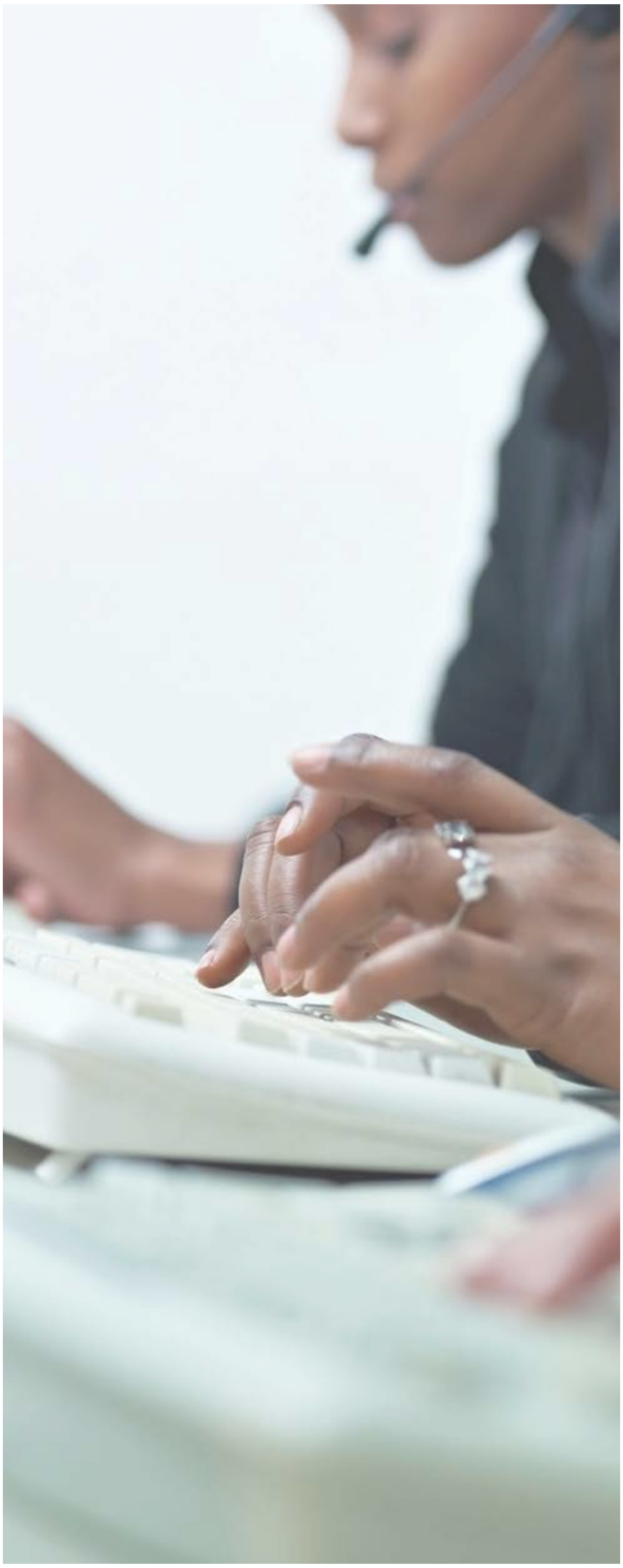
The group sets high quality standards through an internal review process. Most of the business contracts it enters into are linked to agreed quality levels and service level agreements. Primeserv also adheres to the training standards set down by the relevant accreditation authorities, where applicable, and training programmes are registered and accredited.

environmental indicators

The group acknowledges its legal, moral, ethical and social duties to take reasonable measures, where applicable, to prevent significant pollution or degradation of the environment from occurring, continuing or recurring.

B Kali
Social and Ethics Committee Chairperson

30 July 2021



annual financial statements 2021

contents

directors' approval and responsibility

statement

The directors are responsible for the preparation, integrity and fair presentation of the group annual financial statements and other financial information included in this report. The accompanying annual financial statements have been prepared in conformity with International Financial Reporting Standards, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act No. 71 of 2008 and the JSE Limited Listings Requirements. Applicable accounting assumptions have been used while prudent judgements and estimates have been made.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Risks are identified and appraised both formally, through the annual process of preparing business plans and budgets, and informally through close monitoring of operations. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group will not be a going concern in the future based on forecasts and available cash resources.

The annual financial statements support the viability of the group and have been prepared by Mr R Sack, FD.

The annual financial statements have been audited by the independent auditing firm, Mazars, which was given unrestricted access to all financial records and related data. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate.

The annual financial statements were approved by the Board of Directors on 30 July 2021, and signed on its behalf by:

DL Rose	M Abel	R Sack
Chairperson	*CEO*	*FD*

30 July 2021

level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act No. 71 of 2008.

Mazars.

AUDITORS
Mazars
Registered Auditors

PREPARER
Raphael Sack
FD

PUBLISHED

30 July 2021

ceo and fd responsibility
statement

The directors, whose names are stated below, hereby confirm that after due, careful and proper consideration:

a. the annual financial statements set out on pages 51 to 87, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

b. no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

c. internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the issuer; and

d the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code.

Where we are not satisfied, we have disclosed to the audit, governance and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

M Abel
CEO

R Sack
FD

30 July 2021

statement of compliance
by the company secretary

For the year ended 31 March 2021 the company has, to the best of my knowledge, lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act No. 71 of 2008, as amended, and that all such returns are true, correct and up to date.

ER Goodman Secretarial Services Proprietary Limited
(represented by M Janse van Rensburg)
Company Secretary

30 July 2021

audit, governance and risk committee report

for the year ended 31 March 2021

The Audit, Governance and Risk Committee has clearly defined terms of reference outlined in the Audit, Governance and Risk Committee Charter which was approved by the Board of Directors. The charter is available for inspection at the registered office of the company.

MEMBERSHIP

The Committee was elected by shareholders on 27 November 2020 to hold office until the conclusion of the AGM to be held on 26 November 2021. The Committee is chaired by an independent non-executive director, DL Rose, with its other members being B Kali (non-executive director) and LM Maisela (independent non-executive director).

The term of the Committee is for a period from one AGM to the next and its composition is reviewed and approved annually by the Board and recommended by it to shareholders. The Chairperson is appointed by the Board immediately following election of the members by shareholders.

Shareholder approval of the appointment of the members of the Committee will be sought at the AGM to be held on 26 November 2021. The members proposed for the Committee are DL Rose, B Kali and LM Maisela, all of whom are non-executive directors with the required skills and expertise, as outlined in the King IV Report on Corporate Governance. Group executive directors and external auditors attend the meetings by invitation.

EXTERNAL AUDIT

The appointment of Mazars as auditors of the group will be recommended by the Committee to the shareholders for approval at the AGM on 26 November 2021. The Committee has satisfied itself through enquiry of the independence of the firm. Sanjay Ranchhoojee, a registered independent auditor, was nominated as the designated audit partner. The Committee confirms that the firm is accredited by the JSE.

The required assurance was sought and provided by the auditor that the partners and staff responsible for the audit comply with all legal and professional requirements in relation to independence. The Committee is satisfied that the external auditor complies with the JSE Listings Requirements and is independent of the group.

The Committee, in consultation with the CEO, agreed to the engagement letter, terms, nature and scope of the audit function and audit plan for the 2021 financial year. The budgeted fee is considered appropriate for the work that could reasonably have been foreseen at that time.

Non-audit services rendered by the auditor are governed by a formal procedure and each engagement letter for such services, where material, is reviewed and approved by the Committee. No such services have been rendered during the year ended 31 March 2021.

The external auditors have unrestricted access to the Chairperson of the Committee and no matters of concern were raised during the year under review.

The Committee meets at least once a year with the auditors without the presence of any executive directors or management. This is the fifth year that Mazars has conducted the audit. The audit partner in charge of the audit is rotated off the audit after five years. The current audit partner has just concluded his fifth year and has therefore been rotated off.

RISK MANAGEMENT

While the Board as a whole is responsible for the group's risk management, it has delegated authority to the Committee which reports to the Board. The Committee utilises a heat risk mapping process aimed at identifying key risk areas and key performance indicators.

It assesses and addresses, *inter alia*, physical and operational risk, HR risk, technology risk, business continuity and disaster recovery, credit and market risk and governance and compliance risk. This assists the Board in its assessment and management of risk.

FINANCIAL RISK MANAGEMENT

Having regard to the fact that risk is an inherent part of the group's activities, risk management and the ongoing improvement in corresponding control structures remain key focuses for management in building a successful and sustainable business.

The Board recognises that risk management is a dynamic process and that the risk framework should be robust enough to effectively manage and react to change in an efficient and timeous manner.

Formalisation of a risk management framework is the responsibility of the group's Board of Directors. The framework ensures:

- efficient allocation of capital across various activities in order to maximise returns and diversification of income streams;
- risk taking within levels acceptable to the group as a whole and within the constraints of the relevant business units;
- efficient liquidity management and control of funding costs; and
- improved risk management and control.

OPERATIONAL RISK MANAGEMENT

The structure of the group promotes the active participation of executive management in all of the operational and strategic decisions affecting their business units. This creates a strong culture of ownership and accountability.

Senior management takes an active role in the risk management process and is responsible for the implementation, ongoing maintenance of and ultimate compliance with the risk process as it applies to each business unit.

The Board is kept apprised of developments through formalised reporting structures, ongoing communication with management, regular management meetings at an operating subsidiary level and through representation of executive members of the Board on certain of the forums responsible for the management of risk at an operating subsidiary level.

The group remains committed to employing the highest calibre of staff to ensure a strong financial and operational infrastructure within each of the business units.

The Board, through the Committee, has identified a number of matters which it believes requires monitoring and detailing to shareholders. These are summarised in the Integrated Report.

ANNUAL FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

The Committee has reviewed the accounting policies and the annual financial statements of the group and is satisfied that they are appropriate and comply in all material respects with International Financial Reporting Standards, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and the requirements of the Companies Act No. 71 of 2008. Issues involving significant judgement are set out in the summary of accounting policies.

A process has been established to receive and deal appropriately with any concerns and complaints relating to the reporting practices of the group. No matters of significance have been raised in the past financial period.

The Committee fulfilled its mandate and recommended the Integrated Report for the year ended 31 March 2021 for approval to the Board. The Board approved the annual financial statements on 30 July 2021 and the annual financial statements will be open for discussion at the AGM.

JSE PROACTIVE MONITORING

The Committee has considered the JSE's latest report on their monitoring of annual financial statements and has taken appropriate measures, where necessary, to respond to the findings when preparing the annual financial statements.

GROUP FINANCIAL DIRECTOR AND FINANCIAL FUNCTION

The Committee confirms that it is of the view that the group's FD, R Sack CA(SA), has the necessary expertise and experience to carry out his duties. The Committee is also satisfied as to the skills and adequacy of resources of the finance function.

APPROVAL

This Audit, Governance and Risk Committee Report has been approved by the Board of Directors of Primeserv.

Signed on behalf of the Audit, Governance and Risk Committee.

DL Rose

DL Rose

Audit, Governance and Risk Committee Chairperson

30 July 2021

director's report
for the year ended 31 March 2021

NATURE OF BUSINESS
Primeserv Group Limited is an investment holding company whose trading activities are conducted through its subsidiary companies, providing a comprehensive range of Integrated Business Support Services. These include a broad range of human capital management and consulting services and solutions, productivity and functional outsourcing services, permanent and temporary employment staffing services, training and skills development products and services, as well as related fulfilment services. The group reports its results in two distinct segments, namely Integrated Business Support Services and Shared Services.

FINANCIAL RESULTS
The financial results of the group are set out on pages 51 to 87 of this report and in our opinion require no further comment. A review of the group's results and performance of the business units is contained in the CEO's Report on pages 20 to 22.

SHARE CAPITAL
Details of the authorised or issued share capital of the company are set out in Note 23 – Ordinary Share Capital.

EMPLOYEE SHARE INCENTIVE SCHEME
The total number of shares, which may be purchased and/or in terms of which options may be granted, is equivalent to 20% (twenty percent) of the issued share capital of the company.

	2021	2020
Shares held by share trust*	26 189 326	26 189 326

** No options granted to employees during the year under review*

The unallocated shares, together with the purchased shares, are intended to be allocated or cancelled in the 2022 financial year. The impact of IFRS 2 – Share-Based Payments, and section 8C of the Income Tax Act No. 58 of 1962 has been evaluated in order to determine the optimum use of the shares held as an incentive mechanism. The directors use the scheme to retain key personnel and for the purpose of providing opportunities to employees to participate in the group's growth and success.

DIVIDENDS
A gross final dividend of 2.50 cents per share was declared on 22 June 2021. The aggregate dividend in relation to the financial year ended 31 March 2021 is 4.00 cents per share (2020: 3.00 cents per share). The dividends may be subject to dividends withholding tax, where applicable.

DIRECTORATE
M Abel, B Kali, LM Maisela, DL Rose and R Sack were directors of Primeserv Group Limited throughout the financial year under review and at the date of this report. In terms of the MOI of the company, LM Maisela and DL Rose retire as directors at the forthcoming AGM, and, being eligible, offer themselves for re-election.

COMPANY SECRETARY
ER Goodman Secretarial Services Proprietary Limited (represented by M Janse van Rensburg) is the Company Secretary.

SUBSIDIARY COMPANIES
Details of the company's interest in its subsidiaries are set out on page 68.

DIRECTORS' INTERESTS
As at 31 March 2021, the aggregate direct and indirect beneficial interests

Shares held by	2021 Beneficial	2020 Beneficial
Executive Directors		
M Abel	21 575 003	21 575 003
R Sack	524 000	524 000
Non-Executive Directors		
LM Maisela	55 000	55 000
DL Rose*	70 000	70 000
Total – Directors	22 224 003	22 224 003

** This shareholding is held in a trust.*

There has been no material change in the directors' interest in the issued share capital between 31 March 2021 and the date of this report.

For the purposes of assessing independence the Board assesses the materiality of directors' interests but considers amounts constituting less than 5% (five percent) as not material.

GOING CONCERN ASSESSMENT
The Board regards the group to be a going concern as the group is expected to continue to be profitable in the forthcoming financial year and to have adequate cash and other resources to fund their combined operations, without the need to dispose of any assets or undertake any capital restructuring.

COVID-19

Management are continually assessing and monitoring developments with regards to the Covid-19 pandemic and at the time of finalising the report are confident that the responses are adequate and that the crisis is being continuously monitored to assess the effect on the financial position of the group.

SUBSEQUENT EVENTS

There are no other known matters or circumstances arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company or the group.

DISCLOSURES

The Board has considered the disclosure of accounting policies and only details those policies in the annual financial statements that are significant to the group.

To the Shareholders of Primeserv Group Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Primeserv Group Limited and its subsidiaries ("the group") set out on pages 51 to 87, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Primeserv Group Limited and its subsidiaries as at 31 March 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

MATTER	AUDIT RESPONSE
Valuation of goodwill (Note 19) Goodwill comprises 10% of total assets of the group. As required by the applicable accounting standards, senior management conduct annual impairment tests to assess the recoverability of the carrying value of goodwill. In order to establish whether an impairment exists, the value-in-use is determined for the cash-generating units ("CGU") and compared to the net book value. As disclosed in Note 19, this determination of an impairment is highly subjective as significant judgement is required in determining the value-in-use as appropriate. The value-in-use is based on the discounted cash flow models for each CGU and requires the estimation and the determination model assumptions which includes: • Future revenue; • Operating margins; • Interest rates; and • Discount rates applied to projected future cash flows. The impairment test of goodwill is considered to be a key audit matter due to the extent of judgement and estimation involved.	We performed substantive tests of detail on the lowest level of cash generating units to which the goodwill have been allocated. We performed the following substantive procedures: • performing an independent valuation of the goodwill and compared it to the valuation performed by management to assess the reasonability; • testing the key assumptions used in determining the valuation of the recoverable amount by comparing the revenue to approved budgets and actual results and assessing the reasonability of the discount rates used; • evaluating and challenging the inputs used by management in determining the discount rate with the assistance of our auditor's expert; • assessing the competence, capability, independence, objectivity and integrity of our auditor's appointed expert; and • reviewing the adequacy of disclosures with regard to the goodwill held in the consolidated financial statements.

MATTER	AUDIT RESPONSE
Impact of the Covid-19 outbreak on consolidated financial statements (note 36) The South African economy has been deeply impacted by the Covid-19 pandemic and the resulting nation-wide lockdown which has been in effect since 27 March 2020. After the initial lockdown the government implemented a risk-based lockdown level approach which saw the easing of certain limitations. However, the lack of a clear timeline on lifting of the various lockdown levels causes further socio-economic uncertainty. Whilst the situation is still evolving, based on the information available at this point in time, the directors have assessed the impact of Covid-19 on the business and have concluded that adopting the going concern basis of preparation is appropriate. Due to the impact of Covid-19 and the uncertainty surrounding the final impact of Covid-19 on the group, it was judged to be a key audit matter .	We have performed the following audit work to evaluate the impact of Covid-19 on the group's business operations and the ability to continue as a going concern in the foreseeable future. We obtained an assessment performed by management and reviewed the assessment, which included, *inter alia* the following: • recalculating and analysing the solvency and liquidity of Primeserv and its subsidiaries; • examining the cash flow forecasts and evaluating whether management's conclusion regarding going concern is appropriate; • evaluating the key assumptions in the assessment prepared by management and assessing the reasonableness of assumptions used given the information existing at the date of the audit procedures; • recalculating and testing commitments and contingencies for accuracy; • obtaining going concern representations for Primeserv and its subsidiaries from those charged with governance to support the going concern assumption; and • evaluating the adequacy and appropriateness of the disclosure of Covid-19 implications on Primeserv and its subsidiaries.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled Primeserv Group Limited Integrated Report 2021, which includes the General Information, Board Members Profiles, Report of the Audit, Governance and Risk Committee, Statement of Responsibility by the Board, the Board Report, Management Committee Profile, Notice of the Annual General Meeting and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Primeserv Group Limited for five years.

Mazars.

Mazars
Partner: Munesh Patel
Registered Auditor

Melrose Estate

30 July 2021

statements of profit and loss and other comprehensive income

for the year ended 31 March 2021

		Group		Company	
	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Revenue	1	737 259	807 658	23 290	14 960
Cost of sales	2	(647 553)	(694 294)	–	–
Gross profit		89 706	113 364	23 290	14 960
Other income		172	802	6 864	7 154
Operating expenses		(77 123)	(86 916)	(27 908)	(18 384)
Operating profit	3	12 755	27 250	2 246	3 730
Interest income	4	1 246	650	1 798	5 098
Interest expense	5	(651)	(1 118)	(1 795)	(16)
Profit before taxation		13 350	26 782	2 249	8 812
Taxation	6	(975)	(2 498)	(287)	(652)
Profit and total comprehensive income		12 375	24 284	1 962	8 160
Profit and total comprehensive income attributable to:					
Ordinary shareholders of the company		17 219	26 717		
Non-controlling interest		(4 844)	(2 433)		
Profit and total comprehensive income		12 375	24 284		
Basic earnings per share and diluted earnings per share (cents)	7	20.15	30.73		

statements of financial position

as at 31 March 2021

	Notes	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
ASSETS					
Non-current assets		42 386	43 315	112 704	113 593
Equipment and vehicles	9	4 175	4 783	769	773
Investment property	18	3 500	4 250	–	–
Right-of-use assets	10	2 555	5 547	–	–
Goodwill	19	23 851	21 178	–	–
Investment in subsidiaries	20	–	–	91 327	99 060
Preference share interest receivable	20	–	–	20 608	13 760
Deferred tax asset	11	8 305	7 557	–	–
Current assets		187 341	189 770	97 895	111 949
Inventories		53	54	–	–
Trade and other receivables	12	141 670	156 958	1 942	18 949
Loans to group companies and share trust	22	–	–	51 417	60 865
Cash and cash equivalents	13	45 618	32 758	44 536	32 135
Total assets		229 727	233 085	210 599	225 542
EQUITY AND LIABILITIES					
Capital and reserves		169 985	160 547	162 034	164 114
Ordinary share capital and share premium	23	2 490	2 672	2 490	2 672
Treasury shares	24	(14 589)	(19 370)	(358)	(5 139)
Retained earnings		197 458	187 775	90	6 769
Non-distributable reserves	25	–	–	159 812	159 812
Equity attributable to equity holders of the company		185 359	171 077	162 034	164 114
Non-controlling interests		(15 374)	(10 530)	–	–
Non-current liabilities		5 053	2 077	408	121
Lease liabilities	16	126	2 077	–	–
Contingent consideration	17	3 361	–	–	–
Deferred tax liability	11	1 566	–	408	121
Current liabilities		54 689	70 461	48 157	61 307
Trade and other payables	14	38 566	47 422	1 821	5 615
Loans from group companies	22	–	–	46 336	55 692
Lease liabilities	16	2 612	3 820	–	–
Contingent consideration	17	4 639	–	–	–
Bank borrowings	15	8 872	19 219	–	–
Total equity and liabilities		229 727	233 085	210 599	225 542

Group	Share capital R'000	Share premium R'000	Treasury shares R'000	Retained earnings R'000	Total attributable to equity holders of the company R'000	Non-controlling interest R'000	Total equity R'000
Opening balances at 1 April 2019	1 321	1 351	(17 292)	164 589	149 969	(8 097)	141 872
Total comprehensive income – profit	–	–	–	26 717	26 717	(2 433)	24 284
Dividends paid (4.00 cents per share)	–	–	–	(3 531)	(3 531)	–	(3 531)
Acquisitions by company	–	–	(2 078)	–	(2 078)	–	(2 078)
Balances at 1 April 2020	1 321	1 351	(19 370)	187 775	171 077	(10 530)	160 547
Total comprehensive income – profit	–	–	–	17 219	17 219	(4 844)	12 375
Dividends paid (3.00 cents per share)	–	–	–	(2 579)	(2 579)	–	(2 579)
Shares cancelled	(91)	(91)	5 139	(4 957)	–	–	–
Acquisitions by company	–	–	(358)	–	(358)	–	(358)
Closing balances at 31 March 2021	1 230	1 260	(14 589)	197 458	185 359	(15 374)	169 985
Notes	23	23	24				

Company	Share Capital R'000	Share premium R'000	Treasury shares R'000	Retained earnings R'000	Non-distributable reserve R'000	Total equity R'000
Opening balances at 1 April 2019	1 321	1 351	(3 061)	3 615	159 812	163 038
Total comprehensive income – profit	–	–	–	8 160	–	8 160
Dividends paid (4.00 cents per share)	–	–	–	(5 006)	–	(5 006)
Acquisitions by company	–	–	(2 078)	–	–	(2 078)
Balances at 1 April 2020	1 321	1 351	(5 139)	6 769	159 812	164 114
Total comprehensive income – profit	–	–	–	1 962	–	1 962
Dividends paid (3.00 cents per share)	–	–	–	(3 684)	–	(3 684)
Shares cancelled	(91)	(91)	5 139	(4 957)	–	–
Acquisitions by company	–	–	(358)	–	–	(358)
Closing balances at 31 March 2021	1 230	1 260	(358)	90	159 812	162 034
Notes	23	23			25	

statements of cash flows
for the year ended 31 March 2021

	Notes	Group		Company	
		2021 R'000	2020 R'000 Restated	2021 R'000	2020 R'000
Cash flows generated from operating activities		31 097	37 425	14 219	(1 246)
Cash generated from operations	A	30 659	38 103	14 216	(6 328)
Interest income	6	1 246	650	1 798	5 098
Interest expense	7	(651)	(1 118)	(1 795)	(16)
Taxation paid	4	(157)	(210)	–	–
Cash flows utilised in investing activities		(829)	(1 039)	45 219	115 437
Purchase of equipment and vehicles	9	(829)	(1 039)	(79)	(81)
Proceeds on disposal of equipment and vehicles		–	–	–	132
Loans repaid by group companies		–	–	37 565	57 970
Disposal of investments in subsidiaries		–	–	7 733	–
Preference share interest		–	–	–	57 416
Cash flows utilised in financing activities		(7 061)	(10 469)	(47 037)	(88 965)
Acquisition of treasury shares		(358)	(2 078)	(358)	(2 078)
Repayment of lease liabilities*	16	(4 124)	(4 860)	–	–
Repayment of loans from group companies		–	–	(42 995)	(81 881)
Dividends paid	8	(2 579)	(3 531)	(3 684)	(5 006)
Net increase in cash and cash equivalents		23 207	25 917	12 401	25 226
Cash and cash equivalents at beginning of year		13 539	(12 378)	32 135	6 909
Cash and cash equivalents at end of year	B	36 746	13 539	44 536	32 135

* *Repayment of lease liabilities restated – amount for prior year (R4 860 000) was inadvertently included as part of operating activities in the prior year report and the interim report for September 2020.*

	Notes	Group 2021 R'000	Group 2020 R'000 Restated	Company 2021 R'000	Company 2020 R'000
A Cash flows generated from operating activities					
Profit before taxation		13 350	26 782	2 249	8 812
Adjustments		10 875	8 462	(1 246)	(5 012)
– interest income		(1 246)	(650)	(1 798)	(5 098)
– interest expense		651	1 118	1 795	16
– loss on disposal of equipment and vehicles		179	13	–	–
– preference share interest		–	–	(6 848)	–
– depreciation and impairments*	3	11 291	7 981	5 605	70
Operating cash flows before working capital changes		24 225	35 244	1 003	3 800
Working capital changes		6 434	2 859	13 213	(10 128)
– decrease in inventories		1	78	–	–
– decrease in trade and other receivables		15 288	8 286	17 007	(15 136)
– (decrease)/increase in trade and other payables		(8 855)	(5 505)	(3 794)	5 008
Cash generated from operations		30 659	38 103	14 216	(6 328)

* *Depreciation relating to right-of-use assets (R4 860 000) – amount for prior year was included as part of operating activities*

	Group 2021 R'000	Group 2020 R'000 Restated	Company 2021 R'000	Company 2020 R'000
B Cash at bank and borrowings				
Cash at bank	45 618	32 758	44 536	32 135
Bank borrowings	(8 872)	(19 219)	–	–
	36 746	13 539	44 536	32 135

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
1	REVENUE				
	Revenue comprises:				
	Services rendered – over time	736 294	806 607	23 290	14 960
	Services rendered – at a point in time	965	1 051	–	–
		737 259	807 658	23 290	14 960
	Refer to Segment Note for disaggregation (Note 32)				
2	COST OF SALES				
	Cost of sales comprises:				
	Payroll, training, consulting and associated costs	647 553	694 294	–	–
		647 553	694 294	–	–
3	OPERATING PROFIT				
	Operating profit is stated after taking into account the following:				
	Depreciation	1 258	1 196	83	70
	Depreciation: right-of-use assets	3 955	4 860	–	–
	Employee costs and benefits	43 738	52 243	9 997	11 676
	Staff costs – short-term	41 861	49 373	9 556	11 133
	Retirement costs	1 877	2 870	441	543
	Fair value loss on Investment Property	750	1 495	–	–
	Impairments	5 328	–	5 623	–
4	INTEREST INCOME				
	Bank and cash	1 245	629	–	565
	Loans to group companies	–	–	1 798	4 533
	Other	1	21	–	–
		1 246	650	1 798	5 098
5	INTEREST EXPENSE				
	Interest on bank borrowings	326	775	6	14
	Interest on right-of-use assets	325	339	–	-
	Loans from group companies	–	–	1 789	-
	Other	–	4	–	2
		651	1 118	1 795	16

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
6	TAXATION				
	SA normal taxation				
	> current	–	–	–	–
	Deferred tax				
	> current	818	2 288	287	652
	Dividend Withholding Tax	157	210	–	–
		975	2 498	287	652
		%	%	%	%
	Tax rate reconciliation				
	Statutory tax rate	28.0	28.0	28.0	28.0
	Employment tax incentives	(11.6)	(5.2)	–	–
	Dividend withholding tax	1.2	0.8	–	–
	Deferred tax asset not recognised	(9.0)	(13.0)	–	–
	CGT rate on fair value of investment property	(1.3)	(1.3)	–	–
	Non-taxable preference share interest	–	–	(24.3)	(20.6)
	Effective tax rate	7.3	9.3	3.7	7.4

The estimated tax losses available for set-off against future taxable income are R21.7 million (2020: R37.2 million).

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of shares in issue during the year as calculated by excluding shares purchased by the company and held as treasury shares. There are no dilutive potential shares. During the year 9 095 712 treasury shares were delisted and cancelled.

	Company	
	2021 R'000	2020 R'000
Number of shares in issue ('000)		
Number of shares in issue at the end of the year	122 967	132 063
Less: Adjustments to shares in issue		
Treasury shares at the end of the year	(37 814)	(46 469)
Number of shares in issue at the end of the year (net of treasury shares)	85 153	85 594
Effect of weighting – treasury shares purchased	304	1 348
Weighted average shares at the end of the year	85 457	86 942
Attributable earnings (R'000)	17 219	26 717
Basic earnings and diluted earnings per share (cents)	20.15	30.73
Headline earnings per share		
Attributable earnings (R'000)	17 219	26 717
Headline earnings adjustments (R'000)		
– Goodwill impairment attributable to ordinary shareholders of the company	1 962	–
– Loss on disposal of equipment and vehicles	129	10
Gross loss	179	13
Tax effect	(50)	(3)
– Loss on fair value of investment in property	582	1 160
Gross loss	750	1 495
Tax effect	(168)	(335)
Attributable headline earnings	19 892	27 887
Headline earnings and diluted headline earnings per share (cents)	23.28	32.08

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
8 DIVIDENDS PAID				
Ordinary dividends	2 579	3 531	3 684	5 006
	2 579	3 531	3 684	5 006

9 EQUIPMENT AND VEHICLES

	Computer Equipment R'000	Motor vehicles R'000	Furniture fittings and equipment R'000	Total R'000
Group				
2021				
Cost	4 531	453	6 325	11 309
Accumulated depreciation and impairment	(3 182)	(441)	(2 903)	(6 526)
Net book value at beginning of year	1 349	12	3 422	4 783
Additions	311	–	518	829
Disposals at book value*	(95)	–	(84)	(179)
Depreciation	(299)	(12)	(947)	(1 258)
Net book value at end of year	1 266	–	2 909	4 175
Cost	4 729	453	7 617	12 799
Accumulated depreciation and impairment	(3 463)	(453)	(4 708)	(8 624)
Net book value at end of year	1 266	–	2 909	4 175
2020				
Cost	4 891	453	8 701	14 045
Accumulated depreciation and impairment	(3 644)	(400)	(4 897)	(8 941)
Net book value at beginning of year	1 247	53	3 804	5 104
Additions	568	–	471	1 039
Disposals at book value*	(151)	–	(13)	(164)
Depreciation	(315)	(41)	(840)	(1 196)
Net book value at end of year	1 349	12	3 422	4 783
Cost	4 531	453	6 325	11 309
Accumulated depreciation and impairment	(3 182)	(441)	(2 903)	(6 526)
Net book value at end of year	1 349	12	3 422	4 783

* *Assets are disposed of and replaced in the ordinary course of business*

9 EQUIPMENT AND VEHICLES (cont)

	Computer Equipment R'000	Furniture fittings and equipment R'000	Total R'000
Company			
2021			
Cost	727	1 195	1 922
Accumulated depreciation and impairment	(601)	(548)	(1 149)
Net book value at beginning of year	126	647	773
Additions	79	–	79
Disposals at book value*	–	–	–
Depreciation	(28)	(55)	(83)
Net book value at end of year	177	592	769
Cost	806	1 195	2 001
Accumulated depreciation and impairment	(629)	(603)	(1 232)
Net book value at end of year	177	592	769
2020			
Cost	776	1 195	1 971
Accumulated depreciation and impairment	(587)	(491)	(1 078)
Net book value at beginning of year	189	704	893
Additions	81	–	81
Disposals at book value*	(130)	–	(130)
Depreciation	(14)	(57)	(71)
Net book value at end of year	126	647	773
Cost	727	1 195	1 922
Accumulated depreciation and impairment	(601)	(548)	(1 149)
Net book value at end of year	126	647	773

* *Assets are disposed of and replaced in the ordinary course of business*

10 RIGHT-OF-USE ASSETS

The group adopted IFRS 16 for the first time in the prior financial period.	Leasehold properties R'000	Office equipment and vehicles R'000	Total R'000
Group			
2021			
Net book value at beginning of year	3 592	1 955	5 547
Additions	963	–	963
Depreciation	(2 450)	(1 505)	(3 955)
Net book value at end of year	2 105	450	2 555
Cost	6 718	4 654	11 372
Accumulated depreciation and impairment	(4 613)	(4 204)	(8 817)
Net book value at end of year	2 105	450	2 555
2020			
Net book value at beginning of year	–	–	–
Additions	5 753	4 654	10 407
Depreciation	(2 161)	(2 699)	(4 860)
Net book value at end of year	3 592	1 955	5 547
Cost	5 753	4 654	10 407
Accumulated depreciation and impairment	(2 161)	(2 699)	(4 860)
Net book value at end of year	3 592	1 955	5 547

Company

There are no right-of-use assets attributable to the company.

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
11	DEFERRED TAX ASSETS/(LIABILITIES)				
	Computed tax losses	6 403	5 888	29	214
	Payroll payables, accruals and allowances for impairments	1 564	3 277	–	–
	Prepayments	(670)	(736)	(437)	(335)
	Capital gains tax on fair value adjustments	274	(18)	–	–
	Work in progress	(959)	(854)	–	–
		6 612	7 557	(408)	(121)
	Reconciliation between deferred tax opening and closing balance				
	Deferred tax opening balance	7 557	9 787	(121)	531
	Computed tax losses	515	(1 075)	(185)	(473)
	Payroll payables, accruals and allowances for impairments	(1 713)	(77)	–	–
	Prepayments	66	(427)	(102)	(179)
	Capital gains tax on fair value adjustments	292	–	–	–
	Work in progress	(105)	(651)	–	–
	Deferred tax at end of year	6 612	7 557	(408)	(121)
	Deferred tax assets	8 305	8 194	–	–
	Deferred tax liabilities	(1 566)	(637)	(408)	(121)
	Deferred tax at end of year	6 739	7 557	(408)	(121)

Tax losses of R21.7 million (2020: R26.9 million) (company R0.1 million (2020: R0.8 million)) have been recognised on the basis of future sustainable profits based on an extrapolation of budgets prepared by management as well as the application of discounted cash flow with assumptions made for future growth.

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
12	TRADE AND OTHER RECEIVABLES				
	Trade receivables	136 001	152 085	210	17 665
		5 669	4 873	1 732	1 284
	Other receivables*	3 844	3 385	101	16
	Prepayments (Non-financial instrument)	1 825	1 488	1 631	1 268
		141 670	156 958	1 942	18 949

* *Expected Credit Loss ("ECL") assessments performed did not require any adjustments to be made.*

Trade receivables include contract assets amounting to R21 844 000 (2020: R17 329 000) which relate to services rendered at the end of the financial year but not yet invoiced due to cut-off for billing policies. Revenue-related contract balances were R1 281 000 (2020: R3 907 000).

The debtor cover policies held with Credit Guarantee Insurance Corporation of Africa Limited have been ceded to the group's bankers as security for overdraft facilities granted to the group. Refer Note 15.

Based on the historic level of client defaults, the risk covered by credit insurance contracts and the VAT component recoverable from SARS, the credit quality of year end trade receivables which are not past due is considered to be high.

These debts relate to a number of independent clients for whom there is no recent history of default.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Due to the short-term nature of the trade and other receivables, the fair value approximates the carrying value.

Client credit risk is managed by each business unit subject to the group's established policy, procedures and control relating to client credit risk management. Credit quality of a client is assessed based on a credit assessment and individual credit limits are defined in accordance with this assessment.

Trade receivables are written off when there is no reasonable expectation of recovery through either legal processes or through the credit insurance policies.

The Expected Credit Loss ("ECL") rates are based on the payment profiles of sales over the period of 48 months before 31 March 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward–looking information on macroeconomic factors affecting the ability of the clients to settle the receivables. The group has identified the GDP and the unemployment rate of South Africa to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Credit insurance policies have largely mitigated the group's overall exposure to credit risk. The group evaluates the concentration of risk with respect to trade receivables as low, as its clients are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the group's trade receivables using a provision matrix. The gross carrying amount is calculated by deducting from the trade receivables balances any VAT charged as this amount may be recovered from SARS as an input VAT amount arising from a bad debt. The balance is further reduced by the amount of credit insurance in place. Against this amount the historical loss rates are then applied to arrive at the ECL. The ECL was determined as not being material.

31 March 2021	Current	30 Days	60 Days	90 Days	120 Days	Total
Expected default rate	0.0000%	0.0257%	0.0306%	0.0046%	0.5181%	
Gross carrying amount (R'000)	13 585	7 510	240	64	463	21 862
Lifetime ECL (R'000)	–	2	–	–	3	5

31 March 2020	Current	30 Days	60 Days	90 Days	120 Days	Total
Expected default rate	0.0000%	0.0216%	0.0384%	0.0132%	0.2377%	
Gross carrying amount (R'000)	10 216	6 990	760	368	1 310	19 644
Lifetime ECL (R'000)	–	2	–	–	3	5

The ECL in relation to financial assets is not material and accordingly no adjustment has been made to the balances at year end. ECL adjustments in relation to subsidiary companies have been reversed on consolidation. The company recognised an ECL loss of R5 522 000 for the year (2020: nil), which amount has been included in operating expenses.

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
13	CASH AND CASH EQUIVALENTS				
	Cash on hand	70	60	–	–
	Bank balances and short-term deposits	45 548	32 698	44 536	32 135
		45 618	32 758	44 536	32 135

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
14	TRADE AND OTHER PAYABLES				
	Trade payables	24 195	31 955	257	983
	Payroll and other payables	14 371	15 467	1 564	4 632
		38 566	47 422	1 821	5 615

Trade payables are ordinarily payable 30 days from statement date. Payroll payables are settled as and when they fall due and dependent on the nature of the payable. Amounts payable to bargaining councils are settled between seven and 20 days after month end, while amounts payable to assignees are settled at varying times, including as and when the assignee takes leave. Amounts payable to SARS for payroll-related imposts are settled within seven days of month-end.

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
15	BANK BORROWINGS				
	The group's operations are funded through an overdraft facility that bears interest at the prime bank overdraft rate per annum less 1.0% (2020: prime overdraft rate per annum less 1.0%).	8 872	19 219	–	–
		8 872	19 219	–	–

The facilities are secured through a combination of the cession of the debtor cover policies held with Credit Guarantee Insurance Corporation of Africa Limited and cross-surety arrangements between the group companies. The group has also undertaken not to reduce its tangible equity to below R50 000 000 (2020: R35 750 000). Tangible equity at year end was R139.4 million (2020: R131.8 million).

The group had an overdraft facility of R54 million (2020: overdraft facility of R54 million) utilised by various subsidiaries. At year end the unutilised amount was R45.1 million (2020: R35.5 million). Facilities revolve month-to-month.

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
16	LEASE LIABILITIES				
	Opening balance	5 897	10 663	–	–
	Additions	963	–	–	–
	Accretion of interest during the year	325	219	–	–
	Payments	(4 447)	(4 985)	–	–
		2 738	5 897	–	–
	Current	2 612	3 820	–	–
	Non-current	126	2 077	–	–
		2 738	5 897	–	–
	Depreciation expense	3 955	4 860	–	–
	Leasing charges relating to low value or short-term leases are included in operating expenses	1 788	775		
	Interest expense	325	339		

Leases typically relate to leasehold property, office equipment and motor vehicles. Refer to Note 10.

The group has availed of the relief measures afforded by IFRS 16 in relation to the Covid-19 pandemic and has not treated rent reductions received of R106 000 as lease modifications.

Company

There are no lease liabilities attributable to the company.

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
17	CONTINGENT CONSIDERATION				
	Opening balance	–	–	–	–
	Contingent consideration arising	8 455	–	–	–
	Less: Paid to vendors for fixed assets acquired	(455)	–	–	–
	Goodwill recognised	8 000	–	–	–
	Current	4 639	–	–	–
	Non-current	3 361	–	–	–
		8 000	–	–	–

Amounts payable to vendors for businesses acquired that are subject to profit warranties are treated as contingent considerations. The final values payable will be determined based on an agreed formula. The initial estimate is the estimated fair value of the income that is reasonably expected to be achieved over the warranty period and is based on agreed budgets and forecasts and the existing client mix. Amounts achieved in excess of the initial estimate will result in an increase in the related liability, limited to the amounts as agreed with the vendors. All amounts will be settled in cash.

The contingent consideration relates to the acquisition of the business of the Lapace group of companies with effect from 17 April 2020. The business is expected to enhance Primeserv's operations in the artisan and skilled labour temporary employment services sector. The goodwill arising on the transaction relates to the anticipated synergies through the integration of the Lapace business into that of Primeserv. None of the goodwill is expected to be deductible for tax purposes. The contingent consideration has been apportioned on the statement of financial position between current and non-current to reflect when the amounts are anticipated to be paid. The purchase price includes the acquisition of fixed assets amounting to R455 000. No other assets or liabilities were acquired. The revenue and profits in relation to the Lapace business are far too sensitive to disclose as this information could easily be used by both clients and competitors and could compromise the business's ability to trade profitably with clients.

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
18	INVESTMENT PROPERTY				
	Opening value	4 250	5 745		
	Fair value adjustment	(750)	(1 495)		
	Properties at fair value	3 500	4 250		

Investment properties consist of four vacant stands on Portions 308, 309, 310 and 312 (a portion of portion 2) Farm Eiland 13 no 502, I.Q., North West Province, and a house on Portion 96 (a portion of portion 2) Farm Eiland 13 no. 502, I.Q., North West.

These properties were acquired in 2012 in a multi-party transaction resulting in the exchange of long outstanding debtor claims for a fixed property and the application of cash for the acquisition of the balance of the property portfolio. The vacant stands are being held for capital appreciation whilst the house is held for rental income.

Independent valuations were performed in 2021 by a valuation expert, Brian Jeffrey Mylod, owner of Smitties Estates, appraiser appointed in terms of section 6 of the Administration of Estates Act of 1965 for the district of Parys, as well as member of the Valuation Court of Parys.

The valuations were performed on the comparable sales approach, which was assessed as the highest and best use of the property, which does not differ to the intended use by the group. The comparable sales approach takes into account recent sales in the area under market conditions of similar properties in the prevailing circumstances. There was a fair value loss on the investment property as a consequence of the effect that the Covid-19 pandemic had on property prices in the area.

The valuations stated above are in line with the directors' valuations of the same properties.

Any reasonable change in the assumptions listed that management believes could occur would not cause the value to differ materially

Operating costs incurred primarily relate to the payment of levies, power and water charges, and repairs and maintenance and totalled R141 000 (2020: R225 000).

19 GOODWILL

Goodwill has been allocated for impairment testing purposes to the group's operating segments, which represents the lowest level of assets for which there are separate cash flows, and as reported in Note 32, as follows:

	Group 2021 R'000	Group 2020 R'000
Integrated Business Support Services	23 851	21 178
Training and Consulting Services	–	–
Total goodwill excluding impairment	23 851	21 178
The impairment calculations performed indicated that no impairment of goodwill was necessary		
Goodwill is attributable to the following Cash Generating Units:		
Bathusi Staffing Services Proprietary Limited	–	4 877
Primeserv Corporate Solutions Proprietary Limited	2 708	3 158
Primeserv Denverdraft Proprietary Limited	13 738	5 738
Primeserv Staff Dynamix Proprietary Limited	7 405	7 405
	23 851	21 178

	Bathusi Staffing Services Proprietary Limited	Primeserv Corporate Solutions Proprietary Limited	Primeserv Denverdraft Proprietary Limited	Primeserv Staff Dynamix Proprietary Limited	Total
Opening balance	4 877	3 158	5 738	7 405	21 178
Goodwill arising on business combination	–	–	8 000	–	8 000
Impairment of goodwill	(4 877)	(450)	–	–	(5 327)
	–	2 708	13 738	7 405	23 851

Impairment

The recoverable amount of each Cash Generating Unit ("CGU") has been determined based on a value-in-use calculation. The calculation uses cash flow projections based on the financial budget approved by management which covers the next financial year and an extrapolation for a further four years thereafter. The calculations for each CGU are based on the Weighted Average Cost of Capital ("WACC") for the CGU as well as expected growth rates applicable to the CGU taking into consideration such information as is readily and publicly available at the time, including statistical information provided by Statistics South Africa and other sources of economic information that may be pertinent directly to the CGU and its clients. The calculations are subjected to a sensitivity analysis whereby factors influencing the calculation are adjusted to assess whether any reasonable change in the underlying assumptions could cause the carrying amount of the goodwill to exceed its carrying value. This includes adjusting both the growth and discount rates. The final component of the assessment is whether any of the amounts as calculated exceed the group's own determination of materiality, which is based on a percentage of both revenue and operating profit. The WACC ranges from 15.12% to 21.37% with growth rates between 2.0% and 6.0%.

Values for the next financial year are based on the amounts as budgeted for the year and the rates for years 2 to 5 are extrapolated based on the WACC and growth rates for the respective entities. The calculations for the prior year were extrapolated for a further 9 years, at 10% growth in years two to five and 3% thereafter, using a discount rate of 20%.

Impairment tests conducted at the interim reporting period resulted in the goodwill of Bathusi Staffing Services Proprietary Limited being fully impaired, whilst the goodwill attributable to Primeserv Corporate Solutions Proprietary Limited was impaired by R450 000. The proximate cause for these impairments was the Covid-19 pandemic which resulted in a very significant reduction in the revenue of the business that was expected for Bathusi Staffing Services Proprietary Limited, with a similar, but less significant effect on the business of Primeserv Corporate Solutions Proprietary Limited.

The impairment calculations performed at the end of the financial year indicated that no further impairments were required.

Management believes that any reasonable change in any of these key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
20	NET INVESTMENT IN SUBSIDIARIES AND ACCRUED DIVIDENDS				
	Ordinary shares at cost	–	–	1	2
		–	–	1	2
	Class A preference shares				
	Cost	–	–	79 800	79 800
	Impairment	–	–	(3 650)	(3 650)
	Net book value	–	–	76 150	76 150
	Class B preference shares				
	Cost	–	–	75 578	83 310
	Impairment	–	–	(60 402)	(60 402)
	Net book value	–	–	15 176	22 908
	Total investment in subsidiaries	–	–	91 327	99 060
	Preference share interest receivable	–	–	20 608	13 760
	Net investment in subsidiaries	–	–	111 935	112 820
	Details of subsidiaries are noted on pages 68 and 69 of this report.				
	Class B Preference Shares Opening balance			83 310	83 310
	Redeemed			(7 732)	–
	Closing balance			75 578	83 310
21	LOAN TO SHARE TRUST				
	Loan	–	–	9 263	10 747

The loan was advanced to the Primeserv Group Limited Share Incentive Scheme for the acquisition of 26 189 326 (2020: 26 189 326) ordinary shares.

As the loan has no fixed terms of repayment, the carrying amount and fair value equal the face value of the loan. The maximum exposure to credit risk at the reporting date is the carrying value. No interest has been charged on the loan. The loan is guaranteed by the underlying shares held by the trust, which exceed the value of the loan and therefore no ECL has been recognised.

22 DETAILS OF SUBSIDIARY COMPANIES AND SHARE TRUST

Subsidiaries	Country of incorporation	Ordinary Share Capital R	Portion held directly or indirectly by holding company %	Ownership portion and voting rights of non-controlling interests %
Bathusi Staffing Services Proprietary Limited*	South Africa	100	44.00	56.00
Primeserv ABC Recruitment Proprietary Limited	South Africa	100	74.75	25.25
Primeserv Consulting Proprietary Limited*	South Africa	100	49.00	51.00
Primeserv Corporate Solutions Proprietary Limited*	South Africa	100	49.00	51.00
Primeserv Denverdraft Proprietary Limited	South Africa	100	74.00	26.00
Primeserv Employee Solutions Proprietary Limited	South Africa	100	74.90	25.10
Primeserv Lapace Ken Proprietary Limited*	South Africa	100	48.84	51.16
Primeserv Productivity Services Proprietary Limited	South Africa	100	100.00	–
Primeserv Properties 2 Proprietary Limited**	South Africa	100	–	100.00
Primeserv Properties 3 Proprietary Limited	South Africa	100	50.93	49.07
Primeserv Properties 4 Proprietary Limited	South Africa	100	100.00	–
Primeserv Recruitment Services Proprietary Limited	South Africa	100	100.00	–
Primeserv Staff Dynamix Proprietary Limited	South Africa	100	74.90	25.10
Primeserv Group Share Trust	South Africa	–	–	–
Impairment provision		–	–	–

Receivable
Payable

ECL Movements
Opening ECL balance
Provisions raised
Provisions reversed
Closing balance

NOTES

The group is controlled by Primeserv Group Limited. Primeserv Group Limited is also the group's ultimate controlling company.

The Integrated Business Support Services businesses operate through Primeserv ABC Recruitment Proprietary Limited, Primeserv Corporate Solutions Proprietary Limited, Primeserv Denverdraft Proprietary Limited, Primeserv Employee Solutions Proprietary Limited, Primeserv Lapace Ken Proprietary Limited, Primeserv Recruitment Services Proprietary Limited, Primeserv Staff Dynamix Proprietary Limited and Bathusi Staffing Services Proprietary Limited.

Primeserv Productivity Services Proprietary Limited is the subsidiary nominated to acquire shares in the holding company.

Primeserv Consulting Proprietary Limited is dormant.

Primeserv Primeserv Properties 3 Proprietary Limited and Primeserv Properties 4 Proprietary Limited are the companies designated to hold various properties, but are currently dormant.

	Class A Preference Share Capital	Portion held directly or indirectly by holding company	Class B Preference Share Capital	Portion held directly or indirectly by holding company	Carrying amount of investment in subsidiaries		Amounts owing by/(to) subsidiaries	
					2021	2020	2021	2020
	R	%	R	%	R'000	R'000	R'000	R'000
	–	–	–	–	–	–	6 922	6 669
	370	100.00	448	73.95	43 601	46 830	30 079	24 128
	–	–	–	–	–	–	(469)	(469)
	37	100.00	618	48.97	–	–	(1 627)	(1 389)
	–	–	–	–	–	–	10 801	8 197
	392	100.00	276	74.20	52 229	52 229	(3 757)	(15 465)
	–	–	–	–	–	–	23	23
	–	–	–	–	–	–	(673)	(345)
	–	–	–	–	–	–	–	23
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	(9 928)	11 127
	–	–	–	–	–	–	(29 882)	(38 025)
	–	–	–	–	–	–	9 263	10 747
	–	–	–	–	–	–	(5 671)	(48)
	799		1 342		95 830	99 059	5 081	5 173
							51 417	60 865
							(46 336)	(55 692)
							5 081	5 173
							48	1 854
							5 623	–
							–	(1 806)
							5 671	48

* *These companies are subsidiaries of Primeserv Group Limited based on the following rationale:*
The Primeserv Board and management team directs the daily operations and decision-making processes for these entities and therefore are considered to be controlled entities.

** *Primeserv Properties 2 Proprietary Limited was deregistered*

22 DETAILS OF SUBSIDIARY COMPANIES (cont)

The loans bear interest at the bank prime overdraft rate less 1.0% (2020: bank prime overdraft rate less 1.0%), are unsecured and have no fixed terms of repayment. The carrying value of the loans approximates the fair value of the loans, as the loans bear interest at market-related interest rates. Loans are considered to be of good credit quality unless there are contrary indications. Contrary indicators are operating losses and/or a negative net asset value. Loans to subsidiary companies are subject to an ECL assessment.

The group is considered to exercise control over a company in which it does not have a majority stake when it has power over the company and it has exposure, or right, to variable returns from its involvement with the company, and the ability to use its power over the company to affect the amount of the group's returns.

In assessing whether the group has power over the company, the group considers its practical ability to direct the relevant activities of each company uninaterally. This is demonstrated by the group's ability to appoint the company's key management personnel who have the ability to direct the relevant activities and the group's ability to direct each company to enter into significant transactions. The group also considers the extent to which each company depends on the group for management, funding, financial and operational activities and critical services.

Summarised financial information of entities with material non-controlling interests, before eliminating inter-company transactions, is presented below:

	Primeserv Denverdraft Proprietary Limited R'000	Primeserv Staff Dynamix Proprietary Limited R'000
2021		
Statements of financial position		
Non-current assets	14 096	15 341
Current assets	215 539	158 264
Total assets	229 635	173 605
Non-current liabilities	3 636	–
Current liabilities	222 571	147 967
Total liabilities	226 207	147 967
Net profit/(loss) after tax	1 246	(4 001)
2020		
Statements of financial position		
Non-current assets	6 843	16 991
Current assets	211 224	162 387
Total assets	218 067	179 378
Non-current liabilities	–	–
Current liabilities	215 885	149 740
Total liabilities	215 885	149 740
Net profit/(loss) after tax	702	3 387

Primeserv Denverdraft Proprietary Limited and Primeserv Staff Dynamix Proprietary Limited, being the two material subsidiaries, generated revenue of R317.4 million (2020: R300.6 million) and R380.1 million (2020: R412.7 million) respectively.

		Company	
		2021 R'000	2020 R'000
23	ORDINARY SHARE CAPITAL		
	Authorised		
	500 000 000 ordinary shares of 1 cent each	5 000	5 000
	Issued		
	122 967 031 (2020: 132 062 743) ordinary shares of 1 cent each	1 230	1 321
	Share premium	1 260	1 351
		2 490	2 672
	During the year 9 095 712 shares were delisted and cancelled (2020: nil shares)		
24	TREASURY SHARES		
	Opening number of shares ('000)	46 469	43 674
	Purchased during the year ('000)	441	2 795
	Delisted and cancelled during the year ('000)	(9 095)	–
	Closing number of shares ('000)	37 815	46 469

The shares purchased were at an average cost of 81 cents per share (2020: 74 cents per share)

25 NON-DISTRIBUTABLE RESERVE

Excess arising from intangible asset write-down in the group as adjusted for subsequent impairment charges or reversals in the investments and loans to subsidiaries. This reserve was raised in terms of the Companies Act No. 61 of 1973. The reserve will be utilised if the reversals themselves need to be reversed.

26 DIRECTORS' REMUNERATION

	Short-term benefits					
	For services as directors R'000	Salaries R'000	Other benefits R'000	Bonuses[Δ] R'000	Retirement benefits R'000	Total R'000
2021 Executive directors	–	5 681	485	1 035	350	7 551
M Abel	–	4 206	183	700	263	5 352
R Sack	–	1 475	302	335	87	2 199
Non-executive directors	583	–	–	–	–	583
B Kali	152	–	–	–	–	152
LM Maisela	152	–	–	–	–	152
DL Rose	279	–	–	–	–	279
	583	5 681	485	1 035	350	8 134
2020 Executive directors	–	6 029	448	3 415	528	10 420
M Abel	–	4 464	170	2 850	403	7 887
R Sack	–	1 565	278	565	125	2 533
Non-executive directors[#]	1 110	–	–	–	–	1 110
JM Judin*	164	–	–	–	–	164
B Kali	102	–	–	–	–	102
LM Maisela	227	–	–	–	–	227
CS Ntshingila**	205	–	–	–	–	205
DL Rose	412	–	–	–	–	412
	1 110	6 029	448	3 415	528	11 530

There are no directors for whom the remaining period of the service contract exceeds three years and the notice period exceeds six months.

Δ *Part of the prior year bonus for M Abel relates to a long-term incentive programme and operational performance bonus for prior years but, which was voluntarily withheld pending resolution of the non-executive directors' fees.*

\# *Non-executive remuneration for the 2020 financial year relates to fees approved at the Annual General Meeting held on 29 November 2019 in relation to the years in the table below:*

	2020	2019	2018	Total
JM Judin*	–	105	59	164
B Kali	102	–	–	102
LM Maisela	70	108	49	227
CS Ntshingila**	–	135	70	205
DL Rose	183	170	59	412
	355	518	237	1 110

* *(resigned as a non-executive director on 18 March 2019)*

** *(resigned as a non-executive director on 12 February 2019)*

	Group 2021 R'000	2020 R'000
27 KEY MANAGEMENT REMUNERATION		
Key management remuneration	11 507	10 474

28 RETIREMENT BENEFITS

The group presently contributes to defined contribution retirement benefit plans, being pension funds governed by the Pension Funds Act, 1956. Retirement contributions for the year amounted to R 1.9 million (2020: R2.9 million).

The group has no obligations to fund post-retirement medical benefits.

29 RISK MANAGEMENT

The risk management function within the group is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including interest rate risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risk stays within these limits and mitigated wherever practicable and cost-effective.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Management's objectives for managing market risk is to minimise the effects of interest rate risk by limiting the group's exposure.

Interest rate risk

The group is exposed to interest rate risk as it borrows funds at floating interest rates. As part of the process of managing the group's interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

The group analyses its exposure to interest rate risk on a dynamic basis using sensitivity analysis to assess the effects of changes in interest rates applied to interest-bearing borrowings and the consequent adjustments to profit and loss. Based on these analyses, which are calculated on adjustments of 50 basis points in the interest rate (which is considered reasonable given that interest rates are currently at relatively low levels), being management's assessment of the reasonably possible changes in interest rates, the effect on pre-tax earnings of an increase/decrease in the rate is calculated to be a decrease/increase in earnings of R132 000 (2020: R49 000). The group's sensitivity to interest rates has increased during the current year due to the increase in net cash and cash equivalents at year end.

Liquidity risk

Liquidity risk refers to the ability to meet funding obligations as they fall due. The group's treasury function is centralised thus ensuring that capital is allocated appropriately across the group and that funding and commitments are met timeously.

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Cash surpluses are placed on call with major financial institutions.

The table below analyses the group's financial liabilities into maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity dates:

29 RISK MANAGEMENT (cont)

FINANCIAL LIABILITIES – MATURITY ANALYSIS

Contractual undiscounted cash flows from:	1 month	2 to 3 months	4 to 6 months	7 to 12 months	More than a year	Carrying amount
2021						
Trade and other payables	24 195	–	–	–	–	24 195
Lease liabilities	290	572	714	1 345	128	3 049
Contingent consideration	–	–	–	4 639	3 361	8 000
Bank borrowings*	8 872	–	–	–	–	8 872
	33 357	572	714	5 984	3 489	44 116
2020						
Trade and other payables	31 955	–	–	–	–	31 955
Lease liabilities	337	664	982	1 837	2 436	6 256
Bank borrowings*	19 219	–	–	–	–	19 219
	51 511	664	982	1 837	2 436	57 430

* *Bank borrowings relate to facilities which revolve from month-to-month.*

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The group has no significant concentration of credit risk as evidenced by the spread by industry and geographic regions such that geographic spread mitigates against industry concentration and similarly industry spread mitigates against geographic concentration (refer Note 32 – Segmental Analysis). Credit risk arises from cash and cash equivalents held at banks, trade receivables and loans receivable. Credit risk is managed on a group basis.

The group maintains cash, cash equivalents and short-term investments with various financial institutions. The group's policy is designed to limit exposure with any one financial institution and ensures that the group's cash equivalents and short-term investments are placed with high credit quality financial institutions.

Trade receivables consist of a large number of clients spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Refer Note 12 – Trade and other receivables.

Credit risk within the Staffing Services unit is mitigated through a process of credit assessments as well as the use of credit insurance where available. Within the Training and Consulting Services unit all new debtors are subject to an internal credit assessment process (which can include the use of trade reference checks and/or credit bureau checks and/or bank codes), but without the use of credit insurance.

The credit risk on the inter-company receivables, including group loans, is managed through the day-to-day involvement by management of the group in the operations of the group entities to ensure that the risk on these receivables is mitigated and that the amounts remain recoverable through the success of the operations.

Capital Risk Management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the returns to shareholders through the optimisation of the group's debt to equity ratio. The group's overall strategy remains unchanged from previous years. The group is not subject to externally imposed capital requirements other than conditions imposed by the group's bank.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Interest-bearing debt	8 872	19 219	–	–
Equity	169 985	160 547	167 556	164 115
Ratio of interest-bearing debt to equity	0.05	0.12	–	–

The capital structure of the group consists of debt, which includes the borrowings disclosed in Note 15, cash and cash equivalents and equity attributable to equity shareholders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the statement of changes in equity.

Fair value

Fair value measurements can be classified into three levels, based on the observability and significance of the inputs used in making the measurement.

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.;

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses assets and liabilities carried at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Level 1	Level 2	Level 3
2021			
Investment property	–	–	3 500
2020			
Investment property	–	–	4 250

Unobservable inputs include prices for similar properties adjusted for the specifics of the investment property.

Refer Note 18 for the reconciliation.

30 RELATED PARTY TRANSACTIONS

Subsidiary companies

The subsidiary companies are identified in Note 22.

Directors

The names of the directors are listed on page 16. Refer to Note 26 for details of the directors' emoluments.

As part of the ongoing maintenance and retention of key personnel programme, fixed term employment contracts, not longer than three years, have been entered into with M Abel and certain key management. The contract entered into with M Abel (CEO) includes terms and conditions relating to an interest free loan facility through the Primeserv Group Limited Share Trust with a maximum of R700 000. Such amount will fund the purchase by him of shares in the company at a price not exceeding 10% below the ruling market price (Closing price at 31 March 2021: 90 cents per share (2020: 60 cents per share)).

As part of the group's management retention programme, executive directors are granted loans through the share trust to be applied to the purchase, through the market, of shares in the company.

There were no share options granted or outstanding to any directors or employees during the year or at the reporting date.

	Company	
	2021 R'000	2020 R'000
Transactions with subsidiary companies		
Management fees/cost recoveries from subsidiaries	15 218	14 960
Preference share interest from subsidiaries	6 848	6 848
Preference share interest receivable	20 608	13 760

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
31 LEASE COMMITMENTS				
Lease commitments				
Future lease charges for premises and equipment and vehicles*				
Payable within one year				
– premises	674	73	–	–
– equipment and vehicles	42	289	–	–
	716	362	–	–
Payable two to five years				
– premises	1 207	–	–	–
– equipment and vehicles	84	221	–	–
	1 291	221	–	–

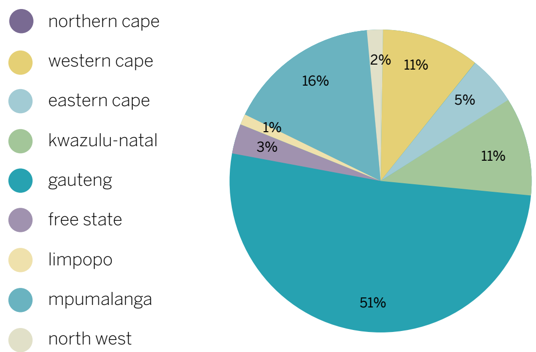
* *Includes short-term and low-value leases*

There are no lease commitments beyond the five-year period. Leases on premises are subject to market-related escalations with renewal options at the group's discretion. The leases in respect of premises are for periods up to five years and there are no contingent rentals payable. Leases for motor vehicles are for initial periods of three years and are occasionally extended beyond the initial period for further periods of up to two years. Decisions to exercise options on leased premises are made based on a consideration of the geographic location relative to the area being serviced, costs of relocation and commercial considerations. Vehicle and equipment leases are extended based on the condition of the equipment and expected useful lives. Options are not included on initial recognition unless there is a high degree of probability that these will be exercised.

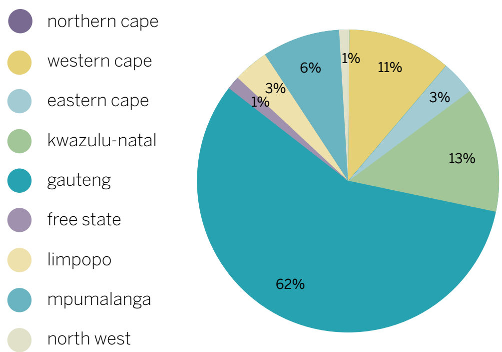
32 SEGMENTAL ANALYSIS – OPERATING SEGMENTS

	Integrated Business Support Services R'000	Shared Services R'000	Group Consolidated R'000
2021			
Profit/(loss) before taxation	26 949	(13 599)	13 350
Taxation	(6 274)	5 299	(975)
Profit/(loss) after taxation	20 675	(8 300)	12 375
Revenue: sales to external clients	737 259	–	737 259
Operating profit/(loss)	27 562	(14 807)	12 755
Depreciation and impairments	(4 660)	(6 631)	(11 291)
Operating lease rentals	2 669	–	2 669
Interest income	22	1 224	1 246
Interest expense	(635)	(16)	(651)
Assets	210 687	19 040	229 727
Liabilities	52 719	7 023	59 742
Net assets	157 968	12 017	169 985
2020			
Profit/(loss) before taxation	35 911	(9 129)	26 782
Taxation	(5 054)	2 556	(2 498)
Profit/(loss) after taxation	30 857	(6 573)	24 284
Revenue: sales to external clients	807 658	–	807 658
Revenue: inter-segment revenue	69	–	69
Operating profit/(loss)	36 921	(9 671)	27 250
Depreciation, amortisation and impairments	(6 590)	(1 391)	(7 981)
Operating lease rentals	2 247	–	2 247
Interest income	47	603	650
Interest expense	(1 059)	(59)	(1 118)
Assets	215 541	17 544	233 085
Liabilities	60 251	12 287	72 538
Net assets	155 290	5 257	160 547

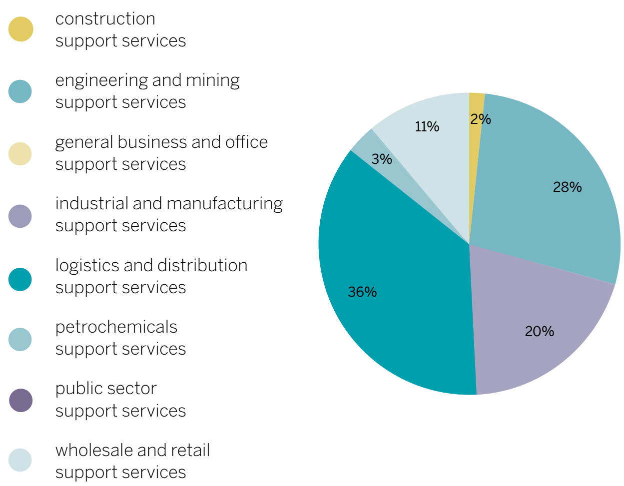
integrated business support services revenue by geographic region
year ended 2021



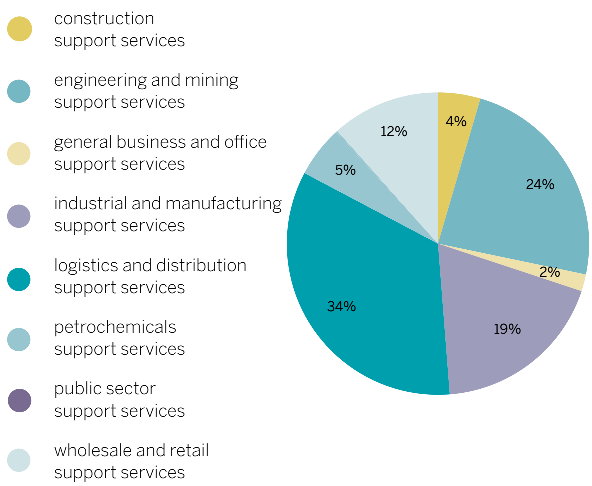
integrated business support services revenue by geographic region
year ended 2020



integrated business support services revenue by industry
year ended 2021



integrated business support services revenue by industry
year ended 2020



In terms of IFRS 8: Operating Segments, the chief operating decision-maker has been identified as the group's CEO. Operating segments have been identified based on the group's internal reporting reviewed by the CEO and executive directors for assessing performance and making strategic decisions. The group's operating segments are Integrated Business Support Services and Shared Services.

Any assets or liabilities that cannot be attributed directly to a segment are allocated to Shared Services.

The Integrated Business Support Services segment provides flexible staffing and permanent staffing solutions, vocational skills training, a comprehensive range of corporate and technical training services as well as functional outsourcing and fulfilment services, human capital consulting services and solutions.

Segment results, which are based on internal management reporting are regularly reviewed by the group's executive management and have been reconciled to the group's profit before taxation. External revenue, total assets and total liabilities as disclosed in the segment analysis agree to the corresponding amounts as disclosed in the annual financial statements. The measurement policies applied for segment reporting under IFRS 8 are the same as those used in the preparation of the annual financial statements. Inter-segment transfer pricing is done on the same terms as sales to external clients.

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
33	FINANCIAL ASSETS BY CATEGORY				
	Trade receivables	136 001	152 085	210	17 665
	Cash and cash equivalents	45 618	32 758	44 536	32 135
	Preference share interest receivable	–	–	20 608	13 760
	Loans to group companies	–	–	51 417	60 865
	Total financial assets at amortised cost	181 619	184 843	116 771	124 425
34	FINANCIAL LIABILITIES BY CATEGORY				
	Trade payables	24 195	30 172	257	983
	Loans from group companies	–	–	46 336	55 692
	Lease liabilities	2 738	5 897	–	–
	Bank borrowings	8 872	19 219	–	–
	Total financial liabilities at amortised cost	35 805	55 288	46 593	56 675

35 EVENTS AFTER REPORTING PERIOD

A gross dividend of 2.50 cents per share was declared on 22 June 2021, payable to shareholders recorded in the register on 19 July 2021.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

36 COVID-19

The group has a Covid-19 task team to continually assess the impact the pandemic has had on the operations of the group. With these ongoing assessments and the continual monitoring of the forecasts and budgets, management is of the opinion that going concern risk is low.

PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements incorporate the following principal accounting policies, which are consistent with those applied in the previous year, unless otherwise indicated.

BASIS OF PREPARATION

These consolidated annual financial statements are prepared in accordance with, and comply with the JSE Listings Requirements, International Financial Reporting Standards ("IFRS"), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the South African Companies Act (No. 71 of 2008). The consolidated annual financial statements are prepared in accordance with the going-concern principle on the historical cost basis, except for the measurement of investment properties at fair value.

The preparation of annual financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. Certain areas involve a high degree of judgement and certain assumptions and estimates are significant to the annual financial statements. Actual amounts could differ from these estimates.

The results are presented in Rand, which is Primeserv Group Limited's reporting currency, and are rounded to the nearest thousand.

JUDGEMENTS AND ESTIMATES MADE BY MANAGEMENT

Covid-19

The group has a Covid-19 task team to continually assess the impact the pandemic has had on the operations of the group. With these ongoing assessments and the continual monitoring of the forecasts and budgets, management is of the opinion that the risk relating to the effects of the pandemic is low.

ESTIMATES

Carrying Value of Goodwill

Goodwill has been tested for impairment based upon establishing an enterprise value using a discounted cash flow approach in terms of which a cash flow for the enterprise in respect of which the goodwill value is carried, is developed based upon assumptions regarding future growth in profitability, cash applied to the business and the free cash generated by the enterprise, and is discounted at an appropriate risk adjusted rate. The recoverable amount of goodwill was calculated by determining its value-in-use through the discounted cash flow method.

Recoverability of Deferred Tax Assets

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted. The group has considered the effects of Covid-19 on the expected performance of the business and its possible effects on the recoverability of the deferred tax assets.

Recoverability of Trade Receivables and Expected Credit Loss

The recoverability of trade receivables is assessed by giving careful consideration to the exposures that the group carries. In this regard the directors believe that the amount carried in the statements of financial position is collectable having taken account of risks covered by credit insurance contracts, the VAT component recoverable from SARS, impairment provisions raised and the default history of clients.

The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Fair Value of Investment Properties

The fair values of investment properties are determined on the comparable sales approach which takes into account recent sales histories. Group policy is to have the investment properties valued by an independent valuator every two years.

Determination of the Incremental Borrowing Rate ("IBR")

The group cannot readily determine the interest rate implicit in the leases it enters into and therefore it uses its IBR to measure its lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-to-use asset in a similar economic environment. The IBR therefore reflects what the group expects it would have to pay and estimates the IBR using indications from its primary bankers. The rate expected to be paid would be between the prime overdraft rate less 1% and the prime overdraft rate.

JUDGEMENTS

Assessment of Control

The group is considered to exercise control over a company in which it does not have a majority stake when it has the ability to control the activities of that company and to earn variable returns from it. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

The Primeserv Group Limited Share Trust is a share incentive trust which is funded by a loan and dividends received from Primeserv Group Limited. In the judgement of management, the group controls the trust in accordance with IFRS 10 – Consolidated Financial Statements.

Impairment of Financial Assets

The loss allowances for financial assets at amortised cost are based on assumptions about risk of default and expected loss rates. The entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation. Details of the key assumptions and inputs used are disclosed in the notes (Note 12).

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the entity, and a failure to make contractual payments for a period of greater than 120 days past due date. This is based on historical recovery patterns taking into consideration rights of enforcement arising from legal collection processes and/or credit insurance policies in place.

The group uses an allowance account to recognise its credit losses on trade and other receivables. It applies the simplified approach of recognising lifetime ECL for the trade receivables. The group applied a practical expedient in measuring the expected credit loss, using a provision matrix in determining the impairment. This matrix uses the historical credit loss, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast conditions at the reporting date.

Determination of the Lease Term for Lease Contracts with Renewal and Termination Options (group as a Lessee)

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend or terminate the lease if it is reasonably certain to be exercised.

The group has several lease contracts that include extension options. The group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. Factors relevant to lease properties include proximity to clients and transport infrastructure. In relation to vehicles and equipment consideration is given to operational requirements relating to the servicing of clients and associated administration functions. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within the control of its ability to exercise or not to exercise the option to renew.

PRINCIPLES OF CONSOLIDATION AND GOODWILL

The group consists of the holding company, its subsidiaries and a share incentive trust with no non-controlling interests. The annual financial statements of subsidiaries are consolidated from the date on which the group acquires effective control up to the date that effective control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated on consolidation.

The Group Share Incentive Trust is included in the holding company standalone accounts as a subsidiary. The holding company does not hold an equity interest in the trust.

Goodwill is tested annually for impairment and whenever there is an indicator of impairment. For the purposes of impairment testing goodwill is allocated to cash-generating units expected to benefit from the business combination in which the goodwill arose. An impairment loss is recognised if the carrying amount of the cash-generating unit exceeds its recoverable amount. Impairment losses on goodwill are not reversed.

NON-CONTROLLING INTEREST

Non-controlling interest in the net assets is determined as the non-controlling shareholders' proportionate share of the fair value of the identifiable net assets of the subsidiary acquired at the date of the original business combination, together with the non-controlling shareholders' share of changes in equity since the date of the combination.

REVENUE

Group revenue consists of services rendered to clients and is stated net of value-added taxation. Revenue is derived from the supply of temporary employment services, permanent placements fees and consulting and training fees. Fees received in advance are recognised over the period of the course or project and take into consideration the stage of completion which is based on what services have been delivered relative to what remains to be delivered as measured against the deliverables in the particular course outline. Income received on long-term staff supply and training contracts is recognised as it is earned.

The group does not adjust the amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a good or service to a client and when the client pays for that good or service will not exceed one year.

Revenue Type	Performance Obligation	Transaction Price	Recognition
Temporary employment services	Fees earned for the services rendered by assignees at clients	Linked to the assignee's rate of pay	Over time as assignee renders the service
Permanent placement fees	Fees earned when an assignee or candidate commences permanent employment at a client	Usually determined as a percentage of the assignee's or candidate's remuneration	On commencement of employment
Consulting fees (included as part of "other" in disaggregation disclosure)	Fees earned for consulting services rendered	Per agreement based on services required	Over time or at the point when the service is delivered
Training fees (included as part of "other" in disaggregation disclosure)	Fees for training services provided	Per agreement based on services required	Over time

COST OF SALES

Cost of sales in the context of the Staffing Services unit relates primarily to employee costs, whilst those for the Training and Consulting Services unit consist of costs directly related to the training or consulting service, and are recognised in profit and loss in the same period as when the revenue related to the service is recognised.

LEASES

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

GROUP AS A LESSEE

The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets

The group recognises right-of-use assets at the commencement date of the lease and these typically relate to leasehold property, office equipment and motor vehicles.

Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life and the lease term.

The right-of-use assets are presented within Note 10 and are subject to impairment in line with the group's impairment of non-financial assets policy.

The group has availed of the relief granted due to the Covid-19 pandemic in relation to rent reductions and has not treated these as lease modifications.

Lease Liabilities

The group recognises lease liabilities measured at the present value of the future lease payments. The lease payments include fixed payments.

The lease liability is initially measured at the present value of the future lease payments expected to be paid after the commencement date, discounted using the group's incremental borrowing rate. To determine the incremental borrowing rate, the group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease liability is subsequently measured at amortised cost using the effective interest method.

Short-Term Leases and Leases of Low-Value Assets

The group applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. The group considers leased items with a new purchase value of below R75 000 to be low-value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

TAXATION

Current taxation comprises taxation payable calculated on the basis of expected taxable income for the period, using the tax rates enacted, or substantially enacted, at the end of the reporting period date, and any adjustment of taxation payable for previous periods. Taxation is recognised directly in profit or loss unless it relates to an item recognised in equity or other comprehensive income, in which case the tax is also recognised in equity or other comprehensive income.

EMPLOYEE BENEFITS

Short-Term Employee Benefits

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with respect to services rendered up to the statement of financial position date. There are no contractual obligations to pay bonuses to any employee. All bonuses are at the discretion of management or, in the case of executive directors, the Board.

Retirement Benefits

Current contributions to pension and retirement funds operated for employees are based on current service and charged against income as incurred. All retirement benefit plans are defined contribution plans.

EQUIPMENT AND VEHICLES

Equipment and vehicles are initially measured at cost. Costs include direct costs incurred initially to acquire an item of equipment and vehicles.

Equipment and vehicles are subsequently stated at cost less accumulated depreciation and impairment. Depreciation is provided for on the straight-line basis over the following periods, which will reduce cost to the estimated residual values over the expected useful lives of the assets:

Computer equipment	Three to six years
Motor vehicles	Five years
Furniture, fittings and equipment	Three to ten years

Gains and losses on disposal are recognised in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of equipment and vehicles is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss.

INVESTMENT PROPERTY

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value with fair value changes recognised in profit or loss as investment gains or losses. Refer Note 18 of the notes to the annual financial statements.

The fair value of investment property is based on valuation information at the reporting date. Independent valuations were performed by a valuation expert, Brian Jeffrey Mylod, owner of Smitties Estates, appraiser appointed in terms of section 6 of the Administration of Estates Act of 1965 for the district of Parys, as well as a member of the Valuation Court of Parys.

Costs of upkeep, maintenance and estate levies are expensed as incurred.

FINANCIAL INSTRUMENTS

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets at amortised cost
- Financial liabilities at amortised cost

Classification depends on the business model and contractual cash flows.

INITIAL RECOGNITION

Financial instruments are initially measured at fair value plus or minus transaction costs, if any.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

SUBSEQUENT MEASUREMENT

Financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. This applies where the group's business model is to hold financial assets and collect its contractual cash flows and where the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

The group recognises a loss allowance for ECL on financial assets measured at amortised cost. At each reporting date, the group assesses whether the credit risk on a financial asset, including trade receivables and cash and cash equivalents, has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. The group considers an amount to be in default when such amount is more than 90 days past the original or postponed due date for payment and there are no mitigating criteria including credit insurance policies and/or legal processes where there are reasonable prospects for success.

The group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition. Such information includes expected rates of growth in Gross Domestic Product, inflation forecast as indicated by the CPI-X measure, and levels of unemployment. Where the credit risk on that financial instrument has increased significantly since initial recognition, the group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition the group measures the loss allowance for a financial instrument at an amount equal to the expected loss over 12 months.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss within operating expenses.

DERECOGNITION

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

FINANCIAL ASSETS

Financial Assets at Amortised Cost

Trade and other receivables, preference dividend receivable and loans to group companies and share trust are classified as financial assets at amortised cost.

Trade receivables are presented net of an allowance for impairment. Movements on this allowance are taken to the Statements of Profit and Loss and Other Comprehensive Income and uncollectable amounts are written off against the allowance. Subsequent recoveries of amounts previously written off are credited to the Statements of Profit and Loss.

The company classifies its loans to group companies at amortised cost. The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows. The loans to group companies are classified at amortised cost, because they give rise to cash flows that are"solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model for the loans to group companies is to collect contractual cash flows.

Loans to group companies are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans. The company measures the loss allowance at an amount equal to lifetime expected credit losses ("lifetime ECL") when there has been a significant increase in risk since the initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12-month expected credit losses ("12-month ECL").

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of the lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the company compares the risk of default occurring as at the date of initial recognition. The credit risk on a financial asset is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

The company considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The company writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Loans written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss. The company has established a policy to perform an assessment, at the end of each reporting period, of whether a loan's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the company groups its loans into Stage 1, Stage 2 and Stage 3 described below:

- Stage 1: When loans are first recognised, the company recognises an allowance account based on 12-month ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loans have been reclassified from Stage 2;
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the lifetime ECLs; and
- Stage 3: Loans considered credit impaired. The company records an allowance for the lifetime ECLs.

ECLs are probability-weighted estimates of credit losses. They are measured as the present value of all cash flow shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive).

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are classified as financial assets at amortised cost and comprise cash on hand and demand deposits that are subject to an insignificant risk of changes in value. These are subsequently measured at amortised cost. Cash and cash equivalents are held with institutions with high credit quality and therefore ECL is not significant.

FINANCIAL LIABILITIES

Loans and Payables

Trade and other payables and loans from group companies are classified as financial liabilities at amortised cost. In the case of short-term payables, the impact of discounting is not material and cost approximates amortised cost.

Bank Overdraft and borrowings and cash at bank

Bank overdrafts and borrowings are classified as financial liabilities at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs. For the purposes of the statements of cash flows, cash at bank includes cash on hand, deposits and current accounts held with banks. Short-term bank borrowings form an integral part of the group's cash management and are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

Deferred taxation

Deferred taxation is provided in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the annual financial statements, and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated using rates expected to apply when the related deferred tax assets are realised or deferred tax liability settled. Deferred tax is determined using tax rates (and laws) enacted or substantially enacted at the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that a taxable profit will be available in future periods against which the tax asset can be recovered.

Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Treasury shares

Shares in the holding company held by group companies and the Share Incentive Trust are classified as treasury shares. The consideration paid for treasury shares is deducted from total shareholders' equity. Dividends received are offset against dividends paid. Profits/losses realised on the allocation to individuals of treasury share are allocated directly to equity. Where treasury shares are subsequently sold or issued, the net consideration received is included in equity.

SEGMENT REPORTING

The group is an investment holding company whose trading activities are conducted through its subsidiary companies providing a comprehensive range of Integrated Business Support Services. These include a broad range of human capital management and consulting services and solutions, productivity and functional outsourcing services, permanent and temporary employment staffing services, training and skills development products and services, as well as related fulfilment services. These services are supported by the group-wide Shared Services operation. Consequently, the group has two reporting segments, namely Integrated Business Support Services and Shared Services. These two segments are the basis on which the group reports its primary segment information for internal purposes to the chief operating decision-maker.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other group segments. Transactions between segments are priced at market-related rates. These transactions are eliminated on consolidation.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Refer to Note 32 for details relating to segments.

NEW STANDARDS AND INTERPRETATIONS

New standards, amendments to standards and interpretations that could be expected to impact the group and that were in issue but not yet effective.

At the date of authorisation of these annual financial statements, the following new standards, amendments and interpretations were in issue but not yet effective could reasonably be expected to apply to the group. All new standards and interpretations are expected to be applied in the period they become effective.

- IFRS 9 FINANCIAL INSTRUMENTS:

The amendment: Fees in the "10 per cent" test for derecognition of financial liabilities:

– Clarifies which fees must be applied in the application of the "10 per cent" test when assessing whether to derecognise a financial liability. Only include fees paid or received between the borrower and the lender, including those paid or received on the other's behalf. (effective 1 January 2022).

This is not expected to impact the group's results as the majority of liabilities are derecognised on settlement.

• LFRS 16 LEASES:

The amendments (lessee only):

To make it easier to account for Covid-19-related rent concessions e.g. rent holidays and temporary rent reductions.

- exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications;
- allows lessee to account for such rent concessions as if they were not lease modifications; and
- applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021 (effective 1 April 2021, extended to 30 June 2022).

This is not expected to impact the group's results as the group has not received material rent concessions to date.

• IAS 1 PRESENTATION OF FINANCIAL STATEMENTS AND IAS 8 ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current (effective 1 January 2023).

The group does not expect to change its classification of liabilities as the requirement is already applied.

• IAS 12 INCOME TAXES:

Deferred Tax related to Assets and Liabilities arising from a Single Transaction: Amendment to the initial recognition exemption provided in IAS 12.15(b) and 12.24. The initial exemption does not apply to transactions in which equal amounts of deductible and temporary differences arise on initial recognition. (effective 1 January 2023).

The group is busy assessing the impact but it is not considered to be material to the group.

• IAS 37 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Amendment: Onerous Contracts – Cost of Fulfilling a Contract

Specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts (effective 1 January 2022).

The group does not currently have onerous contracts and does not expect that this will impact the financial results.

analysis of shareholding

for the year ended 31 March 2021

	Number of shareholders	Number of shares	Shareholding %
Portfolio size			
1 – 50 000 shares	623	2 191 773	1.8
50 001 – 500 000 shares	47	9 186 370	7.5
500 001 – 5 000 000 shares	21	36 913 070	30.0
Over 5 000 000 shares	4	74 675 818	60.7
	695	122 967 031	100.0
Category			
Directors and management	12	63 302 228	51.5
Nominee companies and schemes	2	9 200	0.0
Individual and other corporate bodies	681	59 655 603	48.5
	695	122 967 031	100.0
Interest of more than 5%			
The Primeserv Group Limited Share Trust (treasury shares)		26 189 326	21.3
M Abel		21 575 003	17.5
The Boles Family Trust		16 266 000	13.2
Primeserv Productivity Services Proprietary Limited (treasury shares)		10 645 489	8.7
		74 675 818	60.7
Shareholder spread			
Total non-public shareholders	12	63 302 228	51.5
Directors	4	22 224 003	18.1
Treasury shares	3	37 199 573	30.3
Key management	5	3 878 652	3.1
Public shareholders	683	59 664 803	48.5
	695	122 967 031	100.0

market statistics
for the year ended 31 March 2021

		2021	2020
JSE Limited performance			
Year-end closing price of ordinary shares	(cents)	90	60
High closing price of ordinary shares	(cents)	90	85
Low closing price of ordinary shares	(cents)	58	50
Volume of shares traded	(millions)	1	5
Value of shares traded	(R'000)	1 091	3 464
Number of shares in issue			
Opening balance	(including treasury shares)	132 062 743	132 062 743
Closing balance	(including treasury shares)	122 967 031	132 062 743
Market capitalisation at year-end	(R'000)	110 670	79 238
Market capitalisation at year-end excluding treasury shares	(R'000)	77 122	51 357

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take arising from the following resolutions, contact your Central Securities Depository Participant ("CSDP"), stockbroker, attorney, accountant or other professional adviser immediately.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting ("AGM") of shareholders of Primeserv Group Limited ("Primeserv/the company") will be held at 09H30 on Friday, 26 November 2021 at 09H30 to consider and, if deemed fit, pass, with or without modification, according to the provisions of the Companies Act, No. 71 of 2008 (the Act) as read with the JSE Listings Requirements, the ordinary and special resolutions as set out below. Due to the impact of Covid-19 the Board has, in the circumstances, determined that it is preferable that the AGM be held by way of electronic participation instead of in person. Accordingly, the AGM will only be accessible through electronic communication. The AGM will be held virtually using an interactive electronic platform with the transfer secretaries, JSE Investor Services Proprietary Limited ("JSEIS") acting as scrutineers for the purpose of the meeting. Shareholders who wish to participate and/or vote at the AGM are required to contact JSEIS on meetfax@jseinvestorservices.co.za or on +27 86 154 6572 as soon as possible, but in any event by no later than 10H00 on Wednesday, 24 November 2021. Shareholders wishing to vote will be assisted by JSEIS where required and only through means of submitting their vote on the appropriate voting form as issued by JSEIS and provided at the AGM.

PRESENTATION OF AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The audited consolidated annual financial statements for the company, including the External Independent Auditor's Report, the Report of the Audit Committee and the Directors' Report for the year ended 31 March 2021, have been distributed as required and will be tabled for comment by shareholders. The audited consolidated annual financial statements, together with the abovementioned reports are set out on page 41 to 87 of the Integrated Report. The full audited consolidated annual financial statements are available on the company's website at www.primeserv.co.za.

PRESENTATION OF GROUP SOCIAL AND ETHICS COMMITTEE REPORT

In accordance with regulation 43, issued in terms of the Act, the Chairperson of the Social and Ethics Committee, or in the absence of the Chairperson any member of the Committee, will present the Committee's report to shareholders at the AGM.

RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions:

ORDINARY RESOLUTIONS

As specified by the Act, it is advised that all ordinary resolutions, save where specifically noted otherwise, are required to be passed by a percentage of votes in excess of 50% (fifty percent) of votes exercised in regard to the resolution.

ORDINARY RESOLUTION NUMBER 1

Re-appointment of independent auditors and re-appointment of designated audit partner

Resolved by way of separate votes that:

1.1 Mazars be re-appointed as independent registered auditors of the company for the ensuing year or until the next AGM, whichever is the later;

1.2 Sanjay Ranchhoojee be re-appointed as the designated audit partner for the ensuing year or until the next AGM, whichever is the later;

1.3 the auditors' remuneration be left to the discretion of the Board.

ORDINARY RESOLUTION NUMBER 2

Re-election of non-executive directors retiring by rotation

Resolved by way of separate votes that the following non-executive directors who retire by rotation in accordance with the company's Memorandum of Incorporation ("MOI") and being eligible, offer themselves for re-election, be re-elected with immediate effect as independent non-executive directors of the company for the ensuing year:

2.1 LM Maisela

2.2 DL Rose

The Remuneration and Nominations Committee of the company has assessed the performance and independence of each of the retiring candidates and recommends their re-election to shareholders.

An abridged curriculum vitae of each director is set out on page 16 of the Integrated Report of the company.

ORDINARY RESOLUTION NUMBER 3

Re-election of members of the audit, governance and risk committee

Resolved by way of separate votes that the following non-executive directors who retire by rotation in accordance with the company's MOI be re-elected with immediate effect as members of the Audit, Governance and Risk Committee of the company for the ensuing year:

3.1 B Kali

3.2 LM Maisela*

3.3 DL Rose*

An abridged curriculum vitae of each director is set out on page 16 of the Integrated Report of the company.

* *Subject to their re-election as director in terms of ordinary resolutions 2.1 and 2.2 above.*

ORDINARY RESOLUTION NUMBER 4

general authority to directors to allot and issue shares for cash

Resolved that the directors of the company be and are hereby authorised by way of a general authority, to allot and issue any of the company's unissued shares for cash as they in their discretion deem fit, without restriction, subject to the provisions of the Listings Requirements of the JSE Limited (the JSE), and subject to the provision that the aggregate number of ordinary shares to be allotted and issued in terms of this resolution, shall be limited to 10% (ten percent) of the issued share capital of the company at the date of this Notice of AGM, provided that:

- the approval shall be valid until the date of the next AGM, provided it shall not extend beyond 15 months from the date of this resolution; and
- the general issues of shares for cash in any one year may not exceed, in the aggregate, 10% (ten percent) of the company's issued share capital (number of securities) of that class as at the date of the issue of this notice of AGM, it being recorded that the ordinary shares issued in consideration for acquisitions shall not diminish the number of ordinary shares that comprise the 10% (ten percent) of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 10% (ten percent) of the issued ordinary shares amounts to 12 296 703 ordinary shares.
  - In determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of issue is agreed between the issuer and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30-day period.
  - Any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE, not to related parties.
  - Any such issue will only be of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue.
  - If the securities represent, on a cumulative basis, 5% (five percent) or more of the number of securities in issue, prior to that issue, an announcement containing full details of that issue shall be published on SENS.

In the case of companies wishing to issue shares for cash (other than issues by way of rights offers, and/or in consideration for acquisitions and/or to share incentive schemes, which schemes have been duly approved by the JSE and by the shareholders of the company), it is necessary for the Board to obtain the prior authority of the shareholders in accordance with the Listings Requirements of the JSE and the MOI of the company. At least 75% (seventy-five percent) of the shareholders present in person or by proxy and entitled to vote at the AGM must cast their vote in favour of this resolution.

ORDINARY RESOLUTION NUMBER 5

Authorisation to implement resolutions

Resolved that any director of the company or the Company Secretary be and are hereby authorised to sign all documents and do all acts which may be required to carry into effect the resolutions contained in the notice of AGM incorporating this ordinary resolution.

NON-BINDING ADVISORY RESOLUTION NUMBER 1

Advisory endorsement of remuneration policy

Resolved that, by way of a non-binding advisory vote, the shareholders endorse the remuneration policies of the company as set out in the remuneration report as contained in the Integrated Report on pages 33 to 35.

NON-BINDING ADVISORY RESOLUTION NUMBER 2

Advisory endorsement of implementation report

Resolved that, by way of a non-binding advisory vote, the shareholders endorse the implementation report of the company as set out in the remuneration report as contained in the Integrated Report on page 36.

Non-binding advisory resolutions 1 and 2 are of an advisory nature only and failure to pass these resolutions will not have any legal consequences relating to existing arrangements. However, the Board will take the outcomes of the votes into consideration when considering the company's remuneration policy and the implementation thereof. Should more than 25% (twenty-five percent) of the total votes cast be against either resolution, based upon the number of shareholders voting against the resolution, the members of the remuneration committee will:

- engage directly with the shareholders concerned; or
- the company will issue an announcement on the Stock Exchange News Service inviting shareholders who voted against the resolution(s) to meet with members of the Remuneration Committee. The process to be followed will be set out in the SENS announcement.

SPECIAL RESOLUTIONS

SPECIAL RESOLUTION NUMBER 1

Remuneration of non-executive directors

Resolved that the remuneration payable to the non-executive directors of the company for the 2022 financial year and to the next AGM to be held in 2022, be as follows:

	Retainer R	Attendance fee per meeting R
Chairperson	102 078	23 818
Non-executive directors	30 623	23 818
Chairperson of Audit Committee	124 762	
Chairperson of Remunerations Committee	17 013	
Chairperson of Social and Ethics Committee	17 013	
Committee members		
Audit		11 342
Remuneration		5 671
Social and Ethics		5 671

Non-executive directors receive a base fee plus an attendance fee per meeting.

The fees in the table are for individual roles while the aggregate fees any single non-executive director earns will be based on a combination of the fees for all roles performed. The proposed non-executive directors' fees exclude VAT. VAT will be added to the fees by the non-executive directors in accordance with VAT legislation, where applicable.

Reason for and effect of this special resolution 1

Special resolution number 1 is required in terms of section 66(9) of the Act to authorise the company to pay remuneration to non-executive directors of the company in respect of their services as directors. Furthermore, in terms of the Listings Requirements and King IV, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two years.

SPECIAL RESOLUTION NUMBER 2

Financial assistance to subsidiaries

Resolved that, in accordance with section 45 of the Act, the provision of any financial assistance by the company to any company or corporation which is related or inter-related to the company (as defined in the Act), on the terms and conditions which the directors of Primeserv may determine, be and is hereby approved.

Reason for and effect of special resolution 2

In terms of the Act, the Board may authorise the company to provide any financial assistance to related or inter-related companies which are group companies, including subsidiary companies of the company, where it believes it would be beneficial to the company to do so in future, subject to certain requirements set out in the Act, including the company meeting solvency and liquidity tests.

This general authority is necessary for the company to continue making loans to subsidiaries as well as granting letters of support and guarantees in appropriate circumstances. A general authorisation from shareholders avoids the need to refer each instance to shareholders for approval with the resulting time delays and expense. If approved, this general authority will expire at the end of two years.

SPECIAL RESOLUTION NUMBER 3

General authority to repurchase shares

Resolved that, as a general approval contemplated in terms of section 48 of the Act, the acquisition by the company, and/or any subsidiary of the company, from time to time of the issued ordinary shares of the company is hereby approved, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the MOI of the company, the provisions of the Companies Act and the JSE Listings Requirements, where applicable, and provided that:

- the repurchase of securities will be effected through the main order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the company's next AGM, or for 15 (fifteen) months from the date of this special resolution number 3, whichever period is shorter;
- in determining the price at which the company's ordinary shares are acquired by the company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be no more than 10% (ten percent) above the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately

preceding the date of the repurchase of such ordinary shares by the company;

- the acquisitions of ordinary shares in the aggregate in any one financial year do not exceed 20% (twenty percent) of the company's issued ordinary share capital from the date of the grant of this general authority;
  - the company and the group are in a position to repay their debt in the ordinary course of business for the following year after the date of this notice of AGM;
  - the consolidated assets of the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the consolidated liabilities of the company for the following year after the date of this notice of AGM;
  - the ordinary capital and reserves of the company and the group are adequate for the next 12 months after the date of this notice of AGM and provided that the Board of directors have signed a resolution that the group has passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group;
  - the available working capital is adequate to continue the operations of the company and the group in the following year after the date of this notice of AGM;
  - after such repurchase the company will still comply with paragraphs 3.37 of the JSE Listings Requirements concerning shareholder spread requirements;
  - the company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
  - when the company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made on SENS and in the press; and
  - the company appoints only one agent to effect any repurchase(s) on its behalf.

Reason for and effect of special resolution number 3

The reason for and effect of Special Resolution Number 3 is to authorise the company and/or its subsidiaries by way of a general authority to acquire its own issued shares on such terms, conditions and such amounts determined from time to time by the directors of the company, subject to the limitations set out above. The directors of the company have no specific intention to effect the provisions of Special Resolution Number 3 but will, however, continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of Special Resolution Number 3. It is, however, proposed, and the Board believes it to be in the best interest of Primeserv, that shareholders pass a special resolution granting the company a general authority to acquire its own shares and permit subsidiary companies of Primeserv to acquire shares in the company.

Other Disclosures in Terms of Section 11.26 of the JSE Listings Requirements Made in Regard to Special Resolution 3

The JSE Listings Requirements require the following disclosures, some of which are disclosed in the Integrated Report, of which this notice forms part, as set out below:

- Major shareholders of Primeserv (page 88)
- Share capital of Primeserv (page71)

Material change

There have been no material changes in the affairs or financial position of Primeserv and its subsidiaries since the date of signature of the audit report and the date of this notice.

Directors' responsibility statement

The directors, whose names are given on page 16 of the Integrated Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to Special Resolution Number 3 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that these resolutions contain all such information required by law and the JSE Listings Requirements.

Litigation statement

The directors, whose names are given on page 16 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

To transact any other business as may be transacted at an AGM.

Approvals required for resolutions

Ordinary resolution numbers 1 to 3 and 5 contained in this notice of AGM require the approval by more than 50% (fifty percent) of the votes exercised on the resolutions by the shareholders present or represented by proxy at the AGM, and further subject to the provisions of the Act, the company's MOI and the Listings Requirements. Ordinary Resolution number 4 and Special Resolution numbers 1 to 3 contained in this notice of AGM require the approval by at least 75% (seventy-five percent) of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, and are further subject to the provisions of the Act, the company's MOI and the Listings Requirements.

VOTING AND PROXIES

Record dates

In terms of section 59(1) of the Act, this notice has been sent to shareholders who were recorded as such in the company's securities register on Friday, 23 July 2021, being the record date set by the Board in terms of the Act for determining which shareholders are entitled to receive a notice of AGM. The record date on which shareholders must be registered as such in the company's securities register, which date was set by the Board determining which shareholders are entitled to attend and vote at the AGM is Friday, 19 November 2021. Accordingly, the last day to trade in order to be able to attend and vote at the AGM is Tuesday, 16 November 2021.

Voting

Shareholders will be entitled to attend the general meeting and to vote on the resolutions set out above. All votes will be by way of a poll and every shareholder shall have one vote for each share held by such shareholder. In terms of the Listings Requirements any shares currently held as treasury shares will not be taken into account in determining the results of voting on special resolution numbers 1 to 3.

Proxies

A shareholder entitled to attend and vote at the AGM may appoint one or more persons as their proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the company. A form of proxy is attached for the convenience of certificated shareholders and "own name" dematerialised shareholders who are unable to attend the AGM, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the company's Transfer Secretaries, JSE Investor Services Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2000, Telefax +27 86 674 4381, not later than 10H00 on Wednesday, 24 November 2021. Section 63(1) of the Act requires that meeting participants provide satisfactory identification.

1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
   a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
   b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
2) A proxy appointment
   a) must be in writing, dated and signed by the shareholder; and
   b) remains valid for
      i) one year after the date on which it was signed; or
      ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in sub-section (4) (c), or expires earlier as contemplated in subsection (8) (d).
3) Except to the extent that the MOI of a company provides otherwise:
   a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
   b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
   c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4) Irrespective of the form of instrument used to appoint a proxy:
   a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
   b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
   c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:
      i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
      ii) delivering a copy of the revocation instrument to the proxy, and to the company.
5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
   a) the date stated in the revocation instrument, if any; or
   b) the date on which the revocation instrument was delivered as required in sub-section (4)(c)(ii).

6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides. Dematerialised shareholders, other than "own name" dematerialised shareholders, who have not been contacted by their CSDP or broker with regard to how they wish to cast their votes, should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the company's AGM in order for their CSDP or broker to vote in accordance with such instructions. If such dematerialised shareholders wish to attend the company's AGM in person, they must request their CSDP or broker to issue the necessary Letter of Representation to them. This must be done in terms of the agreement entered into between such dematerialised shareholder and the relevant CSDP or broker. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

Kindly note that in terms of section 63(1) of the Act, meeting participants are required to provide satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences or passports.

By order of the Board

30 July 2021

form of proxy

PRIMESERV GROUP LIMITED
Incorporated in the Republic of South Africa • (Registration number 1997/013448/06)
Share code: PMV • ISIN: ZAE000039277 • ("Primeserv" or "the company")

For the use by certificated or "own name" dematerialised shareholders of Primeserv for the annual general meeting of Primeserv Group Limited to be held on Friday, 26 November 2021 at 09H30 ("the AGM").

If shareholders have dematerialised their shares with a Central Securities Depository Participant ("CSDP") or broker (other than not own name dematerialised shareholders) they must arrange with the CSDP or broker to provide them with the necessary letter of representation to attend the AGM or the shareholder must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker in the manner and cut-off time stipulated therein.

I/We (Name/s in block letters)

of (address)

being the registered holders of ordinary shares in Primeserv, do hereby appoint

1. or, failing him/her,

2. or, failing him/her,

3. the Chairperson of the Annual General Meeting as my/our proxy to act for me/us and on my/our behalf at the meeting which will be held for the purposes of considering, and if deemed fit, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see Note 1, overleaf).

		Number of votes (one vote per ordinary share)		
		For	Against	Abstain
Ordinary resolution number 1 – Reappointment of independent auditors and re-appointment of the designated audit partner				
1.1	Appointment of Mazars as independent auditors			
1.2	Appointment of S Ranchhoojee as designated audit partner			
1.3	Board to confirm auditors' remuneration			
Ordinary resolution number2 – Re-election of non-executive directors retiring by rotation				
2.1	LM Maisela			
2.2	DL Rose			
Ordinary resolution number 3 – Re-election of members of the Audit, Governance and Risk Committee				
3.1	B Kali			
3.2	LM Maisela			
3.3	DL Rose			
Ordinary resolution number 4 – General authority to directors to allot and issue shares for cash				
Ordinary resolution number 5 – Authority to implement resolutions				
Non-binding advisory resolution 1 – Advisory endorsement of Remuneration Policy				
Non-binding advisory resolution 2 – Advisory endorsement of Implementation Report				
Special resolution number 1 – Remuneration of non-executive directors				
Special resolution number 2 – Financial assistance to subsidiaries				
Special resolution number 3 – General authority to repurchase shares				

Signed at on 2021

Signature

Assisted by me (where applicable)

Please indicate whether you elect to receive documents electronically at the email address inserted below by ticking the appropriate box

YES ☐ NO ☐

Signature

Please see notes overleaf

notes to the form of proxy

1. A shareholder may insert the names of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the Chairperson of the meeting", but the shareholder must initial any such deletion. The person whose name appears first on the proxy and which has not been deleted shall be entitled to act as proxy to the exclusion of those names following.
2. A shareholder is entitled to one in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder in the appropriate box. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes.
3. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries or by the Chairperson of the AGM before the commencement of the AGM.
4. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM, be proposed, the proxy shall be entitled to vote as he/she thinks fit.
5. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded with the company's transfer secretary or waived by the Chairperson of the AGM.
6. His/her parent or guardian as applicable must assist a minor or any other person under legal incapacity, unless the relevant documents establishing capacity are produced or have been registered with the transfer secretaries.
7. Where there are joint holders of ordinary shares:
   - any one holder may sign the form of proxy;
   - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company's register) who tender a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
8. Proxies must be lodged at or posted to the company or the company's transfer secretaries, JSE Investor Services Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), to be received no later than 10H00 on Wednesday, 24 November 2021.
9. Any alteration or correction made to this form of proxy other than the deletion of alternatives must be initialled by the signatory/ies.
10. The completion and lodging of this proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
11. The Chairperson of the meeting may reject or accept a proxy that is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
12. If you have not dematerialised your shares and selected own name registration in the sub-register: You may either attend the AGM or complete and return the form of proxy in accordance with the instructions contained therein to the transfer secretaries.
13. If you have dematerialised your shares through a CSDP or broker and registered them in a name other than your own name and wish to vote at the AGM: If you have already dematerialised your shares you must advise your CSDP or broker of your voting instructions on the proposed resolutions. However, should you wish to attend the AGM, you will need to request your CSDP or broker to provide you with the necessary Letter of Representation in terms of the custody agreement entered into with the CSDP or broker.

notes

notes

corporate information

PRIMESERV GROUP LIMITED
(Incorporated in the Republic of South Africa)
Registration number 1997/013448/06
Share code: PMV
ISIN: ZAE000039277

REGISTERED OFFICE
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COMPANY SECRETARY
ER Goodman Secretarial Services Proprietary Limited
(represented by Marilis Janse van Rensburg)
3 River Road
Bedfordview, 2008

LEGAL ADVISORS
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Harris Marcus Mahlangu
Kirchmanns
Werksmans

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Grindrod Towers
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Sandton, 2196

BANKERS
FirstRand Bank Limited
Investec Bank Limited

AUDITORS
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Melrose Estate, 2196

TRANSFER SECRETARIES
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Rennie House, 19 Ameshoff Street
Braamfontein, 2001

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