

A large, stylized graphic of an eye, composed of concentric circles and angular shapes in shades of gray, framing the central content.

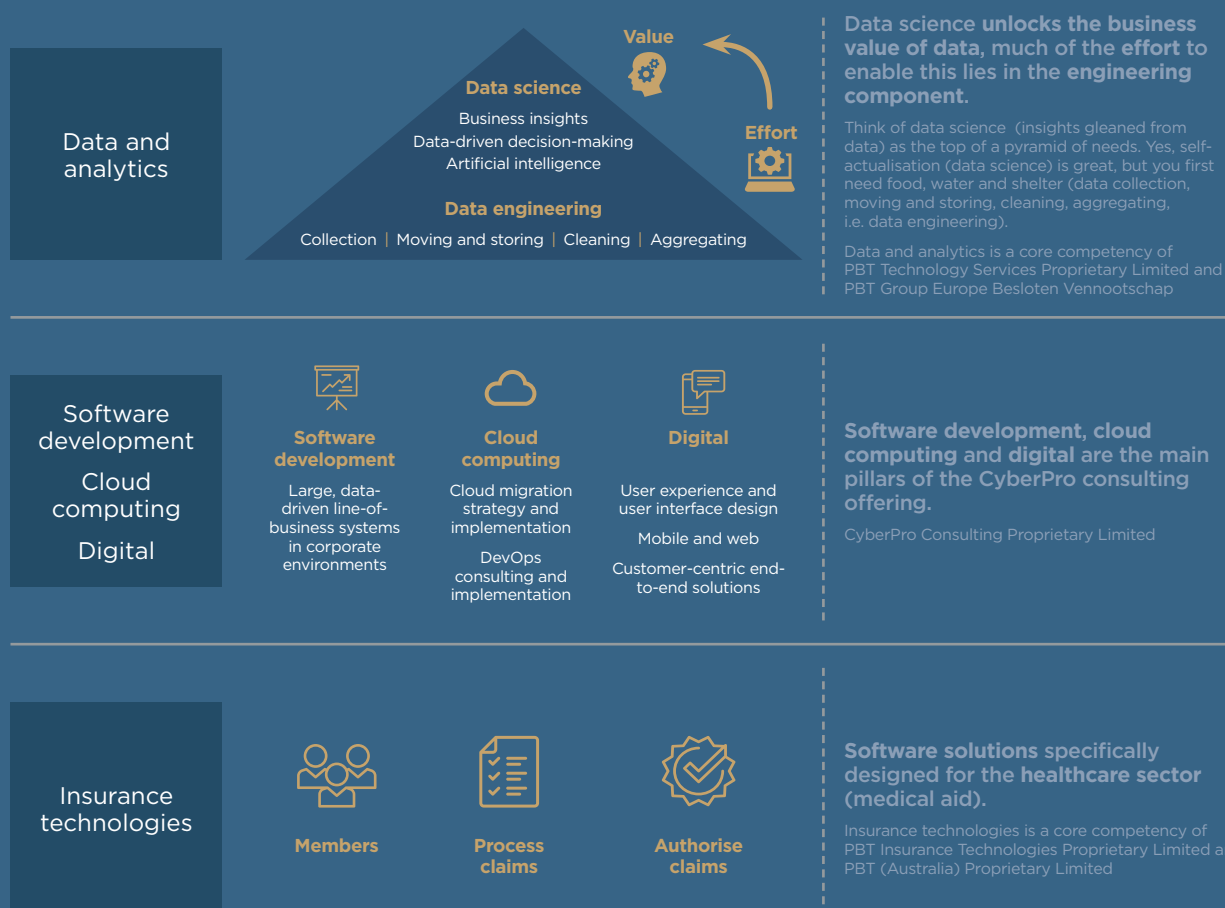
20
20

UNAUDITED CONDENSED CONSOLIDATED
INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

BUSINESS OVERVIEW

THREE CORE COMPETENCIES



CONTENTS



IFC Business overview

- 1 Financial highlights
 - 1 Revenue per segment
 - 1 Client synopsis
 - 2 Commentary
 - 6 Unaudited Condensed Consolidated Interim Statement of Financial Position
 - 7 Unaudited Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
 - 8 Unaudited Condensed Consolidated Interim Statement of Changes in Equity
 - 10 Unaudited Condensed Consolidated Interim Statement of Cash Flows
 - 11 Notes to the Unaudited Condensed Consolidated Interim Results
 - 31 Form of Election
- IBC Company Information**

FINANCIAL HIGHLIGHTS

Revenue increased organically by 21.4% to R389.3 million (September 2019: R320.6 million). Demand for PBT Group's services remains robust in an ever-increasing digital world.

EBITDA growth of 22.1% to R45.1 million (September 2019: R36.9 million).

Cash generated from operations increased by 45.9% to R58.5 million (September 2019: R40.1 million), driven by a decrease in working capital, primarily due to a reduction in trade receivables. Cash and cash equivalents increased to R74.3 million (September 2019: R45.8 million)

Profit after tax increased by 22.9% to R29.8 million (September 2019: R24.2 million)

Headline earnings attributable to the owners of the parent increased by 16.7% to R18.9 million (September 2019: R16.2 million).

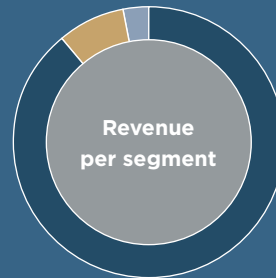
DHEPS increased by 29.3% to 21.20 cents per share (September 2019: 16.39 cents per share), driven by earnings growth and fewer shares in issue.

No long-term interest-bearing borrowings.

PBT Group's investment in Zuuse Limited revalued to R103.2 million (September 2019: R36.8 million). The revaluation is as a result of transactions in Zuuse Limited's shares. Refer to notes 2 and 9 for further details.



REVENUE PER SEGMENT



South Africa

- Revenue increased by 23.1% to R347.9 million
- Demand for services remains robust

Australia

- Revenue increased by 11.7% to R29.5 million, mainly due to currency movement
- Steady with limited growth

Europe

- Revenue increased by 1.75% to R12.0 million, mainly due to currency movement
- Start-up phase, not yet profitable
- Prospects remain promising

CLIENT SYNOPSIS

- Most of PBT Group's growth has been to clients in the financial services industry. These clients contribute 78% of PBT Group's revenue (September 2019: 60%).
- PBT Group's top ten clients contribute 56% (September 2019: 52%) to its revenue.
- The majority of PBT Group's clients are large JSE-listed companies.

COMMENTARY

FINANCIAL RESULTS

Despite initial uncertainty regarding the possible effects of COVID-19 on the business at the start of the financial year, we are pleased to report that PBT Group is delivering well and building on the strong performance of the 2020 financial year. There was a seamless transition from working at the office to remote working, which allowed for business to continue as usual.

Even though COVID-19 is still in our midst, with uncertainty remaining, we believe that PBT Group is well poised and that our results for the first half of the financial year are evidence of that. PBT Group's policy has been to continue with normal operations as far as possible and to strive for growth opportunities worldwide.

PBT Group addressed possible liquidity shortages due to COVID-19 by securing additional facilities. To date of this report we have not needed to utilise these funds.

Whilst assessing cash flow projections based on historical information, and taking into account the current economic climate, management is satisfied that the current value-in-use calculation is still considerably higher than the carrying value of goodwill. As such, no impairment to goodwill is deemed necessary as at 30 September 2020.

Revenue for the period increased organically by 21.4% to R389.3 million (September 2019: R320.6 million). EBITDA increased by 22.1% to R45.1 million (September 2019: R36.9 million) and profit after tax increased by 22.9% to R29.8 million (September 2019: R24.2 million). This translates to headline earnings attributable to the owners of the parent having increased by 16.7% to R18.9 million (September 2019: R16.2 million).

Cash generated from operations increased by 45.9% to R58.5 million (September 2019: R40.1 million), driven by a decrease in working capital, primarily due to a reduction in trade receivables.

The non-controlling interest in the after-tax profit amounted to R11.0 million (30 September 2019: R8.1 million), resulting in profit after tax attributable to the owners of the parent of R18.8 million (30 September 2019: R16.2 million).

Earnings per share (EPS) was 21.18 cents (September 2019: 16.37 cents per share) and diluted headline earnings per share (DHEPS) was 21.20 cents per share (September 2019: 16.39 cents). The EPS and DHEPS increases of 29.4% and 29.3% respectively, were driven by earnings growth and fewer shares in issue.

In calculating EPS and DHEPS the weighted average number of ordinary shares were reduced by 10 471 521 shares



(30 September 2020: 10 373 282 shares). These shares were acquired by a BEE and staff company (which is 100% owned by PBT staff) and funded by PBT Group. The preference share investment of R23.5 million (September 2019: R16.5 million), issued by the BEE and staff company is treated as treasury shares in terms of IFRS 2 Share-based Payments and, as such, has been eliminated from the statement of financial position. The preference share dividend of R0.4 million (30 September 2019: R0.6 million) during the current period has been eliminated from the statement of comprehensive income and is not included in profit after tax. An amount of R0.2 million (30 September 2019: R0.1 million) has been expensed through the statement of comprehensive income as a share-based payment in the current period.

On 1 July 2020 CyberPro Consulting Proprietary Limited (CyberPro), a subsidiary within the PBT Group, entered into a preference share agreement to the value of R4.5 million with Ayson Proprietary Limited (Ayson). The proceeds were used to purchase a 2.65% interest in the ordinary shares of CyberPro from a non-controlling shareholder. As the only security for the redemption of the preference share investment is the underlying CyberPro shares, with no recourse, the transaction is treated as the issue of an option to the BEE company and the preference share investment is not recognised as an asset, but instead as an adjustment to non-controlling interest (NCI). As these NCI shares are treated as unissued in CyberPro, this has resulted in an effective increase in the Group's shareholding from 51.0% to 52.4%. A share-based payment expense of R0.04 million was recognised during the period in respect of this arrangement. The details of the transaction are included in the notes the financial statements.

The tax dispute with SARS as detailed in the 2020 Integrated Report is proactively managed and is thus far expected to be successfully resolved in line with our legal opinions.

REVIEW OF OPERATIONS

The COVID-19 pandemic and different stages of lockdown during the past six months have had little effect on the execution of PBT Group's two-year strategy. This strategy is based on applying the data engineering experience and techniques gained from projects and solutions over a period of two decades in support of the modern world of data science, data migration and cloud initiatives. During the period under review PBT Group has once again proven its ability to work remotely with great success. In previous years PBT Group had the privilege of implementing a large-scale end-to-end data solution, based mostly on remote work throughout Africa and the Middle East.

Our consultant base consists of self-driven, independent professionals, who have worked tirelessly and efficiently throughout the past six months, continuing to showcase the PBT Group service offering during challenging times.

In terms of the PBT Group service offering, clients experienced little to no disruption during the course of the COVID-19 pandemic. Additional technical facilities and support structures were deployed during this time in order to sustain the new normal – including consultant, client and community care.

As before, data engineering remains at the core of PBT Group's business. However, the demand for migrating to the cloud has increased dramatically. PBT Group has concluded a curriculum relating to cloud data engineering; hence the launch of the PBT Cloud Data & Analytics Academy in October 2020. The demand for cloud migrations will by far supersede the supply and the Academy will enable PBT Group to address some of the demand, underpinned by the foundations of data specialisation, including analysis, modelling, data engineering and data quality, all of which are still key competencies within the Group.

The pandemic has undoubtedly increased pressure on an already weak South African economy. However, the demand for services related to the above is still expected to increase rapidly. As highlighted in previous reviews, the development

of accelerators and prebuilt frameworks for the various technology stacks has been brought forward to address the quest for digitalisation by increasing the speed of throughput in data projects. This applies to most cloud platforms such as Microsoft Azure, Google Cloud Platform and AWS, irrespective of the increased market entry of IBM and Oracle cloud. The data quality and data governance frameworks remain a strong focus as part of an end-to-end solutions approach. Amidst difficult conditions, the South African business unit is well positioned to achieve the adjusted goals for the remainder of the financial year.

During the pandemic period PBT Group's traction gained in the United Kingdom and European operations has been significantly delayed. Nonetheless, most projects relating to services and solutions such as data migration from on-premises to cloud, cloud solutions, data lake and data visualisation deployments are still in progress. The implementation frequency, however, has slowed down. Budgets have been cut and there is a preference for smaller streams of delivery. The upside is that PBT Group has not lost any of these clients during the slowdown and, considering the existing pipeline, once economies open, a significant upward spiral may be expected. Albeit small, the PBT Group brand has now been established and new partners and clients are engaged with on a frequent basis. The established presales component within the region is a definite advantage. As most businesses are pressured for cost-efficiency, the South African model remains an attractive one considering time zone, ease of communication due to comparable language as well as competitive pricing. PBT Group Europe remains well positioned to benefit from this opportunity, with the United Kingdom and European operations being an important part of the Group's future expansion strategy.

The operations in Australia remain steady with limited growth. The possible expansion into New Zealand is being formulated as a combined strategy to increase the data services offering in the region.



COMMENTARY [CONTINUED]

DISTRIBUTION

The Company's distribution policy is to consider an interim and a final distribution in respect of each financial reporting period. At its discretion, the Board of Directors may consider a special dividend, where appropriate. Depending on the need to retain funds for expansion or operating purposes, the Board of Directors may also elect not to pay distributions.

On Monday, 23 November 2020, the Board of Directors resolved to declare an interim distribution of 16 cents per PBT ordinary share for the six months ended 30 September 2020. The total distribution will equate to R15 865 143. Each shareholder will be able to elect to receive the distribution as either a dividend as defined by the Income Tax Act, Act 58 of 1962 or as a capital reduction distribution in respect of all or a part of their PBT shareholding. If no election is made the default option will be that a dividend will be paid to such shareholders. A Form of Election (for use by certificated shareholders) is included in the Interim Results booklet, containing details of the distribution, which was published on Friday, 27 November 2020. The Form of Election is also available for download on the Company's website: <https://www.pbtgroup.co.za/investor-relations/>

The implications of the elections above are as follows:

- A gross dividend of 16 cents per PBT ordinary shares from income reserves will be subject to dividend

withholding tax at a rate of 20%. Consequently, a net final dividend of 12.8 cents per share will be distributed to those shareholders who are not exempt from paying dividend tax. In terms of dividend tax legislation, the dividend tax amount due will be withheld and paid over to the South African Revenue Service by a nominee company, stockbroker or Central Securities Depository Participant ("CSDP") (collectively the "regulated intermediary") on behalf of the shareholders. However, all shareholders choosing this option should declare their status to their regulated intermediary, as they may qualify for a reduced dividend tax rate or exemption.

- A capital reduction distribution of 16 cents per PBT ordinary share is not subject to dividend withholding tax as the distribution is paid out of capital reserves. As the distribution will be regarded as a return of capital and may therefore have potential capital gains tax consequences, shareholders are advised to consult their tax advisers regarding the impact of the distribution.

As at the date of declaration of the distribution there were 99 157 141 PBT ordinary shares in issue. The Company's income tax reference number is 9725148713.

In compliance with the Companies Act the Directors confirm and have resolved that the Company will satisfy the solvency and liquidity test immediately after the payment of the distribution.

In accordance with the provisions of Strate Proprietary Limited, the electronic settlement and custody system used by the JSE Limited, the relevant dates for the distribution are as follows:

Election period opens	Friday, 27 November 2020
Last day to trade "cum distribution"	Monday, 14 December 2020
First trading day "ex distribution"	Tuesday, 15 December 2020
Record date	Friday, 18 December 2020
Dividend/election period closes by 12:00 on	Friday, 18 December 2020
Payment date	Monday, 21 December 2020

No share certificates may be dematerialised or rematerialised between Tuesday, 15 December 2020, and Friday, 18 December 2020, both days inclusive. Only the shareholders recorded in the Company's share register as at record date are entitled to receive the distribution declared.

Payments for certificated shareholders will be transferred electronically to their bank accounts on the payment date. Shareholders who hold dematerialised shares will have their accounts at their CSDP or stockbroker credited on Monday, 21 December 2020.

CHANGES TO THE BOARD OF DIRECTORS

There were no changes to the Board during the period and to date of this report.



FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements with respect to the financial condition and results of the operations of PBT Group that, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. These may relate to future prospects, opportunities and strategies. If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may differ from those anticipated. Consequently, none of the forward-looking statements have been reviewed or reported on by the Group's auditors.

Tony Taylor
Chairman

Elizna Read
Chief Executive Officer

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

as at 30 September 2020

Rand	Notes	Unaudited as at 30 September 2020	Unaudited as at 30 September 2019	Audited as at 31 March 2020
ASSETS				
Non-current assets				
Plant and equipment		3 136 332	3 743 387	3 224 012
Right-of-use assets		15 601 783	17 312 752	18 145 257
Goodwill		135 668 135	135 666 420	135 666 420
Intangible assets		161 261	283 286	214 470
Loans receivable		7 338 033	6 704 205	7 294 734
Investments at fair value	2	103 233 904	36 950 009	44 774 653
Deferred tax asset		4 257 821	9 330 780	2 518 870
		269 397 269	209 990 839	211 838 416
Current assets				
Loans receivable		1 517 372	1 506 881	1 354 994
Trade and other receivables		93 475 334	108 654 144	102 908 261
Investments at fair value	2	–	9 974 814	–
Current tax receivable		1 114 869	67 609	753 287
Cash and cash equivalents		74 405 128	45 892 990	66 277 822
		170 512 703	166 096 438	171 294 364
Total assets		439 909 972	376 087 277	383 132 780
EQUITY AND LIABILITIES				
Equity				
Share capital	3, 14	498 606 104	2 357 450	503 830 445
Foreign currency translation reserve		12 264 035	4 323 196	12 767 031
Share-based payment reserve	4	472 001	163 935	295 723
Capital distribution reserve	3	(512 111 900)	–	(507 891 687)
Equity revaluation reserve	2, 9	74 923 023	10 509 896	13 578 185
Treasury shares	5	(23 500 000)	–	(20 110 716)
Retained income		288 721 430	263 985 805	276 024 222
Total equity attributable to owners of the Company		339 374 693	281 340 282	278 493 203
Non-controlling interest	6	17 694 803	19 458 707	19 394 722
Total equity		357 069 496	300 798 989	297 887 925
Liabilities				
Non-current liabilities				
Deferred tax liability		53 949	6 815 985	149 851
Lease liabilities		11 816 429	13 823 698	14 201 166
		11 870 378	20 639 683	14 351 017
Current liabilities				
Trade and other payables		63 827 351	46 469 625	62 295 591
Current tax payable		1 546 895	3 672 866	3 158 737
Lease liabilities		5 526 642	4 415 691	5 346 423
Bank overdraft		69 210	90 423	93 087
		70 970 098	54 648 605	70 893 838
Total liabilities		82 840 476	75 288 288	85 244 855
Total equity and liabilities		439 909 972	376 087 277	383 132 780

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2020

Rand	Notes	Unaudited Six months ended 30 September 2020	Unaudited Six months ended 30 September 2019	Audited for the year ended 31 March 2020
Revenue	7	389 306 577	320 645 996	672 504 313
Cost of sales		(295 329 272)	(239 616 489)	(505 203 208)
Gross profit		93 977 305	81 029 507	167 301 105
Other operating income		2 312 395	649 561	1 134 341
Other operating (losses)/gains		(23 999)	(50 795)	159 593
Movement in credit loss allowances		411 996	(346 113)	(1 015 921)
Gains/(losses) on exchange differences		302 569	186 600	(289 398)
Other operating expenses		(56 015 417)	(48 099 194)	(102 166 602)
Operating profit		40 964 849	33 369 566	65 123 118
Investment income		1 019 376	1 428 274	2 868 442
Finance costs		(924 388)	(974 836)	(1 985 419)
Profit before taxation		41 059 837	33 823 004	66 006 141
Taxation		(11 271 144)	(9 593 394)	(20 002 100)
Profit for the period/year		29 788 693	24 229 610	46 004 041
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Gains on valuation of investments in equity instruments	2, 9	61 344 838	10 039 533	13 107 822
Items that may be reclassified to profit or loss:				
Exchange differences on translating foreign operations		(502 996)	(656 694)	7 787 141
Other comprehensive income for the period/year net of taxation		60 841 842	9 382 839	20 894 963
Total comprehensive income for the period/year		90 630 535	33 612 449	66 899 004
Profit attributable to:				
Equity holders of the parent		18 843 446	16 174 905	29 608 521
Non-controlling interest		10 945 247	8 054 705	16 395 520
		29 788 693	24 229 610	46 004 041
Total comprehensive income attributable to:				
Equity holders of the parent		79 685 288	25 557 744	50 503 484
Non-controlling interest		10 945 247	8 054 705	16 395 520
		90 630 535	33 612 449	66 899 004
Earnings per share (cents)				
Basic earnings per share	10	21.18	16.37	30.65
Diluted earnings per share	10	21.18	16.37	30.65
Headline earnings per share (cents)				
Headline earnings per share	10	21.20	16.39	30.79
Diluted headline earnings per share	10	21.20	16.39	30.79

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2020

Rand	Share capital	Foreign currency translation reserve	Share-based payment reserve
Balance as at 1 April 2019	3 490 921	4 979 890	32 147
Profit for the period	–	–	–
Other comprehensive income	–	(656 694)	–
Total comprehensive income for the period	–	(656 694)	–
Share-based payment	–	–	131 788
Share repurchased	(1 133 471)	–	–
Dividends	–	–	–
Total contributions by and distributions to owners of the Company recognised directly in equity	(1 133 471)	–	131 788
Balance at 30 September 2019	2 357 450	4 323 196	163 935
Balance at 1 October 2019	2 357 450	4 323 196	163 935
Profit for the period	–	–	–
Other comprehensive income	–	8 443 835	–
Total comprehensive income for the period	–	8 443 835	–
Share-based payment	–	–	131 788
Shares repurchased	(1 366 436)	–	–
Capital distribution	–	–	–
Reallocation of capital distributions	496 159 926	–	–
Reallocation to treasury shares	18 255 565	–	–
Shares repurchased – tender offer	(11 576 060)	–	–
Treasury shares purchased	–	–	–
Dividend	–	–	–
Purchase of additional shares in subsidiary	–	–	–
Total contributions by and distributions to owners of the Company recognised directly in equity	501 472 995	–	131 788
Balance at 31 March 2020	503 830 445	12 767 031	295 723
Balance at 1 April 2020	503 830 445	12 767 031	295 723
Profit for the period	–	–	–
Other comprehensive income	–	(502 996)	–
Total comprehensive income for the period	–	(502 996)	–
Share-based payment	–	–	176 278
Specific repurchase from subsidiary	(3 610 716)	–	–
Share-based payment shares included as treasury shares	–	–	–
Share repurchased	(1 613 625)	–	–
Share-based payment advance in subsidiary	–	–	–
Changes in ownership interest without losing control	–	–	–
Distribution*	–	–	–
Total contributions by and distributions to owners of the Company recognised directly in equity	(5 224 341)	–	176 278
Balance at 30 September 2020	498 606 104	12 264 035	472 001

Notes

3, 14

4

* PBT Group allowed shareholders to elect to receive the distribution declared on 3 July 2020 as either a dividend or capital reduction, as such the distribution was partly paid out of profits and partly out of the capital reserves.

Capital distribution reserve	Equity revaluation reserve	Treasury shares	Total reserves	Retained income	Total	Non- controlling interest	Total equity
–	470 363	–	5 482 400	247 810 900	256 784 221	13 854 001	270 638 222
–	–	–	–	16 174 905	16 174 905	8 054 705	24 229 610
–	10 039 533	–	9 382 839	–	9 382 839	–	9 382 839
–	10 039 533	–	9 382 839	16 174 905	25 557 744	8 054 705	33 612 449
–	–	–	131 788	–	131 788	–	131 788
–	–	–	–	–	(1 133 471)	–	(1 133 471)
–	–	–	–	–	–	(2 450 000)	(2 450 000)
–	–	–	131 788	–	(1 001 683)	(2 450 000)	(3 451 683)
–	10 509 896	–	14 997 027	263 985 805	281 340 282	19 458 707	300 798 989
–	10 509 896	–	14 997 027	263 985 805	281 340 282	19 458 707	300 798 989
–	–	–	–	13 433 618	13 433 618	8 340 814	21 774 432
–	3 068 289	–	11 512 124	–	11 512 124	–	11 512 124
–	3 068 289	–	11 512 124	13 433 618	24 945 742	8 340 814	33 286 556
–	–	–	131 788	–	131 788	–	131 788
–	–	–	–	–	(1 366 436)	–	(1 366 436)
(11 731 761)	–	–	(11 731 761)	–	(11 731 761)	–	(11 731 761)
(496 159 926)	–	–	(496 159 926)	–	–	–	–
–	–	(18 255 565)	(18 255 565)	–	–	–	–
–	–	–	–	–	(11 576 060)	–	(11 576 060)
–	–	(1 855 151)	(1 855 151)	–	(1 855 151)	–	(1 855 151)
–	–	–	–	–	–	(9 800 000)	(9 800 000)
–	–	–	–	(1 395 201)	(1 395 201)	1 395 201	–
(507 891 687)	–	(20 110 716)	(527 870 615)	(1 395 201)	(27 792 821)	(8 404 799)	(36 197 620)
(507 891 687)	13 578 185	(20 110 716)	(501 361 464)	276 024 222	278 493 203	19 394 722	297 887 925
(507 891 687)	13 578 185	(20 110 716)	(501 361 464)	276 024 222	278 493 203	19 394 722	297 887 925
–	–	–	–	18 843 446	18 843 446	10 945 247	29 788 693
–	61 344 838	–	60 841 842	–	60 841 842	–	60 841 842
–	61 344 838	–	60 841 842	18 843 446	79 685 288	10 945 247	90 630 535
–	–	–	176 278	–	176 278	–	176 278
–	–	3 610 716	3 610 716	–	–	–	–
–	–	(7 000 000)	(7 000 000)	–	(7 000 000)	–	(7 000 000)
–	–	–	–	–	(1 613 625)	–	(1 613 625)
–	–	–	–	–	–	(4 500 000)	(4 500 000)
–	–	–	–	(8 661)	(8 661)	128 910	120 249
(4 220 213)	–	–	(4 220 213)	(6 137 577)	(10 357 790)	(8 274 076)	(18 631 866)
(4 220 213)	–	(3 389 284)	(7 433 219)	(6 146 238)	(18 803 798)	(12 645 166)	(31 448 964)
(512 111 900)	74 923 023	(23 500 000)	(447 952 841)	288 721 430	339 374 693	17 694 803	357 069 496
3	2, 9	5				6	

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the six months ended 30 September 2020

		GROUP		
		Unaudited for the six months ended 30 September 2020	Unaudited for the six months ended 30 September 2019	Audited for the year ended 31 March 2020
Rand	Notes			
Cash flows from operating activities				
Cash generated from operations	8	58 459 740	40 114 683	102 124 509
Interest income		840 892	1 174 666	2 360 028
Finance costs		(924 388)	(24 226)	(1 982 703)
Tax paid		(15 078 901)	(9 436 002)	(20 899 771)
Net cash from operating activities		43 297 343	31 829 121	81 602 063
Cash outflow from investing activities				
Purchase of plant and equipment		(676 031)	(438 521)	(894 904)
Sale of plant and equipment		–	–	1 771
Purchase of intangible assets		–	–	(339 491)
Proceeds from loans receivable		1 081 303	620 000	1 102 500
Advances of loans receivable		(1 049 435)	(830 000)	(2 262 039)
Acquisition of subsidiary, net of cash acquired		122 999	–	–
Purchase of investment at fair value		–	(10 000 000)	(10 000 000)
Proceeds from investment at fair value		–	–	10 345 398
Net cash from investing activities		(521 164)	(10 648 521)	(2 046 765)
Cash flows from financing activities				
Shares repurchased	3	(1 613 625)	(1 133 472)	(4 355 058)
Shares repurchased – tender offer	3	–	–	(11 576 060)
Share-based payment advance – Ayson Proprietary Limited	4	(4 500 000)	–	–
Share-based payment advance – Spalding Investments 10 Proprietary Limited	4	(7 000 000)	–	–
Repayment of lease liabilities		(2 876 864)	(2 773 285)	(4 453 751)
Capital distribution		(4 220 213)	–	(11 731 761)
Dividend paid		(6 137 577)	–	–
Dividend paid to non-controlling interests		(8 274 076)	(2 450 000)	(12 250 000)
Net cash from financing activities		(34 622 355)	(6 356 757)	(44 366 630)
Total cash movement for the period		8 153 824	14 823 843	35 188 668
Cash at the beginning of the period		66 184 735	30 979 929	30 979 929
Effect of exchange rate fluctuations on cash held		(2 641)	(1 205)	16 138
Cash at the end of the period		74 335 918	45 802 567	66 184 735

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

for the six months ended 30 September 2020

1. Basis of preparation and accounting policies

Reporting entity

PBT Group Limited is a holding company domiciled in South Africa, listed on the Johannesburg Stock Exchange Limited (JSE) under the category Technology: Software and Computer Services. The unaudited condensed consolidated interim results of the company comprise the company and its subsidiaries (together referred to as “the Group” or “PBT Group”).

Basis of preparation

The unaudited condensed consolidated interim results have been prepared in accordance with IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, Act 71 of 2008 of South Africa and the JSE Listings Requirements.

The accounting policies and methods of computation applied in the preparation of these unaudited condensed consolidated interim results are in terms of the International Financial Reporting Standards (IFRS) and are consistent with those applied in the previous consolidated annual financial statements. The Group has not chosen to early adopt any new standards or interpretations and it is deemed unlikely that these new standards or interpretations will have a material impact on the results.

The condensed consolidated interim results have not been audited or reviewed by the Group’s external auditors, BDO South Africa Incorporated.

These unaudited condensed consolidated interim results have been prepared in accordance with the going concern basis, under the supervision of the Chief Financial Officer, Bianca Pieters.

The unaudited condensed consolidated interim results are presented in Rand, which is the Group’s functional and presentation currency.

The Board of Directors approved these unaudited condensed consolidated interim results on 23 November 2020.

Judgements and estimates

The preparation of unaudited condensed consolidated interim results in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing these unaudited condensed consolidated interim results, significant judgements made by management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 31 March 2020 with the exception of the change in valuation technique as described in note 9.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2020

2. Investments at fair value

Investments held by the Group which are measured at fair value are as follows:

Rand	30 September 2020	30 September 2019	31 March 2020
Equity investments at fair value through profit or loss	–	10 082 331	118 726
Equity investments at fair value through other comprehensive income	103 233 904	36 842 492	44 655 927
	103 233 904	46 924 823	44 774 653
Investments at fair value through profit or loss			
All Claims Proprietary Limited	–	107 517	118 726
Collective investment scheme – income fund	–	9 974 814	–
Equity investments at fair value through other comprehensive income			
Zuuse Limited	103 233 904	36 842 492	44 655 927
	103 233 904	46 924 823	44 774 653
Split between non-current and current portions			
Current assets	–	9 974 814	–
Non-current assets	103 233 904	36 950 009	44 774 653
	103 233 904	46 924 823	44 774 653

2. Investments at fair value (continued)

Fair value information

Refer to note 9 Fair value information for details of valuation policies and processes.

Investments at fair value through profit or loss

All Claims Proprietary Limited

PBT Group (Australia) Proprietary Limited (PBT Australia) held an immaterial interest in All Claims Proprietary Limited (All Claims). On 1 June 2020 PBT Australia acquired 100% control of All Claims for a purchase price of R0.1 million, which gave rise to goodwill of R0.002 million being recognised. All Claims is not considered a material subsidiary by management. During August 2020 All Claims issued new shares to external shareholders which resulted in a dilution of PBT Group's shareholding. This dilution caused a change in ownership without a loss in control. As at 30 September 2020 PBT Group has a 70% shareholding in All Claims. Accordingly, All Claims is consolidated on a Group level and the investment, as previously recognised, is eliminated.

Collective investment scheme

The collective investment scheme had a moderate risk profile and the portfolio is exposed to interest rate risks but had no effective equity exposure, resulting in relatively low volatility compared to higher-risk portfolios.

PBT Group invested in the fund during September 2019 and it was fully redeemed in January 2020.

Equity instruments at fair value through other comprehensive income

Zuuse Limited

As at 30 September 2020 PBT Group, through its wholly owned subsidiary, Halliard International (BVI) Limited, owns 9 566 667 shares (6.7%) of Zuuse Limited (Zuuse). Zuuse is a leading global provider of construction payment management Software as a Service (SaaS) solutions to the global construction and building operations sector. Furthermore, it provides facilities management solutions and asset life cycle management solutions.

During September 2020 Zuuse issued 2.85 million shares (2% of issued shares) to an existing Zuuse investor at AUD1.00 per share.

In determining the fair value of its investment in Zuuse as at 30 September 2020 PBT Group referenced a price of AUD1.00 per Zuuse share and provided for a 10% profit share fee, payable on realisation, to the promoters of PBT Group's investment in Zuuse.

PBT Group did not invest any additional capital into the investment in Zuuse. The increased value of Zuuse is solely due to the revaluation of the investment as at 30 September 2020.

PBT Group considers its investment in Zuuse as non-core to its operations and not held for trading. The investment is therefore designated as at fair value through other comprehensive income. No dividends were received relating to this investment in the current or prior periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2020

3. Share capital

Number of shares	30 September 2020	30 September 2019	31 March 2020
Authorised			
200 000 000 ordinary shares of no par value	–	–	–
Reconciliation of number of shares in issue			
Reported as at the beginning of the period	102 288 545	136 418 749	136 418 749
Repurchase of shares	(3 131 404)	(27 927 988)	(34 130 204)
Repurchase of shares	(931 404)	(27 927 988)	(28 745 990)
Tender offer shares repurchased	–	–	(5 384 214)
Specific repurchase from subsidiary	(2 200 000)	–	–
	99 157 141	108 490 761	102 288 545
Treasury shares held by a wholly owned subsidiary of the Group	–	(1 300 418)	(2 200 000)
Opening balance	(2 200 000)	(1 300 418)	(1 300 418)
Repurchased during the period	–	–	(899 582)
Specific repurchase of shares from subsidiary	2 200 000	–	–
Shares held by BEE and staff company (Spalding Investments 10 Proprietary Limited) treated as treasury shares	(12 950 000)	(10 373 282)	(10 373 282)
Number of shares as at date of report	86 207 141	96 817 061	89 715 263

100 842 859 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Rand	30 September 2020	30 September 2019	31 March 2020
Ordinary shares of no par value	498 606 104	2 357 450	503 830 455
Issued share capital reconciliation			
As previously published	503 830 445	3 490 921	3 490 921
Reallocation to treasury shares (refer to note 5)	–	–	18 255 565
Reallocation of prior capital distributions	–	–	496 159 925
Repurchase of shares	(1 613 625)	(1 133 471)	(2 499 906)
Shares repurchased – tender offer	–	–	(11 576 060)
Specific repurchase from subsidiary	(3 610 716)	–	–
Issued as at date of report	498 606 104	2 357 450	503 830 445

During the period 931 404 shares were repurchased in accordance with the general authority to repurchase shares granted at the annual general meeting held on 21 August 2020 and subsequently cancelled and delisted. The average purchase price per share was R1.73 per share.

During the last six months of the 2020 financial year it was decided to account for all capital distributions through a separate reserve called the capital distribution reserve. All future capital distributions will be accounted for directly in this reserve and prior capital distributions were transferred to the reserve in the 2020 financial year for consistency. The reason for accounting for capital distributions directly in a separate reserve is to better reflect the value of the share capital. All capital distributions since the last reverse listing in 2012 was included in the transfer to the reserve.

Previously all treasury shares were included in the share capital figure. Treasury shares will now be shown in a separate reserve called “treasury shares”.

4. Share-based payments

The PBT Group entered into two share-based payment transactions during the period. Each transaction is separately explained below.

Spalding Investments 10 Proprietary Limited

On 30 September 2020 PBT Group Limited entered into a second preference share agreement with Spalding Investments 10 Proprietary Limited (“Spalding” or the “BEE and staff company”), PBT Group’s BEE and staff company, to include additional PBT staff members. A preference share investment of R7 million was made for the purpose of purchasing shares in PBT Group Limited. The owners of Spalding are employees of the PBT Group. The additional staff members are required to remain employed within the Group for a period of five and a half years in accordance with the shareholders’ agreement. The following are the key terms of the preference share agreement:

- The preference dividends are calculated in arrears at a rate of 72% of the prime lending rate.
- Any preference dividends not paid out on a six-monthly basis will be accumulated and accrued for repayment at a later date, the latest date being the redemption date.
- The preference shares are redeemable in three tranches, being:
 - the first 33.33% three and a half years after issue date (February 2024);
 - the next 33.33% four and a half years after issue date (February 2025); and
 - the final 33.33% five and a half years after issue date (February 2026), including any rolled up or unpaid preference dividends.
- The dividends that Spalding will receive from its investment in PBT Group Limited will be utilised to repay the preference dividends and part capital if the dividends received are in excess of the preference dividends payable.

As the only security for the repayment of the preference share investment is the underlying PBT Group shares, with no other recourse, the transaction is treated as a share-based payment transaction under IFRS 2 and the preference share investment is accounted for as treasury shares. The vesting period is five and a half years, with the only vesting condition being that the individual remains an employee of the Group over the period.

The fair value of the share-based payment award has been calculated using share option valuation techniques on the following basis:

	Number of shares	Vesting date	Strike price	Fair value at grant date
Tranche 1	858 906	Feb 2024	Variable	44.3 cents
Tranche 2	858 906	Feb 2025	Variable	49.7 cents
Tranche 3	858 906	Feb 2026	Variable	49.8 cents
Total	2 576 718			47.9 cents*

* Weighted average.

The strike price has been defined as the redemption price of the preference shares with adjustments made for compounded interest payments on the preference shares, reduced by expected future PBT dividend payments in accordance with the terms of the agreement.

No options have vested or been exercised as the transaction was implemented on 30 September 2020 and the first tranche only vests in February 2024. The weighted average fair value of each option granted during the year was 47.9 cents.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2020

4. Share-based payments (continued)

Spalding Investments 10 Proprietary Limited (continued)

		30 September 2020
Equity settled		
Option pricing model used		Black-Scholes
Share price at date of grant	(cents)	271
Contractual life	(days)	1 232 – 1 963
Volatility relative to comparator index	(%)	28
Risk-free interest rate:		
5-year maturity	(%)	8.60
6-year maturity	(%)	8.94
7-year maturity	(%)	9.24
Dividend growth rate relative to comparator index	(%)	6.00

The implied volatility was calculated on the stock price movement of PBT Group Limited. However, numerous anomalous events occurred that distorted the percentage and reverted to comparable companies to calculate the volume weighted average volatility.

Ayson Proprietary Limited

On 1 July 2020 CyberPro Consulting Proprietary Limited (CyberPro), a subsidiary within PBT Group, entered into a preference share agreement with a BEE company called Ayson Proprietary Limited (Ayson). A preference share investment of R4.5 million was made, advanced to Ayson for the purpose of purchasing a minority share in CyberPro Consulting Proprietary Limited. The owner of Ayson is an employee of CyberPro and is required to remain employed by CyberPro for a period of seven years in accordance with the shareholders' agreement. The following are the key terms of the preference share agreement:

- The preference dividends are calculated in arrears at a rate of 72% of the prime lending rate.
- Any preference dividends not paid out on a six-monthly basis will be accumulated and accrued for repayment at a later date, the latest date being the redemption date.
- The preference shares are redeemable in three tranches, being:
 - the first 33.33% five years after issue date (June 2025);
 - the next 33.33% six years after issue date (June 2026); and
 - the final 33.33% seven years after issue date (June 2027), including any rolled up or unpaid preference dividends.
- The dividends that Ayson will receive from its investment in CyberPro will be utilised to repay the preference dividends and part capital if the dividends received are in excess of the preference dividends payable.

As the only security for the repayment of the preference shares is the underlying CyberPro shares with no other recourse, the transaction is treated as a share-based payment transaction under IFRS 2 and the preference share investment is treated as the issue of an option to the BEE party and the preference share investment is not recognised as an asset but instead as an adjustment to non-controlling interest. The vesting period is seven years, with the only vesting condition being that the individual remains an employee of CyberPro over the period.

4. Share-based payments (continued)

Ayson Proprietary Limited (continued)

The fair value of the share-based payment award has been calculated using share option valuation techniques on the following basis:

	Percentage shareholding	Vesting date	Strike price	Fair value at grant date
Tranche 1	0.882%	June 2025	Variable	R303 034
Tranche 2	0.882%	June 2026	Variable	R386 523
Tranche 3	0.882%	June 2027	Variable	R513 738
Total	2.65%			R401 098*

* Weighted average.

The strike price has been defined as the redemption price of the preference shares with adjustments made for compounded interest payments on the preference shares, reduced by expected future CyberPro dividend payments in accordance with the terms of the agreement.

No options have vested or been exercised as the transaction was implemented on 1 July 2020 and the first tranche only vests in five years' time. The weighted average fair value of each option granted during the year was R0.4 million.

	30 September 2020
Equity settled	
Option pricing model used	Black-Scholes
Share price at date of grant (Rand)	1 700 000
Contractual life (days)	1 826 – 2 556
Volatility relative to comparator index (%)	28.49
Risk-free interest rate:	
5-year maturity (%)	5.36
6-year maturity (%)	5.92
7-year maturity (%)	6.44
Dividend growth rate relative to comparator index (%)	6.00

Total share-based expense included in operating expenses:

	30 September 2020	30 September 2019	31 March 2020
Rand			
Equity settled	176 278	131 788	263 576

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2020

5. Treasury shares

Rand	30 September 2020	30 September 2019	31 March 2020
Opening balance as at the beginning of the period	20 110 716	–	–
Reallocation to treasury shares	–	–	18 255 565
Treasury shares purchased	7 000 000	–	1 855 151
Specific repurchase from subsidiary	(3 610 716)	–	–
Closing balance	23 500 000	–	20 110 716
Number of treasury shares movement during the period			
Opening balance as at the beginning of the period	12 573 282	11 673 700	11 673 700
Shares held by BEE and staff company (Spalding Investments 10 Proprietary Limited) treated as treasury shares	2 576 718	–	–
Treasury shares purchased by a subsidiary in the Group	–	–	899 582
Specific repurchase from subsidiary	(2 200 000)	–	–
	12 950 000	11 673 700	12 573 282

Refer to note 3 for an explanation of the reallocation of treasury shares.

6. Non-controlling interest

In terms of IFRS 12 Disclosure of Interests in Other Entities paragraph 12 the following information is disclosed for a material subsidiary with non-controlling interests material to the Group:

CyberPro is a material subsidiary with non-controlling interest (NCI) material to the Group. CyberPro's principal place of business is in Gauteng and the Western Cape.

On 1 July 2020 a preference share agreement to the value of R4.5 million was entered into with Ayson Proprietary Limited, which used the proceeds to purchase 2.65% interest in the ordinary shares in CyberPro from a non-controlling shareholder. As the only security for the redemption of the preference share investment is the underlying CyberPro shares, with no recourse, the transaction is treated as the issue of an option to the BEE company and the preference share investment is not recognised as an asset but instead as an adjustment to NCI. As these NCI shares are treated as unissued in CyberPro, this has resulted in an effective increase in the Group's shareholding from 51% to 52.4%. A share-based payment expense of R0.04 million was recognised during the period in respect of this arrangement. Refer to note 4 Share-based payments for more information on the transaction.

Rand	30 September 2020	30 September 2019	31 March 2020
Profit allocated to the non-controlling interest	10 944 525	8 016 226	16 540 773
Accumulated non-controlling interest at period-end	17 565 171	20 670 175	19 394 722
Total dividend paid to the non-controlling interest for the period-end	8 274 076	2 450 000	12 250 000
Summarised financial information of non-controlling interest – CyberPro			
Statement of financial position			
Non-current assets	8 307 730	1 397 229	2 615 741
Current assets	62 719 263	55 796 538	63 850 398
Total assets	71 026 993	57 193 767	66 466 139
Non-current liabilities	1 755 121	128 356	2 034 472
Current liabilities	23 896 411	14 881 280	24 850 500
Total liabilities	25 651 532	15 009 636	26 884 972
Net assets	45 375 461	42 184 131	39 581 167
Accumulated non-controlling interests	17 565 171	20 670 175	19 394 722
Statement of profit or loss and other comprehensive income			
Revenue	184 216 148	126 327 220	281 178 922
Operating profit	31 006 263	20 285 348	44 118 797
Profit before taxation	31 277 180	20 568 367	44 481 823
Profit for the period/year	22 694 242	16 140 036	33 568 540
Total comprehensive income for the period/year	22 694 242	16 140 036	33 568 540
Statement of cash flows			
Cash flows from operating activities	26 312 598	10 431 479	36 314 558
Cash flows from investing activities	(168 513)	(396 691)	(1 090 166)
Cash flows from financing activities	(21 214 266)	(5 000 000)	(25 356 297)
Net increase in cash and cash equivalents	4 929 819	5 034 788	9 868 095

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2020

7. Revenue

Rand	30 September 2020	30 September 2019	31 March 2020
Revenue from contracts with customers			
Sale of goods	3 234 063	555 679	4 895 623
Rendering of services	386 072 514	320 090 317	667 608 690
	389 306 577	320 645 996	672 504 313
Disaggregation of revenue from contracts with customers			
The Group has disaggregated revenue into various categories in the following table which is intended to:			
• depict the nature, amount and timing of revenue; and • enable users to understand the various types of counterparties that the Group provides services to.			
Contract type			
Fixed price contracts	48 624 943	50 301 951	103 439 150
Projects	2 088 080	1 660 133	4 509 169
Software licences	3 234 063	555 679	4 895 623
Time and material	328 299 958	266 091 831	542 763 055
Usage-based licences	7 059 534	2 036 402	16 897 316
	389 306 577	320 645 996	672 504 313
Contract counterparties			
Energy*	2 128 683	24 337 837	46 445 564
Financial services	301 721 443	193 669 112	457 405 962
Information technology	16 790 422	18 278 406	33 244 865
Medical	21 323 326	33 684 394	34 250 522
Retail	18 830 048	21 217 570	41 607 174
Services	3 464 006	3 952 817	8 172 249
Telecommunications	25 048 649	25 505 860	51 377 977
	389 306 577	320 645 996	672 504 313
Timing of revenue recognition			
<i>At a point in time</i>			
Sale of goods	3 234 063	555 679	4 895 623
<i>Over time</i>			
Rendering of services	386 072 514	320 090 317	667 608 690
Total revenue from contracts with customers	389 306 577	320 645 996	672 504 313

* During the current period there was a change in categorisation of a customer from the Energy category to the Financial services category.

8. Cash generated from operations

Rand	30 September 2020	30 September 2019	31 March 2020
Profit before taxation	41 059 837	33 823 004	66 006 141
Adjustments for			
Depreciation and amortisation	4 127 325	3 573 423	7 702 772
Losses on disposals, scrappings and settlements of assets and liabilities	24 621	10 092	173 635
(Gains)/losses on foreign exchange	(302 568)	(186 599)	289 398
Interest income	(1 019 376)	(1 428 274)	(2 868 442)
Finance costs	924 388	974 836	1 985 419
Fair value (gains)/losses	(623)	40 702	(333 228)
Net impairments and movements in credit loss allowances	(411 996)	346 127	1 015 921
Net modification to lease terms	–	–	(52 787)
Translation of foreign currency items	2 042 660	(439 048)	3 916 139
Share-based payment expense	176 278	131 788	263 576
Changes in working capital			
Trade and other receivables	10 278 894	2 897 047	7 703 018
Trade and other payables	1 560 300	371 585	16 322 947
	58 459 740	40 114 683	102 124 509

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2020

9. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Rand	Notes	30 September 2020	30 September 2019	31 March 2020
Levels of fair value measurements				
Level 1				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Collective investment scheme – income fund	2	–	9 974 814	–
Level 3				
Recurring fair value measurements				
Equity investments at fair value through other comprehensive income				
Zuuse Limited	2	103 233 904	36 842 492	44 655 927
Financial assets at fair value through profit or loss				
All Claims Proprietary Limited	2	–	107 517	118 726
Total		103 233 904	46 924 823	44 774 653

Valuation techniques

Financial assets recognised at fair value through profit or loss

Collective investment scheme – income fund

For the “collective investment scheme – income fund” a fair value statement is received monthly from the investment managers indicating the value of the investment.

All Claims Proprietary Limited

For the investment classified as an asset held at fair value through profit or loss, the net asset value is considered management’s best judgement to be the fair value of the investment.

During the period PBT Group, through its wholly owned subsidiary, PBT Group (Australia) Proprietary Limited, increased its investment in All Claims Proprietary Limited (All Claims). As at 30 September 2020 PBT Group has a 70% shareholding in All Claims. Accordingly, All Claims is consolidated on a Group level and the investment, as previously recognised, is eliminated. Refer to note 2.

Equity instruments at fair value through other comprehensive income

Zuuse Limited

During September 2020 Zuuse issued 2.85 million shares (2% of issued shares) to an existing Zuuse investor at AUD1.00 per share. After the reporting period, IFM Investors Proprietary Limited (IFM), an Australian asset management firm, made a significant minority investment in the issued share capital of Zuuse via a combination of newly issued convertible preference shares at AUD1.00 per share and the acquisition of existing issued shares.

In determining the fair value of its investment in Zuuse as at 30 September 2020, PBT Group referenced a price of AUD1.00 per Zuuse share and provided for a 10% profit share fee, payable on realisation, to the promoters of PBT Group’s investment in Zuuse.

In prior periods the “revenue multiple” method was used to determine the fair value of PBT Group’s investment in Zuuse. This revenue multiple method included a size, minority and marketability discount, details of which can be found in the 31 March 2020 Integrated Report. As a result of the two recent transactions, being the transaction in October 2019 (detailed in the 2020 Integrated Report) and the September 2020 transaction mentioned above, PBT Group is of the view that referencing the price per Zuuse share (of AUD1.00) and providing for a profit share fee, best reflects the fair value of its investment in Zuuse as at 30 September 2020. As these recent transactions are both regarding minority interests, management no longer deemed it necessary to provide for a size, minority or marketability discount. Going forward, a transaction-based method will be used to value PBT Group’s investment in Zuuse.

9. Fair value information (continued)

Valuation based on the revenue multiple method for prior periods

		30 September 2020	30 September 2019	31 March 2020
Revenue multiple (before application of discounts)		N/A	6.5	6.5
Size discount	(%)	N/A	13	15
Minority and marketability discount	(%)	N/A	20	30

Reconciliation of assets measured at Level 3

Rand	Note	Fair value through other comprehensive income	Fair value through profit or loss	Total
Fair value reconciliation				
Opening balance as at 1 April 2019		26 744 186	124 729	26 868 915
Gains or losses for the period recognised in profit or loss*		–	(15 516)	(15 516)
Gains or losses for the period recognised in other comprehensive income [#]		10 098 306	(1 695)	10 096 611
Closing balance as at 30 September 2019		36 842 492	107 518	36 950 010
Gains or losses for the period recognised in profit or loss*		–	3 346	3 346
Gains or losses for the period recognised in other comprehensive income [#]		7 813 435	7 862	7 821 297
Closing balance as at 31 March 2020		44 655 927	118 726	44 774 653
Gains or losses for the period recognised in profit or loss*		–	623	623
Gains or losses for the period recognised in other comprehensive income [#]		58 577 977	–	58 577 977
Transferred to investments in subsidiaries	2	–	(119 349)	(119 349)
Closing balance as at 30 September 2020		103 233 904	–	103 233 904

* Gains and losses recognised in profit or loss are included in other operating gains on the statement of comprehensive income.

[#] Gains and losses recognised in other comprehensive income are included in gains on valuation of investments in equity instruments and exchange differences on translation of foreign operations on the statement of comprehensive income.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2020

10. Earnings per share and headline earnings per share

Cents	30 September 2020	30 September 2019	31 March 2020
Earnings per share			
Basic earnings per share	21.18	16.37	30.65
Diluted earnings per share	21.18	16.37	30.65
Net asset value per share	3.42	2.59	2.72
Basic earnings per share			
The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders of (Rand)	18 843 446	16 174 905	29 608 521
and a weighted average of ordinary shares outstanding of (Number of shares)	88 965 527	98 819 454	96 616 230
Net asset value per share			
The calculation of net asset value per share is based on total equity attributable to ordinary shareholders of (Rand)	339 374 693	281 340 282	278 493 203
and ordinary shares in issue at period-end (Number of shares)	99 157 141	108 490 761	102 288 545
Diluted basic earnings and headline earnings per share are equal to basic earnings and headline earnings per share.			
Weighted average number of ordinary shares			
Ordinary shares at the beginning of the period	102 288 545	136 418 749	136 418 749
Effect of treasury shares held	(651 497)	(27 226 013)	(29 429 237)
Effect of specific repurchase	(2 200 000)	–	–
Shares held by BEE and staff company included as treasury shares	(10 471 521)	(10 373 282)	(10 373 282)
	88 965 527	98 819 454	96 616 230

10. Earnings per share and headline earnings per share (continued)

Rand	30 September 2020		30 September 2019		31 March 2020	
	Gross	Net	Gross	Net	Gross	Net
Reconciliation of earnings and headline earnings per share						
Profit attributable to equity holders of the parent		18 843 446		16 174 905		29 608 521
Losses on disposal of assets	24 621	17 727	31 518	22 693	173 635	125 017
Impairments of assets	–	–	–	–	13 886	9 998
Headline earnings		18 861 173		16 197 598		29 743 536
Cents						
			30 September 2020	30 September 2019		31 March 2020
Headline earnings per share						
Headline earnings per share			21.20	16.39		30.79
Diluted headline earnings per share			21.20	16.39		30.79
Distributions						
Interim distribution			16.00	12.00		12.00
Final distribution						11.00

Headline earnings per share has been calculated in accordance with Circular 01/2019 issued by the South Africa Institute of Chartered Accountants.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2020

11. Segment report

The reportable segments for the period are according geographical areas, namely South Africa, Australia and Europe.

- South Africa includes consulting and implementation of data, information management software and healthcare administration services in the Republic of South Africa.
- Australia includes consulting and implementation of data, information management software and healthcare administration services in Australia.
- Europe includes consulting and implementation of data, and information management software in Europe.

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses such as goodwill impairment and the effects of share-based payments.

	South Africa			Australia		
Rand	30 September 2020	30 September 2019	31 March 2020	30 September 2020	30 September 2019	31 March 2020
Segment revenue	347 865 583	282 497 635	594 000 286	29 467 911	26 381 174	50 668 278
Segment profit/(loss) before tax*	42 007 026	36 463 174	73 358 060	3 101 166	1 615 567	2 723 867
Segment assets**	145 336 194	164 464 975	138 455 769	37 114 926	26 101 432	31 209 602
Segment liabilities	(65 545 625)	(61 005 353)	(63 510 944)	(10 630 336)	(6 422 693)	(9 225 931)

* The segment profit/(loss) before tax amounts do not include share-based payment expenses. An insignificant amount was reclassified on 30 September 2019.

** Goodwill is not managed as part of segment assets and has therefore been excluded.

Rand	30 September 2020	30 September 2019	31 March 2020
Reconciliation of profit before taxation			
Total consolidated profit before taxation for reportable segments	40 545 550	34 165 100	67 415 442
Reconciling items:			
Share-based payment expense	(176 278)	(131 788)	(263 576)
Other operating (losses)/gains	(23 999)	(50 795)	159 593
Gains/(losses) on exchange differences	302 569	186 600	(289 398)
Movement in credit loss allowances	411 996	(346 113)	(1 015 921)
Consolidated profit before taxation	41 059 837	33 823 004	66 006 141

Europe			Other			Total		
30 September 2020	30 September 2019	31 March 2020	30 September 2020	30 September 2019	31 March 2020	30 September 2020	30 September 2019	31 March 2020
11 973 083	11 767 188	27 835 749	–	–	–	389 306 577	320 645 996	672 504 313
(3 114 928)	(1 376 205)	(2 059 849)	(1 447 714)	(2 537 435)	(6 606 636)	40 545 550	34 165 100	67 415 442
17 904 392	13 313 497	25 678 285	103 886 325	36 540 953	52 122 704	304 241 837	240 420 857	247 466 360
(3 966 849)	(2 586 286)	(4 225 386)	(2 697 666)	(5 273 956)	(8 282 593)	(82 840 476)	(75 288 288)	(85 244 855)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2020

12. Going concern

Despite initial uncertainty regarding the possible effects of COVID-19 on the business, we are pleased to report that PBT Group continues to be in a sound position.

PBT Group has analysed and evaluated the business as at 30 September 2020. The Group has a high tangible net asset value and has generated a significant profit for the six-month period. All indications are that the business has the ability to continue as a going concern for the remainder of the financial year and foreseeable future.

Whilst assessing cash flow projections based on historical information, and taking into account the current economic climate, management is satisfied that the current value-in-use calculation is still considerably higher than the carrying value of goodwill. As such, no impairment to goodwill is deemed necessary as at 30 September 2020.

PBT Group's highly skilled consultants were able to continue providing services remotely throughout the various stages of lockdown. Cash flow in the Group remains strong, mainly due to the Group's ability to continue collecting payments from high-quality clients.

During the first half of the financial year PBT Group secured funding in preparation for any effects that COVID-19 might have on the business. To date we have not needed to utilise these funds.

The Directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the unaudited condensed consolidated interim results have been prepared on a going concern basis. The Directors have satisfied themselves that the Group is in a sound financial position and that they have access to sufficient liquidity to meet future cash requirements. The Directors are not aware of any new material changes that may adversely impact the Group. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

13. Events after the reporting period

The Directors are not aware of any significant matter or circumstance arising after the reporting period up to the date of this report, not otherwise dealt with below.

Non-adjusting events after the reporting period

Investment in Zuuse Limited

PBT Group, through its wholly owned subsidiary, Halliard International (BVI) Limited, owns 9 566 667 shares of Zuuse Limited (Zuuse).

During November IFM Investors Proprietary Limited (IFM), an Australian asset management firm, invested AUD50 million for a significant minority interest in the issued share capital of Zuuse. The transaction was done via a combination of 35 million newly issued convertible preference shares at AUD1.00, which convert into ordinary shares on a 1-for-1 basis, with the balance of the investment being the acquisition of existing issued Zuuse shares (IFM acquisition).

As a result of the IFM acquisition PBT Group's interest in Zuuse will be diluted from 6.7% as at 30 September 2020 to 5.3% on a fully diluted basis. The dilution will have no effect on the value of the investment.

For more information on the IFM acquisition shareholders are referred to Zuuse's press release dated 4 November 2020 at <https://zuuse.com/ifm-investors-minority-investment-zuuse/>.

Distribution declared after reporting period and not recognised as a liability

On Monday, 23 November 2020, the Board of Directors resolved to declare an interim distribution of 16 cents per PBT ordinary share for the period ended 30 September 2020. The total distribution will equate to R15 865 143 million. Each shareholder will be able to elect to receive the distribution as either a dividend as defined by the Income Tax Act, Act 58 of 1962 or as a capital reduction distribution. If no election is made, the default option will be that a dividend will be paid to such shareholders. An election form (for use by certificated shareholders) is included in the Interim Results booklet, containing details of the distribution, which was published on Friday, 27 November 2020. The Form of Election is also available for download on the Company's website: <https://www.pbtgroup.co.za/investor-relations/>.

The implications of the elections above are as follows:

- A gross dividend of 16 cents per PBT ordinary share from income reserves will be subject to dividend withholding tax at a rate of 20%. Consequently, a net final dividend of 12.8 cents per share will be distributed to those shareholders who are not exempt from paying dividend tax. In terms of dividend tax legislation, the dividend tax amount due will be withheld and paid over to the South African Revenue Service by a nominee company, stockbroker or Central Securities Depository Participant (CSDP) (collectively the "regulated intermediary") on behalf of the shareholders. However, all shareholders choosing this option should declare their status to their regulated intermediary, as they may qualify for a reduced dividend tax rate or exemption.
- A capital reduction distribution of 16 cents per PBT ordinary share is not subject to dividend withholding tax as the distribution is paid out of capital reserves. As the distribution will be regarded as a return of capital and may therefore have potential capital gains tax consequences, shareholders are advised to consult their tax advisers regarding the impact of the distribution.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS [CONTINUED]

for the six months ended 30 September 2020

14. Comparative figures

Certain prior-period comparative figures have been reclassified for consistency with the current-period presentation of the unaudited condensed consolidated interim results. These reclassifications had no effect on the reported results of operations.

The effects of the reclassification are as follows:

Rand	1 April 2019 As originally presented	Reclassification	1 April 2019 As restated
Statement of changes in equity			
Share capital (a)	5 246 486	(1 755 565)	3 490 921
Treasury shares (a)	(1 755 565)	1 755 565	–
Rand	30 September 2019 As originally presented	Reclassification	30 September 2019 As restated
Statement of financial position			
Share capital (a)	4 113 015	(1 755 565)	2 357 450
Treasury shares (a)	(1 755 565)	1 755 565	–

(a) The treasury shares that were previously separately disclosed are shares held by PBT Group Limited. As per section 35(5) of the Companies Act, shares that are acquired by a company have the same status as shares that have been authorised but not issued. These treasury shares are now presented net as a reduction of share capital, instead of gross in an equity reserve.

FORM OF ELECTION



PBT GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1936/008278/06)
JSE share code: PBG ISIN: ZAE000256319
("PBT Group" or "the Company" or "the Group")

(FOR USE BY CERTIFICATED SHAREHOLDERS ONLY)

**INTERIM DISTRIBUTION DECLARATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

PART A: FORM OF ELECTION (TO BE COMPLETED BY ALL CERTIFICATED SHAREHOLDERS)

If you do not wish to receive the default option as described in the Commentary included in the Interim Results booklet, being a dividend from income reserves, you must complete this form of election.

By completing this form, you confirm that you are the rightful shareholder of the relevant PBT Group ordinary shares (PBT Shares), that you have full legal capacity to contract, that you are in possession of the Letter to Stakeholders and that you understand the implications of the elections offered to you in the Letter to Stakeholders to which this form is attached.

	PBT Group Limited dividend from income reserves	PBT Group Limited capital reduction distribution
Election - Election regarding the PBT Group Limited distribution <i>(insert the number of PBT Shares that you wish to apply to each of the options)</i>		

Notes

1. Elections made as part of this form are irrevocable and may not be withdrawn once submitted.
2. The Form of Election must only be used by certificated shareholders.
3. All dematerialised shareholders are reminded that the onus is on them to communicate with their Central Securities Depository Participant (CSDP) or broker.
4. Forms of election should be lodged with or mailed to:
Link Market Services South Africa Proprietary Limited
13th Floor Rennie House, 19 Ameshoff Street, Braamfontein, 2001
PO Box 4844
Johannesburg, 2000
specialprojects@linkmarketservices.co.za

To be received by no later than 12:00 on Friday, 18 December 2020.

5. Any alteration or correction made to this Form of Election, other than the deletion of alternatives, must be initialled by the signatory/ies.

Signed at _____ on _____ 2020.

Signature _____

Assisted by (if applicable) _____

Address _____

Telephone number _____

Cell phone number _____

PART B: DIRECT CREDIT – BANK ACCOUNT DETAILS FORM

FOR COMPLETION ONLY BY CERTIFICATED SHAREHOLDERS OF PBT GROUP WHO HAVE NOT PREVIOUSLY PROVIDED THE TRANSFER SECRETARIES WITH THEIR LATEST BANKING DETAILS

Full name of registered shareholder												
Identity number of person signing this form												
Your shareholder number (if known)												
E-mail address												
Cell phone number												
Office phone number												
Home phone number												

REQUEST FOR DIRECT CREDITING OF PAYMENTS – BANK ACCOUNT DETAILS

PLEASE NOTE: We cannot accept banking details in the name of a third party

Name of bank account holder			
Name of South African Bank			
Name of bank branch		Bank account number	
Bank branch code		Account type ☐ Cheque ☐ Transmission ☐ Savings	
I/We hereby authorise			
Link Market Services South Africa Proprietary Limited and/or PBT to act in accordance with my/our instructions set out above. I/We acknowledge that these instructions supersede and have priority over all previous instructions relating to payments to which I/we am/are entitled to be paid in cash, but do not override any previous reinvestment instructions.			
Signature of shareholder		Day	Month
			Year
If you are signing this form in a representative capacity, please indicate which capacity (see notes below)			
BANK VERIFICATION I/We confirm that the above information about the abovementioned shareholder's account at this Bank is correct Signed on behalf of Bank THIS MUST BE COMPLETED BY YOUR BANK		BANK STAMP HERE	

THIS FORM MUST BE SIGNED AND ACCOMPANIED BY AN ORIGINAL CERTIFIED COPY OF YOUR IDENTITY DOCUMENT. (COPIES OF CERTIFIED COPIES WILL NOT BE ACCEPTED).

PLEASE BE ADVISED THAT FACSIMILE/ELECTRONIC COPIES WILL NOT BE ACCEPTED.

Notes

- Any alteration to this Election Form must be signed in full and not merely initialled.
- No receipt will be issued for documents lodged, unless specifically requested. Persons requiring receipts must prepare a receipt and forward it together with their Documents of Title surrendered.
- If this Election Form is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this Election Form (unless it has already been noted by the Company or its Transfer Secretaries). If the power of attorney is not yet noted by the Company or its Transfer Secretaries, the original document will have to be provided in order to process the election.
- Where the certificated shareholder is a company, close corporation or other juristic person, unless it has already been registered with the Company or its Transfer Secretaries, a certified copy of the directors or members or other resolution authorising the signing of this Election Form must be submitted with this Election Form, unless this requirement is waived by PBT Group.
- Note 4 above does not apply in the case of a form bearing a JSE broker's stamp.
- A minor must be assisted by his parent or guardian, unless the relevant documents establishing his legal capacity are produced or have been registered by the Company or the Transfer Secretaries.
- Where there are joint holders of any shares, only that holder whose name stands first in the Register in respect of those shares need to sign this Election Form.
- Certificated shareholders who have not previously provided the Transfer Secretaries with their banking details will need to do so by completing PART B: Direct Credit – Bank Account Details attached hereto and returning same to the Transfer Secretaries for the cash payment of the fraction portion.

GENERAL INFORMATION

Country of incorporation	South Africa
Nature of business and principal activities	Information management and data analytics services
Directors	Tony Taylor (Independent Non-Executive Chairman) Elizna Read (Chief Executive Officer) Bianca Pieters (Chief Financial Officer) Cheree Dyers (Independent Non-Executive Director) Herman Steyn (Non-Executive Director) Arthur Winkler (Independent Non-Executive Director)
Audit and Risk Committee	Arthur Winkler (Chairman) Cheree Dyers Tony Taylor
Remuneration and Nomination Committee	Cheree Dyers (Chairman) Herman Steyn Tony Taylor Arthur Winkler
Social and Ethics Committee	Cheree Dyers (Chairman) Elizna Read Tony Taylor
Company Secretary	Anastassia Sousa PBT House, 2 Mews Close, Waterford Mews, Century City, 7441, South Africa
Investor Relations	Francois de Wet PBT House, 2 Mews Close, Waterford Mews, Century City, 7441, South Africa Francois.dewet@pbtgroup.co.za
Registered office	PBT House, 2 Mews Close, Waterford Mews, Century City, 7441, South Africa
Postal address	PO Box 276, Century City, 7446, South Africa
Registration number	1936/008278/06
Auditors	BDO South Africa Incorporated
Sponsor	Sasfin Capital (a Member of the Sasfin Group)
Transfer Secretaries	Link Market Services South Africa Proprietary Limited PO Box 4844, Johannesburg, 2000, South Africa 13th Floor Rennie House, 19 Ameshoff Street, Braamfontein, 2001, South Africa
JSE share code	PBG
ISIN	ZAE000256319
Website	www.pbtgroup.co.za



www.pbtgroup.co.za