
Unaudited results
for the six months ended
31 August 2022

Who we are

We deliver a broad range of financial services and products to individuals and enterprises. We focus on wealth creation, wealth preservation, asset management and insurance. Throughout, we place a strong emphasis on personal service and building lifelong relationships with our clients.

What we do

PSG Wealth

A comprehensive wealth management service for individuals, families and businesses.

- Financial planning
- Investments
- Unit trusts
- Stockbroking
- Estate and trust services
- Multi-management
- Healthcare
- Employee benefits
- Life insurance
- Wealth platform
- Managed share portfolios

PSG Asset Management

Local unit trusts, global funds and segregated portfolios for individual and institutional investors.

- Investments
- Unit trusts
- Institutional portfolio management

PSG Insure

Personal and commercial short-term insurance solutions.

- Personal short-term insurance
- Commercial short-term insurance



Salient features



1%

Recurring headline earnings per share

31.0 cents

2021: 30.6 cents | 2020: 24.8 cents



2%

Recurring headline earnings per share
excluding intangible asset amortisation

33.7 cents

2021: 33.1 cents | 2020: 27.0 cents



10%

Dividend per share

11.0 cents

2021: 10.0 cents | 2020: 8.0 cents



0%

Number of advisers

948

2021: 948 | 2020: 938



8%

Gross written premium

R3.0bn

2021: R2.8bn | 2020: R2.7bn



7%

Total assets under management

R317.0bn

2021: R295.6bn | 2020: R245.2bn



6%

Total assets under administration

R461.8bn

2021: R436.4bn | 2020: R349.6bn

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Our mission

To make a difference in the lives of all stakeholders, by creating and preserving wealth through excellence.

Commentary

Financial results

PSG Konsult delivered a 1% increase in recurring headline earnings per share and a return on equity of 19.8%.

Despite the challenging environment, the group achieved top line revenue growth of 8% for the period following continued wealth net inflows (R8.3 billion) and growth in insure premiums (8%). This growth was impacted by generally lower securities prices which affected fees on assets under management and performance fees generated.

From a cost perspective our Insure division was adversely impacted by the KZN floods during April 2022, however Western's comprehensive reinsurance programme cushioned the effect on underwriting results. The firm remains confident of its long-term growth prospects,

we therefore continued to invest in both technology and people. Compared to the prior six month period, our technology and infrastructure spend increased by 14% (these costs continue to be fully expensed), while our headcount grew by 7%. We are proud of the progress made in growing our own talent, with 132 newly qualified graduates (93% of whom are ACI candidates) having joined the group since January 2022. A combination of these factors marginally impacted our operating margins.

Furthermore, investment income earned on shareholder assets was impacted by negative equity markets during the period.

PSG Konsult's key financial performance indicators for the six month period ending 31 August 2022 are shown below.

	31 Aug 22 R000	Change %	31 Aug 21 R000
Core income	3 095 809	8	2 878 990
Headline and recurring headline earnings	407 557	1	404 567
Non-headline items	1 120		65
Earnings attributable to ordinary shareholders	408 677	1	404 632
Divisional recurring headline earnings			
PSG Wealth	264 981	13	234 246
PSG Asset Management	81 377	(16)	96 450
PSG Insure	61 199	(17)	73 871
	407 557	1	404 567
Weighted average number of shares in issue (net of treasury shares) (millions)	1 313.9	(1)	1 323.6
Earnings per share (basic) (cents)			
– Recurring headline and headline	31.0	1	30.6
– Recurring headline (excluding intangible asset amortisation cost)	33.7	2	33.1
– Recurring headline (excluding performance fees)	29.9	6	28.2
– Attributable	31.1	2	30.6
Dividend per share (cents)	11.0	10	10.0
Return on equity (ROE) (%)	19.8		22.0

PSG Konsult delivered a 1% increase in recurring headline earnings per share and a return on equity of 19.8%.

PSG Wealth

PSG Wealth's recurring headline earnings increased 13%

The division continued its commendable performance, notwithstanding the challenging market conditions. Core income increased by 11% during the period, consisting of a continued increase in management and other recurring fees, while transactional brokerage fees increased marginally compared to the prior period.

Clients' assets managed by our Wealth advisers increased to R275.1 billion, which included R8.3 billion of positive net inflows during the period. The division's formidable financial adviser network consisted of 586 wealth advisers as at 31 August 2022.

For the fourth consecutive year, the division was recognised as the Wealth Manager of the Year: Large

Institutions at the Intellidex 2022 Wealth Manager of the Year Awards. The division also won the Young Professional, Lump-sum investor and Retiree archetype categories at these awards.

PSG Wealth continues to advise clients to focus on their long-term goals and to maintain diversified portfolios, especially during challenging times. Our advisers provide clients with expert advice and maintain excellent relationships through integrity, trust and transparency. In addition, our sustained investment in digital capabilities to enhance client experience enables us to operate seamlessly in a changing environment.

We remain confident about the fundamentals and prospects of this division and believe that our commitment to long-term relationships with clients will continue to differentiate us in the markets in which we compete.

PSG Asset Management

PSG Asset Management's recurring headline earnings decreased by 16%

The division's results for the period were impacted by lower performance fees, however, management fees increased by 13% during the period. The division's long-term investment track record continues to improve with most funds performing in the top quartile over a three-year period.

Client assets under management amounted to R41.9 billion as at 31 August 2022, with net client inflows of R0.9 billion during the period, offset by negative market movements. Assets administered by the division increased by 2% to R176.5 billion, supported by R5.9 billion of multi-managed net inflows.

PSG Asset Management continuously engages with clients on the merits of its 3M investment philosophy and the importance of staying in the market throughout investment cycles.

PSG Insure

PSG Insure's recurring headline earnings decreased by 17%

The division results were adversely impacted by the KZN floods, which was classified as a catastrophe event, and lower investment returns on shareholder assets. Despite the impact of the catastrophe event, Western achieved a net underwriting margin of 10.9%, compared to the 14.1% achieved in the prior period, due to quality underwriting practices and comprehensive reinsurance.

Western received the Product Supplier of the Year: Non-Life Commercial award at the FIA Intermediary Experience Awards during September 2022.

This division continues to focus on profitable growth with an emphasis on commercial lines' type of the business which requires adviser expertise. The number of insurance advisers in the group at 31 August 2022 was 362.

Strategy

PSG Wealth's overall strategy offers an innovative and all-inclusive end-to-end client proposition and includes a complete range of discretionary and non-discretionary investment products with competitive fees. We advocate diversification and our solutions offer a balance between rand hedge and interest-rate-sensitive investments with a long-term focus. Management is proud of the experience and reputation of the advisers in the business, who play a key role in providing us with client feedback to continuously enhance our platform and product capabilities. Engaging with our clients remains central to our philosophy, which continues to be a hybrid of digital and in-person events. Our Wealth business is well placed to meet client investment needs and consistently strives to improve both our adviser and client service offerings.

PSG Asset Management's strategy consists of investment excellence, operational efficiency, and effective sales and marketing initiatives. Generating the best long-term, risk adjusted returns for investors remains the division's primary focus. PSG Asset Management's differentiated investment approach add diversification to a blended client solution, helping clients to achieve better outcomes over time.

The division prioritises investment performance while managing operational processes and talent management. Increasing brand awareness, particularly in the retail investor market, and consistent and regular client communication through events and publications continue to be key focus areas for the division.

PSG Insure provides simple and cost-effective short-term insurance solutions to clients, protecting them from unforeseen events. Critical expertise across underwriting, administration and adviser teams underpins the focus on providing value-added products that meet and exceed clients' expectations. The division continues to invest in its claims and administration functions to build scale and unlock operational efficiencies, thereby enabling our high-calibre advisers to focus on client relationships.

Corporate activity

PSG Konsult will consider acquisitions that meet its investment criteria, which include acceptable pricing, a compelling strategic rationale, clearly definable synergies, and ease of integration. Our focus, however, remains on organic growth.

Capital management

PSG Konsult's capital cover ratio increased to 238% (2021: 233%) based on the latest insurance group return and exceeds the minimum regulatory requirement of 100% by a substantial margin.

During July 2022, Global Credit Rating Company affirmed the group's long-term and short-term credit ratings at A⁺_(ZA) and A1_(ZA) respectively, with a Stable Outlook.

The increase in the group's capital cover ratio and the credit rating affirmation is testament to the group's strong financial position and excellent liquidity.

The group repurchased and cancelled 14.7 million shares at a cost of R175.7 million during the period as part of shareholder capital optimisation.

PSG Konsult continues to generate strong cash flows which gives us various options to optimise our capital structure and risk adjusted returns to shareholders. The value at risk of our shareholder investable assets marginally increased to 6% equity exposure during the latter part of the current period (previously below 5%). We continue to monitor investment markets and will gradually increase our value at risk exposure to align with our long-term target.

Regulatory landscape and risk management

PSG Konsult is licensed as the controlling company of the PSG Konsult insurance group and has 21 regulatory licences (17 in South Africa and 4 in foreign jurisdictions). The group continues to maintain good working relationships with the regulators in the markets in which we operate.

Marketing initiatives

The group successfully hosted its first hybrid annual adviser conference during May 2022. The conference, themed 'Step up and Stand out', allowed advisers, employees and industry representation to gain political, economic and practical insights from recognised experts as well as the leadership team.

Our successful Think Big webinar series continues to attract viewers and subscribers to our YouTube channel. The content is now also accessible via Spotify. The series over time has proven popular for prospects, with a >60% non-client split, thereby making it a good brand building or awareness tool for the group. Since 2020, the series has had almost 100 000 registrations. The public relations coverage adds to the success of the series as the media recognises it as a credible content source.

The team continues to run integrated product campaigns that assist flows and leads into the business. An example of this is the retirement annuity/tax-free investment product campaign at tax year-end. Divisional events calendars keep all stakeholders up to date, and research profiled within adviser- and client-facing newsletters continue to be well-received. In the digital environment

both paid and organic search campaigns consistently accounted for a third of the monthly psg.co.za web traffic. Social media accounts continue to attract new followers with increased engagement. The team also remains focused on producing tailored marketing plans per adviser office along with support on the execution.

Information technology

We are committed to continually enhancing our client and adviser experience. This includes investing in technology to automate adviser and client systems and processes. Improving our processes results in a smoother client onboarding and user experience and a subsequent uptick in client retention due to increased satisfaction. At the heart of this, is our continued investment in data as we believe it plays a crucial role in enabling a digital business.

Through technology automation the group can grow business volumes while keeping our fixed cost base low. We believe companies that embrace the digital environment will grow and gain market share.

Looking forward

The group remains confident about its strategy and continues to invest in the business to secure its prospects for long-term growth. Investors evaluating the group's prospects for the ensuing six months are reminded that the comparative period (H2 2022) included further performance fees and a release of the remaining pandemic business interruption claims provision. We will continue to monitor local and global events, and the associated impact on the group's clients and other stakeholders.

Events after reporting date

During the period 1 September 2022 to 4 October 2022, the group repurchased and cancelled 10 million shares at a cost of R108.1 million, in terms of the group's approved share repurchase programme.

No other events material to the understanding of these results occurred between 31 August 2022 and the date of approval of the condensed consolidated interim financial statements.

Dividend

The board declared an interim gross dividend of 11.0 cents per share from income reserves for the period ended 31 August 2022 (2021: 10.0 cents per share), reflecting the group's sound financial position and confidence in its prospects. The group's dividend pay-out ratio remains between 40% to 50% of full year recurring headline earnings excluding intangible asset amortisation.

The dividend is subject to a South African dividend withholding tax (DWT) rate of 20%, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate in terms of the applicable double-tax agreement. Including DWT at 20% results in a net dividend of 8.8 ZAR cents (2021: 8.0 ZAR cents) per share. The number of issued ordinary shares is 1 306 628 388 at the date of this declaration. PSG Konsult's income tax reference number is 9550/644/07/5.

The salient dates of the dividend declaration are:

Declaration date	Thursday, 13 October 2022
Last day to trade cum dividend	Tuesday, 1 November 2022
Trading ex-dividend commences	Wednesday, 2 November 2022
Record date	Friday, 4 November 2022
Date of payment	Monday, 7 November 2022

As the dividend has been declared and denominated in ZAR, it will be paid (in ZAR) into the bank accounts of shareholders appearing on the Mauritian register.

Share certificates on the South African and Namibian registers may not be dematerialised or rematerialised between Wednesday, 2 November 2022 and Friday, 4 November 2022, both days inclusive.

Due to Wednesday, 2 November 2022 being a public holiday in Mauritius, the last day to trade cum dividend for shareholders on the Mauritian register will be Monday, 31 October 2022, with ex-dividend trading commencing on Tuesday, 1 November 2022.

Share certificates on the Mauritian register may not be dematerialised or rematerialised between Tuesday, 1 November 2022 and Friday, 4 November 2022, both days inclusive.

The board extends its appreciation to stakeholders, including shareholders, advisers, clients, business partners, management and employees for their continued support and commitment during the six months.

On behalf of the board



Willem Theron
Chairman

Tyger Valley
13 October 2022
www.psg.co.za



Francois Gouws
Chief executive officer

Condensed consolidated statement of financial position

as at 31 August and 28 February 2022

	Notes	Unaudited as at 31 Aug 22 R000	Unaudited as at 31 Aug 21 R000	Audited as at 28 Feb 22 R000
ASSETS				
Intangible assets		1 207 654	1 223 227	1 229 173
Property and equipment		84 227	88 962	86 176
Right-of-use assets		177 558	204 407	191 698
Investment in joint ventures		1 249	1 098	1 121
Deferred income tax assets		98 501	64 602	134 311
Reinsurance assets		139 917	152 548	131 195
Loans and advances		160 777	156 069	154 814
Debt securities		3 768 856	4 004 909	3 920 219
Unit-linked investments		66 832 707	59 584 503	65 663 812
Equity securities		3 101 681	2 916 528	3 080 436
Investment in investment contracts		8 706	11 979	10 064
Derivative financial instruments		11 298	12 849	13 153
Deferred acquisition costs		8 091	5 968	6 597
Receivables including insurance receivables		1 901 317	1 727 590	2 382 777
Current income tax assets		81 727	57 075	36 297
Cash and cash equivalents (including money market funds)		1 956 228	1 678 270	1 694 794
Total assets		79 540 494	71 890 584	78 736 637
EQUITY				
Equity attributable to owners of the parent				
Stated capital		1 653 543	1 858 472	1 829 274
Treasury shares		(116 349)	(134 898)	(140 065)
Other reserves		(312 140)	(381 427)	(361 426)
Retained earnings		2 908 018	2 402 850	2 789 035
		4 133 072	3 744 997	4 116 818
Non-controlling interest		448 110	376 373	420 799
Total equity		4 581 182	4 121 370	4 537 617
LIABILITIES				
Deferred income tax liabilities		87 166	100 474	85 891
Lease liabilities		245 657	275 126	260 945
Insurance contracts		504 020	538 485	502 837
Derivative financial instruments		14 483	18 088	22 008
Investment contracts	6	36 375 968	33 655 285	35 993 332
Third-party liabilities arising on consolidation of mutual funds		35 352 974	30 999 361	34 286 692
Deferred reinsurance acquisition revenue		6 791	5 040	5 725
Trade and other payables		2 334 111	2 157 980	3 015 441
Current income tax liabilities		38 142	19 375	26 149
Total liabilities		74 959 312	67 769 214	74 199 020
Total equity and liabilities		79 540 494	71 890 584	78 736 637
Net asset value per share (cents)		317.1	284.0	312.7

Condensed consolidated income statement

for the six months ended 31 August and the year ended 28 February 2022

	Unaudited Six months ended 31 Aug 22 R000	Unaudited Six months ended 31 Aug 21 R000	Audited Year ended 28 Feb 22 R000
Gross written premium	923 762	818 665	1 675 100
Less: Reinsurance written premium	(342 355)	(287 157)	(588 251)
Net written premium	581 407	531 508	1 086 849
Change in unearned premium			
– Gross	1 717	18 854	25 287
– Reinsurers' share	2 409	(460)	2 749
Net insurance premium revenue	585 533	549 902	1 114 885
Revenue from contracts with customers and other operating income	2 395 563	2 193 155	4 647 908
Interest income on amortised cost financial instruments	44 762	34 096	69 521
Interest income on fair value through profit or loss financial instruments	62 143	37 865	93 147
Dividend income	3 493	2 288	4 891
Net fair value gains and losses on financial instruments	(19 265)	30 466	53 424
Net income attributable to investment contract holders and third-party liabilities	27 545	20 498	48 265
Total income	3 099 774	2 868 270	6 032 041
Insurance claims and loss adjustment expenses	(538 625)	(459 696)	(877 556)
Insurance claims and loss adjustment expenses recovered from reinsurers	193 939	151 521	281 233
Net insurance benefits and claims	(344 686)	(308 175)	(596 323)
Financial advice fees	(950 460)	(857 593)	(1 765 146)
Depreciation and amortisation ¹	(87 224)	(84 686)	(168 493)
Employee benefit expenses	(629 495)	(610 599)	(1 243 333)
Marketing, administration and other expenses	(467 023)	(373 526)	(824 824)
Total expenses	(2 478 888)	(2 234 579)	(4 598 119)
Total profit from joint ventures	128	52	75
Profit before finance costs and taxation	621 014	633 743	1 433 997
Finance costs	(18 029)	(17 588)	(34 385)
Profit before taxation	602 985	616 155	1 399 612
Taxation	(164 527)	(177 009)	(393 085)
Profit for the period	438 458	439 146	1 006 527
Attributable to:			
Owners of the parent	408 677	404 632	920 909
Non-controlling interest	29 781	34 514	85 618
	438 458	439 146	1 006 527
Earnings per share (cents)			
Attributable (basic)	31.1	30.6	69.7
Attributable (diluted)	30.8	30.4	68.9
Headline and recurring headline (basic)	31.0	30.6	69.7
Headline and recurring headline (diluted)	30.7	30.4	68.9

¹ Includes amortisation cost of R35.5 million (31 Aug 2021: R34.5 million; 28 Feb 2022: R69.4 million).

Condensed consolidated statement of comprehensive income

for the six months ended 31 August and the year ended 28 February 2022

	Unaudited Six months ended 31 Aug 22 R000	Unaudited Six months ended 31 Aug 21 R000	Audited Year ended 28 Feb 22 R000
Profit for the period	438 458	439 146	1 006 527
Other comprehensive income for the period, net of taxation	24 372	(6 991)	4 543
<i>To be reclassified to profit or loss:</i>			
Currency translation adjustments	24 865	(6 991)	4 543
Other adjustments	(493)	-	-
Total comprehensive income for the period	462 830	432 155	1 011 070
Attributable to:			
Owners of the parent	433 049	397 641	925 452
Non-controlling interest	29 781	34 514	85 618
	462 830	432 155	1 011 070

Earnings and headline earnings per share

for the six months ended 31 August and the year ended 28 February 2022

	Unaudited Six months ended 31 Aug 22 R000	Unaudited Six months ended 31 Aug 21 R000	Audited Year ended 28 Feb 22 R000
Headline earnings	407 557	404 567	920 663
Recurring	407 557	404 567	920 663
Non-recurring	-	-	-
Non-headline items (net of non-controlling interest and related tax effect)			
Profit/(loss) on disposal of intangible assets (including goodwill)	358	17	(123)
Profit on disposal of property and equipment	269	48	369
Other	493	-	-
Profit attributable to ordinary shareholders	408 677	404 632	920 909
Earnings per share (cents)			
Attributable (basic)	31.1	30.6	69.7
Attributable (diluted)	30.8	30.4	68.9
Headline and recurring headline (basic)	31.0	30.6	69.7
Headline and recurring headline (diluted)	30.7	30.4	68.9
Number of shares (millions)			
In issue (net of treasury shares)	1 303.5	1 318.7	1 316.4
Weighted average (net of treasury shares)	1 313.9	1 323.6	1 320.5

Condensed consolidated statement of changes in equity

for the six months ended 31 August and the year ended 28 February 2022

	Attributable to equity holders of the group					Non-controlling interest	Total
	Stated capital R000	Treasury shares R000	Other reserves R000	Retained earnings R000		R000	R000
Balance at 1 March 2021 (Audited)	1 938 859	(155 538)	(395 338)	2 216 920		344 199	3 949 102
Comprehensive income							
Profit for the period	-	-	-	404 632		34 514	439 146
Other comprehensive income for the period	-	-	(6 991)	-		-	(6 991)
Total comprehensive income for the period	-	-	(6 991)	404 632		34 514	432 155
Transactions with owners	(80 387)	20 640	20 902	(218 702)		(2 340)	(259 887)
Repurchase and cancellation of ordinary shares	(80 387)	-	-	-		-	(80 387)
Share-based payment costs	-	-	20 902	-		-	20 902
Net movement in treasury shares	-	20 640	-	-		-	20 640
Dividends paid	-	-	-	(218 702)		(2 340)	(221 042)
Balance at 31 August 2021 (Unaudited)	1 858 472	(134 898)	(381 427)	2 402 850		376 373	4 121 370
Comprehensive income							
Profit for the period	-	-	-	516 277		51 104	567 381
Other comprehensive income for the period	-	-	11 534	-		-	11 534
Total comprehensive income for the period	-	-	11 534	516 277		51 104	578 915
Transactions with owners	(29 198)	(5 167)	8 467	(130 092)		(6 678)	(162 668)
Repurchase and cancellation of ordinary shares	(29 198)	-	-	-		-	(29 198)
Share-based payment costs	-	-	23 003	-		-	23 003
Net movement in treasury shares	-	(1 032)	-	-		-	(1 032)
Equity-settled share-based payments	-	-	(14 536)	(2 349)		-	(16 885)
Release of profits from treasury shares to retained earnings	-	(4 135)	-	4 135		-	-
Dividends paid	-	-	-	(131 878)		(6 678)	(138 556)
Balance at 28 February 2022 (Audited)	1 829 274	(140 065)	(361 426)	2 789 035		420 799	4 537 617
Comprehensive income							
Profit for the period	-	-	-	408 677		29 781	438 458
Other comprehensive income for the period	-	-	24 372	-		-	24 372
Total comprehensive income for the period	-	-	24 372	408 677		29 781	462 830
Transactions with owners	(175 731)	23 716	24 914	(289 694)		(2 470)	(419 265)
Repurchase and cancellation of ordinary shares	(175 731)	-	-	-		-	(175 731)
Share-based payment costs	-	-	24 914	-		-	24 914
Net movement in treasury shares	-	23 716	-	-		-	23 716
Dividends paid	-	-	-	(289 694)		(2 470)	(292 164)
Balance at 31 August 2022 (Unaudited)	1 653 543	(116 349)	(312 140)	2 908 018		448 110	4 581 182

Condensed consolidated statement of cash flows

for the six months ended 31 August and the year ended 28 February 2022

	Notes	Unaudited Six months ended 31 Aug 22 R000	Unaudited Six months ended 31 Aug 21 R000	Audited Year ended 28 Feb 22 R000
Cash flows from operating activities				
Cash utilised in operations		(105 063)	(144 193)	(700 653)
Interest received		687 135	551 711	1 155 930
Dividends received		441 013	288 570	711 558
Finance costs		(18 029)	(17 588)	(34 385)
Taxation paid		(161 835)	(160 419)	(389 444)
<i>Operating cash flows before policyholder cash movement</i>		843 221	518 081	743 006
Policyholder cash movement		(18 037)	(12 615)	15 054
<i>Net cash flow from operating activities</i>		825 184	505 466	758 060
Cash flows from investing activities				
Consolidation of mutual funds	8.1	208	-	-
Acquisition of intangible assets		(15 845)	(9 904)	(39 651)
Purchases of property and equipment		(17 175)	(8 765)	(24 302)
Deconsolidation of mutual funds	8.2	-	(62 945)	(62 945)
Proceeds from disposal of assets and liabilities held for sale		-	7 483	7 483
Proceeds from disposal of intangible assets		447	1 827	1 520
Other		551	288	765
<i>Net cash flow from investing activities</i>		(31 814)	(72 016)	(117 130)
Cash flows from financing activities				
Dividends paid		(292 164)	(221 042)	(359 598)
Lease liabilities paid – principal portion		(33 710)	(26 991)	(58 978)
Shares repurchased and cancelled		(175 731)	(80 387)	(109 585)
Treasury shares sold and share option settlement	8.3	(52 022)	(38 131)	(39 457)
<i>Net cash flow from financing activities</i>		(553 627)	(366 551)	(567 618)
Net increase in cash and cash equivalents		239 743	66 899	73 312
Cash and cash equivalents at the beginning of the period		1 694 794	1 617 348	1 617 348
Exchange gains/(losses) on cash and cash equivalents		21 691	(5 977)	4 134
Cash and cash equivalents at the end of the period¹		1 956 228	1 678 270	1 694 794
¹ Includes the following:				
Clients' cash linked to investment contracts		28 891	19 259	46 928
Other client-related balances		322 155	81 831	(84 330)
Total client-related cash and cash equivalents		351 046	101 090	(37 402)

Notes to the statement of cash flows:

The movement in cash utilised in operations can vary significantly as a result of daily fluctuations in cash linked to investment contracts, cash held by the stockbroking business and cash utilised for the loan facilities provided to clients on their share portfolios at PSG Securities Limited. PSG Life Limited, the group's linked insurance company, issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets). When these policies mature, the company raises a debtor for the money receivable from the third-party investment provider, and raises a creditor for the amount owing to the client. Timing difference occurs at month-end when the money was received from the third-party investment provider, but only paid out by the company after month-end, resulting in significant fluctuations in the working capital of the company. Similar working capital fluctuations occur at PSG Securities Limited, the group's stockbroking business, mainly due to the timing of the close of the JSE in terms of client settlements. Refer to note 5.8 for the impact of the client-related balances on the cash flows from operating activities.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2022

1. Reporting entity

PSG Konsult Limited is a public company domiciled in the Republic of South Africa. The condensed consolidated interim financial statements as at and for the six months ended 31 August 2022, comprise the company and its subsidiaries (together referred to as 'the group') and the group's interest in joint ventures.

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial statements as at and for the six months ended 31 August 2022 have been prepared in accordance with the requirements of the JSE Limited (JSE) and the requirements of the Companies Act, No. 71 of 2008, as amended, applicable to summary financial statements. The JSE requires condensed financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended 28 February 2022. Any forecast financial information is the responsibility of the board of PSG Konsult Limited and has not been reviewed or reported on by the auditors.

These condensed consolidated interim financial statements were prepared under the supervision of the chief financial officer, Mike Smith, CA(SA).

Estimates and judgements

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 28 February 2022.

3. Independent review

The condensed consolidated interim financial statements is the responsibility of the board of directors of the company.

Neither these condensed consolidated interim financial statements, nor any reference to future financial performance included in this results announcement, have been reviewed or reported on by the company's external auditor, Deloitte & Touche.

4. Accounting policies

The accounting policies applied in the preparation of these summary consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements as at and for the year ended 28 February 2022.

5. Segment information

The composition of the reportable segments represents the internal reporting structure and the monthly reporting to the chief operating decision-maker (CODM). The CODM for the purpose of IFRS 8 – Operating Segments has been identified as the chief executive officer, supported by the group management committee (Manco). The group's internal reporting structure is reviewed in order to assess performance and allocate resources. The group is organised into three reportable segments, namely:

- PSG Wealth – *deriving income mainly from total managed assets and total platform assets*
- PSG Asset Management – *deriving income mainly from total assets under management and administration*
- PSG Insure – *deriving income mainly from written premiums and underwriting*

Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2022

5. Segment information (continued)

Corporate support costs refer to a variety of services and functions that are performed centrally for the individual business units within each business segment, as well as housing the group's executive office. Besides the traditional accounting and secretarial services provided to group divisions and subsidiaries, the corporate office also provides legal, risk, IT, marketing, HR, payroll, internal audit and corporate finance services. The strategic elements of IT, in terms of both services and infrastructure, are also centralised in the corporate office. The corporate costs are allocated to the three reportable segments.

5.1 Description of business segments

PSG Wealth, which consists of five business units – Distribution, Securities, LISP and Life Platform, Multi Management and Employee Benefits – is designed to meet the needs of individuals, families and businesses. Through its highly skilled wealth managers, PSG Wealth offers a wide range of personalised services (including portfolio management, stockbroking, local and offshore investments, estate planning, financial planning, local and offshore fiduciary services, multi-managed solutions and retirement products). The Wealth offices are fully equipped to deliver a high-quality personal service to customers.

PSG Asset Management is an established investment management company with a proven investment track record. It offers investors a simple, but comprehensive range of local and global investment products. The division's products include both local and international unit trust funds.

PSG Insure, through its registered insurance brokers and PSG's short-term insurance company, Western National Insurance Company Limited, offers a full range of tailor-made short-term insurance products and services from personal (home, car and household insurance) to commercial (business and agri-insurance) requirements. To harness the insurance solutions available to customers effectively, the division's expert insurance specialists, through a strict due diligence process, will simplify the selection process for the most appropriate solution for its clients. In addition to the intermediary services which PSG Insure offers; PSG Short-Term Administration supports clients through the claim process, administrative issues and general policy maintenance, including an annual reappraisal of their portfolio.

The CODM considers the performance of reportable segments based on total core income as a measure of growth and headline earnings as a measure of profitability. In order to evaluate the core results of the group, the CODM segregates the income statement by eliminating the impact of the linked investment policies issued and the consolidation of the collective investment schemes from the core operations in the group.

A subsidiary of the group, PSG Life Limited, is a linked insurance company and issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets), and as such does not expose the group to the market risk of fair value adjustments on the financial asset as this risk is assumed by the policyholder.

The group consolidates collective investment schemes, in terms of IFRS 10 – Consolidated Financial Statements, over which the group has control. The consolidation of these funds does not impact total earnings, comprehensive income, shareholders' funds or the net asset value of the group; however, it requires the group to recognise the income statement impact as part of that of the group.

5. Segment information (continued)

5.2 Headline earnings per reportable segment

	Wealth R000	Asset Management R000	Insure R000	Total R000
For the six months ended 31 August 2022 (Unaudited)				
Headline earnings ¹	264 981	81 377	61 199	407 557
– recurring	264 981	81 377	61 199	407 557
– non-recurring	–	–	–	–
Recurring headline earnings – excluding intangible asset amortisation cost ²	289 310	81 546	72 209	442 065

	Wealth R000	Asset Management R000	Insure R000	Total R000
For the six months ended 31 August 2021 (Unaudited)				
Headline earnings ¹	234 246	96 450	73 871	404 567
– recurring	234 246	96 450	73 871	404 567
– non-recurring	–	–	–	–
Recurring headline earnings – excluding intangible asset amortisation cost ²	257 604	96 703	84 747	439 054

	Wealth R000	Asset Management R000	Insure R000	Total R000
For the year ended 28 February 2022 (Audited)				
Headline earnings ¹	510 484	244 265	165 914	920 663
– recurring	510 484	244 265	165 914	920 663
– non-recurring	–	–	–	–
Recurring headline earnings – excluding intangible asset amortisation cost ²	555 798	244 772	187 628	988 198

¹ Headline earnings, calculated in terms of the requirements stipulated in Circular 1/2021 as issued by SAICA, comprise recurring and non-recurring headline earnings. Recurring headline earnings are calculated by excluding non-recurring headline earnings to increase comparability of the performance of the group from one year to another. Non-recurring headline earnings include one-off gains and losses and the resulting tax charge on these items.

² The intangible asset amortisation cost includes the amortisation on customer relationships. It excludes the amortisation on computer software and other intangible assets.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2022

5. Segment information (continued)

5.3 Income per reportable segment

For the six months ended 31 August 2022 (Unaudited)	Wealth R000	Asset Management R000	Insure R000	Total R000
Total IFRS reported income	1 586 981	336 823	1 175 970	3 099 774
Linked investment business and other income	(3 965)	-	-	(3 965)
Total core income	1 583 016	336 823	1 175 970	3 095 809
Total segment income	1 960 390	546 505	1 175 970	3 682 865
Intersegment income	(377 374)	(209 682)	-	(587 056)

For the six months ended 31 August 2021 (Unaudited)	Wealth R000	Asset Management R000	Insure R000	Total R000
Total IFRS reported income	1 409 944	350 097	1 108 229	2 868 270
Linked investment business and other income	10 720	-	-	10 720
Total core income	1 420 664	350 097	1 108 229	2 878 990
Total segment income	1 767 283	538 070	1 108 229	3 413 582
Intersegment income	(346 619)	(187 973)	-	(534 592)

For the year ended 28 February 2022 (Audited)	Wealth R000	Asset Management R000	Insure R000	Total R000
Total IFRS reported income	3 005 491	799 296	2 227 254	6 032 041
Linked investment business and other income	6 576	-	-	6 576
Total core income	3 012 067	799 296	2 227 254	6 038 617
Total segment income	3 749 520	1 191 922	2 277 997	7 219 439
Intersegment income	(737 453)	(392 626)	(50 743)	(1 180 822)

Intersegment income and expenses consist of fees charged at market-related rates. The group accounts for intersegment income and expenses by eliminating these transactions to only reflect transactions with third parties. Intersegment income is eliminated by deducting it from total segment income to reflect income generated by segment from external customers.

The group mainly operates in the Republic of South Africa, with 92.7% (31 Aug 2021: 92.4%; 28 Feb 2022: 92.5%) of the total income from external customers (total IFRS reported income) generated in the Republic of South Africa.

Other information provided to the CODM is measured in a manner consistent with that of the financial statements.

5. Segment information (continued)

5.4 Divisional income statement

The profit or loss information follows a similar format to the consolidated income statement. The divisional income statements reflect the core business operations of the group.

For the six months ended 31 August 2022 (Unaudited)	Wealth R000	Asset Management R000	Insure R000	Total R000
Total income	1 583 016	336 823	1 175 970	3 095 809
Total expenses ¹	(1 199 334)	(227 319)	(1 055 061)	(2 481 714)
Total profit from joint ventures	-	-	128	128
Profit before finance costs and taxation	383 682	109 504	121 037	614 223
Finance costs ²	(13 899)	(2 064)	(2 066)	(18 029)
Profit before taxation	369 783	107 440	118 971	596 194
Taxation	(99 949)	(26 052)	(31 735)	(157 736)
Profit for the period	269 834	81 388	87 236	438 458
Attributable to:				
Owners of the parent	265 164	81 388	62 125	408 677
Non-controlling interest	4 670	-	25 111	29 781
	269 834	81 388	87 236	438 458
Headline and recurring headline earnings	264 981	81 377	61 199	407 557

For the six months ended 31 August 2021 (Unaudited)	Wealth R000	Asset Management R000	Insure R000	Total R000
Total income	1 420 664	350 097	1 108 229	2 878 990
Total expenses ¹	(1 084 780)	(221 417)	(965 805)	(2 272 002)
Total profit from joint ventures	-	-	52	52
Profit before finance costs and taxation	335 884	128 680	142 476	607 040
Finance costs ²	(12 527)	(2 386)	(2 675)	(17 588)
Profit before taxation	323 357	126 294	139 801	589 452
Taxation	(85 209)	(29 844)	(35 253)	(150 306)
Profit for the period	238 148	96 450	104 548	439 146
Attributable to:				
Owners of the parent	234 446	96 450	73 736	404 632
Non-controlling interest	3 702	-	30 812	34 514
	238 148	96 450	104 548	439 146
Headline and recurring headline earnings	234 246	96 450	73 871	404 567

¹ Depreciation and amortisation is included within total expenses and amounts to R54.1 million (31 Aug 2021: R54.1 million) for PSG Wealth, R5.2 million (31 Aug 2021: R5.2 million) for PSG Asset Management, and R25.4 million (31 Aug 2021: R25.4 million) for PSG Insure.

² Finance costs in the PSG Wealth division of R13.9 million (31 Aug 2021: R12.5 million) consist mainly of the finance charge on the lease liabilities of R7.5 million (31 Aug 2021: R8.0 million), with the remaining portion of the finance charge on the CFD margin and the bank overdrafts.

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for the six months ended 31 August 2022

5. Segment information (continued)

5.4 Divisional income statement (continued)

	Wealth R000	Asset Management R000	Insure R000	Total R000
For the year ended 28 February 2022 (Audited)				
Total income	3 012 067	799 296	2 227 254	6 038 617
Total expenses ¹	(2 275 217)	(471 948)	(1 890 933)	(4 638 098)
	736 850	327 348	336 321	1 400 519
Total profit from joint ventures	–	–	75	75
Profit before finance costs and taxation	736 850	327 348	336 396	1 400 594
Finance costs ²	(25 461)	(3 574)	(5 350)	(34 385)
Profit before taxation	711 389	323 774	331 046	1 366 209
Taxation	(191 373)	(79 496)	(88 813)	(359 682)
Profit for the year	520 016	244 278	242 233	1 006 527
Attributable to:				
Owners of the parent	510 834	244 278	165 797	920 909
Non-controlling interest	9 182	–	76 436	85 618
	520 016	244 278	242 233	1 006 527
Headline and recurring headline earnings	510 484	244 265	165 914	920 663

¹ Depreciation and amortisation is included within total expenses and amounts to R108.0 million for PSG Wealth, R10.1 million for PSG Asset Management, and R50.4 million for PSG Insure.

² Finance costs in the PSG Wealth division of R25.5 million consist mainly of the finance charge on the lease liabilities of R15.5 million, with the remaining portion of the finance charge on the CFD margin and the bank overdrafts.

5. Segment information (continued)

5.5 Statement of financial position (client vs own)

In order to evaluate the consolidated financial position of the group, the CODM segregates the statement of financial position of the group between own balances and client-related balances.

Client-related balances represent the investment contract liabilities and related linked client assets of PSG Life Limited, the broker and clearing accounts, and the settlement control accounts of the stockbroking business, the collective investment schemes consolidated under IFRS 10 – Consolidated Financial Statements and corresponding third-party liabilities, the short-term claim control accounts and related bank accounts, as well as the contracts for difference assets and related liabilities.

As at 31 August 2022 (Unaudited)

	Total IFRS reported R000	Own balances R000	Client- related balances R000
ASSETS			
Debt securities ¹	3 768 856	12 715	3 756 141
Unit-linked investments	66 832 707	2 267 751	64 564 956
Equity securities	3 101 681	34 903	3 066 778
Investment in investment contracts	8 706	–	8 706
Derivative financial instruments	11 298	–	11 298
Receivables including insurance receivables ¹	1 901 317	361 732	1 539 585
Cash and cash equivalents (including money market funds) ¹	1 956 228	1 605 182	351 046
Other assets ²	1 959 701	1 959 701	–
Total assets	79 540 494	6 241 984	73 298 510
EQUITY			
Equity attributable to owners of the parent	4 133 072	4 133 072	–
Non-controlling interest	448 110	448 110	–
Total equity	4 581 182	4 581 182	–
LIABILITIES			
Derivative financial instruments	14 483	–	14 483
Investment contracts	36 375 968	–	36 375 968
Third-party liabilities arising on consolidation of mutual funds ¹	35 352 974	–	35 352 974
Trade and other payables ¹	2 334 111	779 026	1 555 085
Other liabilities ³	881 776	881 776	–
Total liabilities	74 959 312	1 660 802	73 298 510
Total equity and liabilities	79 540 494	6 241 984	73 298 510

¹ The client-related balances include the impact of the consolidation entries relating to the PSG Money Market Fund. The cash invested therein is derecognised and all of the fund's underlying highly liquid debt securities, receivables and trade and other payables are recognised. Third-party cash invested in the PSG Money Market Fund is included under third-party liabilities arising on consolidation of mutual funds.

² Other assets consist of property and equipment, right-of-use assets, intangible assets, investment in joint ventures, current and deferred income tax assets, loans and advances, reinsurance assets and deferred acquisition costs.

³ Other liabilities consist of deferred reinsurance acquisition revenue, lease liabilities, current and deferred income tax liabilities and insurance contracts.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2022

5. Segment information (continued)

5.5 Statement of financial position (client vs own) (continued)

As at 31 August 2021 (Unaudited)	Total IFRS reported R000	Own balances R000	Client- related balances R000
ASSETS			
Debt securities ¹	4 004 909	14 855	3 990 054
Unit-linked investments	59 584 503	1 867 960	57 716 543
Equity securities	2 916 528	34 082	2 882 446
Investment in investment contracts	11 979	-	11 979
Derivative financial instruments	12 849	-	12 849
Receivables including insurance receivables ¹	1 727 590	352 267	1 375 323
Cash and cash equivalents (including money market funds) ¹	1 678 270	1 577 180	101 090
Other assets ²	1 953 956	1 953 956	-
Total assets	71 890 584	5 800 300	66 090 284
EQUITY			
Equity attributable to owners of the parent	3 744 997	3 744 997	-
Non-controlling interest	376 373	376 373	-
Total equity	4 121 370	4 121 370	-
LIABILITIES			
Derivative financial instruments	18 088	-	18 088
Investment contracts	33 655 285	-	33 655 285
Third-party liabilities arising on consolidation of mutual funds ¹	30 999 361	-	30 999 361
Trade and other payables ¹	2 157 980	740 430	1 417 550
Other liabilities ³	938 500	938 500	-
Total liabilities	67 769 214	1 678 930	66 090 284
Total equity and liabilities	71 890 584	5 800 300	66 090 284

¹ The client-related balances include the impact of the consolidation entries relating to the PSG Money Market Fund. The cash invested therein is derecognised and all of the fund's underlying highly liquid debt securities, receivables and trade and other payables are recognised. Third-party cash invested in the PSG Money Market Fund is included under third-party liabilities arising on consolidation of mutual funds. Third-party cash invested in the PSG Money Market Fund is included under third-party liabilities arising on consolidation of mutual funds.

² Other assets consist of property and equipment, right-of-use assets, intangible assets, investment in joint ventures, current and deferred income tax assets, loans and advances, reinsurance assets and deferred acquisition costs.

³ Other liabilities consist of deferred reinsurance acquisition revenue, lease liabilities, current and deferred income tax liabilities and insurance contracts.

5. Segment information (continued)

5.5 Statement of financial position (client vs own) (continued)

As at 28 February 2022 (Audited)	Total IFRS reported R000	Own balances R000	Client- related balances R000
ASSETS			
Debt securities ¹	3 920 219	14 110	3 906 109
Unit-linked investments	65 663 812	2 309 996	63 353 816
Equity securities	3 080 436	37 086	3 043 350
Investment in investment contracts	10 064	-	10 064
Derivative financial instruments	13 153	-	13 153
Receivables including insurance receivables ¹	2 382 777	410 028	1 972 749
Cash and cash equivalents (including money market funds) ¹	1 694 794	1 732 196	(37 402)
Other assets ²	1 971 382	1 971 382	-
Total assets	78 736 637	6 474 798	72 261 839
EQUITY			
Equity attributable to owners of the parent	4 116 818	4 116 818	-
Non-controlling interest	420 799	420 799	-
Total equity	4 537 617	4 537 617	-
LIABILITIES			
Derivative financial instruments	22 008	-	22 008
Investment contracts	35 993 332	-	35 993 332
Third-party liabilities arising on consolidation of mutual funds ¹	34 286 692	-	34 286 692
Trade and other payables ¹	3 015 441	1 055 634	1 959 807
Other liabilities ³	881 547	881 547	-
Total liabilities	74 199 020	1 937 181	72 261 839
Total equity and liabilities	78 736 637	6 474 798	72 261 839

¹ The client-related balances include the impact of the consolidation entries relating to the PSG Money Market Fund. The cash invested therein is derecognised and all of the fund's underlying highly liquid debt securities, receivables and trade and other payables are recognised. Third-party cash invested in the PSG Money Market Fund is included under third-party liabilities arising on consolidation of mutual funds.

² Other assets consist of property and equipment, right-of-use assets, intangible assets, investment in joint ventures, current and deferred income tax assets, loans and advances, reinsurance assets and deferred acquisition costs.

³ Other liabilities consist of deferred reinsurance acquisition revenue, lease liabilities, current and deferred income tax liabilities and insurance contracts.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2022

5. Segment information (continued)

5.6 Income statement (client vs own)

In order to evaluate the consolidated income statement of the group, the CODM segregates the income statement by eliminating the impact of the linked investment policies issued and the consolidation of the collective investment schemes from the core operations in the group.

	Total IFRS reported R000	Core business R000	Linked investment business and other R000
For the six months ended 31 August 2022 (Unaudited)			
Revenue from contracts with customers and other operating income ¹	2 395 563	2 419 143	(23 580)
Investment income ²	110 398	110 398	-
Net fair value gains and losses on financial instruments	(19 265)	(19 265)	-
Net income attributable to investment contract holders and third-party liabilities	27 545	-	27 545
Net insurance premium revenue	585 533	585 533	-
Total income	3 099 774	3 095 809	3 965
Insurance claims and loss adjustment expenses	(538 625)	(538 625)	-
Other ^{1,3}	(1 940 263)	(1 943 089)	2 826
Total expenses	(2 478 888)	(2 481 714)	2 826
Total profit from joint ventures	128	128	-
Profit before finance costs and taxation	621 014	614 223	6 791
Finance costs	(18 029)	(18 029)	-
Profit before taxation	602 985	596 194	6 791
Taxation	(164 527)	(157 736)	(6 791)
Profit for the period	438 458	438 458	-
Attributable to:			
Owners of the parent	408 677	408 677	-
Non-controlling interest	29 781	29 781	-
	438 458	438 458	-

¹ The linked investment business and other income statement includes the impact of the fees eliminated between the collective investment schemes (consolidated under IFRS 10 – Consolidated Financial Statements) and the collective investment scheme management company, PSG Collective Investments (RF) Limited.

² Investment income consists of interest income on amortised cost financial instruments, interest income on fair value through profit or loss financial instruments and dividend income.

³ Other consists of insurance claims and loss adjustment expenses recovered from reinsurers, financial advice fees, depreciation and amortisation, employee benefit expenses, marketing, administration and other expenses.

5. Segment information (continued)

5.6 Income statement (client vs own) (continued)

	Total IFRS reported R000	Core business R000	Linked investment business and other R000
For the six months ended 31 August 2021 (Unaudited)			
Revenue from contracts with customers and other operating income ¹	2 193 155	2 224 373	(31 218)
Investment income ²	74 249	74 249	-
Net fair value gains and losses on financial instruments	30 466	30 466	-
Net income attributable to investment contract holders and third-party liabilities	20 498	-	20 498
Net insurance premium revenue	549 902	549 902	-
Total income	2 868 270	2 878 990	(10 720)
Insurance claims and loss adjustment expenses	(459 696)	(459 696)	-
Other ^{1,3}	(1 774 883)	(1 812 306)	37 423
Total expenses	(2 234 579)	(2 272 002)	37 423
Total profit from joint ventures	52	52	-
Profit before finance costs and taxation	633 743	607 040	26 703
Finance costs	(17 588)	(17 588)	-
Profit before taxation	616 155	589 452	26 703
Taxation	(177 009)	(150 306)	(26 703)
Profit for the period	439 146	439 146	-
Attributable to:			
Owners of the parent	404 632	404 632	-
Non-controlling interest	34 514	34 514	-
	439 146	439 146	-

¹ The linked investment business and other income statement includes the impact of the fees eliminated between the collective investment schemes (consolidated under IFRS 10 – Consolidated Financial Statements) and the collective investment scheme management company, PSG Collective Investments (RF) Limited.

² Investment income consists of interest income on amortised cost financial instruments, interest income on fair value through profit or loss financial instruments and dividend income.

³ Other consists of insurance claims and loss adjustment expenses recovered from reinsurers, financial advice fees, depreciation and amortisation, employee benefit expenses, marketing, administration and other expenses.

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for the six months ended 31 August 2022

5. Segment information (continued)

5.6 Income statement (client vs own) (continued)

	Total IFRS reported R000	Core business R000	Linked investment business and other R000
For the year ended 28 February 2022 (Audited)			
Revenue from contracts with customers and other operating income ¹	4 647 908	4 702 749	(54 841)
Investment income ²	167 559	167 559	-
Net fair value gains and losses on financial instruments	53 424	53 424	-
Net income attributable to investment contract holders and third-party liabilities	48 265	-	48 265
Net insurance premium revenue	1 114 885	1 114 885	-
Total income	6 032 041	6 038 617	(6 576)
Insurance claims and loss adjustment expenses	(877 556)	(877 556)	-
Other ^{1,3}	(3 720 563)	(3 760 542)	39 979
Total expenses	(4 598 119)	(4 638 098)	39 979
Total profit from joint ventures	75	75	-
Profit before finance costs and taxation	1 433 997	1 400 594	33 403
Finance costs	(34 385)	(34 385)	-
Profit before taxation	1 399 612	1 366 209	33 403
Taxation	(393 085)	(359 682)	(33 403)
Profit for the year	1 006 527	1 006 527	-
Attributable to:			
Owners of the parent	920 909	920 909	-
Non-controlling interest	85 618	85 618	-
	1 006 527	1 006 527	-

¹ The linked investment business and other income statement includes the impact of the fees eliminated between the collective investment schemes (consolidated under IFRS 10 – Consolidated Financial Statements) and the collective investment scheme management company, PSG Collective Investments (RF) Limited.

² Investment income consists of interest income on amortised cost financial instruments, interest income on fair value through profit or loss financial instruments and dividend income.

³ Other consists of insurance claims and loss adjustment expenses recovered from reinsurers, financial advice fees, depreciation and amortisation, employee benefit expenses, marketing, administration and other expenses.

5. Segment information (continued)

5.7 Revenue from contracts with customers and other operating income

The revenue from contracts with customers and other operating income relating to the core business operations of the group has been disaggregated as follows in accordance with IFRS 15:

According to division

	Wealth R000	Asset Management R000	Insure R000	Total R000
For the six months ended 31 August 2022 (Unaudited)				
Revenue from contracts with customers	1 505 091	341 388	456 110	2 302 589
Other operating income	19 552	483	96 519	116 554
	1 524 643	341 871	552 629	2 419 143
For the six months ended 31 August 2021 (Unaudited)				
Revenue from contracts with customers	1 359 368	344 467	432 498	2 136 333
Other operating income	11 252	515	76 273	88 040
	1 370 620	344 982	508 771	2 224 373
For the year ended 28 February 2022 (Audited)				
Revenue from contracts with customers	2 899 543	789 514	807 379	4 496 436
Other operating income	5 282	(1 298)	202 329	206 313
	2 904 825	788 216	1 009 708	4 702 749

According to nature of the revenue

	Unaudited six months ended 31 Aug 22 R000	Unaudited six months ended 31 Aug 21 R000	Audited Year ended 28 Feb 22 R000
Revenue from contracts with customers			
Dealing and structuring (including brokerage)			
– Brokerage ¹	102 682	101 660	214 943
– Offshore brokerage commission ¹	58 842	55 129	110 050
– Other dealing and structuring income ²	71 027	63 426	127 541
Commission, administration and other fees			
– Commission income ³	952 938	879 308	1 766 355
– Administration fees ³	280 488	245 170	554 054
– Other fees ⁴	29 149	21 415	55 019
Management and performance fees (including rebates) ³	755 660	722 159	1 571 199
Policy administration fees ³	51 803	48 066	97 275
	2 302 589	2 136 333	4 496 436
Other operating income			
Reinsurance commission income	89 517	71 195	185 175
Other	27 037	16 845	21 138
	116 554	88 040	206 313
	2 419 143	2 224 373	4 702 749

¹ Brokerage and offshore brokerage is recognised at a point in time.

² The other dealing and structuring income includes R59.2 million (31 Aug 2021: R49.7 million; 28 Feb 2022: R103.0 million) revenue recognised over time, with the balance of this revenue being recognised at a point in time.

³ This revenue from contracts with customers is recognised over time.

⁴ The other fees include revenue recognised at a point in time and over time, with the majority of this revenue being recognised over time.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2022

5. Segment information (continued)

5.8 Statement of cash flows (client vs own)

In order to assist the CODM to evaluate the consolidated statement of cash flows of the group, the statement of cash flows is segregated between cash flows relating to own balances and client-related balances.

The movement in cash (utilised in)/generated by operations can vary significantly as a result of fluctuations in the receivables and payables relating to our stockbroking business, which have been included within client-related balances.

Included under receivables are broker and clearing accounts at our stockbroking business of which R1 520.8 million (31 Aug 2021: R1 332.9 million; 28 Feb 2022: R1 953.2 million) represents amounts owing by the JSE for trades conducted during the last few days before the end of the period. These balances fluctuate on a daily basis depending on the activity in the market.

The control account for the settlement of these transactions is included under the trade and other payables, with the settlement to the clients taking place within three days after the transaction date.

	Total IFRS reported R000	Own balances R000	Client- related balances R000
For the six months ended 31 August 2022 (Unaudited)			
Cash flows from operating activities	825 184	436 944	388 240
Cash (utilised in)/generated by operations	(105 063)	501 283	(606 346)
Interest received	687 135	106 905	580 230
Dividends received	441 013	3 493	437 520
Finance costs	(18 029)	(18 029)	-
Taxation paid	(161 835)	(156 708)	(5 127)
Policyholder cash movement	(18 037)	-	(18 037)
Cash flows from investing activities	(31 814)	(32 022)	208
Consolidation of mutual funds	208	-	208
Other ¹	(32 022)	(32 022)	-
Cash flows from financing activities	(553 627)	(553 627)	-
Net increase/(decrease) in cash and cash equivalents	239 743	(148 705)	388 448
Cash and cash equivalents at the beginning of the period	1 694 794	1 732 196	(37 402)
Exchange gains on cash and cash equivalents	21 691	21 691	-
Cash and cash equivalents at the end of the period	1 956 228	1 605 182	351 046

¹ Other consists of cash flows relating to the acquisition of intangible assets, purchases of property and equipment, proceeds from disposal of intangible assets and other.

5. Segment information (continued)

5.8 Statement of cash flows (client vs own) (continued)

	Total IFRS reported R000	Own balances R000	Client- related balances R000
For the six months ended 31 August 2021 (Unaudited)			
Cash flows from operating activities	505 466	346 698	158 768
Cash (utilised in)/generated by operations ¹	(144 193)	443 894	(588 087)
Interest received	551 711	71 961	479 750
Dividends received	288 570	2 288	286 282
Finance costs	(17 588)	(17 588)	-
Taxation paid	(160 419)	(153 857)	(6 562)
Policyholder cash movement	(12 615)	-	(12 615)
Cash flows from investing activities	(72 016)	(9 071)	(62 945)
Deconsolidation of mutual funds	(62 945)	-	(62 945)
Other ²	(9 071)	(9 071)	-
Cash flows from financing activities	(366 551)	(366 551)	-
Net increase/(decrease) in cash and cash equivalents	66 899	(28 924)	95 823
Cash and cash equivalents at the beginning of the period	1 617 348	1 612 081	5 267
Exchange losses on cash and cash equivalents	(5 977)	(5 977)	-
Cash and cash equivalents at the end of the period	1 678 270	1 577 180	101 090

¹ The cash generated by operations under own balances includes R55.0 million excess short-term cash transferred to unit-linked investments that invest mainly in cash, money market and related instruments to enhance investment income yield.

² Other consists of cash flows relating to the acquisition of intangible assets, purchases of property and equipment, proceeds from disposal of intangible assets and other.

	Total IFRS reported R000	Own balances R000	Client- related balances R000
For the year ended 28 February 2022 (Audited)			
Cash flows from operating activities	758 060	737 784	20 276
Cash (utilised in)/generated by operations ¹	(700 653)	982 761	(1 683 414)
Interest received	1 155 930	162 668	993 262
Dividends received	711 558	4 891	706 667
Finance costs	(34 385)	(34 385)	-
Taxation paid	(389 444)	(378 151)	(11 293)
Policyholder cash movement	15 054	-	15 054
Cash flows from investing activities	(117 130)	(54 185)	(62 945)
Deconsolidation of mutual funds	(62 945)	-	(62 945)
Other ²	(54 185)	(54 185)	-
Cash flows from financing activities	(567 618)	(567 618)	-
Net increase/(decrease) in cash and cash equivalents	73 312	115 981	(42 669)
Cash and cash equivalents at the beginning of the year	1 617 348	1 612 081	5 267
Exchange gains on cash and cash equivalents	4 134	4 134	-
Cash and cash equivalents at the end of the year	1 694 794	1 732 196	(37 402)

¹ The cash generated by operations under own balances includes R435.0 million excess short-term cash transferred to unit-linked investments that invest mainly in cash, money market and related instruments to enhance investment income yield.

² Other consists of cash flows relating to the acquisition of intangible assets, purchases of property and equipment, proceeds from disposal of assets and liabilities held for sale, proceeds from disposal of intangible assets and other.

Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2022

6. Investment contracts

Investment contracts are represented by the following financial assets:

	Unaudited as at 31 Aug 22 R000	Unaudited as at 31 Aug 21 R000	Audited as at 28 Feb 22 R000
Debt securities	328 164	312 867	319 361
Unit-linked investments	32 943 429	30 428 734	32 573 629
Equity securities	3 066 778	2 882 446	3 043 350
Investments in investment contracts	8 706	11 979	10 064
Cash and cash equivalents	28 891	19 259	46 928
	<u>36 375 968</u>	<u>33 655 285</u>	<u>35 993 332</u>

7. Assets and liabilities held for sale

For the year ended 28 February 2022

Western Insurance Botswana (Pty) Ltd and Western Life Insurance Botswana (Pty) Ltd were sold effective 1 March 2021, after the fulfilment of suspensive conditions.

8. Notes to the statement of cash flows

8.1 Consolidation of mutual funds

For the six months ended 31 August 2022

The group obtained control of the PSG Multi-Management Multi-Asset Income Fund of Funds, PSG Multi-Management Cautious Fund of Funds and PSG Multi-Management Growth Fund of Funds during the six months ended 31 August 2022. These funds were consolidated in accordance with IFRS 10 – Consolidated Financial Statements and are collective investment schemes managed by PSG Multi Management.

	PSG Multi- Management Multi-Asset Income Fund of Funds R000	PSG Multi- Management Cautious Fund of Funds R000	PSG Multi- Management Growth Fund of Funds R000	Total R000
% interest in fund on effective date	44	84	44	
Date of acquisition	1 Mar 2022	1 Mar 2022	1 Mar 2022	
Details of the net assets acquired are as follows:				
Unit-linked investments	2 731	1 567	3 073	7 371
Cash and cash equivalents (including money market funds)	13	9	186	208
Third-party liabilities arising on consolidation of mutual funds	(505)	(131)	(1 044)	(1 680)
Trade and other payables	(5)	(5)	(3)	(13)
Net asset value	2 234	1 440	2 212	5 886
Fair value of interest held before the business combination	(2 234)	(1 440)	(2 212)	(5 886)
Total consideration paid	-	-	-	-

8. Notes to the statement of cash flows (continued)

8.2 Deconsolidation of mutual funds

For the year ended 28 February 2022

The group deconsolidated the PSG Wealth Global Creator Feeder Fund during the 2022 financial year as the group lost control of this fund due to a decrease in the effective interest in the fund.

Details of the net assets disposed of are as follows:

	PSG Wealth Global Creator Feeder Fund R000
Unit-linked investments	13 094 242
Receivables including insurance receivables	7 140
Cash and cash equivalents (including money market funds)	62 945
Third-party liabilities arising on consolidation of mutual funds	(9 465 758)
Trade and other payables	(5 704)
Net asset value	3 692 865
Transfer to unit-linked investments	(3 692 865)
Cash consideration received	-
Cash and cash equivalents given up	(62 945)
Net cash outflow for the year ended 28 February 2022	<u>(62 945)</u>

8.3 Treasury shares sold and share option settlement

The cash flow impact of the treasury shares sold and share option settlement during the respective financial periods can be summarised as follows:

	Unaudited 31 Aug 22 R000	Unaudited 31 Aug 21 R000	Audited 28 Feb 22 R000
Treasury shares sold	23 716	20 640	19 608
Loss on settlement of share options in terms of share scheme	(75 738)	(58 771)	(59 065)
Net cash outflow	<u>(52 022)</u>	<u>(38 131)</u>	<u>(39 457)</u>

Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2022

9. Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including price risk, foreign currency risk, cash flow and fair value interest rate risks), credit risk and liquidity risk. Insurance activities expose the group to insurance risk (including pricing risk, reserving risk, underwriting risk and reinsurance risk). The group is also exposed to operational risk and legal risk.

The capital risk management philosophy is to maximise the return on shareholders' capital within an appropriate risk framework.

The condensed consolidated interim financial statements do not include all risk management information and disclosure required in the annual financial statements and should be read in conjunction with the group's annual financial statements as at 28 February 2022.

There have been no changes in the group's financial risk management objectives and policies since the previous financial year-end.

Market risk (price risk, foreign currency risk and interest rate risk)

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and foreign currency exchange rates.

A portion of the policyholders' and shareholders' investments are valued at fair value and are therefore susceptible to market fluctuations.

With regard to the subsidiary, PSG Life Limited, this company only invests assets into portfolios that are exposed to market price risk that matches linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets), and as such does not expose the business to the market risk of fair value adjustments on the financial asset as this risk is assumed by the policyholder. Fees charged on this business are determined as a percentage of the fair value of the underlying assets held in the linked funds, which are subject to price and interest rate risk. As a result, the management fees fluctuate, but cannot be less than nil.

Included in the equity securities of R3 101.7 million (31 Aug 2021: R2 916.5 million; 28 Feb 2022: R3 080.4 million) are quoted equity securities of R 3 094.8 million (31 Aug 2021: R2 908.8 million; 28 Feb 2022: R3 073.1 million), of which R 3 066.8 million (31 Aug 2021: R2 882.4 million; 28 Feb 2022: R3 043.4 million) relates to investments in linked investment contracts. The price risk of these instruments is carried by the policyholders of the linked investment contracts.

Unit-linked investments of R32 943.4 million (31 Aug 2021: R30 428.7 million; 28 Feb 2022: R32 573.6 million) are linked to investment contracts and do not expose the group to price or interest rate risk.

Debt securities linked to policyholder investments amounted to R328.2 million (31 Aug 2021: R312.9 million; 28 Feb 2022: R319.4 million) and do not expose the group to interest rate risk. Cash and cash equivalents linked to policyholder investments amounted to R28.9 million (31 Aug 2021: R19.3 million; 28 Feb 2022: R46.9 million) and do not expose the group to interest rate risk.

Fair value estimation

The information below analyses financial instruments, carried at fair value, by level of hierarchy as required by IFRS 7 – Financial Instruments and IFRS 13 – Fair Value Measurement. The different levels have been defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – input other than quoted prices included within level 1 that is observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – input for the asset or liability that is not based on observable market data (that is, unobservable input).

There have been no significant transfers between level 1, 2 or 3 during the period under review.

9. Financial risk management (continued)

Fair value estimation (continued)

The table below analyses financial assets and liabilities, which are carried at fair value, by valuation method. There were no significant changes in the valuation techniques and assumptions applied since 28 February 2022.

Valuation techniques and main assumptions used in determining the fair value of financial assets and liabilities classified within level 2 can be summarised as follows:

Instruments	Valuation techniques	Main assumptions
Derivative financial instruments	Exit price on recognised over-the-counter (OTC) platforms	Not applicable
Debt securities	Valuation model that uses the market input (yield of benchmark bonds)	Bond interest rate curves Issuer credit ratings Liquidity spreads
Unit-linked investments	Quoted put (exit) price provided by the fund manager	Not applicable – daily prices are publicly available
Investment in investment contracts	Prices are obtained from the insurer of the particular investment contract	Not applicable – prices provided by registered long-term insurers
Investment contract liabilities – unit-linked	Current unit price of underlying unitised financial asset that is linked to the liability, multiplied by the number of units held	Not applicable
Third-party financial liabilities arising on the consolidation of mutual funds	Quoted put (exit) price provided by the fund manager	Not applicable – daily prices are publicly available

The fair value of financial assets and liabilities measured at fair value in the statement of financial position can be summarised as follows:

As at 31 August 2022 (Unaudited)	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
Financial assets				
Debt securities	1 408 111	2 360 745	–	3 768 856
Unit-linked investments	–	66 629 036	203 671	66 832 707
Equity securities	3 094 750	–	6 931	3 101 681
Investment in investment contracts	–	8 706	–	8 706
Derivative financial instruments	–	12 849	–	12 849
	4 502 861	69 011 336	210 602	73 724 799
Own balances	33 967	2 678 188	26 350	2 738 505
Client-related balances	4 468 894	66 333 148	184 252	70 986 294
Financial liabilities				
Derivative financial instruments	–	14 483	–	14 483
Investment contracts	–	36 191 716	184 252	36 375 968
Trade and other payables	–	–	56 165	56 165
Third-party liabilities arising on consolidation of mutual funds	–	35 352 974	–	35 352 974
	–	71 559 173	240 417	71 799 590
Own balances	–	–	56 165	56 165
Client-related balances	–	71 559 173	184 252	71 743 425

Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2022

9. Financial risk management (continued)

Fair value estimation (continued)

	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
As at 31 August 2021 (Unaudited)				
Financial assets				
Debt securities	752 578	3 252 331	-	4 004 909
Unit-linked investments	-	59 356 263	228 240	59 584 503
Equity securities	2 908 820	-	7 708	2 916 528
Investment in investment contracts	-	11 979	-	11 979
Derivative financial instruments	-	12 849	-	12 849
	3 661 398	62 633 422	235 948	66 530 768
Own balances	33 264	2 401 978	30 054	2 465 296
Client-related balances	3 628 134	60 231 444	205 894	64 065 472
Financial liabilities				
Derivative financial instruments	-	18 088	-	18 088
Investment contracts	-	33 449 391	205 894	33 655 285
Third-party liabilities arising on consolidation of mutual funds	-	30 999 361	-	30 999 361
Trade and other payables	-	-	46 779	46 779
	-	64 466 840	252 673	64 719 513
Own balances	-	-	46 779	46 779
Client-related balances	-	64 466 840	205 894	64 672 734
As at 28 February 2022 (Audited)				
Financial assets				
Debt securities	782 599	3 137 620	-	3 920 219
Unit-linked investments	-	65 455 349	208 463	65 663 812
Equity securities	3 073 063	-	7 373	3 080 436
Investment in investment contracts	-	10 064	-	10 064
Derivative financial instruments	-	13 153	-	13 153
	3 855 662	68 616 186	215 836	72 687 684
Own balances	36 097	2 298 834	26 261	2 361 192
Client-related balances	3 819 565	66 317 352	189 575	70 326 492
Financial liabilities				
Derivative financial instruments	-	22 008	-	22 008
Investment contracts	-	35 803 757	189 575	35 993 332
Third-party liabilities arising on consolidation of mutual funds	-	34 286 692	-	34 286 692
Trade and other payables	-	-	58 003	58 003
	-	70 112 457	247 578	70 360 035
Own balances	-	-	58 003	58 003
Client-related balances	-	70 112 457	189 575	70 302 032

9. Financial risk management (continued)

Fair value estimation (continued)

The following tables presents the changes in level 3 financial instruments during the reporting periods under review:

	Unaudited 31 Aug 22 R000	Unaudited 31 Aug 21 R000	Audited 28 Feb 22 R000
Assets			
Opening carrying value	215 836	226 511	226 511
Additions	11 960	25 118	13 138
Disposals	(23 371)	(24 158)	(33 256)
Gains recognised in profit or loss ¹	6 177	8 477	9 443
Closing carrying value	210 602	235 948	215 836
Liabilities			
Opening carrying value	247 578	245 409	245 409
Additions	18 772	34 519	63 007
Settlements	(31 960)	(35 815)	(75 799)
Losses recognised in profit or loss ¹	6 027	8 560	14 961
Closing carrying value	240 417	252 673	247 578

¹ The gains and losses on level 3 financial instruments are recognised in profit or loss under 'net fair value gains and losses on financial instruments' and 'net income attributable to investment contract holders and third-party liabilities'.

Unit-linked investments represent the largest portion of the level 3 financial assets and relate to units held in hedge funds and are priced monthly. The prices are obtained from the asset managers of the particular hedge funds. These are held to match investment contract liabilities, and as such any change in measurement would result in a similar adjustment to investment contract liabilities. Therefore, the group's overall profit or loss is not materially sensitive to the input of the models applied to derive fair value.

Trade and other payables classified within level 3 have significant unobservable inputs, as the valuation technique used to determine the fair values takes into account the probability (at each reporting period) that the contracted party will achieve the profit guarantee as stipulated in the business agreement. These relate to the purchase of intangibles and as such any change in measurement would result in a similar adjustment to the intangible assets with the exception of those acquired in terms of business combinations. Therefore the group's overall profit or loss is not materially sensitive to changes in the inputs.

10. Related-party transactions

Related-party transactions similar to those disclosed in the group's annual financial statements for the year ended 28 February 2022 took place during the period under review.

11. Events after the reporting date

No events material to the understanding of these results has occurred between the end of the reporting period and the date of approval of the condensed consolidated interim financial statements, except for the repurchase and cancellation of shares in terms of the group's approved share repurchase programme. Refer to page 5 for further detail.

Corporate information

Non-executive directors

W Theron (Chairman)
AH Sangqu^
PJ Mouton*
PE Burton*
TC Esau-Isaacs*
ZL Combi*
ZRP Matsau*
(^ Lead independent; * Independent)

Executive directors

FJ Gouws (Chief executive officer)
MIF Smith (Chief financial officer)

Registered name

PSG Konsult Limited
(Incorporated in the Republic of South Africa)
(‘PSG Konsult’ or ‘the company’ or ‘the group’)
Registration number: 1993/003941/06
JSE share code: KST
NSX share code: KFS
SEM share code: PSGK.N0000
ISIN code: ZAE000191417
LEI: 378900ECF3D86FD28194

Company secretary

PSG Management Services Proprietary Limited

PSG Konsult head office and registered office

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7530

Postal address

PO Box 3335
Tyger Valley
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7536

Listings

Johannesburg Stock Exchange (JSE)
Namibian Stock Exchange (NSX)
Stock Exchange of Mauritius (SEM)

Transfer secretary

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
2196

Private Bag X9000
Saxonwold
2132

Sponsors

JSE sponsor: PSG Capital Proprietary Limited
NSX sponsor: PSG Wealth Management (Namibia)
Proprietary Limited
SEM authorised representative and SEM sponsor:
Perigeum Capital Ltd

Auditor

Deloitte & Touche

Website address

www.psg.co.za