PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PBT group

DATA SPECIALISTS

PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (PROVISIONAL REPORT)

for the year ended 31 March 2022

INTRODUCTION

Shareholders are advised that the Company's Integrated Annual Report for the year ended 31 March 2022, including its Audited Consolidated Annual Financial Statements (2022 AFS) and Notice of Annual General Meeting (AGM notice) will be published on 8 July 2022.

The AGM notice together with a summary of the 2022 AFS will be dispatched to shareholders on 8 July 2022.

AUDIT OPINION

This provisional report is not itself audited but is extracted from the 2022 AFS, which were audited by BDO South Africa Inc, who expressed an unmodified audit opinion and highlighted certain key audit matters in their report. A copy of the auditor´s report is available at the following link:

https://www.pbtgroup.co.za/investor-relations/#annual_financial_statements

The Directors take full responsibility for the preparation of this provisional report and confirm that the financial information herein has been correctly extracted from the underlying audited annual financial statements.

BUSINESS ACTIVITIES AND GROUP RESULTS

PBT Group is pleased to report on another successful financial year. A continuous demand for the Group's specialised services has resulted in significant growth in all aspects of the business.

During the period under review PBT Group acquired an additional 2% of its subsidiary CyberPro Consulting Proprietary Limited, of which it is now a 58% shareholder. The Group continues to expand due to organic growth through the rest of its subsidiaries.

During February 2022 PBT Group joined A2X as a secondary listing to the JSE, providing shareholder value through an additional venue for trading purposes.

In terms of transformation, the Group also reached its goal of becoming a majority black-owned company during the past financial year. PBT Group remains committed to making a positive contribution towards transformation and the creation of sustainable B-BBEE in South Africa.

Financial results highlights

- Revenue for the period increased by 23.7% to **R975.7 million** (2021: R789.0 million).
- EBITDA increased by 41.0% to **R138.6 million** (2021: R98.3 million).
- Profit after taxation increased by 41.4% to **R92.3 million** (2021: R65.3 million).
- Cash generated from operations increased by 47.4% to **R135.8 million** (2021: R92.1 million).
- Headline earnings increased by 56.4% to **R69.3 million** (2021: R44.3 million).
- Normalised headline earnings increased by 71.4% to **R78.5 million** (2021: R45.8 million).
- Earnings per share (EPS) increased by 59.1% to **80.44 cents per share** (2021: 50.57 cents per share).
- Headline earnings per share (HEPS) increased by 63.8% to **82.89 cents per share** (2021: 50.59 cents per share).
- Normalised headline earnings per share (NHEPS) increased by 63.9% to **75.56 cents per share** (2021: 46.10 cents per share).

All percentages are based on the full figures as stated in the annual financial statements.

PBT Group's financial performance was driven by:

- Organic revenue growth due to continued demand for PBT Group's services.
- Operating expenses being contained, resulting in profit margin expansion.
- Continuing to convert a large portion of its earnings to cash.

NORMALISED HEADLINE EARNINGS

The purpose of the normalised EPS and HEPS is to reverse the accounting effect of IFRS 2 Share-based Payments, which the Board considers to have a material effect on the Group's financial statements.

IFRS 2 creates an unavoidable decrease in the weighted average number of ordinary shares (WANOS) for the periods in which certain assets are treated as treasury shares and will result in an increase in WANOS for the periods in which those same assets are no longer treated as treasury shares. As a result, the implementation of IFRS 2 initially inflates the EPS and HEPS figures, however, over time, the impact on EPS and HEPS is reversed as WANOS increases. This effect is purely due to accounting standards which management feels is not a true reflection of the value of the business and its earnings. Management is of the opinion that the impacts of IFRS 2 on the EPS and HEPS figure are purely non-cash accounting adjustments, therefore it does not consider the presented EPS and HEPS to be a true reflection of the value of the business and its earnings, as such a normalised EPS and HEPS is presented.

The headline earnings attributable to ordinary shareholders is adjusted to:

- Include the preference dividends earned on the preference share investments with Spalding Investments 10 Proprietary Limited (Spalding), Yonex Investments Proprietary Limited (Yonex), Ayson Proprietary Limited (Ayson) and PBT Foundation Proprietary Limited (PBT Foundation).
- Include interest earned from loans to Pulsent OH GP Proprietary Limited (Pulsent OH) and PBT Foundation, which were treated as treasury shares for accounting purposes.
- Exclude the IFRS 2 Share-based Payment expense for the transactions with Spalding, Yonex, Ayson, Pulsent OH and PBT Foundation.

Refer to the explanation below in "Share-based payment transactions".

The effect of other accounting standards, such as IFRS 9 Financial Instruments and IFRS 16 Leases, were considered in the determination of the normalised EPS and HEPS calculation, but due to the fact that these accounting standards do not create an irregular change on EPS and HEPS, they were not taken into account in the calculation of normalised earnings and HEPS.

As a result, the board is of the view that a normalised EPS and HEPS, which removes the accounting effect of IFRS 2, is a more accurate reflection of after-tax earnings and after-tax earnings per share that will be more comparable over the years for the periods that the B-BBEE transactions have an IFRS 2 effect.

Share-based payment transactions

During the 2022 financial year PBT Group entered into three B-BBEE transactions that are discussed separately below.

YONEX INVESTMENT PROPRIETARY LIMITED (YONEX)

PBT Group (South Africa) Proprietary Limited, a wholly owned subsidiary of PBT Group, funded Yonex, a B-BBEE and staff-owned company, by subscribing for preference shares to the value of R65.7 million in Yonex. As the only surety for this investment in preference shares is the underlying shares in PBT Group, this investment has been treated as treasury shares for accounting purposes instead of an investment. The preference dividends received by PBT Group has also been eliminated from the consolidated statement of profit or loss and other comprehensive income.

PULSENT OH GP PROPRIETARY LIMITED (PULSENT OH)

On 23 July 2021 PBT Group entered into a binding subscription agreement with Pulsent OH, in its capacity as the ultimate general partner of the PBT Direct GP Partnership *en commandite,* the latter in its capacity as the general partner of the PBT Direct Partnership *en commandite* ("Pulsent OH" or "the Subscriber"), in terms of which the Subscriber subscribed for 6 900 000 ordinary shares in the capital of PBT Group Limited (the Company) (Subscription Shares).

The Subscription Shares were issued on 26 July 2021 in terms of the Company's general authority to issue shares for cash.

The Subscription Shares represented 6.7% of the issued share capital of the Company prior to the issue thereof. The shares were issued at R4.50, being a 4.7% premium to the 30-day volume weighted average price of R4.30 at the close of business on Friday, 23 July 2021, the date on which the subscription agreement was signed and became unconditional in accordance with its terms, amounting in aggregate to R31.1 million (Subscription Amount).

Pulsent OH funded R12.4 million, being 40% of the Subscription Amount, utilising its own resources, whereas the balance of the Subscription Amount was funded by way of vendor finance. The vendor finance was provided by PBT Technology Services Proprietary Limited (PBT Technology Services), a wholly owned subsidiary of PBT Group, which accordingly funded 60% of the Subscription Amount by advancing a loan to Pulsent OH. Pulsent OH's obligation under such loan is secured by a pledge and cession *in securitatem debiti* of 100% of the PBT Group ordinary shares subscribed for by Pulsent OH in terms of this transaction, as well as certain related claims.

As the only security for the repayment of the loan is the 6 900 000 PBT shares with no other recourse, the transaction is treated as a share-based payment transaction under IFRS 2 and the loan is treated as the issue of an option to the B-BBEE party.

PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (PROVISIONAL REPORT) [CONTINUED]

for the year ended 31 March 2022

The loan is not recognised as an asset, but instead treated as treasury shares held by a subsidiary company. The WANOS are decreased with the full weighted 6 900 000 PBT shares and the R12.4 million funding received (being 40% of the newly issued share capital) included in the share-based payment reserve. As there is no vesting or lock-in period, the full share-based payment expense is recognised immediately, for an amount of R2.1 million.

PBT FOUNDATION PROPRIETARY LIMITED (PBT FOUNDATION)

On 23 July 2021 PBT Technology Services entered into an agreement with the PBT Foundation for the purpose of providing funding to subscribe for 480 shares in Spalding for a total cash consideration of R2.8 million. Refer to note 5 Share capital for further details of the transaction. The funding will be in the format of cumulative redeemable preference shares issued to PBT Group. Due to circumstances not within the Company's control the incorporation of the PBT Foundation was only finalised on 24 November 2021, on which date the preference shares were issued. The funding was treated as a loan until 23 November 2021.

As the only security for the repayment of the preference shares is the investment in Spalding (with their only investment being the underlying PBT 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 B-BBEE party. The preference share investment is not recognised as an asset, but instead treated as treasury shares held by a subsidiary company. As there is no vesting or lock-in period, the full share-based payment expense is recognised immediately, for an amount of R0.4 million.

SUMMARY

The effect of IFRS 2 on the Group's financial statements are summarised as follows. For the 2022 financial year IFRS 2 decreased the Group's bottom line by R5.7 million, of which R2.6 million is a once-off expense. It resulted in a total number of 22.2 million treasury shares being reported. Investments in preference shares and loan are not treated as assets, which results in the total assets disclosed in the 2022 consolidated statement of financial position being understated by R87.2 million. IFRS 2 also had the effect of decreasing the WANOS by 20.3 million shares which, as a result, increased EPS and HEPS for the period.

Purchase of further interest in CyberPro Consulting Proprietary Limited (CyberPro)

PBT Group initially acquired 51% of CyberPro in 2012 and an additional 5% in the 2021 financial year. The Board was again presented with an opportunity to increase its shareholding in CyberPro and performed a comprehensive analysis to determine whether the acquisition would be aligned with the interest of all stakeholders. Careful considerations were made and it was determined that the additional investment would be earnings accretive to PBT Group, that the price was reasonable and that the investment would not introduce any business integration risk to the Group. As a result, on 1 October 2021, PBT Group increased its shareholding in CyberPro from 56% to 58% for a total cash consideration of R5 million. The investment was funded from PBT Group's internal cash resources. The original founders and key management of CyberPro would retain a significant 42% shareholding and are therefore committed to seeing the business continue to prosper.

The Board believes that by implementing this transaction, PBT Group has allocated capital at a high rate of return without introducing material additional risk to the Group.

Specific repurchase and general repurchase

During the financial year 84 683 shares were repurchased in accordance with the general authority to repurchase shares for an average price per share of R6.77. All repurchased shares were subsequently cancelled and delisted.

Going concern

PBT Group is a focused, profitable, cash-generative business that operates in a growing industry. PBT Group continuously analyses its business and also prepares forward-looking cash flow forecasts based on the expected performance of the business.

Based on the above, PBT Group believes that it has adequate financial resources to continue in operation and will continue as a going concern for the foreseeable future. Accordingly, the consolidated annual financial statements have been prepared on a going concern basis.

The Directors are not aware of any material changes that may adversely impact the Company. 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 Company. As at 31 March 2022 the Group and Company do not have any debt covenants.

REVIEW OF OPERATIONS

The 2022 financial year has exceeded all expectations, with most of our strategic and tactical initiatives highlighted in the September 2021 Interim Report having come to realisation.

South Africa

As the backbone of the Group's data and analytics service offering, PBT Group (SA) has accomplished great achievements during the past financial year. Collectively our sales force, innovation team and talent acquisition specialists have been of great value to both our clients and our consultants. Demand for services in the region exploded after the pandemic and PBT Group has been able to service client needs with great distinction. Adopting new technology whilst still delivering the high quality we are known for as a brand, has resulted in an increased demand for our services from existing as well as new clients, putting us a notch above most of our competitors.

Again, the innovation division has contributed immensely, both from a technology as well as from a practice perspective. The pipeline for the South African region remains strong, including all components of data and analytics, being solutions architecture, business analysis, data analysis and data engineering – both on premise as well as in the cloud. Expectation is steady growth with project participation in more cloud initiatives on all major cloud providers, being Amazon Web Services (AWS), Microsoft Azure and Google Cloud Platform (GCP).

Local skills shortage remains a hindrance. Through the PBT Cloud Academy and our migration framework we look to apply local talent and skills to turn opportunity into reality. The supply of expertise and skills to address the demand to absorb the challenges of the digitalised world, especially related to data, is misaligned, as demand by far exceeds supply. Again, PBT Group has taken the lead – like our decision more than 20 years ago to focus and specialise on data solutions – with our PBT Cloud Academy initiative. The PBT Cloud Academy is slowly but surely changing into a Data Academy, which is much more than just cloud. Although the main cloud platforms such as Microsoft Azure, AWS and GCP remain an important focus, complementary technologies, modernised techniques and practices are being taught and adopted via the PBT Cloud Academy to establish end-to-end modern data solutions to address the digital business requirements of clients according to their own uniqueness. Therefore, training and certification on technologies such as, but not limited to, Informatica, WhereScape and Snowflake besides the various cloud platform utilities, are being incorporated in the current curriculum for our consultant base, whether intern level or experienced engineers. New techniques such as data vault is the latest addition to our training techniques to complete our capacity building programme. It remains our philosophy that training can only be successful when combined with actual practical projects. In this regard, the PBT Group approach to creating capacity remains unique.

Further to the capacity-building initiatives mentioned above, PBT Group is constantly identifying acceleration methods to make data available as accurately as possible to our clients' business units. Over and above our data integration accelerator, PBT Group has also developed a data migration framework to assist clients in planning and executing their migration needs from a zero base to consumption level, addressing uncertainties in the journey from on premise to the cloud. One of the latest additions is a metadata-based framework. Metadata has long been one of our core strengths and most of our solutions are based on this approach. Our current facility enables commercial management users to capture business-defined values to be used within reporting. This data management framework not only contributes to data literacy, but also the preservation of organisational wisdom and knowledge.

Europe and the United Kingdom

PBT Group has experienced solid growth in all regions, in particular in Europe and the United Kingdom. The European region has stabilised and the initial investment is starting to fulfil its anticipated potential. The United Kingdom has especially been an outstanding contributor, where three high-end projects have been successfully completed at leading retail companies using a combination of GCP, Python and Microsoft Azure technologies. The United Kingdom has been very supportive of outsourcing work to South Africa. Furthermore, during the past six months the planned secondment with a partner in Belgium has been concluded and, as anticipated, projects are currently being executed with a high success rate. The Belgium component not only contributed to the success during the past six months, but should also be a good contributor in our upcoming financial year. This is a region with great potential for PBT Group Europe.

Another exciting project has started in the United States via Europe, where PBT Group Europe has established relationships to the extent that we are now engaging directly with the client in the United States. Taking a business, rather than technology, angle has been very rewarding. Although competition is fierce, it is our expectation that PBT Group will be a strong contender in following phases of a project where we are already playing an important role in enabling the business. This includes migration from on premise to the cloud, mostly using the Microsoft Azure technology stack, which is one of our strengths.

There are many opportunities in the pipeline for the new financial year. With the PBT Group United Kingdom office having been officially established and one of our leading technical specialists relocating to the region in the imminent future to head up pre-sales activities, we are positive that we will unlock the great prospects that we have identified in the region. Through these activities, PBT Group will gain direct access to the market, working closely with our long-standing British partners.

Australia

One of the great advantages of the new way of working has been the significant removal of geographic constraints from our ability to engage, develop and retain new clients. This has been evident in PBT Australia's Health Data Practice, which has engaged clients in Sydney and the United Kingdom, with our key staff being based in and around Melbourne. As an organisation we have identified the health tech sector as a key area of strength for our team and an area of opportunity in the Australian market, with a particular focus on health data and interoperability. These areas will become even more crucial with an ageing population and more people in remote and regional areas leveraging tele-health and care at home as part of their engagement with health services, and we are positioning PBT Australia to be the go-to consultancy in these areas.

PBT Australia has increased its software offerings by bringing the RulesLab expert system to the Australian market with the goal of improving efficiency and reducing manual effort for our clients. This has focused in two key areas, namely medical and government administration, with great interest in both Australia and southern Africa.

These developments and new business areas continue to be underpinned by PBT Australia's core professional service offering in the medical and social insurance space, where our long-term clients continue to enjoy the benefits and expertise of PBT consultants and the wider Group's collective knowledge around health, health insurance and data.

In summary, PBT Group is well positioned to address the data demand globally within all aspects of the data ecosystem to service business, including technology, practices and capacity. We are looking forward to the new financial year with great expectation, anticipating that our initial investments will result in further revenue growth, as PBT Group focuses on continuing to offer a one-stop service in all aspects of the modern data platform.

GOVERNANCE

PBT Group remains committed to sound corporate governance principles, including integrity, transparency and accountability, and subscribes to the Code of Corporate Practices and Conduct as set out in King IV.

DISTRIBUTIONS

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 perceived need to retain funds for expansion or operating purposes, the Board of Directors may also elect not to pay distributions.

On Friday, 24 June 2022, the Board of Directors resolved to declare a final distribution of 32 cents per PBT ordinary share for the period ended 31 March 2022. The total distribution will equate to R33.9 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) included with the Notice of Annual General Meeting of PBT Group, which together with the Directors' Report, containing details of the distribution, was distributed to shareholders on Friday, 8 July 2022. The Form of Election is also available for download on the Company's website: https://www.pbtgroup.co.za/investor-relations/#annual_financial_statements.

The implications of the elections above are as follows:

- A gross dividend of 32 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 25.6 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 "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 32 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 105 915 317 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, 1 July 2022
Last day to trade "cum distribution"	Tuesday, 19 July 2022
First trading day "ex distribution"	Wednesday, 20 July 2022
Record date	Friday, 22 July 2022
Dividend/election period closes by 12:00 on	Friday, 22 July 2022
Payment date	Monday, 25 July 2022

No share certificates may be dematerialised or rematerialised between Wednesday, 20 July 2022 and Friday, 22 July 2022, 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, 25 July 2022.

CHANGES TO THE BOARD OF DIRECTORS

The Board wishes to advise that Herman Steyn has resigned as Non-Executive Director of the Company, with effect from 1 October 2021.

The Board would like to extend its appreciation to Herman for his commitment and service to the Company. His involvement as partner and Director of the Company spans a period of more than two decades and his contribution has been invaluable.

The Company is furthermore pleased to announce the appointment of Pule Taukobong as Non-Executive Director with effect from 1 October 2021. Pule Taukobong has vast experience in the information technology industry and brings with him a wealth of knowledge and networks that will be to the benefit of PBT Group and its shareholders.

The Board welcomes Pule and wishes him well in his new role.

ACKNOWLEDGEMENTS

Our continued success is a result of the combined effort of our dedicated employees – our consultants, as well as a committed management team, business development- and support staff. We are grateful for the strong community we have established and built on since our inception.

We would also like to thank our clients for their ongoing support, and our Board of Directors for their expertise and professional guidance during the 2022 financial year.

Tony Taylor
Chairman

Elizna Read
Chief Executive Officer

ABOUT US

PBT Group has a staff complement of 890, the vast majority being highly skilled and professional consultants. We have established strategic alliances with recognised local and international vendors. Our consultants have a sincere commitment to providing the highest levels of service and the most appropriate solutions to our clients.

PBT Group maintains a technology and cloud agnostic approach, enabling it to deliver real and sustainable value to clients who represent a variety of industries including, amongst others, finance, insurance, telecommunications, retail and medical healthcare.

Core competencies

PBT Group consists of a **core operational business** and of **non-core investments**.

CORE BUSINESS

A data specialist and software services and solutions provider.

Data and analytics

- Advisory and Strategic
- Data Architecture
- Data Modelling
- Data Engineering
- Analytics and Visualisation
- Data Migration
- On premise/in Cloud

Software development

- Application and Software Development
- Cloud and DevOps
- SQA and Testing
- Mobile and Web Development, User Interface (UI) and User Experience (UX)

Insurance technologies

- Software Solutions specific to the healthcare sector

Revenue is derived from South Africa (90%), Australia (6%), and Europe and the United Kingdom (4%).

NON-CORE INVESTMENTS

Valued at R200.6 million or R1.89 per share.

Going forward, the Group's strategy is to realise the non-core investments over time and distribute the proceeds to shareholders.

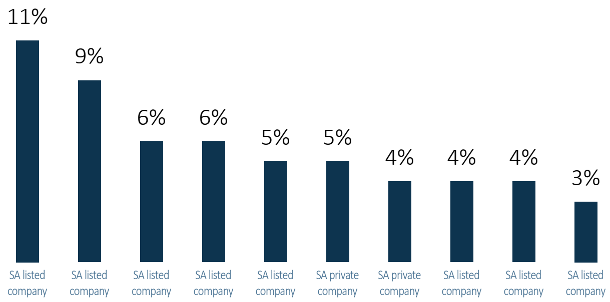
1. Investment in Payapps is valued at R116.9 million.
2. Investment in preference shares is valued at R63.9 million.*
3. Investment in debt (PBT Direct Partnership) is valued at R15.4 million.*
4. Investment in debt (PBT IT employees) is valued at R4.5 million.

** Security is PBT Group Limited shares. Please refer to SENS and throughout this report for more information on the preference share and debt investments. In terms of IFRS 2, the asset and the income from these investments are not reflected on PBT Group's consolidated financial statements and therefore important to highlight here.*

Note: figures are rounded.

Clients

Revenue by top ten clients (as a % of Group revenue)

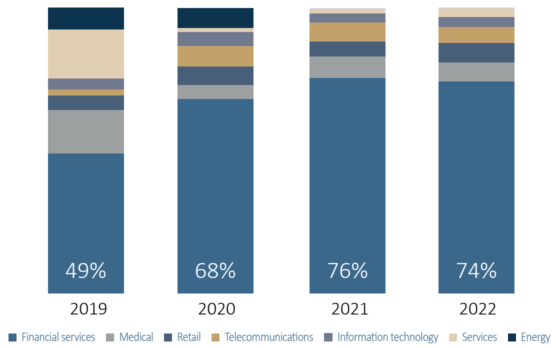


* *Percentages are rounded.*

- Mostly stock exchange listed A-grade clients. Low counterparty risk.
- Top ten clients make up c. 58% of Group revenue.

Industries

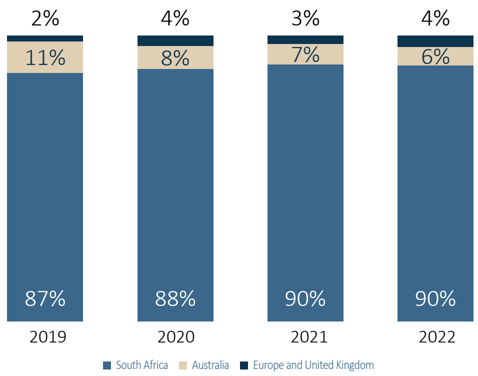
As a % of Group revenue



- Services to the financial services industry has grown significantly since 2019. Driven by digital transformation.
- Most consultants are interchangeable between industries. Reduces the risk of non-billability.

Geographic area

As a % of Group revenue



* *Percentages are rounded.*

South Africa

- Total segment revenue** increased by 28% to R902.4 million (FY2021: R706.1 million).
- Segment EBITDA*** increased by 40% to R136.4 million (FY2021: R97.5 million).
- Robust demand for services.

Australia

- Total segment revenue** increased by 6% to R59.0 million (FY2021: R55.9 million) (constant currency: +13% year on year).
- Segment EBITDA*** increased by 9% to R5.3 million (FY2021: R4.9 million) (constant currency: +17% year on year).
- Limited growth prospects.

Europe and United Kingdom

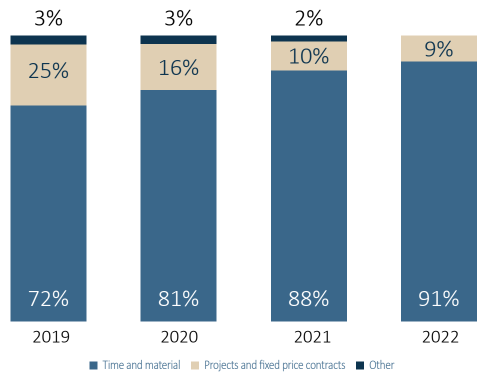
- Total segment revenue** increased by 45% to R39.2 million (FY2021: R27.0 million).(constant currency: +60% year on year).
- Segment EBITDA*** increased to R3.8 million (FY2021: R1.2 million loss).
- Growth prospects remain promising.

** *These figures include R24.9m of intersegment revenue, which is eliminated on consolidation of the financial statements.*

*** *Refer to note 18 for a reconciliation of segmental EBITDA to consolidated Group EBITDA.*

Type

As a % of Group revenue



* *Percentages are rounded.*

- Mostly low-risk time and material-based contracts.
- Time and material-based contracts mostly span over 12 months, after which it is typically renewed.

PBT group
DATA SPECIALISTS

ABOUT US [CONTINUED]

Our Vision

To be the preferred data and analytics solutions and services provider to our global client base through strong partnerships, innovation and domain expertise.

Our Mission

To ensure the long-term success of business clients through the effective organisation, interpretation and publishing of company intelligence.

Our Commitment

PBT Group recognises the importance of transformation and the creation of sustainable BEE in the South African business landscape, consistently striving to meet and improve on guidelines related to social responsibility and empowerment.

Our Values

Integrity, quality, professionalism, accountability, teamwork, respect, ethics and trust.

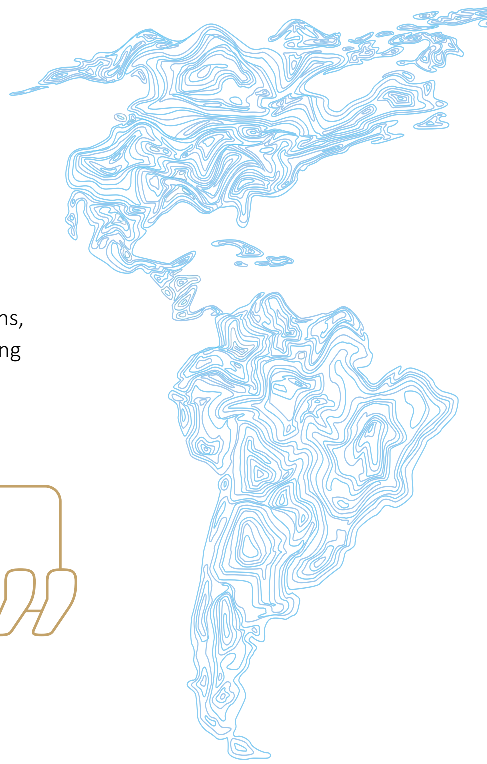
Our People

We have a staff complement of 890. The vast majority are highly skilled consultants who continuously deliver quality solutions and services in all of the Group’s operations.

Our Listing

PBT Group is listed on the JSE under the Software and Computer Services Sector.

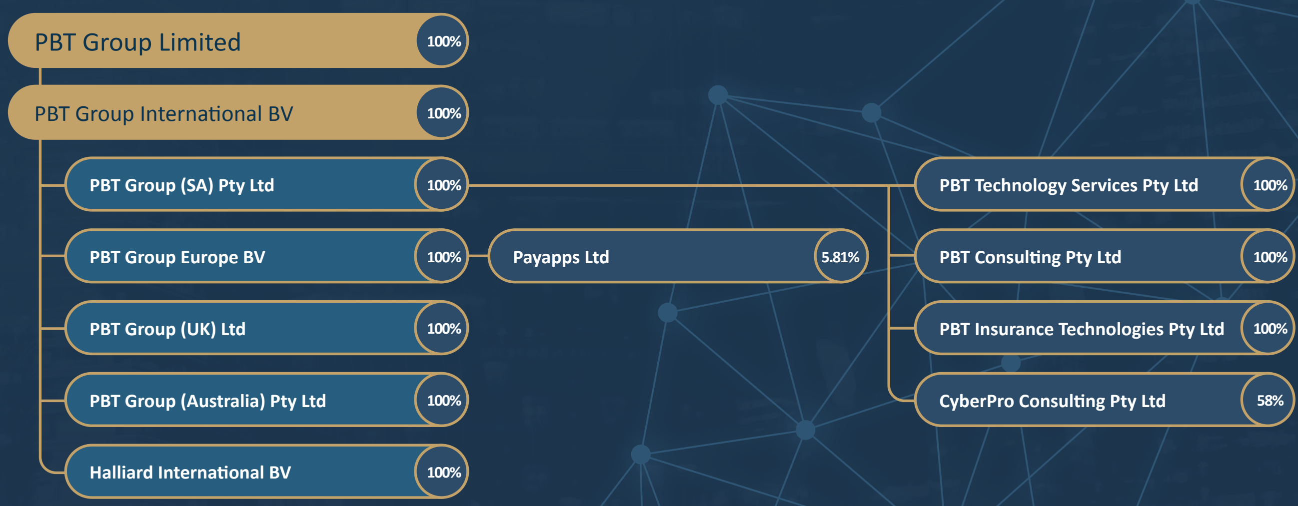
GLOBAL FOOTPRINT

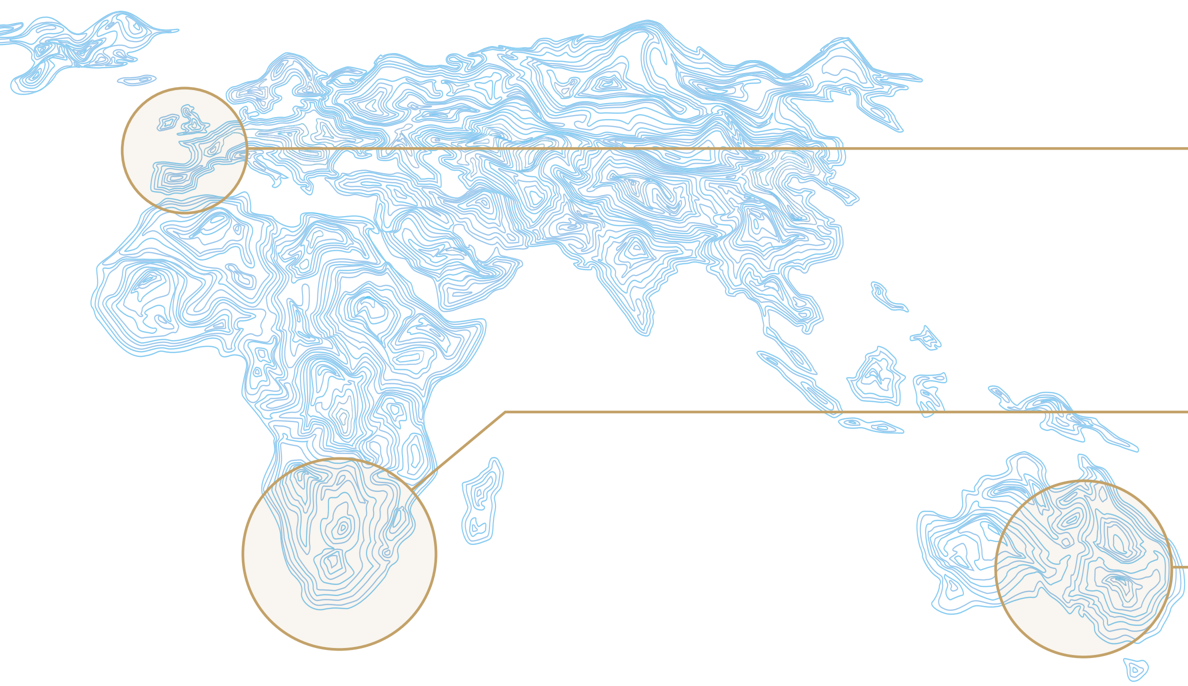


Our Clients

The Group’s global client base includes many internationally recognised organisations, built on well-established relationships and extends to a variety of industries, including finance, insurance, telecommunications, retail and medical healthcare.

> *Global expertise, local wisdom.*





OPERATIONS
Ireland
The Netherlands
The United Kingdom

OFFICES
Amsterdam

OPERATIONS
South Africa

OFFICES
Cape Town
- Century City
- Stellenbosch
- Plattekloof

Johannesburg

OPERATIONS
Australia

OFFICES
Melbourne

BUSINESS MODEL

CLIENT ENGAGEMENT MODEL

1 Consulting Services

Providing relevant expertise as a professional service.

Billing largely per consulting hour on time and material basis.

2 Projects

Engaging a team in collaboration with a client to deliver a solution via a formalised project.

Billing based on predefined artefacts/scope.

3 Managed Services and Solutions

Providing a predefined service as a managed service.

Billing fixed for monthly service.

Services

Advisory and Strategic
- Data strategy
- Modernisation
- Readiness programme
- Blueprint architecture
- Business analysis
- Project management

Data Engineering
- Data architecture
- Data modelling
- Data lake
- Data streaming
- ETL/ELT
- Data warehouse
- Data wrangling

Analytics and Visualisation
- Business intelligence
- Self-service analytics
- Visualisation
- Storytelling
- Data science
- Smart analytics

Cloud and DevOps
- Cloud agnostic data specialists
- Best practice cloud application and data architecture
- DevOps specialists
- Containerisation and DevOps disciplines

Application and Software Development
- Custom line-of-business systems
- System integration
- Microservice and API development

SQA and Testing
- Manual testing
- Automation testing
- Software quality assurance as part of modern software development

Mobile, Web, UI and UX
- Web development
- Mobile application development
- Native and hybrid as well as full range of UI, UX and CX disciplines

PBT group DATA SPECIALISTS

FINANCIAL HIGHLIGHTS

Pulsent OH acquired a minority interest in PBT Group

* Pulsent OH is a majority black-owned and managed investor that focuses on investing in leading consumer and technology companies in Africa and has significant experience in sourcing and investing in globally scalable and sustainable opportunities alongside best-in-class management teams.

PBT Group achieved greater than 51% black ownership and a Level 1 B-BBEE rating

* During the period under review PBT Group reached new milestones in terms of its transformation goals. Not only did the company achieve a Level 1 B-BBEE rating, but it also became a majority black-owned business. We are furthermore proud to announce the establishment of the PBT Foundation, through which we will continue to support our local communities.

PBT Group welcomed Pule Taukobong to the Board as a Non-Executive Director

Pule Taukobong successfully co-founded US-based CRE Venture Capital, an investor into visionary founder-led category-defining African technology companies.

He currently holds Board roles at Andela, Yoco, SweepSouth, Rasello and Arfiu. He previously founded Africa Angels Network, the first angel investment group to focus on sub-Saharan Africa.

Pule has previously held investment roles at Investec in Johannesburg, Cape Town and New York. He is a Kauffman Fellow and holds a N. Dip Information Technology in Development Software and Information Systems from the Durban University of Technology.

FULL-YEAR REVIEW

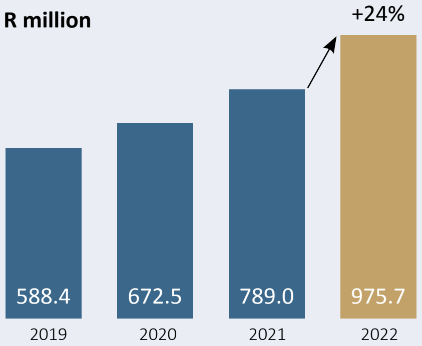
		Year-on-year change (2022 – 2021)	2022	2021	2020	2019
Revenue	(ZARm)	23.7%	**975.7**	789.0	672.5	588.4
EBITDA	(ZARm)	41.0%	**138.6**	98.3	72.8	51.4
Profit after tax	(ZARm)	41.4%	**92.3**	65.3	46.0	33.6
Cash generated from operations	(ZARm)	47.4%	**135.8**	92.1	102.1	36.5
Normalised headline earnings	(ZARm)	71.4%	**78.5**	45.8	31.2	22.6
Headline earnings	(ZARm)	56.4%	**69.3**	44.3	29.7	22.6
Normalised headline earnings per share# (NHEPS)	(ZAR cents)	63.9%	**75.56**	46.10	29.17	18.20
Headline earnings per share (HEPS)	(ZAR cents)	63.8%	**82.89**	50.59	30.79	18.20
Distribution per share (DPS)	(ZAR cents)	50.0%	**57.0**	38.0	23.0	–
Distribution cover	(NHEPS/DPS)		**1.33**	1.21	1.27	–
Cash and cash equivalents (net of borrowings)	(ZARm)	(5.2%)	**49.8**	52.5	67.0	31.0
Weighted average number of ordinary shares	(Million)	(4.5%)	**83.5**	87.5	96.6	124.1
Normalised weighted average number of ordinary shares	(Million)	4.6%	**103.8**	99.3	107.0	124.4
End of period issued ordinary shares (net of treasury shares)	(Million)	0.7%	**85.7**	85.1	89.7	97.6
End of period issued ordinary shares	(Million)	6.9%	**105.9**	99.1	102.3	109.2

Normalised headline earnings adjusts for the impact of IFRS 2. This is a more accurate reflection of the underlying earnings generated by PBT Group. Please refer throughout this report for more detail.

Note: figures are rounded.

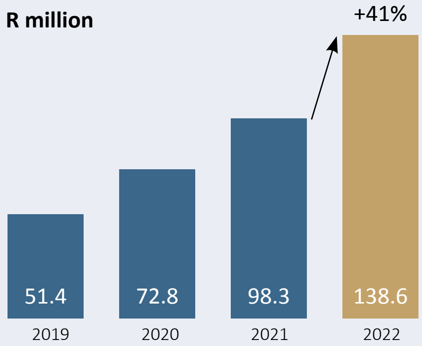
Revenue

R million



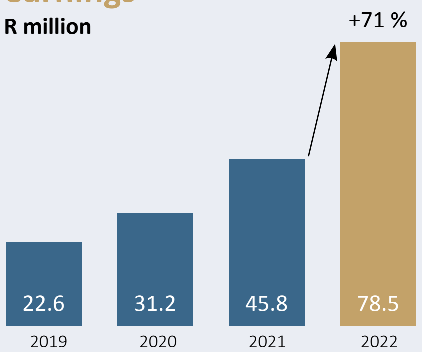
EBITDA

R million



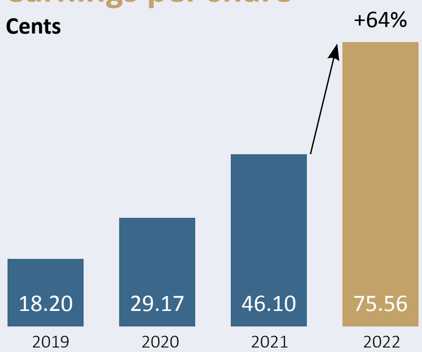
Normalised headline earnings*

R million



Normalised headline earnings per share*

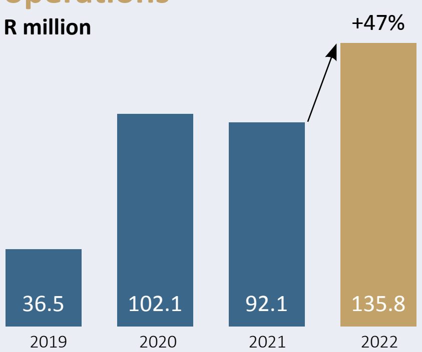
Cents



* *Normalised headline earnings adjust for the impact of IFRS 2. This is a more accurate reflection of the underlying earnings generated by PBT Group. Please refer throughout this report for more detail.*

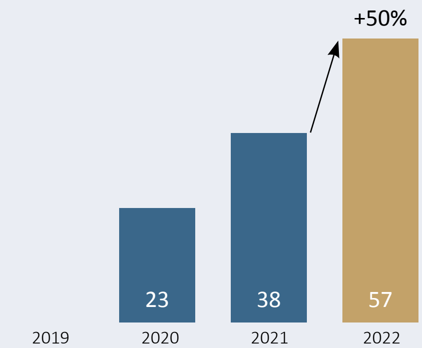
Cash generated from operations

R million



Distribution per share

Cents



PROVISIONAL SUMMARISED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

		GROUP	
Rand	Notes	2022	2021
ASSETS			
Non-current assets			
Plant and equipment		3 034 739	2 936 399
Right-of-use assets		10 503 196	16 748 620
Goodwill	2	135 668 135	135 668 135
Intangible assets		195 843	247 950
Investments in subsidiaries	3	–	–
Loans to Group companies		–	–
Loans receivable		7 522 257	7 495 723
Investments at fair value	4	116 891 982	93 532 292
Deferred tax		4 829 074	3 726 600
		278 645 226	260 355 719
Current assets			
Loans receivable		2 544 850	1 751 000
Trade and other receivables		142 133 510	115 888 024
Current tax receivable		33 079	99 417
Cash and cash equivalents		50 021 351	62 437 668
		194 732 790	180 176 109
Total assets		473 378 016	440 531 828
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of parent			
Share capital	5	516 459 160	498 402 315
Treasury shares	6	(87 154 982)	(27 355 000)
Capital distribution reserve	7	(534 216 011)	(516 922 283)
Equity revaluation reserve		100 296 287	65 449 199
Share-based payment reserve	8	18 923 981	835 210
Foreign currency translation reserve		(1 767 617)	8 747 463
Retained income/(Accumulated loss)		336 029 061	294 731 602
		348 569 879	323 888 506
Non-controlling interest	3	17 409 984	14 188 404
Total equity		365 979 863	338 076 910
LIABILITIES			
Non-current liabilities			
Borrowings		–	805 048
Lease liabilities		7 010 129	12 755 709
Deferred tax		103 589	218 553
		7 113 718	13 779 310
Current liabilities			
Trade and other payables		87 150 193	69 594 793
Borrowings		–	9 000 000
Lease liabilities		5 735 344	6 045 366
Current tax payable		7 172 520	3 871 476
Bank overdraft		226 378	163 973
		100 284 435	88 675 608
Total liabilities		107 398 153	102 454 918
Total equity and liabilities		473 378 016	440 531 828

PROVISIONAL SUMMARISED AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2022

		GROUP	
Rand	Notes	2022	2021
Revenue	9	975 676 666	788 957 456
Cost of sales		(729 196 117)	(597 067 232)
Gross profit		246 480 549	191 890 224
Other operating income		878 002	3 232 954
Other operating (losses)/gains*		(2 242 752)	741 310
Gain on disposal of investment in subsidiary		–	–
Movement in credit loss allowances		1 227 242	(762 422)
Share-based payment expense*		(5 668 771)	(539 487)
Other operating expenses*		(102 073 863)	(96 263 431)
Earnings before interest, taxation, depreciation and amortisation		138 600 407	98 299 148
Depreciation: Plant and equipment		(1 429 021)	(1 382 237)
Depreciation: Right-of-use assets		(6 222 654)	(6 439 193)
Amortisation: Intangible assets		(66 646)	(85 431)
Operating profit		130 882 086	90 392 287
Investment income		1 287 245	2 168 155
Finance costs		(1 929 655)	(2 353 781)
Borrowings		(71 402)	(491 949)
Lease liabilities		(1 424 930)	(1 740 027)
Other		(433 323)	(121 805)
Profit before taxation		130 239 677	90 206 661
Taxation		(37 932 935)	(24 939 067)
Profit for the year		92 306 742	65 267 594
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on valuation of investments in equity instruments		34 847 088	51 871 014
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		(10 515 080)	(4 019 568)
Other comprehensive income for the year net of taxation		24 332 008	47 851 446
Total comprehensive income for the year		116 638 750	113 119 040
Profit attributable to:			
Owners of the parent		67 210 292	44 249 835
Non-controlling interest		25 096 450	21 017 759
		92 306 742	65 267 594
Total comprehensive income attributable to:			
Owners of the parent		91 542 300	92 101 281
Non-controlling interest		25 096 450	21 017 759
		116 638 750	113 119 040
Earnings per share (cents)			
Basic earnings per share	17	80.44	50.57
Diluted basic earnings per share	17	72.89	47.78

** The prior-year figures for these line items have been reclassified. Refer to note 16 Comparatives.*

PROVISIONAL SUMMARISED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

Rand	Notes	Share capital	Treasury shares	Foreign currency translation reserve
GROUP				
Balance at 1 April 2020		503 830 445	(20 110 716)	12 767 031
Profit for the year		–	–	–
Other comprehensive income		–	–	(4 019 568)
Total comprehensive income for the year		–	–	(4 019 568)
Share-based payment		–	–	–
Specific repurchase from subsidiary		(3 610 716)	3 610 716	–
Purchase of additional shares in subsidiary		–	–	–
Shares repurchased		(1 817 414)	–	–
Change in ownership without loss of control		–	–	–
Share-based payment shares included as treasury shares		–	(10 855 000)	–
Share-based payment advance in subsidiary		–	–	–
Distributions		–	–	–
Total contributions by and distributions to owners of Group recognised directly in equity		(5 428 130)	(7 244 284)	–
Balance at 1 April 2021		498 402 315	(27 355 000)	8 747 463
Profit for the year		–	–	–
Other comprehensive income		–	–	(10 515 080)
Total comprehensive income for the year		–	–	(10 515 080)
Pulsent OH GP/PBT Direct				
Issue of shares	11	31 050 000	–	–
Share-based payment shares included as treasury shares		–	(18 630 000)	–
Reclassification between share capital and share-based payment reserve		(12 420 000)	–	–
Share-based payment		–	–	–
B-BBEE ownership/Staff entities				
Reduction of share-based payment shares included as treasury shares – Spalding	11	–	27 355 000	–
Share-based payment shares included as treasury shares – Yonex		–	(65 700 000)	–
Share-based payment shares included as treasury shares – PBT Foundation		–	(2 824 982)	–
Share-based payment		–	–	–
General				
Shares repurchased		(573 155)	–	–
Distributions		–	–	–
Purchase of additional shares in subsidiary		–	–	–
Total contributions by and distributions to owners of Group recognised directly in equity		18 056 845	(59 799 982)	–
Balance at 31 March 2022		516 459 160	(87 154 982)	(1 767 617)
Notes		5	6	

Share-based payment reserve	Capital distribution reserve	Equity revaluation reserve	Retained income	Total attributable to equity holders of the Group	Non-controlling interest	Total equity
295 723	(507 891 687)	13 578 185	276 024 222	278 493 203	19 394 722	297 887 925
–	–	–	44 249 835	44 249 835	21 017 759	65 267 594
–	–	51 871 014	–	47 851 446	–	47 851 446
–	–	51 871 014	44 249 835	92 101 281	21 017 759	113 119 040
539 487	–	–	–	539 487	–	539 487
–	–	–	–	–	–	–
–	–	–	(9 068 488)	(9 068 488)	(2 431 512)	(11 500 000)
–	–	–	–	(1 817 414)	–	(1 817 414)
–	–	–	254 335	254 335	(131 588)	122 747
–	–	–	–	(10 855 000)	–	(10 855 000)
–	–	–	–	–	(4 500 000)	(4 500 000)
–	(9 030 596)	–	(16 728 302)	(25 758 898)	(19 160 977)	(44 919 875)
539 487	(9 030 596)	–	(25 542 455)	(46 705 978)	(26 224 077)	(72 930 055)
835 210	(516 922 283)	65 449 199	294 731 602	323 888 506	14 188 404	338 076 910
–	–	–	67 210 292	67 210 292	25 096 450	92 306 742
–	–	34 847 088	–	24 332 008	–	24 332 008
–	–	34 847 088	67 210 292	91 542 300	25 096 450	116 638 750
–	–	–	–	31 050 000	–	31 050 000
–	–	–	–	(18 630 000)	–	(18 630 000)
12 420 000	–	–	–	–	–	–
2 108 916	–	–	–	2 108 916	–	2 108 916
–	–	–	–	27 355 000	–	27 355 000
–	–	–	–	(65 700 000)	–	(65 700 000)
–	–	–	–	(2 824 982)	–	(2 824 982)
3 559 855	–	–	–	3 559 855	–	3 559 855
–	–	–	–	(573 155)	–	(573 155)
	(17 293 728)	–	(21 877 607)	(39 171 335)	(20 910 096)	(60 081 431)
–	–	–	(4 035 226)	(4 035 226)	(964 774)	(5 000 000)
18 088 771	(17 293 728)	–	(25 912 833)	(66 860 927)	(21 874 870)	(88 735 797)
18 923 981	(534 216 011)	100 296 287	336 029 061	348 569 879	17 409 984	365 979 863
8	7				3	

PROVISIONAL SUMMARISED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2022

Rand	Notes	GROUP 2022	GROUP 2021
Cash flows from operating activities			
Cash generated from operations	10	135 778 563	92 091 421
Interest income		1 038 329	1 820 328
Dividends received		–	–
Finance costs		(1 859 908)	(2 351 226)
Tax (paid)/received		(35 787 007)	(24 717 545)
Net cash inflow from operating activities		99 169 977	66 842 978
Cash flows from investing activities			
Purchase of plant and equipment		(1 534 416)	(1 134 096)
Proceeds from disposal of plant and equipment		13 500	–
Purchase of intangible assets		(17 636)	–
Repayment of loans to Group companies		–	–
Advance of loans to Group companies		–	–
Repayment of loans receivable		852 175	1 232 634
Advances of loans receivable		(1 308 000)	(1 920 000)
Acquisition of subsidiary, net of cash acquired		–	122 999
Net cash (outflow)/inflow from investing activities		(1 994 377)	(1 698 463)
Cash flows from financing activities			
Issue of shares	5, 11	12 420 000	–
Share repurchased	5	(573 155)	(1 817 414)
Dividend paid to non-controlling interests	3	(21 736 164)	(18 358 484)
Capital distribution	7	(17 293 728)	(9 030 597)
Dividends paid		(14 996 667)	(16 728 302)
Share-based payment advance – Spalding		–	(10 855 000)
Share-based payment advance – Ayson		–	(4 500 000)
Share-based payment advance – Yonex	11	(65 700 000)	–
Reduction of treasury share due to redemption of preference share investment and repayment of loan	6	18 362 386	–
Payment of lease liabilities		(6 031 046)	(5 775 539)
Proceeds from borrowings		–	15 000 000
Repayment of borrowings		(9 000 000)	(6 000 000)
Acquisition of additional shares in existing subsidiary	3	(5 000 000)	(11 500 000)
Net cash outflow from financing activities		(109 548 374)	(69 565 335)
Total cash movement for the year		(12 372 774)	(4 420 820)
Cash at the beginning of the year		62 273 695	66 706 620
Effect of exchange rate movement on cash balances		(105 948)	(12 105)
Total cash at the end of the year		49 794 973	62 273 695

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

1. STATEMENT OF COMPLIANCE

1.1 Basis of preparation

The provisional summarised consolidated annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these consolidated annual financial statements and the Companies Act, Act 71 of 2008 of South Africa, as amended, and contains the information as required by IAS 34 Interim Financial Reporting.

These provisional summarised consolidated annual financial statements comply with the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements.

The provisional summarised consolidated annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the Group's and Company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of provisional summarised consolidated annual financial statements 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.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Preference share investment in Spalding Investments 10 Proprietary Limited, Ayson Proprietary Limited, Yonex Investments Proprietary Limited and PBT Foundation Proprietary Limited – B-BBEE and staff companies

The accounting of the preference share investment in the B-BEE and staff companies, taking into account the terms of the shareholders' agreement and the preference share agreement, required judgement and resulted in a conclusion that the transaction value is treated as the grant of an option and should be presented as treasury shares. Refer to note 8 Share-based payments.

Key sources of estimation uncertainty

Fair value estimation

Investment at fair value through other comprehensive income included in the Group's financial statements require measurement at, and disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique are (the fair value hierarchy):

- Level 1: Quoted prices in active markets for identical items (unadjusted).
- Level 2: Observable direct or indirect inputs other than Level 1 inputs.
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

There is uncertainty about the valuation of the investment in Payapps Limited (Payapps) (previously Zuuse Limited). PBT has a minority interest in Payapps, which is unlisted. A revenue-multiple method is used to value PBT Group's investment in Payapps as at 31 March 2022. Judgement was required in changing the valuation method for Payapps from a transaction-based method to a revenue-multiple method. Judgement is also required in determining an appropriate multiple and in estimating sustainable earnings by reference to the latest audited reported revenue of the investee, adjusted for any abnormal or non-recurring revenue.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 4 and note 13.

Impairment testing – Goodwill

The recoverable amount of the cash-generating units has been determined based on a value-in-use calculation. Key assumptions are applied to determine the recoverable amount of the cash-generating units, using the value-in-use calculation relating to sales growth rates, working capital requirements and capital expenditure.

The following assumptions were utilised:

Pre-tax discount rate: 21.96% (2021: 21.04%)
Share premium: 5.40% (2021: 5.40%)
Terminal growth rate: 5.00% (2021: 5.00%)
Number of years: 5 years (2021: 5 years)

No reasonable possible change is expected in a key assumption used in the value-in-use calculation that would change the value-in-use to be lower than the carrying value of goodwill.

Taxation

Estimates are required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

The deferred tax assets (arising mainly from assessed losses) in four (2021: two) subsidiaries of the Group were not recognised in either the current or prior year as management does not expect that there will be future taxable income in either of these entities.

IFRIC 23 Uncertainty Over Income Tax Treatments

An estimation is made in terms of IFRIC 23 Uncertainty Over Income Tax Treatments on any amounts where there is uncertainty about the value of the specific tax item. PBT estimated an amount to be included in the current and prior financial statements for a penalty imposed on one of the subsidiary companies. A range of possible outcomes were considered. The estimation was based on the most likely amount of the outcome. In such a circumstance an entity shall recognise and measure its current and prior or deferred tax asset or liability applying the requirements in IAS 12 Income Taxes based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

2. GOODWILL

Rand	2022 Cost	2022 Accumulated impairment	2022 Carrying value	2021 Cost	2021 Accumulated impairment	2021 Carrying value
GROUP						
Goodwill	**285 574 135**	**(149 906 000)**	**135 668 135**	285 574 135	(149 906 000)	135 668 135

Reconciliation of goodwill

Rand	2022 Opening balance	2022 Impairment loss	2022 Total	2021 Opening balance	2021 Addition through business combination	2021 Total
GROUP						
Goodwill	**135 668 135**	**–**	**135 668 135**	135 666 420	1 715	135 668 135

In the prior year PBT Group (Australia) Proprietary Limited acquired control of All Claims Proprietary Limited for a purchase price of R0.1 million, which gave rise to goodwill of R0.002 million being recognised. Refer to note 3 Investment in subsidiaries.

The remaining goodwill on the statement of financial position arose from the reverse acquisition of PBT Group Limited by the Prescient Holdings Group of companies (Prescient Holdings) effective 1 September 2012. According to IFRS 3 Business Combinations, PBT Group Limited was treated as the accounting acquiree and goodwill on the PBT Group of companies arose as a result. For the 2012 goodwill calculation and allocation, the PBT Group of companies was seen as a separate cash-generating unit (CGU). The CGU still remains the same on which goodwill impairment testing is performed.

Impairment testing

The Group performs an annual impairment test on goodwill. The recoverable amount of PBT Group to which goodwill is allocated has been determined based on the value-in-use (VIU) calculation. The VIU is calculated by discounting the projected cash flows of PBT Group (discounted cash flow (DCF) approach) for a five-year period as approved by management. The 2022 financial year goodwill figure has not been impaired as the recoverable amount was considerably higher than the goodwill figure. The key assumptions would have to change considerably in order for the carrying amount of goodwill to exceed the recoverable amount.

The Group's cash flow forecasts were based on the sales pipeline, demand/supply dynamics of the Group's services and the general economic environment as a whole.

The following key assumptions were used for the VIU calculations:

Discount rates

The discount rate, being the weighted average cost of capital (WACC) of 15.39% (2021: 15.15%) is calculated using a capital asset pricing model (CAPM) approach and included a small share premium of 5.40% (2021: 5.40%). The pre-tax discount rate used in the VIU figures is 21.96% (2021: 21.04%).

Terminal growth rates

A terminal growth rate of 5% (2021: 5%) has been used which is in line with inflation and real GDP growth.

3. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the Group, either directly or indirectly, through subsidiaries.

	Number of ordinary shares held		% holding	
	2022	2021	**2022**	2021
GROUP COMPANIES				
South Africa				
PBT Academy Proprietary Limited (previously BI-Blue Consulting Proprietary Limited)	**1 000**	1 000	**100%**	100%
CyberPro Consulting Proprietary Limited	**58**	56	**58%**	56%
PBT Group (South Africa) Proprietary Limited	**100**	100	**100%**	100%
PBT Innovation Proprietary Limited	**100**	100	**100%**	100%
PBT Insurance Technologies Proprietary Limited	**5 500 000**	5 500 000	**100%**	100%
PBT Consulting Proprietary Limited	**100**	100	**100%**	100%
PBT Technology Services Proprietary Limited	**100**	100	**100%**	100%
PBT Foundation Proprietary Limited (previously Stricklands Tetra Cape Proprietary Limited)	**–**	100	**0%**	100%
Technique Business Intelligence Software Proprietary Limited	**1 000**	1 000	**100%**	100%
The Netherlands				
Halliard International Besloten Vennootschap	**1 000**	–	**100%**	0%
PBT Group Europe Besloten Vennootschap	**1 000**	1 000	**100%**	100%
PBT Group International Besloten Vennootschap	**1 000**	1 000	**100%**	100%
United Kingdom				
PBT Group (UK) Limited	**100**	100	**100%**	100%
Australia				
All Claims Proprietary Limited	**70**	70	**70%**	70%
PBT Group (Australia) Proprietary Limited	**11 000**	11 000	**100%**	100%
British Virgin Islands				
Halliard International (BVI) Limited	**–**	1 000	**0%**	100%
Ireland				
PBT Technology Services Ireland Limited	**100**	100	**100%**	100%

3. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Changes during the year

Increase in shareholding of subsidiary

On 1 October 2021 PBT Group (South Africa) Proprietary Limited acquired a further 2% interest in CyberPro Consulting Proprietary Limited, an existing subsidiary of the Company, for a purchase price of R5 million. This purchase increased the Company's total percentage shareholding from 56% to 58% (excluding the effects of the Ayson preference share agreement as explained in note 11). This transaction did not result in a change in control and therefore the transaction was recognised in equity.

Dissolution of Halliard International (BVI) Limited

On 25 October 2021 Halliard International (BVI) Limited, a wholly owned dormant subsidiary within the Group, was successfully dissolved by virtue of a voluntary liquidation undertaken by the Group. All the requirements pursuant to the BVI Business Companies Act, 2004 in respect of the dissolution were complied with. No profit or loss was recognised for the Group on the dissolution of Halliard BVI.

Incorporation of Halliard International Besloten Vennootschap

On 8 February 2022 Halliard International Besloten Vennootschap (Halliard BV) was incorporated as a wholly owned subsidiary of PBT Group International Besloten Vennootschap. The reason for the incorporation of Halliard BV is to hold separately the Group's non-core investment in Payapps Limited separately.

Sale of PBT Foundation Proprietary Limited (previously Stricklands Tetra Cape Proprietary Limited)

On 24 November 2021 100% of the investment in PBT Foundation Proprietary Limited was sold to the PBT Foundation Trust.

Change in ownership interest in subsidiaries

The schedule below shows the effect on the equity attributable to owners of the parent of any change in its ownership interest in a subsidiary that does not result in a loss of control:

		Non-controlling interest		
Rand	Retained income	CyberPro Consulting Proprietary Limited	All Claims Proprietary Limited	Total
GROUP				
2022				
Purchase of additional shares in subsidiary	**(4 035 227)**	**(964 773)**	**–**	**(5 000 000)**
2021				
Purchase of additional shares in subsidiary	(9 068 488)	(2 431 512)	–	(11 500 000)
Changes in ownership – without loss of control	254 335	–	(131 588)	122 747
	(8 814 153)	(2 431 512)	(131 588)	(11 377 253)

Changes during the year

On 1 October 2021 PBT Group Limited undertook an internal restructure by way of a transaction, analogous to an asset-for-share transaction, by which PBT Group Limited transferred 100% of its investment in PBT Group (South Africa) Proprietary Limited (PBT Group (South Africa)) to PBT Group International Besloten Vennootschap (PBT Group International). The total consideration of R90 million, being the market value of PBT Group (South Africa), was exchanged for an equivalent increase in the share premium of its existing issued ordinary shares in PBT Group International. PBT Group Limited received the necessary South African Reserve Bank approval for this transaction. This transfer had no effect on the consolidated annual financial statements as it pertains to a transaction among entities under common control.

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS [CONTINUED]

for the year ended 31 March 2022

3. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Subsidiaries with material non-controlling interests

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 (NCIs) material to the Group:

CyberPro Consulting Proprietary Limited (CyberPro) is a material subsidiary with NCI material to the Group. CyberPro's principal place of business is in Gauteng and the Western Cape. PBT holds a direct 58% (2021: 56%) share in the company. Due to the impact of the Ayson Proprietary Limited (Ayson) preference share agreement (explained further below), the effective shareholding in the company is 58.78% (2021: 57.52%).

On 1 July 2020 CyberPro entered into a preference share agreement to the value of R4.5 million with Ayson, a B-BBEE company, 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 preference share investment is the underlying CyberPro shares, with no recourse, the transaction is treated as the issue of an option to the B-BBEE company and the preference share investment is not recognised as an asset but instead as an adjustment to share capital in CyberPro and an adjustment to NCI in the PBT Group financial statements. As these NCI shares are treated as unissued in CyberPro, this has resulted in an effective increase in the Group's shareholding. During the 2022 financial year Ayson has redeemed R2.3 million of the R4.5 million preference shares, which resulted in a portion of the CyberPro shares that are treated as unissued to revert back to "issued". As at year-end the effective shareholding in CyberPro is 58.78% (2021: 57.52%). A share-based payment expense of R0.18 million (2021: R0.13 million) was recognised during the period in respect of this arrangement.

Summarised financial information of subsidiary with a material non-controlling interest

	CyberPro Consulting Proprietary Limited	
Rand	**2022**	2021
STATEMENT OF FINANCIAL POSITION		
Non-current assets	**5 218 455**	5 286 281
Current assets	**85 116 948**	64 520 223
Total assets	**90 335 403**	69 806 504
Non-current liabilities	**727 087**	2 253 516
Current liabilities	**42 394 833**	28 093 888
Total liabilities	**43 121 920**	30 347 404
Net assets	**47 213 483**	39 459 100
Carrying amount of non-controlling interests	**17 559 873**	14 327 636
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Revenue	**485 462 003**	376 632 290
Earnings before interest, taxation, depreciation and amortisation	**85 737 660**	63 832 553
Operating profit	**85 031 731**	63 146 675
Profit before taxation	**85 288 816**	63 676 033
Taxation	**(24 819 413)**	(17 598 548)
Profit for the year	**60 469 403**	46 077 485
Total comprehensive income for the year	**60 469 403**	46 077 485
Profit allocated to non-controlling interest	**25 108 212**	21 025 403
STATEMENT OF CASH FLOWS		
Cash generated from operations	**79 387 361**	66 235 955
Cash flows from operating activitities	**57 131 643**	48 847 935
Cash flows from investing activities	**(828 876)**	(1 128 772)
Cash flows from financing activities	**(50 685 981)**	(46 174 585)
Net increase in cash and cash equivalents	**5 616 786**	1 544 578
Dividend paid to non-controlling interest*	**23 799 097**	19 160 977

* *A portion of the dividend declared by CyberPro to its shareholder Ayson has been retained by CyberPro and converted to borrowings. This is a non-cash movement of R2 062 932 (2021: R802 493). The dividend paid in cash to the non-controlling interest was R21 736 164 (2021: R18 358 484).*

As per the preference share agreement between CyberPro and Ayson, all dividends received by Ayson are required to be utilised to repay preference dividends and preference shares to CyberPro until the full outstanding preference share amount is redeemed. The preference shares are only redeemable after three years and therefore any excess cash above the preference dividends payable by Ayson was loaned back to CyberPro, which added additional security for the payment of the outstanding amount. Ayson has amended its Memorandum of Incorporation during the 2022 financial year in order to allow for the early redemption of preference shares. As such, the majority of the loan to CyberPro was utilised towards redemption of preference shares.

4. INVESTMENTS AT FAIR VALUE

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

	GROUP	
Rand	2022	2021
Equity investments at fair value through other comprehensive income	116 891 982	93 532 292
Equity investments at fair value through other comprehensive income		
Payapps Limited (previously Zuuse Limited)	116 891 982	93 532 292
Split between non-current and current portions		
Non-current assets	116 891 982	93 532 292

Fair value information
Refer to note 13 Fair value information for details of valuation policies and processes.

Equity instruments at fair value through other comprehensive income
Payapps Limited (Payapps) (previously Zuuse Limited)
As at 31 March 2022 PBT Group, through its wholly owned subsidiary, Halliard International Besloten Vennootschap, owns 9 566 667 shares (5.81%) (2021: 5.86%) of Payapps. Payapps 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 the 2022 financial year the investment in Payapps was transferred from PBT Group International Besloten Vennootschap to a newly incorporated wholly owned subsidiary, Halliard International Besloten Vennootschap. For more information please visit www.payappscompany.com.

The small dilution in PBT Group's investment percentage, from 5.86% to 5.81%, is due to Payapps' share options which were exercised during September 2021. This had the effect of increasing Payapps' issued ordinary shares by 1.223 million ordinary shares. There was no change in the number of shares held by PBT Group during the year.

No additional investment was made into Payapps. The increased value of Payapps is due to the revaluation of the investment as at 31 March 2022 together with foreign exchange differences on translating the investment to presentation currency.

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.

for the year ended 31 March 2022

5. SHARE CAPITAL

		GROUP	
Number of shares	Notes	2022	2021
Authorised			
200 000 000 ordinary shares of no par value		–	–
Reconciliation of number of shares in issue			
Shares in issue as at the beginning of the year		99 100 000	102 288 545
Issue of ordinary shares	11.1	6 900 000	–
Repurchase of shares		(84 683)	(3 188 545)
Repurchase of shares		(84 683)	(988 545)
Specific repurchase of shares from subsidiary		–	(2 200 000)
Shares in issue at the end of the year		105 915 317	99 100 000
Less:			
Treasury shares held by a wholly owned subsidiary of the Group		–	–
Opening balance		–	(2 200 000)
Specific repurchase of shares from subsidiary		–	2 200 000
Shares held by B-BBEE and staff companies treated as treasury shares		(22 172 000)	(14 000 000)
Spalding Investments 10 Proprietary Limited			
– Opening balance		(14 000 000)	(10 373 282)
– Shares purchased and treated as treasury shares		–	(3 626 718)
– Reduction of treasury shares due to redemption of preference share investment	11.1	14 000 000	–
Yonex Investments Proprietary Limited			
– Shares purchased and treated as treasury shares	11.1	(14 600 000)	–
PBT Foundation Proprietary Limited			
– Shares purchased and treated as treasury shares	11.2	(672 000)	–
Pulsent OH GP Proprietary Limited*			
– Shares issued and treated as treasury shares	11.1	(6 900 000)	–
Number of shares as at date of the report		83 743 317	85 100 000

* *Pulsent OH GP Proprietary Limited in its capacity as the general partner of the PBT Direct GP Partnership* en commandite, *the latter in its capacity as general partner of the PBT Direct Partnership* en commandite.

94 084 683 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.

5. SHARE CAPITAL (CONTINUED)

Rand	Notes	GROUP 2022	GROUP 2021
Issued			
Ordinary shares of no par value		**516 459 160**	498 402 315
Issued share capital reconciliation			
As previously published		**498 402 315**	503 830 445
Newly issued ordinary shares	11.1	**31 050 000**	–
Reclassification to share-based payment reserve	11.1	**(12 420 000)**	–
Repurchase of shares		**(573 155)**	(1 817 414)
Specific repuchase from subsidiary		**–**	(3 610 716)
Issued as at date of the report		**516 459 160**	498 402 315

Repurchase of shares – general authority

During the period 84 683 shares were repurchased in accordance with the general authority to repurchase shares granted at the Annual General Meeting held on 6 August 2021 and subsequently cancelled and delisted. The average purchase price per share was R6.77 per share.

Increase in black ownership transactions

Refer to note 11 for full details on the transactions concluded during the current year to increase the Group's black ownership. Shareholders are referred to "Director Dealings" SENS announcements released on 5 July 2021 and 28 July 2021.

6. TREASURY SHARES

Treasury shares represent shares held by a subsidiary within the Group and shares held by various B-BBEE and staff vehicles. Refer to note 11 Increase in black ownership and note 8 Share-based payments.

		GROUP	
Rand	Notes	2022	2021
Opening balance as at the beginning of the year		27 355 000	20 110 716
Treasury shares purchased		87 154 982	10 855 000
Spalding Investments 10 Proprietary Limited		–	10 855 000
Pulsent OH GP Proprietary Limited	11.1	18 630 000	–
Yonex Investments Proprietary Limited	11.3	65 700 000	–
PBT Foundation Proprietary Limited	11.2	2 824 982	–
Reduction of treasury shares due to redemption of preference share investment	11.2	(27 355 000)	–
Spalding Investments 10 Proprietary Limited			
Cash received by subsidiary – Pulsent subscription	11.1	(18 362 386)	–
Cash movement – from dividends received which reduced Group distributions		(6 880 939)	–
Non-cash movement		(2 111 675)	–
Specific repurchase of treasury shares held by a wholly owned subsidiary (shares delisted and cancelled)		–	(3 610 716)
Closing balance		87 154 982	27 355 000
Reconciliation of number of treasury shares movement during the year			
Treasury shares movement during the year			
Opening balance as at the beginning of the year		14 000 000	12 573 282
Treasury shares purchased		22 172 000	3 626 718
Shares acquired by B-BBEE and staff company – Spalding Investments 10 Proprietary Limited		–	3 626 718
Shares issued to B-BBEE partner and treated as treasury shares – Pulsent OH GP Proprietary Limited	11.1	6 900 000	–
Shares acquired by B-BBEE and staff company and treated as treasury shares – Yonex Investments Proprietary Limited	11.3	14 600 000	–
Shares acquired by B-BBEE partner and treated as treasury shares – PBT Foundation Proprietary Limited	11.2	672 000	–
Reduction of treasury shares due to redemption of preference share investment (Spalding Investments 10 Proprietarty Limited)	11.2	(14 000 000)	–
Specific repurchase of shares by the Company from subsidiary		–	(2 200 000)
		22 172 000	14 000 000

Rand	GROUP 2022	GROUP 2021

7. CAPITAL DISTRIBUTION RESERVE

The capital distribution reserve are distributions paid to the shareholders designated as out of the capital of the Company.

Rand	2022	2021
Opening balance	516 922 283	507 891 686
Capital distributions during the financial year	17 293 728	9 030 597
	534 216 011	516 922 283

8. SHARE-BASED PAYMENTS

Reconciliation of share-based payment reserve

Rand	2022	2021
Opening balance	835 210	295 723
Share-based payment expense	5 668 771	539 487
Reclassification between share capital and share-based payment reserve	12 420 000	–
Closing balance	18 923 981	835 210

The PBT Group entered into a number of transactions resulting in PBT Group becoming a black-owned company. The terms of each of the transactions are explained below. Refer to note 11 for details of the transactions:

- Issue of shares for cash
  - Pulsent OH
- Increase in black ownership
  - PBT Foundation
  - Yonex

Please refer to note 11.5 for the total share-based expense included in the statement of comprehensive income and presented as a separate line item.

8. SHARE-BASED PAYMENTS (CONTINUED)

Pulsent OH GP Proprietary Limited

On 23 July 2021 the Company entered into a binding subscription agreement with Pulsent OH in terms of which Pulsent OH subscribed for 6 900 000 ordinary shares in the capital of the Company (Subscription Shares) at R4.50 per share for a total amount of R31.1 million (Subscription Amount). These shares were issued on 26 July 2021 in terms of the Company's general authority to issue shares for cash.

The following are the key terms of the loan agreement:

- The interest is calculated in arrears at the prime lending rate less one percentage point for the first 18 months (January 2023).
- The interest thereafter is calculated in arrears at the prime lending rate.
- Any interest due and not paid on a six-monthly basis will be accumulated and accrued for payment at a later date, the latest date being the repayment date.
- The loan is repayable in three payments, being:
  - the first R6 210 000 five years after issue date (July 2026);
  - the next R6 210 000 six years after issue date (July 2027); and
  - the final R6 210 000 seven years after issue date (July 2028), including unpaid interest.
- The dividends that Pulsent OH receive from its investment in PBT will be utilised to pay the interest and part capital, if the dividends received are in excess of the interest payable.

The fair value of the in-substance option granted 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	2 300 000	July 2026	Variable	194.50 cents
Tranche 2	2 300 000	July 2027	Variable	213.49 cents
Tranche 3	2 300 000	July 2028	Variable	223.70 cents
Total	6 900 000			210.56 cents*

* *Weighted average.*

The strike price has been defined as 60% of the Subscription Amount with adjustments made for compounded interest payments on the loan, 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 in July 2021 and the first payment is only in five years' time. The weighted average fair value of each option granted during the year was 210.56 cents.

The fair value of the in-substance options as calculated above has been reduced by the 40% cash consideration paid (treated as an option premium) of 180 cents per share to arrive at the share-based payment expense.

		2022
Equity settled		
Option pricing model used		Black-Scholes
Share price at date of grant	(cents)	421
Contractual life	(days)	1 826 – 2 557
Volatility relative to comparator index		28.49%
Risk-free interest rate:		
5-year maturity		7.60%
6-year maturity		8.26%
7-year maturity		9.46%
Dividend growth rate relative to comparator index		10.00%

8. SHARE-BASED PAYMENTS (CONTINUED)

PBT Foundation

On 23 July 2021 PBT Technology Services entered into an agreement with the PBT Foundation for the purpose of providing funding to subscribe for 480 shares in Spalding Investments 10 Proprietary Limited (Spalding) for a total cash consideration of R2.8 million. The funding will be in the format of cumulative redeemable preference shares issued to PBT Group (South Africa) Proprietary Limited (PBT Group (SA)). Due to circumstances not within the Company's control, the incorporation of the PBT Foundation was only finalised on 24 November 2021 on which date the preference shares were issued. The funding was treated as a loan up to 23 November 2021 after which it converted into cumulative redeemable preference shares.

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 years and four months after issue date (November 2024);
  - the next 33.33% three years and six months after issue date (February 2025); and
  - the final 33.33% four years and six months after issue date (February 2026), including any rolled up or unpaid preference dividends.
- The dividends that PBT Foundation will receive from its investment in PBT will be utilised to repay the preference dividends and part capital, if the dividends received are in excess of the preference dividends payable.

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	224 000	November 2024	Variable	113.58 cents
Tranche 2	224 000	February 2025	Variable	209.92 cents
Tranche 3	224 000	February 2026	Variable	304.04 cents
Total	672 000			209.18 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 in July 2021 and the first payment is only in four years and four months' time. The weighted average fair value of each option granted during the year was 209.18 cents.

		2022
Equity settled		
Option pricing model used		Black-Scholes
Share price at date of grant	(cents)	421
Contractual life	(days)	1 220 – 1 681
Volatility relative to comparator index		28.49%
Risk-free interest rate:		
2-year maturity		4.36%
3-year maturity		4.87%
4-year maturity		5.36%
Dividend growth rate relative to comparator index		10.00%

8. SHARE-BASED PAYMENTS (CONTINUED)

Yonex Investments Proprietary Limited

On 23 July 2021 PBT Group (SA) a 100% subsidiary within PBT Group, entered into a preference share agreement with Yonex. A preference share investment of R65.7 million was made for the purpose of purchasing shares in PBT Group Limited. The preference shares were issued on 28 July 2021 upon fulfilment of the last condition. The following conditions are included in the shareholders' agreement:

- The employees are required to remain employed and hold the shares for a period of seven years.
- Pulsent shall not be entitled to dispose of any of its shareholders' interest until the third anniversary of the commencement date, being 23 July 2024.
- The PBT Foundation shall not be entitled to dispose of any of its shareholders' interest for a period of seven years.

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 (July 2026);
  - the next 33.33% six years after issue date (July 2027); and
  - the final 33.33% seven years after issue date (July 2028), including any rolled up or unpaid preference dividends.
- The dividends that Yonex will receive from its investment in PBT will be utilised to repay the preference dividends and part capital, if the dividends received are in excess of the preference dividends payable.

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	4 866 667	July 2026	Variable	133.92 cents
Tranche 2	4 866 667	July 2027	Variable	148.73 cents
Tranche 3	4 866 666	July 2028	Variable	169.63 cents
Total	14 600 000			150.76 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 Group dividend payments in accordance with the terms of the agreement.

No options have vested or been exercised as the transaction was implemented in July 2021 and the first tranche only vests in five years' time. The weighted average fair value of each option granted during the year was 150.76 cents.

		2022
Equity settled		
Option pricing model used		Black-Scholes
Share price at date of grant	(cents)	490
Contractual life	(days)	1 826 – 2 557
Volatility relative to comparator index		28.49%
Risk-free interest rate:		
5-year maturity		7.60%
6-year maturity		8.26%
7-year maturity		9.46%
Dividend growth rate relative to comparator index		10.00%

8. SHARE-BASED PAYMENTS (CONTINUED)

Share-based payment transaction history

In previous years PBT Group entered into a number of share-based payment transactions with Spalding Investments 10 Proprietary Limited and Ayson Proprietary Limited – both B-BBEE and staff companies. The structures are similar to Yonex Investments Proprietary Limited mentioned above. Below is a summary of each transactions:

	Spalding			
	Transaction 1	Transaction 2	Transaction 3	Ayson
Transaction date	Feb 2019	Sept 2020	Mar 2021	Jul 2020
Value of transaction	R16 500 000	R7 000 000	R3 855 000	R4 500 000
The fair value of the share-based payments awarded have been calculated using share option valuation techniques on the following basis:				
Number of PBT Group Limited shares	10 373 282	2 576 718	1 050 000	–**
Tranche 1	3 457 761	858 906	350 000	N/A
Tranche 2	3 457 761	858 906	350 000	N/A
Tranche 3	3 457 760	858 906	350 000	N/A
Vesting dates				
The strike price for each tranche is variable				
Tranche 1	Feb 2024	Feb 2024	Mar 2024	Jul 2025
Tranche 2	Feb 2025	Feb 2025	Feb 2025	Jul 2026
Tranche 3	Feb 2026	Feb 2026	Feb 2026	Jul 2027
Fair value at grant date*	176.6 cents	47.9 cents	90.37 cents	R401 098
Tranche 1	202 cents	44.3 cents	78.3 cents	R303 034
Tranche 2	193 cents	49.7 cents	90.6 cents	R386 523
Tranche 3	142 cents	49.8 cents	102.2 cents	R513 738

* *Weighted average.*

** *The transaction with Ayson involved purchasing a minority share in CyberPro, a wholly owned subsidiary in the Group.*

9. REVENUE

	GROUP	
Rand	**2022**	2021
Revenue from contracts with customers		
Sale of goods	**3 536 274**	6 049 231
Rendering of services	**972 140 392**	782 908 225
	975 676 666	788 957 456
Revenue other than from contracts with customers		
Dividends received	**–**	–
	975 676 666	788 957 456

Disaggregation of revenue from contracts with customers
The Group has disaggregated revenue into various categories as shown below 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.

	GROUP	
Rand	**2022**	2021
Contract type		
Fixed price contracts	**72 246 765**	71 519 578
Projects	**14 112 593**	5 286 629
Software licences	**3 536 274**	6 049 231
Time and material	**884 462 779**	691 800 369
Usage-based licences	**1 318 255**	14 301 649
	975 676 666	788 957 456
Contract counterparties		
Energy	**2 255 726**	3 138 928
Financial services	**725 475 326**	597 044 596
Information technology	**35 197 741**	25 017 971
Medical	**65 102 930**	58 034 647
Retail	**65 610 038**	41 745 544
Services	**26 402 420**	12 151 336
Telecommunications	**55 632 485**	51 824 434
	975 676 666	788 957 456
Timing of revenue recognition		
At a point in time		
Sale of goods	**3 536 274**	6 049 231
Over time		
Rendering of services	**972 140 392**	782 908 225
Total revenue from contracts with customers	**975 676 666**	788 957 456

10. CASH GENERATED FROM OPERATIONS

	GROUP	
Rand	2022	2021
Profit before taxation	130 239 677	90 206 661
Adjustments for		
Depreciation	7 651 675	7 821 430
Amorisation	66 646	85 431
(Gains) losses on disposals of plant and equipment	(13 290)	24 630
Gain on disposal of subsidiary	–	–
Losses (gains) on foreign exchange	2 256 042	(765 940)
Dividends received	–	–
Interest income	(1 287 245)	(2 168 155)
Finance costs	1 929 655	2 353 781
Net impairments and movements in credit loss allowances	(1 227 242)	762 422
(Income) expenses with group companies	–	–
Share-based payment expense	5 668 771	539 487
Gain on modification to lease terms	–	(4 883)
Translation of foreign currency items	(989 346)	(1 407 538)
Changes in working capital		
Trade and other receivables	(26 023 965)	(12 667 810)
Trade and other payables	17 507 185	7 311 905
	135 778 563	92 091 421

11. INCREASE IN BLACK OWNERSHIP

PBT Group entered into a number of transactions resulting in the Company becoming black owned. Each of the transactions are explained below:

- Issue of shares for cash
  - Pulsent OH GP Proprietary Limited (Pulsent OH)
- Increase in black ownership
  - Spalding Investments 10 Proprietary Limited (Spalding)
  - PBT Foundation Proprietary Limited (PBT Foundation)
  - Yonex Investments Proprietary Limited (Yonex) (previously K202169196 (South Africa) Proprietary Limited)
  - Ayson Proprietary Limited (Ayson) (Transaction took place in prior year)

TRANSACTIONS

Issue of shares for cash

11.1 Pulsent OH

Terms of the transaction

On 23 July 2021 the Company entered into a binding subscription agreement with Pulsent OH GP Proprietary Limited, in its capacity as the ultimate general partner of the PBT Direct GP Partnership *en commandite*, the latter in its capacity as the general partner of the PBT Direct Partnership *en commandite* ("Pulsent OH" or "the Subscriber"), in terms of which the Subscriber subscribed for 6 900 000 ordinary shares in the capital of the Company (Subscription Shares).

Pulsent OH is a majority black-owned and managed investor that focuses on investing in leading consumer and technology companies in Africa and has significant experience in sourcing and investing in globally scalable and sustainable opportunities alongside best-in-class management teams.

The Subscription Shares were issued on 26 July 2021 in terms of the Company's general authority to issue shares for cash.

This general authority was obtained at the Annual General Meeting of PBT Group held on Friday, 21 August 2020, where the requisite majority of shareholders approved an ordinary resolution authorising the Board to issue up to 30% of the Company's shares in issue at that date for cash in accordance with paragraph 5.52 of the JSE Listings Requirements (General Authority).

The Subscription Shares represented 6.7% of the issued share capital of the Company prior to the issue thereof. The shares were issued at R4.50, being a 4.7% premium to the 30-day volume weighted average price of R4.30 at the close of business on Friday, 23 July 2021, the date on which the subscription agreement was signed and became unconditional in accordance with its terms, amounting in aggregate to R31.1 million (Subscription Amount).

Pulsent OH funded R12.4 million **(a)**, being 40% of the Subscription Amount, utilising its own resources, whereas the balance of R18.6 million **(b)** of the Subscription Amount was funded by way of vendor finance. The vendor finance was provided by PBT Technology Services Proprietary Limited (PBT Technology Services), a wholly owned subsidiary of PBT Group, which accordingly funded 60% of the Subscription Amount by advancing a loan to Pulsent OH. Pulsent OH's obligation under such loan is secured by a pledge and cession *in securitatem debiti* of 100% of the PBT Group ordinary shares subscribed for by Pulsent OH in terms of this transaction, as well as certain related claims.

Repayment

The dividends that Pulsent OH has received/will receive from its investment in PBT are/will be utilised to repay the interest and part capital if the dividends received are in excess of the interest payable.

Accounting treatment of the transaction

The transaction is in the scope of IFRS 2 because the consideration received appears to be less than the fair value of the shares issued. Pulsent OH is not able to receive the full economic risks and rewards of the 40% cash-funded shares until the loan on the remaining 60% shares has been fully repaid. Also, Pulsent OH's exposure is limited to the cash paid. Therefore, for accounting purposes the transaction has been treated as an "in-substance option" over 6.9 million shares, with the 40% cash payment representing the option premium. A share-based payment expense has been recognised for the difference between the fair value of the "in-substance" option granted and the R12.4 million cash payment **(f)**. The option premium has been reclassified from share capital to the share-based payment reserve **(d)**. As the only security for the repayment of the loan is the underlying PBT shares with no other recourse, the loan is not recognised as an asset but instead treated as treasury shares held by a subsidiary company **(c)**. As there are no vesting conditions, the full share-based payment expense is recognised immediately **(f)**. Refer to note 8 Share-based payments for further information.

As the full 6 900 000 PBG shares are collateral for the loan they are treated as treasury shares and are considered to be unissued for accounting purposes until such time as the full loan has been repaid.

11. INCREASE IN BLACK OWNERSHIP (CONTINUED)

Given that the loan is not recognised and the shares are not treated as issued for accounting purposes the dividends declared in respect of these shares and any related interest receipts or repayments of the loan are also not recognised for accounting purposes. However, from a legal perspective, the dividend distributions have occurred and the loan balance owing by Pulsent OH has reduced by the amount reflected in **(e)**. The 6.9 million shares reflected in treasury shares will only be relassified to share capital and treated as issued once the full legal loan balance is repaid.

Increase of black ownership
PBT Group increased its black ownership by introducing two new B-BBEE partners in a formerly staff-held company and in a newly incorporated B-BBEE and staff company.

11.2 Spalding and PBT Foundation
Terms of the transaction
Shareholders are referred to Spalding, an entity formerly wholly owned by employees and management of PBT Group. Spalding's sole investment is 14 000 000 PBT Group ordinary shares which have been treated as treasury shares for accounting purposes. Prior to the transactions set out below, Spalding had an issued share capital of 6 400 ordinary shares (Spalding Shares).

On 23 July 2021 Spalding entered into an agreement to issue 3 120 ordinary shares in its capital (Spalding Shares) to Pulsent PBT Proprietary Limited (Pulsent), an entity with a common shareholder to Pulsent OH, for a total cash consideration of R18.4 million **(g)**. The proceeds have been utilised to redeem the preference shares in Spalding issued to PBT Group.

At the same time and in order to increase the black shareholding in Spalding such that it became a black-owned company:

Spalding entered into an agreement to issue 480 Spalding Shares for cash to a further B-BBEE partner, the PBT Foundation Proprietary Limited (PBT Foundation), for a total cash consideration of R2.8 million **(h)**. The subscription price payable by PBT Foundation has been funded by PBT Group (South Africa) Proprietary Limited (a wholly owned subsidiary of PBT Group) subscribing for cumulative redeemable preference shares in PBT Foundation. The proceeds have been utilised to redeem the original/previous round of preference shares in Spalding isued to PBT Group. The new preference shares will earn preference dividends at 72% of the prime interest rate and are secured by a pledge by PBT Foundation of 100% of its Spalding Shares, through which it has an indirect interest in PBT Group Shares.

As a result of the above, Spalding returned cash of R21.2 million (R18.4 million and R2.8 million) to PBT Group, by redeeming outstanding preference shares held by PBT Group in Spalding.

Accounting treatment of the transaction
Spalding was in the position to repay its full outstanding preference shares with the cash consideration received from Pulsent OH and the distributions received from its investment in the Company **(i)**. Since 100% of the preference shares are redeemed, the underlying PBG shares are transferred out of treasury shares and treated as issued for accounting purposes.

As the only security for the repayment of PBT Foundation's preference shares is the investment in Spalding (with their only investment being the underlying PBT 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 B-BBEE party. The preference share investment is not recognised as an asset but instead treated as treasury shares held by a subsidiary company. As there is no vesting or lock-in period, the full share-based payment expense for PBT Foundation is recognised immediately **(f)**.

11.3 Yonex
Terms of the transaction
In order to increase the black ownership of the Company, counter the dilutionary impact of its B-BBEE initiatives on the original employee and management shareholders of Spalding and to align these individuals and the shareholders of PBT Group's interests, Yonex was incorporated, the shareholders of which are likewise employees and management of PBT Group, Pulsent and the PBT Foundation.

On 23 July 2021 PBT Group (South Africa) Proprietary Limited (PBT Group (SA)), a 100% subsidiary within PBT Group, entered into a preference share agreement with Yonex, subscribing for cumulative redeemable preference shares in Yonex to the value of R65.7 million **(j)**. The preference shares earn preference dividends at 72% of the prime interest rate and are secured by, inter alia, a negative pledge in respect of 100% of the PBT Group Shares held by Yonex. The purpose of the transaction was to enable the purchase of shares in PBT Group Limited by Yonex.

11. INCREASE IN BLACK OWNERSHIP (CONTINUED)

Accounting treatment of the transaction

As the only security for the repayment of the preference shares is the underlying PBT shares with no other recourse, the transaction is accounted for as a share-based payment transaction under IFRS 2 treated as the issue of an in-substance option to the respective employees/B-BBEE party. The preference share investment is not recognised as an asset but instead treated as treasury shares held by a subsidiary company. The preference shares are comprised of three tranches, with vesting periods of five, six and seven years respectively, with the only vesting conditions as set out in note 8.

Given that the preference share investment is not recognised and the PBT shares are not treated as issued for accounting purposes the dividends declared in respect of these PBT shares and any related preference share dividend receipts or repayments of the preference share investment are also not recognised for accounting purposes. However, from a legal perspective, the dividend distributions have occurred and the preference share balance owing by Yonex has reduced by the amount reflected in **(k)**. The 14.6 million shares reflected in treasury shares will be reclassified to share capital and treated as issued on a tranche-by-tranche basis once each of the respective preference share tranches have legally been repaid.

11.4 Ayson

The transaction with Ayson was concluded during the prior period (1 July 2020) and is over a period of seven years. For completeness the transaction with Ayson is included in the reconciliation below to provide a complete view of the Group's B-BBEE transactions.

Accounting treatment of the repayment

The dividends that Ayson received/will receive from its minority investment in CyberPro are/will be utilised to repay the preference dividends and redeem preference shares if the dividends received are in excess of the preference dividends payable.

Even though Ayson has repaid a portion of the preference shares (R2.9 million) **(l)**, the underlying CyberPro shares are still collateral for the outstanding debt until the preference shares are redeemed in full. Any redemption of preference shares will therefore reduce the dividend paid to non-controlling interest. These repayments will therefore decrease the total distribution by the Group.

EFFECT ON ANNUAL FINANCIAL STATEMENTS

11.5 IFRS 2 expense per transaction

Due to the above transactions in the current year as well as similar transactions in the prior year, the following share-based payment expense is accounted for in the statement of comprehensive income and presented as a separate line item:

	GROUP	
Rand	**2022**	2021
Equity settled **(f)**		
Pulsent OH GP Proprietary Limited (once-off)	**2 108 916**	–
Spalding Investments 10 Proprietary Limited	**798 640**	408 060
Yonex Investments Proprietary Limited	**2 138 511**	–
PBT Foundation Proprietary Limited (once-off)	**447 629**	–
Ayson Proprietary Limited	**175 075**	131 427
	5 668 771	539 487

11. INCREASE IN BLACK OWNERSHIP (CONTINUED)

11.6 Quantitative summary – Rand values

Below is a quantitative summary of all the transactions. The schedule below only represent current-year movement.

Rand		Share capital	Treasury shares	Share-based payment reserve	Distributions
GROUP					
2022					
Issue of shares					
Pulsent OH					
Issue of shares		31 050 000	–	–	–
Cash funded	(a)	12 420 000	–	–	–
Via loan from subsidiary	(b)	18 630 000	–	–	–
Transaction treated as an issue of an option:					
– Via loan from subsidiary	(c)	–	(18 630 000)	–	–
– Cash portion	(d)	(12 420 000)	–	12 420 000	–
Repayment of loan by way of dividends paid by PBT Group Limited	(e)	–	–	–	3 243 000
Share-based payment expense	(f)	–	–	2 108 916	–
		18 630 000	(18 630 000)	14 528 916	3 243 000
Increase in black ownership					
Spalding					
Redemption of preference shares:					
– from cash consideration*	(g)	–	18 362 386	–	–
– issue to PBT Foundation	(h)	–	2 824 982	–	–
– from distributions received	(i)	–	6 167 632	–	–
Share-based payment expense	(f)	–	–	798 640	–
		–	27 355 000	798 640	–
Yonex					
Investment in preference shares	(j)	–	(65 700 000)	–	–
Redemption of preference shares	(k)	–	–	–	5 579 528
Share-based payment expense	(f)	–	–	2 138 511	–
		–	(65 700 000)	2 138 511	5 579 528
PBT Foundation					
Investment in preference shares	(h)	–	(2 824 982)	–	–
Share-based payment expense	(f)	–	–	447 629	–
		–	(2 824 982)	447 629	–
Ayson					
Redemption of preference shares – reduction of distribution to non-controlling interest	(l)	–	–	–	2 889 000
Share-based payment expense	(f)	–	–	175 075	–
		–	–	175 075	2 889 000
Total movement on statement of change in equity		18 630 000	(59 799 982)	18 088 771	11 711 528

* *Cash amounts received from the redemption of Spalding preference shares were received by a subsidiary, where excess cash is deposited into an interest-earning account , and not PBT Group Limited. Hence no cash amount is shown under the Company column in the statement of cash flows.*

12. RELATED PARTIES

Relationships

Subsidiaries

All Claims Proprietary Limited
CyberPro Consulting Proprietary Limited
Halliard International Besloten Vennootschap
PBT Academy Proprietary Limited (previously BI-Blue Consulting Proprietary Limited)
PBT Consulting Proprietary Limited
PBT Group (Australia) Proprietary Limited
PBT Group (South Africa) Proprietary Limited
PBT Group (UK) Limited
PBT Group Europe Besloten Vennootschap
PBT Group International Besloten Vennootschap
PBT Innovation Proprietary Limited
PBT Insurance Technologies Proprietary Limited
PBT Technology Services Ireland Limited
PBT Technology Services Proprietary Limited
Technique Business Intelligence Software Proprietary Limited

Company owned by employees and B-BBEE partners

Ayson Proprietary Limited
Pulsent OH GP Proprietary Limited
Spalding Investments 10 Proprietary Limited
Yonex Investments Proprietary Limited

Members of key management

JC du Toit
MN Engelbrecht
NJ Viljoen
W Viljoen
M Visser
HB Vosloo
H Woest

12. RELATED PARTIES (CONTINUED)

Rand	GROUP 2022	GROUP 2021
Related party balances		
Loan accounts – owing (to)/by related parties		
Ayson Proprietary Limited	–	(805 048)
PBT Group (South Africa) Proprietary Limited	–	–
ECL allowance: PBT Group (South Africa) Proprietary Limited	–	–
PBT Group International Besloten Vennootschap	–	–
PBT Insurance Technologies Employees:		
JC du Toit	525 055	494 187
MN Engelbrecht	313 679	334 774
NJ Viljoen	–	494 187
W Viljoen	2 469 472	2 566 351
M Visser	469 358	442 155
HB Vosloo	272 740	357 944
H Woest	486 147	457 850
ECL allowance: PBT IT staff loans	(46 244)	(51 474)

The outstanding balances listed above are unsecured and will be settled in cash in the ordinary course of business. No guarantees or defaults on these loan balances have been recognised.

Rand	GROUP 2022	GROUP 2021
Amounts included in treasury shares regarding related parties		
Pulsent OH GP Proprietary Limited	18 362 386	–
PBT Foundation Proprietary Limited	2 824 982	–
Spalding Investments 10 Proprietary Limited	–	27 355 000
Yonex Investments Proprietary Limited	65 700 000	–
Amounts included in share-based payment reserve regarding related parties		
Ayson Proprietary Limited	306 502	131 427
Pulsent OH GP Proprietary Limited	14 528 916	–
PBT Foundation Proprietary Limited	447 629	–
Spalding Investments 10 Proprietary Limited	1 502 423	703 783
Yonex Investments Proprietary Limited	2 138 511	–

12. RELATED PARTIES (CONTINUED)

Rand	GROUP 2022	GROUP 2021
Related party transactions		
Administration fees received from related parties		
PBT Insurance Technologies Proprietary Limited	–	–
PBT Technology Services Proprietary Limited	–	–
Dividends (paid to)/received from related parties		
PBT Group (Australia) Proprietary Limited	–	–
Pulsent OH GP Proprietary Limited	(3 243 000)	–
Spalding Investments 10 Proprietary Limited	(6 580 000)	(3 213 061)
Yonex Investments Proprietary Limited	(6 862 000)	–
Interest (paid to)/received from related parties		
Ayson Proprietary Limited	(69 205)	(2 555)
JC du Toit	30 869	34 169
MN Engelbrecht	19 905	24 558
NJ Viljoen	13 734	34 169
W Viljoen	103 121	158 004
M Visser	27 202	31 930
HB Vosloo	18 596	27 431
H Woest	28 297	32 832
Share-based payment expense		
Ayson Proprietary Limited	175 075	131 427
Pulsent OH GP Proprietary Limited	2 108 916	–
PBT Foundation Proprietary Limited	447 629	–
Spalding Investments 10 Proprietary Limited*	798 640	408 060
Yonex Investments Proprietary Limited*	2 138 511	–
Compensation to Directors and other key management		
Short-term employee benefits	39 468 718	38 926 736

* *A portion of these share-based payment expenses relating to Directors and key management are included in compensation to Directors and other key management, as disclosed above.*

13. 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.

		GROUP	
Exposure in Rand	Notes	2022	2021
Levels of fair value measurements			
Level 3			
Recurring fair value measurements			
Equity investments at fair value through other comprehensive income			
Payapps Limited (previously Zuuse Limited)	4	116 891 982	–
Level 2			
Recurring fair value measurements			
Equity investments at fair value through other comprehensive income			
Payapps Limited (previously Zuuse Limited)	4	–	93 532 292

Valuation process

The fair value computations of investments are performed by the internal finance department, reporting to the CEO and CFO, on a six-monthly basis. The valuation computations are discussed with the Audit and Risk Committee, in accordance with the Group's reporting governance.

In determining the fair value of the investment, PBT Group regularly evaluates the valuation technique used to determine the fair value based on available information. PBT Group takes into account information that will provide the most accurate value of the investment and if the valuation technique used will be able to be applied for future periods. Depending on the type of information available, observable inputs or unobservable inputs, PBT Group will transfer the investment measured at fair value between Level 2 and Level 3 of the fair value hierarchy accordingly.

Description of valuation technique and inputs

In 2021 the Group applied a valuation technique, being a transactions-based approach, which was considered the most recent available information at that time. As such transactions in the sale of Payapps ordinary shares on a secondary market during January and March 2021, at a price of AUD1.00, allowed PBT Group to reference said price per Payapps share, and provide for a 10% profit share fee, payable on realisation, to the promoters of PBT Group's investment in Payapps, when determining the fair value. These inputs used where "inputs other than quoted prices that are observable" and the fair value category for this investment was categorised as a Level 2 investment during the 2021 financial year.

13. FAIR VALUE INFORMATION (CONTINUED)

Changes to the valuation technique

In 2022 the Group considered the latest information available in order to assess the fair value of its investment in Payapps. During the last financial year no transactions in the sale of Payapps ordinary shares on the secondary market occurred. As such management reassessed which valuation technique should be applied to calculate the fair value of the investment in Payapps. It was determined that a revenue multiple method is the best valuation technique, given the most recent information available to the Group.

In calculating the fair value PBT Group assumed the same implicit price to revenue multiple, implied by the AUD1.00 secondary market transactions as mentioned above (an observable input), and increased that base by the annual revenue growth rate of Payapps (an unobservable input). The annual revenue growth rate is based on the latest audited annual revenue figures. All non-recurring income was excluded when calculating the growth rate. A 10% (2021: 10%) profit share fee, payable on realisation, to the promoters of PBT Group's investment in Payapps was also provided for (an unobservable input).

Due to the change in PBT Group's valuation technique in the current period, the investment will transfer from Level 2 to Level 3 of the fair value hierarchy.

Quantitative information about fair value measurements using significant unobservable inputs

Description	Valuation technique	Unobservable input	Range
Payapps Limited (previously Zuuse Limited)	**Revenue multiple approach**	**Revenue growth rate**	**19% to 29%**

Sensitivity analysis

PBT Group believes that the valuation approach used to value Payapps is fair, however, valuation multiples for businesses fluctuate and are driven by, amongst other factors, investor sentiment, interest rates and the economic environment, none of which PBT Group and Payapps have control over. As such, there is variability in the fair value of Payapps.

The significant unobservable input used in the fair value measurement of Payapps is the revenue growth rate. Significant increases (decreases) in this input in isolation would result in a significantly higher (lower) fair value measurement.

It should also be noted that there is a foreign exchange risk associated with this investment, on translation of the investment into Rand, as the investment is held in a Euro-denominated subsidiary.

13. FAIR VALUE INFORMATION (CONTINUED)

Reconciliation of assets and liabilities measured at Level 3

Rand	Fair value through other comprehensive income	Fair value through profit or loss	Total
Fair value reconciliation	Payapps Limited (previously Zuuse Limited)	All Claims Proprietary Limited	
Opening balance as at 1 April 2020	44 655 926	118 726	44 774 652
Gains or losses for the period recognised in other comprehensive income			
– Fair value gain (a)	51 871 014	–	51 871 014
– Foreign exchange revaluation loss (b)	(2 994 648)	–	(2 994 648)
Transferred to Level 2 (c) (e)	(93 532 292)	–	(93 532 292)
Transferred to investments in subsidiaries (refer to note 3)	–	(118 726)	(118 726)
Closing balance as at 31 March 2021	–	–	–
Opening balance as at 1 April 2021			
Transfer into Level 3 (d) (e)	**93 532 292**	**–**	**93 532 292**
Gains or losses for the period recognised in other comprehensive income			
– Fair value gain (a)	**34 847 088**	**–**	**34 847 088**
– Foreign exchange revaluation loss (b)	**(11 487 398)**	**–**	**(11 487 398)**
Closing balance as at 31 March 2022	**116 891 982**	**–**	**116 891 982**

(a) Included in gains on valuation of investments in equity instruments on the face of the statement of profit or loss and other comprehensive income.

(b) Included in exchange differences on translation of foreign operations on the face of the statement of profit or loss and other comprehensive income.

(c) Transferred from Level 3 to Level 2 because observable market data became available, as there were transactions in the secondary market relating to the sale of Payapps shares.

(d) Transferred from Level 2 to Level 3 because of a lack of observable market data, as there was no trading of Payapps shares in the secondary market for a period of time.

(e) The Group's policy is to recognise transfers into and transfers out of Level 3 as at the end of the reporting period. Thereafter, a calculation of the fair value of the investment is performed and a resulting fair value gain or loss is recognised on the last day of the reporting period.

14. GOING CONCERN

PBT Group is a focused, profitable, cash-generative business that operates in a growing industry. PBT Group continuously analyses its business and also prepares forward-looking cash flow forecasts based on the expected performance of the business.

Based on the above, PBT Group believes that it has adequate financial resources to continue in operation and will continue as a going concern for the foreseeable future. Accordingly, the consolidated annual financial statements have been prepared on a going concern basis.

The Directors are not aware of any material changes that may adversely impact the Company. 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 Company.

As at 31 March 2022 the Group and Company do not have any debt covenants.

15. EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any matter or circumstance arising after the reporting period up to the date of this report, except for those noted below.

Sale of PBT Technology Services Ireland Limited
On 1 April 2022 PBT Group (South Africa) Proprietary Limited sold 100% of its investment in PBT Technology Services Ireland Limited for a total consideration of €1 387.10.

PBT Technology Services Proprietary Limited issue of Notes
On 12 May 2022 PBT Technology Services Proprietary Limited issued 20 Notes, each to the value of R1.5 million, for a total amount equating to R30 million, to Southchester Investment Managers Proprietary Limited. The appropriate Board and shareholder resolutions were obtained by PBT Technology Services Proprietary Limited, in accordance with the Companies Act requirements. After careful consideration of PBT Group Limited's solvency and liquidity position, the Company provided a guarantee, in accordance with shareholder approval granted at the 2021 Annual General Meeting of the Company, in favour of Southchester Investment Managers Proprietary Limited for the due and punctual payment and performance of PBT Technology Services Proprietary Limited. The guarantee will be limited to the amount of R30 million together with any accrued interest outstanding in terms of the subscription agreement signed by PBT Technology Services Proprietary Limited.

Restructure of B-BBEE vehicles
Effective 17 May 2022 Spalding Investments 10 Proprietary Limited (Spalding) entered into an asset-for-share agreement with Yonex Investments Proprietary Limited (Yonex). Spalding purchased from Yonex all of its PBT Group Limited shares (being 14.6 million shares) in exchange for the issue of 10 429 ordinary shares in Spalding in an asset-for-share transaction, as contemplated in section 42 of the Income Tax Act, Act 58 of 1962. As a result, Yonex has become a 51.05% shareholder of Spalding. This transaction had no effect on the beneficial interests of the Directors in PBT Group Limited securities. Please refer to the SENS announcement dated 20 May 2022.

Special distribution declaration
On 26 May 2022 the Board authorised PBT Group Limited to declare a special distribution of 30 cents per PBT Group ordinary share. The total distribution, based on the shares in issue of 105 915 317, equated to R31.8 million. The Board applied the solvency and liquidity test. The Board, after considering all reasonably foreseeable financial circumstances of PBT Group Limited, concluded that the Company will satisfy the solvency and liquidity test immediately after the payment of the distribution. Please refer to the SENS announcement dated 27 May 2022.

Final distribution declaration
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 perceived need to retain funds for expansion or operating purposes, the Board of Directors may also elect not to pay distributions.

On Friday, 24 June 2022, the Board of Directors resolved to declare a final distribution of 32 cents per PBT ordinary share for the period ended 31 March 2022. The total distribution will equate to R33.9 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) included with the Notice of Annual General Meeting of PBT Group, which together with the Directors' Report, containing details of the distribution, was distributed to shareholders on Friday, 8 July 2022. The Form of Election is also available for download on the Company's website: https://www.pbtgroup.co.za/investor-relations/#annual_financial_statements.

The implications of the elections above are as follows:

- A gross dividend of 32 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 25.6 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 "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 32 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.

16. COMPARATIVE FIGURES

Certain prior-period comparative figures have been reclassified as follows:

Rand	Adjustments	31 March 2021 As originally presented	Reclassification	31 March 2021 As currently presented
GROUP				
Statement of profit or loss and other comprehensive income				
Share-based payment expense	(a)	–	(539 487)	(539 487)
Other operating expenses	(a)	(96 802 918)	539 487	(96 263 431)
Other operating gains/(losses)	(b)	(24 630)	765 940	741 310
Foreign exchange gains/(losses)	(b)	765 940	(765 940)	–

(a) Due to the importance of the share-based payment expense in the current year, a separate line item on the face of the statement of profit or loss was displayed. As such, the prior-year amount was reclassified for comparative purposes.

(b) In an effort to simplify the face of the statement of profit or loss and other comprehensive income, the foreign exchange gains/(losses) were reclassified to other operating gains/(losses).

17. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

		GROUP	
Cents		2022	2021
Basic earnings per share		80.44	50.57
Diluted basic earnings per share		72.89	47.78
Net asset value per share		3.29	3.27
Basic earnings per share			
The calculation of basic earnings per share is based on the following:			
Profit attributable to ordinary shareholders	(Rand)	67 210 292	44 249 835
Weighted average number of ordinary shares outstanding	(Number of shares)	83 542 437	87 509 609
Diluted basic earnings per share			
The calculation of diluted basic earnings per share is based on the following:			
Profit attributable to ordinary shareholders	(Rand)	67 210 292	44 249 835
Diluted weighted average number of shares	(Number of shares)	92 205 159	92 607 284
Weighted average number of ordinary shares outstanding	(Number of shares)	83 542 437	87 509 609
Dilutive effect of options due to the IFRS 2 treatment of the preference share investment (refer to note 8) and increase of black ownership transactions (refer to note 11)	(Number of shares)	8 662 722	5 097 675

Options are dilutive when they would result in the issue of ordinary shares for less than the average market price of ordinary shares during the period. The amount of the dilution is the average market price of ordinary shares during the period minus the issue price. The transactions as mentioned in note 5 Share capital and note 8 Share-based payments are treated as options for accounting purposes. A calculation has therefore been performed to determine what the dilutive effect of these options are on earnings per share.

		2022	2021
Net asset value per share			
The calculation of net asset value per share is based on the following:			
Total equity attributable to ordinary shareholders	(Rand)	348 569 879	323 888 506
Ordinary shares in issue at year-end	(Number of shares)	105 915 317	99 100 000
Weighted average number of ordinary shares			
Ordinary shares at the beginning of the period		87 509 609	96 616 230
Effect of shares repurchased, delisted and cancelled		(213 423)	(6 877 504)
Effect of specific repurchase		–	(820 993)
Effect of general issue of shares for cash		4 744 932	–
Shares held by B-BBEE company included as treasury shares		(8 498 681)	(1 408 124)
		83 542 437	87 509 609

17. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE (CONTINUED)

Headline earnings and diluted headline earnings per share

Reconciliation of earnings and headline earnings per share

	GROUP			
	2022		2021	
Rand	Gross	Net	Gross	Net
Profit attributable to equity holders of the parent		67 210 292		44 249 835
(Profit)/loss on disposal of assets	(13 290)	(9 569)	24 630	17 733
Release of foreign currency translation reserve (FCTR) to the statement of profit or loss*	2 057 469	2 057 469	–	–
Headline earnings		69 258 192		44 267 568

** The release of FCTR to the statement of profit or loss does not have any taxation effects.*

	GROUP	
Cents	2022	2021
Headline earnings and diluted headline earnings per share		
Headline earnings per share	82.89	50.59
Diluted headline earnings per share	75.13	47.80
Distributions		
Interim capital reduction distribution	25.00	16.00
Final distribution	32.00	22.00

Headline earnings per share has been calculated in accordance with Circular 01/2021 issued by the South African Institute of Chartered Accountants.

18. SEGMENT REPORT

The reportable segments for the current and prior financial years are based on geographical areas, namely South Africa, Australia, and Europe and United Kingdom.

- 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 and United Kingdom includes consulting and implementation of data, and information management software in Europe and the United Kingdom.
- Non-operating subsidiaries, including PBT Group Limited stand-alone entity, make up the Other operating segment.

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

	South Africa		Australia	
Rand	2022	2021	2022	2021
Intersegment revenue	17 878 899	–	–	–
Revenues from external customers	884 525 566	706 107 295	59 037 366	55 867 959
Total segment revenue	902 404 465	706 107 295	59 037 366	55 867 959
Earnings before interest, taxation, depreciation and amortisation	136 410 079	97 452 314	5 340 486	4 883 333
Interest revenue	1 274 069	2 131 522	9 337	34 326
Interest expense	(1 804 079)	(2 051 270)	(63 285)	(103 097)
Depreciation and amortisation	(5 871 167)	(5 757 418)	(785 143)	(750 467)
Income tax expense	(36 672 540)	(24 096 490)	(209 802)	(1 017 200)
Segment profit/(loss) for the year	93 336 362	67 678 658	4 291 593	3 046 895
Segment assets*	191 301 959	160 817 032	15 746 170	34 637 034
Intangible assets	81 892	129 039	113 951	118 911
Total assets	191 383 851	160 946 071	15 860 121	34 755 945
Segment liabilities	(92 577 606)	(88 394 379)	(8 734 842)	(9 147 567)

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

Europe and United Kingdom 2022	Europe and United Kingdom 2021	Other 2022	Other 2021	Intersegment eliminations 2022	Intersegment eliminations 2021	Total 2022	Total 2021
7 045 387	–	–	–	(24 924 286)	–	–	–
32 113 733	26 982 202	–	–	–	–	975 676 666	788 957 456
39 159 120	26 982 202	–	–	(24 924 286)	–	975 676 666	788 957 456
3 762 164	(1 228 586)	(322 684)	(2 247 312)	–	–	145 190 044	98 859 747
1 794	–	2 046	2 307	–	–	1 287 245	2 168 155
(57 863)	(199 415)	(4 429)	–	–	–	(1 929 655)	(2 353 781)
(1 062 012)	(1 398 976)	–	–	–	–	(7 718 321)	(7 906 861)
(1 096 422)	67 660	45 829	106 962	–	–	(37 932 935)	(24 939 068)
1 547 662	(2 759 317)	(279 238)	(2 138 043)	–	–	98 896 379	65 828 192
13 416 686	109 022 513	117 049 224	139 164			337 514 039	304 615 742
–	–	–	–			195 843	247 951
13 416 686	109 022 513	117 049 224	139 164			337 709 881	304 863 693
(3 003 156)	(2 079 750)	(3 082 551)	(2 833 222)			(107 398 155)	(102 454 918)

18. SEGMENT REPORT (CONTINUED)

Rand	2022	2021
Reconciliation of reportable segment revenue		
Total consolidated income for reportable segments	975 676 666	788 957 456
Reconciliation of earnings before interest, taxation, depreciation and amortisation		
Total consolidated earnings before interest, taxation, depreciation and amortisation for reportable segments	145 190 044	98 859 747
Other operating (losses)/gains	(2 242 752)	741 310
Movement in credit loss allowances	1 321 885	(762 422)
Share-based payment expense	(5 668 771)	(539 487)
Consolidated earnings before interest, taxation, depreciation and amortisation	138 600 407	98 299 148
Reconciliation of profit before taxation		
Total consolidated profit before taxation for reportable segments	136 829 314	90 767 260
Other operating (losses)/gains	(2 242 752)	741 310
Movement in credit loss allowances	1 321 885	(762 422)
Share-based payment expense	(5 668 771)	(539 487)
Consolidated profit before taxation	130 239 677	90 206 661
Reconciliation of assets		
Total assets for reportable segments	220 660 658	304 724 529
Goodwill	135 668 135	135 668 135
Assets for other segments	117 049 224	139 164
Consolidated total assets	473 378 016	440 531 828
Reconciliation of liabilities		
Total liabilities for reportable segments	(104 315 604)	(99 621 696)
Liabilities for other segments	(3 082 551)	(2 833 222)
Consolidated total liabilities	(107 398 155)	(102 454 918)

Information about customers

During the current financial year, no customer (2021: one customer) represented 10% or more of the total revenue from external customers.

	2022		2021	
	%	Rand	%	Rand
Customer A	–	–	10.16	80 137 119

Revenue from customer A was derived in the South Africa reportable segment.

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) Pule Taukobong (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) Tony Taylor Arthur Winkler
Social and Ethics Committee	Cheree Dyers (Chairman) Tony Taylor Elizna Read
Company Secretary	Anastassia Sousa PBT House, 2 Mews Close, Waterford Mews, Century City, 7441, South Africa
Investor relations	Francois de Wet francois.dewet@pbtgroup.nl +31 6 59 35 36 25
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	Questco Corporate Advisory Proprietary Limited
Transfer Secretaries	JSE Investor Services Proprietary Limited PO Box 4844, Johannesburg, 2000, South Africa 13th Floor, 19 Ameshoff Street, Braamfontein, 2001, South Africa
JSE share code	PBG
ISIN	ZAE000256319
Website	www.pbtgroup.co.za

Cape Town
30 June 2022

DATA SPECIALISTS

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