

[www.psg.co.za](http://www.psg.co.za)



# 2023

**Results for the  
year ended**

28 FEBRUARY 2023

## Who we are

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

## What we do

## What we offer

### PSG Wealth

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

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

### PSG Asset Management

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

- Investments
- Unit trusts
- Institutional portfolio management

### PSG Insure

Personal and commercial short-term insurance solutions.

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



PSG Konsult is a leading independent financial services group in operation since 1998.

## Salient features

### RECURRING HEADLINE EARNINGS PER SHARE

^ 5%	2023 72.9 cents	2022 69.7 cents	2021 52.7 cents
------	--------------------	--------------------	--------------------

### RECURRING HEADLINE EARNINGS PER SHARE (EXCLUDING INTANGIBLE ASSET AMORTISATION COST)

^ 5%	2023 78.2 cents	2022 74.8 cents	2021 57.5 cents
------	--------------------	--------------------	--------------------

### RECURRING HEADLINE EARNINGS PER SHARE (EXCLUDING PERFORMANCE FEES)

^ 9%	2023 68.2 cents	2022 62.4 cents	2021 52.4 cents
------	--------------------	--------------------	--------------------

### DIVIDEND PER SHARE

^ 13%	2023 36.0 cents	2022 32.0 cents	2021 24.5 cents
-------	--------------------	--------------------	--------------------

### GROSS WRITTEN PREMIUM<sup>1</sup>

^ 9%	2023 R6.2 bn	2022 R5.69 bn	2021 R5.51 bn
------	-----------------	------------------	------------------

### NUMBER OF ADVISERS

∨ 1%	2023 947	2022 952	2021 932
------	-------------	-------------	-------------

### TOTAL ASSETS UNDER MANAGEMENT

^ 13%	2023 R354 bn	2022 R315 bn	2021 R268 bn
-------	-----------------	-----------------	-----------------

### TOTAL ASSETS UNDER ADMINISTRATION

^ 3%	2023 R481 bn	2022 R468 bn	2021 R392 bn
------	-----------------	-----------------	-----------------

<sup>1</sup> Includes gross written premiums on policies administered by the Insure distribution advisers, which are placed with third-party insurers. The group earns commission income and administration fees on this. It excludes the short-term administration platform gross written premium.

## CONTENTS

Commentary	4
Independent auditor's review report	8
Condensed consolidated statement of financial position	9
Condensed consolidated income statement	10
Condensed consolidated statement of comprehensive income	11
Condensed consolidated statement of changes in equity	12
Condensed consolidated statement of cash flows	13
Notes to the condensed consolidated financial statements	14
Corporate information	33

## Commentary

### Financial results

PSG Konsult delivered a 5% increase in recurring headline earnings per share and a return on equity of 22.7% for the current year.

These results were achieved against a challenging operational backdrop. The performance of our key financial metrics under these conditions highlights the competitive advantage of our advice-led business model. Total assets under management increased by 13% to R354.1 billion, comprising assets managed by PSG Wealth of R305.5 billion (12% increase) and PSG Asset Management of R48.6 billion (16% increase), while PSG Insure's gross written premium amounted to R6.2 billion (9% increase). Over the period, the JSE/FTSE All Share Index only increased by 2%, compared to 15% in the previous financial year. This impacted performance fees, which constituted 6.5% of headline earnings in comparison to 10.6% for the previous financial year.

From a cost perspective, our Insure division was adversely impacted by the KZN floods during April 2022, but Western National's comprehensive reinsurance programme cushioned the effect on underwriting results. The firm remains confident about its long-term growth prospects, and we therefore continued to invest in both technology and people. Compared to the prior year, our technology and infrastructure spend increased by 13% (these costs continue to be fully expensed), while our fixed remuneration cost grew by 10%. We are proud of the progress made in growing our own talent, with 141 newly qualified graduates (96% of whom are ACI candidates) having joined during the financial year. These factors had a muted impact on our operating margins.

PSG Konsult's key financial performance indicators for the year ended 28 February 2023 are shown below.

	28 Feb 23 R000	Change %	28 Feb 22 R000
Core income	6 494 252	8	6 038 617
Recurring headline and headline earnings	948 785	3	920 663
Non-headline items	1 987		246
Earnings attributable to ordinary shareholders	950 772	3	920 909
Divisional recurring headline earnings			
PSG Wealth	568 492	11	510 484
PSG Asset Management	220 323	(10)	244 265
PSG Insure	159 970	(4)	165 914
	948 785	3	920 663
Weighted average number of shares in issue (net of treasury shares) (millions)	1 301.2	(1)	1 320.5
Basic earnings per share (cents)			
– Recurring headline and headline	72.9	5	69.7
– Attributable	73.1	5	69.7
– Recurring headline (excluding intangible asset amortisation cost)	78.2	5	74.8
– Recurring headline (excluding performance fees)	68.2	9	62.4
Dividend per share (cents)	36.0	13	32.0
– Interim dividend per share	11.0		10.0
– Final dividend per share	25.0		22.0
Return on equity (ROE) (%)	22.7		23.8

### PSG Wealth

#### PSG Wealth achieved recurring headline earnings growth of 11%

The division continued its commendable performance, notwithstanding the challenging market conditions. Core income increased by 9% during the current year, consisting of a continued increase in management and other recurring fees, while transactional brokerage decreased due to lower trading activity compared to the prior year.

Clients' assets managed by our Wealth advisers increased by 12% to R305.5 billion during the current year, which included R13.3 billion of positive net inflows. The division's formidable financial adviser network consisted of 590 wealth advisers as at 28 February 2023, a net increase of 6 advisers during the current year.

For the fourth consecutive year, the division was recognised as the Wealth Manager of the Year: Large Institutions at the Intellidex 2022 Wealth Manager of the Year Awards. The division also won the Young Professional, Lump-sum Investor and Retiree archetype categories at these awards.

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

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

### PSG Asset Management

#### PSG Asset Management's recurring headline earnings decreased by 10%

The division's results for the year were impacted by lower performance fees, however, management fees increased by 11%. The division's long-term investment track record continues to improve with most funds performing in the top quartile over a three-year period. PSG Asset Management's strong fund performance across the fund range was recognised at the 2022 Raging Bull Awards. The division received six awards, including the coveted South African Manager of the Year award.

Client assets under management increased by 16% to R48.6 billion during the current year, due to a combination of market movements and net client inflows. Assets administered by the division increased by 14% to R197.6 billion, supported by R7.7 billion of multi-managed net inflows.

PSG Asset Management continuously engages with clients on the merits of the diversification properties that its approach brings to a portfolio strategy.

### PSG Insure

#### PSG Insure's recurring headline earnings decreased by 4%

The division's results were adversely impacted by the KZN floods, which were classified as a catastrophe event. Despite the impact of this, Western achieved a net underwriting margin of 13.0%, compared to the 18.5% achieved in the prior year, due to quality underwriting practices and a comprehensive reinsurance programme.

Western received the Product Supplier of the Year: Non-Life Commercial award at the FIA Intermediary Experience Awards during September 2022. This division continues to focus on profitable growth with an emphasis on commercial lines' type of the business which requires adviser expertise. The number of insurance advisers in the group as at 28 February 2023 was 357.

## Commentary (continued)

### Strategy

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

PSG Asset Management's strategy consists of investment excellence, operational efficiency, and effective sales and marketing initiatives. Generating the best long-term, risk adjusted returns for investors remains the division's primary focus. PSG Asset Management's differentiated investment approach add diversification to a blended client solution, helping clients to achieve better outcomes over time. The division continues to prioritise investment performance while managing operational processes and talent management. Increasing brand awareness, particularly in the retail investor market, and consistent and regular client communication through events and publications continue to be key focus areas for the division.

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

### Corporate activity

PSG Konsult's focus remains on organic growth. However, we will consider acquisitions that meet our investment criteria, which include acceptable pricing, a compelling strategic rationale, clearly definable synergies, and ease of integration.

### Capital management

PSG Konsult's capital cover ratio remains strong and increased to 263% (2022: 240%) based on the latest insurance group return. This comfortably exceeds the minimum regulatory requirement of 100%. During July 2022, Global Credit Rating Company affirmed the group's long-term and short-term credit ratings at A+(ZA) and A1(ZA) respectively, with a Stable Outlook. The increase in the group's capital cover ratio and the credit rating affirmation is testament to the group's strong financial position and excellent liquidity.

PSG Konsult also continues to generate strong cash flows, which gives us various options to optimise our capital structure and risk-adjusted returns to the benefit of shareholders:

- The group repurchased and cancelled 35.7 million shares at a cost of R415.9 million during the period, as part of shareholder capital optimisation.
- The board decided to increase the upper limit of the group's dividend policy pay-out ratio to 60% (50% previously) of recurring headline earnings, excluding intangible asset amortisation.
- Our shareholder investable asset's exposure to equity marginally increased to 6% (previously below 5%). We continue to monitor investment markets and will gradually increase our value at risk exposure to align with our long-term target.

Our primary objective remains to grow organically, and to fund that growth prudently.

### Regulatory landscape and risk management

PSG Konsult has 21 regulatory licences (17 in South Africa and 4 in foreign jurisdictions) and continues to maintain good working relationships with the regulators in the markets in which we operate.

### Marketing initiatives

The group successfully interacted with clients and prospects throughout the year, hosting more than 170 in-person events and in excess of 60 webinars allowing advisers, employees and industry representatives to gain political, economic and practical insights from recognised experts as well as the leadership team.

Our successful Think Big webinar series, now in its third year, continues to attract viewers and subscribers to our YouTube and Spotify channels. The series has proven popular over time with prospects, with a >60% non-client split, thereby making it a strategic brand awareness and lead-generation tool for the group. In the past fiscal alone, the series received almost 30 000 unique registrations. The public relations coverage adds to the success of the series as the media recognises it as a credible content source for thought leadership.

The group was awarded three trophies and four certificates at the annual Raging Bull Awards, seeing the industry recognising investment excellence across the Wealth and Asset management divisions.

The team continues to run integrated product campaigns that help to generate flows and new client leads into the business. An example of this is the retirement annuity/tax-free investment product campaign at tax year-end which saw a record-high 2.2 million website events. In the digital environment, both paid and organic search campaigns see an average of more than 800 000 website visits per

month. Social media accounts continue to attract new followers and we are seeing increased engagement levels. The team also remains focused on producing tailored marketing plans per adviser office along with support on the execution.

### Information technology

We are committed to continually enhancing our client and adviser experience. This includes investing in technology to automate adviser and client systems and processes. Improving our processes results in a smoother client onboarding and user experience and a subsequent uptick in client retention due to increased satisfaction.

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

All related IT system costs continue to be fully expensed.

### Looking forward

We have always been confident that resourceful South Africans will build a better future for themselves and their children. Nevertheless, current economic activity remains depressed, and expectations have plummeted to new lows.

Despite this, we believe that conditions are ripe for change. Ordinary hardworking and honest South Africans have clearly had enough and significant job losses have further created an alignment of interests for labour and the private sector to work together. At the same time, the private sector still has a significant pool of skilled resources and capital at its disposal. We are therefore mindful that a credible package of measures aimed at remediating South Africa's networked industries, while meaningfully involving the private sector and labour, can quickly serve to uplift the public mood as action translates into much needed forward momentum.

Irrespective of the short-term challenges, we remain confident in our long-term strategy and will continue to invest in our businesses, thereby securing prospects for growth. We will, however, continue to monitor local and global events and the associated impact on the group's clients and other stakeholders.

### Events after reporting date

No events material to the understanding of these results occurred between 28 February 2023 and the date of approval of the condensed consolidated financial statements.

### Final dividend declaration

Considering both the strong cash position and the change in dividend policy pay-out ratio, the board declared a final gross dividend of 25.0 cents per share from income reserves for the year ended 28 February 2023 (2022: 22.0 cents per share). This brings the total dividend distribution to shareholders to 36.0 cents per share (2022: 32.0 cents per share) for the full year, reflecting the group's sound financial position and confidence in its prospects.

The dividend is subject to a South African dividend withholding tax (DWT) rate of 20%, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate in terms of the applicable double-tax agreement. Including DWT at 20% results in a net dividend of 20.0 ZAR cents (2022: 17.6 ZAR cents) per share. The number of issued ordinary shares is 1 294 818 074 at the date of this declaration.

PSG Konsult's income tax reference number is 9550/644/07/5.

The salient dates of the dividend declaration are:

Declaration date	Thursday, 13 April 2023
Last day to trade cum dividend	Tuesday, 2 May 2023
Trading ex-dividend commences	Wednesday, 3 May 2023
Record date	Friday, 5 May 2023
Date of payment	Monday, 8 May 2023

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

Share certificates may not be dematerialised or rematerialised between Wednesday, 3 May 2023 and Friday, 5 May 2023, both days inclusive.

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

On behalf of the board

Willem Theron  
Chairman

Francois Gouws  
Chief executive officer

Tyger Valley  
13 April 2023  
www.psg.co.za

# Independent auditor's review report on condensed consolidated financial statements

## To the shareholders of PSG Konsult Limited

We have reviewed the condensed consolidated financial statements of PSG Konsult, contained in the accompanying preliminary report set out on pages 9 to 32, which comprise the condensed consolidated statement of financial position as at 28 February 2023 and the condensed consolidated income statement and condensed consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

## Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 2 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require condensed consolidated financial statements contained in a preliminary report to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

## Auditor's Responsibility

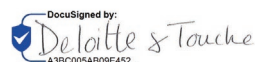
Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of PSG Konsult Limited for the year ended 28 February 2023 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 2 to the financial statements, and the requirements of the Companies Act of South Africa.

DocuSigned by:  
  
 A3BC005AB09E452

### Deloitte & Touche

Per: Nina Le Riche  
 Registered Auditor  
 Partner  
 13 April 2023

The Ridge Building, 6 Marina Road, Victoria & Alfred Waterfront, Cape Town, 8000

# Condensed consolidated statement of financial position

as at 28 February 2023

Notes	Reviewed as at 28 Feb 23 R000	Audited as at 28 Feb 22 R000
<b>Assets</b>		
Intangible assets	1 186 489	1 229 173
Property and equipment	74 690	86 176
Right-of-use assets	170 408	191 698
Investment in joint ventures	976	1 121
Deferred income tax assets	125 613	134 311
Reinsurance assets	143 707	131 195
Loans and advances	193 956	154 814
Debt securities	3 414 634	3 920 219
Unit-linked investments	75 198 943	65 663 812
Equity securities	3 488 019	3 080 436
Investment in investment contracts	9 685	10 064
Derivative financial instruments	9 637	13 153
Deferred acquisition costs	8 819	6 597
Receivables including insurance receivables	2 168 385	2 382 777
Current income tax assets	62 110	36 297
Cash and cash equivalents (including money market funds)	2 000 943	1 694 794
<b>Total assets</b>	<b>88 257 014</b>	<b>78 736 637</b>
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Stated capital	1 413 420	1 829 274
Treasury shares	(130 759)	(140 065)
Other reserves	(330 328)	(361 426)
Retained earnings	3 288 626	2 789 035
	4 240 959	4 116 818
	490 015	420 799
<b>Total equity</b>	<b>4 730 974</b>	<b>4 537 617</b>
<b>Liabilities</b>		
Deferred income tax liabilities	113 130	85 891
Lease liabilities	235 777	260 945
Insurance contracts	516 420	502 837
Derivative financial instruments	14 623	22 008
Investment contracts	40 177 057	35 993 332
Third-party liabilities arising on consolidation of mutual funds	39 670 804	34 286 692
Deferred reinsurance acquisition revenue	7 052	5 725
Trade and other payables	2 737 330	3 015 441
Current income tax liabilities	53 847	26 149
<b>Total liabilities</b>	<b>83 526 040</b>	<b>74 199 020</b>
<b>Total equity and liabilities</b>	<b>88 257 014</b>	<b>78 736 637</b>
Net asset value per share (cents)	330.7	312.7

## Condensed consolidated income statement

for the year ended 28 February 2023

	Reviewed Year ended 28 Feb 23 R000	Audited Year ended 28 Feb 22 R000
Gross written premium	1 918 645	1 675 100
Less: Reinsurance written premium	(702 402)	(588 251)
<b>Net written premium</b>	<b>1 216 243</b>	<b>1 086 849</b>
Change in unearned premium		
– Gross	(11 833)	25 287
– Reinsurers' share	2 906	2 749
<b>Net insurance premium revenue</b>	<b>1 207 316</b>	<b>1 114 885</b>
Revenue from contracts with customers and other operating income	4 963 948	4 647 908
Interest income on amortised cost financial instruments	108 424	69 521
Interest income on fair value through profit or loss financial instruments	149 260	93 147
Dividend income	7 341	4 891
Net fair value gains and losses on financial instruments	35 664	53 424
Net income attributable to investment contract holders and third-party liabilities	52 045	48 265
<b>Total income</b>	<b>6 523 998</b>	<b>6 032 041</b>
Insurance claims and loss adjustment expenses	(1 069 837)	(877 556)
Insurance claims and loss adjustment expenses recovered from reinsurers	376 014	281 233
<b>Net insurance benefits and claims</b>	<b>(693 823)</b>	<b>(596 323)</b>
Financial advice fees	(1 926 669)	(1 765 146)
Depreciation and amortisation <sup>1</sup>	(174 004)	(168 493)
Employee benefit expenses	(1 318 796)	(1 243 333)
Marketing, administration and other expenses	(937 841)	(824 824)
<b>Total expenses</b>	<b>(5 051 133)</b>	<b>(4 598 119)</b>
Total (loss)/profit from joint ventures	(145)	75
<b>Profit before finance costs and taxation</b>	<b>1 472 720</b>	<b>1 433 997</b>
Finance costs	(36 472)	(34 385)
<b>Profit before taxation</b>	<b>1 436 248</b>	<b>1 399 612</b>
Taxation	(408 202)	(393 085)
<b>Profit for the year</b>	<b>1 028 046</b>	<b>1 006 527</b>
<b>Attributable to:</b>		
Owners of the parent	950 772	920 909
Non-controlling interest	77 274	85 618
	<b>1 028 046</b>	<b>1 006 527</b>
<b>Earnings per share (cents)</b>		
Attributable (basic)	73.1	69.7
Attributable (diluted)	71.0	68.9
Headline (basic)	72.9	69.7
Headline (diluted)	71.0	68.9
Recurring headline (basic)	72.9	69.7
Recurring headline (diluted)	70.9	68.9

<sup>1</sup> Includes amortisation cost of R70.5 million (2022: R69.4 million).

## Condensed consolidated statement of comprehensive income

for the year ended 28 February 2023

	Reviewed Year ended 28 Feb 23 R000	Audited Year ended 28 Feb 22 R000
<b>Profit for the year</b>	<b>1 028 046</b>	<b>1 006 527</b>
<b>Other comprehensive income for the year, net of taxation</b>	<b>37 893</b>	<b>4 543</b>
<i>Items that are or may be reclassified to profit or loss:</i>		
Currency translation adjustments	38 385	4 543
Other adjustments	(492)	-
<b>Total comprehensive income for the year</b>	<b>1 065 939</b>	<b>1 011 070</b>
<b>Attributable to:</b>		
Owners of the parent	988 665	925 452
Non-controlling interest	77 274	85 618
	<b>1 065 939</b>	<b>1 011 070</b>

## Earnings and headline earnings per share

for the year ended 28 February 2023

	Reviewed Year ended 28 Feb 23 R000	Audited Year ended 28 Feb 22 R000
<b>Headline earnings</b>	<b>948 785</b>	<b>920 663</b>
Recurring	948 785	920 663
Non-recurring	-	-
<b>Non-headline items (net of non-controlling interest and related tax effect)</b>		
Profit/(loss) on disposal of intangible assets (including goodwill)	952	(123)
Profit on disposal of property and equipment	543	369
Other	492	-
<b>Profit attributable to ordinary shareholders</b>	<b>950 772</b>	<b>920 909</b>
<b>Earnings per share (cents)</b>		
Attributable (basic)	73.1	69.7
Attributable (diluted)	71.0	68.9
Headline (basic)	72.9	69.7
Headline (diluted)	71.0	68.9
Recurring headline (basic)	72.9	69.7
Recurring headline (diluted)	70.9	68.9
<b>Number of shares (millions)</b>		
In issue (net of treasury shares)	1 282.6	1 316.4
Weighted average (net of treasury shares)	1 301.2	1 320.5

## Condensed consolidated statement of changes in equity

for the year ended 28 February 2023

	Attributable to equity holders of the group					
	Stated capital R000	Treasury shares R000	Other reserves R000	Retained earnings R000	Non-controlling interest R000	Total R000
<b>Balance at 1 March 2021 (Audited)</b>	1 938 859	(155 538)	(395 338)	2 216 920	344 199	3 949 102
<b>Comprehensive income</b>						
Profit for the year	-	-	-	920 909	85 618	1 006 527
Other comprehensive income for the year	-	-	4 543	-	-	4 543
<i>Total comprehensive income for the year</i>	-	-	4 543	920 909	85 618	1 011 070
<b>Transactions with owners</b>	(109 585)	15 473	29 369	(348 794)	(9 018)	(422 555)
Repurchase and cancellation of ordinary shares	(109 585)	-	-	-	-	(109 585)
Share-based payment costs	-	-	43 905	-	-	43 905
Net movement in treasury shares	-	19 608	-	-	-	19 608
Current tax on equity-settled share-based payments	-	-	4 343	-	-	4 343
Deferred tax on equity-settled share-based payments	-	-	37 837	-	-	37 837
Loss on issue of shares in terms of share scheme	-	-	(59 065)	-	-	(59 065)
Release of share-based payment reserve to retained earnings on vested share options	-	-	2 349	(2 349)	-	-
Release of profits from treasury shares to retained earnings	-	(4 135)	-	4 135	-	-
Dividends paid	-	-	-	(350 580)	(9 018)	(359 598)
<b>Balance at 28 February 2022 (Audited)</b>	1 829 274	(140 065)	(361 426)	2 789 035	420 799	4 537 617
<b>Comprehensive income</b>						
Profit for the year	-	-	-	950 772	77 274	1 028 046
Other comprehensive income for the year	-	-	37 893	-	-	37 893
<i>Total comprehensive income for the year</i>	-	-	37 893	950 772	77 274	1 065 939
<b>Transactions with owners</b>	(415 854)	9 306	(6 795)	(451 181)	(8 058)	(872 582)
Repurchase and cancellation of ordinary shares	(415 854)	-	-	-	-	(415 854)
Share-based payment costs	-	-	51 746	-	-	51 746
Net movement in treasury shares	-	20 692	-	-	-	20 692
Current tax on equity-settled share-based payments	-	-	13 365	-	-	13 365
Deferred tax on equity-settled share-based payments	-	-	(13 038)	-	-	(13 038)
Loss on issue of shares in terms of share scheme	-	-	(89 454)	-	-	(89 454)
Release of share-based payment reserve to retained earnings on vested share options	-	-	30 586	(30 586)	-	-
Release of profits from treasury shares to retained earnings	-	(11 386)	-	11 386	-	-
Dividends paid	-	-	-	(431 981)	(8 058)	(440 039)
<b>Balance at 28 February 2023 (Reviewed)</b>	1 413 420	(130 759)	(330 328)	3 288 626	490 015	4 730 974

## Condensed consolidated statement of cash flows

for the year ended 28 February 2023

	Notes	Reviewed Year ended 28 Feb 23 R000	Audited Year ended 28 Feb 22 R000
<b>Cash flows from operating activities</b>			
Cash utilised in operations		(887 466)	(700 653)
Interest received		1 508 500	1 155 930
Dividends received		1 139 068	711 558
Finance costs		(36 472)	(34 385)
Taxation paid		(385 610)	(389 444)
<i>Operating cash flows before policyholder cash movement</i>		1 338 020	743 006
Policyholder cash movement		(12 324)	15 054
<i>Net cash flow from operating activities</i>		1 325 696	758 060
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries (including collective investment schemes)	8.1	(169)	-
Acquisition of intangible assets		(35 415)	(39 651)
Purchases of property and equipment		(27 301)	(24 302)
Deconsolidation of mutual funds	8.2	-	(62 945)
Deferred consideration paid for acquisition of businesses		-	7 483
Proceeds from disposal of intangible assets		1 244	1 520
Other		875	765
<i>Net cash flow from investing activities</i>		(60 766)	(117 130)
<b>Cash flows from financing activities</b>			
Dividends paid		(440 039)	(359 598)
Lease liabilities paid – principal portion		(68 797)	(58 978)
Shares repurchased and cancelled		(415 854)	(109 585)
Treasury shares sold and share option settlement	8.3	(68 762)	(39 457)
<i>Net cash flow from financing activities</i>		(993 452)	(567 618)
<b>Net increase in cash and cash equivalents</b>		271 478	73 312
<b>Cash and cash equivalents at the beginning of the year</b>		1 694 794	1 617 348
<b>Exchange gains on cash and cash equivalents</b>		34 671	4 134
<b>Cash and cash equivalents at the end of the year<sup>1</sup></b>		2 000 943	1 694 794
		34 604	46 928
		64 503	(84 330)
		99 107	(37 402)

<sup>1</sup> Includes the following:

Clients' cash linked to investment contracts

Other client-related balances

Total client-related cash and cash equivalents

### Notes to the statement of cash flows:

The movement in cash utilised in operations can vary significantly as a result of daily fluctuations in cash linked to investment contracts, cash held by the stockbroking business and cash utilised for the loan facility obtained by the group on the loan facilities provided to clients on their share portfolios at PSG Securities Limited. PSG Life Limited, the group's linked insurance company, issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets). When these policies mature, the company raises a debtor for the money receivable from the third-party investment provider, and raises a creditor for the amount owing to the client. Timing difference occurs at month-end where the money was received from the third-party investment provider, but only paid out by the company after month-end, resulting in significant fluctuations in the working capital of the company. Similar working capital fluctuations occur at PSG Securities Limited, the group's stockbroking business, mainly due to the timing of the close of the JSE in terms of client settlements. Refer to note 6.8 for the impact of the client-related balances on the cash flows from operating activities.

# Notes to the condensed consolidated financial statements

for the year ended 28 February 2023

## 1. Reporting entity

PSG Konsult Limited is a public company domiciled in the Republic of South Africa. The preliminary condensed consolidated financial statements of the company as at and for the year ended 28 February 2023 comprise the company and its subsidiaries (together referred to as the 'group') and the group's interest in joint ventures.

## 2. Basis of preparation

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

## 3. Preparation

The condensed consolidated financial statements are the responsibility of the board of directors of the company. These condensed consolidated financial statements were prepared under the supervision of the chief financial officer, Mike Smith, CA(SA). These condensed consolidated financial statements for the year ended 28 February 2023 have been reviewed by Deloitte & Touche, who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at the company's registered office together with the financial statements identified in the auditor's report. Any reference to future financial performance included in these condensed consolidated financial statements has not been reviewed by or reported on by PSG Konsult's auditor.

## 4. Accounting policies

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

The group has assessed the impact that the initial application of IFRS 17 will have on its consolidated financial statements as at 1 March 2022 (the transitional impact). It is estimated that the transitional impact will be an increase in retained earnings of less than 1%, mainly attributable to a decrease in the net liability position due to certain acquisition costs related to the distribution and underwriting of insurance contracts being expensed in future periods when the related revenue is recognised.

## 5. Use of estimates and judgements

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

## 6. Segment information

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

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

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

### 6.1 Description of business segments

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

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

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

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

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

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

## Notes to the condensed consolidated financial statements

for the year ended 28 February 2023

### 6. Segment information (continued)

#### 6.2 Headline earnings per reportable segment

For the year ended 28 February 2023 (Reviewed)	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
Headline earnings <sup>1</sup>	568 492	220 323	159 970	948 785
- recurring	568 492	220 323	159 970	948 785
- non-recurring	-	-	-	-
Recurring headline earnings – excluding intangible asset amortisation cost <sup>2</sup>	616 793	220 492	182 021	1 019 306

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

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

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

### 6. Segment information (continued)

#### 6.3 Income per reportable segment

For the year ended 28 February 2023 (Reviewed)	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
Total IFRS reported income	3 313 320	787 287	2 423 391	6 523 998
Linked investment business and other income	(29 746)	-	-	(29 746)
Total core income	3 283 574	787 287	2 423 391	6 494 252
Total segment income	4 046 471	1 214 857	2 487 741	7 749 069
Intersegment income	(762 897)	(427 570)	(64 350)	(1 254 817)

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

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

The group mainly operates in the Republic of South Africa, with 92.8% (2022: 92.5%) of the total income from external customers (total IFRS reported income) generated in the Republic of South Africa.

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

# Notes to the condensed consolidated financial statements

for the year ended 28 February 2023

## 6. Segment information (continued)

### 6.4 Divisional income statement

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

For the year ended 28 February 2023 (Reviewed)	Asset			
	Wealth R000	Management R000	Insure R000	Total R000
Total income	3 283 574	787 287	2 423 391	6 494 252
Total expenses <sup>1</sup>	(2 456 325)	(492 939)	(2 108 283)	(5 057 547)
	827 249	294 348	315 108	1 436 705
Total loss from joint ventures	-	-	(145)	(145)
<b>Profit before finance costs and taxation</b>	827 249	294 348	314 963	1 436 560
Finance costs <sup>2</sup>	(29 143)	(2 902)	(4 427)	(36 472)
<b>Profit before taxation</b>	798 106	291 446	310 536	1 400 088
Taxation	(219 813)	(71 105)	(81 124)	(372 042)
<b>Profit for the year</b>	578 293	220 341	229 412	1 028 046
<b>Attributable to:</b>				
Owners of the parent	568 835	220 341	161 596	950 772
Non-controlling interest	9 458	-	67 816	77 274
	578 293	220 341	229 412	1 028 046
<b>Headline and recurring headline earnings</b>	568 492	220 323	159 970	948 785
For the year ended 28 February 2022 (Audited)	Asset			
	Wealth R000	Management R000	Insure R000	Total R000
Total income	3 012 067	799 296	2 227 254	6 038 617
Total expenses <sup>1</sup>	(2 275 217)	(471 948)	(1 890 933)	(4 638 098)
	736 850	327 348	336 321	1 400 519
Total profit from joint ventures	-	-	75	75
<b>Profit before finance costs and taxation</b>	736 850	327 348	336 396	1 400 594
Finance costs <sup>2</sup>	(25 461)	(3 574)	(5 350)	(34 385)
<b>Profit before taxation</b>	711 389	323 774	331 046	1 366 209
Taxation	(191 373)	(79 496)	(88 813)	(359 682)
<b>Profit for the year</b>	520 016	244 278	242 233	1 006 527
<b>Attributable to:</b>				
Owners of the parent	510 834	244 278	165 797	920 909
Non-controlling interest	9 182	-	76 436	85 618
	520 016	244 278	242 233	1 006 527
<b>Headline and recurring headline earnings</b>	510 484	244 265	165 914	920 663

<sup>1</sup> Depreciation and amortisation is included within total expenses and amounts to R113.0 million (2022: R108.0 million) for PSG Wealth, R9.6 million (2022: R10.1 million) for PSG Asset Management, and R51.4 million (2022: R50.4 million) for PSG Insure.

<sup>2</sup> The finance costs in the PSG Wealth division of R29.1 million (2022: R25.5 million) consist mainly of the finance charge on the lease liabilities of R14.9 million (2022: R15.5 million) with the remaining portion of the finance charge on the CFD margin and the bank overdrafts.

## 6. Segment information (continued)

### 6.5 Statement of financial position (client vs own)

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

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

As at 28 February 2023 (Reviewed)	Total IFRS reported R000	Own balances R000	Client-related balances R000
<b>Assets</b>			
Equity securities	3 488 019	38 750	3 449 269
Debt securities <sup>1</sup>	3 414 634	12 309	3 402 325
Unit-linked investments	75 198 943	2 406 655	72 792 288
Investment in investment contracts	9 685	-	9 685
Receivables including insurance receivables <sup>1</sup>	2 168 385	442 325	1 726 060
Derivative financial instruments	9 637	-	9 637
Cash and cash equivalents (including money market funds) <sup>1</sup>	2 000 943	1 901 836	99 107
Other assets <sup>2</sup>	1 966 768	1 966 768	-
<b>Total assets</b>	88 257 014	6 768 643	81 488 371
<b>Equity</b>			
Equity attributable to owners of the parent	4 240 959	4 240 959	-
Non-controlling interest	490 015	490 015	-
<b>Total equity</b>	4 730 974	4 730 974	-
<b>Liabilities</b>			
Investment contracts	40 177 057	-	40 177 057
Third-party liabilities arising on consolidation of mutual funds <sup>1</sup>	39 670 804	-	39 670 804
Derivative financial instruments	14 623	-	14 623
Trade and other payables <sup>1</sup>	2 737 330	1 111 443	1 625 887
Other liabilities <sup>3</sup>	926 226	926 226	-
<b>Total liabilities</b>	83 526 040	2 037 669	81 488 371
<b>Total equity and liabilities</b>	88 257 014	6 768 643	81 488 371

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

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

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

## Notes to the condensed consolidated financial statements

for the year ended 28 February 2023

### 6. Segment information (continued)

#### 6.5 Statement of financial position (client vs own) (continued)

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

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

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

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

### 6. Segment information (continued)

#### 6.6 Income statement (client vs own)

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

For the year ended 28 February 2023 (Reviewed)	Total IFRS reported R000	Core business R000	Linked investment business and other R000
Revenue from contracts with customers and other operating income <sup>1</sup>	4 963 948	4 986 247	(22 299)
Investment income <sup>2</sup>	265 025	265 025	-
Net fair value gains and losses on financial instruments	35 664	35 664	-
Net income attributable to investment contract holders and third-party liabilities	52 045	-	52 045
Net insurance premium revenue	1 207 316	1 207 316	-
<b>Total income</b>	<b>6 523 998</b>	<b>6 494 252</b>	<b>29 746</b>
Insurance claims and loss adjustment expenses Other <sup>1, 3</sup>	(1 069 837)	(1 069 837)	-
	(3 981 296)	(3 987 710)	6 414
<b>Total expenses</b>	<b>(5 051 133)</b>	<b>(5 057 547)</b>	<b>6 414</b>
Total loss from joint ventures	(145)	(145)	-
<b>Profit before finance costs and taxation</b>	<b>1 472 720</b>	<b>1 436 560</b>	<b>36 160</b>
Finance costs	(36 472)	(36 472)	-
<b>Profit before taxation</b>	<b>1 436 248</b>	<b>1 400 088</b>	<b>36 160</b>
Taxation	(408 202)	(372 042)	(36 160)
<b>Profit for the year</b>	<b>1 028 046</b>	<b>1 028 046</b>	<b>-</b>
<b>Attributable to:</b>			
Owners of the parent	950 772	950 772	-
Non-controlling interest	77 274	77 274	-
	<b>1 028 046</b>	<b>1 028 046</b>	<b>-</b>

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

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

<sup>3</sup> Other consists of insurance claims and loss adjustment expenses recovered from reinsurers, commission paid, depreciation and amortisation, employee benefit expenses, marketing, administration and other expenses.

# Notes to the condensed consolidated financial statements

for the year ended 28 February 2023

## 6. Segment information (continued)

### 6.6 Income statement (client vs own) (continued)

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

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

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

<sup>3</sup> Other consists of insurance claims and loss adjustment expenses recovered from reinsurers, commission paid, depreciation and amortisation, employee benefit expenses, marketing, administration and other expenses.

## 6. Segment information (continued)

### 6.7 Revenue from contracts with customers and other operating income

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

#### According to division

For the year ended 28 February 2023 (Reviewed)	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
Revenue from contracts with customers	3 113 551	775 370	862 783	4 751 704
Other operating income	11 510	(2 237)	225 270	234 543
	<b>3 125 061</b>	<b>773 133</b>	<b>1 088 053</b>	<b>4 986 247</b>

For the year ended 28 February 2022 (Audited)	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
Revenue from contracts with customers	2 899 543	789 514	807 379	4 496 436
Other operating income	5 282	(1 298)	202 329	206 313
	<b>2 904 825</b>	<b>788 216</b>	<b>1 009 708</b>	<b>4 702 749</b>

#### According to nature of the revenue

	Reviewed Year ended 28 Feb 23 R000	Audited Year ended 28 Feb 22 R000
<b>Revenue from contracts with customers</b>		
Dealing and structuring (including brokerage)		
- Brokerage <sup>1</sup>	191 269	214 943
- Offshore brokerage commission <sup>1</sup>	108 518	110 050
- Other dealing and structuring income <sup>2</sup>	160 118	127 541
Commission, administration and other fees		
- Commission income <sup>3</sup>	1 906 774	1 766 355
- Administration fees <sup>3</sup>	606 942	554 054
- Other fees <sup>4</sup>	63 582	55 019
Management and performance fees (including rebates) <sup>3</sup>	1 615 920	1 571 199
Policy administration fees <sup>3</sup>	98 581	97 275
	<b>4 751 704</b>	<b>4 496 436</b>
<b>Other operating income</b>		
Reinsurance commission income	207 442	185 175
Other	27 101	21 138
	<b>234 543</b>	<b>206 313</b>
	<b>4 986 247</b>	<b>4 702 749</b>

<sup>1</sup> Brokerage and offshore brokerage commission is recognised at a point in time.

<sup>2</sup> The other dealing and structuring income and other fees includes revenue recognised at a point in time and over time, with the majority of this revenue being recognised over time.

<sup>3</sup> This revenue from contracts with customers is recognised over time.

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

## Notes to the condensed consolidated financial statements

for the year ended 28 February 2023

### 6. Segment information (continued)

#### 6.8 Statement of cash flows (client vs own)

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

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

Included under receivables are broker and clearing accounts at our stockbroking business of which R7 707.5 million (2022: R1 953.2 million) represents amounts owing by the JSE for trades conducted during the last few days before the end of the year. The balances fluctuate on a daily basis depending on the activity in the market.

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

	Total IFRS reported R000	Own balances R000	Client-related balances R000
<b>For the year ended 28 February 2023 (Reviewed)</b>			
<b>Cash flows from operating activities</b>	<b>1 325 696</b>	<b>1 189 395</b>	<b>136 301</b>
Cash (utilised in)/generated by operations	(887 466)	1 334 067	(2 221 533)
Interest received	1 508 500	257 684	1 250 816
Dividends received	1 139 068	7 341	1 131 727
Finance costs	(36 472)	(36 472)	-
Taxation paid	(385 610)	(373 225)	(12 385)
Policyholder cash movement	(12 324)	-	(12 324)
<b>Cash flows from investing activities</b>	<b>(60 766)</b>	<b>(60 974)</b>	<b>208</b>
Acquisition of subsidiaries (including collective investment schemes)	(169)	(377)	208
Other <sup>1</sup>	(60 597)	(60 597)	-
<b>Cash flows from financing activities</b>	<b>(993 452)</b>	<b>(993 452)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>271 478</b>	<b>134 969</b>	<b>136 509</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1 694 794</b>	<b>1 732 196</b>	<b>(37 402)</b>
<b>Exchange gains on cash and cash equivalents</b>	<b>34 671</b>	<b>34 671</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2 000 943</b>	<b>1 901 836</b>	<b>99 107</b>

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

### 6. Segment information (continued)

#### 6.8 Statement of cash flows (client vs own) (continued)

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

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

<sup>2</sup> Other consists of cash flows relating to the deferred consideration paid for acquisition of businesses, the acquisition of intangible assets, purchases of property and equipment, proceeds from disposal of intangible assets and other

### 7. Investment contracts

Investment contracts are represented by the following financial assets:

	Reviewed as at 28 Feb 23 R000	Audited as at 28 Feb 22 R000
Equity securities	3 449 269	3 043 350
Debt securities	-	319 361
Unit-linked investments	36 683 499	32 573 629
Investments in investment contracts	9 685	10 064
Cash and cash equivalents	34 604	46 928
	<b>40 177 057</b>	<b>35 993 332</b>

## Notes to the condensed consolidated financial statements

for the year ended 28 February 2023

### 8. Notes to the statement of cash flows

#### 8.1 Acquisition and disposal of subsidiaries (including collective investment schemes)

For the year ended 28 February 2023

##### Collective investment schemes

The group obtained control of the PSG Multi-Management Multi-Asset Income Fund of Funds, the PSG Multi-Management Cautious Fund of Funds and the PSG Multi-Management Growth Fund of Funds during year ended 28 February 2023. These funds were consolidated in accordance with IFRS 10 – Consolidated Financial Statements and are collective investment schemes managed by PSG Multi Management.

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

##### Other business combinations

PSG Konsult Limited, through its subsidiary Western Group Holdings Limited, acquired a 100% interest in Zenith For The Accomplished Proprietary Limited, a registered insurance broker. The effective date of the transaction was 1 January 2023 following the fulfilment of suspensive conditions.

Details of the net assets acquired are as follows:	R000
Cash paid	500
Cash due	500
Total purchase consideration	1 000
Less: Fair value of net assets acquired	(1 000)
Goodwill recognised on acquisition	-

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

#### 8.1 Acquisition and disposal of subsidiaries (including collective investment schemes) (continued)

The remaining purchase consideration for this transaction will be paid by 31 March 2023.

	R000
Cash consideration paid	(500)
Cash and cash equivalents acquired	123
Net cash outflow for the year ended 28 February 2023	(377)

#### 8.2 Deconsolidation of mutual funds

For the year ended 28 February 2022

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

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

#### 8.3 Treasury shares sold and share option settlement

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

	Reviewed Year ended 28 Feb 23 R000	Audited Year ended 28 Feb 22 R000
Treasury shares sold	20 692	19 608
Loss on settlement of share options in terms of share scheme	(89 454)	(59 065)
Net cash outflow	(68 762)	(39 457)

# Notes to the condensed consolidated financial statements

for the year ended 28 February 2023

## 9. Financial risk management

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

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

The condensed consolidated financial statements do not include all risk management information and disclosure required in the annual financial statements and should be read in conjunction with the group's annual financial statements as at 28 February 2023.

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

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

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

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

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

Included in the equity securities of R3 488.0 million (2022: R3 080.4 million) are quoted equity securities of R3 487.8 million (2022: R3 073.1 million), of which R3 449.3 million (2022: R3 043.4 million) relates to investments in linked investment contracts. The price risk of these instruments is carried by the policyholders of the linked investment contracts.

Unit-linked investments of R36 683.5 million (2022: R32 573.6 million) are linked to investment contracts and do not directly expose the group to price or interest rate risk.

Debt securities linked to policyholder investments amounted to Rnil (2022: R319.4 million) and do not expose the group to interest rate risk. Cash and cash equivalents linked to policyholder investments amounted to R34.6 million (2022: R46.9 million) and do not expose the group to interest rate risk.

## 9. Financial risk management (continued)

### Fair value estimation

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

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

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

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

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

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

# Notes to the condensed consolidated financial statements

for the year ended 28 February 2023

## 9. Financial risk management (continued)

### Fair value estimation (continued)

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

As at 28 February 2023 (Reviewed)	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
<b>Financial assets</b>				
Derivative financial instruments	-	9 637	-	9 637
Equity securities	3 487 779	-	240	3 488 019
Debt securities	681 522	2 733 112	-	3 414 634
Unit-linked investments	-	75 061 568	137 375	75 198 943
Investment in investment contracts	-	9 685	-	9 685
	<b>4 169 301</b>	<b>77 814 002</b>	<b>137 615</b>	<b>82 120 918</b>
Own balances	38 510	3 096 535	36 832	3 171 877
Client-related balances	4 130 791	74 717 467	100 783	78 949 041
<b>Financial liabilities</b>				
Derivative financial instruments	-	14 623	-	14 623
Investment contracts	-	40 076 274	100 783	40 177 057
Trade and other payables	-	-	47 283	47 283
Third-party liabilities arising on consolidation of mutual funds	-	39 670 804	-	39 670 804
	<b>-</b>	<b>79 761 701</b>	<b>148 066</b>	<b>79 909 767</b>
Own balances	-	-	47 283	47 283
Client-related balances	-	79 761 701	100 783	79 862 484

## 9. Financial risk management (continued)

### Fair value estimation (continued)

As at 28 February 2022 (Audited)	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
<b>Financial assets</b>				
Derivative financial instruments	-	13 153	-	13 153
Equity securities	3 073 063	-	7 373	3 080 436
Debt securities	782 599	3 137 620	-	3 920 219
Unit-linked investments	-	65 455 349	208 463	65 663 812
Investment in investment contracts	-	10 064	-	10 064
	<b>3 855 662</b>	<b>68 616 186</b>	<b>215 836</b>	<b>72 687 684</b>
Own balances	36 097	2 298 834	26 261	2 361 192
Client-related balances	3 819 565	66 317 352	189 575	70 326 492
<b>Financial liabilities</b>				
Derivative financial instruments	-	22 008	-	22 008
Investment contracts	-	35 803 757	189 575	35 993 332
Trade and other payables	-	-	58 003	58 003
Third-party liabilities arising on consolidation of mutual funds	-	34 286 692	-	34 286 692
	<b>-</b>	<b>70 112 457</b>	<b>247 578</b>	<b>70 360 035</b>
Own balances	-	-	58 003	58 003
Client-related balances	-	70 112 457	189 575	70 302 032

## Notes to the condensed consolidated financial statements

for the year ended 28 February 2023

### 9. Financial risk management (continued)

#### Fair value estimation (continued)

The following table presents the changes in level 3 financial instruments during the financial years under review:

	Reviewed 28 Feb 23 R000	Audited 28 Feb 22 R000
<b>Assets</b>		
Opening carrying value	215 836	226 511
Additions	27 888	13 138
Disposals	(128 823)	(33 256)
Gains recognised in profit or loss <sup>1,2</sup>	22 714	9 443
Closing carrying value	137 615	215 836
<b>Liabilities</b>		
Opening carrying value	247 578	245 409
Additions	52 509	63 007
Settlements	(170 824)	(75 799)
Losses recognised in profit or loss <sup>1,3</sup>	18 803	14 961
Closing carrying value	148 066	247 578

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

<sup>2</sup> Gains recognised in profit or loss include unrealised gains of R25.7 million and realised losses of R3.0 million for the 2023 financial year (2022: unrealised gains of R9.2 million and realised gains of R0.2 million).

<sup>3</sup> Losses recognised in profit or loss include unrealised losses of R21.0 million and realised gains of R2.2 million for the 2023 financial year (2022: unrealised losses of R14.8 million and realised gains of R0.2 million).

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

### 10. Related-party transactions

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

### 11. Events after the reporting date

No event material to the understanding of these results has occurred between the end of the reporting period and the date of approval of the condensed consolidated financial statements.

## Corporate information

### Non-executive directors

W Theron (Chairman)  
PE Burton\*  
ZL Combi\*  
AM Hlobo\*\*  
B Mathews\*\*  
ZRP Matsau\*  
PJ Mouton  
AH Sangqu\*

(^ Lead independent; \* Independent; \*\* Appointed to the board with effect from 1 March 2023, subject to Prudential Authority approval)

### Executive directors

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

### Registered name

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

### Company secretary

PSG Management Services Proprietary Limited

### PSG Konsult head office and registered office

4th Floor, The Edge, 3 Howick Close  
Tyger Waterfront  
Tyger Valley  
Bellville  
7530

### Postal address

PO Box 3335  
Tyger Valley  
Bellville  
7536

### Listings

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

### Transfer secretary

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

Private Bag X9000  
Saxonwold  
2132

### Sponsors

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

### Auditor

Deloitte & Touche

### Website address

www.psg.co.za

# 16632