

INTEGRATED
REPORT
2024

PSG Financial Services (previously PSG Konsult) is a leading financial services group

Affiliates of PSG Financial Services Limited (PSG or the group), a licensed controlling company, are authorised financial services providers.

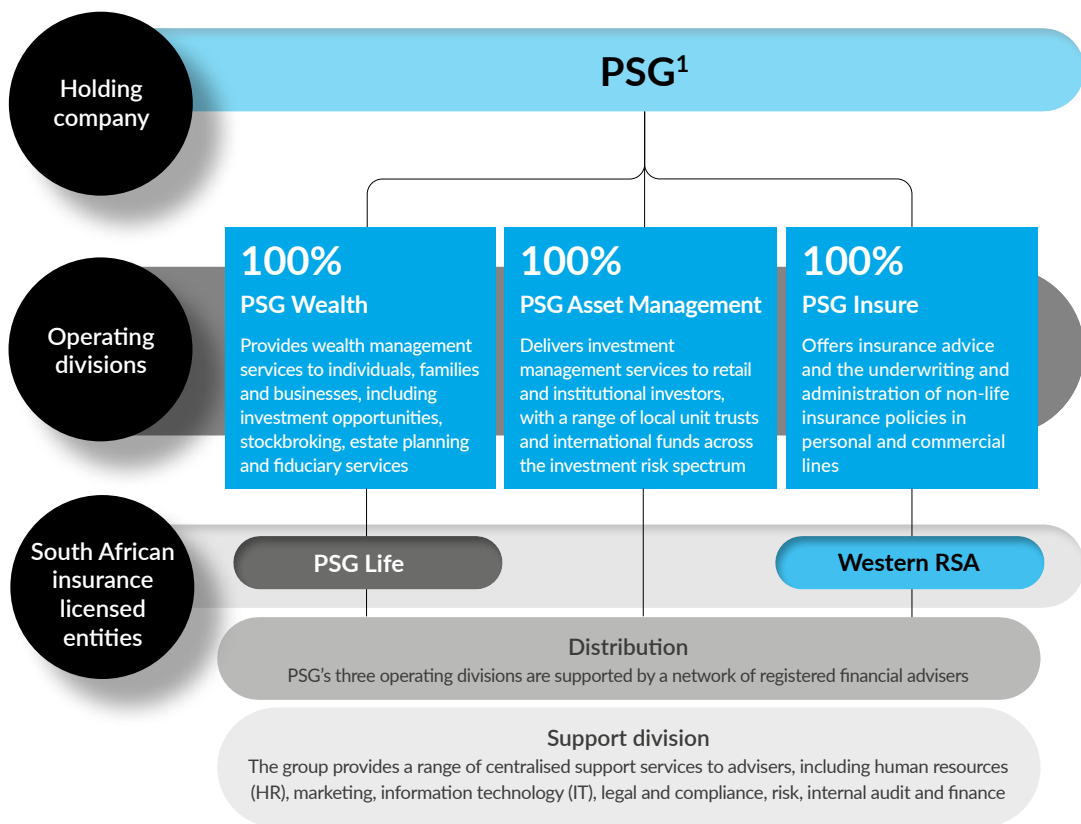
Through three operating divisions, the group offers a wide array of financial services and a suite of financial products. The group predominantly services individuals and enterprises in South Africa and Namibia.

The operating divisions are monitored and assessed through ongoing integrated reporting and internal assurance functions. This promotes operational and financial performance while ensuring risk and regulatory compliance.

Each division has its own board and executive committee (Exco), which are integrated into the group's governance structures. See the corporate governance report from page 65.

PSG's advice-focused business is founded on personal service, lifelong relationships with clients, integrity, trust and transparency.

These values are encapsulated in the group's core principles (see page 8).



PSG Konsult listed on the Johannesburg Stock Exchange Limited's (JSE) Equity Market on 15 June 2014. This primary listing was followed by a secondary listing on the Namibian Stock Exchange (NSX) on 16 July 2014, and a secondary listing on the Stock Exchange of Mauritius (SEM) on 27 November 2018. In August 2023, PSG Konsult changed its name to PSG Financial Services as the leadership team believes this is a more descriptive name for the group's comprehensive range of financial services. The group, through its wholly-owned subsidiary, PSG Treasury Limited (PSG Treasury), concluded its maiden listing on the JSE's Interest Rate Market in 2017.

¹ Includes the PSG support functions.

Financial performance snapshot for 2024



¹ Excludes the impact of the new insurance contracts accounting standard (IFRS 17) for comparability. The IFRS 17 restated core revenue amounts are R5 879m (FY2024) and R5 320m (FY2023).

² 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. We continue to disclose gross written premium as a management performance metric, in line with past practice. It should be noted that this is not a metric reported under IFRS17.

<p>Compound growth rate</p> <p>15%</p> <p>in recurring headline earnings since 2014</p>	<p>During August 2023, Global Credit Rating Co. (GCR) affirmed PSG Financial Services Limited's national scale long-term and short-term credit ratings at A+(ZA) and A1(ZA) respectively, with a stable outlook.</p>	<p>Advisers</p> <p>953</p> <p>situated in 266 adviser offices throughout South Africa and Namibia</p>	
<p>Market capitalisation</p> <p>R19.4bn</p> <p>as at 29 February 2024</p>	<p>Shareholders</p> <p>17 837</p>	<p>Employees</p> <p>3 199</p>	<p>Client complement</p> <p>>520 000</p> <p>across offices</p>

The group is proud of our divisions' industry awards

PSG Wealth

Intellidex 2023 Top Private Banks and Wealth Managers Awards:

- Awarded Wealth Manager of the Year: Large Institutions for the fifth year in a row
- PSG Wealth delivered a strong showing across all categories, including winning the Executive, Lump-sum Investor and Retiree archetypes

PSG Asset Management

2023 Raging Bull Awards:

- Runner-up South African Manager of the Year
- The PSG Balanced Fund won the Best South African Multi-Asset High Equity Fund for straight performance over three years
- The PSG Global Flexible Feeder Fund achieved first place as the Best South African Domiciled Global Multi-Asset Flexible Fund for straight performance over three years
- The PSG Diversified Income Fund received:
 - The Best South African Multi-Asset Income Fund for straight performance over three years
 - The Raging Bull trophy for the Best South African Interest-Bearing Fund
- The PSG Global Equity Feeder Fund was the trophy winner for the Best South African Domiciled Global Equity General Fund

PSG Insure

2023 FIA Intermediary Experience Awards:

- Western received the Product Supplier of the Year: Non-Life Commercial award for the second year in a row

Presenting our 2024 integrated report

This integrated report (report) has been developed to assist PSG stakeholders in making an informed assessment of our ability to create and preserve value over time.

This report reflects the activities and performance of PSG for the financial year from 1 March 2023 to 29 February 2024. All references to the year mean the financial year, unless otherwise stated.

While this report is principally aimed at the providers of capital, our shareholders, it also considers the information needs of all our stakeholders.

This is our primary report, and the board is confident that this report provides stakeholders with an accurate and balanced view of the group's activities over the short, medium and long term. It further addresses the material matters faced by the group.

The scope of this report is in line with PSG's operational and governance approach. It includes

the integrated financial and non-financial performance of the three operating divisions and the South African insurance licensed entities, subject to group supervision by the Prudential Authority in South Africa. It contains relevant comparisons to previous periods as well as detailed divisional reviews.

PSG Treasury is a wholly-owned subsidiary in the group and is governed by an approved board charter in line with the principles of the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)¹ and the JSE Listings Requirements pertaining to debt issuers.

The report is part of a suite of publications the group produces to best meet the needs of various stakeholders. The publications are available at: www.psg.co.za/investor-relations/overview.

PSG integrated report	The group and company annual financial statements	PSG Financial Services Limited notice of annual general meeting (AGM) (to be published in June 2024)	PSG King IV principles disclosure register	PSG Treasury annual financial statements and Domestic Medium Term Note (DMTN) programme memorandum
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Reporting compliance

This report was prepared according to relevant regulations, standards and best practices. PSG aligns its reporting with the following reporting requirements and principles:

- International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee's (IFRIC's) Interpretations
- The South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee
- Financial Pronouncements as issued by the Financial Reporting Standards Council
- The Companies Act, No. 71 of 2008, as amended (Companies Act)
- The JSE Listings Requirements
- The Value Reporting Foundation's Integrated Reporting <IR> Framework, 2021
- King IV
- The Financial Sector Charter
- Governance and Operational Standards for Insurance Groups (GOG) and Governance and Operational Standards for Insurers (GOI) (collectively referred to as the "Prudential Standards")

Reporting assurance

The group uses a combined assurance model.

Element	Assurance
Financial and non-financial content and data	Ongoing internal assurance, with the support of established divisional reporting lines and oversight by the chief financial officer (CFO)
Internal controls and business risks that fall within the scope of the integrated report	Independently assessed and reviewed by the group's risk and internal audit functions
The consolidated and separate annual financial statements	External assurance by the independent auditor, Deloitte & Touche
The broad-based black economic empowerment (BBBEE) status of the group	Verified, rated and confirmed by rating agency, AQRate Proprietary Limited (AQRate)

Read more in the governance report on pages 91 and 92.

Forward-looking statements

This report contains certain statements that are not historical facts and are based on forecasts of future results that are not yet determinable. It also contains certain forward-looking statements which relate to the possible future performance and financial position of the group.

The group cannot give any assurance that forward-looking statements will prove to be correct and readers should not place undue reliance on these statements. Forward-looking statements involve inherent risk and uncertainties, and if one or more of these risks materialise, or the underlying assumptions prove to be incorrect, actual results may differ from those expected.

Forward-looking statements apply only from the date on which they are made. PSG does not undertake any obligation to update or revise any forward-looking statements contained in this report, other than as required by the JSE Listings Requirements, whether due to new information, future events or otherwise.

Approval by the PSG board of directors

The board acknowledges its responsibility to ensure the integrity, accuracy and fairness of PSG's 2024 integrated report.

The board of directors, assisted by the audit committee, is responsible for the content of this report. The directors have collectively applied their minds to the content and evaluated the preparation and presentation while acknowledging that the reporting process continues to evolve. The report was approved on 24 May 2024 and is signed on behalf of the board by:



Willem Theron
Chairman



Francois Gouws
Chief executive officer



Mike Smith
Chief financial officer

Reader's tips and feedback

- Refer to the glossary in Annexure D for a list of industry-specific terms or abbreviations not explained in the body of the integrated report
- References to notes refer to the notes in the group financial statements
- A downloadable version of this report can be found on www.psg.co.za/investor-relations/overview
- PSG values feedback on the report from stakeholders. Please send comments or requests for further information to: mike.smith@psg.co.za or engage with us on:



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A PROFILE OF PSG

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“PSG creates value by generating sustainable, consistent, inflation-beating returns.”

Our guiding principles

As a leading financial services firm, we help our clients secure their financial futures by offering sound financial advice and access to quality products.

Our vision

To be the leading financial services group in southern Africa and selected regions abroad.

Our mission

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

The seven core principles we apply across the group

Our clients are our priority	We undertake to advise clients with the highest level of good faith, integrity, professional knowledge and diligence at all times
Our people are our strength	We will always prefer internal promotion and, when we hire externally, we will employ the best people. They must have the capacity and the capability to integrate into our organisation. We accept that this means more comprehensive internal review and consultation during the hiring process. We take responsibility for this process. We will not compromise on the quality of employees. We believe in a culture of performance and meritocracy, where income, promotion and progression are based on individual excellence and the overall betterment of our group.
We are a team	We believe that providing excellent service to our clients and building a great business is a team effort. In our group, 'we' and 'our' take precedence over 'I' and 'my'. We believe in clear lines of responsibility and the ownership of decisions, but we always seek to use the available skills to be informed on business matters.
We will provide clients with the best products, backed by superb systems	Our entire approach is based on building multi-generational relationships with families and forging long-term ties with organisations we serve. We believe that long-term service is dependent on skilled and reliable employees
Growth is part of our DNA	We prefer organic to acquisitive growth and will only acquire a business if there are clearly definable synergies and a strategic rationale, the people are culturally aligned with our own, the business can be integrated immediately, the price is acceptable, and we have completed due diligence. Even then, we understand that one unit of additional acquired revenue is almost always riskier than an equivalent unit of organic revenue. We believe in the analysis of business matters and detailed preparation. At the heart of this thinking is that any business issue can be quantified, measured and managed. We accept that decisions sometimes must be made without perfect information. We are not afraid to make decisions in these circumstances. We aim to get most decisions right but accept that, despite our best intentions, things can and will go wrong. We are not afraid to analyse and admit errors or mistakes. Indeed, we believe it is the only way to learn.
We will adapt to the constantly changing business environment	Creativity and innovation are at the heart of our business model. We aim to identify new trends and potential risks. Looking to and attempting to understand the future ensures we are not hostage to short-term budgets and current organisational structures. We embrace any change that new information requires.
We are first and foremost a South African group	We want to be a good corporate citizen that will seek ways to contribute to the betterment of our country. We undertake to comply with legislation and regulations.

Our investment case

Sound financial position

PSG has no interest-bearing debt at 29 February 2024.

During August 2023, GCR affirmed PSG's national scale long-term and short-term credit ratings at A+(ZA) and A1(ZA) respectively, with a stable outlook.

PSG's capital cover ratio remains strong at 240% based on the latest insurance group return (February 2023: 240%), and comfortably exceeds the minimum regulatory requirement of 100%.

The group's capital cover ratio and the credit rating affirmation is testament to the group's strong financial position and excellent liquidity due to a consistent track record of earnings growth and strong cash flow generation.

Read more in the CEO and CFO report on page 48.

An extensive and growing distribution network

We have a formidable network of registered advisers in South Africa and Namibia.

Our network of trusted advisers and our successful adviser remuneration model supports client retention and long-term growth. Our advisers' success is intertwined with the group's success, ensuring the alignment of shareholder and adviser interests.

We build our talent pipeline through bursary and learnership programmes to encourage talented, young South Africans to become advisers and add to our pool of quality advisers.

Read more on our advisers from page 25.

A clear and scalable growth path

The group has a relatively small market share with growth potential across our markets.

PSG's sound business foundation enables the growth of our existing adviser network. The group's business model means that we generate higher margins as we scale. We make the most of cross-selling and synergies within the different divisions. Our comprehensive financial services product suite meets the needs of a broad spectrum of client requirements.

We invest in technology to support sustained growth and improve efficiencies without significantly increasing our cost base. We continue to experience the benefits of increased automation and enhanced data analytics.

Read more about our strategy on pages 44 and 45.

A well-known, admired and trusted brand

PSG continually builds and enhances our brand.

We are recognised as an established financial services brand with a network of leading advisers. Our divisions and advisers benefit from group marketing campaigns and the brand awareness of being part of a broader group.

We attract new clients through targeted advertising and marketing activities. We continue to develop our brand in line with the group's growth. This includes digital initiatives such as the successful Think Big webinar series.

See page 2 for detail on the industry awards won by our operating divisions.

A history of superior investor returns

PSG's prudent investment approach means the group makes the most of every rand invested with an appropriate level of risk taken.

PSG's track record of superior shareholder returns can be attributed to the group's 'three layers of defence' risk management methodology. We build shareholder wealth by delivering share price appreciation and consistently paying dividends.

The group's long-term performance is measured by the total return index (TRI). TRI is the compound annual growth rate (CAGR) of an investment. It is calculated using share price appreciation, dividends and other distributions. This is a sound measure of wealth creation and a reliable means of benchmarking different companies.

Delivering consistent shareholder value since 2005

PSG has substantially outperformed the Financial Times Stock Exchange (FTSE)/JSE All Share Index (ALSI) TRI over 19 years to 29 February 2024.

If R100 000 had been invested in PSG shares on the day over-the-counter (OTC) trading commenced in 2005, and if dividends and other distributions received had been reinvested, this amount would be worth R7.9 million on 29 February 2024, at a CAGR of 26.0% (18.6% in US dollar terms).

Date	Number of PSG shares	PSG investment R	Annual growth in investment %	JSE ALSI TRI	JSE ALSI investment R	Annual growth in investment %
11/04/2005	250 000	100 000		1 311	100 000	
28/02/2006	260 725	286 797	187	1 926	146 929	47
28/02/2007	297 398	490 706	71	2 670	203 678	39
29/02/2008	309 914	526 854	7	3 255	248 335	22
28/02/2009	327 703	426 014	(19)	2 032	154 988	(38)
28/02/2010	351 652	509 895	20	3 013	229 848	48
28/02/2011	373 653	597 845	17	3 723	284 027	24
29/02/2012	395 168	790 336	32	4 082	311 393	10
28/02/2013	422 411	1 203 871	52	4 870	371 546	19
28/02/2014	435 546	2 177 731	81	5 981	456 251	23
28/02/2015	441 856	3 190 197	46	6 946	529 912	16
29/02/2016	447 709	3 080 237	(3)	6 643	506 779	(4)
28/02/2017	455 295	3 419 266	11	7 061	538 627	6
28/02/2018	462 322	4 022 205	18	8 292	632 573	17
28/02/2019	469 330	5 040 607	25	8 218	626 884	(1)
29/02/2020	477 453	3 771 876	(25)	7 749	591 116	(6)
28/02/2021	489 074	4 396 771	17	10 321	787 380	33
28/02/2022	497 541	6 836 217	55	12 434	948 548	20
28/02/2023	508 236	6 601 990	(3)	13 210	1 007 780	6
29/02/2024	519 749	7 894 985	20	12 833	978 948	(3)
CAGR %			26			13

A seven-year financial view

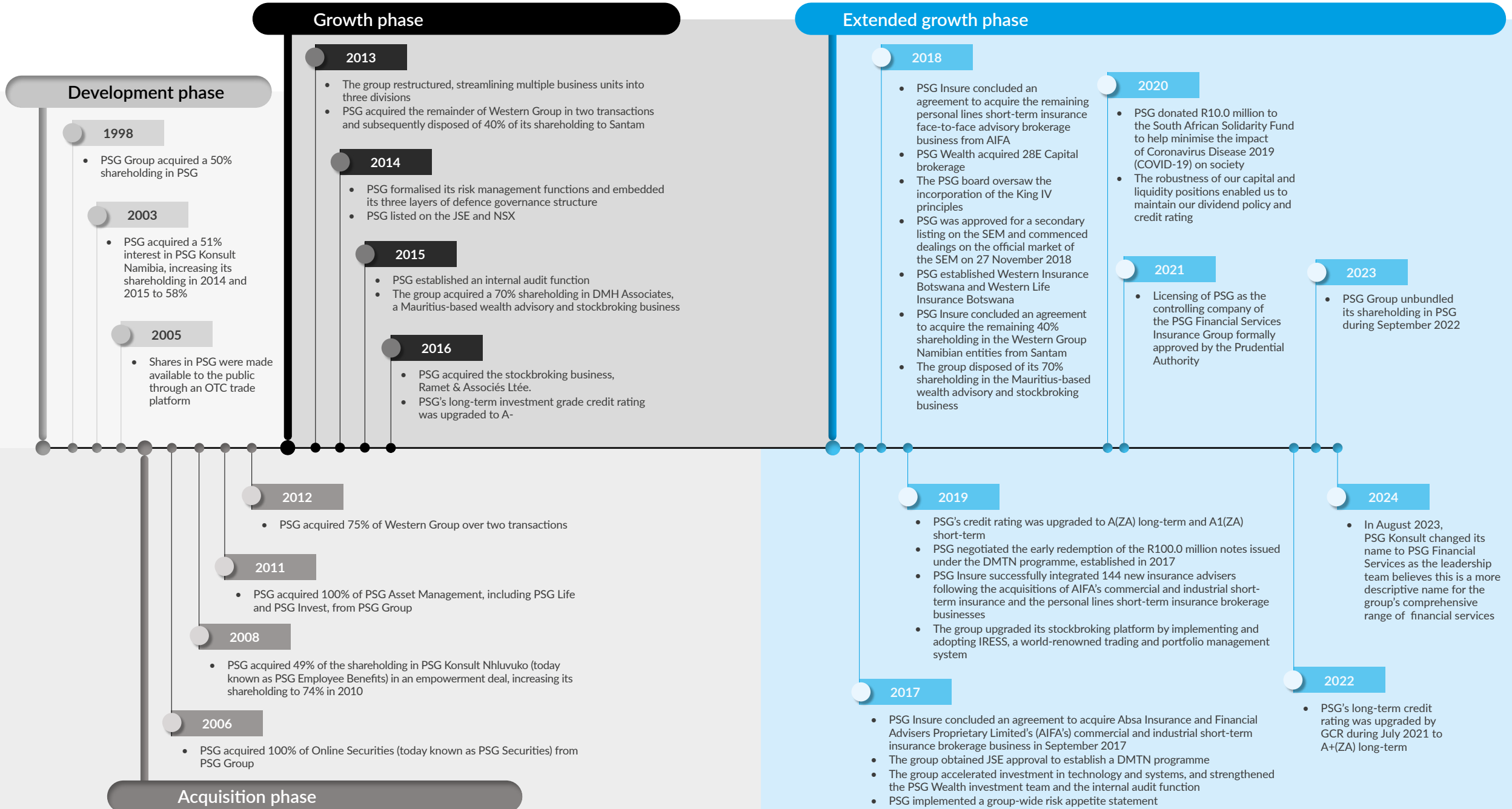
	2024 R000	2023 ¹ R000	2022 R000	2021 R000	2020 R000	2019 R000	2018 R000
Income	5 909 896	5 349 325	6 032 041	5 250 142	5 057 010	4 571 333	4 203 640
Profit before taxation	1 590 401	1 435 744	1 399 612	1 071 427	1 004 614	911 723	868 872
Taxation	(472 640)	(408 202)	(393 085)	(302 122)	(297 053)	(269 179)	(256 221)
Profit for the year	1 117 761	1 027 542	1 006 527	769 305	707 561	642 544	612 651
Headline earnings	1 033 276	948 281	920 663	696 635	644 408	603 888	566 396
Recurring	1 033 276	948 281	920 663	703 835	644 408	591 099	566 396
Non-recurring	-	-	-	(7 200)	-	12 789	-
Non-headline earnings	915	1 987	246	1 055	2 549	(1 714)	80
Attributable income	1 034 191	950 268	920 909	697 690	646 957	602 174	566 476
Earnings per share (cents)							
Headline	81.1	72.9	69.7	52.2	48.1	45.6	43.0
Recurring headline	81.1	72.9	69.7	52.7	48.1	44.6	43.0
Recurring headline (excluding intangible asset amortisation cost)	86.9	78.2	74.8	57.5	52.2	48.4	46.4
Attributable	81.1	73.0	69.7	52.3	48.2	45.4	43.0
Dividend per share (cents)	42.0	36.0	32.0	24.5	22.5	20.5	18.0
Interim dividend	13.5	11.0	10.0	8.0	7.5	7.0	5.7
Final dividend	28.5	25.0	22.0	16.5	15.0	13.5	12.3
Weighted average shares (000)	1 274 717	1 301 157	1 320 516	1 334 574	1 340 925	1 325 094	1 317 643
Actual shares in issue (000)	1 279 891	1 295 689	1 331 372	1 340 930	1 356 923	1 364 885	1 342 242
Market capitalisation (Rm)	19 442	16 831	18 293	12 059	10 729	14 659	11 678
Price (cents per share)							
Last day of trade	1 519	1 299	1 374	899	790	1 074	870
Highest	1 623	1 476	1 523	999	1 085	1 110	940
Lowest	1 146	981	880	431	701	860	750
Trading volume (number of shares) (000)	190 773	367 243	91 672	127 423	111 952	83 533	91 863
Trading value (Rm)	2 584	4 208	1 092	966	1 070	813	767
Net asset value per share (cents)	362.9	331.1	313.2	272.3	247.0	223.6	190.1
Assets under administration (Rbn)	543.2	481.5	468.0	392.3	396.9	421.5	402.1
Assets under management (Rbn)	406.9	354.1	314.6	267.9	229.8	222.2	205.4

¹ The comparative figures have been restated for the application of IFRS 17.

Our evolution¹

Our business journey began in 1998 with the vision of creating an advice-led financial services group that would grow and protect our clients' wealth.

We are proud of our multi-generational relationships with clients and their families and our track record of building a business that meets all of our stakeholders' needs.



¹ Dates provided refer to calendar years.

Business model and capitals

PSG's business model is proven to generate sustainable, consistent and inflation-beating returns.

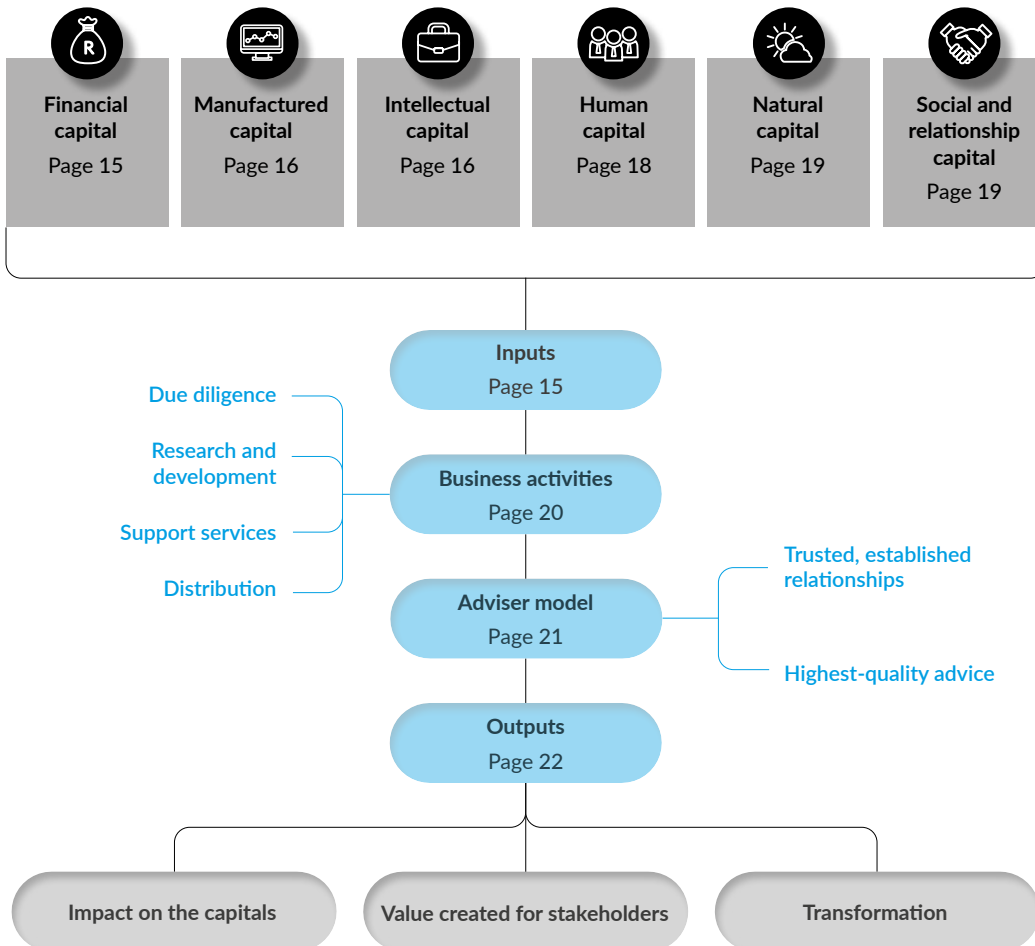
The group's business model is premised on a conservative, long-term investment approach. This approach and steady execution against strategy ensure that a broad range of stakeholders improve their livelihoods.

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.

The group's core strength is its network of highly trained, registered advisers, who are incentivised to grow their businesses by attracting and retaining clients. Our advisers are known for their advisory capability and trusted relationships with clients.

Adviser and client service experiences are supported by the group's integrated technology platforms and systems.

PSG's business model relies on the six capital inputs of value creation, which are increased, decreased or transformed through the group's business activities.



Value creation capital inputs

PSG applies and transforms the six capital inputs to create and preserve value for stakeholders.

This process is based on the group's strategy and growth ambitions, aligned to PSG's core business principles.

Financial capital	
<p>Constitutes available shareholder equity and debt funding</p>	<p>PSG's central treasury function oversees and manages the group's financial capital. The group's investment committee sets the group's investment strategies and monitors the performance of investments, while the credit committee regularly tracks the credit quality of underlying assets. A centralised monitoring process allows the group to allocate capital effectively while meeting the regulatory capital and growth initiative requirements.</p> <p>Shareholder funds are predominantly invested in instruments regulated by the Reserve Bank or the Collective Investment Schemes Control Act, No. 45 of 2002. The group's investments in cash, money market or related instruments (on a see-through basis) exceeded 90% of investable shareholder assets at 29 February 2024.</p> <p>PSG continues to generate strong cash flows which gives us various options to optimise our capital structure and risk-adjusted returns to shareholders. Our shareholder investable asset's exposure to equity marginally increased to 8% (previously 6%). We continue to monitor investment markets and aim to gradually increase our value at risk exposure to align with our long-term targets.</p> <p>In 2024, PSG applied financial capital to, among other things:</p> <ul style="list-style-type: none"> IT infrastructure and digital platforms to improve efficiencies and enhance the adviser and client experience Marketing initiatives, including hosting the successful <i>Think Big</i> webinar series, more than 197 in-person events and integrated product campaigns Funding of bursaries and learnerships <p>Allocation of financial capital into these initiatives increased manufactured, human, intellectual and social and relationship capital, replenishing financial capital over the long term.</p>
<p>Future availability of financial capital</p>	<p>South Africa's current economic conditions put pressure on financial capital. The group's sound financial position provides stability in challenging market conditions while providing the agility to respond rapidly to investment opportunities.</p> <p>Our focus remains on organic growth, although we will consider acquisitions that align with our investment criteria, including acceptable pricing, a compelling strategic rationale, synergies and ease of integration.</p>

Read more in the CEO and CFO report from page 46 and the annual financial statements from page 128.



Manufactured capital

Includes the group's physical footprint and the IT systems that support business activities

Financial services groups have increasingly defined and differentiated themselves, not just by the products and services they provide to clients, but also by the technology that underpins their establishments.

Our use of manufactured capital ensures efficiency and improved service levels of advisers and clients. While investing in manufactured capital increases expenditure in the short term, it delivers sustainable returns over the long term. We consider this to be a worthwhile trade-off.

Read more in the CEO and CFO report from page 46 and the IT governance section on pages 93 and 94.

Over many years, the group has invested (fully expensed) in systems and processes. The group subscribes to open architecture (proprietary and third-party products) and stable systems. These are enablers for support function capability and adviser and client reach and convenience. The myPSG online platform and mobile application offer clients and advisers a secure, consolidated view of their investments over various digital platforms. These platforms give us a meaningful competitive advantage.

PSG's extensive adviser network is a competitive advantage. We believe in servicing clients within reach of their homes. This requires offices and infrastructure in our territories, mainly South Africa and Namibia.

Future availability of manufactured capital

Our investments in manufactured capital are critical to maintaining our competitive advantage and meeting shifting client expectations. We will continue to invest our financial capital in manufactured capital projects, including platform enhancements, data analytics, cyber security and data protection. Our investments are for the long term, and we expect the cost of future technology projects to be at a lower rate.



Intellectual capital

Consists of intangible assets that give PSG a competitive edge and support its brand and reputation

Intellectual capital refers to the research and analysis behind PSG's investment approach and its ability to manage risk, comply with legislation and respond to market opportunities. It also refers to its due diligence process to approve new products, services and acquisitions.

The group's product offering is listed on pages 22 and 23 and regulatory operating licences on page 39.

PSG holds several regulatory licences, which allow the group to sell products and services across multiple jurisdictions. The regulatory licences in Malta enable the group to market offshore funds compliant with the Undertakings for Collective Investment in Transferable Securities regulations to potential investors.

By applying this intellectual capital, PSG offers investors access to the group's products and selected third-party products and services.

A well-respected brand

The PSG brand and reputation support advisers in growing their client base and the group's direct business. We govern and monitor our brand to protect our reputation. This includes monitoring positive and negative media coverage and ensuring consistency and quality across client communications, including print publications, email and social media, and at adviser-hosted client events.

The group was awarded various industry awards across our three divisions, refer to page 2 for further detail.



Intellectual capital (continued)

Print and electronic media

PSG's thought leadership includes quarterly publications by PSG Asset Management (*Angles and Perspectives*) and PSG Wealth (*Wealth Perspectives*). The group regularly reviews publications to ensure their value to advisers and clients. Additional publications address topical issues.

The past year, these included:

- *Advice for Advisers*: Documents to guide PSG's advisers on some of the key questions clients have, including the potential impact of key developments shaping the investment landscape
- PSG Wealth's quarterly *Investment Research and Strategy Report*, which focused on investor uncertainty and the opportunities that can be found
- PSG Insure's *Insights from Insure* adviser newsletters

Digital and social media

The group successfully interacted with clients and prospects throughout the year, hosting more than 197 in-person events and over 70 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 fourth year, continues to attract viewers and subscribers to our YouTube and Spotify channels. The series has proven popular 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 year alone, the series received almost 7 547 unique registrations. Public relations coverage adds to the success of the series, with the media recognising it as a credible content source for thought leadership.

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 of 3.2 million website events. In the digital environment, both paid and organic search campaigns see an average of more than 1.1 million website visits per month. Social media accounts continue to attract new followers and we are seeing increased engagement levels. The team also focuses on producing tailored marketing plans per adviser office along with support on the execution.

Future availability of intellectual capital

Knowledge has become one of the most imperative intangible assets of financial institutions in recent years. We will continue to invest in intellectual capital to manage risks and make the most of opportunities. This investment secures our sustainability, ensures future returns and builds our strong reputation. This strong brand and reputation attract clients and employees.



Human capital

The group's complement of employees and professional associates and the network of advisers distributing the group's products and services

Read more about our transformation plan and value created for PSG's employees and advisers in the stakeholder section on pages 25 to 28 and 30 to 31.

PSG is a complex financial services group and relies on the skills of its employees. The group's performance management and development frameworks encourage long-term retention and loyalty.

We strive to create a diverse entrepreneurial environment where talented professionals are empowered to take ownership of decisions and realise their future potential. We foster a culture of performance, where promotion and progression are based on excellence and the overall betterment of our team.

The social and ethics committee monitors group activities relating to sustainability and transformation. We are making good progress against our transformation plan. Employees receive equal advancement opportunities and work in a safe environment to fulfil their potential.

Future availability of human capital

A talent pipeline is essential, as our employees are highly sought after for local and international roles. We continually enhance our employer brand to retain scarce skills and attract top talent. Due to South Africa's poor educational outcomes, the rising cost of talent and skills scarcity is a key risk.

The group continued to invest in people, with our fixed remuneration cost increasing by 12% compared to the prior year. We are proud of the progress made in growing our own talent, with 152 newly qualified graduates having joined during the financial year. Our graduate programme includes the adviser development programme (ADP), which develops our future adviser talent pipeline.

The group also invests in training programmes that cover technical subjects, systems, leadership and managerial skills.

Investment in competitive remuneration decreases financial capital over the short term but secures the availability of skills and service capacity for the group and the industry over the long term.



Natural capital

The natural resources that we rely on

PSG has a small environmental footprint and is conscious of not wasting natural resources. We do not formally measure our water, electricity and fuel usage.

PSG limits the use of electricity, paper and water in the office environment, and its head office in Cape Town is rated a five-star green building. The use of video conferencing facilities at offices across the country reduces travel. We have become more environmentally conscious with less travel, more virtual events, and electronic processes to reduce paper wastage.

PSG Asset Management has a published environmental, social and governance (ESG) policy that guides investment managers when assessing investee companies.

Future availability of natural capital

Natural capital supports all the other capitals. We will continue to improve our environmental footprint while raising ESG issues with investee companies. *Read more from page 50.*



Social and relationship capital

The network of internal and external relationships that constitute PSG's stakeholder universe

The group values and invests in developing and maintaining healthy stakeholder relationships:

- PSG's advisers have solid and long-term relationships with clients
- PSG provides administrative and compliance support to advisers that allows them more time to build sound client relationships
- The group participates in industry forums and has engagements with regulators
- The group engages with shareholders and potential investors through presentations, the AGM, reports and other market updates
- PSG supports African, Coloured and Indian (ACI)-owned businesses through supplier and enterprise development initiatives
- Internship and learnership opportunities train the next generation of employees
- Corporate social investment (CSI) initiatives support social development and transformation

Read more about PSG's stakeholders from page 24.

Future availability of social and relationship capital

The group's proactive engagement with regulators helps maintain its 21 regulatory licences. We stay abreast of regulatory requirements and enforce these among our network of advisers.

We are mindful of investor expectations on ESG disclosures. This includes an increasing interest in climate change and reliance on the TCFD. *Read more about our TCFD commitments on page 50.*

By transferring knowledge and enhancing employability, CSI educational initiatives develop the available pool of future employees and clients for PSG.

PSG's business activities

PSG's value proposition offers best-of-breed financial management solutions that meet client needs.

PSG

- Distributes products and services
- Builds relationships with stakeholders
- Develops new products
- Provides support

Products and services

- Financial planning
- Investment options
- Trading platforms
- Insurance
- Employee benefits

Detail follows on pages 22 and 23.

Countries

- South Africa
- Namibia
- Malta

Client types

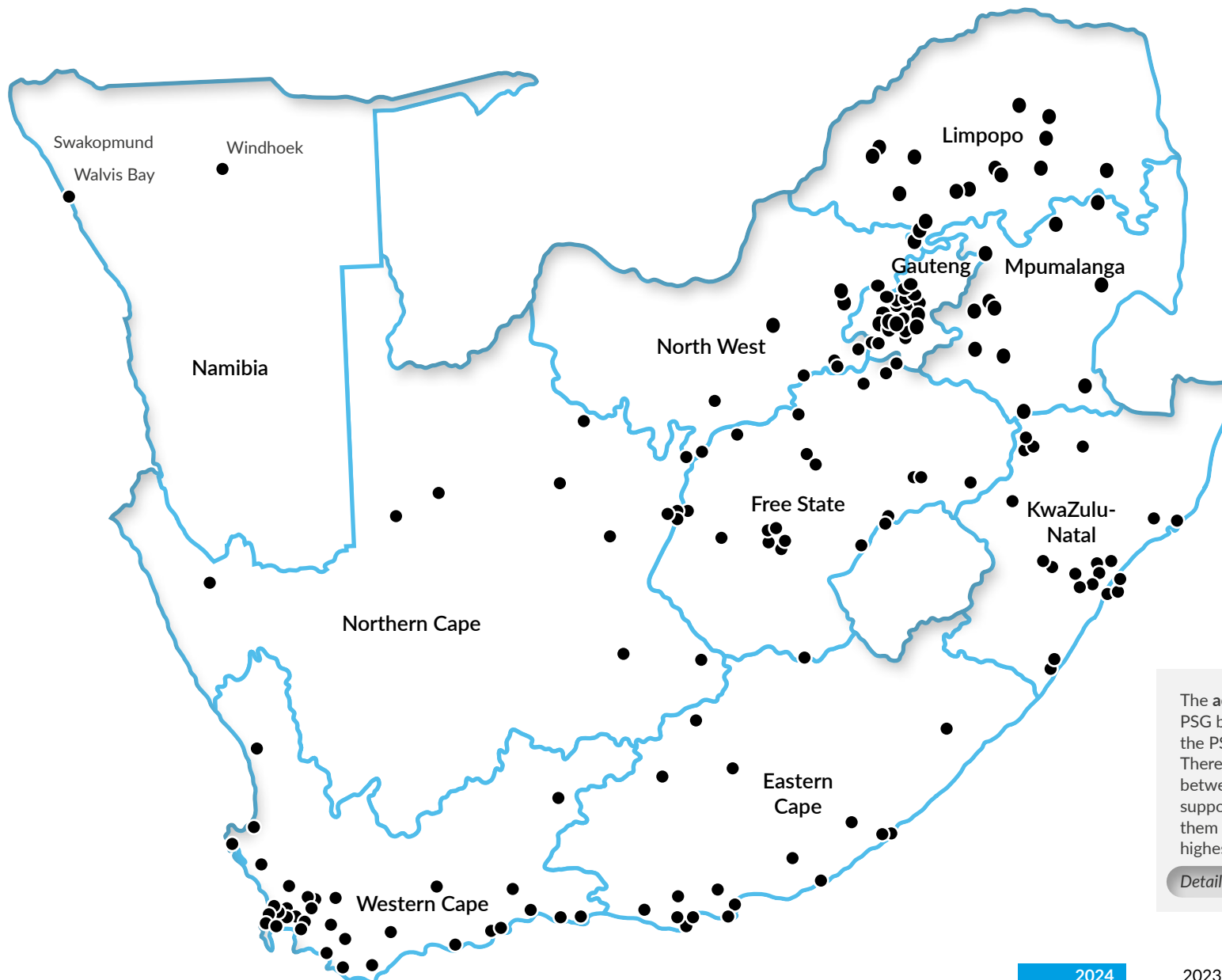
- Retail
- Institutional

Channels to market

- Advisers
- Direct
- Combined adviser and direct (multi-channel)

Source of product types

- PSG products and services
- Third-party products and services



The adviser model is a core element of the PSG business model. It relates specifically to the PSG Wealth and PSG Insure divisions. There is a mutually beneficial relationship between the group and advisers. PSG provides support and resources to its advisers, enabling them to provide their clients with advice of the highest quality.

Detail follows from page 25

Clients rely on PSG to protect their financial futures in challenging and uncertain times.

	2024	2023	2022	2021	2020
Number of advisers	953	947	952	932	935
PSG Wealth	608	590	584	563	559
PSG Insure	345	357	368	369	376
Number of offices	266	266	263	263	257 ¹

Source: PSG Distribution

¹ Number revised from 260 to 257.

The outputs of our business activities

PSG's product and service offering

Financial planning	Financial advice on investing, saving, stockbroking, retirement planning and insurance Distributed through a network of PSG's advisers	PSG Wealth
Investments	A wide variety of investment vehicles covering pre- and post-retirement investment needs, including: <ul style="list-style-type: none"> • Tax-free investments • Endowments • Retirement annuities • Preservation funds • Living annuities • Discretionary unit trust investments Underlying investment options include: <ul style="list-style-type: none"> • PSG Wealth multi-managed solutions • A comprehensive suite of local and international unit trusts from PSG Asset Management and unit trusts from a wide range of other management companies for diversification • Access to global markets through both foreign-domiciled funds and rand-denominated feeder funds that invest internationally • Personal share portfolios both locally and offshore 	PSG Wealth PSG Asset Management
Unit trusts	A comprehensive suite of local and international unit trusts Access to global markets provided through foreign-domiciled funds and rand-denominated feeder funds that invest abroad	PSG Wealth PSG Asset Management
Stockbroking	Online trading platform providing clients with direct market access to local and international markets Involves building a customised portfolio of shares, exchange-traded products and derivative trading instruments	PSG Wealth
Personal non-life insurance	Access to car, household, liability and accident cover through partnerships with leading insurance providers Advisers evaluating available options to structure tailored insurance solutions for clients	PSG Insure
Commercial non-life insurance	Western Group's insurance underwriting capabilities provide cover internally and via business partnerships with leading insurance providers Access to wide range of commercial insurance products, including commercial cover for agriculture, marine and business interruptions, etc. Analysis of and advice on clients' case-by-case business insurance needs	PSG Insure

Estate and trust services	A full estate planning service, including local and offshore trust services Assistance with drafting a last will and testament, and acting as executor in administering deceased estates	PSG Wealth
Multi-managed funds and solutions	Access to a range of local and global multi-managed funds across the risk-return spectrum Access to leading asset managers, locally and globally, leveraging off their combined resources and specialised skills through a single product range Customisable asset consulting service to institutional investors, allowing clients to combine PSG's multi-managed solutions to target specific investment objectives Managed equity product suite	PSG Wealth
Healthcare	Access to a range of hospital plans and medical aid options through partnerships with a selection of medical aid providers Gap cover is available as a supplement to medical aid to contribute to hospitalisation and medical costs not covered by a specific plan	PSG Wealth
Employee benefits	Complete corporate package, including retirement, healthcare and risk benefits Analysing and providing customised solutions for corporates, institutions and small and medium-sized enterprises (SMEs) based on client needs	PSG Wealth
Life insurance	Access to life, disability and critical illness cover through partnerships with leading insurance providers Advisers evaluate available options to structure the most suitable life cover for clients, on a case-by-case basis	PSG Wealth
Institutional portfolio management	Investment expertise to assist institutional clients in protecting and growing their business capital, or performing their fiduciary responsibilities towards their investors Managing segregated and institutional mandates, tailored to clients' business requirements Management of a range of multi-managed solutions and unit trusts that can be included as investment options in retirement funds	PSG Wealth PSG Asset Management

Stakeholders

Our robust stakeholder engagement model allows us to better understand and respond to stakeholder concerns.







Effective stakeholder engagement is critical to the success of our group. We recognise the need to deliver value for our stakeholders consistently. Divisional management teams are responsible for executing and monitoring stakeholder engagement in their respective business areas. The board oversees stakeholder engagement across the group.

The following principles guide our approach to stakeholder engagement:

- Mutual respect
- Openness and transparency
- Supportive and responsive interaction
- Regular and structured engagement
- Treating stakeholders as existing or potential clients

Stakeholder interests and levels of influence on our operations vary according to geographic location, business area and the nature of their interest.

Stakeholder engagement activities

 <p>Advisers</p> <p>We provide administrative and compliance support, access to products and infrastructure, ongoing learning opportunities, the benefit of a strong brand together with a competitive earnings model.</p>	 <p>Clients</p> <p>We provide sound advice and leading products to help clients achieve their financial goals.</p>
 <p>Employees</p> <p>We offer a secure environment, learning and career development opportunities and an attractive employee brand experience.</p>	 <p>Shareholders and analysts</p> <p>We keep analysts and investors updated with timely, credible and transparent information. We have a calendar of engagements with analysts and investors.</p>
 <p>Suppliers, service providers and communities</p> <p>We support various educational initiatives. Through our enterprise and supplier development initiatives, we provide business opportunities to suppliers and service providers, including ACI-owned suppliers. We offer employment opportunities to communities and are a leading employer of new graduates.</p>	 <p>Government, regulatory bodies, and industry associates</p> <p>We collaborate with government and industry associations to improve the financial services industry's stability, functioning, and prospects.</p>

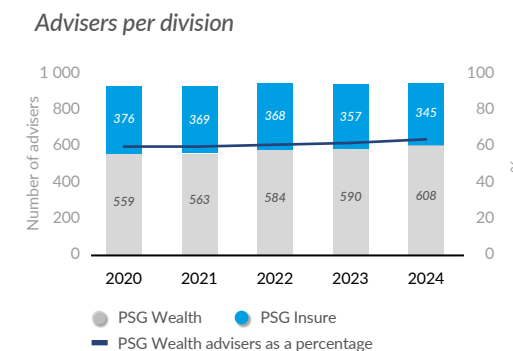
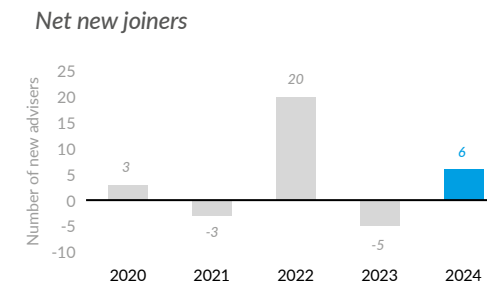
Advisers

The success and sustainability of our advisers are critical to our overall success.

With more than 260 offices throughout the country and a client base of more than 520 000, PSG is one of the largest financial service providers in South Africa. This allows us to provide quality, personal service to clients in the cities and towns where they live. Our advisers' capabilities in winning over and keeping clients are critical to our success.

PSG regulates the advice process to ensure that clients receive high-quality advice.

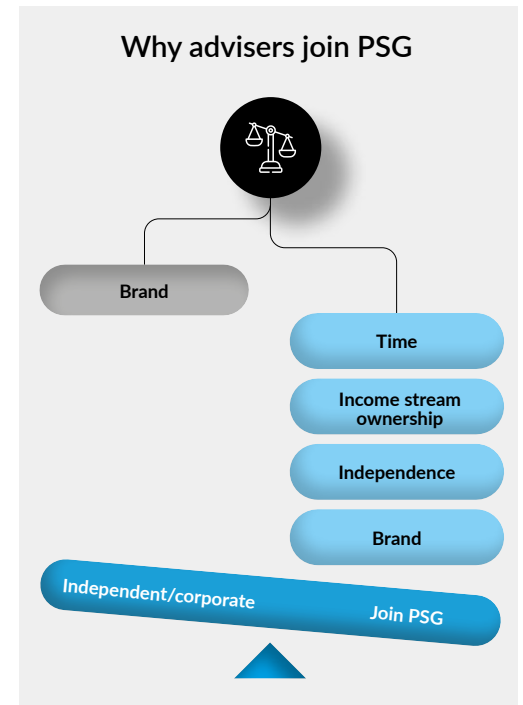
While growth is our strategic focus, any expansion that takes place emphasises quality over quantity. We grow our adviser footprint through organic growth and selected adviser acquisitions.



How PSG creates value for advisers

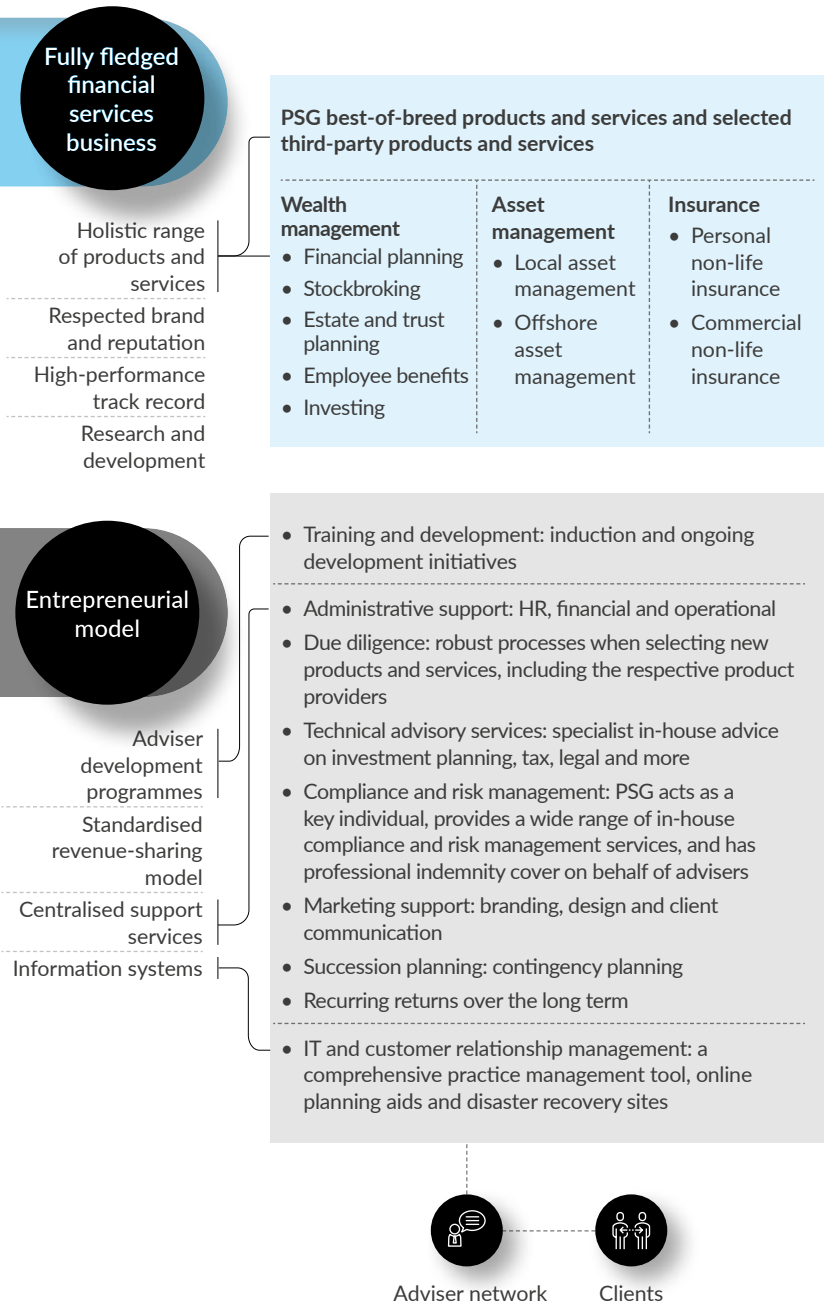
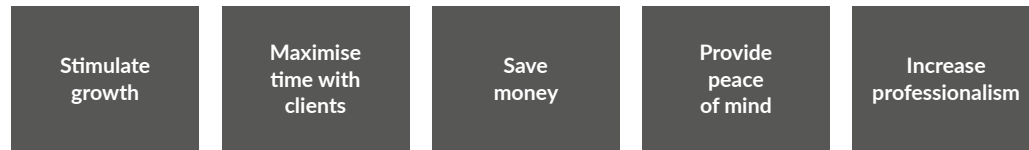
PSG offers administrative and compliance support to advisers so they can focus on building valuable relationships with clients.

Advisers rely on PSG's business support, infrastructure and systems. They also benefit from ongoing learning and development opportunities for themselves and their staff. Lifting the administrative and regulatory burden creates an environment where advisers can quickly scale their business while building strong relationships with clients.



Our adviser value proposition

Through this adviser model, the group aims to:



PSG advisers are objective

PSG advisers benefit from an entrepreneurial remuneration model. This model allows them to share in the ownership of their income stream while having full discretion over where clients' business is placed.

Advisers sell PSG products and a range of other local and offshore products. The diverse range of available products allows advisers to remain objective and choose products best suited to their clients' needs. This also protects advisers and clients from contagion risk.¹

New advisers have the opportunity to create partnerships with other PSG advisers, to leverage off and benefit from each other, allowing for specialisation. Referral agreements may be drawn up between advisers within PSG, who provide services within a different scope of business.

PSG continually improves its products and technological capabilities

PSG offers its advisers access to a spectrum of best-of-breed providers. The group has agreements with many service and product providers, affording advisers direct access to and visibility of their funds and products. These providers grow and refresh their product ranges.

PSG is constantly improving the adviser experience through platform enhancements. These enhancements include automation to reduce manual processes, data analytics to provide client insights and data security upgrades.

PSG prepares advisers for changing market sentiment

Markets are by nature turbulent and driven by socioeconomic events. The group supports advisers to weather volatility and changes in investor confidence. Advisers can better advise clients through proactive communications, including scenario descriptors and responses. Time in the market and a long-term approach to financial planning while keeping individual client circumstances in mind is critical.

The adviser model provides consistency and continuity for clients

PSG's adviser onboarding process is seamless, and clients are not affected by the changeover. PSG works with advisers to develop succession options for advisers who want to sell their businesses or retire. This provides continuity for clients who benefit from PSG's cradle-to-grave approach. Clients receive consistent service while their historical records are maintained throughout their financial life cycles.

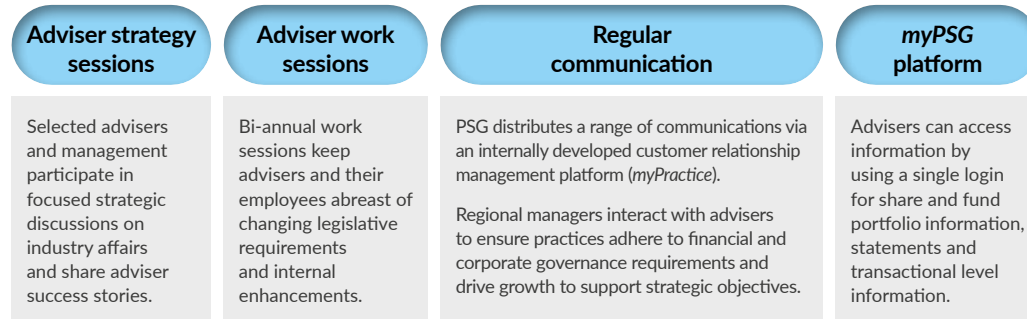
¹ Contagion risk is defined as the risk that financial difficulties at one or more investment providers spill over to many other investment providers or the financial system.

How we engage with advisers

We share our strategy and growth targets with advisers and offer them products and services with a solid track record. Senior management promotes open, frequent and effective communication with advisers. Meetings take place face-to-face or online.

In May 2023, advisers and their support staff attended PSG's annual adviser conference, which hosted in-person and digital attendees. The conference brought together unique content that is beneficial to our adviser offices. This included a range of local and international speakers.

The following engagement and development initiatives support value creation for advisers and PSG:



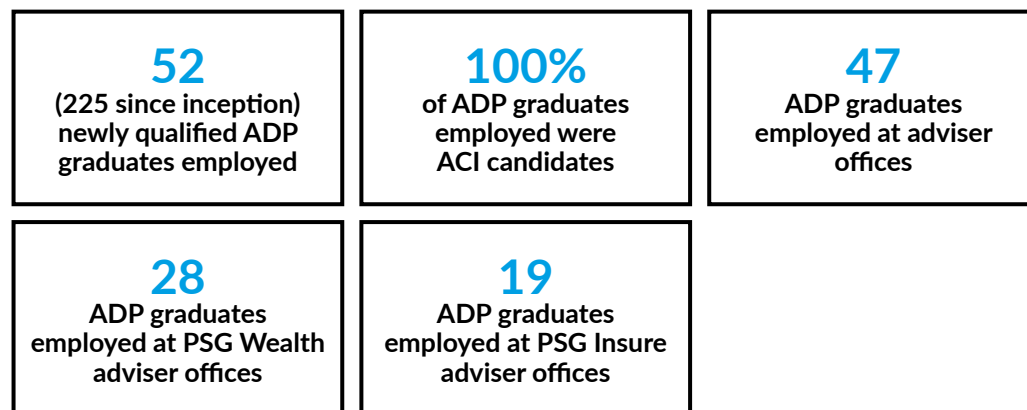
Developing an adviser talent pipeline

The PSG adviser development programme

The ADP forms part of PSG's transformation strategy. The ADP develops and employs historically disadvantaged graduates, allowing them the opportunity to build a career in the financial services industry. Graduates are appointed as trainee planners or adviser assistants for a two-year programme. They learn about *myPractice* coordination, claims, underwriting, soft skills, products and technical aspects.

Their short-term learnership and internship programme is work-based, creating a talent pipeline of young ACI learners. Its focus is to help unemployed learners gain employment by providing them with the opportunity to study further and gain meaningful work experience. It equips them with a solid foundation of knowledge, qualifications and experience.

The ADP has expanded over the year and has added quality advisers to the network. Since the programme's inception in 2017, PSG has maintained a 55% retention rate for all graduates who have completed the programme.



Employees

As part of their long-term well-being and job security, developing employees is a priority for the group.

PSG employs 3 199¹ people across South Africa, Namibia and Malta. These include bursary and internship applicants, graduates and middle and senior career professionals. The group rewards performance – income growth, promotion and progression acknowledge individual excellence and contribution to the group.

We provide an attractive working environment where employees can develop their skills and build careers. Career development opportunities include bursaries and study loans for part-time and full-time studies, training in work-related disciplines and specialist fields to meet our future business requirements.

All employees were invited to PSG's annual hybrid conference in May 2023. With the theme "Go beyond", the conference allowed employees to hear about the group's business and strategic objectives directly from the leadership team. The conference featured international speakers and culminated in an awards session where top performers were acknowledged.

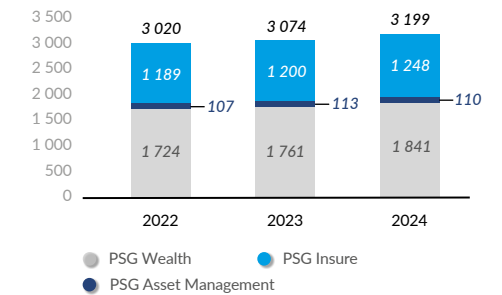
¹ Excludes 374 employees in learnership programmes.

As a financial service company, PSG requires a range of specialist skills in the following:

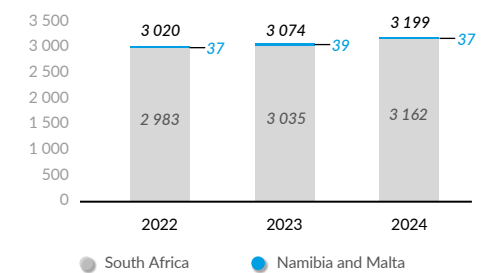
- Asset management
- Data analytics
- Legal and compliance
- Product specialists
- Actuarial
- Engineering
- Risk management
- Finance
- IT developers
- Non-life insurance underwriting
- System architects

Our employee profile

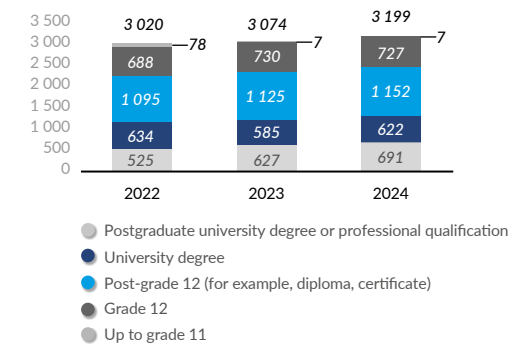
Per division (number of employees)



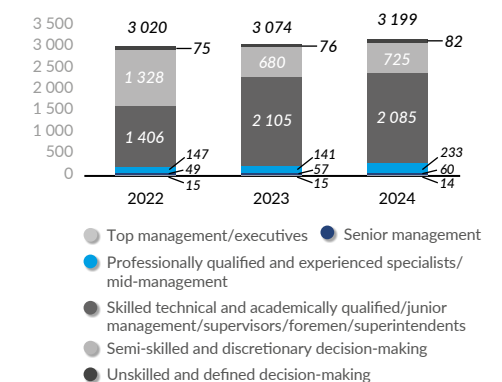
Per geography (number of employees)



Education (number of employees)



Hierarchy (number of employees)

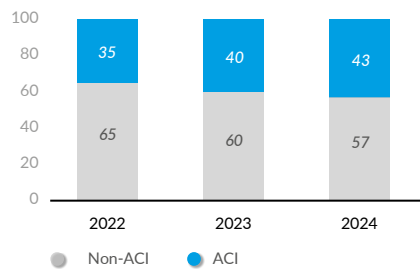


Continuing our transformation journey

We are committed to transforming the group according to the requirements stipulated by the Financial Sector Transformation Council. We believe that transformation is a business imperative and essential to our business's future.

PSG has established a transformation forum comprising of employees and management. The forum's main objective is to conduct a workplace analysis, prepare and implement an employment equity (EE) plan, and report on training, promotions and recruitment. The forum reports directly to the social and ethics committee which ensures that transformation is addressed at the highest level while allowing for inclusive feedback from all employees.

Diversity (% of all employees)¹



¹ Excludes 374 employees in learnership programmes.

Deepening the pool of financial services talent

Transformation within PSG is built on three pillars: employment equity, talent development and empowerment. The golden thread is our approach to education.

The financial services industry requires specialised and scarce skills. We actively promote careers in our industry to graduates. Since 2008, we have developed young talent through employee and adviser graduate and bursary programmes. We collaborate with the Association for Savings and Investment South Africa (ASISA) and other industry players to address transformation in financial services.

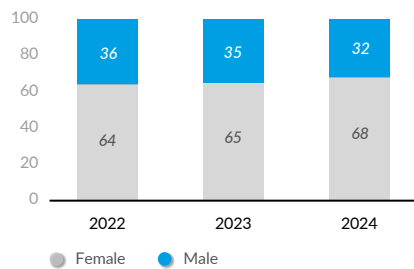
In addition to our bursary, graduate and adviser development programmes, PSG has several initiatives to drive skills development. We provide financial assistance to employees to qualify themselves as designated industry professionals such as Certified Financial Planners, Chartered Financial Analysts, actuarial, accounting and tax professionals.

The social and ethics committee was established in 2014 to monitor group activities related to sustainability and transformation.

The committee oversees that employees receive equal advancement opportunities and work in a safe environment where their full potential is utilised.

ACI core employee demographics have increased from 30% to 43% in the last five years. We continue to monitor and improve the recruitment and retention of ACI employees. Emphasis is placed on the participation of African employees across various management levels.

Gender diversity (% of all employees)¹



PSG partners with the Skills Development Corporation to fund learnerships for 374 ACI candidates as at 29 February 2024, most of whom are disabled.

Our core graduate programme

The PSG core graduate programme is open to university honours students.

The programme offers financial assistance, including a monthly stipend and funds for textbooks. As technology is an enabler of our strategy, our focus includes attracting students with science, technology, engineering and mathematics (STEM) skills. After graduating, participants undergo a one-year internship, where they are exposed to on-the-job training and mentorship across various areas in the group.

The programme achieves business objectives such as transformation, building a talent pipeline and developing future business leaders. Many graduates gain permanent positions within the group after completing their internships. Graduates are mentored to create a talent pool for future management positions. We maintain a high retention rate of graduates who have completed the programme.

Our core graduate programme is in its ninth year, and the ADP is in its eighth year. Our progress over the years is illustrated in the table below.

Description	2024	% change	2023	2022	2021	2020
Graduates (ACI)	152	13	135	126	60	55
Core	89	0	92	101	39	32
ADP	63	47	43	25	21	23
Graduates (white)	8	33	6	10	5	6
ACI % of total graduates	95%		96%	93%	92%	90%

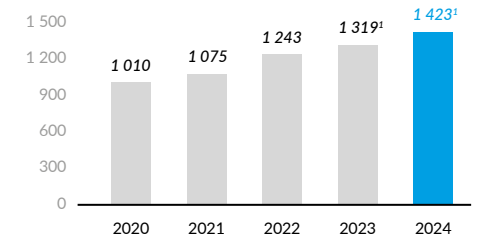
How PSG creates value for employees

We appreciate that our high-calibre teams are critical to our success.

The group has governance and management structures to create value for employees. The social and ethics committee oversees sustainability and transformation, ensuring that employees have equal advancement opportunities. The committee monitors employee conditions, including overseeing that they work in a safe environment that encourages employee development and achievement.

The remuneration committee (Remco) oversees that fair remuneration practices are consistently applied throughout the group. The Remco also ensures remuneration is competitive to attract and retain employees.

Employee remuneration (Rm)



¹ Excludes the impact of the new insurance accounting standard (IFRS 17) for comparability. In terms of IFRS 17, adopted with effect from 1 March 2022, we are required to show a portion of employee benefit expenses within insurance service expenses per our annual financial statements. The IFRS 17 employee benefit expense amounts are R1 326m (FY2024) and R1 239m (FY2023).

Read more about employee remuneration in the remuneration report from page 100.

Employee wellness

PSG hosts an annual wellness day with preventative screenings, including glucose, cholesterol, blood pressure, body mass index and HIV tests. The screenings alert employees to their current health and lifestyle risks and offers them advice on how to manage those risks. Professional wellness specialists are available to provide counselling to employees throughout the day. PSG employees also have access to health and safety representatives in the workplace.

How we engage with employees

PSG employees benefit from formal engagement events and daily engagement within the different divisions and functions of the group.

Recruitment and induction	Bi-annual performance management process	Continuous professional development	Regular newsletters
We begin employee engagement through a recruitment and induction programme, which educates employees about the group's core business principles, defining values and behaviours. The programme promotes maximum productivity and integration in the shortest possible time.	This bi-annual formal assessment is conducted according to a list of key performance indicators (KPIs) and employee responsibilities. Variable compensation and salary increases are linked to these meetings along with divisional and group performance.	We conduct continuous employee training, information sessions and seminars, including training on presentation preparation and delivery and engagements on tax updates, regulatory requirements and new systems.	Employees receive regular email newsletters from PSG's leadership. These share company news, new developments, opportunities to participate in events and social activities and introductions to new employees.



Clients

PSG offers clients considered advice, intuitive digital platforms and a customer experience that exceeds expectations.

Clients rely on PSG to safeguard their financial futures through sound advice and relevant products and services. Our client base is predominately South African selected institutional clients and retail clients in higher income brackets. With an extensive geographic footprint, PSG's advisers work with clients where they live.

PSG continually improves our client experiences by enhancing platforms and providing ongoing training to employees and advisers. This improves client retention, prompts referral business and creates upselling opportunities. Client retention initiatives include after-sale services and claims management.

Due to leading international platforms available on smartphones, clients are increasingly demanding quick, personalised and intuitive service. This means we need to continually improve our digital platforms to provide a seamless customer experience. We also cater for clients who prefer a more in-person customer relationship. Our multi-channel distribution model means that clients are reached and serviced using their preferred channels.

We take our fiduciary duty seriously

It is PSG's fiduciary duty to protect clients' assets. The group has several processes and controls to ensure we live up to our promise of trustworthiness and quality.

PSG:

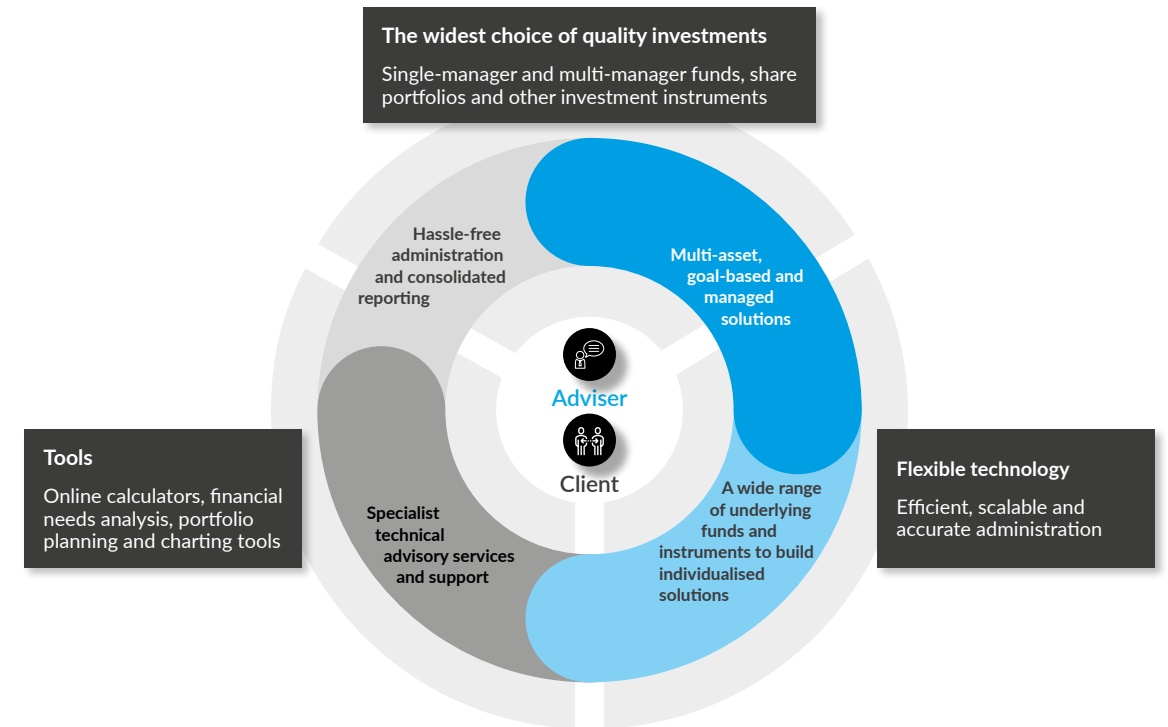
- Follows a robust due diligence process on new products and services and on third-party providers
- Maintains mutually beneficial relationships with business partners
- Constantly tracks the financial soundness of product providers through risk and compliance measures
- Has dedicated compliance officers who oversee compliance processes, businesses, platforms and transactions
- Fosters a culture of compliance throughout the group
- Has an independent risk management department that assesses potential risks and the implementation of any mitigating actions
- Maintains strict compliance with laws, regulations and international best practices
- Actively encourages and manages positive good working relationships with regulators

- Has an internal audit function that performs reviews to ensure the controls and processes surrounding clients' assets are sufficiently secure and effective
- Has not received an adverse ruling since the establishment of the ombudsman for financial service providers, confirming the integrity of its products and its excellent service

The group's governance structures create value for clients through the following committees:

- The customer service review committee (CSRC) ensures the necessary processes and systems are in place for PSG to comply with the Treating Customers Fairly (TCF) financial services regulatory framework. It also makes recommendations to improve customer service levels and manage risks on their behalf.
- PSG Wealth and Insure's product governance committees confirm that approved products adhere to the group's risk appetite and meet clients' risk requirements.

How PSG creates value for clients



Client value proposition: PSG Wealth

PSG Wealth advisers maintain strong relationships with clients and offer an end-to-end client proposition. Due to its extensive distribution network, the division makes a range of local and offshore investment products and instruments available to investors. Its online trading and investment platform offers several unit trusts, including PSG funds and other investment management companies. The platform has various tools and seamless navigation.

The division prioritises the following core capabilities:

- Innovative and profitable products and services within acceptable risk parameters
- Client services and customer relationship system
- Integrated end-to-end platforms
- Accessibility through a range of communication channels
- Quarterly, monthly and daily communications

Growth in new clients can be attributed to client referrals, which is a testament to the excellent client service provided by the division's advisers.

Client value proposition: PSG Asset Management

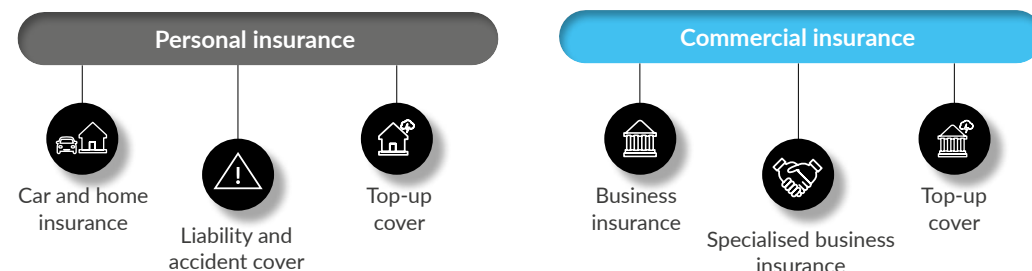
PSG Asset Management offers long-term retail and institutional investment management. The division emphasises capital preservation and risk management. Its funds are available on several platforms to enhance accessibility for clients and advisers.

PSG Asset Management prioritises the following core capabilities:

- Easy, accessible investment platforms:
 - A simple and comprehensive range of funds over the entire investment risk spectrum
 - Local unit trusts and access to global markets through rand-denominated unit trusts that invest abroad, and foreign currency-denominated global funds
- Long-term performance track record:
 - Highly qualified, stable and experienced investment team
 - House view adopted by investment team to optimise research ideas and ensure consistency across the fund range
 - Quarterly and monthly communications

Client value proposition: PSG Insure

PSG Insure protects clients from unpredictable events with a suite of customised non-life insurance products, including:



PSG Insure's strategic emphasis is on profitable growth in a market characterised by intense competition and low growth rates. The division aims to increase market awareness of the Western National Insurance brand.

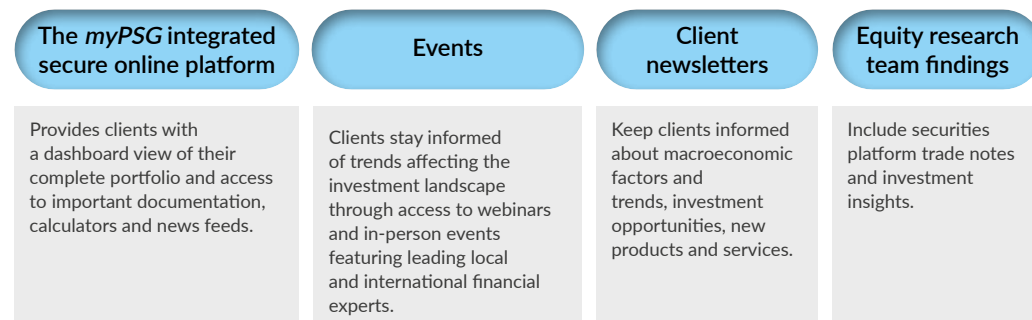
PSG Insure prioritises the following core capabilities:

- Short-term distribution:
 - Direct sales and access to products through an extensive adviser network
 - Established systems and processes
- Short-term administration:
 - Dedicated administration team
 - Skilled and experienced underwriting team
 - Client self-service system and access to product range
- Established insurance business (Western National Insurance):
 - Various distribution channels extending reach and accessibility
 - Quality and diversity of product range
 - Personalised service

How we engage with clients

PSG builds trusted relationships with clients through continuous communication. This facilitates a better understanding of products, services and processes, which creates an environment where upselling of additional products and services is possible. We improve our client service based on client feedback.

Client engagement happens through a variety of channels:



Shareholders and analysts

PSG builds trust with analysts and shareholders through consistent investment returns and strategy execution.

Our track record and prospects inform analysts' recommendations and shareholders' investment or disinvestment decisions. The group's institutional investor shareholder base constitutes 51.0% (2023: 51.0%) of the total shareholding.

Distribution of shareholders	2024		2023	
	Number of shares	% of total	Number of shares	% of total
Non-public				
PSG directors	263 041 914	21	264 041 914	20
Management	17 115 821	1	17 416 679	1
Treasury shares	11 951 171	1	13 114 146	1
Public				
Public Investment Corporation (including Government Employees Pension Fund)	184 900 191	14	163 269 864	13
Coronation Asset Management	173 214 174	14	154 724 349	12
Allan Gray	136 626 821	11	151 589 349	12
Other public shareholders	493 040 876	38	531 263 014	41
Total	1 279 890 968	100	1 295 689 315	100

Trading statistics	2024	% change	2023
Number of shares in issue	1 279 890 968	(1)	1 295 689 315
Number of shares traded	190 772 861	(48)	367 242 608
Value of shares traded (R)	2 584 853 615	(39)	4 208 094 301
Market price (cents per share)			
– Closing	1 519	17	1 299
– High	1 623	10	1 476
– Low	1 146	17	981
Recurring headline earnings per share (HEPS) (cents)	81.1	11	72.9
Recurring HEPS (excluding intangible asset amortisation cost) (cents)	86.9	11	78.2
Earnings yield percentage (recurring HEPS)	5.3	(5)	5.6
Price-earnings (PE) ratio (recurring HEPS)	18.7	5	17.8
PE ratio (recurring HEPS, excluding intangible asset amortisation cost)	17.5	5	16.6

How PSG creates value for shareholders and analysts

The group's conservative investment approach balances growth objectives, risk tolerance and future capital requirements while delivering consistent shareholder returns.

PSG relies on recurring headline earnings and recurring headline earnings per share as non-IFRS measures to evaluate performance. This provides analysts and shareholders with a clear and consistent measure of the group's sustainable earnings.

The group creates insight and understanding through open and honest dealings with the investment community. Investors can base their decisions on timely, transparent and credible information.

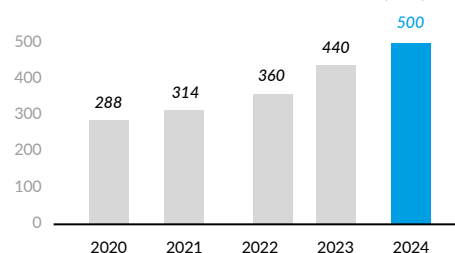
PSG distributes the financial value it creates to shareholders via dividend payments. The dividend is set with reference to underlying core operating earnings, considering the need to:

- Adhere to capital adequacy, financial soundness and legislative requirements
- Retain earnings and cash flows to support future growth initiatives
- Provide a sustainable dividend that will be paid out to shareholders
- Maintain a dividend pay-out policy of between 40% and 60% of full-year recurring headline earnings, excluding intangible asset amortisation. Approximately one-third is paid as an interim dividend and two-thirds as a final dividend

The group's priority is to create value for shareholders by maintaining a balance between paying dividends and capital expenditure. The reasons for expenditure are clearly and regularly communicated to shareholders.

PSG manages shareholder investment risk through its sound governance and risk management structures.

Dividends distributed to shareholders (Rm)



How we engage with shareholders and analysts

Investor relations facilitate two-way communications between PSG and the financial community. Formal interaction with shareholders and analysts occurs through:

Formal shareholder communication

The JSE and NSX's Stock Exchange News Service (SENS) and SEM announcements, results presentations, media releases, the website, and interim and year-end results (including the integrated report).

AGM

PSG's AGM, where shareholders vote on the appointment of directors, the audit committee, the external auditor, the group's remuneration policy and implementation report, and resolutions proposed by management and the board.

Investor roadshows

Investor roadshows, either conducted virtually or in person, are attended by analysts, shareholders and potential investors.



Suppliers, service providers and communities

Success in business is defined by relationships.

The group relies on various product suppliers and service providers for various products and services to support operations. External suppliers provide manufactured, human, and social and relationship capital, ranging from technology systems and services to cleaning, security and creative agency services.

Supplier relationships start with a fair selection and pricing process, and are governed by comprehensive service level agreements. We monitor these agreements regularly.

PSG pays SME suppliers promptly – in less than 30 days. Paying SMEs on time promotes mutual respect and maintains high service levels.

Communities are the source of current and future employees, suppliers, service providers, shareholders and clients. Investment in community empowerment

creates a pool of skilled employees and potential clients for PSG. The communities we interact with are determined by our employees and the adviser network.

How PSG creates value for suppliers, service providers and communities

An analysis of PSG's transformation barriers revealed the difficulty of finding appropriately qualified candidates in specialised roles, particularly within our adviser distribution network. This starts at primary school level and extends through to postgraduate level. Therefore, our education initiatives were extended beyond employees at PSG, to create a talent pool for recruitment and build our talent pipeline.

PSG invests in educational and social programmes that create future employment and economic empowerment prospects for South African communities. Below are a few of our CSI projects:

PSG graduate programme

The year-long programme develops, nurtures and employs South Africa's young graduates. The programme is in its ninth year, and during 2024 PSG employed 152 newly qualified graduates (95% of whom are ACI candidates).

PSG Adopt-a-School programme

This programme supports and enhances disadvantaged schools' learning and teaching environment to address inequalities and inadequacies in rural areas.

PSG has adopted 9 such schools with more than 65 learners, spending R2.6 million. These schools are near the economic hubs, enabling PSG employees to provide hands-on support.

South African SME Fund

The fund was established as part of the CEO Initiative in conjunction with National Treasury and corporate South Africa. Its objective is to invest in high-potential entrepreneurial enterprises and provide business and other forms of support to the SME sector. Since 2016, PSG has invested R2.0 million in this fund. [Read more about this fund on page 38.](#)

PSG bursary programme

The bursary programme provides bursaries covering tuition, textbooks, accommodation, meal allowance, a monthly allowance and exam care gifts to each promising student every year. In the 2024 financial year, 7 students received bursaries, 86% of whom were ACI students. The total cost invested in the bursary programme was R968 922.

Childcare and children's homes

Childcare centres and children's homes support children in need in local communities. PSG provides the care centres and homes with monthly food parcels and funding. In 2024, we provided 7 food parcels and R25 000 in funding, PSG contributed a total of R384 358 funds to this initiative.

ASISA enterprise and development programme

PSG has invested R45.8 million in the ASISA Enterprise Development Fund since February 2015. This initiative invests in the sustainability of SMEs in South Africa. It also supports government's drive for job creation and economic growth. [Read more about this fund on page 38.](#)

Local community involvement

PSG's offices are active within their communities with historically disadvantaged backgrounds. The group's extensive footprint in South Africa enables these initiatives to have a far-reaching impact at a grassroots level. In 2024, we contributed R1 934 483 towards our local community involvement.

Contributing towards, for example:

- an NPO for children with development disabilities and special needs,
- printing of schools' annual reports,
- after school programs

Soup kitchen

PSG supports the local soup kitchens in nearby communities with monthly feeding schemes to the benefit of neighbouring poorer communities, the majority being ACI communities. In 2024, we contributed R15 737 towards this initiative.

Enterprise and supplier development

Enterprise and supplier development is an approach to stimulate economies and create greater diversity in supply chains. The aim of enterprise and supplier development is also to create sustainable jobs and businesses.

Our investment in SMEs contributes to creating a brighter future for South Africans while achieving meaningful and measurable commercial and social impact outcomes.

ASISA Enterprise and Supplier Development Fund (ESD Fund):

This initiative invests in the sustainability of SMEs in South Africa. It also supports the government's drive for job creation and economic growth.

PSG invests in the fund to help build businesses through tailored business acceleration and investment support. PSG has invested R45.8 million in the ESD Fund since February 2015, with over R40 million of committed capital deployed to benefit ACI South Africans. 96% of the programme participants are black South Africans and 62% are female. This investment was also used to support ACI stockbrokers, fund managers and intermediaries in the wealth industry. The ESD Fund focused on supporting numerous ACI-owned motor body repairers within the insurance sector.

The graduation of the ESD Fund from enterprise development beneficiary only, to one of our suppliers, is another initiative that drives our commitment to better supplier development.

South African SME Fund

The South African SME Fund (SA SME Fund) established as part of the CEO Initiative with National Treasury and corporate South Africa. Its objective is to invest in high-potential entrepreneurial enterprises and provide business and other forms of support to the SME sector to stimulate economic growth in the country. Since 2016, PSG has invested R2.0 million in the SA SME Fund.

Highlights of the fund include:

- The Fund of Venture Capital Funds has raised R500 million and is the first Fund of Venture Capital Funds in South Africa to receive an investment allocation from a pension fund.
- The SA SME Fund has contributed R100 million to the SMME Crisis Partnership Fund, a R300 million debt fund for SMEs based in Gauteng townships.
- The SA SME Fund, in partnership with First National Bank and Southern African Venture Capital and Private Equity Association supported the First Time Fund Managers Development Programme, with 11 fund managers completing the programme and going on to raise R1.5 billion in capital commitments within 15 months.

Preferential procurement

Preferential procurement supports the use of black-owned companies as suppliers. Improving preferential procurement is a continuous process. We engaged ASISA to analyse all of PSG's vendors.

We have a centralised approved vendor database. We constantly review the scorecards of our suppliers and actively encourage procurement from exempted micro-enterprises and qualifying small enterprise vendors. Wherever a suitable vendor with a better recognition level is found and transitioning to a new vendor is practical, the approved list is updated. Future business will be conducted through the new vendor. We use the BEE 123 software system to track our vendors' BBBEE scorecards. Our centralised BBBEE certificate storage repository helps the group remain abreast of vendors' BBBEE levels and compliance.



Government, regulatory bodies and industry associates

PSG's commitment to being a good corporate citizen assures government and regulatory bodies of the group's contribution towards a strong, transformed and efficient financial services industry.

The government and regulators prevent and investigate fraud, keep markets efficient and transparent, and make sure clients are treated fairly. They do this by, among other things, verifying compliance and capital adequacy. The South African government department that most affects PSG's ability to create value is National Treasury.

PSG primarily engages with the Financial Sector Conduct Authority (FSCA) and the Prudential Authority in South Africa. In other jurisdictions, PSG mainly engages with the Namibia Financial Institutions Supervisory Authority (NAMFISA) in Namibia and the Malta Financial Services Authority (MFSA) in Malta.

PSG has 21 regulatory operating licences across its range of financial services, 17 in South Africa and 4 in foreign jurisdictions. These necessitate a close and mutually beneficial working relationship with regulators.

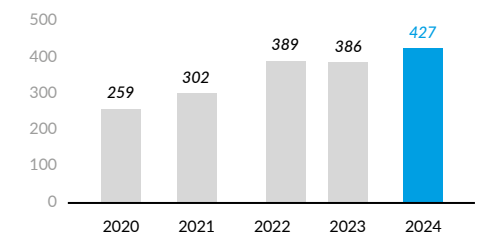
How PSG creates value for government, regulatory bodies and industry associates

PSG works with other industry players, regulators and government to improve the functioning of the financial service sector.

Regulatory changes have an ongoing impact on the financial services industry. PSG stays informed of new regulations and plays an active role in shaping regulations wherever possible.

The group pays tax, according to the relevant legislation of the jurisdiction, in the countries in which it operates.

Normal taxation paid to government (Rm)



How we engage with government, regulatory bodies and industry associates

PSG engages formally through its membership of industry associations and on invitation from the regulators and government. The group has bi-annual meetings with the Prudential Authority and FSCA to provide regular business updates. The regulators perform routine regulatory licence site visits to carry out compliance checks. The group also engages informally on specific matters.

THE 2024 FINANCIAL YEAR

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“Our strong performance demonstrates the competitive advantage of our advice-led business model.”

Investing in difficult times

PSG's business characteristics:

- The group is reliant on the performance of equity markets
- As an administrative business, we depend on people and systems to function optimally
- Our business is not especially balance sheet intensive
- The group generates strong free cash flows
- We are vulnerable to regulatory change

Local economic overview

During 2024, the economic growth outlook for South Africa remained constrained due to ongoing electricity generation disruptions, political uncertainty, and mismanagement of state-owned enterprises, resulting in declining freight, rail and port capacity and deteriorated municipal infrastructure. Due to high inflation and rising fuel costs, hard-pressed consumers cut back on spending.

The local gross domestic product (GDP) projections for 2023 were 0.8%, followed by 1.0% in 2024 and 1.2% in 2025¹. However, real GDP grew by 0.6% in 2023 due to prolonged power cuts, placing mines, factories and farms under strain. This contributed to lower export volumes. South Africa's export performance was also affected by weaker global demand and softer commodity prices. Due to the Financial Action Task Force (FATF) greylisting, the European Union (EU) added South Africa to its list of high-risk countries, which placed further strain on export opportunities. The South African equities market suffered as the appetite for domestic equities was weighed down by low growth expectations, rising interest rates, heightened exchange rate risk, greylisting and loadshedding.

South Africa's economic growth was further stifled by the debt-to-GDP ratio, which continued to rise in 2023, reflecting concerns over materialising economic and fiscal risks. The resulting increase in the government's borrowing costs pushed up long-term lending rates in the economy. Elevated uncertainty and low levels of business confidence delayed investment decisions. The rand weakened sharply, contributing to inflationary pressures and affecting household spending.

The GDP expansion in the first two quarters of 2023 was driven by infrastructure, machinery and equipment investment, including renewable energy products. However, household consumption contracted for the first time since 2021. On the positive side, employment increased by 5% in the year, marginally surpassing its pre-COVID-19 level. Annual credit growth slowed from a 15-year high of 10.5% the previous year to 6.4% in July 2023. Annual consumer inflation increased by 5.9% by the end of the third quarter. Commodities had a tough year, and many performed poorly due to the high interest rates, which impacted investors and the economy.

To raise economic growth stability, the government is prioritising energy and logistics reforms, and improving state capacity. There is a strong future focus on reducing borrowing costs, raising confidence, increasing investment, employment and economic growth. The outlook is supported by an expected recovery in household spending as inflation declines and an increase in energy-related fixed investments. The National Treasury forecasts 1.6% growth in 2024, while the South African Reserve Bank estimates growth of 1.2% in 2024 and 1.3% in 2025.

¹ Sources:
<https://www.treasury.gov.za/>
<https://www.statssa.gov.za/>
<https://www.oecd.org/>
 South African Reserve Bank Second Edition 2023 FSR

PSG uses the following key macro indicators to evaluate its operating context:

Key indicator	CAGR %	2024	% change	2023	2022	2021	2020
Rand/US dollar	5	19.18	5	18.36	15.45	15.15	15.73
FTSE/JSE ALSI	9	72 730	(6)	77 734	76 091	66 138	51 038
S&P 500 (rand)	21	97 766	34	72 877	67 588	57 725	46 247
All Bond Index	7	942	8	875	834	765	706
Cash index - SteFI							
Call	5	500	8	463	439	424	407
SA Property Index	(2)	342	9	313	322	285	363

Rand/US dollar

The South African rand started 2023 at R18.12 to the US dollar and set a record low of R19.77 at the end of May 2023. It recovered to R17.57 at the end of July and weakened again to close at R19.18 at the end of February 2024. This record low was due to the worst power cuts on record, failing SOEs, greylisting and allegations that South Africa sold weapons to Russia. Resultant fuel increases had a knock-on effect on the price of all goods, including food prices, putting more pressure on household incomes. The US Federal Reserve unexpectedly held interest rates steady in January 2024 and signalled the end of its rate-hiking cycle with optimistic indications of several rate cuts in 2024. The South African Reserve Bank will also likely start its interest rate cutting cycle in the second half of 2024.

FTSE/JSE ALSI

The FTSE/JSE All Share Index advanced by 1.8% in December 2023, achieving a 5.26% gain, while the FTSE JSE Capped SWIX rose to 2.9%. The MSCI World Index returned 10.3%.

SA Property Index

The South African listed property sector underperformed the last few years but rebounded in December 2023 by an impressive 10.1%, emerging again as the best-performing asset class, marginally beating bonds at 9.7% and equities at 9.3%.

Based on our assessment of the external and internal environments, the following key risks were noted:

- Cyber threats
- Economic and systemic risks
- Dependencies on key service providers and vendors
- New regulatory requirements
- Lack of client growth and reduction of net flows impacted by several internal and external factors, including:
 - Failure to successfully implement business initiatives
 - Increase in emigration
 - General volatility in financial markets

Refer to the risk report on pages 97 and 98 for additional information.

Our strategy

PSG has a strong record of strategy execution due to a stable management team and extensive collaboration across the business.

Our group strategy

PSG's overarching strategic objective is to be a highly respected retail financial group. Each year progress is made in building the most cost-efficient and scalable business. The group's strategic focus remains the execution and implementation of three financial business objectives:

Executing our strategy

The group's strategy demonstrates a preference for organic growth that targets revenue growth and healthy margins at an appropriate risk level with acceptable trade-offs. To achieve the group's vision, PSG must attract and retain the right people, sell leading products and develop and maintain excellent platforms. As part of the budgeting process, each division identifies actions to support and drive:

- Net client inflows
- Client-centricity
- Transformation
- Enhanced products and platforms

Financial business objectives	Recurring revenues	Margin enhancing	Risk versus return																																				
Strategic intent	Focus on generating recurring income, which leads to enhanced sustainable earnings.	Optimise the profit margin to ensure that an acceptable return on capital is earned.	Maximise every rand earned relative to an acceptable unit of risk.																																				
Execution and implementation	<ul style="list-style-type: none"> • Daily analysis and monitoring of new client money inflows • Dashboards and exception reporting • Operating costs structured as variable, where possible • Strengthening sales and marketing focus • Data analytics and management information systems to pinpoint growth opportunities and areas needing attention, while holding people accountable by tracking and monitoring performance against targets • Integration and cross-selling of products and services to existing clients 	<ul style="list-style-type: none"> • Streamlined systems and processes to reduce operational risk and increase efficiency • Focus on product and innovation for sustainability of profit margins – rather than financial leverage – to generate an acceptable return on capital • Focus on net new money fee margin to monitor and evaluate quality of business • Optimise client journey experience to reduce frictional costs • System automation to achieve system scalability and straight-through processing 	<ul style="list-style-type: none"> • Exit from business areas and products that carry undue risk relative to their earnings contribution • 'Three layers of defence' risk management 																																				
Performance	<p>Recurring headline earnings</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Recurring headline earnings (Rm)</th> <th>Performance fees as a % of recurring headline earnings (%)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>921</td> <td>10.6</td> </tr> <tr> <td>2023</td> <td>948</td> <td>6.5</td> </tr> <tr> <td>2024</td> <td>1 033</td> <td>2.8</td> </tr> </tbody> </table>	Year	Recurring headline earnings (Rm)	Performance fees as a % of recurring headline earnings (%)	2022	921	10.6	2023	948	6.5	2024	1 033	2.8	<p>Operating margins</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Operating margins (%)</th> <th>Cost:income (%)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>19.9</td> <td>54.3</td> </tr> <tr> <td>2023</td> <td>57.0</td> <td>18.0</td> </tr> <tr> <td>2024</td> <td>57.6</td> <td>16.9</td> </tr> </tbody> </table>	Year	Operating margins (%)	Cost:income (%)	2022	19.9	54.3	2023	57.0	18.0	2024	57.6	16.9	<p>Risk versus return</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Return on equity (%)</th> <th>Debt:equity (%)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>23.8</td> <td>0.0</td> </tr> <tr> <td>2023</td> <td>22.7</td> <td>0.0</td> </tr> <tr> <td>2024</td> <td>23.4</td> <td>0.0</td> </tr> </tbody> </table>	Year	Return on equity (%)	Debt:equity (%)	2022	23.8	0.0	2023	22.7	0.0	2024	23.4	0.0
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CEO and CFO report



Globally, inflation remained high, and supply chains struggled to recover due to shipping disruptions and ongoing political unrest. Locally, our clients' discretionary income remained under pressure because of high interest rates and increased living costs. South Africa was further weighed down by increasingly negative sentiment attributable to the country's low GDP growth, ongoing electricity disruptions and deteriorating infrastructure.

More than ever, our clients relied on PSG for our steadfast advice and consistent strategic focus to traverse these troubled waters.

In August 2023, the name "PSG Konsult Limited" was changed to "PSG Financial Services Limited". The leadership team believes this is a more descriptive name for the group's comprehensive range of financial services.

Performance

PSG Financial Services proved its resilience and achieved its strategic objectives through profitable, sustainable growth in 2024.

The group delivered an 11% increase in recurring headline earnings per share and a return on equity of 23.4% for the current year.

These results were achieved against a backdrop of mostly known challenging operating conditions. Our key financial metrics under these conditions highlight the competitive advantage of our advice-led business model. Total assets under management increased by 15% to R406.9 billion, comprising assets managed by PSG Wealth of R355.1 billion (16% increase) and PSG Asset Management of R51.8 billion (7% increase), and PSG Insure's gross written premium amounted to R7.0 billion (13% increase). Performance fees constituted 2.8% (2023: 6.5%) of headline earnings.

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 12%. These factors had a muted impact on our operating margins. We are proud of the progress made in growing our own talent, with 152 newly qualified graduates having joined during the financial year.

PSG Financial Services' key financial performance indicators for the year are shown below.

Financial performance indicator	2024	% change	2023
Recurring headline and headline earnings (R000)	1 033 276	9	948 281
Recurring headline earnings (excluding intangible asset amortisation cost) (R000)	1 108 992	9	1 018 802
Recurring headline and headline earnings per share (cents)	81.1	11	72.9
Recurring headline earnings per share (excluding intangible asset amortisation cost) (cents)	86.9	11	78.2
Recurring headline earnings per share (excluding performance fees) (cents)	78.8	16	68.1
Cost:net income ratio (%)	57.6	1	57.0
Operating margin (%)	16.9	(6)	18.0
Operating margin (excluding performance fees) (%)	16.5	(3)	17.0
Assets under management (Rbn)	406.9	15	354.1
Assets under administration (Rbn)	543.2	13	481.5
Gross written premium (Rbn)	7.0	13	6.2
Debt:equity ratio (%)	0.0	-	0.0
Return on equity (ROE) (%)	23.4	3	22.7
Return on equity (excluding performance fees) (%)	22.7	7	21.2

Divisional performance

PSG Wealth achieved recurring headline earnings growth of 17%

The division continued its strong performance with core income increasing by 12% during the current year, consisting of a continued increase in management and other recurring fees, while transactional brokerage fees decreased due to lower trading activity compared to the prior year.

Clients' assets managed by our Wealth advisers increased by 16% to R355.1 billion during the current year, which included R19.6 billion of positive net inflows. The division's formidable financial adviser network consisted of 608 Wealth advisers, a net increase of 18 advisers during the current year.

For the fifth consecutive year, PSG Wealth was recognised as the Wealth Manager of the Year: Large Institutions at the 2023 Intellidex Top Private Banks and Wealth Managers Awards. The division also won the Executive, Lumpsum investor and Retiree archetype categories at these awards. At the 2023 Krutham (formerly Intellidex) Top Securities Brokers Awards, the division placed first in the Executive archetype.

PSG Wealth continues to advise clients to focus on their long-term goals and 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.

Read more from page 55.

PSG Asset Management's recurring headline earnings decreased by 1%

The division's results for the year were impacted by lower performance fees, however, management fees increased by 19%. 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 2023 Raging Bull Awards. The division received five fund-specific awards and a second place in the South African Manager of the Year award category.

Client assets under management increased by 7% to R51.8 billion during the current year, with net client inflows of R3.5 billion. Assets administered by the division increased by 15% to R227.7 billion, supported by R13.1 billion of multi-managed net inflows.

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

Read more from page 59.

PSG Insure's recurring headline earnings decreased by 6%

The division achieved gross written premium growth of 13% as we continue to focus our efforts on growing our commercial lines' business, which requires specialist adviser expertise. The group is satisfied with this achievement, against the backdrop of a difficult environment. The number of insurance advisers in the group as at 29 February 2024 was 345.

The comprehensive reinsurance programme we have in place reduced the adverse impact of catastrophe events during the year, including two severe flooding events in the Western Cape, and a hailstorm in Gauteng. This, when combined with our quality underwriting practices, allowed us to achieve a net underwriting margin of 9.7%, which is commendable despite being lower than the 13.0% we achieved in the prior year.

Western won the Non-Life Insurer of the year: Commercial award for the second year in a row at the 2023 FIA Intermediary Experience Awards.

Read more from page 63.

Capital management

PSG Financial Services' capital cover ratio remains strong at 240% based on the latest insurance group return (February 2023: 240%). This comfortably exceeds the minimum regulatory requirement of 100%.

During August 2023, 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 group's capital cover ratio and the credit rating affirmation are a testament to the group's strong financial position and excellent liquidity.

PSG Financial Services 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 15.8 million shares at a cost of R207.2 million during the year, as part of shareholder capital optimisation.

- Our shareholder investable asset's exposure to equity marginally increased to 8% (previously 6%). We continue to monitor investment markets and will gradually increase our value-at-risk exposure to align with our long-term target.

Our people

Our ongoing focus on talent development, transformation and internal promotion is reflected in key executive appointments this year and the continued success of our graduate programme.

Our graduate programme allows us to grow and promote our locally grown talent and has enhanced the depth and diversity of our talent pipeline for the future.

Competitive remuneration is vital for retaining top talent in our people-oriented, skills-driven industry, and we continuously review our remuneration framework to ensure it supports our employee value proposition and our shareholders' interests.

Although our remuneration policy and implementation report received favourable voting outcomes at the 2023 AGM, PSG believes in continuous improvement and saw an opportunity to engage with institutional investors to ensure that we consider and address any feedback received. Based on this, we have implemented several improvements to our remuneration approach to ensure our policy and disclosures align with best practice.

Read more from page 102.

Our ESG journey

PSG is dedicated to improving our ESG considerations in operations and investment decisions. We acknowledge the financial materiality of ESG matters to our group as it can impact the long-term sustainability and profitability of each of our divisions.

On page 51, read about our commitment to align our business strategy and risk management approach to ESG metrics and targets to support our business, our people and the environment we operate in.

Marketing initiatives

Exposing our clients, advisers and employees to the best knowledge and insight empowers them to make the best financial decisions to reach their goals. The group successfully interacted with clients and prospects throughout the year, hosting more than 197 in-person events and over 70 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 fourth year, continues to attract viewers and subscribers to our YouTube and Spotify channels. The series has proven popular 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 year alone, the series received almost 7 547 unique registrations. Public relations coverage adds to the success of the series, with the media recognising it as a credible content source for thought leadership.

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 3.2 million website events. In the digital environment, both paid and organic search campaigns see an average of more than 1.1 million website visits per month. Social media accounts continue to attract new followers and we are seeing increased engagement levels. The team also focuses on producing tailored marketing plans per adviser office along with support on the execution.

Technology investments

The group will continue to invest in technology to improve productivity and enhance our client and adviser experience.

Our business is based on building trusted relationships with clients. Improving our processes in a secure manner 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 digital evolution will grow and gain market share.

Dividend declaration

Considering PSG's strong cash position, the board declared a final gross dividend of 28.5 cents per share from income reserves for the year ended 29 February 2024 (2023: 25.0 cents per share). This brings the total dividend distribution to shareholders to 42.0 cents per share (2023: 36.0 cents per share) for the full year, reflecting the group's sound financial position and confidence in its prospects.

Looking forward

Despite the difficult macroeconomic environment and negative global sentiment, we remain confident in our overall business resilience.

In a difficult environment, maximising every opportunity in a disciplined manner is crucial to attaining success. We value initiatives that help us focus on consistent delivery and enable us to unlock value across the group.

Our success is secured by our organic, responsible growth, incremental, continuous improvements, growing internal talent and a client-focussed approach. We remain steadfast in our focus on delivering excellent products, results and improving the overall client experience. This enables our advisers to focus on servicing their client base, allowing them to bring in new assets and premiums. Combined with the diversity of our underlying client assets, we can secure growth in a challenging environment, ensuring our continued ability to maximise shareholder value.

We will continue to monitor local and global events and the associated impact on the group's clients and other stakeholders, and adjust our approach if required.

On behalf of PSG's management team, we would like to thank our stakeholders, which include shareholders, advisers, clients, business partners, regulators, management, and employees, for their ongoing support and dedication.



Francois Gouws
CEO



Mike Smith
CFO

Our position on climate change and TCFD

What is TCFD?

Established by the Financial Stability Board in 2015, TCFD is an industry-led group that helps investors understand their financial exposure to climate risk and works with companies to disclose this information clearly and consistently.

As a group with a conservative, long-term investment approach, PSG is cognisant of the impact that ESG issues can have. Companies that neglect their social and environmental obligations will ultimately struggle to deliver sustainable long-term returns.

Climate change is a complex and evolving phenomenon that poses risks to the security of our clients, society and the global economy. Inversely, there are also opportunities for investors to play a role in bringing about change, which can include managing factors related to transitioning to a low carbon economy.

The PSG board and executive management acknowledge the importance of the TCFD recommendations. Given the nature of our business, we support the advancement of more effective climate-related disclosures to promote better informed investment and insurance underwriting decisions.

PSG Asset Management follows the principles outlined in the Code for Responsible Investing in South Africa (CRISA) and applies the principles of responsible investment in its philosophy and process. In addition, in March 2021, PSG Asset Management signed the United Nations Principles for Responsible Investment (UN PRI). According to the UN PRI 2021 Annual Report, investor signatories identify climate change as their number one ESG concern. Likewise, PSG recognises our responsibility in addressing climate change as a pressing sustainability risk.

The disclosure below is divided into the four categories outlined by the TCFD – governance, strategy, risk management, and metrics and targets. It represents the group's assessment of the impact climate-related risks and opportunities can have on PSG, as well as our impact on the environment over the short, medium and long term.

We view TCFD reporting as a long-term journey. The PSG board and executive management commit to honesty and transparency as we continue to monitor and oversee climate-related risks and opportunities and enhance our climate-related disclosure. The "future focus" headings below represent realistic short- to medium-term objectives.

Governance

Board oversight

The PSG board is ultimately responsible for the governance of risk, and has mandated the risk committee to be responsible for the oversight of climate-related risks and opportunities.

Executive management's role

Executive management is responsible for identifying risks and opportunities (including for ESG) and for developing and implementing policies, procedures and controls to address, manage and reduce these risks and prudently pursue opportunities.

Own Risk and Solvency Assessment

The group's annual Own Risk and Solvency Assessment (ORSA) process includes enhancements to governance processes, risk strategy and documentation. The aim of the process and the annual PSG ORSA report is to demonstrate business sustainability and resilience. Climate-specific risks were included as an emerging risk in our 2023 ORSA report.

PSG Asset Management ESG policy

In 2020, the board reviewed and updated PSG Asset Management's ESG policy and in 2021, the division streamlined the integration of ESG in its investment process and analysis of potential investee companies. More detail can be found under the "strategy" section.

Future focus

Our focus will be to establish reporting lines and processes for reporting climate information to management and the board, aligned to the group's existing risk structures as outlined in the risk report on page 96.

Strategy

We identified two key potential impacts of climate-related risks and opportunities for PSG:

PSG Insure – Climate change and insurance

The consequences of climate change are already evident in more extreme weather events. The potential increased scale and frequency of severe weather and natural disasters directly impact the insurance industry.

Climate change was identified as a top-tier, increasing inherent risk for Western in our 2023 ORSA report related to claims frequency and severity. Western will be impacted in the event of an increase in weather-related claims, especially catastrophe events, which will also impact reinsurance capacity and cost. To mitigate this risk, PSG Insure conducts diligent underwriting management and analysis of underwriting data by skilled teams. The division also ensures it is adequately reinsured to limit its exposure to large losses and catastrophe events.

PSG Insure is committed to continually enhancing its understanding of the risks climate change poses to its business and stakeholders.

PSG Asset Management – Climate stewardship

The principles of responsible investment drive PSG Asset Management's investment philosophy and process: investing in businesses with long-term growth strategies and management teams that function as good custodians in clients' best interests. Assessing investee companies through an ESG lens offers additional insights into the strength of the management team, the moat and the risks and opportunities associated with the investments. Considering ESG factors will ultimately favour investors and improve their returns.

To obtain ESG information, the division conducts in-depth ESG research, which includes reviewing company disclosures and available qualitative ESG analysis. Analysts consider ESG aspects as part of each investee company's quality assessment on a case-by-case basis. Case study examples are provided in PSG Asset Management's Annual Stewardship Report, available at <https://www.psg.co.za/asset-management/esg-investment-philosophy>.

Key environmental aspects considered will vary by industry but generally include carbon emissions, water stress, land use, waste treatment, air pollution and biodiversity impacts. Analysts adopt a holistic approach when evaluating investments in companies where climate change is a key risk factor, considering the important nuances and ESG trade-offs associated with these investments.

PSG Asset Management acknowledges that holding companies accountable for ESG issues is a key part of its fiduciary duties and the right thing to do.

Future focus

We will continue to identify new physical and/or transition risks and opportunities as they arise and monitor the impact of the risks and opportunities mentioned above on our business strategy over the short, medium, and long term.

Risk management

PSG's processes for identifying, assessing and managing risk are set out in the risk report on page 96. Robust risk management ensures that acceptable risk and adequate capital levels are maintained. We enhance our systems and processes incrementally to monitor and manage risk – this includes leveraging existing processes for identifying, qualitative assessment, and managing ESG-related risks and opportunities.

The group currently considers the financial impact of climate-related risks on our business to be low, as it mainly relates to the impact on Western, as explained above.

Future focus

We will formally integrate the processes for identifying, assessing and managing climate-related risks into overall risk management and assign responsibilities to groups or individuals throughout the group for climate risk management.

Metrics and targets

PSG limits the use of electricity, paper and water in the office environment. The group's head office in Cape Town is rated a five-star green building, while the offices in Waterfall and Centurion are both four-star green buildings. The use of video conferencing facilities at each of the major offices across the country reduces travel.

Considering the operational nature of our business, which is advice- and platform-based, PSG has a relatively low direct environmental impact. For this reason, we do not consider it practical to track and provide energy, water, waste and carbon emission metrics for the group at this stage.

Future focus

PSG Asset Management's environmental assessments of investee companies (as discussed under Strategy above) do include the evaluation of high-level metrics for climate-related risks and opportunities. The division's approach to ESG continues to evolve and grow as it weighs up the various trade-offs between competing stakeholders and imperatives.

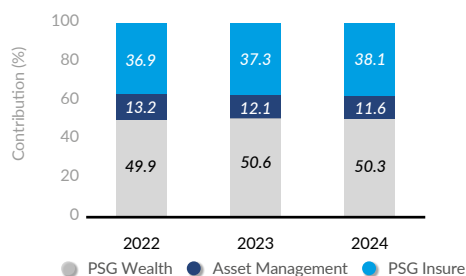
Divisional reports

Divisional overview

	PSG Wealth	PSG Asset Management	PSG Insure
Business units	<ul style="list-style-type: none"> Securities Multi-managed solutions Employee benefits Linked investment business/linked investment service provider platform Wealth distribution (including fiduciary services)¹ 	<ul style="list-style-type: none"> Asset management Collective investments (local and offshore) 	<ul style="list-style-type: none"> Western Group Short-term administration Insure distribution¹
CEO	Etienne de Waal	Anet Ahern	Cedric Masondo
Main office	Waterfall City, Midrand, Johannesburg	Constantia, Cape Town	Tyger Valley, Bellville, Cape Town

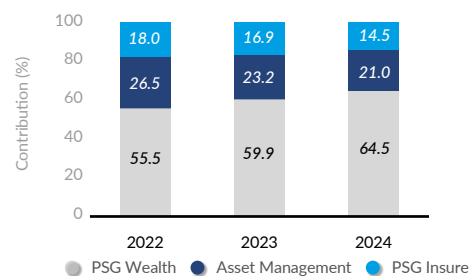
¹ CEO of PSG Distribution was Dan Hugo, succeeded by Edward Gibbens on 2 April 2024.

Divisional contribution to group core income



Note: 2023 and 2024 excludes the impact of the new insurance contracts accounting standard (IFRS 17) for comparability.

Divisional contribution to group recurring headline earnings



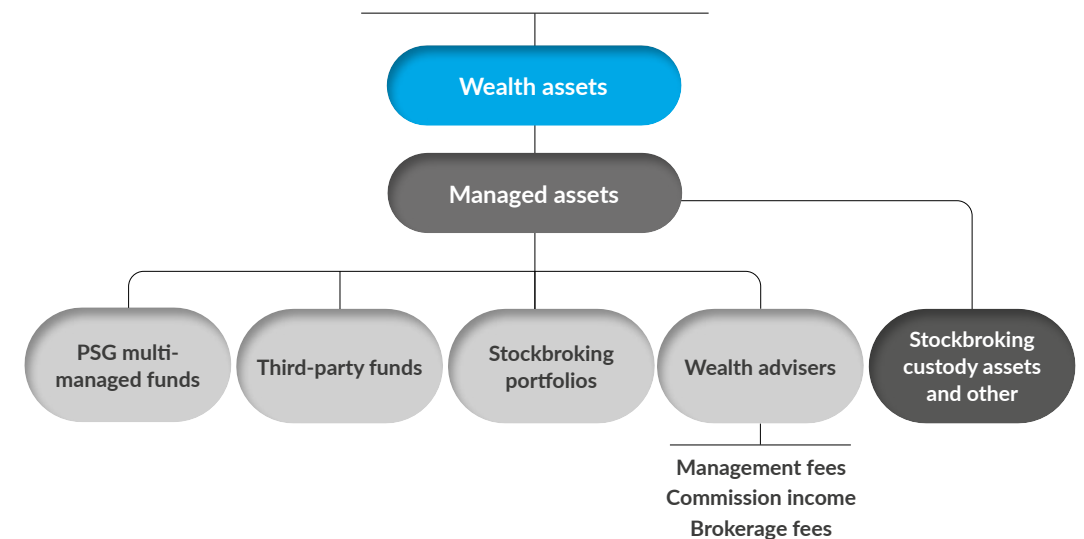
PSG Wealth

Our advisers leverage the specialist expertise of our wider network to bring a truly integrated financial planning experience.



Etienne de Waal

PSG Wealth



Strategic insights

An overview of PSG Wealth

PSG Wealth offers comprehensive wealth management designed to meet the needs of individuals, families and businesses. PSG Wealth works with clients to achieve their financial goals, including making appropriate investment choices, structuring an investment portfolio, and arranging life and disability insurance to cover clients against unforeseen risks. Clients can trade directly through an online trading platform or opt for a managed portfolio through a skilled wealth manager. PSG Wealth also offers estate planning and fiduciary services, including trusts and the administration of deceased estates. PSG Wealth further facilitates a range of employee benefits, insurance, and investment solutions for business owners.

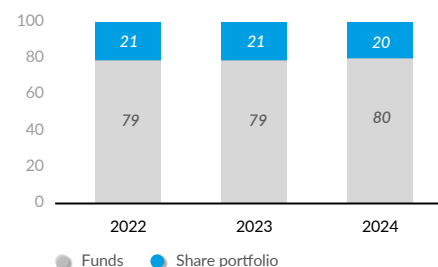
Assets split (Rm)	2022				2023				2024			
	2022	Market movement	Net flows	2023	2023	Market movement	Net flows	2024	2024	Market movement	Net flows	2024
PSG multi-managed ¹	131 702	9 539	7 721	148 962	17 341	9 536	175 839					
Third-party funds ²	83 083	4 763	5 280	93 126	5 693	10 864	109 683					
Stockbroking portfolios	57 880	5 241	292	63 413	6 933	(780)	69 566					
Total managed assets	272 665	19 543	13 293	305 501	29 967	19 620	355 088					
Stockbroking custody assets ³	142 052	(25 229)	(1 402)	115 421	7 906	(441)	122 886					
Third-party administration	11 259	757	(88)	11 928	1 149	321	13 398					
Total PSG Wealth assets	425 976	(4 929)	11 803	432 850	39 022	19 500	491 372					

¹ Includes PSG single-managed funds of R13.9 billion for 2024, R12.6 billion for 2023, R11.1 billion for 2022.

² Includes PSG single-managed funds of R9.5 billion for 2024, R8.9 billion for 2023, R7.7 billion for 2022.

³ The 2023 market movement is a consequence of the PSG Group unbundling.

Growing managed assets (%)



PSG Wealth's top risks and the associated mitigating actions

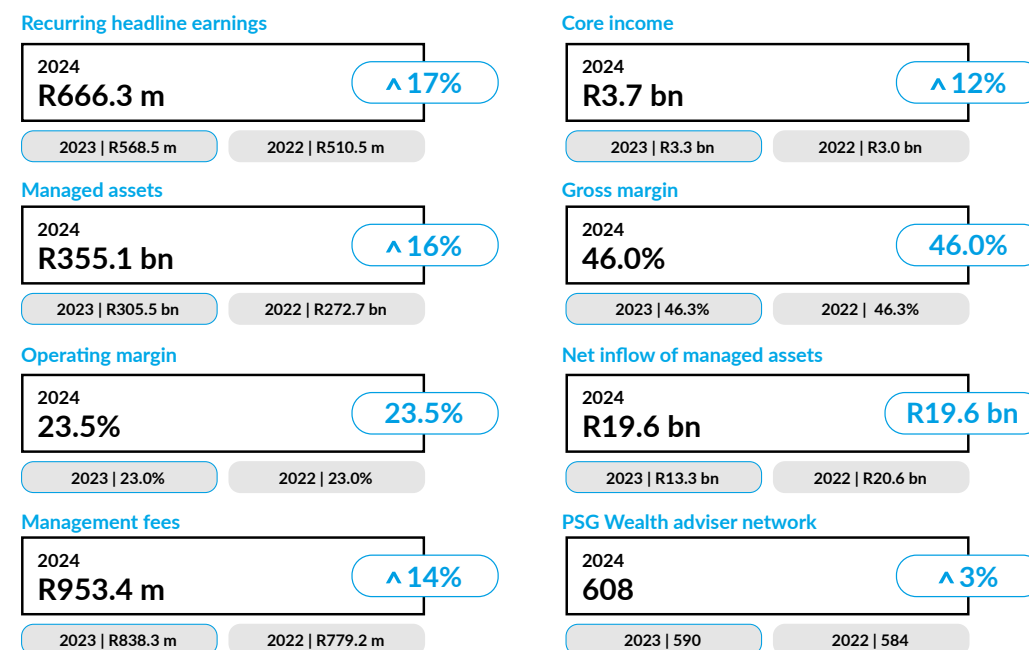
Risk	Mitigating action
Market volatility for the foreseeable future	PSG Wealth has a diversified range of products, including global solutions, and maintains strong governance when making investment decisions.
Cyber risks, which can cause financial loss, disruption or damage to our brand and reputation because of a failure or exploitation of our IT systems	We have comprehensive cyber preventive controls in place, which are maintained and monitored by PSG IT centrally. We also have comprehensive cyber insurance cover.
Risks related to new and emerging legislation and regulation	We monitor new legislation in the jurisdictions in which PSG Wealth operates and respond appropriately to any changes in legislation.
Erosion of investor confidence due to South Africa's economic situation, keeping investors out of the market	We are confident that our advisers can assist clients through periods of market volatility and that we can attract new investors through our range of local and offshore products, which provide local investors with diversification opportunities.

How PSG Wealth contributes to the financial business objectives of the PSG strategy

Recurring revenues	Margin enhancing	Risk versus return
PSG Wealth focuses on growing recurring revenue, which reduces our reliance on transactional revenue, particularly in the securities business.	We focus on straight-through processing to minimise marginal costs. We regularly negotiate our business partner agreements to manage our cost base. Our ongoing drive to automate improves our service levels while keeping our cost base low.	PSG Wealth applies multi-dimensional metrics to assess quality, risk and productivity. We grew our network of advisers to support the group's growth strategy.

Performance overview

The merits of PSG Wealth's investment approach and stable client advice plans have been proven in difficult market conditions.



Despite a challenging operating environment, the PSG Wealth results showed strong inflows due to the strength of our adviser force and the comprehensive range of client investment solutions we offer.

This year, the industry had to weather the trend of high interest rates and exchange rate volatility, resulting in poor inflows for some funds and net outflows for some asset managers.

PSG Wealth delivered strong results, growing headline earnings by 17% and achieved net inflows of R19.6 billion in managed assets. In the funds environment, PSG Wealth can report positive client growth due to our strong, steadily growing adviser team and ongoing client communication. Trading activity in the securities environment declined during the period under review linked to the 6% decline in the JSE ALSI during the year under review and overall challenging local market conditions we experienced. Our comprehensive range of client investment solutions that we offer enabled us to once again deliver favourable risk adjusted investment outcomes for our clients.

Our long term investment philosophy focus, which has stood the test of time, is aimed at meeting our clients' long term investment goals and needs. We remain cognisant of how external factors may impact our clients and have launched a new cash product solution that complements our current product range.

PSG Wealth has always managed our clients' wealth with long-term growth in mind and we constructed our portfolios around this goal. Our decisions are not based on or influenced by short-term volatility.

This year, we continued our digitisation journey by adjusting our target operating model to improve the client and adviser experience on our platform interfaces. We also improved automation in our securities environment, which will improve user experience.

Technological improvement focus areas during the period was to further automate cash payment processes and strengthen our multifactor authorisation processes to improve the security of our digital interface and protect our client data and assets. We did not experience any cyber security breaches or incidents this year, and we continue to run regular penetration exercises to ensure that our data environments remain secure. I am also pleased to report that we did not experience any service delivery disruptions during electricity failures.

As a retail savings and wealth creation entity, PSG Wealth does not foresee that the two-pot retirement reform legislation will have a material impact on the business. The industry at large can expect to see short-term outflows due to clients withdrawing money from the savings component of retirement and preservation funds. The outflows will mainly occur in employer-sponsored retirement funds. Retirement annuities and preservation funds are a comparatively small part of our business. Clients under our advice already rely on us to manage their short- and long-term cash flows. We believe this reform will positively affect the industry in the longer term, as preservation will be compulsory and funds will remain protected.

Our strategy of growing our client base and adviser force remains unchanged. Our recipe for delivering consistent, long-term results has proven to be successful in the environment we operate in. There have been no material changes in our risk profile.

PSG Wealth's employee count has grown steadily, mainly from the group's successful graduate

programme. The focus remains on building and nurturing skills in the financial services sector for graduates so they can contribute not only to the day-to-day operations of the business but also be promoted to senior decision-making roles as they mature. This year we employed 48 graduates from the programme. Our staff received training on the new operating model, automation processes and legislation changes mentioned previously.

For the fifth consecutive year, PSG Wealth won the Top Wealth Manager of the Year: Large Institutions by Intellidex Top Private Banks and Wealth Managers Awards. I attribute this recognition to our excellent adviser team and our commitment to keeping our clients happy and continuously improving their PSG Wealth experience.

Clients are concerned about uncertainty and unexpected incidents that could adversely affect their prosperity. We tackle these topics in our *Think Big* webinar series. This year's topics included the NHI and the future of integrated healthcare with Adrian Gore, the future of South Africa's economy with Lesetja Kganyago, and the future of agribusiness and government and business partnerships, to name only a few.

By supplying knowledge and insight into the factors that drive the challenging scenarios we face, we empower our clients and give them confidence and trust in the future.

Coupled with the quality of our growing adviser force, we will continue to guide our clients to make the best decisions to reach their financial goals.

Election years always bring short-term volatility to the market, but our advisers plan for these scenarios. Our focus remains steadfast on long-term returns and performance, and we do not foresee material impacts from the elections for our clients.

This coming year, we will continue to focus on executing our plans to improve our clients' experience and support through turbulent market conditions. We will keep abreast of changes in the environment and will advise our clients accordingly. We will continue to grow our adviser force through our graduate programme and by finding the best external candidates, supported by our strong reputation as an employer of choice.

While the landscape is set to remain volatile, it is undeniable that we will face challenges in the upcoming year. PSG Wealth has proven its ability to overcome obstacles, seize opportunities and grow our business. The year ahead will be no different.

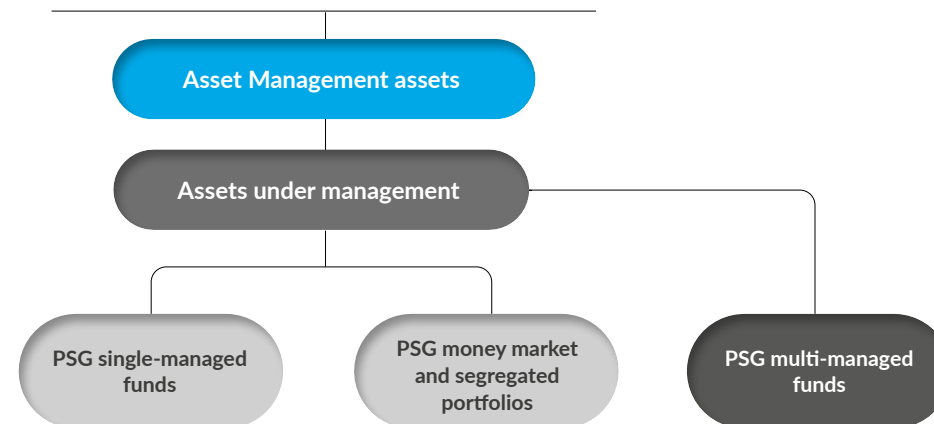
PSG Asset Management

Our proven process has consistently demonstrated success, delivering essential diversification benefits and enhancing the value of our clients' portfolios.

Anet Ahern



PSG Asset Management



Strategic insights

As stewards of our clients' capital, we remain focused on unlocking long-term value for our investors. At times like these, we believe differentiated portfolios like ours are more valuable than ever as part of a holistic long-term investment solution.

PSG Asset Management overview

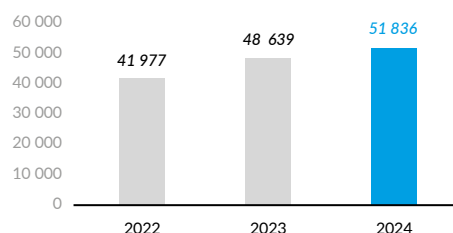
PSG Asset Management is a leading investment management company offering a range of local and global funds, with corresponding feeder funds available from South Africa. Our long-term track record affirms the success of our proven process and offers important diversification and alpha generation benefits to investors. We offer investment management to long-term retail and institutional investors based on a research-driven approach with a strong emphasis on risk management.

We believe that the price you pay for an investment is extremely important. Our 3M approach combines a preference for attractively priced investments (our Margin of safety) with a rigorous quality overlay (assessment of Moat and Management). We follow a globally integrated bottom-up, research-driven investment process.

Our research teams create carefully curated buy lists across all asset classes, including global and local investments, from which our fund managers construct portfolios within the parameters of the specific mandates in our focused fund range. We aim to construct portfolios that are highly likely to achieve the required return over a range of future scenarios.

Our funds offer essential diversification benefits to a blended client portfolio. Our portfolios are also good options for patient retail investors who can take a longer-term approach to ride out the occasional volatility which is part and parcel of active management.

Assets under management (Rm)



Assets split (Rm)	2022	Market movement	Net flows	2023	Market movement	Net flows	2024
PSG single-managed	39 943	5 549	1 087	46 579	(349)	3 332	49 562
PSG money market	1 997	-	26	2 023	-	216	2 239
PSG segregated portfolio	37	(1)	1	37	(3)	1	35
Total assets under management	41 977	5 548	1 114	48 639	(352)	3 549	51 836
PSG multi-managed ¹	131 702	9 539	7 721	148 962	17 341	9 536	175 839
Total PSG Asset Management assets	173 679	15 087	8 835	197 601	16 989	13 085	227 675

¹ Includes the PSG Investment Management Funds.

PSG Asset Management's top risks and the associated mitigating actions

Risk	Mitigating action
A substantial reduction in assets under management, resulting in a loss of income	PSG Asset Management believes in regular client interactions. We continuously review and improve the articulation of our investment processes and apply learnings to enhance client outcomes. We hold a relatively small market share and see opportunities to gain market share through our differentiated, consistently applied, client-centric approach.
Manual operational processes which can result in inefficient delivery times for key information and increase the risk of errors	We continuously review our systems and invest in automating them as far as possible.
Risks relating to brand reputation	Protecting our brand and reputation remains a top priority for PSG Asset Management. We are more visible to our current and prospective clients through client events and other advertising and marketing activities.
Failure to adhere to regulatory changes	Our dedicated compliance department monitors changes in legislation and the impact they have on PSG Asset Management. We belong to various professional bodies, such as ASISA, where industry players discuss changes to legislation and their impact.
Key-person risk and skills drain – highly skilled investment professionals seek opportunities beyond South Africa	To counteract this, we have a detailed succession plan and we manage and nurture upcoming talent. The fact that our analysts can research assets across the globe adds to the appeal of working in the team. We also work hard to retain our top talent through attractive remuneration and a strong employee brand proposition.

How PSG Asset Management supports the overall PSG strategy

Recurring revenues

In 2024, we experienced an increase in management fees of 19% year on year.

Most of our funds have fixed percentage AUM linked fees. As the funds grow, the quality and sustainability of our income improve. This reduces our reliance on performance fees.

Margin enhancing

PSG Asset Management has a good return on equity as the division is not capital intensive and has a low fixed cost component.

Retained margins on funds have remained stable or improved over time.

A comprehensive fee policy is in place to protect the interest of existing clients and to manage the overall margin while remaining competitive.

Risk versus return

Risk management is a critical component of PSG Asset Management's investment process. We develop investment portfolios that aim to deliver on investment mandates across various scenarios.

We proactively manage client and product diversification to limit our dependence on any single client or asset class.

Strategic execution

The PSG Asset Management divisional Exco is responsible for implementing strategic plans. We identify the capital and resources required to achieve sustainable business growth objectives as part of the annual budgeting process. We submit these, with the necessary motivation, to the board for approval. Functional and business units provide feedback on the business performance metrics at quarterly review meetings.

We have a team of business analysts who regularly review our business processes according to the group's strategy. Our client data and monitoring systems are continuously improved, and our client team is equipped and trained to provide the best

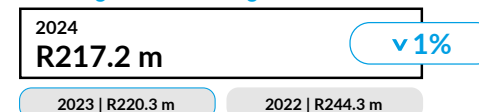
technical and service-related support to our clients. Our integrated digital initiatives are also aligned to PSG's group initiatives to reduce manual processes and increase efficiency.

Responsible investment

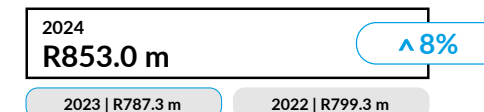
As long-term investors, we appreciate the impact that sustainability issues can ultimately have on the competitive environment, both within and across industries. We believe that an ESG lens offers additional insights into the strength of the management team, the moat of the company, and the risks and opportunities associated with investments. We acknowledge that holding investee companies accountable for ESG issues is a vital part of our fiduciary duties.

Performance overview

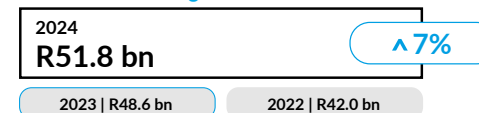
Recurring headline earnings



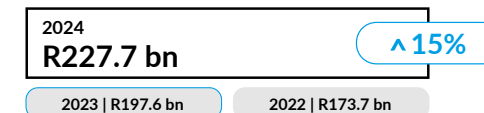
Core income



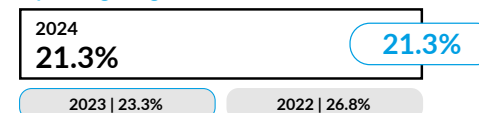
Assets under management



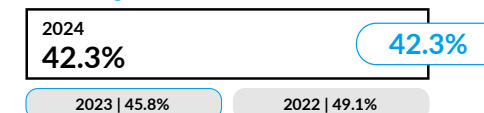
Assets under administration



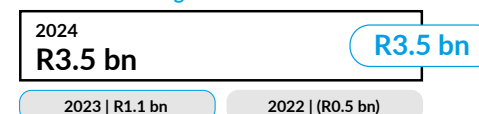
Operating margin



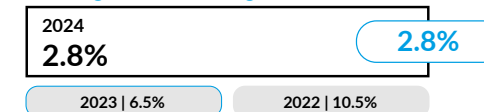
Gross margin



Net flow of managed assets



Performance fees contribution to group recurring headline earnings



PSG Asset Management is a signatory to the CRISA. We have a published ESG policy which is incorporated into our analysis of potential investee companies. We regularly review and update this policy. We have an investment committee that makes investment decisions with consideration of principles of responsible investment and our clients' interests.

Rising inflation, negative sentiment towards South African assets and high interest rates resulted in a tough trading environment this financial year. Investors therefore tended to keep available funds in either low-risk assets (bank deposits and income funds) or opted for foreign investment funds instead.

Despite a challenging environment, PSG Asset Management's funds under management increased, resulting in an 19% rise in recurring revenues from management fees year on year.

Our offshore earnings in dollars contributed to this growth, boosted by the weaker rand.

The increase in recurring management fees of 19%, occurred despite a decrease of 54% in performance fees.

The robust performance of our funds provided a buffer against poor market returns, and our margins remained stable year on year. We are comfortable that our fund range addresses most client needs, and we remain cognisant of the need to deliver an investment journey that aligns to the client's expectations and needs over appropriate time frames.

Over the past year, the institutionalisation of the retail investment market continued to see the growth of discretionary fund managers (DFMs). Big asset managers tend to be losing assets to smaller boutique firms, as DFMs seek more choices and more competitive fees. Despite this trend, PSG Asset Management has grown our assets from independent financial advisers (IFAs) and DFMs.

One of the reasons for our continued support from asset allocators is our differentiated approach, which blends well with other fund managers who may be more benchmark cognisant. Our inclusion in a client solution brings diversification and improves the longer-term outcome of the overall client portfolio.

PSG Asset Management is an excellent portfolio diversifier.

PSG Asset Management was again recognised as an industry leader at the 2023 Raging Bull Awards this year. We attribute our success and longevity as an investment market leader to the consistent application of our investment philosophy and process, and a culture of learning from the past.

The group reviewed and defined its target operating model and management system, further enhancing our processes and supporting our digitisation journey. PSG Asset Management will continue integrating our platforms, ensuring that our processes become more streamlined and standardised.

We are implementing our long-term succession plans despite the challenges of retaining skilled employees in the competitive investment industry. We also made strides in developing young talent and employed five graduates permanently, including three black women. These employees can access experienced senior mentors and are immediately integrated into our teams. Three employees were also promoted to analysts. Our employees also continue to benefit from the group-led management programmes.

We are pleased with the progress we have made in the transformation of our employee profile, but it is an ongoing pursuit. Retaining these young, talented individuals is key, as competitors are always in search of experienced professionals to grow the diversity profile of their own businesses, even at a premium. Our employee value proposition helps to ensure that our investment team remains stable and is able to deliver ongoing performance despite these challenges.

Looking forward, we remain vigilant in managing our cost base responsibly. We aim to keep a balance between curtailing large cost increases and remaining sufficiently resourced to ensure that our processes and systems are robust and effective.

While we are aware of the external risks that remain to our outlook, we are also positive about some changes in our environment that might provide a few tailwinds for the future.

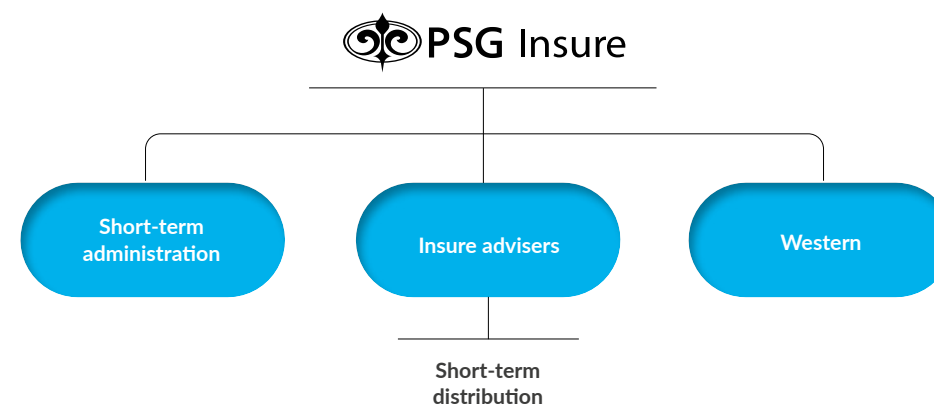
The private sector's involvement in energy generation could start to bear fruit. Businesses are not as reliant on Eskom as they were in the past, and increasing investment in private energy initiatives will start to relieve some of the pressure on the national grid. In addition, government spending on infrastructure could also contribute to the emergence of green shoots in the local economy as functional ports and railways are essential to getting economic growth back on track. More broadly, we also expect that cyclical factors could benefit emerging market performance, at the same time as we anticipate a weakening in the US dollar after a period of sustained strength.

We may be facing many headwinds, but those headwinds may not be as severe in the future, and asset prices are already depressed, reflecting a tough environment. As long as our product offering and investment philosophy are solid and appealing, PSG Asset Management should continue to gain market share and perform well.

PSG Insure

Our adviser's quality advice, excellent client service and comprehensive range of insurance solutions makes us a leader in the sector.

Cedric Masondo



Strategic insights

PSG Insure overview

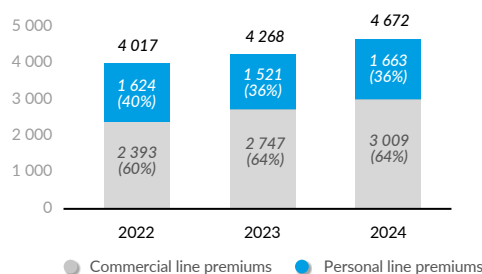
PSG Insure provides non-life insurance advice and insurance solutions to individuals and businesses. The division consists of three business units:

- **Short-term distribution:** Our network of specialist insurance advisers throughout South Africa caters for everyday, commercial and specialist needs. We work with leading insurance providers to offer a comprehensive range of insurance options. This allows our advisers to structure cost-effective and tailored insurance solutions. Whilst we understand and appreciate tough economic conditions facing our clients, our value proposition to our clients is to focus on value-for-money solutions structured around client's need, based on a risk assessment and advice process. Advisers also assist clients in their claims process as well as any insurance administration requirements.
- **Short-term administration platform:** Our platform provides the full suite of insurance administration services as well as a comprehensive product offering to our advisers. This business unit only services our adviser network. Some clients prefer the direct insurance model and are serviced through our client care centre. We continually enhance our short-term administration platform by automating manual processes and incorporating automated and other technologies to streamline processes and improve ease of doing business to deliver good client experience. The aim with these enhancements is to further improve client satisfaction levels.
- **Western:** This is a non-life insurance group, with a focus on providing insurance solutions to commercial clients via intermediate parties and partners. Western retains clients through exceptional service and makes use of technology to scale the business.

Gross written premium split (Rm)

	2024	% change	2023	% change	2022
Short-term distribution	4 672	9	4 268	6	4 017
Western Group	2 307	20	1 919	15	1 675
Gross written premium (excluding short-term administration platform)	6 979	13	6 187	9	5 692
Short-term administration platform	1 723	7	1 609	12	1 441
Total gross written premium	8 702	12	7 796	9	7 133

Insure advisers – client premiums



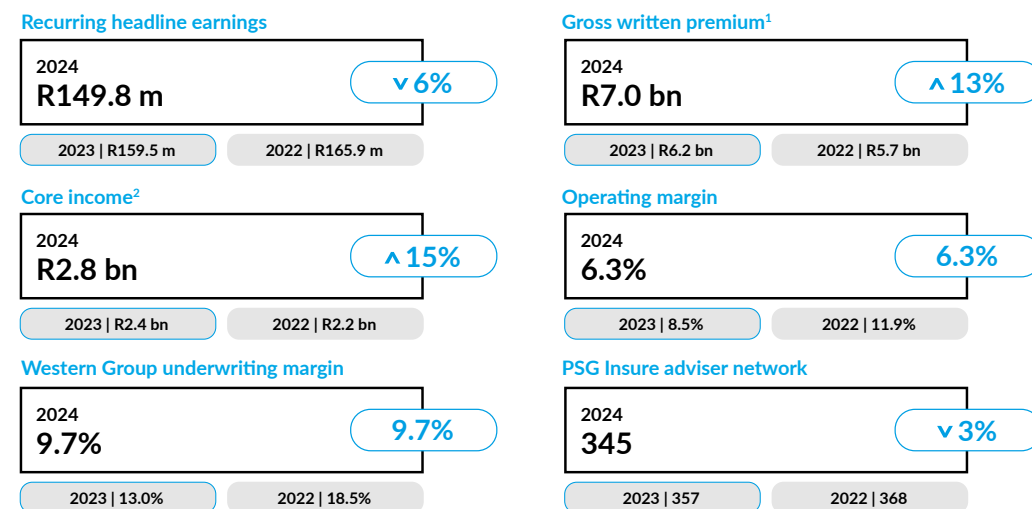
PSG Insure's top risks and the associated mitigating actions

Risk	Mitigating action
Unsuitable advisory services provided to clients, for example, if advisers recommend inappropriate products	We schedule regular compliance reviews of PSG Insure adviser offices and offer recommendations and support as necessary through our Technical Advisory Services team. PSG Insure has a dedicated review panel to review and provide technical input on large and complex proposals.
Failure to comply with laws, regulations, codes of conduct and standards of good practice	PSG has a group legal and compliance department that monitors and reviews all legal and regulatory compliance aspects throughout the group.
Cyber risks can cause financial loss, disruption or reputational damage due to a failure or exploitation of our IT systems	We have extensive preventive controls in place, maintained and monitored by the group's IT department. We also have comprehensive cyber insurance cover in place.
A lack of profitable growth and poor risk selection by Western Group's risk pool could reduce profitability	Western Group has a diverse revenue composition, using a wide variety of intermediary parties combined with strategic underwriting partners to attract premium growth, which spreads the risk.
Large cost implications for Western Group of multiple catastrophe or high-frequency events, including the impact of reinstatements and increased replacement and repair costs	Western Group has comprehensive catastrophe reinsurance, limiting our exposure to catastrophe events. The reinsurance market is hardening due to higher levels of catastrophe claims. The robustness of Western's capital structure, to withstand adverse catastrophe events, is tested annually as part of our group ORSA process.
Low levels of economic growth result in less client income	Our advisers focus on client retention through ongoing communication contact and providing value-adds wherever possible. Overall client growth is a key strategic focus for PSG Insure.
Deterioration of public infrastructure	Western is constantly reviewing the risk and has responded by price or rate review, risk selection.
Potential of an electricity grid failure	In line with the rest of the non-life insurance industry, Western has excluded grid failure as an insurance peril from all its policies.

How PSG Insure supports the overall PSG strategy

Recurring revenues	Margin enhancing	Risk versus return
PSG Insure focuses on organic growth and value-adding acquisitions. The division achieved gross premium growth of 13%.	PSG Insure focuses on revenue growth, quality underwriting, cost management, optimisation and increased margins. Where possible leverage from scale benefits achieved through growth and system optimisation.	Risk management is an integral part of our business strategy. PSG Insure employs skilled underwriters who apply sophisticated techniques to improve Western's underwriting margin and our platform business. Western Group's comprehensive reinsurance cover mitigates against the impact of large claims.

Performance overview



¹ Includes gross written premiums on policies administered by the PSG Insure distribution advisers, placed with third-party insurers, and Western Group's gross written premiums. The group earns commission and administration fees on these. It excludes the short-term administration platform gross written premium. We continue to disclose gross written premium as a management performance metric, in line with past practice. It should be noted that this is not a metric reported under IFRS17.

² FY2024 and FY2023 excludes the impact of the new insurance contracts accounting standard (IFRS 17) for comparability. The IFRS 17 restated core income amounts: R1 343m (FY2024); R1 249m (FY2023).

Despite significant challenges globally and locally, PSG Insure can report resilient results and growth due to excellent client service, meticulous underwriting and consistent strategic focus.

This year was particularly difficult due to the severity and regularity of catastrophe events and their impact due to increasingly deteriorating infrastructure. This led to a decrease in capacity offered by reinsurance, which affected the whole insurance sector.

The two large catastrophe flooding events in the Western Cape in June and September, severe hailstorm in Gauteng in November 2023, increased insurance claims.

Ongoing electricity outages and inadequate energy infrastructure led to increased power surge claims, largely mitigated by underwriting and pricing these claims separately in policies. These claims are expected to decrease as businesses and households invest in backup energy resources and install equipment to protect their appliances from damage.

The increased risks and economic challenges forced reinsurers to review and harden their rates. Underwriters started to factor in infrastructure collapse, becoming less prone to taking on certain risks and even cutting capacity for some events entirely.

The downstream effect of these new reinsurance challenges affected our distribution unit, as there was less capacity in the market to place certain risks. Most infrastructure repairs take time, affecting how insurers price their risks.

Because of increased interest rates and recurring fuel increases, consumers and businesses were forced to cut back on other expenses, including insurance premiums. Our challenge was to provide adequate advice and cover, under these conditions, that our clients could afford.

Western remained profitable and competitive by reviewing and adjusting our rates where necessary. PSG Insure relied on its wide access to the market and different product providers to ensure clients maintained the cover they required at an acceptable price.

The Western Group successfully navigated these troubled waters and steadily gained market share. With our measured approach we were able to take advantage of growth opportunities presented by this environment. We are pleased to report an underwriting margin of 9.7%. PSG Insure increased gross written premium despite decreasing margins while optimising return on insurance float and shareholder investments.

PSG Insure's management expenses remained below budget. Our business is growing, and planned expenditures were mainly focused on increasing our employee and operational capacity as well as our data integrity to support our underwriting success. We continued to focus on attracting appropriate skills within our transformation strategy, training and development of our workforce.

Western Group won the 2023 FIA Intermediary Experience Award for Non-life Insurer of the Year – Commercial, for the second year in a row. This award reflects the confidence our clients have in us. Western's methodology of continuous engagement with brokers and meticulous underwriting is a winning recipe.

The strategy of the group and division has not changed. PSG Insure will continue to focus on profitable growth of the business, providing excellent client service, technological improvements and compliance, and transformation and skills development.

Our talented employees are PSG Insure's biggest asset. What makes a business successful is its ability to attract and retain top talent. We have achieved this by providing a stable work environment with exposure for employees to growth opportunities. Western is reaping the benefits of its stable relationships with brokers which directly translates into growth.

Despite global and local challenges, we remain optimistic about the industry and our business. We will continue to take advantage of the opportunities we identify. PSG Insure is adequately capitalised, and we have the best talent with the right skills in our corner. We are geared for growth and are optimistic about the changes we implemented for our future growth.

CORPORATE GOVERNANCE

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“PSG has a track record of sound corporate governance and accountability to investors.”

Message from the chairman

Against intensified global and local economic pressure, PSG showed resilience and continued to provide its clients with exceptional service and solutions, whilst simultaneously delivering a solid return to shareholders.

Willem Theron



A challenging environment

This year was marked by unique challenges and ongoing socio-economic volatility, with clients having constrained resources due to increased living expenditure and needing to seek alternative energy sources and, in some instances, water supply.

In difficult times like these, good financial advice is crucial.

Our Insure advisers assisted clients to keep their premiums affordable whilst containing their risk exposure.

The Wealth advisers continue to advise clients to focus on their long-term goals and to maintain diversified portfolios, especially during challenging times.

Our advisers were supported by the group's wide range of product and platform solutions which they can structure around clients' needs.

Board focus areas in 2024

Building digital capability

A business cannot be sustainable without optimised digital platforms. Investing in world-class systems does not generate short-term returns, but PSG remains focused on long-term success. The board is confident that our platform enhancements will alleviate some of the administrative burden from the advisers and allow them to spend more quality time interacting with their clients.

Board and executive appointments

We appointed two new board members with unique skills and experience to ensure PSG has the best leadership for long-term sustainability and growth. Lizé Lambrechts was appointed as an independent non-executive director on 14 July 2023. She is also a member of the audit, risk and nominations committees. She brings a wealth

of experience in the financial services industry from various executive roles at the Sanlam Group and as former CEO of Santam.

Janine Johannes, who served as PSG's head of human resources for eight years, was appointed as head of transformation. Janine will continue to be a member of the executive committee and join the board as an executive director and social and ethics committee member. Janine has extensive knowledge in HR and transformation having co-chaired the transformation forum. Milandi Hugo, who headed up the engineering team, succeeded Janine as head of human resources on 1 January 2024.

Janine's appointment reflects the group's commitment to transformation and will ensure it remains a priority on the executive and board agendas.

Dan Hugo stepped down as chief executive of PSG Distribution. He has been with the group since its inception and has played an invaluable role in the success story of PSG for 25 years. Dan will continue as chair of adviser acquisitions, working closely with Chris Liebenberg, the head of our national adviser acquisitions. He will relinquish all his subsidiary company directorships to focus on the new role. Edward Gibbens, another stalwart with 30 years of experience at the Santam Group, succeeded Dan as chief executive of PSG Distribution on 2 April 2024.

All these individuals bring a wealth of experience and skills to the group's leadership, and the board is confident that each person will contribute to PSG Financial Services' future health and prosperity for many years to come. An updated succession plan for the board and executive team is in place.

New board members undergo a two-day onboarding and training programme to ensure they are familiar with our regulatory universe. They also interact with the executives to learn about the business and company culture. The board receives training to keep up to date with regulatory requirements.

Strategy review

PSG remains constant in its long-term strategic objectives. Still, the board reassessed the strategy and capital allocation decisions to ensure the group remained agile in the volatile market. Executive management presented a three-year strategic view to align its executive thinking with the board. The board is comfortable that the strategy will continue to serve the group's long-term objectives.

Future focus

Growth

The board will support the executive's strategic focus on growth and how it can be achieved despite rising inflation. Despite South Africa's low growth trajectory and challenging conditions, the group will focus on growing our market share by providing our clients with excellent value add products and services.

Capital was allocated to enhance the efficiency and capability of our current advisers and add new advisers to the teams. Everyone will prosper if we empower our advisers with the best skills and resources.

Talent attraction and retention

The financial services sector is very competitive when it comes to talent attraction and retention. To ensure we continue attracting the best talent and maintain PSG's standing as an employer of choice, we will refine our graduate programme and employee value proposition to remain competitive.

Technology

The group will continue to invest and improve our internal and external digital capabilities to ensure we are at the forefront of leading-edge technology while maintaining a secure network, client data protection and response plans.

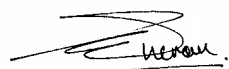
Outlook and appreciation

While aware of the ongoing challenges we are facing locally and internationally, I remain positive about the future of this country and the group's contribution to its people. PSG's consistent performance and tried and tested strategy of unlocking long-term value for our clients and investors has never failed us in the past and will continue to create value for all its stakeholders.

I am immensely grateful to our board members, exceptional executive team and dedicated employees. They worked tirelessly to navigate market uncertainties and manage the various risks we faced this year. We are a team, and just like the inner workings of a clock, if the smallest gear is not working, the clock will not be able to keep time. The leadership cannot operate at full capacity if they do not have the support of the employees, and vice versa.

On behalf of the group, I would also like to express our appreciation to our other stakeholders, who remained steadfast in their support this year. PSG's enduring success and stability would not have been possible without you.

I am also grateful for the industry aggregators who not only keep us on our toes, but who provide some of the products that we offer to our clients.



Willem Theron
Chairman

Overview

PSG embraces the principles of good corporate governance, including sustainability, transparency and accountability.

The group continues to align its approach to governance with King IV recommended practices and the board continues to support integrated, outcomes-based thinking.

The skills and experience of the group's diverse board and management teams ensure leadership depth and focus. This, in turn, enables the group to create value for its stakeholders in a sustainable and ethical manner.

The appropriate systems and controls are in place to enable the board to play a meaningful oversight

role in matters of strategy, sustainability, risk management, legal and compliance.

The group, with the full support of the board, continues to strengthen its corporate governance structures in line with adopted annual work plans. Governance processes are reviewed regularly to reflect best practice, and to enhance alignment with regulatory and legislative changes.

The group is satisfied with the overall outcome of its consideration and application of the 17 principles of King IV. PSG's King IV application register is available on its website at www.psg.co.za.

Governance milestones and focus areas for the 2024 financial year

King IV alignment	Regulatory and legislative compliance
The board ensures continued alignment of governance practices with King IV recommendations by reviewing the board charters, committee terms of references and policies.	PSG is the controlling company of the PSG Financial Services insurance group. The 2024 reviews confirmed that the charters, terms of reference and policies remain relevant and aligned with the company's memorandum of incorporation, relevant legislation, King IV recommendations and the Prudential Standards.
Oversight of ethics	ESG matters
The board completed annual monitoring of the group's ethical conduct standards by reviewing the code of ethical conduct in line with King IV recommendations. <i>Details can be found on page 70.</i>	As a group with a conservative, long-term investment approach, PSG is aware of the impacts of ESG matters on sustainable returns for our group and stakeholders. While the operational nature of the business has a relatively low direct environmental impact, management has committed to building a better understanding of climate-related risks and opportunities and improving disclosure thereof. The board has delegated responsibility for identifying climate-related risks and opportunities to the risk committee. Climate-specific risks were included as an emerging risk in the company's 2023 ORSA report. In addition, the board has delegated oversight of ESG matters to the social and ethics committee. <i>More detail can be found from page 50.</i>
Board assessment	Remuneration
The board conducted an annual independence assessment on non-executive directors' continued independence. Annual fit and proper questionnaires were completed by directors and relevant senior officers in compliance with the Prudential Standards. <i>Details can be found on pages 77 and 78.</i>	We completed an annual review of the group's remuneration policy and framework, including meeting the JSE's requirements for shareholder engagement and voting on the remuneration policy and implementation report of the group. The remuneration policy and implementation report achieved favourable non-binding advisory votes of 76.23% and 76.02% respectively at the AGM held on 13 July 2023. <i>Refer to our remuneration report from page 100.</i>

Creating an ethical culture

The board is responsible for setting the tone of the group's values, including its core business principles and the requirements of responsible corporate citizenship, by adopting a code of ethical conduct that articulates the direction of the group.

Code of ethical conduct

The board, together with the social and ethics committee, ensures the group conducts its business ethically and effectively to achieve the following governance outcomes:



In line with King IV, the social and ethics committee regularly reviews the code of ethical conduct (the code). This code serves to, among other things:

- Outline the group's ethical commitment to stakeholders
- Guide the group's conduct and relationships with key stakeholders (including clients)
- Ensure the group is led not only effectively, but ethically

Scope of the code

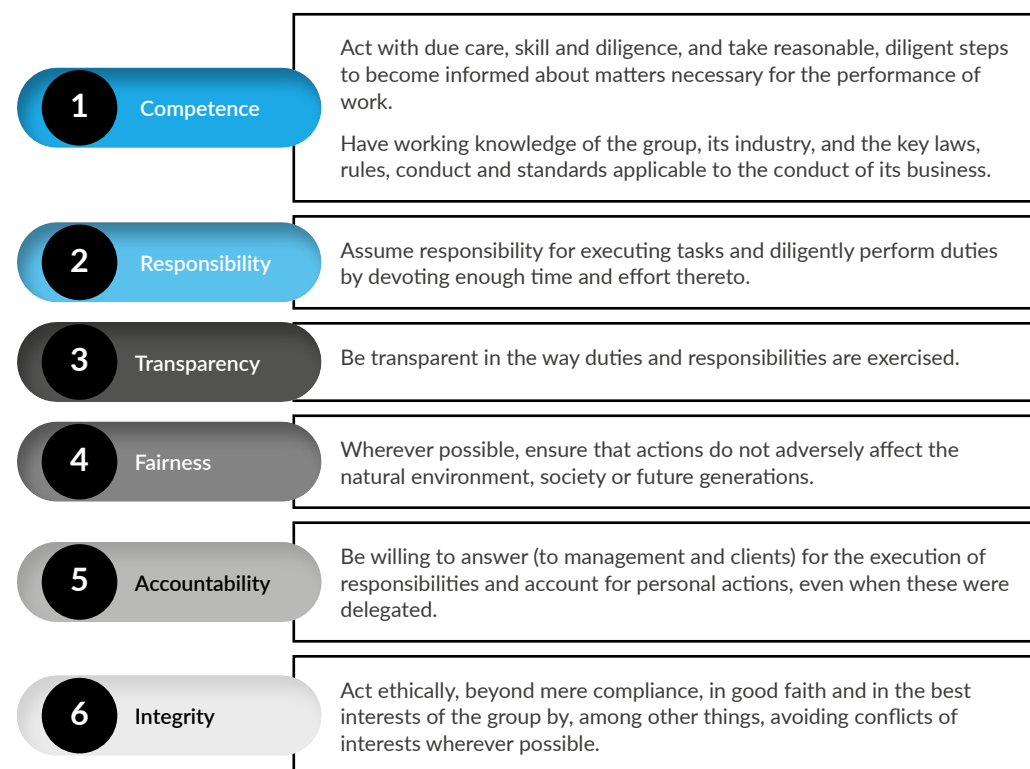
All members of the group (as defined below) are expected to adopt and promote the code, which serves as the basis for ethical conduct and the primary tool to hold members of the group accountable to ethical best practices.

- The code applies to and is binding on all directors, managers and employees of the group (employees include employees of juristic representatives, associates or affiliates)
- It is applied to establish the suitability of potential employees before their appointment, and a copy is provided to each new employee within the group as part of the employee induction process
- To the furthest extent possible, the code is also binding on all independent contractors, agents, service providers and business partners of the group

PSG's business approach is founded on integrity, trust and transparency. The group has a high regard for ethical conduct and these values are encapsulated in the group's core business principles, set out on page 8.

Ethical governance outcomes and values

All persons to whom the code applies should cultivate the following characteristics and exhibit them in their conduct:



Fraud and corruption

The group has a zero-tolerance approach to fraud and corruption. Employees are kept up to date with the latest local and international trends in crime and fraud.

PSG operates a fraud and whistle-blower hotline. Any matters of an unethical nature are submitted to the management committee (Manco) as part of HR reporting for the group.

Each director submits a declaration of financial, economic and other interests in related parties at least annually or whenever there are significant changes in such interests.

Directors also disclose their personal financial interests at the start of every board or committee meeting. Disclosure of related-party relationships and transactions is provided in note 32 of the annual financial statements.

Dealing in shares

The group has a policy on dealing in PSG shares, which incorporates the most recent amendments to the JSE Listings Requirements. The policy includes an addendum dealing with disclosure by members of the PSG Manco and directors of major subsidiary companies.

The policy imposes closed periods to prohibit dealing in the group's shares before the announcement of interim and year-end financial results, and in any other period considered price-sensitive by the JSE Listings Requirements.

The directors, extended family of directors, prescribed officers, company secretary and other key employees (including their associates, investment managers and brokers) of PSG and its major subsidiaries may not trade during a closed period.

The policy has been widely distributed within the group to ensure that directors and employees are familiar with its content.

Board of directors



Front row left to right: MIF Smith, W Theron, FJ Gouws, ZRP Matsau

Back row left to right: AM Hlobo, AH Sangqu, PJ Mouton, JL Johannes, PE Burton, B Mathews, L Lambrechts

Board profiles

The board is the custodian of the group's corporate governance and provides effective leadership based on an ethical foundation.

<p>Willem Theron (72) Non-executive director and chairman</p> <p>Qualifications: BCompt (Hons), CA(SA) Date of appointment: 1 March 1998 Committees: Chairperson of the nominations committee</p>	<p>Willem founded the chartered accountancy firm, Theron du Plessis, in 1976 in Middelburg, which eventually had 10 branch offices in the Western Cape and Eastern Cape. In 1998, he founded PSG and acted as its CEO until 30 June 2013. He was then appointed non-executive chairman. He also served on the board of PSG Group Limited for a number of years.</p>
<p>Patrick Ernest Burton (71) Independent non-executive director</p> <p>Qualifications: BCom (Hons) Financial Management, PG Dip Tax Date of appointment: 2 March 2014 Committees: Chairperson of the audit and risk committees and member of the remuneration and nominations committees</p>	<p>Patrick served at Moores Rowland Chartered Accountants for eight years, during which he completed his training contract. He emigrated to Canada in 1982 and worked for Laventhol and Horwath (chartered accountants), from 1982 to 1984. His experience includes executive and non-executive positions in fishing, financial services, food and allied services.</p>
<p>Lizé Lambrechts (Lizé) (60) Independent non-executive director</p> <p>Qualifications: BSc (Hons) Applied Mathematics and qualified as an actuary Date of appointment: 14 July 2023 Committees: Member of the audit, risk and nominations committees</p>	<p>Lizé has extensive experience in the financial services industry and has fulfilled various senior executive roles within Sanlam Group. She served for 12 years as the Chief Executive Officer of Sanlam Personal Finance whereafter she assumed the role of Santam's Chief Executive Officer for 7 years. Lizé also served as chairperson of the South African Insurance Association and Life Offices Association.</p>
<p>Anna Modi Hlobo (Modi) (48) Independent non-executive director</p> <p>Qualifications: CA(SA), PhD (Accounting) Date of appointment: 1 March 2023 Committees: Member of the audit, risk and social and ethics committees</p>	<p>Modi is a chartered accountant with PhD (Accounting). Modi has private equity and investment banking experience. She is a senior lecturer in financial management at the University of Johannesburg. Her previous employment included positions at the Development Bank of South Africa and ABSA Group Limited. Modi also served on numerous boards, including the board of PSG Group Limited.</p>
<p>Bridgitte Mathews (54) Independent non-executive director</p> <p>Qualifications: CA(SA), Postgrad Cert Adv Tax Date of appointment: 1 March 2023 Committees: Member of the audit, risk and social and ethics committees</p>	<p>Bridgitte is a chartered accountant with a postgraduate certificate in advanced taxation from the University of South Africa. She served on various boards, including PSG Group Limited and Redefine Properties Limited. Bridgitte currently serves on the boards of KAL Group Limited, CA&S Group and We Buy Cars Holdings Limited and the board of trustees of WAT Trust.</p>

<p>Zodwa Reshoketsoe Pearl Matsau (68) Lead independent non-executive director</p> <p>Qualifications: MPhil Economics, BA Economics Date of appointment: 20 July 2017 Committees: Chairperson of the social and ethics committee and member of the audit, risk and remuneration committees</p>	<p>Zodwa started her career as an economist at the Central Bank of Lesotho and was ultimately promoted to Head of Money and Capital Markets: Central Bank of Lesotho. Her career experience thereafter included 18 years at the South African Reserve Bank in various key roles, including company secretary, and finally serving as senior deputy general markets: financial markets. Zodwa also serves as a director on the board of Bidvest Bank Limited.</p>
<p>Petrus Johannes Mouton (Piet) (47) Independent non-executive director</p> <p>Qualifications: BCom (Mathematics) Date of appointment: 6 December 2012 Committees: Chairperson of the remuneration and member of the nominations committee</p>	<p>Piet serves as a non-executive director on various boards including Curro Holdings, PSG Group, Capitec and Zeder Investments. Piet retired as the CEO of PSG Group upon its delisting from the JSE during September 2022. He has been active in the investment and financial services industry since 1999.</p>
<p>Andile Hesperus Sangqu (57) Independent non-executive director</p> <p>Qualifications: BCompt (Hons) (CTA), HDip Tax Law, MBL, AMP Date of appointment: 1 January 2020 Committees: Member of the audit and risk committees</p>	<p>Andile has spent over 20 years in management positions at several major South African corporations and has served on several JSE-listed company boards. Andile was the executive head of Anglo American South Africa until 31 December 2019. His expertise and practical exposure span general management, finance, accounting, and tax administration. He is experienced in industries as diverse as broadcasting, insurance, mining, food, and financial services. Andile serves as an independent non-executive director of Growthpoint Limited, and is executive in residence at the Gordon Institute of Business Science in Johannesburg.</p>
<p>Francois Johannes Gouws (59) Chief executive officer</p> <p>Qualifications: BAcc, CA(SA) Date of appointment: 1 March 2013 Committees: Member of the social and ethics committee</p>	<p>Francois joined Senekal, Mouton & Kitshoff as an investment and bank analyst, later becoming a partner in 1993. In 1995, he moved to UBS Investment Bank as head of research in South Africa, eventually becoming the country head for South Africa in 2000. Francois relocated to London in 2001 to become head of European equity research of UBS and was thereafter appointed as head of European equity sales in 2004. He was promoted to head of equities for Europe, Africa and the Middle East in 2006 before becoming global head of cash equities in 2008. In 2010 Francois was appointed global co-head of equities and later co-managed the UBS Securities business until the end of 2011. Francois joined PSG in 2012 and was appointed CEO in July 2013.</p>
<p>Michael Ian Frain Smith (Mike) (56) Chief financial officer</p> <p>Qualifications: BCom (Hons), CA(SA), HDip Tax, HDip Company Law Date of appointment: 18 July 2013 Committees: Member of the risk committee</p>	<p>Mike has more than 20 years' experience in the financial services industry. He was appointed CFO of PSG in June 2013. Mike joined PSG in 2001 as group financial director of Appleton Limited, later becoming chief operating officer (COO) of PSG Asset Management, and thereafter served as COO for the PSG Wealth division. Before that, he worked for both RAD Investment Bank and Deloitte & Touche in their corporate finance divisions, where he was involved in negotiating and implementing a variety of corporate finance deals and transactions.</p>
<p>Janine Loretta Johannes (Janine) (58) Head of transformation</p> <p>Qualifications: Certificate in Strategic Human Resource Management Date of appointment: 1 January 2024 Committees: Member of the social and ethics committee</p>	<p>Janine has been appointed as the new head of transformation. She has been passionate about spearheading transformation at PSG and has extensive knowledge in this area as the previous head of human resources for the past eight years as well as being the co-chair of the Transformation Forum.</p>

Board responsibility and composition

The board governs according to a formal charter, as outlined in the group's memorandum of incorporation (MOI).

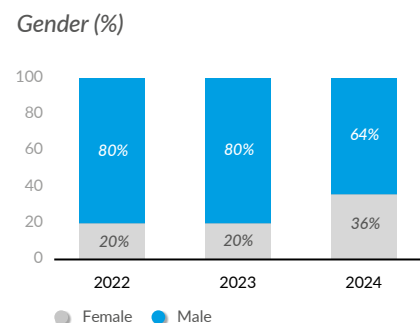
In addition, the board charter incorporates responsibilities under the Prudential Standards, including meeting fit and proper requirements applicable to significant owners.

The board is ultimately accountable for the effective governance and direction of the group. This requires the board to consist of an appropriate number and combination of individuals with an adequate level of knowledge, skills and expertise commensurate with the scale and complexity of the business. PSG has adopted a broader diversity policy at board level, as contemplated in paragraph 3.84(i) of the JSE Listings Requirements, and has agreed on voluntary targets. There is also a clear division of responsibilities at board level. The board is satisfied that its composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence. The board is assisted by the nominations committee regarding composition and succession planning.

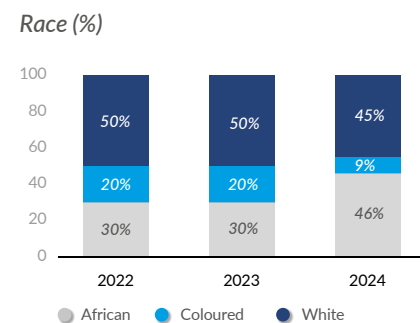
The board is further supported by appropriate internal governance practices and procedures that promote an efficient, objective and independent decision-making culture, considering the interests of all stakeholders.

The PSG board considers strategic issues and business philosophy, approves financial results and budgets, monitors delegated responsibilities and sets risk parameters. At board meetings, the various committees and divisions provide feedback on KPIs, progress on strategic objectives and various other reports.

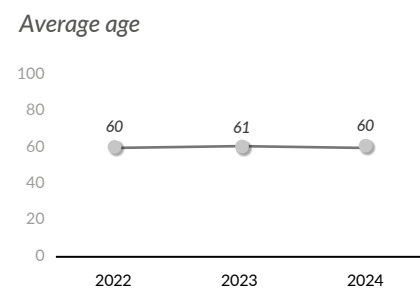
Board composition over three years¹



The board's aim is to ensure that at least 20% of the board consists of female directors. With the appointment of three female board members during the 2024 financial year, the board meets its gender target.



The board's aim is to ensure that at least 33.3% of the board consists of directors who are "black people" as defined in the Broad-Based Black Economic Empowerment Act, 2003, as amended. As at 29 February 2024, the board consisted of 55% of directors so defined.



The board's aim is to ensure that the average age of board members is below 67 years. The average age of the board as at 29 February 2024 is 60 years.

¹ Board members are only included once Prudential Authority approval has been received. The 2024 percentages therefore exclude the appointment of Janine Johannes, as the necessary approvals were only received subsequent to 29 February 2024.

Determination of independence of board members

The board has considered and holistically assessed the continued independence of directors in line with the King IV recommendations read with the provisions of the JSE Listings Requirements.

The board is confident that its members apply an independent state of mind and objective judgement in their respective roles, including the continued independence of those having served longer than nine years. The board is satisfied that the majority of the directors are independent non-executive directors. The individual statuses of the directors are recorded in their respective profiles on pages 74 and 75.

Each member's independence in character and judgement is taken into consideration, together with any relationships or circumstances which are likely to affect or could appear to affect their judgement.

The independent and non-executive directors of PSG are experienced and highly respected, having the required professional knowledge, skills and integrity to exercise sound judgement on various key issues relevant to the group, independent of management.

The insurance licensed entities within the group ensure that non-executive directors' independence is assessed annually.

Appointment process

Directors are nominated for appointment by the nominations committee through a formal and transparent process.

The process includes background checks, subject to meeting fit and proper requirements. The selection of board members is made on merit, taking into consideration their skills, experience, independence and knowledge. Appointments are subject to shareholder and Prudential Authority approval/ratification.

The adoption of a broader diversity policy articulates PSG's approach to the promotion of diversity in the group's board of directors. The group is first and foremost a South African group and believes that diversity at board level maximises opportunities for achieving its business goals through an informed understanding of the different environments in which it operates. The board, through the nominations committee, annually reviews broader diversity targets and also confirms that the agreed voluntary targets for the reporting period were achieved.

Changes to the composition of the board of directors

The board is pleased with the appointment of Lizé Lambrechts and Janine Johannes as independent non-executive director and executive director, respectively.

These appointments are in line with the board's aim to achieve broad diversity by enhancing its composition to reflect the appropriate mix of gender, race, culture, age, knowledge, skill and experience and the appropriate balance of executive, non-executive and independent directors.

Zitulele Combi's (KK) retirement as independent non-executive director of the group was effective 14 July 2023.

The board would like to thank KK for his positive contributions to the company.

Board evaluation

The board participates in performance evaluations, including evaluating the effectiveness of its committees in line with King IV recommended practices and regulatory requirements where applicable.

During 2024, the board participated in a performance evaluation as an integral part of the group's commitment to adopting best corporate governance practices. The objectives were twofold:

- To apply the recommendations contained in King IV
- To identify areas for improvement

The scope of the evaluation included:

- The board's ability to adopt strategies and meet strategic objectives
- Board composition
- Review of the range of skills, experience and effectiveness of its directors
- Meeting efficacy
- Competency of the chairperson to lead the board effectively
- Self-evaluation of all board members in fulfilling their duties
- Evaluation of fellow board members' skills, experience and fulfilment of their duties
- Evaluation of board sub-committees' effective fulfilment of their mandates

The evaluation was completed by each director, including the chairperson, with the assistance of the company secretary.

The board is satisfied that the evaluation process is improving its performance and effectiveness. In summary, the results showed that the board is a well-functioning professional unit that sets the ethical tone for the group, with a strong regard for governance. The composition of the board and the collective skills and wisdom of its members contribute to the board's agility and efficacy while these, at the same time, ensure strong support for the strategy and executive directors of PSG.

The evaluation found no significant matters or material concerns in respect of the board and board committees' performance, and the board is satisfied with the performance of its members. The performance of all directors standing for re-election at the AGM in July 2024 has been considered by the board, and their re-election is supported.

Governance structure and reports

The board executes its duties within a clear structure and according to guiding principles which formalise established governance processes, thereby ensuring accountability and fairness.

Governance framework and approach

The outcomes of this approach can be summarised as follows:

- The relevant accountability for and delegation of responsibilities of the board and senior management are documented in written policies aligned with the latest regulatory developments
- The board and senior management collectively possess the professional qualifications, knowledge and experience to manage the group prudently and discharge their responsibilities
- The performance of multiple tasks by any individual does not create a legal or ethical conflict of interest
- An adequately transparent organisational structure is in place with clear allocation and appropriate segregation of responsibilities
- Risk management, compliance and internal control functions are subject to policies which are maintained and reviewed regularly to ensure alignment with the latest regulatory developments and the continuity of the business
- The group has embedded the three layers of defence governance model and complies with it
- The group maintains clear reporting lines for the prompt transfer of information to ensure the integrity and transparency of information flow throughout the governance structures and to external stakeholders
- The remuneration policy and practices are consistent with the identified risk appetite and the long-term interests of stakeholders
- The board provides oversight and clear accountability for any material function or activity that is outsourced

These outcomes confirm that the group's governance structures function with clear roles and effective exercise of authority and responsibilities. The board is therefore satisfied that it has fulfilled its responsibilities under its terms of reference for the reporting period.

The roles of the chairperson and lead independent director

The board is led by a chairperson who is elected by the board members with support from the nominations committee and whose objectives include:

- Ensuring proper governance of the board and all associated committees
- Ensuring the interests of all stakeholders are protected
- Ensuring a good relationship exists between the board and shareholders, and between the board and senior management (specifically the CEO)
- Ensuring the brand and group profile are aligned with the values of the group
- Enhancing PSG's reputation in the industry through relevant stakeholder forums

The roles of chairperson and CEO are separate. The Exco is mandated according to a clear set of authorities relating to contracting and signing powers for financial, project and personnel requirements. The board considers it imperative that all actions undertaken in the group's name are executed ethically and professionally.

Willem Theron fulfils the role of non-executive chairperson but is not classified as independent in terms of King IV, read with the JSE Listings Requirements.

Zodwa Matsau serves as lead independent director of PSG. The function of the lead independent director is to provide advice to the board, without detracting from the authority of the chairperson, when the chairperson has a conflict of interest. She also leads in the absence of the chairperson, serves as a sounding board for the chairperson and acts as an intermediary between the chairperson and other members of the board, if necessary. According to the board charter, the lead independent director conducts the performance appraisal of the chairperson and chairs any board meetings that deal with the succession of the chairperson.

Chief executive officer

The CEO was appointed by the board, and his objectives include:

- Accounting and reporting to the board
- Developing, executing and implementing the group's strategy
- Identifying and setting executive and divisional priorities
- Allocating resources
- Building strategic relationships
- Monitoring performance through daily, weekly and monthly reports
- Managing risk
- Determining incentives
- Ensuring the best people are hired
- Addressing challenges

The board is satisfied that the CEO does not have any other professional commitments that may interfere with his ability to achieve these objectives.

Succession planning is in place for the CEO position and is the responsibility of the board with support from the nominations committee. The CEO's terms of employment and termination are standard conditions in his employment contract.

Company secretary

PSG Management Services Proprietary Limited is the company secretary of PSG and acts as conduit between the board and the group. The company secretary is responsible for board administration and liaison with the CIPC.

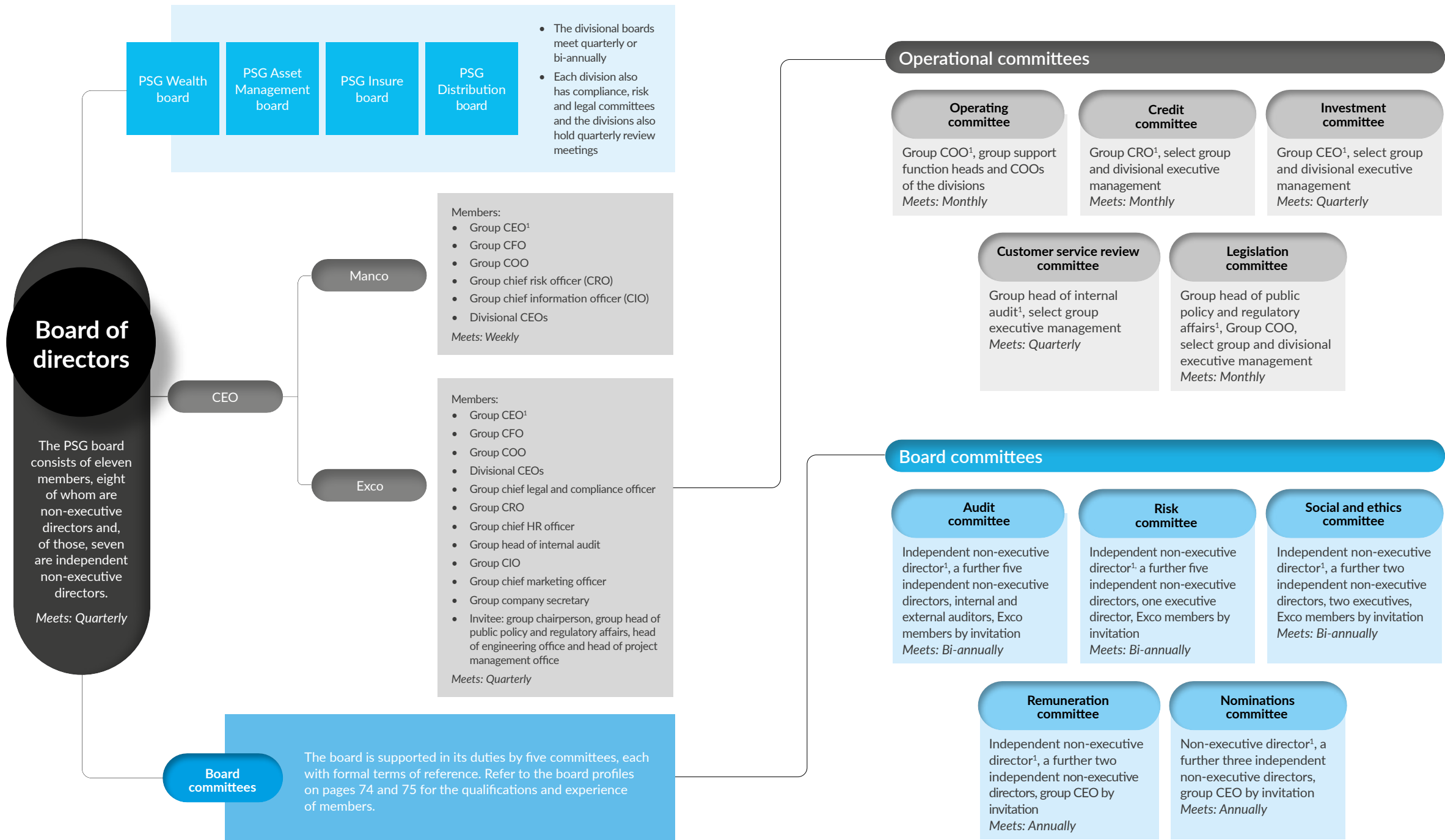
All board members have access to the advice and services of the company secretary, who is responsible for the proper administration of the board and the implementation of sound corporate governance procedures. This includes board induction and training programmes and supplying all information to assist board members in the proper discharge of their duties.

The board is satisfied that the arrangement for accessing the company secretary is effective. Through discussion and assessment, the board has reviewed the qualifications, experience and competence of the individuals employed by the company secretary. The board has also noted that the company secretary performed all formalities and substantive duties timeously and appropriately.

There is an arm's length relationship between the board and the company secretary so that the objectivity and independence of the company secretary is not unduly influenced.

The certificate that the company secretary, represented by Shameemah Hamit, is required to issue in terms of section 88(2)(e) of the Companies Act is on page 133 of this integrated report.

Governance structure



¹ Chairs the committee.

Board committees

Each committee operates according to formal terms of reference that were approved by the board in terms of the group's MOI.

The board, while retaining ultimate responsibility for overall group performance, has delegated the day-to-day running of the business to the Manco. The Manco assesses operational performance and strategy across the group and divisions. A group and subsidiary delegated levels of authority policy has been adopted and is reviewed regularly to ensure that the management team exercises its authority in line with clearly defined limits and roles. Matters reserved for board approval are clearly defined in its charter.

The effectiveness of each board committee was evaluated taking into account the following criteria:

- Committee composition, skills and experience
- Proper implementation and fulfilment of its mandate
- Meeting preparation and efficacy
- Satisfactory reporting to the board after meetings are held

The board was satisfied with the performance of each of its committees as well as the progress on focus areas, as detailed below.

Board and committee meeting attendance summary

	Board ¹		Audit committee ¹		Risk committee		Social and ethics committee		Remuneration committee		Nominations committee	
	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended
W Theron	4	4									1	1
FJ Gouws	4	4					2	2				
MIF Smith	4	4			2	2						
PJ Mouton	4	4							1	1		
PE Burton	4	4	2	2	2	2			1	1	1	1
ZL Combi ²	2	2	1	1	1	1						
ZRP Matsau	4	4	2	2	2	2	2	2	1	1		
AM Hlobo ³	4	4	2	2	2	2	2	2				
B Mathews ⁴	4	4	2	2	2	2	2	2				
L Lambrechts ⁵	2	2	1	1	1	1					1	1
AH Sangqu	4	4	2	2	2	2						
JL Johannes ⁶	1	1										

¹ The board and the audit committee also met with the Prudential Authority and the Financial Sector Conduct Authority during the year as part of their annual supervisory programme.

² ZL Combi retired from the board effective 14 July 2023.

³ AM Modi was appointed independent non-executive director of the board effective 1 March 2023.

⁴ B Mathews was appointed independent non-executive director of the board effective 1 March 2023.

⁵ L Lambrechts was appointed independent non-executive director of the board effective 14 July 2023.

⁶ JL Johannes was appointed executive director of the board effective 1 January 2024.

Audit committee

Membership

The audit committee is a formally constituted committee of the board. Committee members are appointed by the shareholders to assist the board with its corporate governance oversight duties. The committee operates independently of management and acts in accordance with its statutory duties as documented in its terms of reference, which are reviewed and approved annually by the board. The committee comprises

six independent non-executive directors whose collective relevant qualifications and experience are assessed by the nominations committee prior to their appointment by shareholders. Members are elected or re-elected, by the shareholders at each AGM and the current members are:

- Patrick Burton – chairperson
- Zodwa Matsau
- Andile Sangqu
- Bridgitte Mathews
- Modi Hlobo
- Lizé Lambrechts – appointed 14 July 2023

The group CEO, group CFO, group internal auditor and the external auditor attend meetings of the committee by invitation. The committee also holds confidential meetings excluding management, with the internal and external auditors as required. The external and internal auditors have unrestricted access to the members of the committee.

The changes to the composition of the committee during the financial year can be found on page 77.

Key focus areas

During the reporting period, the committee performed its duties as detailed in its terms of reference, and specifically attended to the following:

- Recommending the annual financial statements to the board for approval
- Ensuring the integrity of the integrated report
- Ensuring the effectiveness of financial reporting, including the system of internal control
- Providing an opinion on the effectiveness of the financial officers and finance function
- Monitoring and engaging with the external auditor
- Appointing and determining the remuneration of the external auditor
- Overseeing the internal audit function and approving its charter
- Meeting with external and internal auditors separately from management
- Reviewing and recommending the group tax policy to the board for approval
- Annually reviewing its terms of reference and recommending amendments to the board for approval
- Conducting a self-evaluation every two years, which includes evaluating the chairperson and fellow members, and implementing any actions following the board's evaluation of its effectiveness

Committee evaluation

Self-evaluation	Future focus
<p>Scope:</p> <ul style="list-style-type: none"> • Reviewing the expertise, resources and experience of the group's finance function • Reviewing the effectiveness of the company's assurance functions and services • Evaluating the chief audit executive and effectiveness of internal audit arrangements • Assessing the independence and suitability of the external auditor in accordance with King IV, the JSE Listings Requirements and the Companies Act • Making appropriate recommendations to the board concerning any fraud, illegal acts, deficiency in external financial controls or other similar issues that could significantly impact the financial reporting of the business • Reviewing the group tax policy • Reviewing the internal audit charter • Committee composition • Meeting preparation and efficacy • Assessing the competency of the chairperson to lead the committee effectively • Self-evaluation of all committee members in fulfilling their duties • Evaluation of fellow committee members' skills, experience and fulfilment of their duties <p>The committee is satisfied that the evaluation process is improving its performance and effectiveness.</p>	<p>Along with the board's evaluation of its effectiveness and its adopted annual work, the following focus areas for the future were identified:</p> <ul style="list-style-type: none"> • Ensuring that all members of the committee have current technical knowledge of accounting standards through updates from management, the external auditor and other external sources • Overseeing the business's robust control environment and strong financial position and ensuring they are maintained

The audit committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Risk committee

Membership

The risk committee is a formally constituted committee of the board. The committee operates in terms of the delegated authority of the board as recorded in its terms of reference, which are reviewed and approved annually by the board. The committee comprises seven members, including both executive and non-executive directors, the majority of which are independent non-executive directors.

The members of the committee and its chairperson are appointed by the board and the current members are:

- Patrick Burton – chairperson
- Zodwa Matsau
- Andile Sangqu
- Bridgitte Mathews
- Modi Hlobo
- Lizé Lambrechts – appointed 14 July 2023
- Mike Smith

The group CEO, group internal auditor, group chief risk officer and the group chief legal and compliance officer attend meetings of the committee by invitation. The committee also holds confidential meetings excluding management as required.

The changes to the composition of the committee during the financial year can be found on page 77.

Committee evaluation

Self-evaluation	Future focus
<p>Scope:</p> <ul style="list-style-type: none"> • Ensuring committee members meet the fit and proper requirements as stipulated by the company's fit and proper policy • Overseeing the reporting of compliance with laws, codes, rules and standards • Reviewing the ORSA process of the business to support the board in its overall responsibility to assess its risk management framework as well as the solvency requirements of the business • Committee composition • Meeting preparation and efficacy • Assessing the competency of the chairperson to lead the committee effectively • Self-evaluation of all committee members in fulfilling their duties • Evaluation of fellow committee members' skills, experience and fulfilment of their duties <p>The committee is satisfied that the evaluation process is improving its performance and effectiveness.</p>	<p>Along with the board's evaluation of its effectiveness and its adopted annual work, the following focus areas for the future were identified:</p> <ul style="list-style-type: none"> • Impact of new and emerging risks, including climate, emigration and technology changes • Continued oversight and evaluation of the group's technology and information policy, environment and governance to ensure these are appropriate, aligned and support the strategy and risk appetite of the group • Proactive response and adoption of regulatory change • Identification, monitoring and disclosure of climate-related risks

The risk committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Key focus areas

During the reporting period, the committee performed its duties as detailed within its terms of reference, and specifically attended to the following:

- Assessing the integrity, adequacy and effectiveness of the governance, compliance and risk management systems and ensuring that the strategic objectives are achieved within the risk parameters set by the board
- Ensuring risks are properly managed while the process for monitoring compliance with laws and regulations is implemented, performed and effective
- Ensuring opportunities and associated risks are considered when developing strategy
- Assessing the governance, compliance and risk management systems implemented to determine if they are proportionate to the nature, scale and complexity of the various companies within the group
- Ensuring the overall risk profile is monitored and reviewed and the responses to address these key risks are appropriately defined and resolved by management
- Annually reviewing its terms of reference and recommending amendments to the board for approval
- Conducting a self-evaluation every two years, which includes evaluating the chairperson and fellow members
- Implementing any actions following the board's evaluation of its effectiveness

Social and ethics committee

Membership

The social and ethics committee is a formally constituted committee of the board. The committee operates in terms of the delegated authority of the board as recorded in its terms of reference, which are reviewed and approved annually by the board. The committee comprises five members, including both executive and non-executive directors, of which the majority are independent, non-executive directors.

The members of the committee and its chairperson are appointed by the board and the current members are:

- Zodwa Matsau – chairperson
- Bridgitte Mathews
- Modi Hlobo
- Francois Gouws
- Janine Johannes

The social and ethics committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Key focus areas

During the reporting period, the committee performed its duties as detailed within its terms of reference, and specifically attended to the following:

- Monitoring the group's activities related to ESG matters
- Monitoring the group's sustainability and transformation activities, organisational ethics, responsible corporate citizenship, stakeholder relationships, and the ethical conduct of employees
- Monitoring all TCF outcomes reported to this committee
- Annually reviewing the group's Employment Equity Plan
- Reviewing and recommending the code of ethical conduct, which can be found on page 70, to the board for approval
- Annually reviewing its terms of reference and recommending amendments to the board for approval
- Evaluating the effectiveness of the CSRC, the main purpose of which is to monitor the group's service levels and TCF outcomes in relation to customer service
- Approving and annually reviewing the CSRC terms of reference
- Conducting a self-evaluation every two years, which includes evaluating the chairperson and fellow members
- Implementing any actions following the board's evaluation of its effectiveness

Committee evaluation

Self-evaluation	Future focus
<p>Scope:</p> <ul style="list-style-type: none"> • Overseeing and evaluating the implementation of the code of ethical conduct • Monitoring the group's activities and reports in respect of, inter alia: <ul style="list-style-type: none"> – The Employment Equity Act – The Broad-Based Black Economic Empowerment Act – Health and public safety – Labour and employment: the group's employment relationships and its contribution to the educational development of its employees • Committee composition • Meeting preparation and efficacy • Assessing the competency of the chairperson to lead the committee effectively • Self-evaluation of all committee members in fulfilling their duties • Evaluation of fellow committee members' skills, experience and fulfilment of their duties <p>The committee is satisfied that the evaluation process is improving its performance and effectiveness.</p>	<p>Along with the board's evaluation of its effectiveness and its adopted annual work plan, the following focus areas for the future were identified:</p> <ul style="list-style-type: none"> • Continuing to focus on transformation and young talent development across the business and adviser offices • Ensuring that client-centricity forms a cornerstone in the way the business is managed • Improving ESG reporting aspects in the interests of investors and stakeholders

Remuneration committee

Membership

The remuneration committee is a formally constituted committee of the board. The committee operates in terms of the delegated authority of the board as recorded in its terms of reference, which are reviewed and approved annually by the board. The committee comprises three independent non-executive directors.

The members of the committee and its chairperson are appointed by the board and the current members are:

- Piet Mouton – chairperson
- Patrick Burton
- Zodwa Matsau

Key focus areas

During the reporting period, the committee performed its duties as detailed within its terms of reference, and specifically attended to the following:

- Developing and implementing fair remuneration practices aligned with the group's strategy and long-term interests
- Annual review of the remuneration policy and practices to ensure that the group's remuneration policy is applied consistently, including enhancements made as a result of institutional feedback received after the 2023 AGM
- Serving as the Remco for the PSG group and for its insurance licensed entities
- Ensuring the remuneration policy and implementation report are tabled every year for separate non-binding advisory votes by shareholders at the AGM
- Reviewing and recommending to the board the remuneration for the CEO, senior executives and managers who report directly to the CEO, other material risk takers and the heads of the control functions (other than the head of the internal audit function, whose remuneration will be evaluated by the audit committee) ensuring that the remuneration is fair and responsible in the context of overall employee remuneration
- Recommending how the group's NEDs must be remunerated to the board, for final approval by the shareholders at the AGM
- Reviewing its terms of reference and recommending amendments to the board for approval
- Conducting a self-evaluation annually in line with regulatory requirements, which includes evaluating the chairperson and fellow members
- Implementing any actions following the board's evaluation of its effectiveness

Committee evaluation

Self-evaluation

Scope:

- Overseeing the implementation and execution of the company's remuneration policy and compliance with the Prudential Standards
- Making annual recommendations to the board of PSG on the remuneration of the heads of control functions (other than internal audit) the CEO, senior executives and managers who report directly to the CEO and other material risk takers
- Preparing an annual remuneration report in accordance with King IV and the JSE Listings Requirements
- Facilitating engagement with shareholders of the company who voted against the remuneration implementation report and/or remuneration policy, if any (only applicable where 25% or more of the votes exercised voted against the report or policy)
- Considering the recommendations made by senior management on the remuneration of non-executive directors, for final approval by the shareholders at the AGM
- Committee composition
- Meeting the requirements as stipulated by the company's fit and proper policy
- Meeting preparation and efficacy
- Assessing the competency of the chairperson to lead the committee effectively
- Self-evaluation of all committee members in fulfilling their duties
- Evaluation of fellow committee members' skills, experience and fulfilment of their duties

The committee is satisfied that the evaluation process is improving its performance and effectiveness.

Future focus

No areas of improvement were identified, and the focus area for the future continues to be adherence to its mandate per its terms of reference

The remuneration committee is satisfied that it has fulfilled its responsibilities in accordance with regulatory requirements and its terms of reference for the reporting period.

Nominations committee

Membership

The nominations committee is a formally constituted committee of the board. The committee operates in terms of the delegated authority of the board as recorded in its terms of reference, which are reviewed and approved annually by the board. The committee comprises four members who are non-executive directors, of which the majority are independent non-executive directors.

The members of the committee and its chairperson are appointed by the board and the current members are:

- Willem Theron – chairperson
- Patrick Burton
- Piet Mouton
- Lizé Lambrechts – appointed 14 July 2023

The changes to the composition of the committee during the financial year can be found on page 77.

Key focus areas

During the reporting period, the committee performed its duties as detailed within its terms of reference, and specifically attended to the following:

- Ensuring a formal and transparent process is established for nominating, electing and appointing members to the board
- Ensuring the board consists of a majority of non-executive directors, with a majority of the non-executive directors being independent directors, and reflects racial, cultural, age and gender diversity in line with targets
- The broader diversity policy is recommended to the board for approval and implemented
- The nomination of directors for re-election by shareholders at the AGM is approved by the board as a whole
- Development, oversight of implementation and annual review of formal succession plans for the PSG board and executive management, PSG Treasury board and PSG's key subsidiaries, with a specific focus on insurance licensed entities

The nominations committee also:

- Oversees the development, continued training and professional development of the directors
- Annually reviews its terms of reference and recommends amendments to the board for approval

Committee evaluation

Self-evaluation

Scope:

- Recommending the appointment of additional board sub-committee members to the board in line with approved succession planning and broader diversity policy
- Overseeing succession planning of key subsidiaries with the group, with a specific focus on insurance licensed entities
- Recommending to the boards of the insurance licensed entities the appointment of additional board and sub-committee members, subject to regulatory approval, in line with approved succession planning and enhancing broader diversity

The committee is satisfied that the evaluation process is improving its performance and effectiveness.

Future focus

No specific areas of improvement were identified, and the focus area for the future continues to be adherence to its mandate per its terms of reference, and in particular:

- Continued review of succession planning
- Continued focus on broader diversity

The nominations committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Operational committees

Executive committee

The Exco acts as an oversight committee for the various management-level committees and divisions. It assists the group CEO to develop and implement the group's strategy, operational plans, policies, procedures and budgets.

This involves:

- Monitoring operating and financial performance
- Assessing and controlling risk
- Assessing the appropriateness of policies, processes and controls in respect of key areas of legal, regulatory and ethical obligations
- Prioritising and allocating resources
- Monitoring factors in the operating environment
- Evaluating the effectiveness of the operating committee, credit committee and investment committee every two years

The board evaluated the effectiveness of the committee during 2023 and was satisfied with its performance and progress on focus areas. The scope of the evaluation included:

- Committee composition, skills and experience
- Proper implementation and fulfilment of its mandate
- Meeting preparation and efficacy
- Satisfactory reporting to the board after meetings are held

No specific areas of improvement were identified, and the focus area for the future continues to be adherence to its mandate per its terms of reference.

Operating committee

The operating committee assists the group COO in developing and implementing operational plans, policies, procedures, and budgets and monitoring the operational performance in each division.

The Exco evaluated the effectiveness of the committee during October 2022 and was satisfied with its performance. The scope of the evaluation included:

- Proper implementation and fulfilment of its mandate and duties
- The committee's overall composition
- Satisfactory reporting to the Exco

No areas of improvement were identified.

Credit committee

The credit committee is responsible for assisting management and the board to manage default risk, monitor direct credit exposures and limits throughout the group.

The Exco evaluated the effectiveness of the committee during October 2022 and was satisfied with its performance. The scope of the evaluation included:

- Proper implementation and fulfilment of its mandate and duties
- The committee's overall composition
- Satisfactory reporting to the Exco

No areas of improvement were identified.

Investment committee

The investment committee is responsible for determining the investment strategies of each entity in the group. It is also responsible for monitoring the performance of the shareholder investment portfolio against agreed parameters.

The Exco evaluated the effectiveness of the committee during October 2022 and was satisfied with its performance. The scope of the evaluation included:

- Proper implementation and fulfilment of its mandate and duties
- The committee's overall composition
- Satisfactory reporting to the Exco

No areas of improvement were identified.

Customer service review committee

The CSRC was established to ensure that PSG has the necessary processes and systems in place to comply with the FSCA's TCF Framework. The CSRC reports to the social and ethics committee and is responsible for:

- Ensuring that all PSG clients are treated fairly, according to TCF
- Identifying opportunities and making recommendations to improve customer service levels

The social and ethics committee evaluated the effectiveness of the committee during October 2024 and was satisfied with its performance. The scope of the evaluation included:

- Proper implementation and fulfilment of its mandate and duties
- The committee's overall composition
- Satisfactory reporting to the social and ethics committee

No areas of improvement were identified.

Legislation committee

The legislation committee creates awareness of all legislation, both financial services legislation and other legislation, impacting the group. In terms of financial services legislation only, the committee is responsible for:

- Discussing the relevant regulatory change identified
- Discussing and determining the impact on each division in the group
- Discussing the implementation of the necessary changes to comply with the regulatory change
- Reporting back on whether the implementation plans have been successfully implemented and monitored

Internal control and compliance processes

Internal audit

The internal audit function is an independent, objective assurance and consulting activity designated to add value to improve an organisation's operations.

It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes. Internal audit's activity is governed by an internal audit charter, which is reviewed and approved annually by the group audit committee. The objectives, scope and functions of the internal audit function are summarised below.

Objectives

The internal audit function evaluates and contributes to the improvement of the group's governance, risk management and control processes using a systematic, disciplined and risk-based approach.

Scope

The scope of the internal audit function encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the group's governance, risk management, and internal controls and the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives.

The internal audit function follows an approved risk-based internal audit plan. Annually, internal audit conducts a formal risk assessment of the entire group from which a comprehensive risk-based audit plan is derived. The assessment and programme are validated by executive management and approved by the responsible audit committee. The annual plan is reviewed regularly to ensure it remains relevant and responsive, given changes in the operating environment. The audit committee approves any changes to the plan.

Functions

- Evaluating risk exposure relating to achievement of the organisation's strategic objectives
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify and report such information
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets
- Evaluating the effectiveness and efficiency with which resources are employed
- Evaluating operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned
- Monitoring and evaluating governance processes
- Monitoring and evaluating the effectiveness of the organisation's risk management processes
- Performing consulting and advisory services related to governance, risk management and internal controls as appropriate for the organisation
- Reporting significant risk exposures and internal controls issues, including fraud risks, governance issues, and other matters needed or requested by the board
- Evaluating specific operations at the request of the board or Exco, as appropriate

In line with King IV, the audit committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities. Internal audit is part of this combined assurance model. A combined assurance model involves proper planning and the implementation of these plans, while reducing risk to an acceptable level through an assurance dispensation. It also ensures that the contributions of the various potential role players are optimised. This reduces risk, audit costs and increases efficiency.

Independence of internal audit

In line with King IV recommendations, the group head of internal audit confirms to the board, at least annually, the organisational independence of the internal audit function.

The internal audit function complies with the Institute of Internal Auditors' Code of Ethics.

Increased control framework

The increased control framework was developed by management to introduce an internal control system to assist the board and senior management in fulfilling their oversight and management responsibilities.

These responsibilities relate to:

- The strategy and risk appetite determined by the board
- Effectiveness and efficiency of operations
- Reliability of financial and non-financial information
- Adequate control of risks
- The business aspirations of the group
- Key business, IT and financial policies and procedures
- Compliance with laws, regulations and internal policies and procedures
- Confirmation that control procedures and processes have been implemented correctly and are operating as intended

Compliance and legal

The legal and compliance function forms an integral part of the three layers of defence approach and is accountable for monitoring and reporting compliance risks to the board.

Ongoing training is provided throughout the group to employees and advisers to ensure awareness and embed a high standard of ethical behaviour and adherence to adopted policies.

As early adopters, the group constantly monitors shifts in the regulatory landscape to ensure that it implements the necessary changes when new legislation becomes effective. The group maintains good relationships with regulators and participates in discussions around changes in the regulatory environment.

The internal audit function supports the Exco in ensuring the process is effective. This enables PSG to maintain compliance with all relevant legislation.

During the past financial year, no instances of material non-compliance were noted, including regulatory penalties, actions or fines for contraventions of, or non-compliance with, statutory obligations.

Specifically, the PSG directors have confirmed that, to the best of their knowledge, PSG:

- complied with the provisions of the Companies Act of South Africa; and
- operated in accordance with its MOI, during the current year.

Financial reporting

PSG provides financial reports to its shareholders twice a year. Detail regarding significant transactions undertaken is reported as required by the JSE Listings Requirements.

More information on the group's operating licences and membership of industry bodies is provided in the stakeholders section on page 39.

The board acknowledges its responsibility to ensure the group complies with all applicable laws and regulations to maintain its operating licences. Board members are familiar with the financial services industry and the suite of regulatory requirements that characterise it. They are also aware of the importance of assessing the impact of legislative changes.

Information technology governance

PSG operates in an increasingly technology-driven world, where IT creates differentiation and competitive advantage, generates revenue, and enables client-centricity. PSG continues to mature these capabilities and services to our advisers and clients.

Overview

IT plays an integral role in executing the strategy and the daily operations of PSG. The scalability, value and efficiency of business functions are dependent on effective IT systems, processes and data.

IT governance takes place according to a formal charter and governance framework based on King IV principles, supported by our various operational and IT security policies and further regulatory guidance such as the Joint Standards.

PSG's business model is critically dependent on IT systems, as it requires a fully functional IT infrastructure to empower its vast network of advisers across South Africa and Namibia to achieve its strategic objectives.

Regulatory changes, consumer advocacy, and technological advances increasingly join forces to create significantly more informed and empowered clients. The velocity of change continues to increase in a world where technology, data and interconnection have made the creation of investments in the advancement of a fast-paced, growing technological environment an important aspect of the group's business.

PSG continues to invest in the maturity of its digital capabilities and services. This includes both enhancements of current functionality and the development of new capabilities. Focus is on providing clients and advisers with an excellent user experience that is both seamless and efficient in delivering the highest levels of service. This model of continuous improvement is underpinned by a focused approach to system stabilisation and environment enhancements in a secure manner.

Responsibilities

The board, while retaining ultimate responsibility for both technology and information governance, has delegated responsibility to the risk committee.

The risk committee considers technology and information separately from a risk and governance perspective, while aligning both with the group's strategic objectives.

The CIO, supported by a team of IT specialists, is responsible for ensuring sound technology and information governance, including:

- Aligning technology and information with the performance and sustainability objectives of the group
- Delegating the responsibility for implementation of the technology and information policy to management
- Monitoring and evaluating significant technology and information investments and expenditure
- Managing the integration of technology and information risks into organisation-wide risk management
- Ensuring information assets are managed effectively and securely
- Monitoring proactively to identify and respond to incidents, including cyber attacks and adverse social media events
- Ensuring tested plans are in place to provide for business resilience and continuity
- Managing the performance of, and the risks pertaining to, third-party and outsourced service providers
- Assessing the value delivered to the organisation through significant investments in technology and information, including the evaluation of projects throughout their life cycles
- Ensuring the responsible disposal of obsolete technology and information, considering environmental impact, information security and regulations
- Ensuring the ethical and responsible use of technology and information
- Providing information architecture that supports confidentiality, integrity and availability of information

- Ensuring compliance with relevant laws and regulations
- Ensuring the protection of privacy of personal information
- Providing technology architecture that enables the achievement of strategic and operational objectives of the group
- Managing the risks pertaining to the sourcing of technology
- Monitoring and providing appropriate responses to developments in technology, including the capture of potential opportunities and the management of disruptive effects on the group and its business model

Key developments

- We are continuing our multi-year strategy to provide clients and intermediaries quality information and access through architecting and building cloud-based enterprise data warehouse
- We are continuing to gear our key systems to move to the cloud environment
- We continue to strengthen our cyber security capabilities, being proactive through active penetration testing, with additional key focus on our adviser offices' cyber security posture

- We have and continue to enable multifactor authentication to our key systems
- We continue with interactive cyber security awareness programmes and content aimed at training and enhancing the knowledge of our staff and clients
- We continue to invest in scalable technology in an ever-changing technological world

Future priorities

Future priorities for IT delivery and focus include continuing our journey to migrate our key services and systems to cloud and building a modern channel and mobile capability to augment our website.

We have a strong focus on maturing our software engineering capabilities and achieving a highly scalable business. We continue to improve and modernise our core practice management tool for stability, scalability and digital self-service.

Cyber security remains top of mind and will remain a priority for the whole of the business.

Risk report

PSG's risk profile and capital position remains strong.

As the challenging environment (operating, regulatory and economic) persisted, PSG's risk management plan ensured that risks are understood and managed. Focus remained on managing the most significant risks impacting the business, mitigating undue risks and volatile risk contributors, and understanding and responding to emerging risks. It ensured that we operated at acceptable residual risk levels.

Overview

PSG's three main risk management objectives are unchanged:

- Maintain adequate cash resources to execute our strategy, making value-enhancing investments and growing sustainably to benefit all stakeholders (especially clients, shareholders and employees)
- Honour our core values and business principles in all activities undertaken
- Maintain good relationships with all regulators

To drive and support these objectives within defined risk appetites, we continue to focus on:

- Recurring revenues (which lead to enhanced sustainable earnings)
- Sustainable margins (to ensure an acceptable return on capital is earned)
- Risk vs return (to maximise every rand earned relative to an acceptable unit of risk)
- Client-centricity (to place clients at the centre of everything we do)

- Capital management (to ensure business sustainability and resilience through any eventuality)

PSG's risk management plan delivers an appropriate and independent oversight framework, with reporting structures to keep management and the board informed. Changes in the risk landscape are assessed and material risks are managed at acceptable levels.

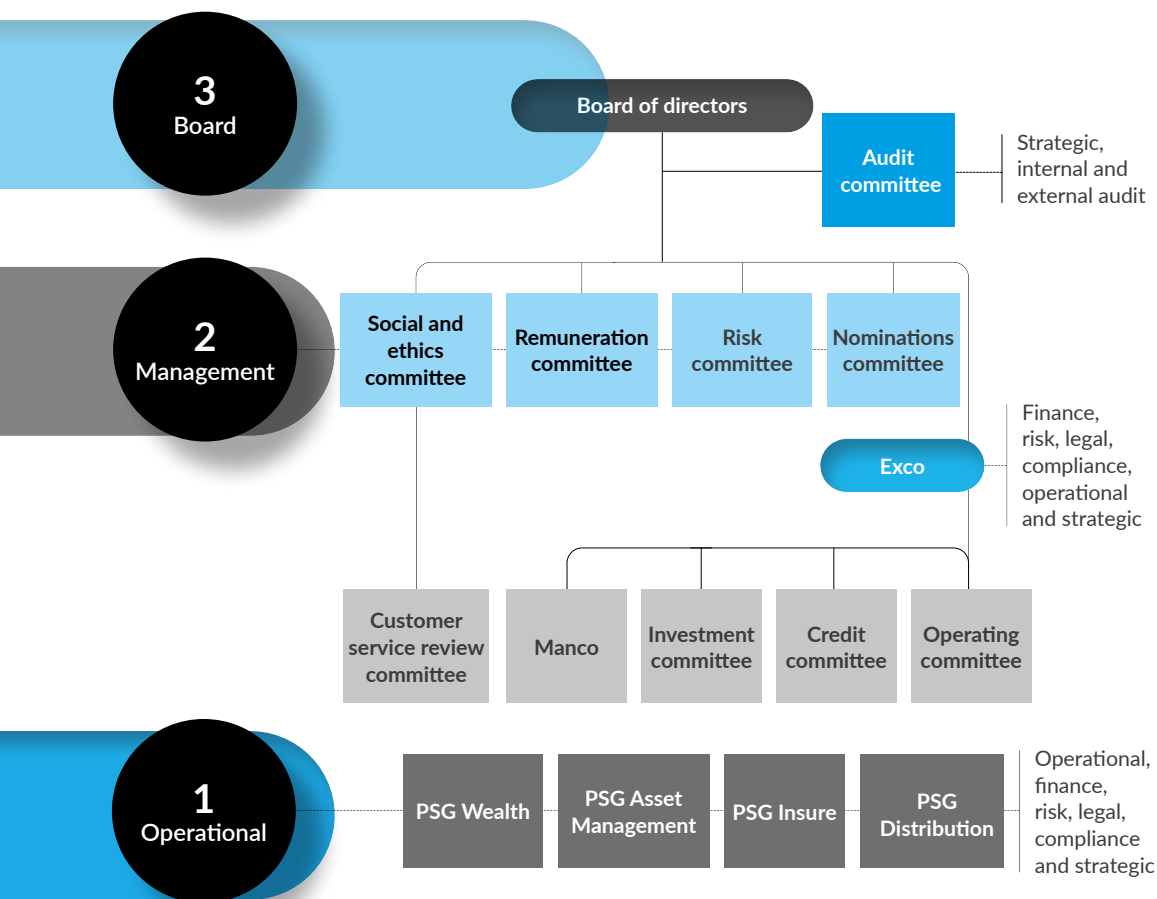
Components of this framework include:

- Three layers of defence governance structure
- Various committees with risk management responsibilities assisting the board
- Risk management embedded in the strategic principles and underpinning all business activities

More detail on the execution and implementation of the strategic principles is provided in the strategy section on pages 44 and 45.

Three layers of defence approach

PSG defines the responsibility and accountability for risk management by applying the three layers of defence approach.



- 1 First layer of defence**

Operational management is responsible for identifying risks and weaknesses and for developing and implementing policies, procedures and controls to address, manage and reduce these risks and weaknesses to acceptable levels.
- 2 Second layer of defence**

Finance, risk, legal and compliance employees may assist management in implementing policies, procedures and controls, but they are mainly responsible for providing advice and oversight to ensure that policies are applied. The level two employees report directly to the relevant heads of finance, risk, legal and compliance.
- 3 Third layer of defence**

Internal and external audit are responsible for evaluating, testing and giving assurance to the board and management on the effectiveness of these policies, procedures and controls.

Reflecting on 2024

Challenges and risks faced by PSG during the past financial year were adequately identified, assessed, and mitigated:

- **Strengthen the control environment** – investing in people, technology, automation, and security measures
- **Long-term objectives and needs on track** – applying our investment philosophy consistently and executing on strategic projects
- **Address audit and risk findings** – appropriate actions and responses developed and agreed upon in order to respond to internal audit findings and the identified risks

- **Responding to external risks/challenges** – preparing for potential grid failure, changes to employment equity, and managing ongoing loadshedding and the hard reinsurance market.

Key risk management

PSG manages the major risks it faces and understands that risk management is key to ensuring sustainable growth and success.

Risks faced are within PSG’s risk tolerance levels, and challenges experienced are adequately addressed. This is supported by the outcome documented in the ORSA report produced for the group. Our key risks and responses are summarised below and remain largely unchanged.

Strategic risk	
Key risk theme Ensure business plans, strategies and decisions are appropriate to maintain acceptable levels of risk (risk vs reward), grow recurring revenues and enhance operating margins	Response <ul style="list-style-type: none"> • Oversight by the PSG board and Exco • Quarterly business strategy sessions focus on each division and business unit • Key metrics defined and regularly monitored (daily, weekly, monthly and quarterly) • Strong corporate governance and established risk management structures • Dedicated marketing team ensuring client and brand focus remains intact • Dedicated PMO function to ensure we deliver on key strategic projects • Annual ORSA report produced to demonstrate business sustainability and resilience • Three-year growth and business strategy in place and targets tracked
Regulatory risk ¹	
Key risk theme Comply with all regulatory requirements (including new or changed requirements), while complaints remained stable and under control	Response <ul style="list-style-type: none"> • Dedicated independent legal and compliance function • Overseen by the compliance, risk and legal committees • Legislative changes centrally overseen by the PSG legislation committee • Implementation of any change overseen by the PSG operating committee • Active engagement with regulators and represented at most of the major industry and regulatory bodies • Monthly and quarterly capital adequacy review • Regulatory universe in place and monitored
Business and operational risk ¹	
Key risk theme Scan, evaluate, enhance and respond to changes in the business environment	Response <ul style="list-style-type: none"> • Overseen by the PSG management and operating committees • Complaints monitored by the PSG customer services review committee • Established outsourcing principles and oversight • Key projects/initiatives guided by the project management and engineering offices • Dedicated management information system team • Established business continuity capability (including communications, crisis management plans and testing)
In-time incident response and technology environment strengthened	<ul style="list-style-type: none"> • Operational incident management system in place • Processes audited and improvements actioned • Enhancing processes via automation and IT optimisation

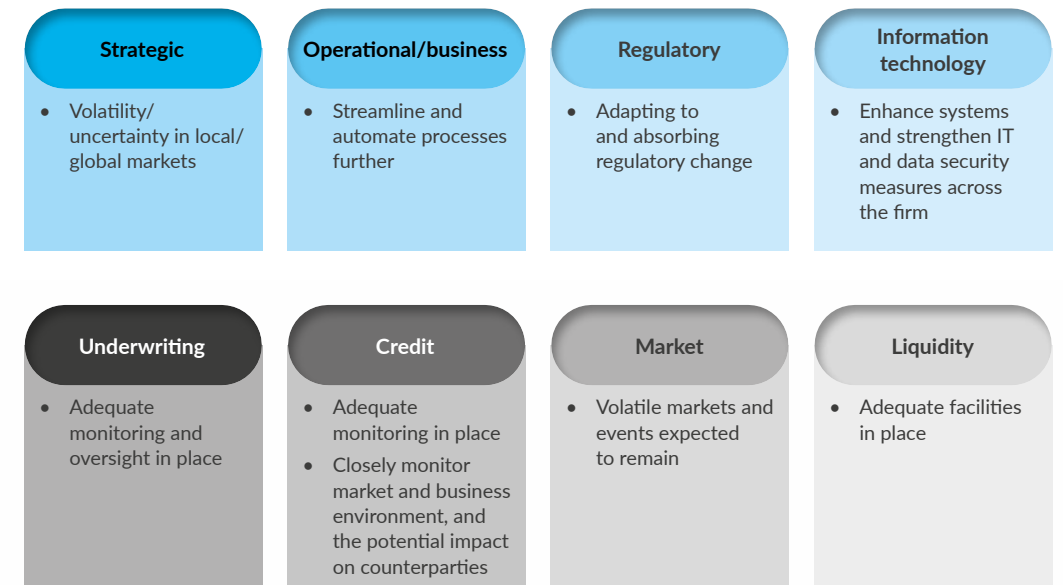
¹ Components of the section were included and audited as part of the risk-based internal audit programme.

Information technology risk (including data) ¹	
Key risk theme Adequate investment in technology, with governance enhancements made	Response <ul style="list-style-type: none"> Overseen by the PSG operating committee, data governance and technical and security councils Continued enhancements based on regular cyber security audits Group-wide IT security concepts and threat awareness training IT business continuity, disaster recovery and cyber incident management plans in place, with defined escalation and severity levels Policies to align with regulations (including information security, cyber security, patch management, backups and incident management) in place
Underwriting risk (non-life) ¹	
Key risk theme Western book performance monitored, corrective action taken	Response <ul style="list-style-type: none"> Underwriting risk mainly limited to non-life insurance activities at Western Group Overseen by the Western Group risk committee Quality underwriting reports monitored by the actuarial team Limited insurance and investment risk retention levels Mitigating action taken for areas where improvements are identified Capital modelling and stress testing ensure adequate capital levels are maintained
Counterparty risk (including credit risk)	
Key risk theme High-quality counterparty exposure and adequate margins maintained	Response <ul style="list-style-type: none"> Combined oversight by the PSG credit committee, investment committee and relevant management committees Exposure mainly limited to top-rated local and international banks and corporates Margin business exposure monitored daily Sufficient collateral held for most loans and security provided Products and providers overseen by the product governance committees Reinsurance panel overseen by the Western Group risk committee
Market/investment risk	
Key risk theme Consistent investment philosophy applied	Response <ul style="list-style-type: none"> Overseen by the PSG investment committee Shareholder assets invested mainly in cash and low-risk unit trusts PSG Asset Management applies risk-based investment processes Portfolio and fund committees in place supporting our advisers Internal limits aligned to appetite and fund sizes with compliance monitoring in place Transparent and measurable products with relatively low level of complexity
Liquidity risk ¹	
Key risk theme Centralised treasury function	Response <ul style="list-style-type: none"> Overseen by the PSG investment committee Centralised treasury function manages group capital and funding requirements Monthly cash flow analysis, scenario-based forecasts, and reporting Monthly asset/liability matching and reconciliation Regulatory capital requirements managed and monitored separately Bank funding facilities available Liquidity reporting and visibility to encourage key decisions

¹ Components of the section were included and audited as part of the risk-based internal audit programme.

The year ahead

PSG will, as always, continue to anticipate, understand, and respond to change and new or emerging risks. Our risk profile outlook for 2025 aligns to 2024 and can be summarised as follows:



REMUNERATION REPORT

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“Competitive remuneration is essential to attracting and retaining our high calibre employees”

1. The remuneration committee chairman's statement

I am pleased to present the 2024 remuneration report to shareholders on behalf of PSG's board of directors and the Remco. This report outlines the group's board-approved remuneration policy and framework, as well as the implementation thereof in 2024. It also showcases policy and disclosure improvements based on shareholder feedback and best practice.

1.1 Strategic and competitive remuneration

Remuneration aligns with the group's strategic goals, focusing on profitability, shareholder value and sustainability.

Management has continued to successfully execute the business strategy through profitable, sustainable growth in 2024. PSG delivered an 11% increase in recurring headline earnings per share, increased the dividend per share by 17%, generated a return on equity of 23.4% and grew assets under management by 15%.

Competitive remuneration is vital for retaining top talent in our people-oriented, talent-driven industry. We develop entrepreneurs within an agile corporate structure, adapting to our changing environment in support of individual and group performance. Our remuneration framework is competitive in our market and supports shareholder value creation.

Our 'fit for purpose' remuneration policy and framework are set out in the remuneration policy section of this report from page 105.

We are satisfied that the 2024 remuneration policy achieved its stated objectives.

1.2 The complexity of our regulatory landscape

PSG has 21 regulatory licences (17 in South Africa and 4 in foreign jurisdictions) as well as being designated as an insurance group. The Remco is mindful of the complexities of the landscape in which the group operates and acknowledges the significant increase in the number of engagements with regulators from the prior year.

1.3 Shareholder engagement, voting outcome and enhanced disclosure

During September 2022, PSG Group unbundled their shareholding in PSG (previously PSG Konsult), resulting in a large increase in the number of PSG shareholders, of approximately 15 000. The wider shareholder base had an impact on the voting results at the 2023 AGM, as can be seen in the table below.

The remuneration policy and implementation report have received favourable voting outcomes at the 2019 to 2023 AGMs:

AGM	Shares voted as a percentage of the total issued shares	Remuneration policy		Implementation report	
		Votes for	Votes against	Votes for	Votes against
July 2023	82.83%	76.23%	23.77% ¹	76.02%	23.98% ¹
July 2022	89.67%	93.92%	6.08%	93.92%	6.02%
July 2021	87.17%	95.70%	4.30%	95.70%	4.30%
July 2020	90.18%	97.08%	2.92%	97.28%	2.72%
July 2019	88.54%	97.00%	3.00%	97.09%	2.91%

¹ The AGM voting was impacted by the change in shareholder composition during September 2022, as a consequence of the PSG Group unbundling as mentioned above.

Although the votes at the 2023 AGM passed with the requisite majority, PSG believes in continuous improvement and saw an opportunity to engage with institutional investors to address any feedback or concerns regarding our remuneration policy and implementation report.

Based on feedback received, we have implemented several improvements to our remuneration approach to ensure our policy and disclosures align with best practice. The table below outlines material feedback received and the corresponding enhancements.

Shareholder feedback	Remco response	Remuneration policy	Implementation report
Short-term variable compensation			
A reduction in the weighting of non-financial measures when determining the CEO and CFO remuneration	In the 2025 financial year, the qualitative factor weighting will be reduced to 40% for both the CEO and CFO from the current weighting of 50% and 67% respectively.	Proposed changes have been disclosed in section 2.11	Will be shown from the 2025 financial year
Evidence of KPI's target weightings that are measurable	The current remuneration scorecards for the executive directors, which show the various KPI weightings, have been disclosed. The scorecards will be enhanced in the 2025 financial year.	Proposed scorecard changes have been shown in section 2.11	Current remuneration scorecards have been included in section 3.3.2
Disclose scaled performance targets and proportional achievement	The Remco proposes enhancing the executive director scorecards for the 2025 financial year to include scaled performance targets. As a result, the proportional achievement of these targets by the executive directors will be included in the implementation report for the 2025 financial year.	Proposed policy enhancements have been disclosed in section 2.11	The proportional achievement of the scaled performance targets will be incorporated from the 2025 financial year
Disclosure validating short-term variable compensation outcomes to be enhanced	Additional disclosure has been incorporated into the implementation report, including: <ul style="list-style-type: none"> The performance of the group's key operational and financial metrics over a five-year period The scorecards used when evaluating the executive directors' performance The alignment of the short-term variable compensation with the growth in earnings over a five-year period 	N/A	Disclosure enhanced in section 3.3

Shareholder feedback	Remco response	Remuneration policy	Implementation report
Long-term variable compensation			
Long-term incentives should only vest after a three-year period	Awards are granted annually, linked to executive performance in the previous year, and commence vesting two years after grant date. Executives are required to stay employed for a five-year duration to fully realise the benefits.	Disclosure enhanced in section 2.6.3 to provide a better understanding of the awards	Disclosure enhanced in section 3.4
Assurance against dilution resulting from share option issuance and clarity on whether the share usage limit for options exceeds 5%	Share option dilution has historically been <0.5%. We carefully manage the impact of share options to safeguard existing shareholder value and align it with our compensation strategy.	N/A	The share option issuance target has been disclosed in section 3.4.4 The impact of share option dilution has been shown in section 3.4.5
Other			
Executive severance needs to be disclosed	All executive directors have a notice period of three months, which can be extended by mutual consent. Executives who are dismissed or resign are only entitled to three months' notice compensation.	Executive severance arrangements have been disclosed in section 2.7.1.3	N/A

1.4 2025 remuneration policy and implementation report

We will put our 2025 remuneration policy and implementation report to two separate non-binding advisory votes at our AGM. If the remuneration policy or implementation report is voted against by 25% or more of the votes exercised at the AGM, PSG will, in its voting results announcement pursuant to the JSE Listings Requirements, extend an invitation to dissenting shareholders to engage with the group.

We look forward to your ongoing support and engagement on the policy.



Piet Mouton
Chairman of the remuneration committee

2. Remuneration policy

2.1 Introduction

PSG is deemed a controlling company of an insurance group. PSG and all its subsidiary entities, including subsidiary insurance licensed entities, aim to remunerate directors, executives and employees fairly and responsibly. This approach takes cognisance of remuneration best practices to ensure the group attracts and retains appropriate skills and talent.

Sound remuneration practices are an essential component of an effective governance framework.

The remuneration policies and practices aim to align remuneration with the long-term interests of the group and other stakeholders and to discourage excessive or inappropriate risk-taking.

2.2 Philosophy

PSG's core remuneration philosophy is based on reward for financial and relevant non-financial performance, and is aligned with its overall business strategy, objectives, values, target corporate culture and risk appetite (including the group's risk management practices) – maintaining compliance with all relevant regulations and market practices.

Profitability, business processes and risks, clients and people are the KPIs for reward. Three performance components are considered for annual increases: group results, divisional performance and individual performance, with due consideration given to inflation.

2.3 Policy scope

This remuneration policy (the policy) is a general policy applicable to all employees¹ of the group (which, for the avoidance of doubt, includes all key persons and other persons whose actions may have a material impact on the risk exposure of the group, including persons to whom functions are outsourced). The policy outlines the group's approach to remunerating directors, executives, and employees.

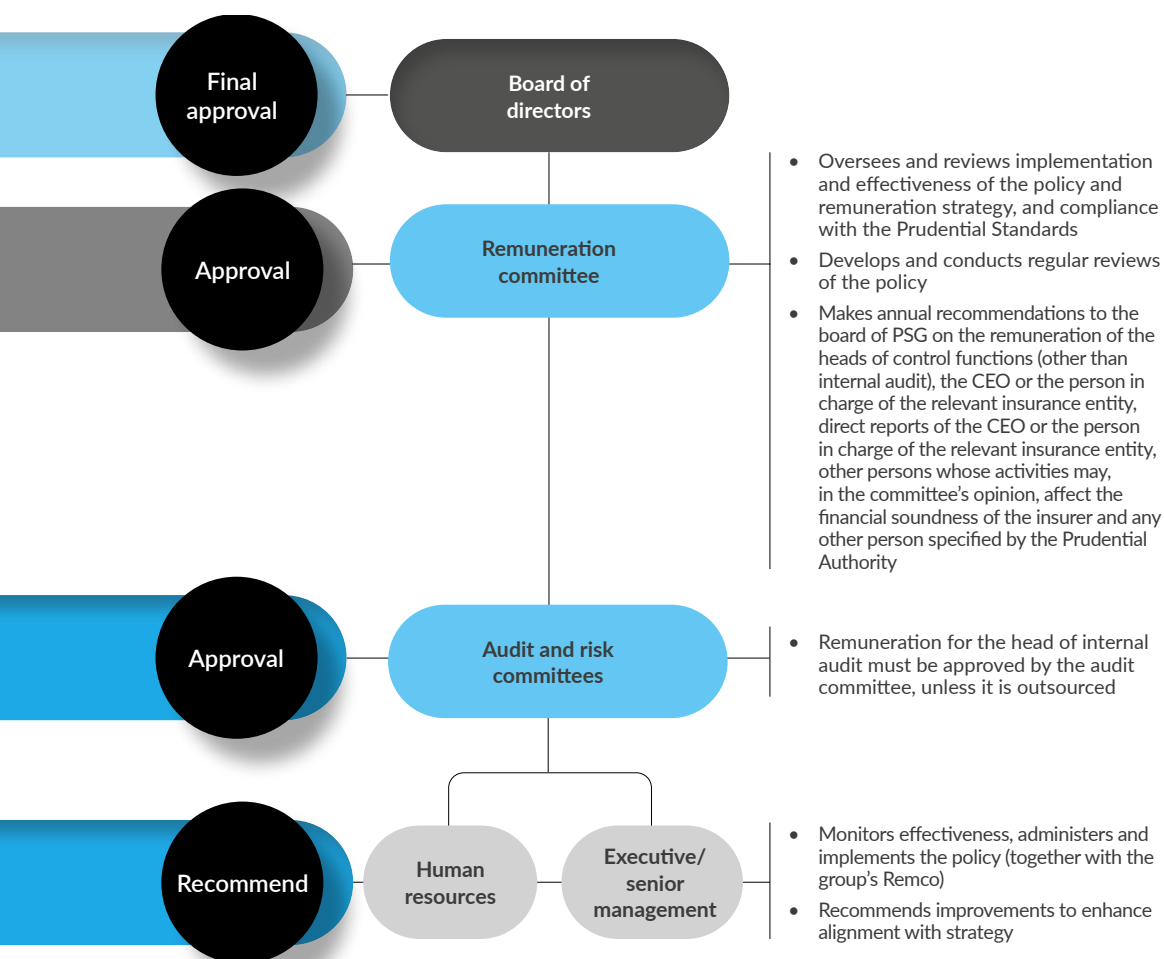
¹ Excluding all shared offices' advisers and their support staff. Various compensating controls are in place to prevent inappropriate behaviour and excessive risk-taking.

For the purpose of all remuneration considerations, 'remuneration' has the meaning as defined in section 30(6) of the Companies Act:

"(6) For the purposes of subsections (4) and (5), 'remuneration' includes –

- fees paid to directors for services rendered by them to or on behalf of the group, including any amount paid to a person in respect of the person's accepting the office of director.
- salary, bonuses and performance-related payments.
- expense allowances, to the extent that the director is not required to account for the allowance.
- contributions paid under any pension scheme not otherwise required to be disclosed in terms of subsection (4)(b).
- the value of any option or right given directly or indirectly to a director, past director or future director, or person related to any of them, as contemplated in section 42.
- financial assistance to a director, past director or future director, or person related to any of them, for the subscription of options or securities, or the purchase of securities, as contemplated in section 44; and
- with respect to any loan or other financial assistance by the group to a director, past director or future director, or a person related to any of them, or any loan made by a third party to any such person, as contemplated in section 45, if the group is a guarantor of that loan, the value of –
 - any interest deferred, waived or forgiven; or
 - the difference in value between –
 - the interest that would reasonably be charged in comparable circumstances at fair market rates in an arm's length transaction; and
 - the interest actually charged to the borrower, if less."

2.4 Roles and responsibilities relating to the policy



2.5 Objectives

The group aims to remunerate fairly and responsibly on the basis that equal work receives equivalent pay. It also considers remuneration best practices to make sure that it attracts, develops and retains relevant skills and talent.

At the same time, remuneration practices must:

- Not induce excessive or inappropriate risk-taking
- Be in line with the group's business strategy and risk appetite statements
- Provide a clear, transparent and effective governance structure around remuneration
- Protect the long-term interests of the group, its employees, its shareholders and its policyholders
- Consider the provisions of the Employment Equity Act, No. 55 of 1998, as amended

In relation to remuneration and specifically, the principle of equal pay for work of equal value, the group bases fair and responsible pay on the concept of 'pay for performance' (which includes financial (if relevant) and non-financial performance). Consequently, there is no pay differentiation based on gender or racial classification.

The group also offers development through career enhancement opportunities, including bursaries and study loans for work-related disciplines or future business requirements in specialist fields.

2.6 Remuneration elements

The group determines its compensation pool based on its financial performance, after considering its risk appetite.

The group's risk appetite is informed by its governance and risk management structures. These structures consider both qualitative and quantitative risk factors at group, divisional and insurance entity levels as part of the risk management system, in a proportionate and risk-based manner.

Remuneration elements include:

Remuneration element	Description	Remuneration policy reference	Implementation report reference
Guaranteed pay	To remunerate fairly and responsibly on the basis that equal work receives equivalent pay. Based on function, experience and market pay levels.	2.6.1	3.2
Short-term variable compensation	To encourage, recognise and reward performance and allow sufficient flexibility to respond to business needs. Based on a combination of individual and collective performance. Incentive to manage the group responsibly and avoid excessive risk-taking.	2.6.2	3.3
Long-term incentive scheme (Share options to executive directors and management)	To align senior management incentives to shareholder returns and the long-term interests of clients and policyholders. To attract and retain key employees who play a critical role. Based on a combination of individual and collective performance.	2.6.3	3.4
Employee benefits and wellness (including life cover, disability benefit, income cover and retirement fund)	To further the economic empowerment and well-being of employees. All full-time employees are required to be members of a medical aid scheme. Career enhancement opportunities, including bursaries and study loans for work-related disciplines.	2.6.4	N/A

Performance-based compensation aimed at ensuring stakeholder performance alignment has been the cornerstone of PSG's success, and is a blended function of our adviser and core employee remuneration:

- Advisers: the group applies a standardised revenue-sharing model whereby the group has a contractual obligation to remunerate advisers based on their revenue generated, with PSG Wealth and PSG Insure advisers receiving 70% and 75%, respectively.
- Core employees: compensation is determined based on a targeted compensation ratio ("the compensation ratio"), which is approximately 35% – 40% of the group's net profit before tax excluding remuneration. Core employee compensation includes guaranteed pay and variable compensation (consisting of short-term variable compensation and long-term incentives). Short-term variable compensation is the residual element once the guaranteed pay and long-term incentive IFRS costs have been deducted.

Refer to section 3.1 of the implementation report, where this is discussed further.

2.6.1 Guaranteed pay

Pay bands are broad and allow for flexibility to ensure that individual expertise and experience are duly considered.

The group Remco has structured remuneration for executives and senior employees who have authority and responsibility for planning, directing and controlling the activities of the group, to allow for higher levels of variable remuneration than guaranteed pay. This ensures these employees are adequately incentivised to manage the group responsibly and avoid excessive risk-taking, and assists the group in managing operational costs.

Individual performance appraisals identify talent at all levels in the group and enable fair and competitive pay based on function, experience and market pay levels.

2.6.2 Short-term variable compensation

Short-term variable compensation awards are designed to encourage, recognise and reward performance and allow sufficient flexibility for responding to different business needs; however, short-term variable compensation is

not guaranteed. The assessment of performance is based on a combination of assessing individual and collective performance, such as the performance of the business area and the overall results of the group or the relevant insurance entity.

The group determines the size of its short-term variable compensation pool every year, based on the compensation ratio less guaranteed pay and long-term incentive IFRS costs, linked to overall group and divisional profitability. Divisional variable compensation pools are split among divisional key individuals and executives, based on individual performance and responsible risk management. The total short-term variable compensation pool and the way in which it is allocated is agreed with the group Remco every year, giving due consideration to a range of qualitative and quantitative factors.

In measuring and evaluating the business performance, the following guiding strategic principles and KPIs are considered:

- Recurring revenues and recurring headline earnings per share (optimising long-term sustainable returns per share)
- Operating margins demonstrating management's ability to attract new business and increase market share without compromising margins by controlling costs
- Risk vs return – optimising returns per unit of risk taken, by implementing various risk reduction and mitigation measures

Commission incentives earned by sales employees are linked to new business targets set. However, risk and pricing are determined independently by managing existing pricing policies and/or underwriting and related risk policies.

2.6.2.1 Deferral of short-term variable compensation

In respect of executive and key individuals with less than 10 years' service, 30% of their short-term variable compensation award is deferred over two years and, at participants' election, may be invested in either PSG shares or a PSG unit trust fund. Participants are eligible to receive 50% of their deferred short-term variable compensation award after the first anniversary and the remaining 50% on the second anniversary of the award date.

Executives and key individuals with more than 10 years' service are entitled to the full short-term variable compensation award annually without deferment.

2.6.2.2 Termination of employment

Executives and key individuals will forfeit any outstanding deferred short-term variable compensation incentive awards on the relevant vesting date if they are not in the group's employment, whether due to resignation or termination of services.

The group's short-term variable compensation policy therefore has an embedded malus provision where an employee's actions result in termination of services.

2.6.3 Long-term incentive scheme

Annually, the group Remco awards share options to align senior management incentives to shareholder returns and the long-term interests of clients and policyholders.

This incentive also seeks to attract and retain key senior employees who play a critical role in the business successes of the group. According to the share incentive scheme, the group grants share options to executive directors and management. These share options are allocated to participants at the relevant grant date based on the 30-day volume-weighted average price (VWAP). The share options are therefore fully priced options, which include embedded performance hurdles as management only benefits if the share price increases above the vesting strike price.

For the fully priced share option awards to have a favourable monetary value benefit to participants on the vesting date, an underlying performance criteria is that the management team successfully achieve growth in recurring headline earnings per share post share option acceptance award date. Therefore, for share options to increase above the vesting strike price, an increase in recurring headline earnings per share of the group is required, ensuring long-term alignment with shareholders. Over short periods, a change in price-earnings ratio could influence the outcome either positively or negatively. However, in the long run, value is only created for option holders if there is substantial growth in long-term earnings per share.

The scheme vests over a five-year period from the date on which the share option was awarded. Shares vest as follows:

- Two years after grant date: 25%
- Three years after grant date: 25%
- Four years after grant date: 25%
- Five years after grant date: 25%

To gain the full benefit of the options, executives need to remain in employment for a five-year period.

The participants have five months to exercise options after they vest. No beneficiary shall be entitled to payment of any dividend or any other rights attached to any shares until the date of registration of such shares in the name of the beneficiary.

2.6.3.1 Termination of employment

Death, retirement or retrenchment: Any options that can be exercised at the date of retirement or retrenchment of the beneficiary or 12 months thereafter can be exercised. The board at its discretion may permit the beneficiary to exercise any or all of the unexercised options.

Dismissal: If a beneficiary ceases to be an employee by reason of dismissal on the grounds of misconduct, poor performance or dishonest or fraudulent conduct, then that beneficiary shall be deemed to have immediately forfeited their rights in respect of any unexercised options.

Resignation: If a beneficiary ceases to be an employee by reason of resignation, that beneficiary shall be deemed to have immediately forfeited their rights to any unexercised options.

2.6.4 Employee benefits and wellness

The group provides three times group life cover and disability benefit and income cover, which is capped at the lower of 75% of the employee's guaranteed pay or R250 000 per month (amount is adjusted annually for inflation).

All full-time employees are required to be members of a medical aid scheme, and invest at least 5% of their guaranteed pay in the group's retirement fund.

2.7 Remuneration of key persons

2.7.1 Executive members of the board, senior management and employees carrying out key risk-taking functions

2.7.1.1 Guaranteed pay

The guaranteed remuneration for each of these employees will be competitive. Guaranteed pay will be based on the individual employee's responsibilities, performance (including financial (if relevant) and non-financial performance) and future prospects. Employees agree with line managers on their KPIs and undergo bi-annual performance reviews.

2.7.1.2 Variable compensation

Variable compensation consists of short-term variable compensation and long-term incentives. Short-term variable compensation is the outcome of the compensation ratio after guaranteed pay and long-term incentive IFRS costs have been deducted. Employees are entitled to variable compensation, provided that this remuneration:

- is based on the overall performance of the group, division or insurance entity and considers both financial and non-financial components, goals and targets (including the group's annual budget approved by the board);
- is based on the performance of the employee in relation to established quantitative and qualitative goals and targets;
- is aligned with the time horizons of the risk it is rewarding, and with the risk profile of the business;
- promotes sound and effective risk management and does not encourage undue or excessive risk-taking in terms of the group's risk appetite statement approved by the risk committee; and
- supports the business strategy and objectives, as set out in the integrated report.

2.7.1.2.1 Executive directors' scorecards (current)

The variable compensation for the executive directors is currently determined based on the scorecards on pages 111 and 112, **which were approved by shareholders at the 2023 AGM**, and take into account both quantitative and qualitative KPIs. Please note that, in some instances, the Remco considers the disclosure of certain performance measures to be commercially sensitive.

The remuneration outcome for the executive directors based on the scorecards has been detailed in section 3.3.2 of the group's remuneration implementation report.

Chief executive officer

Quantitative factors 50%

Financial indicators	Key measurement metrics
<ul style="list-style-type: none"> • Ensure quality of earnings growth in context of macroeconomic indicators 	<ul style="list-style-type: none"> • Recurring headline earnings per share • Net managed assets flows and managed asset growth
<ul style="list-style-type: none"> • Generate risk-adjusted returns on shareholder assets 	<ul style="list-style-type: none"> • Recurring headline earnings per share • Return on equity • Operating margin
<ul style="list-style-type: none"> • Operate business within acceptable risk appetite tolerance levels 	<ul style="list-style-type: none"> • Group capital cover ratio • Debt:equity ratio

Qualitative factors 50%

Strategy and guidance

- Determine strategy and provide strategic guidance and direction, including problem-solving when needed
- Identify market-leading client acquisition opportunities

Projects and initiatives

- Monitor and oversee priority projects and key business initiatives
- Oversee client journey improvements (great client service)
- Oversee and manage all high-risk and complex business matters
- Facilitate progressive transformation (ensure processes are in place to reach transformation targets)

People management

- Oversee performance management and succession planning of senior management team
- Create a high-performance working environment across the group by leading by example

Stakeholder relationships

- Manage investor relations (analyst discussions, meetings and presentations)
- Maintain and build positive strategic relationships with regulators, non-executive directors, advisers and key stakeholders

Chief financial officer

Quantitative factors 33%

Financial indicators	Key measurement metrics
<ul style="list-style-type: none"> Provide effective cost management and control 	<ul style="list-style-type: none"> Operating margin Cost to income ratio
<ul style="list-style-type: none"> Oversee and manage business capital, regulatory solvency and liquidity requirements 	<ul style="list-style-type: none"> Return on equity Group capital cover ratio
<ul style="list-style-type: none"> Optimise risk-adjusted returns on shareholder assets 	<ul style="list-style-type: none"> Return on equity Operating margin Recurring headline earnings per share
<ul style="list-style-type: none"> Oversee financial risk exposure and assist business to operate within acceptable risk appetite tolerance levels 	<ul style="list-style-type: none"> Group capital cover ratio Debt:equity ratio

Qualitative factors 67%

Financial reporting

- Meet all external and internal financial reporting obligations
- Ensure quality and timeous financial reporting (annual, interim, monthly and budgets)
- Prepare quality and timeous board and committee presentations and packs

Control environment

- Maintain sound financial control environment (minimal operational incidents)
- Achieve minimal adverse external or internal audit findings
- Ensure group compliance with tax legislation
- Ensure compliance with JSE Listings Requirements and Companies Act requirements

Projects and initiatives

- Deliver and execute priority projects successfully
- Oversee and manage all high-risk and complex finance-related business matters
- Facilitate progressive transformation (monitoring and reporting on transformation objectives)

People management

- Oversee finance team (project prioritisation, staff development, performance management and succession planning)
- Ensure appropriate talent management (attract, retain, mentor and develop staff)
- Create a high-performance working environment by leading by example

Stakeholder relationships

- Support investor relations (analyst discussions, meetings and presentations)
- Build positive strategic relationships with regulators, bankers, rating agencies, professional advisers, SARS, non-executive directors and key shareholders

2.7.1.3 Termination of employment

All executive directors have a notice period of three months, which can be extended by mutual consent. Executives who are dismissed or resign are only entitled to three months' notice compensation.

2.7.2 Heads of control functions

2.7.2.1 Guaranteed pay

The guaranteed remuneration for each of these employees will be competitive. Guaranteed pay is based on the individual employee's responsibilities, performance (including financial (if relevant) and non-financial performance) and prospects.

2.7.2.2 Variable compensation

In addition to their guaranteed pay, these employees may also receive variable compensation, provided that this remuneration:

- is not linked to the performance of any business units that they control or oversee; and
- does not in any way undermine their independence from senior management.

2.7.2.3 Approval process for group heads of control functions

Group senior management recommends total compensation (both guaranteed and variable) for the group heads of control functions:

- Internal audit function: Recommendation to the group audit committee for approval
- Finance, risk and compliance functions: Recommendation to the group Remco for consideration

2.7.2.4 Approval process for heads of control functions for insurance entities

Senior management in each insurance entity will recommend total compensation (both guaranteed and variable) for its heads of control functions:

- Internal audit function: Recommendation to the relevant audit committee for approval, unless outsourced
- Finance, risk, compliance and actuarial functions (where relevant): Recommendation to the group Remco for consideration

2.7.3 Non-executive members of the board

Non-executive directors receive market-related guaranteed pay based on the type and number of board committees they are involved in. These guaranteed payments are determined and recommended by relevant senior management for consideration by the group Remco, and for final approval by the shareholders at the AGM.

Refer to section 4.2.1 of the group's remuneration report for detailed information on the non-executive director fees.

2.8 Remuneration of other employees

2.8.1 Guaranteed pay

The guaranteed remuneration for other employees is competitive. Guaranteed pay is based on the individual employee's responsibilities, performance and prospects.

2.8.2 Variable compensation

In addition to their guaranteed pay, these employees may also receive variable compensation provided that this remuneration:

- is based on the performance of the group, division or insurance entity; and
- is based on the performance of the individual employee.

2.9 Governance

Remuneration is governed by the group Remco. This committee is mandated by the boards of PSG and its insurance entities, and reports to them. The group Remco also governs how remuneration is administered. It considers the holistic compensation model and the specific remuneration of all executive directors and prescribed officers, including fees paid to all non-executive directors.

The Remco is also responsible for awarding share incentives to group executives, and ensuring they are market- and performance-related.

This committee makes annual recommendations to the board of directors on the remuneration of the CEO or the person controlling the relevant insurance entity, direct reports of the CEO or the person controlling the relevant insurance entity, other persons whose activities may, in the group Remco's opinion, affect the financial soundness of the group or relevant insurance entity and any other person specified by the Prudential Authority.

The group Remco is responsible for developing and conducting regular reviews of this policy, as well as monitoring the implementation and effectiveness of this policy and its compliance with the relevant Prudential Standard. In accordance with King IV and the Companies Act, individual remuneration of prescribed officers is disclosed. Full compensation details are in the implementation report, which is included in section 3. An independent control function monitors how remuneration is applied to make sure the group Remco complies with this policy.

The group Remco is governed by its terms of reference.

2.10 Guidelines in reviewing the effectiveness of the policy

Remuneration packages designed within the scope of the policy should be successful in attracting and retaining staff. If management continually needs to exercise discretion or agree to once-off deals to attract or retain executives, the policy may need to be reviewed.

Over time, reward management may change due to changes in the group's structure, market pressures to attract and retain talent, strategic priorities, legislation, regulations, governance requirements and the organisation's values.

This policy will be reviewed once a year by the group Remco, in line with the terms of reference. Any changes to the policy, as required from time to time, are approved by the board and material changes are communicated to the relevant subsidiary boards.

2.11 Future enhancements of the policy

PSG believes in continuous improvement, and following engagement with institutional shareholders after the 2023 AGM, the Remco proposes enhancing the policy with respect to executive directors' compensation as follows:

Remuneration element	Proposed enhancement
Short-term variable compensation	<p>Increase in the weighting of quantitative factors per the executive directors' scorecards to 60% from 50% and 33% for the CEO and CFO respectively.</p> <p>Enhanced disclosure regarding the correlation between short-term variable compensation and key financial metrics for both the CEO and CFO, including specific financial targets.</p>

The Remco believes that this will further align the interests of the executive directors with those of shareholders and will improve transparency.

These changes will take effect in the 2025 financial year, where the Remco will assess the individual performance of the executive directors using the below scorecard:

Area	Weighting	Performance measure	Sub-weighting	Threshold (75%)	Target (100%)	Stretch (125%)	
Quantitative	60%	SCR ratio	10%	1.80 – 1.90	1.90 – 2.10	> 2.10	
		Debt to equity	10%	> 20%	5% – 20%	< 5%	
		Credit rating	10%	No decrease in ratings		A+	Upgrade in ratings
		Recurring HEPS growth (cents)	20%	CPI + GDP	CPI + GDP + 2%	CPI + GDP + 5%	
		ROE*	50%	SARB mid-point of inflation band + real GDP	SARB mid-point of inflation band + 3% Equity risk premium	SARB mid-point of inflation band + real GDP + 6% Equity risk premium	
					100%		
Qualitative	40%	Management and oversight	40%	1	3	5	
		Governance	30%	1	3	5	
		Transformation	30%	1	3	5	
					100%		
Total	100%						

* ROE is considered the best composite all-encompassing financial metric linked to both the firm's earnings generated and required capital allocation optimisation.

The balanced scorecard measures performance, both quantitatively and qualitatively, with a high weighting assigned to the achievement of financial performance goals and objectives (60%).

The performance measures have been selected based on our business strategy, objectives and values, taking into account our risk appetite framework. Scaled performance targets have been set based on a range of factors, including internal benchmarks and hurdles, and economic and market conditions.

The performance achievement level is 75% of the growth in recurring headline earnings per share for threshold performance, 100% for on-target performance and 125% for stretch performance.

The short-term compensation will ultimately be at the Remco's discretion to avoid any unintended consequences, and will be subject to the group's compensation ratio, which limits the overall compensation that can be paid. Refer to section 3.1 of the implementation report for further information.

On an annual basis, when the Remco determines the executive directors' short-term compensation outcome, the committee will consider the directors' individual achievement levels per the above scorecard, while ensuring the compensation ratio remains in range and that there is alignment to the golden thread.

The Remco will also assess the scaled performance targets annually and adjust where necessary.

3. Implementation report

3.1 Compensation overview

The compensation pool for core employees is determined based on a targeted compensation ratio of approximately 35% – 40%, which is linked to the group's net profit before tax. Adviser remuneration does not form part of the compensation pool, as the group has a contractual relationship with both the advisers (based on a revenue-sharing model) and their support staff.

The compensation ratio is calculated as core employee compensation as a percentage of the group's net profit before tax (excluding core employee compensation and IFRS adjustments). The impact of the following IFRS adjustments are excluded from the calculation:

- the amortisation of customer relationships; and
- the impact of linked investment policies and the consolidation of collective investment schemes.

Core employee compensation includes guaranteed pay and variable compensation (consisting of short-term variable compensation and long-term incentives). Short-term variable compensation is the residual element once the guaranteed pay and long-term incentive IFRS costs have been deducted.

The compensation ratio for the 2020 to 2024 financial years has been shown below:

	2020	2021	2022	2023	2024
Core employee compensation					
Employee benefit expense [^]	1 010 402	1 074 673	1 243 333	1 318 796	1 423 339
Exclusions:					
– Adviser support staff salaries*	(363 338)	(371 979)	(374 918)	(406 548)	(436 617)
Core employee compensation [A]	647 064	702 694	868 415	912 248	986 722
Profit before tax (excluding IFRS adjustments)					
Profit before tax (per AFS)	1 004 416	1 071 427	1 399 612	1 435 744	1 590 401
Exclusions:					
– Amortisation of customer relationships and other IFRS adjustments	52 475	62 886	69 365	67 132	78 479
– Policyholder assets and consolidated funds	(34 241)	(35 690)	(33 403)	(36 160)	(39 430)
Profit before tax (excluding IFRS adjustments) [B]	1 022 650	1 098 623	1 435 574	1 466 716	1 629 450
Compensation ratio [A/(B+A)]	38.8%	39.0%	37.7%	38.3%	37.7%

[^] Excludes the impact of the new insurance accounting standard (IFRS 17) for comparability. In terms of IFRS 17, adopted with effect from 1 March 2022, we are required to show a portion of employee benefit expenses within insurance service expenses per our annual financial statements. The IFRS 17 employee benefit expense amounts are R1 325 725k (FY2024) and R1 239 311k (FY2023).

* Adviser support staff salaries are excluded as the obligation to pay these is the responsibility of the advisers, and is paid by the advisers from their financial advice fees (per our revenue-sharing model with them). IFRS requires that these salaries be included as part of our employee benefit expense per our annual financial statements.

By maintaining a stable compensation ratio and not taking excessive risk, we have ensured that the short-term variable compensation paid aligns with earnings growth, while still giving ourselves flexibility to respond to business needs.

This flexibility has resulted in the variation in the compensation ratio year-on-year, and is primarily driven by our continued investment in technology and people, as per the group's three-year business plan, to support sustained growth and improve efficiencies. These costs continue to be fully expensed as incurred, while the full revenue and earnings benefit unlocked from these investments is generally realised over a longer time period.

PSG's investment in people has resulted in steady headcount growth. This is reflected in the table below. In particular, our growth in headcount happened without notably adjusting the compensation ratio.

	2020	2021	2022	2023	2024
Core employees	818	852	922	947	1 037

3.2 Guaranteed pay

The Remco approved salary increases for employees in line with the industry sector for the 2024 financial year.

After due consideration and taking into account current market conditions, the committee is satisfied that the increase levels for executive directors for the 2024 financial year are in line with the increase levels for all other employees.

3.3 Short-term variable compensation

3.3.1 Performance overview

Management has continued to successfully execute the business strategy through profitable, sustainable growth in 2024. PSG delivered an 11% increase in recurring headline earnings per share, increased the dividend per share by 17%, generated a return on equity of 23.4% and grew total assets under management by 15%. These results were achieved against a challenging operational backdrop.

The group's performance is continuously assessed against a consistent set of metrics to ensure that directors, executives and employees are remunerated fairly and responsibly.

The performance of the group's key operational and financial metrics over a five-year period have been shown below:

Key metric	2020	2021	2022	2023	2024		2023	2024	
					CAGR %	YoY Gwth %			
AUM (Rbn)	230	268	315	354	407	15%	354	407	15%
Premiums (Rbn) ¹	5.5	5.5	5.7	6.2	7.0	6%	6.2	7.0	13%
Core revenues (Rm) ²	5 069	5 268	6 039	6 494 [^]	7 329 [^]	10%	6 494 [^]	7 329 [^]	13%
Recurring headline earnings (Rm)	644	704	921	949	1 033	13%	949	1 033	9%
Shares in issue (m) ³	1 338	1 324	1 316	1 283	1 268	(1%)	1 283	1 268	(1%)
Recurring HEPS (cents)	48.1	52.7	69.7	72.9	81.1	14%	72.9	81.1	11%
Dividend per share (cents)	22.5	24.5	32.0	36.0	42.0	17%	36.0	42.0	17%
Operating margin (%) ⁴	16.3	16.8	19.9	18.0	16.9	N/A	18.0	16.9	N/A
ROE (%)	20.5	20.4	23.8	22.7	23.4	N/A	22.7	23.4	N/A
Credit rating	A	A	A+	A+	A+	N/A	A+	A+	N/A
Debt to equity	0.0%	0.0%	0.0%	0.0%	0.0%	N/A	0.0%	0.0%	N/A
SCR ratio	2.37	2.33	2.38	2.40	2.46 ^{^^}	N/A	2.40	2.46 ^{^^}	N/A
Total employees ⁵	2 917	2 936	3 020	3 074	3 199	2%	3 074	3 199	4%

¹ Excludes Short-term administration platform gross written premium to avoid duplication.

² Excludes the impact of the new insurance contracts accounting standard (IFRS 17) for comparability.

³ Excludes treasury shares.

⁴ Calculated as operating profit/revenue, and is impacted by performance fees earned.

⁵ Excludes employees in learnership programmes.

[^] Excludes the impact of the new insurance contracts accounting standard (IFRS 17) for comparability. The IFRS 17 restated core revenue amounts are R5 879 million (FY2024) and R5 320 million (FY2023).

^{^^} Our SCR ratio was determined using the SAM framework within the Prudential Standards. Following discussions with the Prudential Authority, we are in the process of refining our required capital calculation by applying Basel regulations instead of the equity symmetric formula, which we believe is more suitable for our margin and credit lending activities. The impact of making these adjustments and other changes will be to increase our SCR ratio from 2.46 to 2.84. As per normal, these numbers will be audited prior to our regulatory return submission.

This performance is reflected in the growth of short-term variable compensation awarded to employees, and is aligned with the group's remuneration philosophy of reward for performance.

3.3.2 Executive directors' scorecards

The Remco determines the short-term variable compensation awards to the executive directors based on individual performance, which is measured quantitatively and qualitatively using a scorecard.

The weightings have been assigned to each KPI to give the reader a sense of the relative importance of each measure in the current financial year. They have not been used to perform a formulaic, overall score for the executive concerned.

The following rating scale was used for the executive directors' scorecards:

Rating	Description
1	Unsatisfactory (poor performer)
2	Low performer (requires development)
3	Solid performer (meets expectations)
4	Strong/excellent performer (exceeds expectations)
5	Outstanding/top performer (significantly exceeds expectations)

The scorecards which have been used to evaluate the executive directors' performance for the 2024 financial year have been disclosed below. Both directors exceeded expectations during the year.

3.3.2.1 Chief executive officer

Principle	Rating (1-5)	Weight	Weighted rating
Quantitative factors			
<i>Financial indicators (50%)</i>			
• Ensure quality of earnings growth in context of macroeconomic indicators	4	20%	16%
• Generate risk-adjusted returns on shareholder assets	5	15%	15%
• Operate business within acceptable risk appetite tolerance levels	4	15%	12%
Qualitative factors			
<i>Strategy and guidance (10%)</i>			
• Determine strategy and provide strategic guidance and direction throughout the group, including problem-solving when needed	5	5%	5%
• Identify market-leading client acquisition opportunities	3	5%	3%
<i>Projects and initiatives (20%)</i>			
• Monitor and oversee priority projects and key business initiatives, including a focus on use of technology	4	5%	4%
• Oversee client journey improvements (great client service)	3	5%	3%
• Oversee and manage all high-risk and complex business matters	4	5%	4%
• Progressive transformation (Ensure processes are in place to reach transformation targets)	4	5%	4%
<i>People management (10%)</i>			
• Performance management and succession planning of the Manco team	4	5%	4%
• Create a high-performance working environment across the group by leading by example	5	5%	5%
<i>Stakeholder relationships (10%)</i>			
• Investor relations (Analyst discussions, meetings and presentations)	5	5%	5%
• Maintain and build positive strategic relationships with regulators, non-executive directors, advisers and key stakeholders	4	5%	4%
Grand total			84%

The CEO achieved a rating of 84%, which translates to 4.2 per the ratings table above and means that he exceeded expectations during the 2024 financial year.

3.3.2.2 Chief financial officer

Principle	Rating (1-5)	Weight	Weighted rating
Quantitative factors			
<i>Financial indicators (34%)</i>			
• Provide effective cost management and control	4	10%	8%
• Oversee and manage business capital, regulatory solvency and liquidity requirements	4	10%	8%
• Optimise risk-adjusted returns on shareholder assets	4	7%	6%
• Oversee financial risk exposure and assist business to operate within acceptable risk appetite tolerance levels	4	7%	6%
Qualitative factors			
<i>Financial reporting (20%)</i>			
• Meet all external and internal financial reporting obligations	4	10%	8%
• Ensure quality and timely financial reporting (annual, interim, monthly and budgets)	4	5%	4%
• Prepare quality and timely board and committee presentations and packs	4	5%	4%
<i>Control environment (20%)</i>			
• Maintain sound financial control environment (minimal operational incidents)	3	5%	3%
• Achieve minimal adverse external or internal audit findings	4	5%	4%
• Ensure group compliance with tax legislation	3	5%	3%
• Ensure compliance with JSE Listings Requirements and Companies Act requirements	4	5%	4%
<i>Projects and initiatives (11%)</i>			
• Deliver and execute priority projects successfully	3	5%	3%
• Oversee and manage all high-risk and complex finance-related business matters	3	3%	2%
• Facilitate progressive transformation (monitoring and reporting on transformation objectives)	4	3%	2%
<i>People management (9%)</i>			
• Oversee finance team (project prioritisation, staff development, performance management and succession planning)	3	3%	2%
• Ensure appropriate talent management (attract, retain, mentor and develop staff)	3	3%	2%
• Create a high-performance working environment by leading by example	3	3%	2%
<i>Stakeholder relationships (6%)</i>			
• Support investor relations (analyst discussions, meetings and presentations)	4	3%	2%
• Build positive strategic relationships with regulators, bankers, rating agencies, professional advisers, SARS, non-executive directors and key shareholders	4	3%	2%
Grand total			75%

The CFO achieved a rating of 75%, which translates to 3.7 per the ratings table on page 118 and means that he exceeded expectations during the 2024 financial year.

3.3.3 Executive directors' remuneration outcome and the golden thread

The short-term compensation for executive directors is driven primarily by the growth in recurring headline earnings per share, and is a function of the following:

- the compensation ratio (as explained in section 3.1);
- the overall performance of the firm (as disclosed in section 3.3.1);
- the individual performance of the executive directors (as per the scorecards included in section 3.3.2); and
- the golden thread.

As a result, the short-term compensation for the executive directors is as follows:

Francois Gouws (CEO) (R'000)										
FY	2020	% change	2021	% change	2022	% change	2023	% change	2024	CAGR
Guaranteed pay	5 423	1%	5 472	3%	5 628	5%	5 887	5%	6 178	3%
Short-term variable compensation ¹	21 240	13%	24 000	33%	32 000	7%	34 200	10%	37 600	15%
Total short-term compensation	26 663	11%	29 472	28%	37 628	7%	40 087	9%	43 778	13%

Mike Smith (CFO) (R'000)										
FY	2020	% change	2021	% change	2022	% change	2023	% change	2024	CAGR
Guaranteed pay ²	2 702	0%	2 700	4%	2 795	5%	2 935	5%	3 080	3%
Short-term variable compensation	7 370	15%	8 500	41%	12 000	7%	12 800	10%	14 100	18%
Total short-term compensation	10 072	11%	11 200	32%	14 795	6%	15 735	9%	17 180	14%

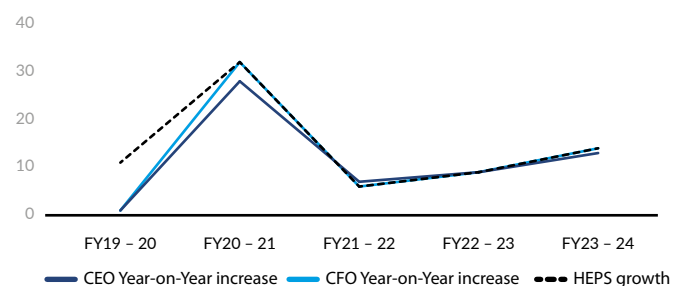
¹ This represents the approved amount and excludes the impact of the IFRS deferral prior to completion of 10-year service.

² Includes expense allowances where applicable (FY2020 - FY2021).

As well as considering the qualitative and quantitative factors above, the Remco considers performance holistically and can adjust any formulaic outcomes to ensure that the final remuneration for executives is linked to performance. As a reasonability check, the growth in short-term compensation is compared to the growth in recurring HEPS, with Remco discretion/judgement allowed for any differential.

Recurring HEPS (Cents)										
FY	2020	% change	2021	% change	2022	% change	2023	% change	2024	CAGR
Recurring HEPS	48.1	10%	52.7	32%	69.7	5%	72.9	11%	81.1	14%
CEO short-term compensation	26 663	11%	29 472	28%	37 628	7%	40 087	9%	43 778	13%
CFO short-term compensation	10 072	11%	11 200	32%	14 795	6%	15 735	9%	17 180	14%

Short-term remuneration for executive directors (%)



The total short-term compensation for the executive directors links back to the growth in recurring HEPS. The success of our remuneration policy is the golden thread linking remuneration to performance and, ultimately, the enhancement of shareholder value over the long term.

3.4 Long-term incentive scheme

A key feature of the group's share incentive scheme is the alignment of senior management incentives, including those of the executive directors, with shareholder returns and the long-term interests of clients and policyholders.

This incentive also seeks to attract and retain key senior employees who play a critical role in business success.

The share options achieve this by including the following embedded performance hurdles:

- The strike price (participants will only benefit if the share price appreciates above this)
- Employees are required to be in the group's employment on each vesting date over a five-year period

3.4.1 Performance overview

When evaluating the group's performance over the long term, the TRI is the most meaningful measurement tool. The TRI is the CAGR of an investment and is calculated by considering share price appreciation, dividends and other distributions. This is a sound measure of wealth creation and a reliable means of benchmarking different companies.

The group's TRI as at 29 February 2024 was 26.0% (18.6% in US dollar terms) per annum since 2005. Therefore, R100 000 worth of PSG shares purchased on 11 April 2005, with dividends reinvested, would be worth R7.9 million as at 29 February 2024. The same investment in the JSE ALSI over the same period would be worth R1.0 million.

For participants to benefit from the fully priced share options, the management team needs to successfully achieve growth in recurring headline earnings per share post share option acceptance award date. Over short periods, a change in price-earnings ratio rating could influence the outcome either positively or negatively. However, in the long run, value is only created for option holders if there is substantial growth in long-term earnings per share. Management has consistently been able to deliver this, as illustrated in the table below.

Date	Share price	% Growth	Recurring HEPS	% Growth	P/E Ratio (Recurring HEPS)	ROE	ALSI Index P/E Ratio
2005/02/28	40		2.9		13.8	20.6	18.2
2006/02/28	110	175.0	4.4	51.7	25.0	22.4	16.8
2007/02/28	165	50.0	8.7	97.7	18.9	25.9	15.6
2008/02/29	170	3.0	12.0	37.2	14.2	23.2	13.6
2009/02/27	130	(23.5)	13.2	10.3	9.8	22.8	8.3
2010/02/26	145	11.5	12.3	(6.9)	11.8	19.6	17.1
2011/02/28	160	10.3	12.5	1.6	12.8	19.3	18.4
2012/02/29	200	25.0	14.1	12.8	14.2	26.7	15.2
2013/02/28	285	42.5	15.4	9.2	18.5	21.1	14.9
2014/02/28	500	75.4	20.6	33.8	24.3	24.8	17.3
2015/02/27	722	44.4	27.0	31.1	26.7	26.4	17.2
2016/02/29	688	(4.7)	32.1	18.9	21.4	24.8	16.8
2017/02/28	751	9.2	37.2	15.9	20.2	25.3	19.1
2018/02/28	870	15.8	43.0	15.6	20.2	24.3	20.6
2019/02/28	1 074	23.4	44.6	3.7	24.1	21.5	17.1
2020/02/29	790	(26.4)	48.1	7.8	16.4	20.5	15.3
2021/02/28	899	13.8	52.7	9.6	17.0	20.4	30.3
2022/02/28	1 374	52.8	69.7	32.3	19.7	23.8	13.1
2023/02/28	1 299	(5.5)	72.9	4.6	17.8	22.7	10.2
2024/02/29	1 519	16.9	81.1	11.2	18.7	23.4	15.7
CAGR		21.1		19.1			

PSG has delivered consistent value since 2005. The group has achieved a CAGR of 19.1% in recurring headline earnings per share, which is a best-in-class performance relative to other financial services companies in South Africa. The price-earnings ratio rating has improved from 13.8 to 18.7, over the same period, which has resulted in a 21.1% CAGR in the share price.

The success of the executive directors' ability to deliver this long-term value to shareholders is reflected in their long-term incentives.

3.4.2 Long-term value creation by executive directors

Our remuneration policy ensures the alignment of the executive directors' long-term incentives with shareholder returns, and requires the creation of long-term value. We have achieved this by not allowing for the issue of zero strike options, which means that participants receive no benefit from the options unless the share price during the vesting period exceeds the strike price on issuance of the options.

The value of the share options issued to the executive directors is therefore directly linked to the firm's share price appreciation. To illustrate this, the table below shows the long-term value the directors have been able to create over the past few years, and how they have benefited accordingly from the options which vested during the current financial year.

Issue date	Strike at issuance*	% change	Share price at vesting	Latest reported recurring HEPS at			P/E Ratio (Recurring HEPS) at		P/E Ratio (Recurring HEPS) at vesting
				issuance	% change	vesting	issuance	% change	
2018/04/01	874	48.9	1 301	43.0	69.5	72.9	20.3	(12.2)	17.8
2019/04/01	1 015	28.2	1 301	44.6	63.5	72.9	22.8	(21.6)	17.8
2020/04/01	713	82.5	1 301	48.1	51.6	72.9	14.8	20.4	17.8
2021/04/01	908	43.3	1 301	52.7	38.3	72.9	17.2	3.6	17.8

* The strike at issuance is the 30-day VWAP ruling market price.

For each tranche which vested during the 2024 financial year, the directors were able to continue delivering high shareholder returns and maintain a high market rating from when the options were initially issued. This resulted in the above share price appreciation and unlocked the long-term incentive benefits for the executive directors.

3.4.3 Executive directors' long-term remuneration outcome

It is evident from the group's performance that it has provided its shareholders with superior returns over a number of years, with the group's executive directors having benefited accordingly from the share incentive scheme.

This is in part owing to the group attracting and retaining the services of talented executives and employees, which is only achievable if the group's remuneration practices are appropriate and competitive.

The group has never reissued options or altered the strike price of options, even in 2020 when some competitors elected to change to zero strike options. In instances where the share price has been lower than the strike price, the options have lapsed.

The table below discloses the value of each executive director's LTIs, whether allocated, settled or forfeited, as well as the current value of share options not yet settled. The share options granted during the 2024 financial year were approved by the Remco in March 2023.

Audited	Number of share options as at 28 Feb 2023	Number of share options during year		Market price per share on vesting date R	Vesting strike price per share R	Date granted	Number of share options as at 29 Feb 2024	Value of options redeemed/exercised during year ¹ R000	Closing indicative expected value as at 29 Feb 2024 ² R000
		Granted	Vested						
FJ Gouws	937 500	-	(937 500)	13.01	8.74	1/04/2018	-	4 003	-
	2 000 000	-	(1 000 000)	13.01	10.15	1/04/2019	1 000 000	2 860	5 040
	3 600 000	-	(1 200 000)	13.01	7.13	1/04/2020	2 400 000	7 056	19 344
	8 500 000	-	(2 125 000)	13.01	9.08	1/04/2021	6 375 000	8 351	38 951
	5 250 000	-	-	-	12.71	1/04/2022	5 250 000	-	13 020
	-	5 000 000	-	-	12.17	1/04/2023	5 000 000	-	15 100
	20 287 500	5 000 000	(5 262 500)				20 025 000	22 270	
MIF Smith	300 000	-	(300 000)	13.01	8.74	1/04/2018	-	1 281	-
	500 000	-	(250 000)	13.01	10.15	1/04/2019	250 000	715	1 260
	900 000	-	(300 000)	13.01	7.13	1/04/2020	600 000	1 764	4 836
	2 100 000	-	(525 000)	13.01	9.08	1/04/2021	1 575 000	2 063	9 623
	1 500 000	-	-	-	12.71	1/04/2022	1 500 000	-	3 720
	-	1 250 000	-	-	12.17	1/04/2023	1 250 000	-	3 775
	5 300 000	1 250 000	(1 375 000)				5 175 000	5 823	

¹ The value of options redeemed/exercised is the number of share options exercised in the 2024 financial year multiplied by growth in share price (market value share price at exercise less option grant price).

² This column shows the number of outstanding options at year-end multiplied by the PSG year-end share price, less the strike price of the instruments.

Share option awards in 2024

The following share option awards were accepted in terms of the PSG Konsult Group Share Incentive Trust between the end of the financial year and the date of this report:

- On 1 April 2024, Messrs FJ Gouws and MIF Smith respectively accepted 4 650 000 and 1 250 000 share option awards at a strike price of R14.70 per share. These are exercisable in tranches of 25% each on the 2nd, 3rd, 4th and 5th anniversary of the award date.

3.4.4 Share option issuance target

When issuing share options, we target a dilution impact of less than 5% on a five-year rolling basis.

The dilution impact of share options outstanding is closely monitored, using the below calculation, to ensure that the 5% threshold is not exceeded.

	FY2020	FY2021	FY2022	FY2023	FY2024
Potential dilution impact of outstanding share options					
Share options outstanding ('000) [A]	64 486	66 951	75 887	74 883	73 766
Weighted average strike price of outstanding options [C]	R8.46	R8.30	R8.64	R9.81	R10.75
Year-end share price [B]	R7.90	R8.99	R13.74	R12.99	R15.19
Potential shares issued to settle options ('000) [A*(B-C)/B]	-	5 175	28 180	18 310	21 569
Dilution impact of options on gross shares in issue¹	0.00%	0.39%	2.12%	1.41%	1.69%

¹ Calculated based on the closing balance of the gross shares in issue.

The above calculation illustrates the impact of our fully priced share option model; however, it assumes all options are net equity-settled. The dilution impact will be further reduced by the cash settlement of options, forfeits and share repurchases, which have not been taken into account above.

3.4.5 Dilution impact of share options

We carefully manage the impact of share options to safeguard existing shareholder value while maintaining alignment with our compensation strategy. Our objective is zero dilution; therefore, we use methods like cash settlement options and share repurchases to address any dilution. For equity-settled options we aim to, at a minimum, repurchase the equivalent number of shares in the market to avoid any dilution impact.

The table below shows the dilution impact of the share options on gross shares in issue, including the use of share repurchases as a method to reduce share issuance dilution:

	FY2020	FY2021	FY2022	FY2023	FY2024	Average
Shares in issue ('000)						
Opening balance						
Gross shares in issue	1 364 885	1 356 923	1 340 930	1 331 372	1 295 689	
Treasury shares	(28 218)	(18 569)	(16 936)	(14 942)	(13 114)	
Net shares in issue	1 336 667	1 338 354	1 323 994	1 316 430	1 282 575	
Movement for the year						
New/treasury shares issued						
Business acquisitions/deals	-	5 000	-	-	-	
Equity-settled options and deferred bonus awards	15 823	1 633	1 994	1 828	1 163	
Shares repurchased	(14 136)	(20 993)	(9 558)	(35 683)	(15 798)	
	1 687	(14 360)	(7 564)	(33 855)	(14 635)	
Closing balance						
Gross shares in issue	1 356 923	1 340 930	1 331 372	1 295 689	1 279 891	
Treasury shares	(18 569)	(16 936)	(14 942)	(13 114)	(11 951)	
Net shares in issue	1 338 354	1 323 994	1 316 430	1 282 575	1 267 940	
New/treasury shares issued as a % of shares in issue ¹	1.17%	0.49%	0.15%	0.14%	0.09%	0.41%
Shares repurchased as a % of shares in issue ¹	(1.04%)	(1.57%)	(0.72%)	(2.75%)	(1.23%)	(1.46%)
Net impact as a % of shares in issue¹	0.12%	(1.07%)	(0.57%)	(2.61%)	(1.14%)	(1.05%)

¹ Calculated based on the closing balance of the gross shares in issue.

4. Conclusion

4.1 Executive directors

4.1.1 Short-term compensation

The short-term compensation for executive directors is driven primarily by the growth in recurring headline earnings per share, and is a function of the following:

- the compensation ratio (as explained in section 3.1);
- the overall performance of the firm (as disclosed in section 3.3.1);
- the individual performance of the executive directors (as per the scorecards included in section 3.3.2); and
- the golden thread.

4.1.2 Long-term compensation

The long-term compensation is a function of the appreciation of the firm's share price from the strike price, which is calculated at the 30-day VWAP market price on the award date, versus the ruling share price on the date on which the share options vest and are exercised. The long-term share price growth achieved by the firm is independently determined by investors based on numerous indicators, in particular the consistent sustainable long-term earnings growth that the management team has delivered. This ensures consistent performance by the executives and the alignment of their remuneration with the long-term interests of the group and other stakeholders. It also discourages excessive or inappropriate risk-taking.

4.1.3 Single-figure remuneration

The executive directors' single-figure remuneration, for the 2024 and 2023 financial years, is set out in the below table:

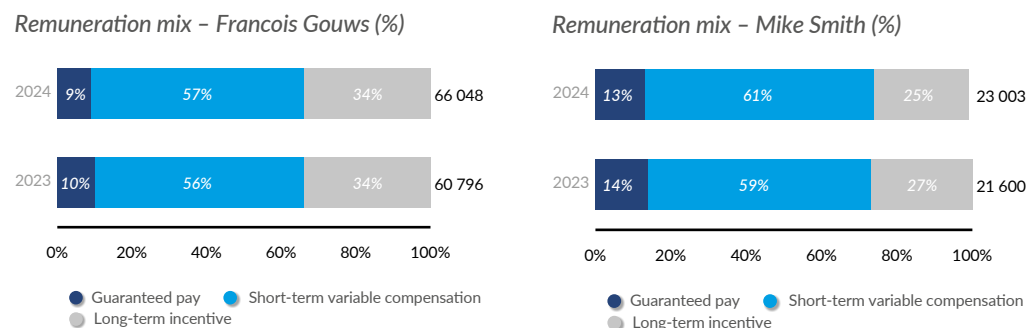
	Basic salary R000	Bonuses and performance-related payments R000	Company contributions R000	Total short-term compensation R000	LTI R000	Total R000
Audited						
For the year ended 29 February 2024						
FJ Gouws	6 178	37 600	98	43 876	22 270	66 146
MIF Smith	3 080	14 100	68	17 248	5 823	23 071
	9 258	51 700	166	61 124	28 093	89 217
For the year ended 28 February 2023						
FJ Gouws ¹	5 887	34 200	85	40 172	20 709	60 881
MIF Smith	2 935	12 800	63	15 798	5 865	21 663
	8 822	47 000	148	55 970	26 574	82 544

¹ Total performance incentive bonus awarded for the 2023 financial year was R34.2 million which was paid in cash in May 2023, as the director has more than 10 years' service in the group (no service conditions attached to release of 30% deferred portion of bonus award). In addition, an incentive bonus previously paid of R8.4 million, relating to prior year deferred bonuses, is no longer subject to clawback provisions.

4.1.4 Remuneration mix

The overall remuneration mix for executive directors is weighted towards performance-based variable compensation, to achieve alignment with the execution of the long-term strategy and value creation for shareholders.

The remuneration mix for the executives is shown below:



The variable compensation outcomes for the executive directors are highly exposed to share price and business performance outcomes.

4.2 Non-executive directors

4.2.1 Guaranteed pay

Non-executive directors receive market-related guaranteed pay based on the type and number of board committees they are involved in. These guaranteed payments have been approved by shareholders at the AGM.

The remuneration received by the non-executive directors from entities within the PSG group of companies for the 2024 and 2023 financial years is set out in the below table:

Audited	2024			2023		
	PSG director fees R000	Subsidiary director fees R000	Total R000	PSG director fees R000	Subsidiary director fees R000	Total R000
W Theron	1 540	112	1 652	1 164	306	1 470
AH Sangqu	548	432	980	464	364	828
AM Hlobo ¹	598	-	598	-	-	-
B Mathews ¹	598	132	730	-	-	-
J de V du Toit ²	-	-	-	149	-	149
L Lambrechts ³	299	166	465	-	-	-
PJ Mouton ⁴	458	-	458	110	-	110
PE Burton	758	172	930	622	143	765
TC Esau-Isaacs ⁵	-	-	-	465	110	575
ZL Combi ⁶	229	-	229	509	-	509
ZRP Matsau	785	201	986	491	157	648
	5 813	1 215	7 028	3 974	1 080	5 054

¹ Appointed as a director of PSG with effect from 1 March 2023.

² Retired as a director of PSG during July 2022.

³ Appointed as a director of PSG with effect from 14 July 2023.

⁴ Director's fee of R0.2 million was paid to a subsidiary of PSG Group Limited in the 2023 financial year.

⁵ Resigned as a director of PSG with effect from 1 March 2023.

⁶ Retired as a director of PSG during July 2023.

4.2.2 Proposed fees for the 2025 financial year

The proposed non-executive director fees for the period 1 March 2024 to 28 February 2025, which will be approved by shareholders at the July 2024 AGM, are as follows (exclusive of VAT):

Role	FY2025 ¹
Board chairperson	R1 575 000
Lead independent director	R504 000
Board member	R386 400
Audit committee chairperson	R168 000
Audit committee member	R94 500
Risk committee chairperson	R168 000
Risk committee member	R94 500
Remuneration committee chairperson	R68 300
Remuneration committee member	R47 300
Social and ethics committee chairperson	R84 000
Social and ethics committee member	R52 500
Nominations committee chairperson	R42 000
Nominations committee member	R26 300

¹ An increase in non-executive fees by 5% compared to the current year.

5. Approval

This remuneration report was approved by the Remco on 14 March 2024. The Remco is satisfied that there are no deviations from the remuneration policy in its implementation during the 2024 financial year.

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Report of the audit committee

for the year ended 29 February 2024

The committee is pleased to present its report for the financial year ended 29 February 2024.

The audit committee is an independent statutory committee appointed by the shareholders. Further duties are delegated to the audit committee by the board of directors of the company. This report includes both sets of duties and responsibilities.

The committee is responsible for ensuring the integrity of integrated reporting and reviewing the effectiveness of the financial reporting process, the system of internal control and management of financial risks, the assurance process, and the company's process for monitoring compliance with laws and regulations and its own code of business conduct. The committee recommends the annual financial statements for approval to the board and is responsible for monitoring, engaging with, and determining the remuneration of the external auditor.

Terms of reference

The audit committee has adopted a formal audit committee charter that has been approved by the board of directors, and the committee has executed its duties during the past financial year in compliance with the terms of reference. The terms of reference, including roles and responsibilities, are aligned with the recommendations of King IV, the requirements of the Companies Act and other regulatory requirements.

Composition and meeting proceedings

At 29 February 2024, the audit committee consisted of six non-executive directors who act independently as described in section 94 of the Companies Act.

For the financial year ended 29 February 2024, the members of the audit committee were:

Membership and attendance	12 April 2023	10 October 2023
PE Burton – chairman	✓	✓
AH Sangqu	✓	✓
AM Hlobo ¹	✓	✓
B Mathews ¹	✓	✓
L Lambrechts ²	N/A	✓
ZL Combi ³	✓	N/A
ZRP Matsau	✓	✓

✓ Present

¹ Appointed as a director and as a member of the audit committee with effect from 1 March 2023.

² Appointed as a director and as a member of the audit committee with effect from 14 July 2023.

³ ZL Combi retired as a director and as a member of the audit committee with effect from 14 July 2023.

The committee met twice, formally, in the financial year under review and had full attendance. At the meetings, the members fulfilled all their functions as prescribed by the Companies Act, as well as those additional functions as determined by the board.

In addition, the CEO and the CFO attended all audit committee meetings by invitation. The group risk management function and internal audit function were also represented.

The external auditors, in their capacity as auditor to the company, attended and reported to all meetings of the audit committee.

Report of the audit committee

for the year ended 29 February 2024

Duties

In execution of its statutory duties during the past financial year, the audit committee has reviewed the interim and year-end financial statements, culminating in a recommendation to the board.

In the course of its review the committee:

- takes appropriate steps to ensure that the financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board;
- considers and, when appropriate, makes recommendations on internal financial controls;
- deals with concerns or complaints relating to:
 - accounting policies;
 - the auditing or content of annual financial statements; and
 - internal financial controls;
- reviews the external audit report on the annual financial statements;
- reviews the risk management reports and, where relevant, makes recommendations to the board;
- evaluates the effectiveness of risk management, controls and the governance processes;
- verifies the independence of the external auditor and of any nominee for appointment as the designated individual auditor;
- approves the audit fees and engagement terms of the external auditor; and
- determines the nature and extent of allowable non-audit services and approves the contract terms for the provision of non-audit services by the external auditor.

Legal requirements

The audit committee has complied with all applicable legal, regulatory and other responsibilities for the financial year.

External auditor

The board sets a policy that governs the level and nature of non-audit services, which requires pre-approval by the audit committee for all non-audit services. In determining the independence of the external auditors, the committee considers the level and types of non-audit services provided as well as other enquiries and representations. As required by the Companies Act, the committee has satisfied itself that PSG's external auditor, Deloitte & Touche, was independent of the company, as set out in sections 90(2)(c) and 94(8) of the Companies Act and is thereby able to conduct its audit functions without any undue influence from the company.

The committee has considered the relevant audit quality indicators, including the audit firm's system of quality control. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee was satisfied with the quality of the audit concluded by considering, inter alia, the information stated in paragraph 3.84(g)(ii) of the JSE Listings Requirements. Deloitte & Touche, being the audit firm, as well as Mrs N le Riche, being PSG's designated individual auditor for the 2024 financial year, have been accredited on the JSE list of auditors in terms of the criteria in the JSE Listings Requirements.

Financial function

In terms of the JSE Listings Requirements, the audit committee performs an annual evaluation of the financial reporting function in PSG. The committee was satisfied that the financial reporting function had appropriate resources, skills, expertise and experience. The committee ensured that the appropriate financial reporting procedures exist and are operating as contemplated in paragraph 3.84(g)(ii) of the JSE Listings Requirements. The committee also satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that Mr MIF Smith, the PSG group CFO, possesses the appropriate skills, expertise and experience to meet the responsibilities required for that position during his service as such.

Internal financial controls

The audit committee evaluated the company's internal financial controls including the combined assurance model and, based on the information and explanations given by management and the group internal audit function, as well as discussions with the independent external auditor regarding the results of their audit, the committee is satisfied that there was no material breakdown in the internal financial controls during the financial year under review.

The committee also reviews and approves the internal audit charter, reviews the effectiveness of the internal audit structures and considers the findings of internal audit. The committee is also responsible for the assessment of the performance of the group internal auditor.

Governance of risk

The board has assigned oversight of the company's risk management function to the risk committee. The chairman of the risk committee is also the chairman of the audit committee to ensure that information relevant to these committees is transferred effectively. The audit committee oversees financial reporting risks, internal financial controls, fraud and IT risks as these relate to financial reporting.

Going concern

The audit committee reviewed a documented assessment prepared by management, including key assumptions, of the going concern status of the company and made a recommendation to the board in accordance with this assessment. The board's statement on the going concern status appears on page 132 of the integrated report.

Annual report

The committee has evaluated the annual financial statements of the group and company for the year ended 29 February 2024, with specific consideration of the following significant financial reporting matters during the year:

- the implementation of the new insurance contracts accounting standard, IFRS 17; and
- the key judgements used in the valuation of intangible assets.

The committee has reviewed impact assessments prepared by management on the transition to the new accounting standard effective for the 2024 financial year and the assumptions made. Additional disclosures regarding these have been presented in note 36 to the group financial statements.

In assessing the appropriateness of the key judgements used in the valuation of intangible assets, the committee determines whether they are reasonable in terms of the current macroeconomic climate and in line with assumptions utilised by comparable third parties. Refer to note 1 to the group financial statements for further information.

Based on the information provided to the committee, the committee considers that the group complies, in all material respects, with the requirements of the Companies Act and IFRS.



PE Burton
Chairman of the audit committee

24 May 2024

Statement of responsibility by the board of directors

for the year ended 29 February 2024

The directors of PSG are responsible for the preparation, integrity and fair presentation of the group and company financial statements of PSG. The group and company financial statements, comprising the statements of financial position at 29 February 2024, and the income statement, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements which include a summary of material accounting policies and other explanatory notes, have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, and include amounts based on judgements and estimates made by management. In addition, the directors are responsible for preparing the report of the board of directors.

The directors consider that in preparing the annual financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements. Estimates have been used in the preparation of the annual financial statements and all statements of IFRS that are considered applicable have been followed. The directors are satisfied that the information contained in the annual financial statements fairly presents the results of operations for the year and the financial position of the group and company at year-end. The directors also prepared the report of the board of directors and other information included in the annual report and are responsible for its accuracy and consistency with the annual financial statements.

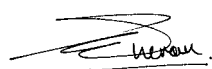
The directors have the responsibility of ensuring that adequate accounting records are kept. The accounting records should disclose, with reasonable accuracy, the financial position of the companies to enable the directors to ensure that the annual financial statements comply with relevant legislation.

PSG operated in a well-established control environment, which is documented and regularly reviewed. The control environment incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that the risks facing the business are being controlled and managed. To the best of their knowledge and belief, the directors are satisfied that no material breakdown in the operation of the systems of internal financial controls and procedures occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. Based on their assessment, the directors have no reason to believe that the group or any company in the group will not be a going concern for the twelve months from the date of approval of the annual financial statements, based on forecasts and available cash resources. These annual financial statements support the viability of the group.

It is the responsibility of the independent auditor to report on the annual financial statements. In order to do so, they were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The group's external auditor, Deloitte & Touche, audited the financial statements and their report is presented on pages 139 to 142.

The annual financial statements, presented on pages 143 to 288, were approved by the board of directors on 24 May 2024 and are signed on its behalf by:



W Theron
Chairman



FJ Gouws
Chief executive officer



MIF Smith
Chief financial officer

Preparation and presentation of the annual financial statements

for the year ended 29 February 2024

The annual financial statements for the year ended 29 February 2024 have been prepared under the supervision of the CFO, Mr MIF Smith, CA(SA).

These annual financial statements have been audited by Deloitte & Touche in accordance with the requirements of the Companies Act.

Statement of internal financial controls

for the year ended 29 February 2024

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements, set out on pages 143 to 288, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.



FJ Gouws
Chief executive officer

24 May 2024



MIF Smith
Chief financial officer

24 May 2024

Certificate by the company secretary

for the year ended 29 February 2024

I hereby certify, in terms of section 88(2)(e) of the Companies Act, that to the best of my knowledge, for the year ended 29 February 2024, the company has lodged with the Companies and Intellectual Property Commission all such returns and notices as required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.



S Hamit (on behalf of PSG Management Services Proprietary Limited)
Company secretary

24 May 2024

Report of the board of directors

for the year ended 29 February 2024

The directors take pleasure in presenting their integrated report, which includes the audited financial statements of PSG Financial Services Limited (PSG or the company) and its subsidiaries (the group) for the year ended 29 February 2024 (the financial year or the year).

Nature of business

PSG is a South African-based financial services group engaged in the offering of a comprehensive range of products and administration services, including investment management, stockbroking, insurance and investment broking, financial planning and advice, healthcare brokerage and administration, employee benefits, management of local and foreign unit trusts, managed multi-manager solutions, retirement and structured products and the issue of non-life and long-term insurance contracts.

PSG Financial Services Limited is incorporated in the Republic of South Africa and is a public company listed on the JSE, NSX and SEM.

Corporate governance

The board has satisfied itself that appropriate principles of corporate governance were applied throughout the year under review.

Financial results

The operating results and the state of affairs of the group and company are fully set out in the statements of financial position, income statement, statements of comprehensive income, statements of changes in equity, statements of cash flows and notes thereto.

The earnings attributable to equity holders of the group for the year under review were R1 034.2 million (2023: R950.3 million). The group's headline earnings attributable to shareholders amounted to R1 033.3 million (2023: R948.3 million).

Dividends

In line with the group's policy of paying a dividend of between 40% and 60% of recurring headline earnings excluding intangible asset amortisation, the board approved and declared a final gross dividend of 28.5 cents per share (2023: 25.0 cents per share) from income reserves on 18 April 2024. No provision has been included in the financial statements. This follows the interim dividend of 13.5 cents per share (2023: 11.0 cents per share) declared in October 2023, which brings the total gross dividend declared for the 2024 financial year to 42.0 cents per share (2023: 36.0 cents per share). The directors have performed the required solvency and liquidity tests required by the Companies Act.

Stated capital

Details of the authorised and issued stated capital appear in note 14 to the group financial statements. No shares were issued during the year (2023: none).

Subsidiaries in the group held 12.0 million PSG shares at 29 February 2024 (2023: 13.1 million). The shares are held as treasury shares. The company has the right to reissue these shares at a later date to meet the obligations under the share incentive schemes or deferred bonus schemes.

Subsidiaries

Details of the company's interests in subsidiaries are set out in Annexure B.

Segment information

Refer to the segment report on pages 150 to 159.

Related parties

Related-party relationships exist between the company, subsidiaries, joint venture, company directors and key management. Intergroup transactions have been eliminated from the group's financial statements.

For related-party transactions and key management personnel, refer to note 32 to the group financial statements.

Details of directors' remuneration and their interest in the company's shares appear on pages 135 to 137.

Companies Act

The company has approved an MOI in light of the promulgation of the Companies Act and the Companies Regulations.

Shareholders

Details of the group's shareholders are provided in the shareholder profile section of this report in Annexure C.

Directors

The directors of the company at the date of this report appear on pages 74 and 75.

Directors and prescribed officers' remuneration

The Remco considers the remuneration of all executive directors and prescribed officers, as well as the fees paid to all non-executive directors. Fees payable to non-executive directors are recommended for approval by the board at the AGM.

Cash-based remuneration

Executive directors

Audited	Bonuses and performance-related payments			Total R000
	Basic salary R000	R000	Company contributions R000	
For the year ended 29 February 2024				
FJ Gouws	6 178	37 600	98	43 876
MIF Smith	3 080	14 100	68	17 248
	9 258	51 700	166	61 124
For the year ended 28 February 2023				
FJ Gouws ¹	5 887	34 200	85	40 172
MIF Smith	2 935	12 800	63	15 798
	8 822	47 000	148	55 970

¹ Total performance incentive bonus awarded for the 2023 financial year was R34.2 million which was paid in cash in May 2023, as the director has more than 10 years' service in the group (no service conditions attached to release of 30% deferred portion of bonus award). In addition, an incentive bonus previously paid of R8.4 million, relating to prior year deferred bonuses, was no longer subject to clawback provisions.

The prescribed officers of the group are Messrs FJ Gouws and MIF Smith, both executive directors of the company. Their remuneration is detailed above.

Report of the board of directors

for the year ended 29 February 2024

Non-executive directors

	2024			2023		
	PSG director fees R000	Subsidiary director fees R000	Total R000	PSG director fees R000	Subsidiary director fees R000	Total R000
W Theron	1 540	112	1 652	1 164	306	1 470
AH Sangqu	548	432	980	464	364	828
AM Hlobo ¹	598	-	598	-	-	-
B Mathews ¹	598	132	730	-	-	-
J de V du Toit ²	-	-	-	149	-	149
L Lambrechts ³	299	166	465	-	-	-
PE Burton	758	172	930	622	143	765
PJ Mouton ⁴	458	-	458	110	-	110
TC Esau-Isaacs ⁵	-	-	-	465	110	575
ZL Combi ⁶	229	-	229	509	-	509
ZRP Matsau	785	201	986	491	157	648
	5 813	1 215	7 028	3 974	1 080	5 054

¹ Appointed as a director of PSG with effect from 1 March 2023.

² Retired as a director of PSG during July 2022.

³ Appointed as a director of PSG with effect from 14 July 2023.

⁴ Director's fee of R0.2 million was paid to a subsidiary of PSG Group Limited in the 2023 financial year.

⁵ Resigned as a director of PSG with effect from 1 March 2023.

⁶ Retired as a director of PSG during July 2023.

Equity-based remuneration

PSG Financial Services Limited share options in terms of the PSG Konsult Group Share Incentive Trust

Audited	Number of share options as at 28 Feb 2023	Number of share options during year		Market price per share on vesting date R	Vesting strike price per share R	Date granted	Number of share options as at 29 Feb 2024
		Granted	Vested				
Executive FJ Gouws	937 500	-	(937 500)	R 13.01	R 8.74	1/04/2018	-
	2 000 000	-	(1 000 000)	R 13.01	R 10.15	1/04/2019	1 000 000
	3 600 000	-	(1 200 000)	R 13.01	R 7.13	1/04/2020	2 400 000
	8 500 000	-	(2 125 000)	R 13.01	R 9.08	1/04/2021	6 375 000
	5 250 000	-	-	-	R 12.71	1/04/2022	5 250 000
	-	5 000 000	-	-	-	R 12.17	1/04/2023
	20 287 500	5 000 000	(5 262 500)				20 025 000
MIF Smith	300 000	-	(300 000)	R 13.01	R 8.74	1/04/2018	-
	500 000	-	(250 000)	R 13.01	R 10.15	1/04/2019	250 000
	900 000	-	(300 000)	R 13.01	R 7.13	1/04/2020	600 000
	2 100 000	-	(525 000)	R 13.01	R 9.08	1/04/2021	1 575 000
	1 500 000	-	-	-	R 12.71	1/04/2022	1 500 000
	-	1 250 000	-	-	-	R 12.17	1/04/2023
	5 300 000	1 250 000	(1 375 000)				5 175 000

Shareholding of directors

The shareholding of directors in the company as at 29/28 February was as follows:

As at 29 February 2024 (Audited)	Beneficial		Non-beneficial		Total shareholding	
	Direct Number	Indirect Number	Direct Number	Indirect Number	Number	%
FJ Gouws	24 835 481	27 500 000	-	-	52 335 481	4.1
MIF Smith	450 000	-	-	2 300 000	2 750 000	0.2
PJ Mouton ¹	351 420	184 767 037	-	1 778 403	186 896 860	14.6
W Theron	-	-	-	19 859 573	19 859 573	1.6
PE Burton	-	-	-	1 200 000	1 200 000	0.1
	25 636 901	212 267 037	-	25 137 976	263 041 914	20.6

As at 28 February 2023 (Audited)	Beneficial		Non-beneficial		Total shareholding	
	Direct Number	Indirect Number	Direct Number	Indirect Number	Number	%
FJ Gouws	24 835 481	27 500 000	-	-	52 335 481	4.0
MIF Smith	450 000	-	-	2 300 000	2 750 000	0.2
PJ Mouton ¹	351 420	184 767 037	-	1 778 403	186 896 860	14.4
W Theron	-	-	-	20 859 573	20 859 573	1.6
PE Burton	-	-	-	1 200 000	1 200 000	0.1
	25 636 901	212 267 037	-	26 137 976	264 041 914	20.3

¹ Shares acquired by PJ Mouton due to PSG Group unbundling during September 2022, including both beneficial and non-beneficial interest.

There have been no changes to the directors' shareholdings between the end of the financial year and the date of this report.

Secretary

The secretary of the company is S Hamit (on behalf of PSG Management Services Proprietary Limited), whose business and postal addresses are:

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

PO Box 3335
Tyger Valley
Bellville
7536

Report of the board of directors

for the year ended 29 February 2024

Independent auditors

Deloitte & Touche will continue in office in accordance with section 90(1) of the Companies Act.

Special resolutions

The following special resolutions were passed by PSG during the year under review:

- The company is authorised to remunerate its directors for their services as directors.
- The board of the company is authorised, in terms of section 45(3)(a)(ii) of the Companies Act, to approve any direct or indirect financial assistance that the board may deem fit to any director, prescribed officer or company that is related or interrelated to the company on the terms and conditions and for amounts that the board of the company may determine.
- The board of the company is authorised, in terms of section 44(3)(a)(ii) of the Companies Act, to approve any direct or indirect financial assistance that the board may deem fit to any director, prescribed officer or company that is related or interrelated to the company, for the purpose of the subscription of any options or shares issued or to be issued by the company or a related or interrelated company, on the terms and conditions and for the amounts that the board of the company may determine.
- The company and/or its subsidiaries is authorised to repurchase its own shares upon such terms as the directors may determine, but subject to the provisions of sections 46 and 48 of the Companies Act, and the MOI of the company.

No special resolutions were passed by subsidiaries during the year under review which were material to the group.

Borrowing powers

In terms of the company's MOI, directors have unlimited borrowing powers (subject to section 45 of the Companies Act); however, Prudential Authority approval is required for any borrowings within a life insurance company in the group.

Capital commitments and contingent liabilities

The group had no material capital commitments at 29 February 2024 other than what is disclosed in note 30 to the group financial statements. The group is party to legal proceedings in the normal course of business, and appropriate provisions are made when losses are expected to materialise.

Events after the reporting date

No event material to the understanding of these results has occurred between 29 February 2024 and the date of approval of the annual financial statements.

Independent auditor's report

To the Shareholders of PSG Financial Services Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of PSG Financial Services Limited (the Group and Company) set out on pages 135 to 136, and 143 to 285, which comprise the consolidated and separate statements of financial position as at 29 February 2024, and the consolidated and separate statements of profit or loss and other comprehensive income the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of PSG Financial Services Limited and its subsidiaries as at 29 February 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Key Audit Matter

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

The key audit matter below relates to the consolidated financial statements. We have determined that there are no key audit matters to report in respect of the separate financial statements.

Independent auditor's report

To the Shareholders of PSG Financial Services Limited

Key Audit Matter

Valuation of goodwill and customer relationships

Refer to pages 160 to 163 (Note 1 of the Group Financial Statements – Intangible Assets).

As at 29 February 2024, goodwill and customer relationships intangible assets amounted to R411.7 million (2023: R411.7 million) and R766.5 million (2023: R756.6 million), respectively.

Goodwill is carried at cost less accumulated impairment losses. Customer relationships are carried at cost less accumulated amortisation and impairment.

The annual impairment assessment for goodwill was performed by management, as required by International Accounting Standard 36 – Impairment of Assets (IAS 36).

- Goodwill is allocated to cash generating units (CGUs) at the lowest level of operating activity to which it relates.
- An impairment assessment was also performed on the customer relationships intangible assets to identify where there may be objective evidence of impairment.

The impairment assessments performed by management were a matter of most significance to our current year audit due to the complexity of the assessment process and the significant judgements applied by management when determining the recoverable amount of the assets.

Management applies a market approach (price-earnings multiple valuation) to determine the fair value less costs to sell. Where the fair value less costs to sell is lower than the carrying value, a discounted cash flow model is used to determine the value in use. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

Key assumptions applied by management are:

- Price-earnings ratios applied in determining the fair value less costs to sell.
- Growth rate applied in the first five of projected cashflows and the terminal growth rate applied thereafter, and the discount rate applied in determining the value in use.
- Useful lives of customer relationship intangible assets.

How the matter was addressed in the audit

Our evaluation of management's impairment assessment of goodwill and customer relationships focused on the key assumptions applied. We performed various procedures, including the following:

- We evaluated the design and implementation of key internal controls implemented over the impairment assessment.
- We assessed the reasonability of the useful lives applied in the amortisation of the customer relationships intangible assets. Our assessment included the consideration of historical attrition rate of clients, average age and expected length of advisor's service and products sold to clients.
- We reviewed the relative financial performance of the operating segments (businesses) to which the intangible assets are allocated and did not identify any evident impairment indicators.
- We tested the appropriateness of customer relationships and goodwill allocated to individual CGU's, on a sample basis, to ensure the goodwill is allocated to the cash generating units at the lowest level of operating activity to which it relates.
- We agreed that the cash flows assigned to the CGU's agree with the profit after tax applied in the price-earnings valuations.
- Our valuation specialists evaluated the appropriateness of the valuation methodology used by management i.e. price-earnings valuations and/or discounted cash flows; and
- Compared the price-earnings ratios, and the growth rates applied in the first five years of projected cashflows, and the terminal growth rate applied thereafter and discount rates to our independently determined values, based on information from independent sources.
- We completed sensitivity analysis to evaluate the reasonability of the assumptions and inputs applied by management.
- We tested the mathematical accuracy of the valuations prepared by management; and
- We evaluated the reasonability of future cash flows in the context of historical financial performance, approved forecasts, and prevailing economic conditions.

Based on the procedures performed the methodology applied, the valuation assumptions included, and the forecast cash flows are appropriate for determining if goodwill and customer relationships are impaired at 29 February 2024.

We evaluated the adequacy of the disclosure in the consolidated annual financial statements as these pertain to the impairment assessment of goodwill and customer relationships against the requirements of the applicable financial reporting standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "PSG Financial Services Limited Integrated Report for the year ended 29 February 2024", which includes the Directors Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that

Independent auditor's report

To the Shareholders of PSG Financial Services Limited

may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

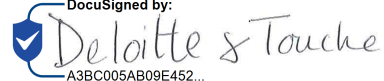
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of PSG Financial Services Limited for three years.

DocuSigned by:

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Deloitte & Touche
 Registered Auditor

Per: Nina Le Riche
 Partner

24 May 2024

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

Consolidated statement of financial position

as at 29 February 2024

	Notes	2024 R000	Restated ¹ 2023 R000	Restated ¹ 1 March 2022 R000
Assets				
Intangible assets	1	1 196 006	1 186 489	1 229 173
Property and equipment	2	92 961	74 690	86 176
Right-of-use assets	3	144 708	170 408	191 698
Investment in joint ventures	5	504	976	1 121
Deferred income tax assets	6	144 923	121 773	130 471
Loans and advances	7	247 346	193 956	154 814
Debt securities	8.1	3 932 406	3 414 634	3 920 219
Unit-linked investments	8.2	100 071 773	75 198 943	65 663 812
Equity securities	8.3	3 952 005	3 488 019	3 080 436
Investment in investment contracts	8.4	9 443	9 685	10 064
Reinsurance contract assets	9	111 232	121 339	130 472
Derivative financial instruments	10	9 526	9 637	13 153
Receivables	11	2 257 332	2 055 666	2 323 347
Current income tax assets		67 017	62 110	36 297
Assets held for sale	12	133 917	-	-
Cash and cash equivalents (including money market funds)	13	1 738 000	2 000 943	1 694 794
Total assets		114 109 099	88 109 268	78 666 047
Equity				
Equity attributable to owners of the parent				
Stated capital	14	1 206 174	1 413 420	1 829 274
Treasury shares	14	(120 381)	(130 759)	(140 065)
Other reserves	15	(303 407)	(330 328)	(361 426)
Retained earnings		3 818 670	3 294 884	2 795 797
		4 601 056	4 247 217	4 123 580
Non-controlling interest	16	568 610	493 348	424 132
Total equity		5 169 666	4 740 565	4 547 712
Liabilities				
Deferred income tax liabilities	6	132 413	113 130	85 891
Lease liabilities	4	201 422	235 777	260 945
Derivative financial instruments	10	12 005	14 623	22 008
Investment contracts	17	45 506 258	40 177 057	35 993 332
Insurance contract liabilities	9	360 278	463 363	445 223
Reinsurance contract liabilities	9	3 242	12 230	6 370
Third-party liabilities arising on consolidation of mutual funds	18	59 655 531	39 670 804	34 286 692
Trade and other payables	19	2 853 100	2 627 872	2 991 725
Current income tax liabilities		81 267	53 847	26 149
Liabilities held for sale	12	133 917	-	-
Total liabilities		108 939 433	83 368 703	74 118 335
Total equity and liabilities		114 109 099	88 109 268	78 666 047

¹ The comparative figures have been restated for the application of IFRS 17, refer to note 36 for further information.

Consolidated income statement

for the year ended 29 February 2024

	Notes	2024 R000	Restated ¹ 2023 R000
Insurance revenue		2 263 643	1 874 262
Insurance service expense	20.1	(1 869 219)	(1 493 898)
Net expense from reinsurance contracts held	20.2	(144 734)	(134 988)
<i>Insurance service result</i>		249 690	245 376
Finance expense from insurance contracts issued		(25 385)	(13 036)
Finance income from reinsurance contracts held		17 110	9 147
<i>Net insurance service result</i>		241 415	241 487
Revenue from contracts with customers and other operating income	21	5 228 103	4 755 104
Interest income on amortised cost financial instruments	22	148 711	108 424
Interest income on fair value through profit or loss financial instruments	22	210 984	149 260
Dividend income	22	9 341	7 341
Net fair value gains and losses on financial instruments	23	15 912	35 664
Net income attributable to investment contract holders and third-party liabilities	24	55 430	52 045
Total income		5 909 896	5 349 325
Financial advice fees	25.1	(1 922 763)	(1 688 002)
Depreciation and amortisation	25.2	(183 453)	(174 004)
Employee benefit expenses	25.3	(1 325 725)	(1 239 311)
Marketing, administration and other expenses	25.4	(853 232)	(775 647)
Total expenses		(4 285 173)	(3 876 964)
Total loss from joint ventures		(472)	(145)
Profit before finance costs and taxation		1 624 251	1 472 216
Finance costs	26	(33 850)	(36 472)
Profit before taxation		1 590 401	1 435 744
Taxation	27	(472 640)	(408 202)
Profit for the year		1 117 761	1 027 542
Attributable to:			
Owners of the parent		1 034 191	950 268
Non-controlling interest		83 570	77 274
		1 117 761	1 027 542
Earnings per share			
Basic earnings per share (cents)	28	81.1	73.0
Diluted earnings per share (cents)	28	80.4	71.0

¹ The comparative figures have been restated for the application of IFRS 17, refer to note 36 for further information.

Consolidated statement of comprehensive income

for the year ended 29 February 2024

	2024 R000	Restated ¹ 2023 R000
Profit for the year	1 117 761	1 027 542
Other comprehensive income for the year, net of taxation	7 322	37 893
<i>Items that are or may be reclassified to profit or loss:</i>		
Currency translation adjustments	7 322	38 385
Other adjustments	-	(492)
Total comprehensive income for the year	1 125 083	1 065 435
Attributable to:		
Owners of the parent	1 041 513	988 161
Non-controlling interest	83 570	77 274
	1 125 083	1 065 435

¹ The comparative figures have been restated for the application of IFRS 17, refer to note 36 for further information.

Consolidated statement of changes in equity

for the year ended 29 February 2024

	Attributable to equity holders of the group					Total R000
	Stated capital R000	Treasury shares R000	Other reserves ¹ R000	Retained earnings R000	Non- controlling interest R000	
Balance at 1 March 2022	1 829 274	(140 065)	(361 426)	2 789 035	420 799	4 537 617
IFRS 17 transitional adjustments ²				6 762	3 333	10 095
Balance at 1 March 2022 (Restated)	1 829 274	(140 065)	(361 426)	2 795 797	424 132	4 547 712
Comprehensive income						
Profit for the year	-	-	-	950 268	77 274	1 027 542
Other comprehensive income for the year	-	-	37 893	-	-	37 893
<i>Total comprehensive income for the year</i>	-	-	37 893	950 268	77 274	1 065 435
Transactions with owners	(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
Treasury shares sold	-	20 692	-	-	-	20 692
Release of profits from treasury shares to retained earnings	-	(11 386)	-	11 386	-	-
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 ³	-	-	(89 454)	-	-	(89 454)
Release of share-based payment reserve to retained earnings on vested share options	-	-	30 586	(30 586)	-	-
Dividends paid	-	-	-	(431 981)	(8 058)	(440 039)
Balance at 28 February 2023	1 413 420	(130 759)	(330 328)	3 294 884	493 348	4 740 565
Comprehensive income						
Profit for the year	-	-	-	1 034 191	83 570	1 117 761
Other comprehensive income for the year	-	-	7 322	-	-	7 322
<i>Total comprehensive income for the year</i>	-	-	7 322	1 034 191	83 570	1 125 083
Transactions with owners	(207 246)	10 378	19 599	(510 405)	(8 308)	(695 982)
Repurchase and cancellation of ordinary shares	(207 246)	-	-	-	-	(207 246)
Share-based payment costs	-	-	60 938	-	-	60 938
Treasury shares sold	-	13 559	-	-	-	13 559
Release of profits from treasury shares to retained earnings	-	(3 181)	-	3 181	-	-
Current tax on equity-settled share-based payments	-	-	11 826	-	-	11 826
Deferred tax on equity-settled share-based payments	-	-	14 381	-	-	14 381
Loss on issue of shares in terms of share scheme ³	-	-	(89 054)	-	-	(89 054)
Release of share-based payment reserve to retained earnings on vested share options	-	-	21 508	(21 508)	-	-
Dividends paid	-	-	-	(492 078)	(8 308)	(500 386)
Balance at 29 February 2024	1 206 174	(120 381)	(303 407)	3 818 670	568 610	5 169 666

¹ Refer to note 15 for detail of the other reserves.

² Refer to note 36 for further detail.

³ Loss on sale of shares is recognised due to the market value of the shares transferred to the option holder being greater than the strike price paid.

Consolidated statement of cash flows

for the year ended 29 February 2024

	Notes	2024 R000	2023 R000
Cash flows from operating activities			
Cash utilised in operations ¹	33.1	(1 991 170)	(887 466)
Interest received ²		2 024 576	1 508 500
Dividends received ²		1 092 917	1 139 068
Finance costs		(33 850)	(36 472)
Taxation paid	33.2	(427 364)	(385 610)
<i>Operating cash flows before policyholder cash movement</i>		665 109	1 338 020
Policyholder cash movement ³		2 805	(12 324)
<i>Net cash flow from operating activities</i>		667 914	1 325 696
Cash flows from investing activities			
Acquisition of intangible assets		(98 368)	(35 415)
Proceeds from disposal of intangible assets		1 096	1 244
Acquisition of subsidiaries (including collective investment schemes)	33.3	80 025	(169)
Proceeds from disposal of property and equipment		1 643	1 552
Purchases of property and equipment		(60 055)	(27 301)
Loans advanced to joint ventures		(1 036)	(677)
<i>Net cash flow from investing activities</i>		(76 695)	(60 766)
Cash flows from financing activities			
Dividends paid to equity holders of the group		(492 078)	(431 981)
Dividends paid to non-controlling interest		(8 308)	(8 058)
Lease liabilities paid – principal portion		(75 111)	(68 797)
Treasury shares sold and share option settlement	14	(75 495)	(68 762)
Shares repurchased and cancelled	14	(207 246)	(415 854)
<i>Net cash flow from financing activities</i>		(858 238)	(993 452)
Net (decrease)/increase in cash and cash equivalents		(267 019)	271 478
Cash and cash equivalents at the beginning of the year		2 000 943	1 694 794
Exchange gains on cash and cash equivalents		4 584	34 671
Cash and cash equivalents at the end of the year	33.4	1 738 508	2 000 943

¹ The movement in cash utilised in operations can vary significantly as a result of daily fluctuations in cash linked to investment contracts and cash held by the stockbroking business. PSG Life, 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. A 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 pages 158 and 159 for the impact of the client-related balances on the cash utilised in operations.

² The interest and dividends received relates to the core operations of the group as well as income relating to the linked investment policies issued and the consolidation of the collective investment schemes. Refer to note 8 of the segment report for the segregation of these cash flows.

³ The policyholder cash movement relates to the movement in the cash and cash equivalents backing the investment contract liabilities. Refer to note 17 for further detail.

Summary of material accounting policies

for the year ended 29 February 2024

The principal accounting policies applied in the preparation of these group and company financial statements are set out in Annexure A. The accounting policies applied are in terms of IFRS and are consistent with those applied in the previous annual financial statements, except for the mandatory adoption of IFRS 17 – Insurance Contracts. The group has applied the standard retrospectively and has restated comparative figures. Refer to note 36 for further detail.

1. Basis of preparation

The group and company financial statements of PSG Financial Services Limited have been prepared in accordance with the JSE Listings Requirements, the requirements of the Companies Act and International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The JSE Listings Requirements require annual financial statements to be prepared in accordance with the framework concepts, and the recognition and measurement requirements of IFRS, as defined by IAS 1; the IFRIC interpretations; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council, and in the manner required by the Companies Act.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) classified as 'at fair value through profit or loss', long-term insurance contract liabilities that are measured in terms of the financial soundness valuation (FSV) basis as set out in Standard of Actuarial Practice (SAP) 104 – Calculation of the value of assets, liabilities and solvency capital requirement of long-term insurers and investment in a joint venture using the equity method of accounting.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed below.

The group did not early adopt any of the IFRS standards.

2. Critical accounting estimates and judgements in applying accounting policies

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Critical accounting estimates and judgements in applying accounting policies (continued)

2.1 Intangible assets

Initial recognition as part of a business combination

Intangible assets acquired as part of business combinations are recognised at their fair value. The fair value is determined by using a discounted cash flow valuation method based on assumptions and estimates regarding future revenue growth, weighted cost of capital, working capital and other economic factors. These assumptions reflect management's best estimates but are subject to inherent uncertainties, which may not be controlled by management.

The discount rate is based on the long-term risk-free rate with risk premiums added for market and other company and asset-specific risks. No business combinations occurred during the 2024 financial year which resulted in the recognition of an intangible asset. Intangible assets acquired through a business combination during the 2023 financial year were valued using a discount rate of 32.53%.

Useful lives of customer relationships

Intangible assets (excluding goodwill) are amortised over their estimated useful lives. The amortisation method used best reflects the pattern in which the asset's future economic benefits are consumed by the group.

The useful life of key customer relationships is estimated based on the historical customer attrition, the nature of the products sold and the age and expected life span of the adviser's service. A maximum useful life of 20 years was used for the other customer relationships recognised during the 2024 financial year (2023: maximum useful life of 20 years).

Refer to the intangible asset accounting policy in Annexure A and note 1 for further detail.

Estimated impairment of goodwill

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy on goodwill. The recoverable amounts of CGUs have been determined by applying a price-earnings ratio to obtain the fair value less costs of disposal. The range of price-earnings ratios used varied from 7.5 to 10.0 (2023: 5.0 to 7.5). Where the fair value less costs of disposal is lower than the carrying value of the CGU, a value-in-use calculation is performed to determine the recoverable amount, which is the higher of the fair value less costs of disposal and the value in use.

Customer relationships are evaluated for indicators of impairment using the most recent price-earnings ratios for similar transactions in the market. The range of price-earnings ratios used varied from 7.5 to 10.0 (2023: 5.0 to 7.5). When these impairment tests indicated that the assets may need to be impaired, management assessed the recoverable amount of the CGUs based on value-in-use calculations. Refer to note 1 for further detail.

Segment reporting

for the year ended 29 February 2024

The composition of the reportable segments represents the internal reporting structure and the monthly reporting to the chief operating decision-maker (CODM). The CODM, for the purpose of IFRS 8 – Operating Segments, has been identified as the CEO, supported by the group 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.

1. Description of business segments

PSG Wealth, which consists of five business units – Distribution, Securities, LISP and Life Platform, Investment 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 non-life insurance company, Western National Insurance Company Limited, offers a full range of tailor-made non-life 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 process of selecting 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 that 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.

2. Headline earnings per reportable segment

	Wealth R000	Asset Management R000	Insure R000	Total R000
For the year ended 29 February 2024				
Headline and recurring headline earnings ¹	666 277	217 196	149 803	1 033 276
Recurring headline earnings – excluding intangible asset amortisation cost ²	719 509	217 196	172 287	1 108 992
For the year ended 28 February 2023 (Restated)				
Headline and recurring headline earnings ¹	568 492	220 323	159 466	948 281
Recurring headline earnings – excluding intangible asset amortisation cost ²	616 793	220 492	181 517	1 018 802

¹ Headline earnings are calculated in terms of the requirements stipulated in Circular 1/2023 as issued by SAICA. 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. Refer to note 28 for the reconciliation of headline earnings to the profit attributable to ordinary shareholders.

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

3. Income per reportable segment

	Wealth R000	Asset Management R000	Insure R000	Total R000
For the year ended 29 February 2024				
Total IFRS reported income	3 713 459	852 958	1 343 479	5 909 896
Linked investment business and other income	(30 538)	-	-	(30 538)
Total core income	3 682 921	852 958	1 343 479	5 879 358
Total segment income	4 475 611	1 340 809	1 422 719	7 239 139
Intersegment income	(792 690)	(487 851)	(79 240)	(1 359 781)
For the year ended 28 February 2023 (Restated)				
Total IFRS reported income	3 313 320	787 287	1 248 718	5 349 325
Linked investment business and other income	(29 746)	-	-	(29 746)
Total core income	3 283 574	787 287	1 248 718	5 319 579
Total segment income	4 046 471	1 214 857	1 313 068	6 574 396
Intersegment income	(762 897)	(427 570)	(64 350)	(1 254 817)

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 92.5% (2023: 92.7%) of the total income from external customers (total IFRS reported income) generated in the Republic of South Africa.

Given the nature of the operations, there is no single external customer that provides 10% or more of the group's income (2023: none).

Segment reporting

for the year ended 29 February 2024

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 29 February 2024	Asset			
	Wealth R000	Management R000	Insure R000	Total R000
Total income	3 682 921	852 958	1 343 479	5 879 358
Total expenses ¹	(2 725 234)	(538 726)	(1 030 105)	(4 294 065)
	957 687	314 232	313 374	1 585 293
Total loss from joint ventures	-	-	(472)	(472)
Profit before finance costs and taxation	957 687	314 232	312 902	1 584 821
Finance costs ²	(26 440)	(2 931)	(4 479)	(33 850)
Profit before taxation	931 247	311 301	308 423	1 550 971
Taxation	(254 413)	(94 102)	(84 695)	(433 210)
Profit for the year	676 834	217 199	223 728	1 117 761
Attributable to:				
Owners of the parent	666 672	217 199	150 320	1 034 191
Non-controlling interest	10 162	-	73 408	83 570
	676 834	217 199	223 728	1 117 761
Headline and recurring headline earnings	666 277	217 196	149 803	1 033 276

For the year ended 28 February 2023 (Restated)	Asset			
	Wealth R000	Management R000	Insure R000	Total R000
Total income	3 283 574	787 287	1 248 718	5 319 579
Total expenses ¹	(2 456 325)	(492 939)	(934 114)	(3 883 378)
	827 249	294 348	314 604	1 436 201
Total loss from joint ventures	-	-	(145)	(145)
Profit before finance costs and taxation	827 249	294 348	314 459	1 436 056
Finance costs ²	(29 143)	(2 902)	(4 427)	(36 472)
Profit before taxation	798 106	291 446	310 032	1 399 584
Taxation	(219 813)	(71 105)	(81 124)	(372 042)
Profit for the year	578 293	220 341	228 908	1 027 542
Attributable to:				
Owners of the parent	568 835	220 341	161 092	950 268
Non-controlling interest	9 458	-	67 816	77 274
	578 293	220 341	228 908	1 027 542
Headline and recurring headline earnings	568 492	220 323	159 466	948 281

¹ Depreciation and amortisation is included within total expenses and amounts to R119.6 million (2023: R113.0 million) for PSG Wealth, R10.1 million (2023: R9.6 million) for PSG Asset Management, and R53.7 million (2023: R51.4 million) for PSG Insure.

² The finance costs in the PSG Wealth division of R26.4 million (2023: R29.1 million) consist mainly of the finance charge on the lease liabilities of R14.2 million (2023: R14.9 million) with the remaining portion of the finance charge on the CFD margin, the loan funding and the bank overdrafts.

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 (CFD) assets and related liabilities.

As at 29 February 2024	Total IFRS reported R000	Own balances R000	Client-related balances R000
Assets			
Equity securities	3 952 005	37 416	3 914 589
Debt securities ¹	3 932 406	9 904	3 922 502
Unit-linked investments	100 071 773	2 668 035	97 403 738
Investment in investment contracts	9 443	-	9 443
Receivables ¹	2 257 332	378 553	1 878 779
Derivative financial instruments	9 526	-	9 526
Cash and cash equivalents (including money market funds) ¹	1 738 000	1 882 931	(144 931)
Other assets ²	2 138 614	2 138 614	-
Total assets	114 109 099	7 115 453	106 993 646
Equity			
Equity attributable to owners of the parent	4 601 056	4 601 056	-
Non-controlling interest	568 610	568 610	-
Total equity	5 169 666	5 169 666	-
Liabilities			
Investment contracts	45 506 258	-	45 506 258
Third-party liabilities arising on consolidation of mutual funds ¹	59 655 531	-	59 655 531
Derivative financial instruments	12 005	-	12 005
Trade and other payables ¹	2 853 100	1 033 248	1 819 852
Other liabilities ³	912 539	912 539	-
Total liabilities	108 939 433	1 945 787	106 993 646
Total equity and liabilities	114 109 099	7 115 453	106 993 646

¹ 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.

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

³ Other liabilities consist of lease liabilities, current and deferred income tax liabilities, insurance contract liabilities, reinsurance contract liabilities and liabilities held for sale.

Segment reporting

for the year ended 29 February 2024

5. Statement of financial position (client vs own) (continued)

As at 28 February 2023 (Restated)	Total IFRS reported R000	Own balances R000	Client-related balances R000
Assets			
Equity securities	3 488 019	38 750	3 449 269
Debt securities ¹	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 ¹	2 055 666	329 606	1 726 060
Derivative financial instruments	9 637	-	9 637
Cash and cash equivalents (including money market funds) ¹	2 000 943	1 901 836	99 107
Other assets ²	1 931 741	1 931 741	-
Total assets	88 109 268	6 620 897	81 488 371
Equity			
Equity attributable to owners of the parent	4 247 217	4 247 217	-
Non-controlling interest	493 348	493 348	-
Total equity	4 740 565	4 740 565	-
Liabilities			
Investment contracts	40 177 057	-	40 177 057
Third-party liabilities arising on consolidation of mutual funds ¹	39 670 804	-	39 670 804
Derivative financial instruments	14 623	-	14 623
Trade and other payables ¹	2 627 872	1 001 985	1 625 887
Other liabilities ³	878 347	878 347	-
Total liabilities	83 368 703	1 880 332	81 488 371
Total equity and liabilities	88 109 268	6 620 897	81 488 371

¹ 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.

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

³ Other liabilities consist of lease liabilities, current and deferred income tax liabilities, insurance contract liabilities and reinsurance contract liabilities.

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 of the group.

For the year ended 29 February 2024	Total IFRS reported R000	Core business R000	Linked investment business and other R000
Revenue from contracts with customers and other operating income ¹	5 228 103	5 252 995	(24 892)
Investment income ²	369 036	369 036	-
Net fair value gains and losses on financial instruments	15 912	15 912	-
Net income attributable to investment contract holders and third-party liabilities	55 430	-	55 430
Net insurance service result	241 415	241 415	-
Total income	5 909 896	5 879 358	30 538
Marketing, administration and other expenses ¹	(853 232)	(862 124)	8 892
Other ³	(3 431 941)	(3 431 941)	-
Total expenses	(4 285 173)	(4 294 065)	8 892
Total loss from joint ventures	(472)	(472)	-
Profit before finance costs and taxation	1 624 251	1 584 821	39 430
Finance costs	(33 850)	(33 850)	-
Profit before taxation	1 590 401	1 550 971	39 430
Taxation	(472 640)	(433 210)	(39 430)
Profit for the year	1 117 761	1 117 761	-
Attributable to:			
Owners of the parent	1 034 191	1 034 191	-
Non-controlling interest	83 570	83 570	-
	1 117 761	1 117 761	-

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

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

³ Other consists of financial advice fees, depreciation and amortisation and employee benefit expenses.

Segment reporting

for the year ended 29 February 2024

6. Income statement (client vs own) (continued)

	Total IFRS reported R000	Core business R000	Linked investment business and other R000
For the year ended 28 February 2023 (Restated)			
Revenue from contracts with customers and other operating income ¹	4 755 104	4 777 403	(22 299)
Investment income ²	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 service result	241 487	241 487	-
Total income	5 349 325	5 319 579	29 746
Marketing, administration and other expenses ¹	(775 647)	(782 061)	6 414
Other ³	(3 101 317)	(3 101 317)	-
Total expenses	(3 876 964)	(3 883 378)	6 414
Total loss from joint ventures	(145)	(145)	-
Profit before finance costs and taxation	1 472 216	1 436 056	36 160
Finance costs	(36 472)	(36 472)	-
Profit before taxation	1 435 744	1 399 584	36 160
Taxation	(408 202)	(372 042)	(36 160)
Profit for the year	1 027 542	1 027 542	-
Attributable to:			
Owners of the parent	950 268	950 268	-
Non-controlling interest	77 274	77 274	-
	1 027 542	1 027 542	-

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

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

³ Other consists of financial advice fees, depreciation and amortisation and employee benefit expenses.

7. Revenue from contracts with customers and other operating income

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

According to division

	Wealth R000	Asset Management R000	Insure R000	Total R000
For the year ended 29 February 2024				
Revenue from contracts with customers	3 473 225	819 982	929 988	5 223 195
Other operating income	16 174	271	13 355	29 800
	3 489 399	820 253	943 343	5 252 995

	Wealth R000	Asset Management R000	Insure R000	Total R000
For the year ended 28 February 2023 (Restated)				
Revenue from contracts with customers	3 113 551	775 370	862 411	4 751 332
Other operating income	11 510	(2 237)	16 798	26 071
	3 125 061	773 133	879 209	4 777 403

According to nature of the revenue

	2024 R000	Restated 2023 R000
Revenue from contracts with customers		
Dealing and structuring (including brokerage)		
- Brokerage ¹	159 946	191 269
- Offshore brokerage commission ¹	106 348	108 518
- Other dealing and structuring income ²	168 247	160 118
Commission, administration and other fees ³		
- Commission income ⁴	2 163 405	1 906 774
- Administration fees ⁴	680 112	606 942
- Other fees ⁵	67 731	63 582
Management and performance fees (including rebates) ^{4,6}	1 775 351	1 615 548
Policy administration fees ^{4,7}	102 055	98 581
	5 223 195	4 751 332

¹ Brokerage and offshore brokerage commission earned by PSG Wealth is recognised at a point in time.

² The other dealing and structuring income includes R144.0 million (2023: R128.3 million) revenue recognised over time by PSG Wealth, with the balance of this revenue being recognised at a point in time.

³ Commission, administration and other fees are generated by PSG Wealth and PSG Insure.

⁴ This revenue from contracts with customers is recognised over time.

⁵ The other fees include revenue recognised at a point in time and over time, with the majority of this revenue being recognised over time.

⁶ Management and performance fees are earned by PSG Asset Management and PSG Wealth.

⁷ Policy administration fees are recognised by PSG Insure.

Segment reporting

for the year ended 29 February 2024

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.

For the year ended 29 February 2024	Total IFRS reported R000	Own balances R000	Client-related balances R000
Cash flow from operating activities	667 914	991 977	(324 063)
Cash (utilised in)/generated by operations ¹	(1 991 170)	1 068 393	(3 059 563)
Interest received	2 024 576	359 695	1 664 881
Dividends received	1 092 917	9 341	1 083 576
Finance costs	(33 850)	(33 850)	-
Taxation paid	(427 364)	(411 602)	(15 762)
Policyholder cash movement	2 805	-	2 805
Cash flow from investing activities	(76 695)	(156 720)	80 025
Acquisition of subsidiaries (including collective investment schemes)	80 025	-	80 025
Other ²	(156 720)	(156 720)	-
Cash flow from financing activities	(858 238)	(858 238)	-
Net decrease in cash and cash equivalents	(267 019)	(22 981)	(244 038)
Cash and cash equivalents at the beginning of the year³	2 000 943	1 901 836	99 107
Exchange gains on cash and cash equivalents	4 584	4 584	-
Cash and cash equivalents at the end of the year³	1 738 508	1 883 439	(144 931)

¹ The cash generated by operations under own balances includes R191.6 million excess short-term cash transferred to unit-linked investments that invest mainly in cash, money market and related instruments to enhance investment income yield.

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

³ The client-related balances include the impact of the consolidation entries relating to the PSG Money Market Fund. The cash invested therein is derecognised and all of the fund's underlying highly liquid debt securities, receivables and trade and other payables are recognised.

8. Statement of cash flows (client vs own) (continued)

For the year ended 28 February 2023	Total IFRS reported R000	Own balances R000	Client-related balances R000
Cash flow from operating activities	1 325 696	1 189 395	136 301
Cash (utilised in)/generated by operations ¹	(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)
Cash flow from investing activities	(60 766)	(60 974)	208
Acquisition of subsidiaries (including collective investment schemes)	(169)	(377)	208
Other ²	(60 597)	(60 597)	-
Cash flow from financing activities	(993 452)	(993 452)	-
Net increase in cash and cash equivalents	271 478	134 969	136 509
Cash and cash equivalents at the beginning of the year³	1 694 794	1 732 196	(37 402)
Exchange gains on cash and cash equivalents	34 671	34 671	-
Cash and cash equivalents at the end of the year³	2 000 943	1 901 836	99 107

¹ The cash generated by operations under own balances includes a R130.0 million withdrawal from unit-linked investments for operational cash requirements.

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

³ The client-related balances include the impact of the consolidation entries relating to the PSG Money Market Fund. The cash invested therein is derecognised and all of the fund's underlying highly liquid debt securities, receivables and trade and other payables are recognised.

Notes to the group financial statements

for the year ended 29 February 2024

1. Intangible assets

	Goodwill R000	Deferred acquisition costs R000	Customer relation- ships R000	Other intangibles R000	Total R000
As at 29 February 2024					
Cost	485 790	35 699	1 384 151	22 496	1 928 136
Accumulated amortisation and impairment	(74 087)	(18 017)	(617 648)	(22 378)	(732 130)
Balance at end of the year	411 703	17 682	766 503	118	1 196 006
Reconciliation					
Balance at the beginning of the year	411 703	18 058	756 564	164	1 186 489
Additions	-	1 408	84 646	48	86 102
Disposals	-	-	(869)	-	(869)
Amortisation	-	(1 784)	(73 838)	(94)	(75 716)
Balance at the end of the year	411 703	17 682	766 503	118	1 196 006
As at 28 February 2023					
Cost	485 790	34 290	1 315 938	22 841	1 858 859
Accumulated amortisation and impairment	(74 087)	(16 232)	(559 374)	(22 677)	(672 370)
Balance at the end of the year	411 703	18 058	756 564	164	1 186 489
Reconciliation					
Balance at the beginning of the year	411 703	18 401	798 945	124	1 229 173
Additions	-	1 243	23 650	119	25 012
Disposals	-	-	(223)	-	(223)
Acquisition of subsidiaries (refer to note 33.3)	-	-	3 048	-	3 048
Amortisation	-	(1 586)	(68 856)	(79)	(70 521)
Balance at the end of the year	411 703	18 058	756 564	164	1 186 489

Included in other intangibles is computer software to the value of R0.08 million (2023: R0.12 million).

1. Intangible assets (continued)

Customer relationships

The CGU groups to which the customer relationships balance relates to is as follows:

CGU group	Reportable segment	2024 R000	2023 R000
Wealth distribution	PSG Wealth	412 193	374 088
Products and platform	PSG Wealth	144 218	140 015
Securities	PSG Wealth	6 075	24 705
Short-term distribution	PSG Insure	182 270	191 793
Short-term administration	PSG Insure	9 390	12 037
Short-term licence business	PSG Insure	12 357	13 926
		766 503	756 564

Included in customer relationships are the following material individual CGUs and their respective remaining amortisation period:

Individual CGU	CGU group	Remaining amortisation period		Carrying value	
		2024	2023	2024 R000	2023 R000
Wealth adviser office (no.8)	Products and platform	11 years and 5 months	12 years and 5 months	81 698	88 854
Wealth adviser office (no.4)	Products and platform	7 years	8 years	42 454	48 518
AIFA commercial and industrial	Short-term distribution	14 years and 3 months	15 years and 3 months	42 153	45 111
Wealth adviser office (no.1)	Wealth distribution	10 years	11 years	27 252	29 977
AIFA personal lines	Short-term distribution	14 years and 9 months	15 years and 9 months	25 953	27 713
Wealth adviser office (no.2)	Wealth distribution	10 years	11 years	20 158	22 173
Wealth adviser office (no.11)	Wealth distribution	19 years	-	12 404	-
Wealth adviser office (no.12)	Wealth distribution	19 years	-	11 909	-
Wealth adviser office (no.3)	Wealth distribution	12 years and 3 months	13 years and 3 months	9 985	10 800
Wealth adviser office (no.10)	Short-term distribution	17 years and 10 months	18 years and 10 months	8 490	8 115
Multinet Makelaars	Short-term distribution	2 years and 1 month	3 years and 1 months	8 363	12 299
Wealth adviser office (no.6)	Products and platform	9 years	10 years	7 454	8 280
Wealth adviser office (no.7)	Wealth distribution	14 years	15 years	7 769	8 324
Diagonal Street Financial Services	Short-term distribution, Short-term administration	6 years and 6 months	7 years and 6 months	7 661	8 839
Wealth adviser office (no.9)	Wealth distribution	16 years and 7 months	17 years and 7 months	6 264	6 642
				319 967	325 645

The above mentioned individual customer relationships relate to the original acquisitions of the respective books of business and/or entities and now form part of a larger CGU group.

Notes to the group financial statements

for the year ended 29 February 2024

1. Intangible assets (continued)

Customer relationships (continued)

Customer relationships are amortised over a maximum period of 20 years, which represents management's best estimate of the period over which economic benefits are expected to be derived. This estimate is based on the historical customer attrition, the nature of the products sold and the age and expected length of the adviser's service.

The amortisation charge on the customer relationships for the year ended 29 February 2024 was R73.8 million (2023: R68.9 million). The amortisation charge is sensitive to the rate of attrition of the client base which impacts management's useful life assessment, which is illustrated in the table below:

Assumptions			Scenario 1	Scenario 2
	Scenario 1	Scenario 2	Amortisation charge on customer relationships would have increased to R000	Amortisation charge on customer relationships would have increased to R000
	Years	Years		
29 February 2024				
Amortisation period	15	10	91 735	137 602
28 February 2023				
Amortisation period	15	10	86 227	129 340

Goodwill

The CGU groups to which the goodwill balance relates to is as follows:

CGU group	Reportable segment	2024 R000	2023 R000
Wealth distribution	PSG Wealth	122 426	122 426
Products and platform	PSG Wealth	18 728	18 728
Securities	PSG Wealth	23 974	23 974
Asset management	PSG Asset Management	8 719	8 719
Short-term distribution	PSG Insure	156 203	156 203
Short-term administration	PSG Insure	7 458	7 458
Short-term licence business	PSG Insure	74 195	74 195
		411 703	411 703

For impairment testing purposes, goodwill is allocated to CGUs at the lowest level of operating activity to which it relates. The wealth distribution and short-term distribution CGU groups are assessed at an individual adviser office level. The following are the material offices to which goodwill was allocated:

Individual CGU	CGU group	2024 R000	2023 R000
100% offices	Short-term distribution	99 170	99 170
Advance Wealth Management	Wealth distribution	50 310	50 310
Tlotlisa Securities (T-Sec)	Wealth distribution, Securities	37 366	37 366
AIFA commercial and industrial	Short-term distribution	20 798	20 798
AIFA personal lines	Short-term distribution	9 868	9 868
Wealth adviser office (no.5)	Wealth distribution	9 466	9 466
Insure adviser office (no.1)	Short-term distribution	9 047	9 047
Wealth adviser office (no.2)	Wealth distribution	7 457	7 457
Insure adviser office (no.2)	Short-term distribution	6 574	6 574
		250 056	250 056

1. Intangible assets (continued)

Impairment assessment

When goodwill is evaluated for impairment on an annual basis, we use a PE ratio calculation to identify potential indicators of impairment. The PE ratio is multiplied by the current year earnings of the CGU, to which the goodwill was allocated, to determine the fair value less costs of disposal. PE ratios used by management are determined with reference to similar listed companies adjusted for specific risks associated to the CGU, as well as recent transactions that occurred within the group. The range of PE ratios used varied from 7.5 to 10.0 (2023: 5.0 to 7.5).

Customer relationships were evaluated for indicators of impairment using the most recent PE ratios for similar transactions in the market. The range of PE ratios used varied from 7.5 to 10.0 (2023: 5.0 to 7.5).

Where there were indicators of impairment on customer relationships or the fair value less costs of disposal of a CGU to which goodwill was allocated was lower than the carrying value, management determined the value in use. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. The value-in-use calculations use cash flow projections based on financial budgets approved by management covering no longer than a five-year planning period. Where appropriate, cash flows were extrapolated into perpetuity by using a terminal growth rate model.

A key input used in the models to determine the value in use of the CGUs is the pre-tax discount rate applied to management's forecast cash flows, which reflects the current market assessments of the time value of money and the risk specific to the CGU. The assumptions have been disclosed below:

	2024 %	2023 %
Risk-free rate (2024: R209; 2023: R2030)	11.8	9.7
Tax rate	27.0	27.0
Growth rate	7.5 - 10.0	4.0
Terminal growth rate	5.0	4.5
Discount rate	21.0	19.5

The increase in the growth rate and PE ratio from the prior financial year is supported by historical growth and performance of the various businesses. Management's assessment also takes into account the current economic conditions prevalent in the Republic of South Africa.

For those CGU groups where a value-in-use calculation was performed, a sensitivity analysis was performed on the calculated value. For the 2024 financial year, a 10% increase/decrease in the discount rate would result in a 13% decrease and 17% increase, respectively, to the calculated value in use. For the 2023 financial year, a 10% increase/decrease in the discount rate would result in a 12% decrease and 16% increase, respectively, to the calculated value in use. Management has considered and assessed reasonably possible changes in key assumptions and have not identified any instances that could cause the carrying amount of the CGU groups to exceed the value in use. These sensitivities and other relevant factors were considered in management's determination that no intangible assets need to be impaired (2023: Rnil).

Notes to the group financial statements

for the year ended 29 February 2024

2 Property and equipment

	Motor vehicles R000	Office equipment R000	Computer equipment R000	Total R000
As at 29 February 2024				
Cost	1 743	170 284	196 191	368 218
Accumulated depreciation and impairment	(1 205)	(129 762)	(144 290)	(275 257)
Balance at the end of the year	538	40 522	51 901	92 961
Reconciliation				
Balance at the beginning of the year	139	43 859	30 692	74 690
Additions	535	13 174	46 346	60 055
Disposals	(40)	(216)	(545)	(801)
Depreciation	(96)	(16 303)	(24 601)	(41 000)
Exchange differences	-	8	9	17
Balance at the end of the year	538	40 522	51 901	92 961
As at 28 February 2023				
Cost	1 464	158 577	162 135	322 176
Accumulated depreciation and impairment	(1 325)	(114 718)	(131 443)	(247 486)
Balance at the end of the year	139	43 859	30 692	74 690
Reconciliation				
Balance at the beginning of the year	77	49 006	37 093	86 176
Additions	100	10 476	16 725	27 301
Disposals	-	(393)	(438)	(831)
Depreciation	(78)	(15 434)	(22 803)	(38 315)
Exchange differences	-	33	15	48
Acquisition of subsidiaries (refer to note 33.3)	40	171	100	311
Balance at the end of the year	139	43 859	30 692	74 690

Depreciation expense of R41.0 million (2023: R38.3 million) has been charged as part of depreciation and amortisation as disclosed in note 25.2.

3. Right-of-use assets

	Buildings R000
As at 29 February 2024	
Cost	365 548
Accumulated depreciation and impairment	(220 840)
Balance at the end of the year	144 708
Reconciliation	
Balance at the beginning of the year	170 408
Additions	33 921
Modifications	9 790
Terminations	(2 734)
Depreciation	(66 737)
Exchange differences	60
Balance at the end of the year	144 708
As at 28 February 2023	
Cost	346 989
Accumulated depreciation and impairment	(176 581)
Balance at the end of the year	170 408
Reconciliation	
Balance at the beginning of the year	191 698
Additions	30 013
Modifications	14 803
Terminations	(1 252)
Depreciation	(65 168)
Exchange differences	314
Balance at the end of the year	170 408

Depreciation expense of R66.7 million (2023: R65.2 million) has been charged as part of depreciation and amortisation as disclosed in note 25.2.

Notes to the group financial statements

for the year ended 29 February 2024

4. Lease liabilities

	2024 R000	2023 R000
Balance at the beginning of the year	235 777	260 945
Additions	33 921	30 013
Lease payments ¹	(96 870)	(92 721)
Modifications	9 790	14 803
Terminations	(3 048)	(1 367)
Finance cost	21 759	23 924
Exchange differences	93	180
Balance at the end of the year	201 422	235 777
Current portion	74 444	70 132
Non-current portion	126 978	165 645
	201 422	235 777
Maturity analysis – contractual undiscounted cash flows		
Less than 1 year	90 691	89 366
Between 1 and 5 years	135 221	178 641
Over 5 years	10 052	13 057
Total	235 964	281 064
Exposure to potential undiscounted cash flows which are not included in the lease liability:		
Extension options	107 765	102 352

¹ The lease payments include interest of R21.8 million (2023: R23.9 million), which has been presented on the statement of cash flows within operating activities (as finance costs). The capital repayments of R75.1 million (2023: R68.8 million) have been disclosed within financing activities.

5. Investment in joint ventures

	2024 R000	2023 R000
Unlisted ordinary share investments	504	976
Reconciliation		
Balance at the beginning of the year	976	1 121
Share of losses after taxation	(472)	(145)
Balance at the end of the year	504	976
Carrying value		
Shares at cost	8 524	8 524
Share of profits and reserves since acquisition	9 293	9 765
Dividends received	(17 313)	(17 313)
Balance at the end of the year	504	976
Loan granted to joint venture ¹	8 971	7 935
Jan Jonker Property Investment Trust		
Unsecured loan bearing interest at Namibian prime rate plus 2% with no repayment terms	8 971	7 935

¹ The loan granted to the joint venture is recoverable on demand and is included under note 11 (Receivables).

PSG obtained the investment in Jan Jonker Property Investment Trust through the acquisition of the subsidiary, Western Group Holdings Limited, on 1 November 2012.

6. Deferred income tax

	2024 R000	Restated 2023 R000
Analysis of the net deferred income tax balance¹:		
Deferred income tax assets	144 923	121 773
Deferred income tax liabilities	(132 413)	(113 130)
Net deferred income tax assets	12 510	8 643
Deferred income tax assets		
To be recovered within 12 months	146 381	138 658
To be recovered after 12 months ²	(1 458)	(16 885)
	144 923	121 773
Deferred income tax liabilities		
To be recovered within 12 months ³	429	(2 163)
To be recovered after 12 months	(132 842)	(110 967)
	(132 413)	(113 130)

¹ Calculated on a net basis per subsidiary company, assuming that a company either has a deferred income tax asset or liability.

² One subsidiary company in the group reported a net deferred income tax asset at 29 February 2024 and 28 February 2023, with a credit balance for the deferred income tax asset's non-current portion. This represents a non-current deferred income tax liability that exceeds the non-current deferred income tax asset and a current deferred income tax asset that exceeds the current deferred income tax liability.

³ Two subsidiary companies in the group reported a net deferred income tax liability at 29 February 2024, with a debit balance for the deferred income tax liability's current portion. This represents a current deferred income tax asset that exceeds the current deferred income tax liability and a non-current deferred income tax liability that exceeds the non-current deferred income tax asset.

The gross movement of the deferred income tax is as follows:

Balance at the beginning of the year	8 643	44 580
Other movements	(80)	(12)
Acquisition of subsidiaries (refer to note 33.3)	-	(651)
Tax credit/(charge) to equity	14 381	(13 038)
Charge to profit or loss	(10 434)	(22 236)
Balance at the end of the year	12 510	8 643

Creation of deferred tax assets and recognition of deferred tax liabilities

The deferred income tax assets and liabilities were calculated in full on all temporary differences under the liability method using an effective tax rate of 27% (2023: 28%) in South Africa and the official tax rates in the foreign subsidiaries, where applicable.

The recoverability of the deferred income tax assets was assessed, as set out in the accounting policies in Annexure A. Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is possible.

The deferred income tax asset of R3.8 million (2023: R4.6 million) raised due to tax losses relates to subsidiaries that have suffered a loss in the previous few financial years. Based on approved budgets prepared by management of these subsidiaries, the group considers it probable that the deferred income tax asset will be used against future taxable profits. The group has unused accumulated losses of R5.6 million (2023: R4.7 million) for which no deferred income tax asset has been raised.

Notes to the group financial statements

for the year ended 29 February 2024

6. Deferred income tax (continued)

The gross movement in the deferred income tax assets and liabilities during the year per category is as follows¹:

	Deferred revenue R000	Provisions for other liabilities and charges R000	Lease liabilities R000	Tax losses carried forward R000	Accruals not currently deductible and other differences R000	Total R000
Deferred income tax assets						
Carrying value at 1 March 2022	5 187	94 253	73 212	6 206	87 731	266 589
(Charge)/credit to profit or loss	(103)	3 303	(7 002)	(1 612)	1 164	(4 250)
Charge to equity	-	(13 038)	-	-	-	(13 038)
Acquisition of subsidiaries (refer to note 33.3)	-	172	-	-	-	172
Other movements ²	-	-	-	(11)	-	(11)
Carrying value at 28 February 2023	5 084	84 690	66 210	4 583	88 895	249 462
(Charge)/credit to profit or loss	(280)	4 207	(11 665)	(722)	1 250	(7 210)
Credit to equity	-	14 381	-	-	-	14 381
Other movements ²	-	-	-	(64)	(15)	(79)
Carrying value at 29 February 2024	4 804	103 278	54 545	3 797	90 130	256 554

	Deferred acquisition cost R000	Prepaid expenses R000	Unrealised appreciation of investments R000	Right-of-use assets R000	Other intangible assets R000	Foreign exchange and other R000	Total R000
Deferred income tax liabilities							
Carrying value at 1 March 2022	(5 152)	(4 217)	(97 794)	(53 795)	(58 723)	(2 328)	(222 009)
Credit/(charge) to profit or loss	95	(1 704)	(28 983)	5 890	6 544	172	(17 986)
Acquisition of subsidiaries (refer to note 33.3)	-	-	-	-	(823)	-	(823)
Other movements ²	-	-	(1)	-	-	-	(1)
Carrying value at 28 February 2023	(5 057)	(5 921)	(126 778)	(47 905)	(53 002)	(2 156)	(240 819)
Credit/(charge) to profit or loss	282	(555)	(19 736)	8 685	7 884	216	(3 224)
Other movements ²	-	-	(1)	-	-	-	(1)
Carrying value at 29 February 2024	(4 775)	(6 476)	(146 515)	(39 220)	(45 118)	(1 940)	(244 044)

¹ The movement schedule shows the deferred tax on a gross basis, i.e. breaks the respective entities' net deferred income tax asset/liability into the various categories.

² The other movements mainly relate to the deferred tax impact of the exchange differences on the conversion of the group's foreign subsidiaries.

7. Loans and advances

	2024 R000	2023 R000
Secured		
Loans to short-term insurance clients (i)	-	97
Loans to financial advisers (ii)	194 849	142 618
	194 849	142 715
Unsecured		
Loans to financial advisers (ii)	51 049	49 808
Loans with non-controlling interest (iii)	468	468
Other (iii)	980	965
	52 497	51 241
Total loans and advances	247 346	193 956
Current portion	102 099	89 422
Non-current portion	145 247	104 534
	247 346	193 956

(i) Loans to short-term insurance clients

- These loans are mainly through Hi-Five Corporate Finance Proprietary Limited, a subsidiary of Western Group Holdings Limited
- The loans accrued interest at rates ranging between 6.35% and 8.10% for 2023 and were settled during 2024.

(ii) Loans to financial advisers

The balance of the secured loans to financial advisers is made up as follows:

- R193.2 million (2023: R141.0 million) is repayable by monthly instalments and the effective interest rates applied range between 12.59% and 13.59% (2023: 10.13% and 11.13%)
- R1.6 million (2023: R1.6 million) is interest-free and repayable on demand

The unsecured loans to financial advisers balance consists of:

- R7.7 million (2023: R8.0 million) is repayable by monthly instalments and the effective interest rates applied range between 12.59% and 13.59% (2023: 10.13% and 11.13%)
- R46.5 million (2023: R44.4 million) is interest-free and repayable on demand
- An expected credit loss of R3.1 million (2023: R2.6 million)

(iii) Other loans and advances

The remaining loans and advances consist of balances which are interest-free and repayable on demand.

Analysis of loans to financial advisers

The loans to financial advisers have been categorised as follows:

Category	Description
Stage 1	These are loans which are up-to-date with no indication of a significant increase in credit risk.
Stage 2	These are loans which have had a significant increase in credit risk, but are not credit impaired, due to the following: <ul style="list-style-type: none"> • the adviser's books of business are not performing as expected; or • the adviser has missed repayments, other than due to the group's administrative reasons, and this has not been rectified within a month.
Stage 3	These are loans which have assessed to be credit impaired as result of: <ul style="list-style-type: none"> • the adviser no longer being employed by the group; • legal is trying to recover the loan; or • the loan is more than three months in arrears.
Write-off	Loans are written off when there is no reasonable expectation of further recovery.

Notes to the group financial statements

for the year ended 29 February 2024

7. Loans and advances (continued)

Reconciliation of loans to financial advisers (excluding expected credit loss allowance)

	Stage 1 R000	Stage 2 R000	Stage 3 R000	Total R000
Carrying value at 1 March 2022	151 974	1 376	539	153 889
New loans granted/advances on existing loans	120 761	1 219	-	121 980
Loan repayments/derecognised (excluding write-offs)	(92 898)	(1 138)	(53)	(94 089)
Interest accrued for the year	13 440	161	-	13 601
Transfers between stages	(1 625)	849	776	-
Write-offs	-	-	(340)	(340)
Carrying value at 28 February 2023	191 652	2 467	922	195 041
New loans granted/advances on existing loans	143 723	1 366	96	145 185
Loan repayments/derecognised (excluding write-offs)	(113 690)	(2 596)	(772)	(117 058)
Interest accrued for the year	25 928	326	-	26 254
Transfers between stages	(5 176)	4 148	1 028	-
Write-offs	-	-	(416)	(416)
Carrying value at 29 February 2024	242 437	5 711	858	249 006

Under IFRS 9, loss allowances for loans to financial advisers are measured under the general expected credit loss model.

Reconciliation of expected credit loss allowance on loans to financial advisers

	Stage 1 R000	Stage 2 R000	Stage 3 R000	Total R000
Carrying value at 1 March 2022	(1 025)	(681)	(539)	(2 245)
(Charge)/credit to profit or loss				
In respect of financial assets originated during the year	(47)	(157)	-	(204)
In respect of financial assets originated during prior years	938	(801)	(643)	(506)
Transfers between stages	(656)	736	(80)	-
Write-offs	-	-	340	340
Carrying value at 28 February 2023	(790)	(903)	(922)	(2 615)
(Charge)/credit to profit or loss				
In respect of financial assets originated during the year	(1 224)	-	(156)	(1 380)
In respect of financial assets originated during prior years	(688)	482	677	471
Transfers between stages	2 375	(1 502)	(873)	-
Write-offs	-	-	416	416
Carrying value at 29 February 2024	(327)	(1 923)	(858)	(3 108)

8. Financial instruments

Instrument per category	2024 Fair value through profit or loss R000	2023 Fair value through profit or loss R000
Debt securities	3 932 406	3 414 634
Unit-linked investments	100 071 773	75 198 943
Equity securities	3 952 005	3 488 019
Investment in investment contracts	9 443	9 685
	107 965 627	82 111 281

8.1 Debt securities

Reconciliation	2024 R000	2023 R000
Balance at the beginning of the year	3 414 634	3 920 219
Additions	5 774 031	7 800 148
Disposals	(2 578 020)	(6 201 098)
Maturities	(3 001 160)	(2 341 006)
Unrealised fair value net gains	11 577	8 657
Realised gains	118	79
Interest and dividends	311 226	227 635
Balance at the end of the year	3 932 406	3 414 634

	2024 R000	2023 R000
Direct investments		
Consolidated collective investment schemes	3 922 502	3 402 325
Own balances	9 904	12 309
	3 932 406	3 414 634
Current portion	2 763 042	2 246 416
Non-current portion	1 169 364	1 168 218
	3 932 406	3 414 634

Notes to the group financial statements

for the year ended 29 February 2024

8. Financial instruments (continued)

8.2 Unit-linked investments

	2024 R000	2023 R000
Reconciliation		
Balance at the beginning of the year	75 198 943	65 663 812
Additions	13 787 723	10 919 428
Acquisition of subsidiaries (refer to note 33.3)	16 467 466	1 485
Disposals	(10 712 869)	(7 509 427)
Exchange differences	541	83
Unrealised fair value net gains	1 585 896	3 465 937
Realised gains	1 359 537	510 566
Reclassification to assets held for sale (refer to note 12)	(124 252)	-
Interest and dividends	2 508 788	2 147 059
Balance at the end of the year	100 071 773	75 198 943

	2024 R000	2023 R000
Direct investments		
Consolidated collective investment schemes	55 858 921	36 108 789
Own balances	2 668 035	2 406 655
Investments linked to investment contracts	41 544 817	36 683 499
	100 071 773	75 198 943
Current portion	3 720 697	3 646 490
Non-current portion	96 351 076	71 552 453
	100 071 773	75 198 943

8.3 Equity securities

	2024 R000	2023 R000
Reconciliation		
Balance at the beginning of the year	3 488 019	3 080 436
Additions	321 356	445 505
Disposals	(292 038)	(190 419)
Unrealised fair value net gains	360 601	67 318
Exchange differences	620	1 539
Realised gains/(losses)	766	(7 763)
Dividends and interest	72 681	91 403
Balance at the end of the year	3 952 005	3 488 019

	2024 R000	2023 R000
Direct investments		
Own balances	37 416	38 750
Investments linked to investment contracts	3 914 589	3 449 269
	3 952 005	3 488 019
Current portion	378 528	378 676
Non-current portion	3 573 477	3 109 343
	3 952 005	3 488 019

8. Financial instruments (continued)

8.4 Investment in investment contracts

	2024 R000	2023 R000
Reconciliation		
Balance at the beginning of the year	9 685	10 064
Investment contract premiums received	266	417
Investment contracts benefits paid	-	(1 490)
Fair value adjustment and reinvestments to investment contracts	(508)	694
Balance at the end of the year	9 443	9 685

	2024 R000	2023 R000
Investments linked to investment contracts	9 443	9 685
Current portion	-	-
Non-current portion	9 443	9 685
	9 443	9 685

9. Insurance and reinsurance contracts

9.1 Insurance and reinsurance contracts analysis

	2024			2023		
	Assets R000	Liabilities R000	Net R000	Assets R000	Liabilities R000	Net R000
Insurance contracts issued						
Non-life insurance						
- premium allocation approach	-	349 377	349 377	-	451 008	451 008
Life insurance						
- general measurement model	-	10 901	10 901	-	12 355	12 355
Insurance contract liabilities	-	360 278	360 278	-	463 363	463 363
Current portion	-	349 377	349 377	-	451 008	451 008
Non-current portion	-	10 901	10 901	-	12 355	12 355
Reinsurance contracts held						
Non-life insurance						
- premium allocation approach	(111 232)	3 242	(107 990)	(121 339)	12 230	(109 109)
Reinsurance contract (assets)/liabilities	(111 232)	3 242	(107 990)	(121 339)	12 230	(109 109)
Current portion	(111 232)	3 242	(107 990)	(121 339)	12 230	(109 109)
Non-current portion	-	-	-	-	-	-

Refer to page 226 for the significant assumptions used in the life insurance contract liabilities.

Notes to the group financial statements

for the year ended 29 February 2024

9. Insurance and reinsurance contracts (continued)

9.2 Insurance contracts reconciliation – premium allocation approach

	2024			
	Liability for remaining coverage	Liability for incurred claims		
	Present value of future cash flows R000	Present value of future cash flows R000	Risk adjustment for non-financial risk R000	Total R000
Insurance contract liabilities at the beginning of the year	(227)	431 148	20 087	451 008
Insurance revenue	(2 263 643)	-	-	(2 263 643)
Insurance service expenses	452 553	1 413 448	954	1 866 955
Incurred claims and other directly attributable insurance service expenses	-	1 295 755	-	1 295 755
Amortisation of insurance acquisition costs	452 553	-	-	452 553
Changes that relate to past service	-	117 693	954	118 647
Insurance service result	(1 811 090)	1 413 448	954	(396 688)
Finance expense on insurance contracts issued	-	25 385	-	25 385
Net movements recognised in the statement of comprehensive income	(1 811 090)	1 438 833	954	(371 303)
Net insurance contract cash flows	1 840 761	(1 437 172)	-	403 589
Premiums received	2 283 887	-	-	2 283 887
Claims and other directly attributable expenses paid	-	(1 437 172)	-	(1 437 172)
Insurance acquisition costs paid	(443 126)	-	-	(443 126)
Investment component	(38 472)	38 472	-	-
Transferred to held for sale	(8 318)	(124 463)	(1 136)	(133 917)
Insurance contract liabilities at the end of the year	(17 346)	346 818	19 905	349 377

9. Insurance and reinsurance contracts (continued)

9.2 Insurance contracts reconciliation – premium allocation approach (continued)

	2023			
	Liability for remaining coverage	Liability for incurred claims		
	Present value of future cash flows R000	Present value of future cash flows R000	Risk adjustment for non-financial risk R000	Total R000
Insurance contract liabilities at the beginning of the year	(15 102)	428 015	18 020	430 933
Insurance revenue	(1 874 262)	-	-	(1 874 262)
Insurance service expenses	378 251	1 111 039	2 067	1 491 357
Incurred claims and other directly attributable insurance service expenses	-	1 011 142	-	1 011 142
Amortisation of insurance acquisition costs	378 251	-	-	378 251
Changes that relate to past service	-	99 897	2 067	101 964
Insurance service result	(1 496 011)	1 111 039	2 067	(382 905)
Finance expense on insurance contracts issued	-	13 036	-	13 036
Net movements recognised in the statement of comprehensive income	(1 496 011)	1 124 075	2 067	(369 869)
Net insurance contract cash flows	1 545 496	(1 155 552)	-	389 944
Premiums received	1 911 685	-	-	1 911 685
Claims and other directly attributable expenses paid	-	(1 155 552)	-	(1 155 552)
Insurance acquisition costs paid	(366 189)	-	-	(366 189)
Investment component	(34 610)	34 610	-	-
Insurance contract liabilities at the end of the year	(227)	431 148	20 087	451 008

Notes to the group financial statements

for the year ended 29 February 2024

9. Insurance and reinsurance contracts (continued)

9.3 Reinsurance contracts reconciliation – premium allocation approach

	2024			
	Assets for remaining coverage	Assets for incurred claims		Total R000
	Present value of future cash flows R000	Present value of future cash flows R000	Risk adjustment for non-financial risk R000	
Reinsurance contract assets at the beginning of the year	92 030	(206 386)	(6 983)	(121 339)
Reinsurance contract liabilities at the beginning of the year	13 047	(817)	-	12 230
Net reinsurance contract assets at the beginning of the year	105 077	(207 203)	(6 983)	(109 109)
Reinsurance expenses and other directly attributable expenses	594 165	7 814	-	601 979
Reinsurance income	-	(456 798)	(447)	(457 245)
Claims recovered and other reinsurance service income received	-	(463 324)	-	(463 324)
Adjustments to incurred claims that relate to past service	-	6 526	(447)	6 079
Insurance service result	594 165	(448 984)	(447)	144 734
Finance income from reinsurance contracts issued	-	(17 110)	-	(17 110)
Net movements recognised in the statement of comprehensive income	594 165	(466 094)	(447)	127 624
Net reinsurance contract cash flows	(590 036)	454 374	-	(135 662)
Premiums (net of ceding commissions) and other directly attributable expenses paid	(590 036)	(7 814)	-	(597 850)
Claims recovered and other reinsurance service income received	-	462 188	-	462 188
Investment component	33 914	(33 914)	-	-
Transferred to held for sale	3 467	5 513	177	9 157
Reinsurance contract assets at the end of the year	137 744	(241 723)	(7 253)	(111 232)
Reinsurance contract liabilities at the end of the year	8 843	(5 601)	-	3 242
Net reinsurance contract assets at the end of the year	146 587	(247 324)	(7 253)	(107 990)

9. Insurance and reinsurance contracts (continued)

9.3 Reinsurance contracts reconciliation – premium allocation approach (continued)

	2023			
	Assets for remaining coverage	Assets for incurred claims		Total R000
	Present value of future cash flows R000	Present value of future cash flows R000	Risk adjustment for non-financial risk R000	
Reinsurance contract assets at the beginning of the year	75 369	(199 729)	(6 112)	(130 472)
Reinsurance contract liabilities at the beginning of the year	6 634	(264)	-	6 370
Net reinsurance contract assets at the beginning of the year	82 003	(199 993)	(6 112)	(124 102)
Reinsurance expenses	469 163	6 327	-	475 490
Reinsurance income	-	(339 631)	(871)	(340 502)
Claims recovered and other reinsurance service income received	-	(364 601)	-	(364 601)
Adjustments to incurred claims that relate to past service	-	24 970	(871)	24 099
Insurance service result	469 163	(333 304)	(871)	134 988
Finance income from reinsurance contracts issued	-	(9 147)	-	(9 147)
Net movements recognised in the statement of comprehensive income	469 163	(342 451)	(871)	125 841
Net reinsurance contract cash flows	(470 455)	359 607	-	(110 848)
Premiums (net of ceding commissions) and other directly attributable expenses paid	(470 455)	(6 327)	-	(476 782)
Claims recovered and other reinsurance service income received	-	365 934	-	365 934
Investment component	24 366	(24 366)	-	-
Reinsurance contract assets at the end of the year	92 030	(206 386)	(6 983)	(121 339)
Reinsurance contract liabilities at the end of the year	13 047	(817)	-	12 230
Net reinsurance contract assets at the end of the year	105 077	(207 203)	(6 983)	(109 109)

Claims development tables

Due to the nature of the short-term insurance contracts, the uncertainty about the amount and timing of claims payments is typically resolved within one year. The corresponding reinsurance contracts are therefore estimated to realise within the next 12 months.

Notes to the group financial statements

for the year ended 29 February 2024

10. Derivative financial instruments

	2024 R000	2023 R000
Derivative financial assets	9 526	9 637
Derivative financial liabilities	(12 005)	(14 623)
Net derivative financial instruments	(2 479)	(4 986)
Derivative financial assets		
Current portion	9 526	9 637
Non-current portion	-	-
	9 526	9 637
Derivative financial liabilities		
Current portion	(12 005)	(14 623)
Non-current portion	-	-
	(12 005)	(14 623)
Analysis of net derivative balance		
Equity traded derivatives		
Contracts for difference	(2 479)	(4 986)
Reconciliation of net derivative balance		
Balance at the beginning of the year	(4 986)	(8 855)
Additions	2 507	3 869
Disposals	-	-
Balance at the end of the year	(2 479)	(4 986)

The notional principal amounts of the outstanding contracts for difference assets and liabilities at 29 February 2024 were R73.9 million (2023: R152.3 million) and R68.9 million (2023: R157.5 million) respectively.

11. Receivables

	2024 R000	Restated 2023 R000
Trade receivables	212 653	161 711
Receivables due from related parties (refer to note 32) (i)	101 627	120 932
Prepayments	42 760	34 453
Brokers and clearing houses and client accounts (ii)	1 877 677	1 707 522
Rental and other deposits	5 595	5 098
VAT receivable	114	811
Contracts for difference (iii)	16 872	25 084
Sundry debtors	34	55
Total receivables ¹	2 257 332	2 055 666
Current portion	2 248 361	2 047 731
Non-current portion	8 971	7 935
	2 257 332	2 055 666

¹ Includes non-financial assets of R42.9 million (2023: R35.3 million).

11. Receivables (continued)

All non-current receivables are due within five years from the end of the reporting period.

(i) Receivables due from related parties

- Includes balances of R9.0 million (2023: R7.9 million) that accrue interest. The effective interest rate applied to these balances is 13.29% (2023: 11.11%) and there are no fixed repayment terms.
- The remaining balances are interest-free and repayable on demand.

(ii) Brokers and clearing houses and client accounts

- This represents amounts owing by the JSE for trades conducted during the last few days before the end of the financial year. These balances fluctuate on a daily basis depending on the activity in the market.
- Included in client accounts are balances of R122.7 million (2023: R148.0 million) which accrue interest at prime.
- The remaining balance is interest-free.

(iii) Contracts for difference

- Contracts for difference consist of collateral assets and margin accounts held by the underlying banking institutions on behalf of clients and are valued at the carrying value after processing the daily market and interest adjustments.
- The balance on 29 February 2024 and 28 February 2023 only represents the margin receivable at year-end from the financial institutions and accrues interest at SAFEX plus 2%.

The group applies the simplified approach to providing for expected credit losses on the financial receivables, as prescribed by IFRS 9, which requires the use of lifetime expected loss allowances for all receivables at amortised cost. In assessing the impairment that should be raised, credit enhancements such as security held were taken into account (refer to page 211 for further detail). An insignificant portion of the receivables were not classified as stage 1. Based on this assessment, the expected credit loss allowance was immaterial.

The group has not recognised any contract assets as only the passage of time is required before payment of the consideration is due. Contract liabilities of R17.8 million (2023: R18.2 million) have been included under note 19 (Trade and other payables).

12. Assets and liabilities held for sale

For the year ended 29 February 2024

The assets and liabilities classified as held for sale relate to the Western National Insurance Namibia business, which have been presented as held for sale following the approval by the group's management to sell this business.

	Western National Insurance Namibia R000
Assets classified as held for sale	
Unit-linked investments	124 252
Reinsurance contract assets	9 157
Cash and cash equivalents (including money market funds)	508
	133 917
Liabilities classified as held for sale	
Insurance contract liabilities	(133 917)
	(133 917)

The group expects to complete the sale of this investments within 12 months of the year-end.

Notes to the group financial statements

for the year ended 29 February 2024

13. Cash and cash equivalents (including money market funds)

	2024 R000	2023 R000
Cash at bank and in hand	876 168	945 809
Short-term deposits	861 832	1 055 134
	1 738 000	2 000 943

The effective interest rate on cash and cash equivalents was 7.51% (2023: 5.18%). The short-term deposits have an average maturity of 30 days or less.

Impairments on cash and cash equivalents are measured on a 12-month expected credit loss basis and reflect the short-term maturities of the exposures. The group considers that its cash and cash equivalents have good credit quality based on the external credit ratings of the counterparties. No impairment is considered necessary.

Cash and cash equivalents included above relating to investment contract liabilities amounted to R37.4 million (2023: R34.6 million). Refer to note 17.

14. Stated capital

Authorised

3 billion shares with no par value
(2023: 3 billion shares with no par value)

There were no changes to the authorised stated capital during the current reporting period (2023: no changes).

Issued shares	Number of shares (thousands)	Stated capital R000
As at 1 March 2022	1 331 372	1 829 274
Repurchase and cancellation of ordinary shares	(35 683)	(415 854)
As at 28 February 2023	1 295 689	1 413 420
Repurchase and cancellation of ordinary shares	(15 798)	(207 246)
As at 29 February 2024	1 279 891	1 206 174

During the 2024 financial year, the company repurchased and cancelled 15.8 million ordinary shares at a cost of R207.2 million at a weighted average cost price of R13.12 per share. The cost was deducted from stated capital. The buy back and cancellation were approved by shareholders at the 2023 AGM.

During the 2023 financial year, the company repurchased and cancelled 35.7 million ordinary shares at a cost of R415.9 million at a weighted average cost price of R11.65 per share. The cost was deducted from stated capital. The buy back and cancellation were approved by shareholders at the 2022 AGM.

All shares issued by the company were fully paid. The unissued shares in the company are placed under the control of the directors until the next AGM. The directors are authorised to buy back shares under general approval, subject to certain limitations and the JSE Listings Requirements.

14. Stated capital (continued)

Treasury shares

Analysis of treasury shares	Number of shares (thousands)	Treasury shares R000
As at 1 March 2022	14 942	140 065
Treasury shares sold or cancelled	(1 828)	(20 692)
Release of profits on disposal from treasury shares to retained earnings	-	11 386
As at 28 February 2023	13 114	130 759
Treasury shares sold or cancelled	(1 163)	(13 559)
Release of profits on disposal from treasury shares to retained earnings	-	3 181
As at 29 February 2024	11 951	120 381

Summary of the cash flow impact of the treasury shares sold	2024 R000	2023 R000
Treasury shares sold	13 559	20 692
Loss on issue of shares in terms of share scheme	(89 054)	(89 454)
Net cash outflow	(75 495)	(68 762)

Share incentive scheme

During the current and prior financial years, the group operated an equity-settled share incentive scheme in terms of the PSG Konsult Group Share Incentive Scheme (number of grants under current scheme – 2024: ten; 2023: ten). In terms of the scheme, share options are granted to executive directors, and senior and middle management.

In terms of the share incentive scheme, share options are allocated to participants at grant date at market price. The settlement of the purchase consideration payable by the employee in terms of the share options granted occurs on delivery. The only vesting requirement is that the employee must remain in the employment of the group at the relevant tranche vesting date in order to exercise options.

The assumptions made regarding share options issued are set out in this note.

The total equity-settled share-based payment costs recognised in the income statement for the scheme were R60.9 million (2023: 51.7 million). The share-based payment costs expensed during the year were credited to other reserves (as part of equity – refer to note 15).

The weighted average strike price of share options exercised in terms of the equity-settled share scheme during the year under review was R8.78 per share (2023: R8.36 per share).

The total fair value of the 310.4 million share options granted is R515.9 million (2023: 289.7 million share options granted with fair value of R446.2 million) and was determined using the Black-Scholes valuation model for share options issued prior to 1 March 2019, and using a Modified Binomial Tree model for share options issued subsequent to this date. The fair value of the options granted during 2024 is R69.8 million (2023: R77.8 million).

Vesting of shares occurs as follows:	%
2 years after grant date	25
3 years after grant date	25
4 years after grant date	25
5 years after grant date	25
	100

Notes to the group financial statements

for the year ended 29 February 2024

14. Stated capital (continued)

Share incentive scheme (continued)

Granting of share options occurred as follows:	Number of share options	Strike price R	Volatility used ¹ %	Dividend yield %	Risk-free rate %	Fair value of share price R
1 March 2011	27 761 084	1.54	4.74	5.65	7.89	1.75
1 July 2012	11 753 248	1.83	2.93	5.85	7.38	1.85
1 March 2013	46 250 000	2.83	30.00	6.00	6.20	2.40
1 June 2013	1 000 000	2.80	24.00	4.20	7.26	2.55
1 August 2013	300 000	3.40	24.00	3.46	7.26	3.50
1 March 2014	25 000 000	5.06	29.25	2.23	8.07	4.30
1 April 2014	240 000	0.00	29.25	2.23	8.07	4.30
1 April 2015	14 755 778	7.27	24.74	1.99	7.06	7.25
1 April 2016	27 700 778	6.81	34.72	2.24	8.42	6.84
1 August 2016	150 000	6.83	34.14	2.26	7.79	6.77
1 April 2017 ²	22 739 006	7.59	26.76	2.35	7.62	7.55
1 April 2018 ³	20 475 000	8.74	22.06	2.45	7.81	8.90
1 April 2019 ⁴	18 000 000	10.15	28.17	2.51 – 2.59	7.03 – 7.38	9.95
1 June 2019 ⁵	300 000	10.27	27.99	2.46 – 2.51	6.92 – 7.29	9.60
1 November 2019 ⁶	250 000	8.20	28.21	2.08 – 2.34	6.76 – 7.24	9.12
1 February 2020 ⁷	1 500 000	9.26	28.28	2.75 – 2.87	6.29 – 6.72	9.00
1 April 2020 ⁸	20 000 000	7.13	32.34	3.44 – 3.63	5.56 – 7.27	6.80
1 April 2021 ⁹	30 000 000	9.08	33.33	3.41 – 3.92	4.72 – 6.34	9.25
16 August 2021 ¹⁰	300 000	10.97	32.82	2.74 – 3.22	4.85 – 6.04	10.95
1 April 2022 ¹¹	20 200 000	12.71	34.20	3.08 – 3.63	6.18 – 7.15	13.00
1 July 2022	1 000 000	12.04	34.51	2.77 – 3.40	7.39 – 8.22	13.19
1 April 2023 ¹²	20 765 000	12.17	35.75	3.76 – 4.29	7.78 – 8.22	15.19
	310 439 894					

¹ Volatility set at historic trend levels of PSG Financial Services shares.

² During the 2023 financial year, 4.28 million shares vested with a weighted average strike price of R7.59 per share.

³ During the 2024 financial year, 4.26 million shares vested with a weighted average strike price of R8.74 per share (2023: 4.35 million shares vested with a weighted average strike price of R8.74 per share and 0.09 million shares were cancelled).

⁴ During the 2024 financial year, 3.96 million shares vested with a weighted average strike price of R10.15 per share and 0.01 million shares were cancelled (2023: 4.06 million shares vested with a weighted average strike price of R10.15 per share and 0.45 million shares were cancelled).

⁵ During the 2024 financial year, 0.03 million shares vested with a weighted average strike price of R10.27 per share (2023: 0.03 million shares vested with a weighted average strike price of R10.27 per share).

⁶ During the 2024 financial year, 0.06 million shares vested with a weighted average strike price of R8.20 (2023: 0.06 million shares vested with a weighted average strike price of R8.20).

⁷ During the 2024 financial year, 0.38 million shares vested with a weighted average strike price of R9.26 per share. As at 29 February 2024, these shares have not been exercised. The shares will be exercised in line with the time period permitted by the PSG Konsult Group Share Incentive Trust. During the 2023 financial year, 0.38 million shares vested with a weighted average strike price of R9.26 per share.

⁸ During the 2024 financial year, 4.75 million shares vested with a weighted average strike price of R7.13 and 0.10 million shares were cancelled (2023: 4.86 million shares vested with a weighted average strike price of R7.13 and 0.94 million shares were cancelled).

⁹ During the 2024 financial year, 7.26 million shares vested with a weighted average strike price of R9.08 and 0.26 million shares were cancelled (2023: 2.13 million shares were cancelled).

¹⁰ During the 2024 financial year, 0.08 million shares vested with a weighted average strike price of R10.97.

¹¹ During the 2024 financial year, 0.38 million shares were cancelled (2023: 0.59 million shares were cancelled).

¹² During the 2024 financial year, 0.37 million shares were cancelled.

14. Stated capital (continued)

Share incentive scheme (continued)

Analysis of outstanding share options by financial year of maturity	2024		2023	
	Weighted average strike price R	Number	Weighted average strike price R	Number
29 February 2024	–	–	8.78	20 761 250
28 February 2025	9.76	20 341 250	9.76	20 585 000
28 February 2026	10.28	21 283 750	9.69	16 416 250
28 February 2027	11.10	16 883 750	10.64	11 966 250
29 February 2028	12.42	10 158 750	12.68	5 153 750
28 February 2029	12.17	5 098 750	–	–
		73 766 250		74 882 500

Analysis of share options

	2024 Number	2023 Number
Number of share options allocated at the beginning of the year	74 882 500	75 887 280
Number of share options cancelled during the year	(1 120 000)	(4 194 700)
Number of share options vested during the year	(20 761 250)	(18 010 080)
Number of share options allocated during the year	20 765 000	21 200 000
Number of share options allocated at the end of the year	73 766 250	74 882 500

Analysis of outstanding scheme shares per award

	2024 Number	2023 Number
1 April 2018	–	4 255 000
1 April 2019	3 693 750	7 662 500
1 June 2019	25 000	50 000
1 November 2019	62 500	125 000
1 February 2020	375 000	750 000
1 April 2020	8 800 000	13 650 000
1 April 2021	19 950 000	27 475 000
16 August 2021	225 000	300 000
1 April 2022	19 240 000	19 615 000
1 July 2022	1 000 000	1 000 000
1 April 2023	20 395 000	–
	73 766 250	74 882 500

The weighted average PSG Financial Services share price for the year was R13.55 (2023: R11.46).

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15. Other reserves

	Foreign currency translation R000	Share-based payment R000	Common control R000	Total R000
Carrying value at 1 March 2022	21 155	76 756	(459 337)	(361 426)
Share-based payment costs	-	51 746	-	51 746
Currency translation adjustments	38 385	-	-	38 385
Deferred tax on equity-settled share-based payments	-	(13 038)	-	(13 038)
Current tax on equity-settled share-based payments	-	13 365	-	13 365
Loss on issue of shares in terms of share scheme	-	(89 454)	-	(89 454)
Release of share-based payment reserve to retained earnings	-	30 586	-	30 586
Currency translation recycling in respect of foreign subsidiary sold	(492)	-	-	(492)
Carrying value at 28 February 2023	59 048	69 961	(459 337)	(330 328)
Share-based payment costs	-	60 938	-	60 938
Currency translation adjustments	7 322	-	-	7 322
Deferred tax on equity-settled share-based payments	-	14 381	-	14 381
Current tax on equity-settled share-based payments	-	11 826	-	11 826
Loss on issue of shares in terms of share scheme	-	(89 054)	-	(89 054)
Release of share-based payment reserve to retained earnings	-	21 508	-	21 508
Carrying value at 29 February 2024	66 370	89 560	(459 337)	(303 407)

The common control reserve originated from various business combinations concluded with companies within the PSG Group. IFRS 3 – Business Combinations did not apply to these business combinations, as it was effected between parties that are ultimately controlled by the PSG Group, otherwise known as a common control transaction. The group elected to apply 'predecessor accounting'. Refer to note 3.3 of the detailed accounting policies for further explanation of the common control accounting policy.

The material transactions concluded in prior financial years were the acquisition of PSG Securities Limited on 1 November 2006 and the acquisition of PSG Asset Management Holdings Proprietary Limited on 1 March 2011. These companies were all bought from subsidiaries within the PSG Group, with the ultimate holding company being PSG Group Limited.

16. Non-controlling interest

	2024 R000	Restated 2023 R000
Balance at the beginning of the year	493 348	424 132
Profit for the year	83 570	77 274
Dividends paid	(8 308)	(8 058)
Balance at the end of the year	568 610	493 348

17. Investment contracts

	2024 R000	2023 R000
Balance at the beginning of the year	40 177 057	35 993 332
Investment contract receipts	5 507 816	5 026 995
Investment contract benefits paid	(3 585 132)	(3 611 641)
Commission and administration expenses	(468 407)	(412 394)
Fair value adjustment to investment contract liabilities	3 874 924	3 180 765
Balance at the end of the year	45 506 258	40 177 057
Current portion	45 506 258	40 177 057
Non-current portion	-	-
	45 506 258	40 177 057
Fair value through profit or loss	45 506 258	40 177 057
At amortised cost	-	-
	45 506 258	40 177 057
Investment contracts are represented by the following investments:		
Unit-linked investments	41 544 817	36 683 499
Equity securities	3 914 589	3 449 269
Investment in investment contracts	9 443	9 685
Cash and cash equivalents	37 409	34 604
	45 506 258	40 177 057

18. Third-party liabilities arising on consolidation of mutual funds

	2024 R000	2023 R000
Balance at the beginning of the year	39 670 804	34 286 692
Net capital contributions received or change in effective ownership	1 309 573	2 233 389
Fair value adjustment to third-party liabilities	2 124 341	3 149 043
Acquisition of subsidiaries (refer to note 33.3)	16 550 813	1 680
Balance at the end of the year	59 655 531	39 670 804
Current portion	59 655 531	39 670 804
Non-current portion	-	-
	59 655 531	39 670 804

These mutual fund liabilities relate to certain collective investment schemes which have been classified as investments in subsidiaries – refer to Annexure B. Consequently, fund interests not held by the group are classified as third-party liabilities as they represent demand deposit liabilities measured at fair value. A maturity analysis is not possible as it is dependent on external unitholders' behaviour outside of the group's control.

The group's own credit risk is not applicable in the measurement of these liabilities, as these liabilities are specifically referenced to assets and liabilities contained in separate legal structures that could not be attached in the event of a group entity holding the controlling units defaulting.

Notes to the group financial statements

for the year ended 29 February 2024

19. Trade and other payables

	2024 R000	Restated 2023 R000
Trade payables and other accruals ¹	870 378	832 290
Contracts for difference (i)	12 661	27 188
Deferred revenue	17 796	18 158
Purchase consideration payable (ii)	34 855	47 283
Unallocated premiums	102 804	114 919
Settlement control account (iii)	1 814 606	1 588 034
Total trade and other payables²	2 853 100	2 627 872
Current portion	2 842 083	2 616 877
Non-current portion	11 017	10 995
	2 853 100	2 627 872

¹ The trade payables and other accruals includes employee benefit accruals.

² Includes non-financial liabilities of R471.7 million (2023: R455.6 million).

(i) Contracts for difference

- The balance represents the margin payable at year-end by the group to clients and accrues interest at SAFEX less 2%.

(ii) Purchase consideration payable

- Relates to balances payable to advisers for books of business acquired during the current and previous financial years, which will be settled in cash on varying dates based on the respective agreements, subject to profit guarantees.
- The amounts payable are interest-free.

(iii) Settlement control account

- Represents the settlement of trades done by clients in the last few days before year-end.
- The settlement to the clients takes place within three days after the transaction date.

20. Insurance service result

	2024 R000	2023 R000
20.1 Insurance service expense		
Non-life insurance contracts measured under the PAA		
Incurred claims and other directly attributable insurance service expenses	1 295 755	1 011 142
Amortisation of insurance acquisition costs	452 553	378 251
Changes that relate to past service	118 647	101 964
	1 866 955	1 491 357
Life insurance contracts measured under the GMM		
Incurred claims and other directly attributable insurance service expenses	2 264	2 541
Total insurance service expense	1 869 219	1 493 898

20. Insurance service result (continued)

	2024 R000	2023 R000
20.2 Net expense from reinsurance contracts held		
Non-life insurance contracts measured under the PAA		
Reinsurance expenses	594 165	469 163
Incurred claims recovered	(463 324)	(364 601)
Changes that relate to past service	6 079	24 099
Other incurred directly attributable expenses	7 814	6 327
	144 734	134 988

21. Revenue from contracts with customers and other operating income

	2024 R000	Restated 2023 R000
Revenue from contracts with customers		
Commission, administration and other fees		
Commission income	2 163 405	1 906 774
Administration fees	719 542	643 102
Other fees	67 731	63 582
Management and performance fees ¹	1 506 322	1 376 543
Management fee rebates ²	201 808	178 737
Dealing and structuring (including brokerage)		
Brokerage	159 946	191 269
Offshore brokerage commission	106 348	108 518
Other dealing and structuring income	168 247	160 118
Policy administration fees	102 055	98 581
	5 195 404	4 727 224
Other operating income		
Profit on disposal of property and equipment	895	801
Profit on disposal of intangible assets	227	1 252
Gain arising from partial or full termination of lease	340	115
Income from related parties (refer to note 32)	-	170
Sundry income	31 237	25 542
	32 699	27 880
	5 228 103	4 755 104

¹ Includes management and performance fees received from related-party offshore unit trusts and local unit trusts of R1 033.7 million (2023: R959.1 million). Refer to note 32.

² Management fee rebates accrue to the collective investment schemes which are consolidated under IFRS 10 – Consolidated Financial Statements.

Refer to note 7 of the segment report for the disaggregation of revenue recognised in accordance with IFRS 15.

Notes to the group financial statements

for the year ended 29 February 2024

22. Investment income

	2024 R000	2023 R000
Interest income		
Interest income on amortised cost financial instruments		
Loans and advances	26 571	13 737
Receivables	14 386	13 220
Contracts for difference – interest received on margin	13 872	14 816
Interest received from related parties (refer to note 32)	822	572
Cash and short-term funds (including money market funds)	92 831	65 921
Other	229	158
	148 711	108 424
Interest income on fair value through profit or loss financial instruments¹		
Equity securities	137	1 514
Unit-linked investments ²	149 823	115 235
Cash and short-term funds (including money market funds) ²	61 024	32 511
	210 984	149 260
	359 695	257 684
Dividend income¹		
Equity securities – at fair value through profit or loss	1 456	1 456
Unit-linked investments – at fair value through profit or loss ²	7 885	5 885
	9 341	7 341
Total investment income	369 036	265 025

¹ The interest income on fair value through profit or loss financial instruments and the dividend income are recognised on financial instruments mandatorily at fair value through profit or loss.

² Includes interest received of R209.6 million (2023: R145.7 million) and dividends received of R7.9 million (2023: R5.9 million) from related-party local collective investment schemes. Refer to note 32.

R0.5 million interest income (2023: R0.4 million) was earned on impaired financial assets during the year.

23. Net fair value gains and losses on financial instruments

	2024 R000	2023 R000
Foreign exchange gains	7 359	7 673
Foreign exchange losses	(3 196)	(18 258)
Net fair value gains on financial assets mandatorily at fair value through profit or loss:		
Unrealised fair value (losses)/gains	(12 944)	25 922
Realised fair value gains	24 693	20 327
	15 912	35 664

24. Net income attributable to investment contract holders and third-party liabilities

	2024 R000	2023 R000
Investment income ¹		
Interest income on amortised cost financial instruments	80 488	75 611
Interest income on fair value through profit or loss financial instruments	1 584 393	1 175 205
Dividend income	1 083 576	1 131 727
Net fair value gains and losses		
Net fair value gains on financial assets at fair value through profit or loss	3 306 238	3 999 310
Fair value adjustment to investment contract liabilities	(3 874 924)	(3 180 765)
Fair value adjustment to third-party liabilities	(2 124 341)	(3 149 043)
	55 430	52 045
The investment income and net fair value gains and losses shown above can be analysed as follows according to their IFRS 9 categorisations:		
Designated at fair value through profit or loss	(6 981 104)	(7 930 046)
Mandatorily at fair value through profit or loss	6 956 046	7 906 480
Amortised cost	80 488	75 611
	55 430	52 045

¹ Includes investment income of R564.0 million (2023: R424.2 million) from related-party local collective investment schemes. Refer to note 32.

25. Expenses (excluding insurance and reinsurance expenses)

	2024 R000	Restated 2023 R000
25.1 Financial advice fees		
Financial advice fees paid to brokers and financial planners	1 922 763	1 688 002
25.2 Depreciation and amortisation		
Depreciation	107 737	103 483
Motor vehicles	96	78
Office equipment	16 303	15 434
Computer equipment	24 601	22 803
Right-of-use assets	66 737	65 168
Amortisation of intangible assets	75 716	70 521
Customer relationships	73 838	68 856
Other	1 878	1 665
	183 453	174 004
25.3 Employee benefit expenses		
Salaries, wages, allowances and terminations	1 093 448	1 031 369
Social security costs (e.g. Unemployment Insurance Fund, group life, skills development levy, medical benefits, national insurance)	93 575	83 948
Equity-settled share-based payment costs	60 938	51 746
Pension/provident costs – defined contribution plans	77 764	72 248
	1 325 725	1 239 311

Notes to the group financial statements

for the year ended 29 February 2024

25. Expenses (excluding insurance and reinsurance expenses) (continued)

	2024 R000	Restated 2023 R000
25.4 Marketing, administration and other expenses		
Lease expenses	10 503	8 374
Lease expense in respect of short-term leases	10 156	8 025
Lease expense in respect of low-value items	347	349
Auditor's remuneration	17 317	15 804
Audit services – current year	16 470	14 966
Audit services – prior year	356	(38)
Tax services	248	579
Other services	243	297
Management fees paid	265 095	224 912
Marketing expenses	68 051	66 784
Professional fees	25 599	24 909
Other administration expenses	465 662	430 366
JSE and STRATE expenses	40 678	42 184
Research and administration systems	74 527	70 112
IT expenses	148 218	120 364
Office expenses	47 895	48 747
Telephone expenses	11 679	12 735
Travel expenses	23 675	22 127
Professional indemnity insurance	13 067	13 199
Bank charges	11 031	10 817
Other expenses	94 892	90 081
Impairment of financial assets	952	4 187
Loss on disposal of property and equipment	53	80
Loss on disposal of intangible assets	-	231
	853 232	775 647

Refer to the report of the board of directors for detail of directors' remuneration on pages 135 and 136.

26. Finance costs

	2024 R000	2023 R000
Contracts for difference – interest paid on margin	11 682	11 954
Lease liabilities	21 759	23 924
Other borrowings	409	594
	33 850	36 472

27. Taxation

	2024 R000	2023 R000
Current taxation		
Current year	426 023	374 689
Prior year	24 161	(356)
	450 184	374 333
Deferred taxation		
Current year	20 455	24 796
Prior year	141	(18)
	20 596	24 778
Foreign current taxation		
Current year	12 008	11 699
Prior year	14	(66)
	12 022	11 633
Foreign deferred taxation		
Current year	(10 162)	(2 542)
	(10 162)	(2 542)
Total income statement charge	472 640	408 202
	2024 %	2023 %
Reconciliation of effective rate of taxation		
South African normal taxation rate	27.0	28.0
Adjusted for:		
Non-taxable income ¹	(1.0)	(1.6)
Capital gains tax differential in rates	(0.3)	(0.4)
Non-deductible charges ²	0.9	0.9
Prior year current tax adjustment	1.5	-
Deferred tax assets not recognised for tax losses	-	0.3
Foreign tax rate differential	(1.0)	(0.7)
Dividend withholding tax	0.1	0.1
Tax in policyholder funds	2.5	2.5
Tax deductible expenses not accounted for in income statement	(0.3)	(0.4)
Change in tax rate	0.3	(0.3)
Effective rate of taxation	29.7	28.4

¹ Non-taxable income relates primarily to dividend income, unrealised fair value gains and the non-taxable portion of the returns generated by PSG Life Limited.

² Amortisation on customer relationships is the major contributor to the non-deductible charges.

Notes to the group financial statements

for the year ended 29 February 2024

27. Taxation (continued)

	2024 R000	2023 R000
Unutilised tax losses		
Gross calculated tax losses at the end of the year available for utilisation against future taxable income	19 235	21 551
Deferred income tax asset provided on	(13 669)	(16 867)
Available for future utilisation	5 566	4 684

The total deferred income tax, recognised in equity, relating to share-based payment transactions, was a debit of R30.8 million on 29 February 2024 (2023: debit of R33.6 million).

28. Earnings per share

	2024 R000	Restated 2023 R000
The calculations of earnings per share is based on the following:		
Profit attributable to ordinary shareholders	1 034 191	950 268
<i>Non-headline earnings (net of non-controlling interest and related tax effect):</i>		
Profit on disposal of intangible assets (including goodwill)	(227)	(952)
Gross amount	(227)	(1 021)
Non-controlling interest	-	-
Tax effect	-	69
Profit on disposal of property and equipment	(688)	(543)
Gross amount	(842)	(721)
Non-controlling interest	6	11
Tax effect	148	167
Currency translation recycling in respect of foreign subsidiary sold	-	(492)
Gross amount	-	(492)
Non-controlling interest	-	-
Tax effect	-	-
Headline earnings	1 033 276	948 281

The weighted average number of shares and diluted weighted average number of shares were calculated as follows:

	2024 Number of shares 000	2023 Number of shares 000
Number of shares at the beginning of the year	1 295 689	1 331 372
Weighted number of shares issued/repurchased and cancelled during the year	(7 716)	(14 410)
Net impact of treasury shares	(13 256)	(15 805)
Weighted number of shares at the end of the year	1 274 717	1 301 157
Number of bonus element shares to be issued in terms of share option scheme	10 960	37 143
Diluted weighted number of shares at the end of the year	1 285 677	1 338 300

28. Earnings per share (continued)

	2024 R000	Restated 2023 R000
Basic		
Profit attributable to ordinary shareholders	1 034 191	950 268
Headline earnings	1 033 276	948 281
Weighted average number of ordinary shares in issue (000)	1 274 717	1 301 157
Attributable earnings per share (cents)	81.1	73.0
Headline earnings per share (cents)	81.1	72.9
Net asset value per share (cents)	362.9	331.1
Tangible net asset value per share (cents) ¹	268.5	238.6
Diluted		
Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares (arising from the share incentive schemes set out in note 14). A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the volume-weighted average annual JSE-listed share price of the company's shares) based on the monetary value of the equity-settled share options granted to participants.		
Profit attributable to ordinary shareholders	1 034 191	950 268
Headline earnings	1 033 276	948 281
Diluted weighted average number of ordinary shares in issue (000)	1 285 677	1 338 300
Diluted attributable earnings per share (cents)	80.4	71.0
Diluted headline earnings per share (cents)	80.4	70.9

¹ The tangible net asset value excludes intangible assets.

29. Dividend per share

	2024 R000	2023 R000
Normal dividend	492 078	431 981

Interim

13.5 cents per share (2023: 11.0 cents per share)

Final

28.5 cents per share (2023: 25.0 cents per share)

Dividends are not accounted for until they have been approved by the company's board of directors.

30. Capital commitments and contingencies

The group had the following capital commitments and contingencies as at 29 February 2024:

- PSG Financial Services Limited has issued letters of support, in the ordinary course of business, for the activities of certain subsidiaries in the group.
- The group, like all other financial services groups in South Africa, is subject to litigation in the normal course of its business. Appropriate provisions are made when losses are expected to materialise. There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the group is aware, which may have, or have during the previous 12 months, had a material effect on the financial position of the group.

Notes to the group financial statements

for the year ended 29 February 2024

31. Borrowing powers

In terms of the company's MOI, borrowing powers are unlimited. The amount of borrowings as at 29 February 2024 is Rnil (2023: Rnil).

32. Related-party transactions

PSG Financial Services Limited, its subsidiaries and joint venture enter into various financial services transactions with members of the PSG Financial Services Limited Group. These transactions include a range of investment, administrative, advisory and corporate services in the normal course of business. All intergroup transactions have been eliminated on consolidation.

The related-party transactions are similar to those disclosed in the prior financial year.

Related-party balances	2024 R000	2023 R000
Receivables		
Due from companies in the PSG Financial Services Limited Group		
Jan Jonker Property Investment Trust	8 971	7 935
Due from PSG unit trusts		
Local unit trusts	52 501	79 621
Offshore unit trusts	40 155	33 376
	<u>101 627</u>	<u>120 932</u>
Refer to note 11 for the detail of the receivables due from related parties.		
Trade and other payables		
Due to PSG unit trusts		
Local unit trusts	2 646	3 530
Offshore unit trusts	3 471	10 016
	<u>6 117</u>	<u>13 546</u>
Unit-linked investments		
Investments in PSG unit trusts		
Unit trusts	<u>39 678 914</u>	<u>34 962 146</u>

32. Related-party transactions (continued)

Related-party transactions	2024 R000	2023 R000
Revenue from contracts with customers and other operating income		
Received from companies in the PSG Group		
PSG Corporate Services Proprietary Limited ¹	-	170
Received from PSG unit trusts		
Local unit trusts	663 793	652 104
Offshore unit trusts	369 951	306 981
	<u>1 033 744</u>	<u>959 255</u>
Interest income		
Received from companies in the PSG Financial Services Limited Group		
Jan Jonker Property Investment Trust	822	572
Received from PSG unit trusts		
Local unit trusts (including money market funds)	209 593	145 696
	<u>210 415</u>	<u>146 268</u>
Dividend income		
Received from PSG unit trusts		
Local unit trusts	7 885	5 885
Net income attributable to investment contract holders and third-party liabilities		
Received from PSG unit trusts		
Local unit trusts ²	563 964	424 221
Marketing, administration and other expenses		
Paid to PSG unit trusts		
Local unit trusts	52 741	45 369
Offshore unit trusts	141 463	115 077
	<u>194 204</u>	<u>160 446</u>

¹ Since September 2022, PSG Corporate Services Proprietary Limited is no longer considered a related party due to the PSG Group unbundling, therefore transactions after this date have not been included.

² The net income attributable to investment contract holders and third-party liabilities received from local unit trusts includes interest and dividend income.

The shareholding of directors and the directors' remuneration is set out in the report of the board of directors on pages 135 to 137.

Key management

Key management refers to those persons who have authority and responsibility for planning, directing and controlling the activities of the group. Key management is considered to be the board of directors and the prescribed officers. For the detail of the audited directors' and prescribed officers' remuneration, refer to the report of the board of directors on pages 135 and 136.

Notes to the group financial statements

for the year ended 29 February 2024

33. Notes to the statement of cash flows

	2024 R000	Restated 2023 R000
33.1 Cash utilised in operations		
Profit before finance costs and taxation	1 624 251	1 472 216
<i>Adjustment for non-cash items and other:</i>		
Depreciation of property and equipment and right-of-use assets	107 737	103 483
Impairment charges	952	4 187
Amortisation of intangible assets	75 716	70 521
Interest income	(359 695)	(257 684)
Dividend income	(9 341)	(7 341)
Share of losses of joint ventures	472	145
Profit on disposal of property and equipment	(895)	(801)
Profit on disposal of intangible assets	(227)	(1 252)
Gain arising from partial or full termination of lease	(340)	(115)
Loss on disposal of intangible assets	-	231
Loss on disposal of property and equipment	53	80
Net fair value gains on financial instruments	(11 749)	(46 249)
Net income attributable to investment contract holders and third-party liabilities	(55 430)	(52 045)
Equity-settled share-based payment costs	60 938	51 746
Net foreign exchange (gains)/losses	(4 163)	10 585
	1 428 279	1 347 707
<i>Changes in working capital</i>		
Reinsurance contract assets	950	9 133
Insurance contract liabilities	30 832	18 140
Reinsurance contract liabilities	(8 988)	5 860
Receivables	(187 139)	271 964
Loans and advances	(53 882)	(39 495)
Other financial instruments	(4 738 905)	(4 375 672)
Third-party liabilities arising on consolidation of mutual funds	1 309 573	2 233 389
Trade and other payables	228 110	(358 492)
	(1 991 170)	(887 466)
33.2 Taxation paid		
Charge to profit or loss	(472 640)	(408 202)
Movement in deferred taxation	10 434	22 236
Acquisition of subsidiary (refer to note 33.3)	-	(576)
Charge to other reserves	12 329	(953)
Movement in net taxation asset/liability	22 513	1 885
	(427 364)	(385 610)

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

33.3 Acquisition of subsidiaries (including collective investment schemes)

For the year ended 29 February 2024

Acquisition of collective investment schemes

The group obtained control of the PSG Wealth Global Creator Feeder Fund on 29 February 2024. This fund was consolidated in accordance with IFRS 10 – Consolidated Financial Statements and is a collective investment scheme managed by PSG Investment Management.

Details of the net assets acquired are as follows:	PSG Wealth Global Creator Feeder Fund R000
% interest in fund on effective date	30
Date of acquisition	29 February 2024
Unit-linked investments	23 629 071
Receivables	12 087
Cash and cash equivalents (including money market funds)	80 025
Third-party liabilities arising on consolidation of mutual funds	(16 550 813)
Trade and other payables	(8 765)
Net asset value	7 161 605
Fair value of interest held before the business combination	(7 161 605)
Total consideration paid	-
Cash and cash equivalents acquired	80 025
Net cash inflow in the 2024 financial year	80 025

The detail of the net assets acquired, as disclosed above represent fair value. All the gross contractual receivables are expected to be collected.

The total income and profit and loss that were included in the consolidated income statement during the 2024 financial year, as a result of consolidating the PSG Wealth Global Creator Feeder Fund, was Rnil.

For the year ended 28 February 2023

i) Zenith For The Accomplished Proprietary Limited

PSG Financial Services 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	-
The remaining purchase consideration for the transaction was paid during March 2023.	
Cash consideration paid	(500)
Cash and cash equivalents acquired	123
Net cash outflow for the year ended 28 February 2023	(377)

Notes to the group financial statements

for the year ended 29 February 2024

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

33.3 Acquisition of subsidiaries (including collective investment schemes) (continued)

The fair value of the assets and liabilities arising from the acquisition are as follows:	R000
Property, plant and equipment	311
Intangible assets – Customer relationships	3 048
Deferred income tax assets	172
Loans and advances	18
Receivables	2 127
Cash and cash equivalents (including money market funds)	123
Deferred income tax liabilities	(823)
Borrowings	(516)
Trade and other payables	(2 884)
Current income tax liabilities	(576)
Total identifiable net assets	<u>1 000</u>

The income, included in the consolidated income statement, contributed by Zenith since the acquisition date was Rnil. Zenith also contributed a loss after taxation of R2.3 million over the same period. Had Zenith been consolidated from 1 March 2022, the consolidated income statement would have shown income of R6.1 million and loss after taxation of R5.8 million for the year ended 28 February 2023.

ii) Acquisition of collective investment schemes

The group obtained control of the PSG Investment Management Multi-Asset Income Fund of Funds, the PSG Investment Management Cautious Fund of Funds and the PSG Investment 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 Asset Management.

Details of the net assets acquired are as follows:	PSG Investment Management Multi-Asset Income Fund of Funds R000	PSG Investment Management Cautious Fund of Funds R000	PSG Investment 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	
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	<u>2 234</u>	<u>1 440</u>	<u>2 212</u>	<u>5 886</u>
Fair value of interest held before the business combination	<u>(2 234)</u>	<u>(1 440)</u>	<u>(2 212)</u>	<u>(5 886)</u>
Total consideration paid	-	-	-	-
Cash and cash equivalents acquired	<u>13</u>	<u>9</u>	<u>186</u>	<u>208</u>
Net cash inflow in the 2023 financial year	<u>13</u>	<u>9</u>	<u>186</u>	<u>208</u>

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

33.3 Acquisition of subsidiaries (including collective investment schemes) (continued)

ii) Acquisition of collective investment schemes (continued)

The detail of the net assets acquired, as disclosed above represent fair value. All the gross contractual receivables are expected to be collected.

The total income and profit and loss that were included in the consolidated income statement during the 2023 financial year, as a result of consolidating the PSG Investment Management Multi-Asset Income Fund of Funds, was R0.2 million and Rnil respectively.

The total income and profit and loss that were included in the consolidated income statement during the 2023 financial year, as a result of consolidating the PSG Investment Management Cautious Fund of Funds, was R0.2 million and Rnil respectively.

The total income and profit and loss that were included in the consolidated income statement during the 2023 financial year, as a result of consolidating the PSG Investment Management Growth Fund of Funds, was R0.2 million and Rnil respectively.

	2023 R000
Summary of cash flows for the year ended 28 February 2023:	
i) Zenith For The Accomplished Proprietary Limited	(377)
ii) Acquisition of collective investment schemes	
– PSG Investment Management Multi-Asset Income Fund of Funds	13
– PSG Investment Management Cautious Fund of Funds	9
– PSG Investment Management Growth Fund of Funds	<u>186</u>
Net cash flow from acquisition of subsidiaries	<u>(169)</u>

	2024 R000	2023 R000
33.4 Cash and equivalents at the end of the year		
Cash and cash equivalents (including money market funds)	1 738 000	2 000 943
Cash and cash equivalents classified as assets held for sale	508	-
	<u>1 738 508</u>	<u>2 000 943</u>

34. 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 consolidated financial statements.

Notes to the group financial statements

for the year ended 29 February 2024

35. Risk management

Risk management is a priority because it affects every part of the business. It is a pre-emptive process that allows the group to assess and analyse risk in an integrated fashion, identifying potential areas in advance and then proactively create processes and measures for compliance. PSG Financial Services believes that risk management is key in ensuring the sustainability of the business model.

Fundamentally, the board of directors' responsibility in managing risk is to protect the interests of all of the group's stakeholders, being the shareholders, policyholders, employees, regulatory bodies and related parties, while increasing shareholder value. It fully accepts responsibility for risk management and internal controls, and in so doing the board of directors has deployed a number of control mechanisms to prevent and mitigate the potential impact of risk.

The primary responsibility for risk management at an operational level rests with the Exco. Management and various specialist board committees are tasked with integrating the management of risk into the day-to-day activities of the group. The group defines the roles, responsibility and accountability for managing, reporting and escalating risks and issues throughout the group by applying the three layers of defence approach. This approach incorporates the oversight, management and assurance of risk management, essentially giving three independent views of risk in the organisation.

The group is continuously enhancing its risk management capabilities, particularly in line with the Prudential Authority requirements. Its framework, policies and support processes are regularly updated to reflect these enhancements.

Financial instruments and insurance assets and liabilities are grouped into classes in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 – Financial Instruments: Disclosures and IFRS 13 – Fair Value Measurement. Refer to the following pages for further detail.

35. Risk management (continued)

Financial risk management

	2024			Restated 2023		
	Own balances R000	Client-related balances R000	Total R000	Own balances R000	Client-related balances R000	Total R000
Assets						
Financial instruments carried at fair value through profit or loss						
Equity securities	37 416	3 914 589	3 952 005	38 750	3 449 269	3 488 019
Quoted	37 176	3 914 589	3 951 765	38 510	3 449 269	3 487 779
Unquoted	240	-	240	240	-	240
Debt securities	9 904	1 968 001	1 977 905	12 309	1 871 044	1 883 353
Government debt securities – quoted	9 904	734 218	744 122	12 309	196 820	209 129
Other debt securities – quoted	-	1 233 783	1 233 783	-	1 674 224	1 674 224
Unit-linked investments	2 668 035	97 403 738	100 071 773	2 406 655	72 792 288	75 198 943
Collective investment schemes	2 626 393	97 316 348	99 942 741	2 370 063	72 691 505	75 061 568
Other unit-linked investments	41 642	87 390	129 032	36 592	100 783	137 375
Investment in investment contracts	-	9 443	9 443	-	9 685	9 685
Derivative financial instruments	-	9 526	9 526	-	9 637	9 637
Cash and cash equivalents ¹	802 203	(802 203)	-	714 163	(714 163)	-
Designated						
Debt securities	-	1 954 501	1 954 501	-	1 531 281	1 531 281
Government debt securities – quoted	-	534 993	534 993	-	213 190	213 190
Other debt securities – quoted	-	1 419 508	1 419 508	-	1 318 091	1 318 091
Financial instruments carried at amortised cost						
Loans and advances ²	247 346	-	247 346	193 956	-	193 956
Secured	194 849	-	194 849	142 715	-	142 715
Unsecured	52 497	-	52 497	51 241	-	51 241
Receivables ²	335 678	1 878 780	2 214 458	294 263	1 726 060	2 020 323
Trade receivables	228 422	(15 769)	212 653	168 178	(6 546)	161 632
Brokers and clearing houses and client accounts	-	1 877 677	1 877 677	-	1 707 522	1 707 522
Contracts for difference	-	16 872	16 872	-	25 084	25 084
Receivables due from related parties	101 627	-	101 627	120 932	-	120 932
Rental and other deposits and sundry debtors	5 629	-	5 629	5 153	-	5 153
Cash and cash equivalents ²	1 080 728	657 272	1 738 000	1 187 673	813 270	2 000 943
Insurance assets						
Reinsurance contract assets	111 232	-	111 232	121 339	-	121 339
Total financial and insurance assets	5 292 542	106 993 647	112 286 189	4 969 108	81 488 371	86 457 479

¹ The investment in the PSG Money Market Fund is classified at fair value through profit or loss on adoption of IFRS 9. The client-related balances include the impact of the consolidation of the PSG Money Market Fund.

² Carrying value approximates fair value.

Notes to the group financial statements

for the year ended 29 February 2024

35. Risk management (continued)

Financial risk management (continued)

Liabilities	2024			Restated 2023		
	Own balances R000	Client-related balances R000	Total R000	Own balances R000	Client-related balances R000	Total R000
Financial liabilities carried at fair value through profit or loss						
Derivative financial instruments	-	12 005	12 005	-	14 623	14 623
Trade and other payables	34 855	-	34 855	47 283	-	47 283
Purchase consideration payable	34 855	-	34 855	47 283	-	47 283
Designated						
Investment contracts	-	45 506 258	45 506 258	-	40 177 057	40 177 057
Third-party liabilities arising on consolidation of mutual funds	-	59 655 531	59 655 531	-	39 670 804	39 670 804
Financial liabilities carried at amortised cost						
Lease liabilities	201 422	-	201 422	235 777	-	235 777
Trade and other payables ¹	551 917	1 794 600	2 346 517	521 912	1 603 053	2 124 965
Trade payables, settlement control accounts and other payables	551 917	1 781 939	2 333 856	521 912	1 575 865	2 097 777
Contracts for difference	-	12 661	12 661	-	27 188	27 188
Insurance liabilities						
Insurance contract liabilities	360 278	-	360 278	463 363	-	463 363
Reinsurance contract liabilities	3 242	-	3 242	12 230	-	12 230
Total financial and insurance liabilities	1 151 714	106 968 394	108 120 108	1 280 565	81 465 537	82 746 102

¹ Carrying value approximates fair value.

35. Risk management (continued)

Financial risk management (continued)

The group's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

In addition to the shareholder asset and liability balances, known as 'own balances', the group has client-related assets and liabilities relating to the following stakeholders:

Policyholders of the linked investment contracts	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). Investment contracts included within financial liabilities on the statement of financial position are therefore fully matched by investments as analysed in note 17.
Third-party mutual fund investors	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 and statement of financial position impact as part of that of the group.
CFD clients	The group enters into CFD with clients whereby the group provides leveraged exposure to equities specified by the clients. The holders of the CFD carry the financial risk of these instruments and therefore a movement in the individual share prices, for example, would not have an impact on the group's profit after taxation, but would result in a corresponding movement in the value of the CFD liabilities.
Stockbroking clients	Included under receivables are broker and clearing accounts at the stockbroking business which represents amounts owing by the JSE for trades conducted during the last few days before the end of the financial year. These balances fluctuate on a daily basis depending on the activity in the market. The control account for the settlement of these transactions is included under trade and other payables, with the settlement to the clients taking place within three days after the transaction date.

The financial risks arising from the client-related assets and liabilities are assumed by the respective stakeholders and therefore do not have a direct impact on the group's profit after taxation. The movement in client-related balances will indirectly impact the fee which PSG Financial Services receives for managing and administering assets on behalf of clients. This impact has been taken into consideration in the respective sensitivities performed.

Notes to the group financial statements

for the year ended 29 February 2024

35. Risk management (continued)

Financial risk management (continued)

Market 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 equity prices, foreign currency exchange rates and interest rates.

Summary of assets and liabilities subject to market risk	2024 R000	Restated 2023 R000
Assets		
Price risk	104 023 778	78 686 962
Equity securities	3 952 005	3 488 019
Unit-linked investments	100 071 773	75 198 943
Foreign exchange risk	34 500 490	8 339 151
Equity securities	1 408 371	1 132 968
Unit-linked investments	33 028 095	7 156 419
Investment in investment contracts	9 443	9 686
Receivables	50 876	32 126
Cash and cash equivalents	3 705	7 952
Interest rate risk	108 203 983	82 828 799
Debt securities	3 932 406	3 414 634
Unit-linked investments	100 071 773	75 198 943
Loans and advances	247 346	193 956
Receivables	2 214 458	2 020 323
Cash and cash equivalents	1 738 000	2 000 943
Liabilities		
Price risk	(101 230 937)	(76 140 774)
Investment contracts	(45 372 016)	(40 031 985)
Third-party liabilities arising on consolidation of mutual funds	(55 858 921)	(36 108 789)
Foreign exchange risk	(34 445 851)	(8 291 109)
Lease liabilities	(1 123)	(1 603)
Investment contracts	(10 804 695)	(8 287 639)
Third-party liabilities arising on consolidation of mutual funds	(23 638 402)	-
Trade and other payables	(1 631)	(1 867)
Interest rate risk	(103 820 551)	(78 796 932)
Lease liabilities	(201 422)	(235 777)
Investment contracts	(41 582 226)	(36 718 103)
Third-party liabilities arising on consolidation of mutual funds	(59 655 531)	(39 670 804)
Trade and other payables	(2 381 372)	(2 172 248)

Risk management

Refer to page 98 for the mitigating controls put in place as part of the risk management framework to address market risk.

35. Risk management (continued)

Financial risk management (continued)

Market risk (continued)

Price risk

Equity securities

The group is exposed to price risk due to changes in the market values of its equity securities held by the group and classified on the consolidated statement of financial position at fair value through profit or loss.

Although the group follows a policy of diversification, some concentration of price risk towards certain sectors exists and is analysed below:

Composition of quoted equity securities	Investments linked to investment contracts		Direct investments – own balances	
	2024 R000	2023 R000	2024 R000	2023 R000
Agriculture, travel and leisure and other sectors	28 077	27 017	1 217	1 079
Banks, financial services and insurance	1 047 309	910 368	13 380	14 352
Healthcare	218 612	186 819	1 376	1 690
Industrial, retail, food and beverage and personal and household goods	612 619	560 906	8 074	7 694
Property, construction and materials	1 265 244	1 076 898	2 528	2 110
Resources, chemicals and oil and gas	203 159	269 020	7 080	8 049
Technology, media and telecommunications	539 569	418 241	3 521	3 536
	3 914 589	3 449 269	37 176	38 510

Included in the group's quoted equity securities are those equity securities relating to:

- Investments linked to investment contracts amounting to R3.9 billion (2023: R3.4 billion).

The price risk of these instruments is carried by the policyholders of the linked investment contracts.

Notes to the group financial statements

for the year ended 29 February 2024

35. Risk management (continued)

Financial risk management (continued)

Market risk (continued)

Price risk (continued)

Unit-linked investments

The group is exposed to price risk due to changes in the market values of the unit-linked investments held by the group and classified on the consolidated statement of financial position at fair value through profit or loss.

Although the group follows a policy of diversification, some concentration of price risk towards certain asset types exists and is analysed below:

Composition of quoted unit-linked investments	Investments linked to investment contracts		Direct investments – consolidated collective investment schemes		Direct investments – own balances	
	2024 R000	2023 R000	2024 R000	2023 R000	2024 R000	2023 R000
Equity	16 293 182	13 231 158	30 084 350	12 165 304	97 257	49 379
Multi-asset	22 538 334	20 863 445	23 431 710	21 701 271	1 170 720	1 001 151
Real estate	165 311	149 943	-	-	-	-
Interest bearing	2 460 600	2 338 170	2 342 861	2 242 214	1 358 416	1 319 533
	41 457 427	36 582 716	55 858 921	36 108 789	2 626 393	2 370 063

Included in the group's quoted unit-linked investments are those unit-linked investments relating to:

- Investments linked to investment contracts amounting to R41.5 billion (2023: R36.6 billion); and
- Unit-linked investments relating to the consolidated collective investment schemes amounting to R55.9 billion (2023: R36.1 billion).

The price risk of these instruments is carried by the policyholders of the linked investment contracts and the third-party mutual fund investors, respectively.

Sensitivity

The table below summarises the sensitivity of the group's post-tax profit for the year as a result of market price fluctuations. The analysis is based on the assumption that marked-to-market prices increase/decrease by 20% (2023: 20%) taking into account the opposite move of the corresponding linked liability in the case of the linked investment contracts, with all other variables held constant.

	2024 20% increase R000	2023 20% increase R000	2024 20% decrease R000	2023 20% decrease R000
Impact on post-tax profit and equity:				
Equity securities	5 428	5 545	(5 428)	(5 545)
Unit-linked investments	72 772	52 066	(72 772)	(52 066)
	78 200	57 611	(78 200)	(57 611)

35. Risk management (continued)

Financial risk management (continued)

Market risk (continued)

Foreign exchange risk

The group has limited investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Transactions incurred by the group did not lead to a significant foreign exchange risk.

The South African rand is the functional currency of most of the group's subsidiaries. The group's financial assets and liabilities denominated in foreign currency other than the functional currency are analysed according to geographical area in the following table:

At 29 February 2024	British pound sterling R000	United States dollar R000	Euro R000	Other currencies R000	Total R000
Financial assets					
Equity securities ¹	37 875	1 182 690	149 284	38 522	1 408 371
Unit-linked investments ¹	20 850	32 832 551	79 856	94 838	33 028 095
Investment in investment contracts ¹	1 395	4 925	3 123	-	9 443
Receivables	5 183	43 060	2 193	440	50 876
Cash and cash equivalents	949	2 230	526	-	3 705
Financial liabilities					
Trade and other payables	(171)	-	(1 131)	(329)	(1 631)
Investment contracts	(57 416)	(10 384 441)	(230 270)	(132 568)	(10 804 695)
Third-party liabilities arising on consolidation of mutual funds	-	(23 638 402)	-	-	(23 638 402)
Lease liabilities	-	-	(1 123)	-	(1 123)
	8 665	42 613	2 458	903	54 639
At 28 February 2023					
Financial assets					
Equity securities ¹	43 970	898 694	120 755	69 549	1 132 968
Unit-linked investments ¹	15 541	7 000 149	63 602	77 127	7 156 419
Investment in investment contracts ¹	1 292	5 745	2 649	-	9 686
Receivables	5 701	22 011	3 748	666	32 126
Cash and cash equivalents	908	6 689	355	-	7 952
Financial liabilities					
Trade and other payables	(100)	-	(1 522)	(245)	(1 867)
Investment contracts	(58 379)	(7 898 828)	(184 690)	(145 742)	(8 287 639)
Lease liabilities	-	-	(1 603)	-	(1 603)
	8 933	34 460	3 294	1 355	48 042

¹ Largely linked to policyholder investments and as such do not directly expose the group to foreign currency risk.

Risk management

Management monitors this exposure and cover is used where appropriate. The group did not take cover on foreign currency transactions and balances during the financial years under review.

Notes to the group financial statements

for the year ended 29 February 2024

35. Risk management (continued)

Financial risk management (continued)

Market risk (continued)

Foreign exchange risk (continued)

Sensitivity

The table below shows the sensitivity of post-tax profits of the group to a 20% (2023: 20%) move in the rand exchange rates. The analysis is based on the assumption that movements in the assets would be offset by a move in the corresponding linked liability in the case of the linked investment contracts, with all other variables held constant.

	2024 20% appreciation R000	2023 20% appreciation R000	2024 20% depreciation R000	2023 20% depreciation R000
Impact on post-tax profit and equity	(12 991)	(10 926)	12 991	10 926

Cash flow and fair value interest rate risk

The group's interest rate risk arises from interest-bearing investments, loans and advances, receivables, cash and cash equivalents and trade and other payables. Investments issued at variable rates expose the group to cash flow interest rate risk. Investments issued at fixed rates expose the group to fair value interest rate risk. However, where the investments are held to back linked investment contract liabilities, the risk is transferred to the policyholders through the contract terms of the policy.

	2024			Restated 2023		
	Floating rate R000	Fixed interest and non-interest bearing R000	Carrying value R000	Floating rate R000	Fixed interest and non-interest bearing R000	Carrying value R000
Debt securities ¹	1 166 165	2 766 241	3 932 406	518 554	2 896 080	3 414 634
Unit linked investments ²	302 472	99 769 301	100 071 773	425 330	74 773 613	75 198 943
Loans and advances	198 596	48 750	247 346	147 867	46 089	193 956
Receivables ³	148 529	2 065 929	2 214 458	181 046	1 839 277	2 020 323
Cash and cash equivalents	1 674 249	63 751	1 738 000	1 948 209	52 734	2 000 943
Lease liabilities	-	(201 422)	(201 422)	-	(235 777)	(235 777)
Investment contracts	(37 409)	(41 544 817)	(41 582 226)	(34 604)	(36 683 499)	(36 718 103)
Third-party liabilities arising on consolidation of mutual funds	(118 330)	(59 537 201)	(59 655 531)	(25 639)	(39 645 165)	(39 670 804)
Trade and other payables	(12 661)	(2 368 711)	(2 381 372)	(27 188)	(2 145 060)	(2 172 248)
Total	3 321 611	1 061 821	4 383 432	3 133 575	898 292	4 031 867

¹ Debt securities of R3.9 billion (2023: R3.4 billion) relate to the consolidated collective investment schemes and as such do not directly expose the group to interest rate risk.

² Unit-linked investments of R41.5 billion (2023: R36.7 billion) are linked to policyholder investments, and R55.9 billion (2023: R36.1 billion) of the unit-linked investments relate to the consolidated collective investment schemes and as such do not directly expose the group to interest rate risk.

³ Receivables of R36.0 million (2023: R21.4 million) relate to the consolidated collective investment schemes and as such do not directly expose the group to interest rate risk.

Risk management

The group manages its cash flow interest rate risk by monitoring interest rates on a regular basis.

35. Risk management (continued)

Financial risk management (continued)

Market risk (continued)

Cash flow and fair value interest rate risk (continued)

Sensitivity

Based on simulations performed, the impact on post-tax profit of a 1% (2023: 1%) shift in interest rates is analysed in the following table. The analysis is based on the assumption that movements in the assets would be offset by a move in the corresponding linked liability in the case of the linked investment contracts, with all other variables held constant.

	2024 1% increase R000	2023 1% increase R000	2024 1% decrease R000	2023 1% decrease R000
Impact on post-tax profit and equity	24 248	22 562	(24 248)	(22 562)

Credit risk

Credit risk arises from the inability or unwillingness of a counterparty to a financial instrument to discharge its contractual obligations. Credit risk comprises default, settlement and migration risk (if credit ratings change).

The table below shows the group's maximum exposure to credit risk by class of asset at the end of each reporting period:

	2024		Restated 2023	
	Balance R000	Collateral fair value R000	Balance R000	Collateral fair value R000
Debt securities	3 932 406	-	3 414 634	-
Government debt securities – quoted	1 279 115	-	422 319	-
Other debt securities – quoted	2 653 291	-	2 992 315	-
Investment in investment contracts	9 443	-	9 685	-
Loans and advances	247 346	-	193 956	97
Secured	194 849	-	142 715	97
Unsecured	52 497	-	51 241	-
Unit-linked investments	100 071 773	-	75 198 943	-
Collective investment schemes	99 942 741	-	75 061 568	-
Other unit-linked investments	129 032	-	137 375	-
Derivative financial instruments	9 526	-	9 637	-
Reinsurance contract assets	111 232	-	121 339	-
Receivables	2 214 458	122 686	2 020 323	148 027
Trade receivables	212 653	-	161 632	-
Brokers and clearing houses and client accounts	1 877 677	122 686	1 707 522	148 027
Contracts for difference	16 872	-	25 084	-
Receivables due from related parties	101 627	-	120 932	-
Rental and other deposits and sundry debtors	5 629	-	5 153	-
Cash and cash equivalents	1 738 000	-	2 000 943	-
Total	108 334 184	122 686	82 969 460	148 124

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35. Risk management (continued)

Financial risk management (continued)

Credit risk (continued)

The credit exposure is attributable to:	2024 R000	Restated 2023 R000
Own balances	5 255 127	4 930 358
Client-related balances	103 079 057	78 039 102
	108 334 184	82 969 460

The value of policy benefits on linked business is directly linked to the fair value of the supporting assets and, as such, the group does not assume any credit risk on the linked policyholder assets, although it has a responsibility to manage these assets properly within set mandates.

Investment in investment contracts of R9.4 million (2023: R9.7 million), unit-linked investments of R41.5 billion (2023: R36.7 billion) and cash and cash equivalents of R37.4 million (2023: R34.6 million) are linked to investment contracts and thus credit risk is carried by the policyholders of the linked investment contracts.

At year-end, R3.9 billion (2023: R3.4 billion) of the debt securities, R55.9 billion (2023: R36.1 billion) of the unit-linked investments and R36.0 million (2023: R21.4 million) of the receivables relate to the collective investment schemes consolidated in terms of IFRS 10 – Consolidated Financial Statements. The group is exposed to the credit risk of the underlying assets in which the collective investment schemes are invested. The group's exposure to collective investment schemes is classified at fund level and not at the underlying asset level, and although collective investment schemes are not rated, the fund managers of these collective investment schemes are required to invest in assets within the defined parameters stipulated in the fund's mandate. These rules limit the extent to which fund managers can invest in unlisted and/or unrated assets and generally restrict funds to the acquisition of investment grade assets.

Risk management

Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. In the case of loans and advances, management would take or insist on collateral or other forms of securitisation as it deems fit. Credit limits for each counterparty, are set based on default probabilities that are, in turn, based on the ratings of the counterparty concerned.

The shareholders' capital in PSG Life Limited and Western Group is primarily invested in cash or other highly liquid unit trust investments. All items that expose PSG Life Limited and Western Group to credit risk are monitored by the credit committee. The credit committee reviews on a monthly basis the exposure of the group to external parties. As part of this meeting, a credit specialist reports to the committee whether any new information has become available in the market which indicates that the group should reconsider its exposure to that counterparty. As at February for each of the respective financial years, this committee did not note any significant concerns as to the exposure that this group has to any counterparties.

Refer to page 98 for the mitigating controls put in place as part of the risk management framework to address credit risk.

35. Risk management (continued)

Financial risk management (continued)

Credit risk (continued)

Security/collateral

For some assets, the group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Loans and advances

The loans to financial advisers are secured by the cession and pledge of the revenue generated by the adviser from their book of business. The security is valued by applying a market-related factor to the adviser's share of the revenue from the book of business. Refer to note 7 for more detail.

Brokers and clearing houses and client accounts

PSG Scriptfin provides facilities to qualifying retail clients (following a rigorous credit check process) based on the value of their share portfolios at PSG Securities. The balance outstanding as at 29 February 2024 is R122.7 million (2023: R148.0 million). The balance is secured by the underlying JSE Top 100 equity securities held, which are in excess of four times the value of the loan facilities.

Credit quality

The credit quality of financial assets is assessed by reference to Moody's external credit ratings (if available) or to historical information about counterparty default rates. Financial assets which fall outside Moody's published rates or are rated by other external rating agencies are classified as 'other rated assets'. The definitions regarding the various ratings are available on the relevant websites of the credit rating agencies (i.e. Moody's, Fitch, S&P and GCR).

	2024 R000	Restated 2023 R000
Government stock ¹	1 279 115	422 319
Aaa	90 615	78 539
Aa1	2 830	2 462
Aa3	980	9 203
A1	2 162	2 421
P1	3 987 224	4 676 370
Other rated assets	301 269	319 789
Non-rated assets	2 598 216	2 259 414
Unit-linked investments (including collective investment schemes)	100 071 773	75 198 943
	108 334 184	82 969 460

¹ The government stock relates to instruments issued by the South African government, which have a Moody's short-term rating of Ba2 at 29 February 2024 (2023: Ba2).

The credit risk associated with 54.5% (2023: 46.6%) of non-rated assets and unit-linked investments (including collective investment schemes) is assessed by reference to the investment mandates of linked policyholder investments which specify what type of underlying investments can be purchased.

Notes to the group financial statements

for the year ended 29 February 2024

35. Risk management (continued)

Financial risk management (continued)

Credit risk (continued)

Credit quality (continued)

The table below analyses the group's external credit rating by class of asset:

2024	External credit rating				External credit rating					Total R000
	Government stock ¹ R000	Aaa R000	Aa1 R000	Aa3 R000	A1 R000	P1 R000	Unit-linked (incl CIS) R000	Other rated assets ² R000	Non-rated assets ² R000	
Debt securities	1 279 115	90 301	-	-	-	2 316 975	-	158 686	87 329	3 932 406
Government ¹	1 279 115	-	-	-	-	-	-	-	-	1 279 115
Bank	-	-	-	-	-	2 316 975	-	-	-	2 316 975
Other	-	90 301	-	-	-	-	-	158 686	87 329	336 316
Investment in investment contracts	-	-	-	-	-	-	-	-	9 443	9 443
Loans and advances	-	-	-	-	-	-	-	-	247 346	247 346
Secured	-	-	-	-	-	-	-	-	194 849	194 849
Unsecured	-	-	-	-	-	-	-	-	52 497	52 497
Derivative financial instruments	-	-	-	-	-	-	-	-	9 526	9 526
Reinsurance contract assets	-	-	-	980	-	-	-	108 882	1 370	111 232
Receivables	-	314	2 830	-	2 162	-	-	18 989	2 190 163	2 214 458
Trade receivables	-	314	2 830	-	2 162	-	-	18 989	188 358	212 653
Brokers and clearing houses and client accounts	-	-	-	-	-	-	-	-	1 877 677	1 877 677
Contracts for difference	-	-	-	-	-	-	-	-	16 872	16 872
Receivables due from related parties	-	-	-	-	-	-	-	-	101 627	101 627
Rental and other deposits and sundry debtors	-	-	-	-	-	-	-	-	5 629	5 629
Unit-linked investments	-	-	-	-	-	-	100 071 773	-	-	100 071 773
Collective investment schemes	-	-	-	-	-	-	99 942 741	-	-	99 942 741
Other unit-linked investments	-	-	-	-	-	-	129 032	-	-	129 032
Cash and cash equivalents	-	-	-	-	-	1 670 249	-	14 712	53 039	1 738 000
	1 279 115	90 615	2 830	980	2 162	3 987 224	100 071 773	301 269	2 598 216	108 334 184

¹ The government debt securities relate to instruments issued by the South African government, which have a Moody's short term rating of Ba2 at 29 February 2024.

² Refer to pages 216 and 217 for further detail on the 'other rated' and 'non-rated' assets.

Notes to the group financial statements

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35. Risk management (continued)

Financial risk management (continued)

Credit risk (continued)

Credit quality (continued)

The table below analyses the group's external credit rating by class of asset:

2023 (Restated)	External credit rating				External credit rating					Total R000
	Government stock ¹ R000	Aaa R000	Aa1 R000	Aa3 R000	A1 R000	P1 R000	Unit-linked (incl CIS) R000	Other rated assets ² R000	Non-rated assets ² R000	
Debt securities	422 319	78 207	-	-	-	2 737 900	-	176 208	-	3 414 634
Government ¹	422 319	-	-	-	-	-	-	-	-	422 319
Bank	-	-	-	-	-	2 690 798	-	6 587	-	2 697 385
Other	-	78 207	-	-	-	47 102	-	169 621	-	294 930
Investment in investment contracts	-	-	-	-	-	-	-	-	9 685	9 685
Loans and advances	-	-	-	-	-	-	-	-	193 956	193 956
Secured	-	-	-	-	-	-	-	-	142 715	142 715
Unsecured	-	-	-	-	-	-	-	-	51 241	51 241
Derivative financial instruments	-	-	-	-	-	-	-	-	9 637	9 637
Reinsurance contract assets	-	-	-	9 203	-	-	-	110 305	1 831	121 339
Receivables	-	332	2 462	-	2 421	-	-	14 699	2 000 409	2 020 323
Trade receivables	-	332	2 462	-	2 421	-	-	14 699	141 718	161 632
Brokers and clearing houses and client accounts	-	-	-	-	-	-	-	-	1 707 522	1 707 522
Contracts for difference	-	-	-	-	-	-	-	-	25 084	25 084
Receivables due from related parties	-	-	-	-	-	-	-	-	120 932	120 932
Rental and other deposits and sundry debtors	-	-	-	-	-	-	-	-	5 153	5 153
Unit-linked investments	-	-	-	-	-	-	75 198 943	-	-	75 198 943
Collective investment schemes	-	-	-	-	-	-	75 061 568	-	-	75 061 568
Other unit-linked investments	-	-	-	-	-	-	137 375	-	-	137 375
Cash and cash equivalents	-	-	-	-	-	1 938 470	-	18 577	43 896	2 000 943
	422 319	78 539	2 462	9 203	2 421	4 676 370	75 198 943	319 789	2 259 414	82 969 460

¹ The government debt securities relate to instruments issued by the South African government, which have a Moody's short term rating of Ba2 at 28 February 2023.

² Refer to pages 216 and 217 for further detail on the 'other rated' and 'non-rated' assets.

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35. Risk management (continued)

Financial risk management (continued)

Credit risk (continued)

Credit quality (continued)

The other rated assets can be broken down as follows:

Class of financial assets	Rating agency	External credit rating	2024	Restated
			R000	2023 R000
Receivables	Fitch	F1+(ZAF)	3 005	-
Receivables	S&P	AA-(ZA) to BB(ZA)	15 984	14 699
Debt securities	Fitch	F1+(ZAF)	50 424	-
Debt securities	GCR	A1+(ZA)	25 509	25 444
Debt securities	S&P	A1+(ZA)	45 863	6 587
Reinsurance contract assets	S&P	AA-(ZA) to A-(ZA)	108 882	110 305
			249 667	157 035
Debt securities	Moody's ¹	Baa3(ZA) to B1(ZA)	36 890	144 177
Cash and cash equivalents	Moody's ¹	NP(ZA)	14 712	18 577
			301 269	319 789

¹ Moody's ratings of financial assets which fell out of the range disclosed in the Moody's credit rating table disclosed on the previous pages.

Debt securities

The non-rated debt securities of R87.3 million for 2024 relates to client-related balances, and as such does not expose the business to the credit risk of these securities.

Investment in investment contracts

The investment in investment contracts is an amount invested with a foreign insurer and is linked to the investment contract liability. Therefore the credit risk is carried by the policyholder.

Loans and advances

Loans and advances consist mainly of amounts due from financial advisers which have been deemed to be high quality assets. Balances due from financial advisers are monitored against the income generated by these advisers to ensure that sufficient collateral for the amounts owed is available.

Derivative financial instruments

These represent CFDs facilitated by PSG Securities between the client and RMB, and as such the client bears the credit risk.

Receivables

Non-rated receivables consist mainly of the following:

- Balances due from brokers and clearing houses, which relate to client-related balances, are settled within three days after the transaction occurred in terms of the clearing house rules of the JSE.
- Contracts for difference consisting of collateral assets and margin accounts held by the underlying banking institutions on behalf of clients.
- Receivables due from related parties relate mainly to the February management fees due from the PSG collective investment schemes, which are settled within a week of the financial year-end.
- Other receivables consist mainly of commission and other fee income due from third-party asset management and insurance companies, fees due from the JSE, as well as policyholder receivables due from investment houses (in the case where the policy matured or was redeemed by the policyholder). These receivables are assessed individually for any indications that the counterparties might not be able to honour their commitments. The risk of default is low as it relates to reputable financial services institutions.

35. Risk management (continued)

Financial risk management (continued)

Credit risk (continued)

Credit quality (continued)

Receivables (continued)

- Of the non-rated trade receivables of R188.4 million (2023: R141.7 million), R18.5 million (2023: R16.6 million) relates to client-related balances and, as such, does not expose the business to the credit risk of these assets.
- The receivables which expose the group to credit risk have been assessed to be high quality assets.

Cash and cash equivalents

The non-rated cash and cash equivalents relate mainly to offshore bank accounts held by foreign subsidiaries and the PSG Securities trading account. The credit committee assesses the default risk of the foreign banks, taking into consideration the alternative counterparties available in the respective countries, and sets limits on the group's exposure. The cash held in the trading account is highly liquid, earns competitive interest yield and has a weighted average maturity of less than 90 days.

Impairment history

Receivables are tested for impairment using a variety of techniques including assessing credit risk and monthly monitoring of individual debtors. As at 29 February 2024, R3.1 million (2023: R2.6 million) of unsecured loans to advisers were impaired.

Refer to note 7 for the expected credit loss considerations on the loans and advances.

Concentration

Although the group follows a policy of diversification, some concentration of credit risk towards certain counterparties exists:

- A large portion of the quoted debt securities is invested in the large four South African banks, and relates to investments linked to investment contracts and the consolidated collective investment schemes.
- Reinsurance contract assets are largely due from Santam re and African re (refer to the 'reinsurance credit exposures' section below and on page 218 for further detail).
- The derivative financial instruments and contracts for difference represent client assets relating to the stockbroking business and are held mainly with RMB.
- The cash and cash equivalents predominantly include balances at the larger South African banks.

The investment committee closely monitors the performance and concentration of the shareholder assets to ensure that the group is not overly exposed to a particular counterparty.

The collective investment schemes consolidated in terms of IFRS 10 – Consolidated Financial Statements are managed in terms of the respective fund mandates.

Reinsurance credit exposures

Reinsurance is used to manage insurance risk. However, this does not discharge the group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the group remains liable for the payment to the policyholder. The group has some exposure to concentration risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The creditworthiness of reinsurers is considered annually by reviewing their financial strength prior to finalisation of any contract. The group's largest reinsurance counterparties are African re and Santam re (2023: African re and Santam re). This exposure is monitored on a regular basis with the forecast to completion monitored for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the group will arise.

Notes to the group financial statements

for the year ended 29 February 2024

35. Risk management (continued)

Financial risk management (continued)

Credit risk (continued)

Reinsurance credit exposures (continued)

The following table presents the concentration risk with the individual reinsurers at year-end:

	2024		Restated 2023	
	R000	%	R000	%
African re	60 559	54	57 143	47
Santam re	34 069	31	36 517	30
R&V Versicherung	12 138	11	13 784	11
Covea	980	1	9 203	8
Other	3 486	3	4 692	4
Reinsurance contract assets	111 232	100	121 339	100

Financial liabilities at fair value through profit or loss

Certain financial liabilities in the group's statement of financial position have been designated at fair value through profit or loss. These include investment contracts and third-party liabilities arising on consolidation of mutual funds. The determination of fair value requires an assessment of PSG Financial Services's own credit risk.

The current year and cumulative fair value movements in these instruments were mainly due to market movements relating to the underlying instruments which back the related investment contracts and third-party liabilities, with no significant fair value movement attributable to credit risk.

The investment contract liabilities relate to the group's linked life business, therefore the fair value of the investment contract liabilities are directly linked to the underlying policyholder assets. PSG Financial Services has considered the impact of the entity's own credit risk and has determined the impact is not significant based on the liquidity and the underlying asset position which support such liabilities. PSG Financial Services remains well capitalised and, accordingly, no adjustment to the valuation for credit risk has been made for the financial years under review.

PSG Financial Services's own credit risk is not applicable in the measurement of third-party financial liabilities arising on consolidation of mutual funds as these liabilities are specifically referenced to assets and liabilities contained in a separate legal structure (collective investments schemes) that could not be attached in the event of a group entity holding the controlling units defaulting.

PSG Financial Services's own credit risk is also not applicable in the measurement of purchase consideration payable as the amount payable is directly linked to the underlying book of business acquired and its profitability over a contracted period and not that of the group.

35. Risk management (continued)

Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the group will not be able to raise sufficient funds to meet the commitments associated with its liabilities. This risk arises when investments are not marketable and therefore cannot be realised in the short term.

The table below analyses the group's liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

	Carrying value R000	Less than 1 year R000	Between 1 and 5 years R000	Over 5 years R000
At 29 February 2024				
Lease liabilities	201 422	90 691	135 221	10 052
Derivative financial instruments	12 005	12 005	-	-
Investment contracts	45 506 258	45 506 258	-	-
Insurance contract liabilities	360 278	349 377	10 901	-
Reinsurance contract liabilities	3 242	3 242	-	-
Third-party liabilities arising on consolidation of mutual funds	59 655 531	59 655 531	-	-
Trade and other payables				
Trade payables, settlement control account and other payables	2 333 856	2 333 856	-	-
Contracts for difference	12 661	12 661	-	-
Purchase consideration payable	34 855	23 838	11 017	-
	108 120 108	107 987 459	157 139	10 052
At 28 February 2023 (Restated)				
Lease liabilities	235 777	89 366	178 641	13 057
Derivative financial instruments	14 623	14 623	-	-
Investment contracts	40 177 057	40 177 057	-	-
Insurance contract liabilities	463 363	451 008	12 355	-
Reinsurance contract liabilities	12 230	12 230	-	-
Third-party liabilities arising on consolidation of mutual funds	39 670 804	39 670 804	-	-
Trade and other payables				
Trade payables, settlement control account and other payables	2 097 777	2 097 777	-	-
Contracts for difference	27 188	27 188	-	-
Purchase consideration payable	47 283	36 288	10 995	-
	82 746 102	82 576 341	201 991	13 057

Notes to the group financial statements

for the year ended 29 February 2024

35. Risk management (continued)

Financial risk management (continued)

Liquidity risk (continued)

Investment contract liabilities

The value of the investment contract liabilities is linked to the value of the underlying matching assets portfolio. Equity securities of R3.9 billion (2023: R3.4 billion), unit-linked investments of R41.5 billion (2023: 36.7 billion), investment in investment contracts of R9.4 million (2023: R9.7 million) and cash and cash equivalents of R37.4 million (2023: R34.6 million) are linked to investment contract liabilities.

With regard to the linked investment policy business, it is the group's policy to pay a policyholder once the amount disinvested has been collected. Accordingly, the underlying assets' maturity profile should approximate that of the investment contracts. The investment contracts do not expose the group to significant liquidity risk. The investment policy and mandates take the expected liquidity cash flow into account. By limiting the cash flow mismatch, the risk of premature realisation of assets or reinvestment of excess cash is mitigated. In addition, investment guidelines and limits are used to limit exposure to illiquid assets. With regard to the investments linked to guaranteed investment contracts, these products have very specific guaranteed repayment profiles. The expected liability outflow is matched by assets that provide the required cash flows as and when they become payable.

Third-party liabilities arising on consolidation of mutual funds

Third-party liabilities arising on consolidation of mutual funds represent demand liabilities of collective investment scheme interests not held by the group arising as a result of consolidation. Maturity analysis is not possible as it is dependent on external unitholders' behaviour outside of the group's control.

Insurance contracts

The group is exposed to daily calls on its available cash resources, mainly from claims arising from short-term insurance contracts through its subsidiary, Western Group. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management actively manages the maturity profile of investments made in order to meet obligations. Investments are only made at reputable institutions and in short-duration instruments.

Trade and other payables

Included in trade and other payables is the settlement control account of R1.7 billion (2023: R1.5 billion), which represents the settlement of trades done by clients in the last few days before year-end, with the settlement to the clients taking place within three days after the transaction date. The settlement control account is matched with current assets in the form of the broker and clearing accounts and cash and cash equivalents (if portion was received from the JSE before year-end), which reduces the liquidity risk.

Financing facilities

The group has access to the following undrawn borrowing facilities at the end of the financial year:

- A recourse facility from Investec Bank Limited of R150.0 million (2023: R150.0 million).
- An approved DMTN programme of R3.0 billion (2023: R3.0 billion).
- An undrawn overdraft facility of R50.0 million (2023: R50.0 million) with Absa Bank Limited.

35. Risk management (continued)

Financial risk management (continued)

Liquidity risk (continued)

Risk management

Refer to page 98 for the mitigating controls put in place as part of the risk management framework to address liquidity risk.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, each entity aims to maintain flexibility in funding by keeping committed credit lines available.

Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosed by level based on the following fair value measurement hierarchy, as required by IFRS 7 – Financial Instruments: Disclosures and IFRS 13 – Fair Value Measurement:

- **Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities**
The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the group is the current bid price. Instruments included in level 1 comprise primarily JSE equity investments classified as at fair value through profit or loss.
- **Level 2 – Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)**
Financial instruments that trade in markets that are not considered to be active but are valued (using valuation techniques) based on quoted market prices, dealer quotations or alternative pricing sources supported by observable input are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. If all significant input required to fair value an instrument is observable, the instrument is included in level 2.
- **Level 3 – Input for the asset or liability that is not based on observable market data (that is, unobservable input)**
If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investments classified within level 3 have significant unobservable input, as they trade infrequently.

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35. Risk management (continued)

Financial risk management (continued)

Fair value estimation (continued)

Valuation techniques and assumptions used in determining the fair value of level 2 instruments

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:

Instrument	Valuation basis/techniques	Main assumptions
Derivative financial instruments	Exit price on recognised OTC platforms	Not applicable
Debt securities	Valuation model that uses the market inputs (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 based on the net asset value of the fund	Not applicable – daily prices are publicly available
Investment in investment contracts	Unit prices are obtained from the insurer of the particular investment contract	Not applicable – prices provided by registered long-term insurers
Investment contracts liabilities – unit-linked	Current unit price of underlying unitised financial asset that is linked to the liability, multiplied by the number of units held	Not applicable
Third-party financial liabilities arising on consolidation of mutual funds	Quoted put (exit) price provided by the fund manager based on the net asset value of the fund	Not applicable – daily prices are publicly available

Unit-linked investments, investments in investment contracts and debt securities are mostly held to match investment contract liabilities and, as such, any change in measurement would result in a similar adjustment to investment contract liabilities. The group's overall profit or loss is therefore not materially sensitive to the input of the models applied to derive fair value.

Valuation techniques and assumptions used in determining the fair value of level 3 instruments

Unit-linked investments relate mainly to units held in hedge funds and are priced monthly. The group has determined that the reported net asset value represents fair value at the end of the reporting period. The prices are obtained from the asset managers of the particular hedge funds. These are held to match investment contract liabilities, and as such any change in measurement would result in a similar adjustment to investment contract liabilities. The group's overall profit or loss is therefore not materially sensitive to the input of the models applied to derive fair value.

Purchase consideration payable classified within level 3 has significant unobservable input, as the valuation technique used to determine the fair values takes into account the probability (at year-end) that the contracted party will achieve the profit guarantee as stipulated in the business agreement.

35. Risk management (continued)

Financial risk management (continued)

Fair value estimation (continued)

Fair value hierarchy

The following financial instruments are measured at fair value:

At 29 February 2024	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
Financial assets				
Derivative financial instruments	-	9 526	-	9 526
Equity securities	3 951 765	-	240	3 952 005
Listed and quoted	3 951 765	-	-	3 951 765
Unquoted	-	-	240	240
Debt securities	1 031 638	2 900 768	-	3 932 406
Government debt securities – quoted	663 931	615 184	-	1 279 115
Other debt securities – quoted	367 707	2 285 584	-	2 653 291
Unit-linked investments	-	99 942 741	129 032	100 071 773
Collective investment schemes	-	99 942 741	-	99 942 741
Other unit-linked investments	-	-	129 032	129 032
Investment in investment contracts	-	9 443	-	9 443
	4 983 403	102 862 478	129 272	107 975 153
Own balances	37 176	3 438 500	41 882	3 517 558
Client-related balances	4 946 227	99 423 978	87 390	104 457 595
Financial liabilities				
Derivative financial instruments	-	12 005	-	12 005
Investment contracts	-	45 418 868	87 390	45 506 258
Purchase consideration payable	-	-	34 855	34 855
Third-party liabilities arising on consolidation of mutual funds	-	59 655 531	-	59 655 531
	-	105 086 404	122 245	105 208 649
Own balances	-	-	34 855	34 855
Client-related balances	-	105 086 404	87 390	105 173 794

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35. Risk management (continued)

Financial risk management (continued)

Fair value estimation (continued)

Fair value hierarchy (continued)

The following financial instruments are measured at fair value:

At 28 February 2023	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
Financial assets				
Derivative financial instruments	-	9 637	-	9 637
Equity securities	3 487 779	-	240	3 488 019
Listed and quoted	3 487 779	-	-	3 487 779
Unquoted	-	-	240	240
Debt securities	681 522	2 733 112	-	3 414 634
Government debt securities – quoted	196 820	225 499	-	422 319
Other debt securities – quoted	484 702	2 507 613	-	2 992 315
Unit-linked investments	-	75 061 568	137 375	75 198 943
Collective investment schemes	-	75 061 568	-	75 061 568
Other unit-linked investments	-	-	137 375	137 375
Investment in investment contracts	-	9 685	-	9 685
	4 169 301	77 814 002	137 615	82 120 918
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
Financial liabilities				
Derivative financial instruments	-	14 623	-	14 623
Investment contracts	-	40 076 274	100 783	40 177 057
Purchase consideration payable	-	-	47 283	47 283
Third-party liabilities arising on consolidation of mutual funds	-	39 670 804	-	39 670 804
	-	79 761 701	148 066	79 909 767
Own balances	-	-	47 283	47 283
Client-related balances	-	79 761 701	100 783	79 862 484

35. Risk management (continued)

Financial risk management (continued)

Fair value estimation (continued)

Level 3 financial instruments

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

	Unit-linked investments ¹ R000	Equity securities R000	Total R000
Assets			
Carrying value at 1 March 2022	208 463	7 373	215 836
Additions	27 888	-	27 888
Disposals	(117 768)	(11 055)	(128 823)
Gains recognised in profit or loss ²	18 792	3 922	22 714
Carrying value at 28 February 2023	137 375	240	137 615
Additions	38 441	-	38 441
Disposals	(54 953)	-	(54 953)
Gains recognised in profit or loss ²	8 169	-	8 169
Carrying value at 29 February 2024	129 032	240	129 272

¹ Gains on these items were 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'.

² Gains recognised in profit or loss include unrealised gains of R6.9 million and realised gains of R1.3 million for the 2024 financial year (2023: unrealised gains of R25.7 million and realised losses of R3.0 million).

	Purchase consideration payable in credit R000	Investment contracts ³ R000	Total R000
Liabilities			
Carrying value at 1 March 2022	58 003	189 575	247 578
Additions	32 741	19 768	52 509
Settlements	(43 961)	(127 363)	(171 324)
Acquisition of subsidiaries (refer to note 33.3)	500	-	500
Losses recognised in profit or loss ⁴	-	18 803	18 803
Carrying value at 28 February 2023	47 283	100 783	148 066
Additions	39 923	33 392	73 315
Settlements	(52 351)	(54 954)	(107 305)
Losses recognised in profit or loss ⁴	-	8 169	8 169
Carrying value at 29 February 2024	34 855	87 390	122 245

³ Losses on these items were recognised in profit or loss under the line item 'net income attributable to investment contract holders and third-party liabilities'.

⁴ Losses recognised in profit or loss include unrealised losses of R6.9 million and realised losses of R1.3 million for the 2024 financial year (2023: unrealised losses of R21.0 million and realised gains of R2.2 million).

Offsetting

The group does not have any financial assets or financial liabilities that are currently subject to offsetting in accordance with IAS 32 – Financial Instruments: Presentation.

However, the derivative assets of R9.5 million (2023: R9.6 million) and derivative liabilities of R12.0 million (2023: R14.6 million) are subject to a master netting arrangement, with a net exposure of R2.5 million (2023: R5.0 million).

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35. Risk management (continued)

Insurance risk

Insurance activities expose the group to insurance risk (including pricing risk, reserving risk, underwriting risk and reinsurance risk).

Insurance risk is the risk that future claims and expenses will exceed the allowance for expected claims and expenses in the measurement of policyholder liabilities and in product pricing.

Long-term insurance contracts

The insurance risk that PSG Life Limited is exposed to arises from an annuitant book with 35 (2023: 39) policies which are in the process of being run off, with a total liability value of R10.9 million (2023: R12.4 million). The insurance risk associated with this line of business is longevity risk, as there is a risk of loss that could arise should annuitants live longer than expected.

The loss arises as a result of the company having undertaken to make regular payments to the policyholders for their remaining lives. The most significant risk on these liabilities is continued medical advances and improvement in social conditions that lead to longevity improvements being better than expected.

The group manages the longevity risk by making use of standard mortality tables in calculating the life expectancy of its annuitants. However, the risk is not seen as material due to the size of this annuitant book.

The profile of annuity amounts payable per life in respect of annuities is as follows:

Annuity amount per annum (R)	2024		2023	
	Number of annuities	Annual annuity exposure R000	Number of annuities	Annual annuity exposure R000
0 – 50 000	21	504	24	552
50 001 – 100 000	8	562	9	603
100 001 – 150 000	2	251	2	239
150 001 – 200 000	2	375	3	548
200 001 – 999 999 999	2	422	1	211

The table above shows that the concentration risk is likely to be small given the number of lives and the annuity profile being heavily weighted to lower annuity amounts per annum.

In the measurement of annuitant liabilities, a margin as described in the accounting policies is subtracted from the best estimate mortality. The best estimate mortality includes an allowance for future mortality improvements.

Significant assumptions used in determining the policyholder liability on this annuitant book were as follows:

- Mortality table: 95.00% of a (55), less a three-year age adjustment
- Annuity bonus: based on 75% of the long-term Prudential Authority inflation curve for both mCubed and Glenrand policies (2023: 75%), with 13th cheques allowed for mCubed policies; average future bonus rate of 4.00% for both Glenrand and mCubed policies (2023: 5.18%)
- Investment returns: based on the long-term Prudential Authority nominal yield curve effective 29 February 2024 and 28 February 2023

The investment strategy followed for assets held to cover these liabilities is to match the liability cash flows as closely as possible, given the availability of appropriate inflation-linked bonds. The targeted return of these portfolios is to earn returns which at least match inflation. This is reviewed by the investment committee as well as the statutory actuary of PSG Life Limited on at least an annual basis.

The group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the group manages them.

35. Risk management (continued)

Insurance risk (continued)

Non-life insurance contracts

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the materialisation of risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur when the frequency or severity of claims and benefits is greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques. Changing risk parameters and unforeseen factors, such as patterns of crime, economic and geographical circumstances, may result in unexpectedly large claims.

Pricing and reserving

The group bases its pricing policy on the theory of probability. Underwriting limits are set for underwriting managers and brokers to ensure that this policy is consistently applied. The group also has the right to reprice and change the conditions for accepting risks on renewal. It also has the ability to impose deductibles and reject fraudulent claims.

The group is exposed to accumulation risk in the form of geographical (large metropolitan areas), as well as class of business concentrations of risk. The risk appetite policy dictates how much capital the group is willing to put at risk in the pursuit of value. It is within this risk appetite framework that the reinsurance programme has been selected to mitigate accumulation risk within its portfolio.

The reinsurance arrangements include excess, stop-loss and catastrophe coverage.

Claim provisions for all classes of business are regularly reviewed to make sure they are sufficient. These analyses draw on the expertise and experience of a wide range of specialists, such as underwriting and accounting experts.

Capital adequacy management aims to manage the risk that the net technical reserves held on the statement of financial position to fund reported and future claims as well as their associated expenses may prove insufficient.

The group holds its technical reserves at the minimum levels of sufficiency in accordance with prudential guidelines and legal requirements. The group aims to be conservative in the holding of technical reserves to protect its capital.

Underwriting risk

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The concentration of insurance risk in relation to the type of insurance risk accepted, as well as the relative geographical concentration of the risk is summarised in the table below:

Geographical location	2024		2023	
	Type of insurance risk		Type of insurance risk	
	Motor %	Non-motor %	Motor %	Non-motor %
South Africa	41	59	41	59
Namibia	33	67	32	68
	41	59	40	60

Of the group's insurance revenue of R2.3 billion for the year ending 29 February 2024 (2023: R1.9 billion), 95% (2023: 95%) was generated within South Africa, 5% (2023: 5%) within Namibia.

Refer to page 98 for mitigating controls put in place as part of the risk management framework to address underwriting risk.

Notes to the group financial statements

for the year ended 29 February 2024

35. Risk management (continued)

Insurance risk (continued)

Non-life insurance contracts (continued)

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

Sources of uncertainty in the estimation of future claim payments

Claims are payable on a claims-occurrence basis. The group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a larger element of the claims provision relates to incurred but not reported claims. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by the individual contract holders and the risk management procedures they adopted.

In calculating the estimated cost of unpaid claims (both reported and not), the group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based on actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

Development of claims

Due to the nature of the insurance contracts, the uncertainty about the amount and timing of claims payments is typically resolved within one year.

Capital risk management

The group's objectives when managing capital (which comprises shareholder's equity) are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The group considers the optimal capital structure to be a structure in which the optimal level of capital is maintained in the most effective way by balancing the needs of shareholders, policyholders and regulators, with the main focus being one of maximising shareholder value. This requires the group to manage the levels of capital within each regulated entity in the group to keep these in line with the capital requirements for that entity, as well as to ensure that this reflects and is consistent with the group's risk profile and risk appetite. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

When funding is required, management will consider the various forms of paper available for issue, taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will consider issuing ordinary shares, or short, long or medium-term borrowings with variable or fixed rates accordingly.

PSG Financial Services Limited facilitates the efficient deployment of capital to the various subsidiaries in the group. The company will therefore retain sufficient capital to satisfy the groups risk appetite as well as to facilitate growth. The Exco and Manco provide oversight for the capital management of the group.

Certain subsidiaries have regulatory capital adequacy requirements as a result of the respective industries in which they operate. PSG Life Limited is required to hold a minimum amount of capital in order to reduce the policyholders' exposure to the company's liquidity risk. The Prudential Authority regularly reviews compliance with these minimum capital requirements as the regulatory authority. The company must maintain shareholders' funds that will be sufficient to meet obligations in the event of substantial deviations from the main assumptions affecting the company's business. PSG Life Limited met the solvency requirements, in accordance with the regulations and the guidelines issued by the Prudential Authority, as at 29 February 2024.

35. Risk management (continued)

Capital risk management (continued)

A subsidiary of the group, Western Group Holdings Limited (Western Group), operates in the short-term insurance industry. The objectives when managing capital are to safeguard its ability to continue as a going concern and to ensure optimal capital adequacy management in order to manage the risk that the net technical reserves held on the statement of financial position are sufficient to fund reported and future claims as well as their associated expenses. Capital management is done through reinsurance and reserving. The group is exposed to accumulation risk in the form of geographical (large metropolitan areas) as well as class of business concentrations of risk. The risk appetite policy dictates how much capital the group is willing to put at risk in the pursuit of value. It is within this risk appetite framework that the reinsurance programme has been selected to mitigate accumulation risk within its portfolio. The reinsurance arrangements include excess, stop-loss and catastrophe coverage. The group manages its capital requirements in accordance with the guidelines and statutory regulations of each regulator in the various jurisdictions. The group holds its technical reserves at the minimum levels of sufficiency in accordance with prudential guidelines and legal requirements. The group aims to be conservative in the holding of technical reserves to protect its capital. The entities within the Western Group met their capital requirements as at 29 February 2024.

The capital levels of the non-insurance companies and subsidiaries are based on operational requirements (subject to any regulatory capital requirements), taking into account new business targets.

Group restrictions on assets and liabilities

The group does not have any significant restrictions on its ability to access or use its assets and settle its liabilities other than those required by supervisory regulatory frameworks.

Group credit risk

During August 2023, GCR affirmed the group's long-term and short-term credit ratings at A+(ZA) and A1(ZA) respectively, with a stable outlook.

Financial risk inherent in consolidated mutual funds

The group consolidates a number of collective investment schemes as a result of exercising control over these funds, and the risk management framework is therefore applicable to the risk management of the fund. Refer to Annexure B for information on the mutual funds consolidated.

Because of the specific nature of the business of the schemes, the risk management principles may be applied differently to managing the risks relevant to the schemes from the way the overall financial risks are managed. This section describes how the financial risk management of the schemes differs from the overall financial risk management.

The management company of the scheme has a dedicated independent risk function that continuously monitors the overall risk of the portfolios against stated mandate limits and the portfolio risk appetites over time. To avoid conflicts of interest, the function is separate from the investment team and reports directly to the COO of the management company.

When considering any new investment for a scheme, the risks and expected returns are critical elements in the investment decision. Before an instrument is included in a portfolio, risks are carefully considered at instrument and portfolio levels. The scheme mandate is also assessed.

A portfolio market risk appetite is measured as a function of current market conditions and a benchmark, which translates into a targeted tracking error that is monitored by the independent risk unit. Credit and liquidity risks are mitigated through diversification of issuers in line with the policy.

Notes to the group financial statements

for the year ended 29 February 2024

36. Adoption of new accounting standards

The International Accounting Standards Board issued IFRS 17 – Insurance Contracts (IFRS 17) to replace IFRS 4 – Insurance Contracts for annual periods beginning on or after 1 January 2023. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.

IFRS 17 impacts the group's non-life insurer, Western. The company mainly issues short-duration non-life insurance contracts and holds short-duration non-life reinsurance contracts, to which the premium allocation approach (PAA) accounting model has been applied.

The group has adopted IFRS 17, as of 1 March 2023, on a fully retrospective basis and the 2023 comparative figures have been restated. Any adjustments to the carrying amounts of insurance and reinsurance assets and liabilities at the date of transition (1 March 2022) were recognised as an adjustment to retained earnings.

The changes brought about by IFRS 17 have not changed the underlying economics of our business or our strategy. While IFRS 17 does result in changes to the timing of profit recognition from insurance contracts, it does not change the group's overall profit level nor does it have any impact on our non-insurance businesses.

Reclassification and restatement of prior year figures

Subsequent to the IFRS17 restated results reported as at 31 August 2023, management has continuously reviewed the implementation and impact of the adoption of IFRS 17. As part of this assessment, it was determined that discounting should be applied to the liability for incurred claims (LIC) balances for both insurance and reinsurance contracts.

The discounting of transitional IFRS17 balances caused an increase in the 1 March 2022 adjustment to retained earnings of R3.3 million, as well as impacted the LIC balances presented for subsequent periods.

The movement in LIC balances due to the unwinding of the discount and changes in the financial assumptions are required to be separately presented. The impact of this has been reflected in the net insurance service result section of the income statement.

The presentation of the statement of financial position, income statement and statement of changes in equity have been amended by restating each of the impacted financial statement line items for the 2022 and 2023 financial years, as required by IAS 1 – Presentation of Financial Statements.

The reclassification and restatement had a < 0.1% impact on the prior year reported income, earnings, headline earnings per share, and on our net asset value.

The financial effects of the reclassification and restatement are set out below:

	As previously reported R000	IFRS17 reclassifications and restatements R000	Restated R000
As at 1 March 2022 (transition to IFRS17)			
Consolidated statement of changes in equity			
Retained earnings	2 792 511	3 286	2 795 797
Non-controlling interest	422 887	1 245	424 132
	<u>3 215 398</u>	<u>4 531</u>	<u>3 219 929</u>

36. Adoption of new accounting standards (continued)

Reclassification and restatement of prior year figures (continued)

	As previously reported R000	IFRS17 reclassifications and restatements R000	Restated R000
For the year ended 28 February 2023			
Consolidated statement of financial position			
Assets			
Deferred income tax assets	125 613	(3 840)	121 773
Insurance contract assets	22 495	(22 495)	-
Reinsurance contract assets	136 923	(15 584)	121 339
Receivables	2 065 921	(10 255)	2 055 666
	<u>2 350 952</u>	<u>(52 174)</u>	<u>2 298 778</u>
Equity			
Retained earnings	3 292 102	2 782	3 294 884
Non-controlling interest	492 103	1 245	493 348
	<u>3 784 205</u>	<u>4 027</u>	<u>3 788 232</u>
Liabilities			
Insurance contract liabilities	462 908	455	463 363
Reinsurance contract liabilities	28 890	(16 660)	12 230
Trade and other payables	2 667 868	(39 996)	2 627 872
	<u>3 159 666</u>	<u>(56 201)</u>	<u>3 103 465</u>
Consolidated income statement			
Total income			
Insurance revenue	1 728 978	145 284	1 874 262
Insurance service expense	(1 364 188)	(129 710)	(1 493 898)
Net expense from reinsurance contracts held	(123 858)	(11 130)	(134 988)
Finance expense from insurance contracts issued	-	(13 036)	(13 036)
Finance income from reinsurance contracts held	-	9 147	9 147
	<u>240 932</u>	<u>555</u>	<u>241 487</u>
Total expenses			
Depreciation and amortisation	(173 295)	(709)	(174 004)
Employee benefit expenses	(1 238 961)	(350)	(1 239 311)
	<u>(1 412 256)</u>	<u>(1 059)</u>	<u>(1 413 315)</u>
Profit for the year	1 028 046	(504)	1 027 542
Consolidated statement of changes in equity			
Balance at 1 March 2022	4 543 181	4 531	4 547 712
Profit for the year	1 028 046	(504)	1 027 542
	<u>5 571 227</u>	<u>4 027</u>	<u>5 575 254</u>

The reclassification and restatement had no impact on the statement of cash flows.

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Company statement of financial position

as at 29 February 2024

	Notes	2024 R000	2023 R000
Assets			
Investment in subsidiaries	1	1 678 138	1 678 138
Unit-linked investments	2	264 146	177 340
Loans and advances	3	241 664	265 222
Receivables	4	2 084	1 453
Current income tax asset		9	-
Cash and cash equivalents (including money market funds)	5	290 076	326 797
Total assets		2 476 117	2 448 950
Equity			
Equity attributable to owners of the company			
Stated capital	6	1 204 471	1 411 717
Retained earnings		1 207 168	979 610
Total equity		2 411 639	2 391 327
Liabilities			
Borrowings	7	475	475
Deferred income tax liability	8	1 787	2 540
Trade and other payables	9	62 216	54 266
Current income tax liability		-	342
Total liabilities		64 478	57 623
Total equity and liabilities		2 476 117	2 448 950

Company statement of comprehensive income

for the year ended 29 February 2024

	Notes	2024 R000	2023 R000
Interest income on amortised cost financial instruments	10	8 538	5 075
Interest income on fair value through profit or loss financial instruments	10	19 343	16 820
Dividend income	10	708 598	873 096
Net fair value (losses)/gains on financial instruments	11	(3 216)	7 126
Total income		733 263	902 117
Marketing, administration and other expenses	12	(1 855)	(1 793)
Total expenses		(1 855)	(1 793)
Profit before finance costs and taxation		731 408	900 324
Finance costs	13	(66)	(16)
Profit before taxation		731 342	900 308
Taxation	14	(6 772)	(7 757)
Profit for the year		724 570	892 551
Total comprehensive income for the year		724 570	892 551

Company statement of changes in equity

for the year ended 29 February 2024

	Stated capital R000	Retained earnings R000	Total R000
Balance at 1 March 2022	1 827 571	523 690	2 351 261
Comprehensive income			
Total comprehensive income for the year	-	892 551	892 551
Transactions with owners	(415 854)	(436 631)	(852 485)
Repurchase and cancellation of ordinary shares	(415 854)	-	(415 854)
Dividends paid	-	(436 631)	(436 631)
Balance at 28 February 2023	1 411 717	979 610	2 391 327
Comprehensive income			
Total comprehensive income for the year	-	724 570	724 570
Transactions with owners	(207 246)	(497 012)	(704 258)
Repurchase and cancellation of ordinary shares	(207 246)	-	(207 246)
Dividends paid	-	(497 012)	(497 012)
Balance at 29 February 2024	1 204 471	1 207 168	2 411 639

Company statement of cash flows

for the year ended 29 February 2024

	Notes	2024 R000	2023 R000
Cash flows from operating activities			
Cash generated by/(utilised in) operations	18.1	29 022	(110 141)
Interest received		18 335	12 572
Dividends received		706 124	871 579
Finance costs		(66)	(16)
Taxation paid	18.2	(7 878)	(5 546)
<i>Net cash flow from operating activities</i>		745 537	768 448
Cash flows from investing activities			
Acquisition of unit-linked investments		(98 000)	(66 300)
Disposal of unit-linked investments		20 000	236 300
<i>Net cash flow from investing activities</i>		(78 000)	170 000
Cash flows from financing activities			
Dividends paid		(497 012)	(436 631)
Repurchase of ordinary shares		(207 246)	(415 854)
<i>Net cash flow from financing activities</i>		(704 258)	(852 485)
Net (decrease)/increase in cash and cash equivalents		(36 721)	85 963
Cash and cash equivalents at the beginning of the year		326 797	240 834
Cash and cash equivalents at the end of the year	18.3	290 076	326 797

Notes to the company financial statements

for the year ended 29 February 2024

Basis of preparation and accounting policies

The basis of preparation and accounting policies of the company are the same as that of the group, as set out in Annexure A. These financial statements should be read in conjunction with the group financial statements.

1. Investment in subsidiaries

	2024 R000	2023 R000
Unlisted shares at cost less impairment	1 678 138	1 678 138

Interest in subsidiaries acquired and sold

There were no changes to the investment in subsidiaries during the current reporting period (2023: no changes).

Impairment

An assessment for impairment was performed by comparing the carrying value of the individual subsidiaries with the calculated fair value less cost to sell. The fair value is determined by applying a PE ratio to the profit after tax for each subsidiary for the respective financial years. The PE ratios are determined with reference to similar listed companies, adjusted for specific risks applicable to each subsidiary, as well as recent transactions concluded in the market and were determined as between 7.5 and 10.0 (2023: 5.0 and 7.5).

General

Refer to Annexure B for the schedule of interests in subsidiaries.

2. Unit-linked investments

	2024 R000	2023 R000
Carrying value at the beginning of the year	177 340	329 374
Additions	98 000	66 300
Disposals	(20 000)	(236 300)
Unrealised fair value net (losses)/gains	(3 216)	7 126
Interest and dividends reinvested	12 022	10 840
Carrying value at the end of the year	264 146	177 340
Current portion	118 216	82 515
Non-current portion	145 930	94 825
	264 146	177 340

3. Loans and advances

	2024 R000	2023 R000
Loans to related parties (refer to note 17)	241 664	265 222
Current portion	241 664	265 222
Non-current portion	-	-
	241 664	265 222

The loans to related parties are repayable on demand and interest-free.

The fair values of the loans and advances approximate their carrying values. Loans and advances are shown net of amounts which are not expected to be recoverable.

Expected credit losses

Expected credit losses for loans to related parties are measured under the general model as prescribed by IFRS 9.

3. Loans and advances (continued)

The period over which the expected credit loss is calculated is limited to the maximum contractual period of the loan. For loans that are repayable on demand, the contractual period is the period needed to transfer the cash once demanded. The expected credit losses are based on the assumption that the repayment of the loan is demanded at the reporting date. As such, the impact of incorporating forward-looking information is immaterial, due to the short period over which the expected credit loss assessment is performed.

The financial information of the borrower at the reporting date is inspected to determine:

- if the borrower has sufficient accessible highly liquid assets or facilities in order to repay the loan if demanded at the reporting date; and
- that there is no senior debt which the borrower would need to repay before the intergroup loan being assessed.

In such a scenario, assuming that the entity has no restrictions on its liquid assets and could meet a demand to repay the loan at the reporting date, no expected credit loss would be recognised unless the impact of discounting from when the repayment is demanded until it is paid is material.

The related parties were assessed to have sufficient accessible liquid assets or facilities available to repay the loans in full, taking into consideration any senior debt which the borrower would need to repay first, should repayment be demanded on the reporting date. Management therefore determined that any expected credit losses as well as the impact of discounting would be immaterial.

The maximum exposure to credit risk at the reporting date is the fair value of the loans and advances mentioned above.

4. Receivables

	2024 R000	2023 R000
Trade receivables	2 023	1 453
Prepayments	61	-
	2 084	1 453
Current portion	2 084	1 453
Non-current portion	-	-
	2 084	1 453

The receivables are interest-free and repayable on demand. The carrying value approximates fair value.

In terms of IFRS 9, the company has applied the simplified approach to determine the expected credit loss, which was deemed to be immaterial.

5. Cash and cash equivalents (including money market funds)

	2024 R000	2023 R000
Cash at bank	21 504	17 423
Money market funds	173 272	213 674
Short-term deposits	95 300	95 700
	290 076	326 797

The effective interest rate on cash and cash equivalents (including money market funds) was 8.11% (2023: 5.59%). The money market funds and the short-term deposits have an average maturity of 30 days or less.

Impairments on cash and cash equivalents carried at amortised cost are measured on a 12-month expected credit loss basis and reflect the short-term maturities of the exposures. The company considers that its cash and cash equivalents have good credit quality based on the external credit ratings of the counterparties. Management therefore determined that any expected credit losses would be immaterial.

Notes to the company financial statements

for the year ended 29 February 2024

6. Stated capital

Authorised

3 billion shares with no par value
(2023: 3 billion shares with no par value)

There were no changes to the authorised stated capital during the current reporting period (2023: no changes).

	Number of shares (thousands)	Stated capital R000
As at 1 March 2022	1 331 372	1 827 571
Repurchase and cancellation of shares	(35 683)	(415 854)
As at 28 February 2023	1 295 689	1 411 717
Repurchase and cancellation of shares	(15 798)	(207 246)
As at 29 February 2024	1 279 891	1 204 471

During the 2024 financial year, the company repurchased and cancelled 15.8 million ordinary shares at a cost of R207.2 million at a weighted average cost price of R13.12 per share. The cost was deducted from stated capital. The buy back and cancellation were approved by shareholders at the 2023 AGM.

During the 2023 financial year, the company repurchased and cancelled 35.7 million ordinary shares at a cost of R415.9 million at a weighted average cost price of R11.65 per share. The cost was deducted from stated capital. The buy back and cancellation were approved by shareholders at the 2022 AGM.

All shares issued by the company were fully paid. The unissued shares in the company are placed under the control of the directors until the next AGM. The directors are authorised to buy back shares under general approval, subject to certain limitations and the JSE Listings Requirements.

7. Borrowings

	2024 R000	2023 R000
Related-party loans (refer to note 17)	475	475
Current portion	475	475
Non-current portion	-	-
	475	475

The related-party loans are unsecured, interest-free and repayable on demand.

The carrying value of the borrowings approximates their fair value.

8. Deferred income tax

	2024 R000	2023 R000
Deferred income tax asset	220	13
Deferred income tax liability	(2 007)	(2 553)
Net deferred income tax liability	(1 787)	(2 540)
Deferred income tax asset		
To be recovered within 12 months	13	13
To be recovered after 12 months	207	-
	220	13
Deferred income tax liability		
To be recovered within 12 months	(330)	(241)
To be recovered after 12 months	(1 677)	(2 312)
	(2 007)	(2 553)

8. Deferred income tax (continued)

The movement in the deferred income tax asset during the year was as follows:

Deferred income tax asset	Accruals not currently deductible R000	Total R000
Carrying value at 1 March 2022	60	60
Charge to profit or loss	(47)	(47)
Carrying value at 28 February 2023	13	13
Credit to profit or loss	207	207
Carrying value at 29 February 2024	220	220

The movement in the deferred income tax liability during the year was as follows:

Deferred income tax liability	Unrealised appreciation of investments R000	Total R000
Carrying value at 1 March 2022	(999)	(999)
Charge to profit or loss	(1 554)	(1 554)
Carrying value at 28 February 2023	(2 553)	(2 553)
Credit to profit or loss	546	546
Carrying value at 29 February 2024	(2 007)	(2 007)

The deferred income tax asset and liability were calculated on all temporary differences under the liability method using the effective tax rate of 27% (2023: 28%).

The recoverability of the deferred income tax asset was assessed as set out in the detailed accounting policies in Annexure A.

9. Trade and other payables

	2024 R000	2023 R000
Trade payables	62 207	54 257
VAT payable	9	9
Total trade and other payables ¹	62 216	54 266
Current portion	62 216	54 266
Non-current portion	-	-
	62 216	54 266

¹ Includes non-financial liabilities of R0.009 million (2023: R0.009 million).

The carrying amount of trade and other payables approximates their fair value.

Notes to the company financial statements

for the year ended 29 February 2024

10. Investment income

	2024 R000	2023 R000
Interest income		
<i>Interest income on amortised cost financial instruments</i>		
Cash and short-term funds	8 538	5 075
	8 538	5 075
<i>Interest income on fair value through profit or loss financial instruments¹</i>		
Interest received from related parties (refer to note 17)	19 343	16 820
	19 343	16 820
	27 881	21 895
Dividend income¹		
Dividend income from related parties (refer to note 17)	708 557	873 096
Dividend income on equity securities	41	-
	708 598	873 096
Total investment income	736 479	894 991

¹ The interest income on fair value through profit or loss financial instruments and the dividend income are recognised on financial instruments mandatorily at fair value through profit or loss.

11. Net fair value (losses)/gains on financial instruments

	2024 R000	2023 R000
Unrealised net fair value (losses)/gains on unit-linked investments	(3 216)	7 126

12. Marketing, administration and other expenses

	2024 R000	2023 R000
Auditor's remuneration	81	78
Professional fees	1 486	1 438
Administration costs	288	277
	1 855	1 793

13. Finance cost

	2024 R000	2023 R000
Other payables	66	16

14. Taxation

	2024 R000	2023 R000
Current taxation		
Current year	7 526	6 156
Deferred taxation		
Current year	(754)	1 601
Total income statement charge	6 772	7 757

The company has no unutilised tax losses available at 29 February 2024 (28 February 2023: Rnil) for utilisation against future taxable income.

	2024 %	2023 %
Reconciliation of effective rate of taxation		
South African normal taxation rate	27.0	28.0
Adjusted for:		
Non-taxable income ¹	(26.2)	(27.2)
Non-deductible charges	0.1	0.1
Effective rate of taxation	0.9	0.9

¹ The non-taxable income relates to dividend income.

15. Dividend per share

	2024 R000	2023 R000
Normal dividend	497 012	436 631

Interim

13.5 cents per share (2023: 11.0 cents per share)

Final

28.5 cents per share (2023: 25.0 cents per share)

Dividends are not accounted for until they have been approved by the company's board of directors.

16. Borrowing powers

In terms of the company's MOI, borrowing powers are unlimited. Details of actual borrowings of the company are disclosed in note 7 to the company financial statements.

Notes to the company financial statements

for the year ended 29 February 2024

17. Related-party transactions

PSG Financial Services Limited and its subsidiaries enter into various transactions with members of the PSG Financial Services Group. These transactions include a range of investment, administrative and corporate services in the normal course of business.

Related-party balances	2024 R000	2023 R000
Loans and advances		
<i>Due from companies in the PSG Financial Services Group</i>		
PSG Management Services Proprietary Limited	122 034	142 952
PSG Treasury Limited	87 881	70 756
PSG Konsult Group Share Incentive Trust	31 749	51 514
	241 664	265 222
Refer to note 3 for the detail of the terms of the loans to related parties.		
Borrowings		
<i>Due to companies in the PSG Financial Services Group</i>		
PSG Insure Holdings Proprietary Limited	475	475
	475	475
Refer to note 7 for the detail of the terms of the related-party loans.		
Unit-linked investments		
<i>Investments in related parties</i>		
Local unit trusts	264 146	177 340
	264 146	177 340
Cash and cash equivalents (including money market funds)		
<i>Investments in related parties</i>		
Local unit trusts	173 272	213 674
	173 272	213 674

17. Related-party transactions (continued)

Related-party transactions	2024 R000	2023 R000
Interest income		
<i>Received from related parties</i>		
Local unit trusts	19 343	16 820
	19 343	16 820
Dividend income		
<i>Received from companies in the PSG Financial Services Group</i>		
PSG Wealth Holdings Proprietary Limited	270 000	201 000
PSG Distribution Holdings Proprietary Limited	297 080	268 579
PSG Asset Management Holdings Proprietary Limited	139 000	402 000
<i>Received from related parties</i>		
Local unit trusts	2 477	1 517
	708 557	873 096

The shareholding of directors and the directors' remuneration are set out in the report of the board of directors.

Key management compensation

Key management are those persons who have authority and responsibility for planning, directing and controlling the activities of the group. Key management is considered to be the board of directors and the prescribed officers. For the detail of the audited directors' and prescribed officers' remuneration, refer to the report of the board of directors on pages 135 and 136.

18. Notes to the statement of cash flows

	2024 R000	2023 R000
18.1 Cash generated by/(utilised in) operations		
Profit before finance costs and taxation	731 408	900 324
Adjustment for non-cash items and other:		
Interest income	(27 881)	(21 895)
Dividend income	(708 598)	(873 096)
Net fair value losses/(gains) on financial instruments	3 216	(7 126)
	(1 855)	(1 793)
Changes in working capital		
Receivables	(631)	(867)
Loans and advances	23 558	(106 373)
Borrowings	-	(5)
Trade and other payables	7 950	(1 103)
	29 022	(110 141)
18.2 Taxation paid		
Charge to profit or loss	(6 772)	(7 757)
Movement in deferred taxation	(754)	1 601
Movement in net taxation liability	(352)	610
	(7 878)	(5 546)
18.3 Cash and equivalents at the end of the year		
Cash and cash equivalents (including money market funds)	290 076	326 797

Notes to the company financial statements

for the year ended 29 February 2024

19. Events after the reporting period

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 company financial statements.

20. Risk management

Financial risk management

Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out under policies approved by the board of directors. The management of PSG Financial Services identifies, evaluates and mitigates financial risks. The board of directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

Financial instruments are grouped into the following classes in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 – Financial Instruments: Disclosures and IFRS 13 – Fair Value Measurement:

	2024 R000	2023 R000
Assets		
Financial assets carried at amortised cost		
Loans and advances ¹	241 664	265 222
Receivables ¹	2 023	1 453
Cash and cash equivalents (including money market funds) ¹	116 804	113 123
Financial assets carried at fair value through profit or loss		
Unit-linked investments	264 146	177 340
Cash and cash equivalents (including money market funds)	173 272	213 674
Total financial assets	797 909	770 812
Liabilities		
Financial liabilities carried at amortised cost		
Borrowings ¹	475	475
Trade and other payables ¹	62 207	54 257
Total financial liabilities	62 682	54 732

¹ Carrying value approximates fair value.

20. Risk management (continued)

Financial risk management (continued)

Market risk

Cash flow and fair value interest rate risk

The company's interest rate risk arises from unit-linked investments, loans and advances, receivables, cash and cash equivalents, borrowings and trade and other payables.

	2024			2023		
	Floating rate R000	Interest-free and non-interest bearing R000	Carrying value R000	Floating rate R000	Interest-free and non-interest bearing R000	Carrying value R000
Unit-linked investments	56 674	207 472	264 146	19 849	157 491	177 340
Loans and advances	-	241 664	241 664	-	265 222	265 222
Receivables	-	2 023	2 023	-	1 453	1 453
Cash and cash equivalents	290 076	-	290 076	326 797	-	326 797
Borrowings	-	(475)	(475)	-	(475)	(475)
Trade and other payables	-	(62 207)	(62 207)	-	(54 257)	(54 257)
	346 750	388 477	735 227	346 646	369 434	716 080

The company manages its cash flow interest rate risk by monitoring interest rates on a regular basis.

Based on simulations performed, the impact on post-tax profit of a 1% (2023: 1%) movement in interest rates is analysed below:

	2024 1% increase R000	2023 1% increase R000	2024 1% decrease R000	2023 1% decrease R000
Impact on post-tax profit and equity	2 531	2 496	(2 531)	(2 496)

Credit risk

Credit risk arises from the inability or unwillingness of a counterparty to a financial instrument to discharge its contractual obligations. Credit risk comprises default, settlement and migration risk (if credit ratings change).

Credit risk arises from unit-linked investments, cash and cash equivalents, loans and advances and receivables. Counterparties and cash transactions are limited to high-credit-quality financial institutions.

The table below shows the company's maximum exposure to credit risk by class of asset:

	2024		2023	
	Balance R000	Collateral fair value R000	Balance R000	Collateral fair value R000
Unit-linked investments	264 146	-	177 340	-
Loans and advances	241 664	-	265 222	-
Receivables	2 023	-	1 453	-
Cash and cash equivalents	290 076	-	326 797	-
	797 909	-	770 812	-

Notes to the company financial statements

for the year ended 29 February 2024

20. Risk management (continued)

Financial risk management (continued)

Credit risk (continued)

Receivables are tested for impairment using a variety of techniques, including assessing credit risk and monthly monitoring of individual debtors. At 29 February 2024 and 28 February 2023, the expected credit loss calculated in terms of IFRS 9 was immaterial.

Financial assets are assessed based on their credit ratings as published by Moody's. Financial assets which fall outside this range are classified as not rated. Credit limits, for each counterparty, are set based on default probabilities that are, in turn, based on the ratings of the counterparty concerned.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2024 R000	2023 R000
P1	98 693	97 689
Other non-rated assets	261 798	282 109
Unit-linked investments (including CIS)	437 418	391 014
	797 909	770 812

The table below analyses the company's external credit rating by class of asset:

	P1 R000	Unit-linked investments (incl CIS) R000	Other non-rated assets R000	Total R000
At 29 February 2024				
Unit-linked investments	-	264 146	-	264 146
Loans and advances	-	-	241 664	241 664
Receivables	-	-	2 023	2 023
Cash and cash equivalents	98 693	173 272	18 111	290 076
	98 693	437 418	261 798	797 909
At 28 February 2023				
Unit-linked investments	-	177 340	-	177 340
Loans and advances	-	-	265 222	265 222
Receivables	-	-	1 453	1 453
Cash and cash equivalents	97 689	213 674	15 434	326 797
	97 689	391 014	282 109	770 812

The unit-linked investments relate to the company's investment in related-party collective investment schemes. The company's exposure to collective investment schemes is classified at fund level and not at the underlying asset level, and although collective investment schemes are not rated, the fund managers of these collective investment schemes are required to invest in assets within the defined parameters stipulated in the fund's mandate. These rules limit the extent to which fund managers can invest in unlisted and/or unrated assets and generally restrict funds to the acquisition of investment grade assets.

Loans and advances

Loans and advances consist of loans to related parties and are repayable on demand. The loans and advances have been assessed to have good credit quality. Refer to note 3 for detail on the credit loss assessment performed.

20. Risk management (continued)

Financial risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, it aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

	Carrying value R000	Less than 1 year R000	Between 1 and 5 years R000	Over 5 years R000
At 29 February 2024				
Borrowings	475	475	-	-
Trade and other payables	62 207	62 207	-	-
	62 682	62 682	-	-
At 28 February 2023				
Borrowings	475	475	-	-
Trade and other payables	54 257	54 257	-	-
	54 732	54 732	-	-

Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosed by level based on the following fair value measurement hierarchy, as required by IFRS 7 – Financial Instruments: Disclosures and IFRS 13 – Fair Value Measurement:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. Instruments included in level 1 comprise primarily JSE equity investments classified as at fair value through profit or loss.

Level 2 – Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Financial instruments that trade in markets that are not considered to be active but are valued (using valuation techniques) based on quoted market prices, dealer quotations or alternative pricing sources supported by observable input are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 – Input for the asset or liability that is not based on observable market data (that is, unobservable input)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investments classified within level 3 have significant unobservable input, as they trade infrequently.

Notes to the company financial statements

for the year ended 29 February 2024

20. Risk management (continued)

Financial risk management (continued)

Fair value estimation (continued)

Valuation techniques and assumptions used in determining the fair value of level 2 instruments

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:

Instrument	Valuation basis/techniques	Main assumptions
Unit-linked investments	Quoted put (exit) price provided by the fund manager based on the net asset value of the fund	Not applicable – daily prices are publicly available
Cash and cash equivalents (including money market funds)	Quoted put (exit) price provided by the fund manager based on the net asset value of the fund	Not applicable – daily prices are publicly available

Fair value hierarchy

The following financial assets are measured at fair value:

	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
At 29 February 2024				
Unit-linked investments	-	264 146	-	264 146
Cash and cash equivalents (including money market funds)	-	173 272	-	173 272
	-	437 418	-	437 418
At 28 February 2023				
Unit-linked investments	-	177 340	-	177 340
Cash and cash equivalents (including money market funds)	-	213 674	-	213 674
	-	391 014	-	391 014

Capital risk management

The company's objectives when managing capital (which comprises shareholder's equity) are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

When funding is required, management will consider the various forms of paper available for issue, taking into account current market conditions, anticipated trends in market indicators and the financial position of the company at the time. Management will accordingly consider issuing ordinary shares, or short-, long- or medium-term borrowings with variable or fixed rates.

Credit rating

During August 2023, GCR affirmed PSG Financial Services' long-term and short-term credit ratings at A+(ZA) and A1(ZA) respectively, with a stable outlook.

21. Capital commitments and contingencies

PSG Financial Services Limited has issued letters of support in the ordinary course of business for the activities of certain of its subsidiaries.

ANNEXURES

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Annexure A – Detailed accounting policies

for the year ended 29 February 2024

The principal accounting policies applied in the preparation of these group and company financial statements are set out below. The accounting policies applied are in terms of IFRS and are consistent with those applied in the previous group annual financial statements, except for the mandatory adoption of IFRS 17. The group has applied the standard retrospectively and has restated comparative figures. Refer to note 36 for further detail.

1. Standards, interpretations and amendments to published standards that are effective for the first time in 2024

- **Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of accounting policies (effective 1 January 2023)**

Applying the amendments to IAS 1, an entity discloses its material accounting policies instead of its significant accounting policies. Other amendments include explaining how an entity can identify a material accounting policy.

- **Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of accounting estimates (effective 1 January 2023)**

The amendments to IAS 8 replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. It further clarifies that a change in accounting estimate that results from new information or developments is not the correction of an error.

- **Amendments to IAS 12 – Income Taxes – Deferred tax relates to assets and liabilities arising from a single transaction (effective 1 January 2023)**

The amendments to IAS 12 introduces an exception to the initial recognition exemption in IAS 12. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

- **IFRS 17 – Insurance Contracts (effective 1 January 2023)**

IFRS 17 is a comprehensive new accounting standard for insurance contracts that governs recognition, measurement, presentation and disclosure.

The adoption of these amendments and standard did not have a material impact on the measurement of amounts or disclosures in the current or prior financial years, with the exception of IFRS17. Refer to note 36 for further detail.

2. Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, interpretations and amendments have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2024 or later periods and have not been early adopted by the group:

- Amendments to IAS 1 – Presentation of Financial Statements – Classification of liabilities (effective 1 January 2024)*
- Amendments to IAS 1 – Presentation of Financial Statements – Non-current Liabilities with Covenants (effective 1 January 2024)*
- Amendment to IFRS 16 – Leases – Lease Liability in a Sale and Leaseback (effective 1 January 2024)*
- Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures – Supplier finance arrangements (effective 1 January 2024)*
- Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates – Lack of exchangeability (effective 1 January 2025)*
- IFRS 18 – Presentation and Disclosure in Financial Statements (effective 1 January 2027)^

* Management has assessed the impact of these amendments on the reported results of the group and company and does not foresee any impact.

^ Management is in the process of assessing the impact of this standard on the reported results of the group and company.

3. Group financial statements

The group annual financial statements comprise those of the company, its subsidiaries, joint venture and the share incentive trust (share trust). Accounting policies of the subsidiaries and joint venture have been changed, where necessary, to ensure consistency with policies adopted by the group.

3.1 Subsidiaries (including mutual funds) and business combinations

Subsidiaries are all entities (including structured entities, special-purpose entities (SPEs), collective investment schemes and hedge funds) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases. SPEs are also consolidated where the substance of the relationship indicates that the SPE is controlled by the group.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises a non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If a business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurements are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss, or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Shares in the company held by the share trust have been consolidated into the financial results of the group, as the group effectively controls these shares, and are accounted for as treasury shares.

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Annexure A – Detailed accounting policies

for the year ended 29 February 2024

3. Group financial statements (continued)

3.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid or received, and the relevant share acquired or disposed of the carrying value of net assets of the subsidiary, is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.3 Accounting for the group's acquisition of the controlling interest in subsidiaries under common control

IFRS 3 – Business Combinations does not apply to business combinations effected between parties that are ultimately controlled by the same entity, both before and after the business combination (and where that control is not transitory), otherwise known as common control transactions. The group has elected to apply the principle of predecessor accounting (as determined by the generally accepted accounting principles in the United States of America) to such transactions.

The accounting policy for the acquiring entity would be to account for the transaction at book values in its consolidated financial statements. The book values of the acquired entity are the consolidated book values as reflected in the consolidated financial statements of the selling entity (highest level of consolidation). The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions will be allocated to the existing common control reserve in equity. As a result, no goodwill is recognised on acquisition. Where comparative periods are presented, the financial statements and financial information presented are not restated as the group elected to account for common control transactions from the date of the acquisition, therefore prospectively.

3.4 Joint arrangements

The group has applied IFRS 11 to all joint arrangements since 1 March 2014. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method of accounting.

Under the equity method, the investment in joint ventures is initially recognised at cost and subsequently measured in the consolidated statement of financial position at an amount that reflects the group's share of the net assets of the joint venture (including goodwill). The equity method of accounting involves recognising the group's share of its joint ventures' post-acquisition profits or losses in the income statement, and its share of post-acquisition movements in other comprehensive income and movements in other reserves, in the statement of comprehensive income and the statement of changes in equity respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

Equity accounting is discontinued when the group no longer has joint control over the investment.

3.5 Interests in subsidiaries – mutual funds

The group has assessed its interests in the various mutual fund investments in which the group has the irrevocable asset management agreement over the mutual funds and in which the group has invested significantly. For other mutual funds, other factors such as the existence of control through voting rights held by the group in the fund, or significant economic power in the fund, are considered in the assessment of control. Judgement is required in the assessment of whether the group has control or significant influence in terms of the variability of returns from the group's involvement in the funds, the ability to use power to affect those returns and the significance of the group's investment in the funds. Based on the assessment of control or significant influence over these mutual funds, certain funds have been consolidated and others not. In terms of IFRS 10, the group considers itself to have control of a fund when it both owns the asset manager of the fund and holds approximately 30% economic interest thereof.

3. Group financial statements (continued)

3.6 Unconsolidated structured entities – mutual funds

The group invests in various mutual funds which are widely recognised as investment trusts that are regulated by government agencies, marketed and open to public investment. These funds provide investors with access to returns on underlying assets in terms of predefined mandates. Pricing information is publicly available.

Management does not consider these vehicles to be unconsolidated structured entities as defined under IFRS 12, as these funds are vanilla in nature and do not have a complicated funding structure.

4. Segment reporting

The CEO, supported by the group Manco, is the group's CODM as it is responsible for the overall strategic decision-making. Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance of the operating segments. The composition of the reportable segments represents the internal reporting structure and the monthly reporting to the CODM.

5. Foreign currency translation

5.1 Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which those entities operate (the functional currency).

The group and company financial statements are presented in South African rand, being PSG Financial Services' functional and presentation currency.

5.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. The foreign exchange gains and losses on shareholder assets are included as part of net fair value gains and losses on financial instruments and within net income attributable to investment contract holders and third-party liabilities for the foreign exchange gains and losses arising from policyholder investment contracts and consolidated collective investment schemes.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities carried at fair value through profit or loss are recognised in profit or loss as part of foreign exchange gains or losses and translation differences on non-monetary assets carried at fair value through other comprehensive income are recognised in other comprehensive income.

5.3 Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- Assets and liabilities for each statement of financial position presented are translated at closing exchange rate at the date of that statement of financial position.
- All resulting exchange differences are recognised in other comprehensive income and as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate. Exchange differences are recognised in the statement of comprehensive income.

Annexure A – Detailed accounting policies

for the year ended 29 February 2024

5. Foreign currency translation (continued)

5.3 Group companies (continued)

Group entities with functional currencies other than the presentation currency, mainly have the following functional currencies:

	2024		2023	
	Average	Closing	Average	Closing
British pound	23.39	24.31	20.25	22.21
United States dollar	18.68	19.22	16.71	18.40

Exchanges rates used are based on interbank bid rates.

6. Property and equipment

All property and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets, as follows:

Leasehold improvements	over the remaining lease period
Motor vehicles	4 to 5 years
Office equipment	5 to 10 years
Computer equipment	3 to 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. If the estimates of the remaining useful lives or residual values change, the remaining carrying values are depreciated prospectively, taking into account the revised estimates.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

7. Intangible assets

7.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary or joint venture undertaking at the date of acquisition. Goodwill is reported in the statement of financial position as an intangible asset. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The groups of CGUs are identified at the lowest level at which goodwill is monitored for internal management purposes.

7.2 Trademarks and licences

Separately acquired trademarks and licences are shown at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over their estimated useful lives, which varies from 5 to 20 years and is reassessed annually.

7. Intangible assets (continued)

7.3 Customer relationships

Customer relationships consist of acquired adviser books of business, as well as acquired income stream rights on existing adviser books of business. These customer relationships are shown at cost less accumulated amortisation and impairment. Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method over their estimated useful lives ranging between 5 and 20 years, which reflects the expected life of the customer relationships acquired.

7.4 Deferred acquisition costs (DAC)

Commissions, fees and other incremental costs that vary with and are related to securing new investment contracts and renewing existing investment contracts are capitalised as a DAC intangible asset, since these costs relate to future economic benefits being generated beyond one year. Subsequent changes to the DAC payable are reversed/capitalised against the relevant intangible asset. The DAC intangible asset is subsequently amortised over the expected life of the investment contracts. All other costs are recognised as expenses when incurred.

An impairment test is conducted annually at reporting date on the DAC intangible asset balance to ensure that the amount will be recovered from future revenue generated by the applicable remaining investment management contracts.

7.5 Other intangible assets

Other intangible assets consist mainly of intellectual property rights and computer software.

Intellectual property rights are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of these rights over their estimated useful lives of 20 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised using the straight-line method over their estimated useful lives ranging between 2 and 12 years. The carrying amount is reviewed for impairment when an impairment indicator is identified.

Annexure A – Detailed accounting policies

for the year ended 29 February 2024

8. Impairment of non-financial assets

Goodwill and intangible assets that have indefinite useful lives and are not subject to amortisation, or that are not yet available for use, are tested annually for impairment. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. The recoverable amount, being the higher of fair value less costs to sell and value in use, is determined for any asset for which an indication of impairment is identified. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

For the purpose of assessing impairment, assets are grouped together into CGUs which represent the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

Impairment losses are recognised as an expense in profit or loss in the period in which they are identified. An impairment loss in respect of goodwill is not reversed. In respect of other assets, reversal of impairment losses is recognised in profit or loss in the period in which the reversal is identified, to the extent that the asset is not increased to a carrying value higher than it would have been had no impairment loss been recognised for the asset in prior years.

9. Financial instruments

Financial instruments recognised on the statement of financial position include financial assets, consisting of equity securities, debt securities, unit-linked investments, investment in investment contracts, loans and advances, derivative financial assets, receivables, cash and cash equivalents, as well as financial liabilities, consisting of borrowings, derivative financial liabilities, investment contracts, third-party liabilities arising on consolidation of mutual funds and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

10. Financial assets

10.1 Classification

Financial assets are classified based on the business model and nature of cash flows associated with the instrument.

Financial assets at amortised cost

A debt instrument is classified in this category if it meets both of the following criteria and is not designated as at fair value through profit or loss:

- the asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows, on specified dates, that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

The group and company have not currently elected to measure any equity instruments at fair value through other comprehensive income.

A debt instrument is classified in this category if it meets both of the following criteria and is not designated as at fair value through profit or loss:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise to cash flows, on specified dates, that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or fair value through other comprehensive income as described above are mandatorily measured at fair value through profit or loss. The group also designates certain financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Where financial assets are not specified as being designated at fair value through profit or loss these are mandatorily measured at fair value through profit or loss.

10. Financial assets (continued)

10.2 Recognition and measurement of financial assets

Purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses recognised in the income statement are calculated as the difference between the fair value and carrying value of a financial instrument (after taking into account other income statement movements, such as interest and dividend income) which is still held at year-end. Realised gains and losses are recognised in the income statement when a financial instrument is sold and represents the value of the proceeds received or consideration paid for the financial instrument less the carrying value of the financial instrument (excluding previously recognised unrealised gains and losses). The group utilises the information provided from various product and investment houses to assist with the classification of the gains and losses.

Interest and dividend income arising on financial assets at fair value through profit or loss for shareholder assets is recognised and disclosed separately in the income statement. The interest and dividend income arising from the policyholder investment contracts and consolidated collective investment schemes is recognised within net income attributable to investment contract holders and third-party liabilities in the income statement.

When applicable, the group measures the fair value of an instrument using the quoted price in an active market for that instrument. The fair values of quoted investments are based on current stock exchange prices at the close of business on the statement of financial position date. If the market for a financial asset is not active, or if it is unquoted, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis refined to reflect the issuer's specific circumstances, premium/discount to net asset value and PE techniques. The group's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data.

The existence of published price quotations in an active market is the best evidence of fair value. The phrase 'quoted in an active market' means that quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Readily available means that the pricing information is currently accessible and regularly available means that transactions occur with sufficient frequency to provide pricing information on an ongoing basis.

It is not necessary for quoted prices to be obtained from regulated markets. Prices can be obtained from other sources, although the available information may vary. For example, some industry groups or pricing services publish price information about certain instruments, while little or no information may be available about prices of other instruments.

An entity is not generally required to perform an exhaustive search for price information, but should consider any information that is publicly available, or that can be obtained reasonably from brokers, industry groups, publications of regulatory agencies or similar sources, such as journals and websites. It should be noted that these prices may be indicative prices only. It should not be assumed that these prices reflect the price in an active market.

Annexure A – Detailed accounting policies

for the year ended 29 February 2024

10. Financial assets (continued)

10.2 Recognition and measurement of financial assets (continued)

Sources from which prices can be obtained (to qualify as 'quoted') include:

- Regulated exchange (e.g. JSE, BESA, SAFEX)
- Company secretary, transfer secretary or website
- Brokers
- Daily newspapers and related sources (e.g. Business Day, Bloomberg)

Financial assets classified as at amortised cost are measured at amortised cost using the effective interest method, less any impairment, with income recognised on an effective yield base.

The group does not apply hedge accounting.

10.3 Impairment of financial assets

The group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost.

Expected credit losses are a probability-weighted estimate of credit losses and are measured as the present value of all cash short falls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

The impairment methodology applied depends on whether there has been a significant increase in credit risk. The group determines whether the credit risk on a financial instrument has increased significantly by comparing this risk of default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition together with reasonable and supporting information that indicates a significant increase in credit risk since initial recognition.

If there is no indication that there has been a significant increase in a financial instrument's credit risk since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit loss. However, if the credit risk on a financial instrument has increased significantly since initial recognition, the loss allowances are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, whereas 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The expected credit loss is calculated as the unbiased, probability weighted amount which is determined by evaluating the range of reasonably possible outcomes, the time value of money and considering all reasonable and supportable information including that which is forward-looking.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

An impairment gain or loss is recognised in profit or loss for the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date.

The gross carrying amount of a financial asset is written off and reduced when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

10.4 Derecognition of financial assets

Financial assets are derecognised when the right to receive cash flows from the financial asset has expired or has been transferred, and the group has transferred substantially all risks and rewards of ownership. The group also derecognises a financial asset when the group retains the contractual rights of the assets but assumes a corresponding liability to transfer these contractual rights to another party and thereby transfers substantially all the risks and benefits associated with the asset.

10.5 Investment in investment contracts

These are valued at the fair value of the underlying investments supporting the investment contract policy. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

11. Derivative financial instruments

Derivative financial instruments are recognised initially at fair value on the date on which a derivative contract is entered into. Subsequent to initial recognition, derivative financial instruments are measured at fair value through profit or loss. Fair values of OTC derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only observable market data.

12. Receivables

Receivables are amounts due for services performed in the ordinary course of business. Receivables are initially measured at fair value and subsequently recognised at amortised cost using the effective interest rate method, less provision for impairment. Under IFRS 9, the group applies the simplified approach to calculate the provision for impairment, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The movement in the amount of the provision is recognised in profit or loss. If collection is expected within one year or less, they are classified as current assets.

13. Contracts for differences (CFD)

The group enters into contracts for difference with clients whereby the group provides leveraged exposure to equities specified by the client. CFD exposure is limited to the JSE Top 100 shares and Satrix exchange-traded funds (ETFs). The client pays an initial margin of between 15% (for JSE Top 40 shares and Satrix ETFs) and 17.5% (for JSE Top 41 – 100 shares) of the value of the equities. Margin calls are made for the full value of any decrease in value of the equities on a daily basis. The margin accounts are included within receivables and trade and other payables.

CFD positions with clients are funded with equal and opposite CFD positions with other financial institutions. External funding is only used on an intraday basis to purchase the underlying equity positions which are then delivered to the financial institution, at the end of each business day, for settlement of the intraday funding provided.

The group is contractually bound to pay out or recover any fair value adjustments from the parties entering into the CFD, based on the fair value movement of the specified listed equities invested in for the client.

14. Cash and cash equivalents (including money market funds)

Cash and cash equivalents consist of cash held at call with banks and other short-term highly liquid investments with maturities of three months or less. Investments in money market funds are classified as cash equivalents, since these funds are held to meet short-term cash requirements, are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in the statement of financial position.

15. Insurance and investment contracts – classification

The group issues contracts that transfer insurance risk, financial risk or both.

A distinction is made between investment contracts (which fall within the scope of the financial instruments standards) and insurance contracts (where IFRS 17 – Insurance Contracts applies). A contract is classified as insurance where the group accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk exists where it is expected that, for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating, credit index or other variable provided, in the case of a non-financial variable, that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Annexure A – Detailed accounting policies

for the year ended 29 February 2024

15. Insurance and investment contracts – classification (continued)

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. These contracts are measured at the fair value of the corresponding financial assets.

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).

16. Insurance contracts

Insurance contracts are classified into two categories, depending on the duration of or type of insurance risks, namely non-life and long-term insurance contracts.

Non-life insurance

Non-life insurance provides benefits under short-term policies, which include property, business interruption, transportation, motor, personal all risk, accident and health, professional indemnity, public liability, marine, employers' liability, group personal accident, natural disasters and miscellaneous.

Non-life insurance contracts are further classified into the following categories:

- personal insurance, consisting of insurance provided to individuals and their personal property; and
- commercial insurance, providing cover on the assets and liabilities of business enterprises.

Classification

The group applies IFRS 17 to insurance contracts it issues and reinsurance contracts held.

Once a contract has been classified as an insurance contract the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified.

Insurance and reinsurance contracts

A contract is classified as an insurance contract where the group provides insurance coverage by accepting significant insurance risk when agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk is assessed on a contract level and exists where there is at least one scenario in which the insured event results both in significant additional payments and also in an overall loss to the group on a present value basis.

In the normal course of business, the group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

The accounting model applied to these insurance contracts (including reinsurance contracts issued and/or held) for liability measurement purposes is the Premium Allocation Approach (PAA). The PAA is a modification of the General Measurement Model (GMM) that allows the use of a simplified approach for measuring the insurance contract liabilities for certain eligible types of contracts. The group will apply the PAA to simplify the measurement of all its insurance contracts and reinsurance contracts. When recognising insurance revenue, the PAA is broadly similar to the group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the group now discounts cash flows and includes an explicit risk adjustment for non-financial risk.

Separation and combination of insurance contracts

Contracts entered into with the same or related counterparty and that are designed to achieve an overall commercial effect are considered a single contract for the purpose of assessing whether significant insurance risk was transferred to the group.

Some reinsurance contracts issued contain various commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive, either in the form of a commission, or as claims, or another contractual payment irrespective of the insured event happening. Reinsurance commissions that are not contingent on claims of the underlying contracts issued reduce reinsurance premiums and are accounted for as part of reinsurance expenses.

16. Insurance contracts (continued)

Classification (continued)

Aggregation

IFRS 17 requires a company to determine the level of aggregation at which to apply the standard. The standard requires that when insurance contracts are measured, they are placed into a portfolio of contracts with other contracts that are managed together and that have similar risk profiles. IFRS 17 portfolios are allocated at a class of insurance level. Inwards reinsurance is allocated to individual separate portfolios from the remainder business as these products are managed differently.

Portfolios are further divided into groups of insurance contracts, based on whether:

- contracts are onerous at initial recognition;
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- groups of remaining contracts.

An insurance contract is expected to be onerous if the fulfilment cash flows allocated to the contract at initial recognition in total are a net outflow. For insurance contracts measured under the PAA, the group may assume that these contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise.

The group's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following facts and circumstances have been identified:

- relevant pricing decisions;
- initial stages of a new business acquired where the underlying contracts are onerous; or
- any other strategic decisions the board considers appropriate.

Management will review all contracts that have been identified and disclosed as onerous to consider the appropriate action required to ensure the future profitability of the identified contracts. For reinsurance contracts the references to onerous contracts are replaced with references to contracts on which there is a net gain at initial recognition.

Each profitability grouping does not include contracts issued more than one year apart. These profitability groups represent the level of aggregation at which insurance revenue is measured. Such groups are not subsequently reconsidered. For each portfolio of contracts, the group determines the appropriate level at which reasonable and supportable information is available to determine the profitability grouping of contracts.

Derecognition and modification

The group derecognises a contract when the rights and obligations relating to the contract are extinguished, i.e. expired, discharged, or cancelled. The group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, consistent with the criteria set out in the standard, or if the contract is transferred to a third party. Where terms are modified, a new contract on the modified terms is recognised.

For a contract measured under the PAA, the liability for remaining coverage of the group of insurance contracts is adjusted to reflect the amount refunded to the policyholder (or the premium that would have been received for a new contract in the case of a contract modification or the amount paid to a third party in the case of a transfer) other than for settlement of incurred claims.

Measurement

The group measures insurance contracts by performing year-to-date estimates of the carrying amount of the insurance liabilities.

Recognition

Groups of insurance contracts issued are initially recognised from the earliest of either the beginning of the coverage period, or the date when the first payment from the policyholder is due or actually received, if there is no due date.

Annexure A – Detailed accounting policies

for the year ended 29 February 2024

16. Insurance contracts (continued)

Measurement (continued)

Recognition (continued)

Onerous contracts are recognised when the contract is accepted, if this is earlier than when the first premium is due, and the coverage starts. Insurance contracts acquired in a business combination, or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

The group recognises a group of reinsurance contracts held at the beginning of the coverage period, except where:

- the group of reinsurance contracts relate to an onerous group of underlying insurance contracts, the recognition date is when the group recognises the onerous group of underlying insurance contracts; or
- the group of reinsurance contracts held provides proportionate coverage, the recognition date is not earlier than the date that any underlying insurance contract is initially recognised.

Contract boundaries

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay premiums; or the group has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation ends when:

- the group has the practical ability to reprice the risks of the policyholder or change the level of benefits so that the price fully reflects those risks; or
- both of the following criteria are satisfied:
 - the group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the group, such as insurance risk and financial risk, are considered. Other risks, such as lapse or surrender and expense risk, are not included.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the group that exist during the reporting period in which the group is compelled to pay amounts to the reinsurer or in which the group has a substantive right to receive services from the reinsurer.

The group considers the legal rights and the commercial substance of the contracts in this assessment. Cash flows outside of the boundary of the insurance contract relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For most insurance contracts issued, the group has the practical ability to reassess the risks of a policyholder and set an appropriate premium to reflect those risks on short notice. Consequently, for most insurance contracts the contract boundary will be shorter than a year.

The practical ability to reprice is not removed when management makes a commercial decision to price, or not price, at a certain level.

16. Insurance contracts (continued)

Measurement (continued)

Contract boundaries (continued)

Most facultative reinsurance contract boundaries will align with the contract boundary of the underlying direct insurance contracts. Certain risk-attaching treaty reinsurance contracts, however, cover underlying direct business that begins during a one-year coverage period of the reinsurance contract (risk-attaching reinsurance contracts). Because of this feature, the contract boundary of these reinsurance contracts can be more than one year. Such contracts will be subjected to the PAA eligibility test, described below.

The contract boundary of loss occurring treaty reinsurance contracts is equal to the coverage period of the reinsurance contract. That is, losses must occur within the treaty's cover period.

The PAA will be applied to all contracts with a coverage period of one year or less. The PAA is also applied for the measurement of groups of insurance contracts where the group reasonably expects that the measurement under the PAA model would produce a measurement of the liability for remaining coverage that would not differ materially from the one that would be produced by applying the GMM.

Initial measurement

On initial recognition, the group measures the liability for remaining coverage under the PAA as the amount of premiums received if any, less any insurance acquisition cash flows at that date (if not recognised as an expense in profit and loss). The premiums received exclude value added tax. Cash flows relating to such transaction-based taxes are recognised as loans and receivables. Premiums received from intermediaries are recognised as part of the liability for remaining coverage.

Discount rates

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of future cash flows.

The discount rates applied to the estimates of the future cash flows:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- are consistent with observable current market prices (if any); and
- exclude the effect of factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts.

Subsequent measurement

On subsequent measurement, the group measures the liability or remaining coverage under the PAA as the carrying amount at the beginning of the reporting period:

- plus the premiums received in the period;
- minus insurance acquisition cash flows (if not recognised as an expense in profit and loss);
- plus any amounts relating to the amortisation of insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- plus any adjustment to a finance component (refer below);
- minus the amount recognised as insurance revenue for services provided in that period;
- minus any investment component paid or transferred to the liability for incurred claims.

The time value of money and the effect of financial risk are not allowed for when calculating the liability for remaining coverage except for when the time between receiving premiums and providing coverage is more than a year.

Annexure A – Detailed accounting policies

for the year ended 29 February 2024

16. Insurance contracts (continued)

Measurement (continued)

Subsequent measurement (continued)

The group will allow for the time value of money and the effect of financial risk on cash flows related to the liability for incurred claims. Refer to the other accounting estimates and judgements in applying accounting policies section of the detailed accounting policies for further details on the discount rate applied.

A risk adjustment is determined for the liabilities for incurred claims where there is uncertainty in the size of the estimate and/or the timing of the underlying cash flows.

Insurance acquisition costs are defined as those costs related to the selling, underwriting and starting a group of insurance contracts. The group's policy is to defer acquisition costs. Acquisition costs are amortised on a straight-line basis over the coverage period of the group of contracts. If there are facts and circumstances that indicate that a group of contracts is onerous, a loss will be recognised in profit or loss equal to the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. The loss recognised for an onerous group of contracts will be rebalanced at each reporting date, with any change in the loss component recognised as an increase or reversal of losses in profit or loss. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Where the group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the group expects to recover from the group of reinsurance contracts held. The group uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

17. Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities include borrowings, derivative financial liabilities, investment contracts, third-party liabilities arising on consolidation of mutual funds and trade and other payables. The group issues investment contracts without fixed terms (unit-linked) and with fixed and guaranteed terms (fixed-interest rate).

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the raising of the funds, for all financial liabilities carried at amortised cost. All financial liabilities measured at fair value through profit or loss are initially recognised at fair value. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Financial liabilities at fair value through profit or loss are subsequently measured at fair value, with any resultant gains and losses recognised in the income statement. The net gain or loss recognised in the income statement incorporates any measurement gains or losses and interest expense on the financial liability. These financial liabilities are classified as current liabilities if they are either held for trading or expected to be settled within 12 months of the reporting date.

Third-party financial liabilities on consolidation of mutual funds are effectively demand deposits of external investors' interests in consolidated mutual funds and are consequently measured at fair value, which is the quoted unit values as derived by the fund administrator with reference to the rules of each particular fund. Fair value gains or losses are recognised in profit or loss.

17. Financial liabilities (continued)

Financial liabilities, or a portion thereof, are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and settlement amounts paid are included in the income statement.

Financial liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

The group uses its own credit risk spreads in determining the current value for its derivative liabilities and all other liabilities for which it has elected the fair value option. When the group's credit spreads widen, the group recognises a gain on these liabilities because the value of the liabilities has decreased. When the group's credit spreads narrow, the group recognises a loss on these liabilities because the value of the liabilities has increased.

17.1 Investment contracts

The fair value of a unit-linked financial liability is determined using the current unit price reflecting the fair values of the financial assets contained within the group's unitised investment funds linked to the financial liability, multiplied by the number of units attributed to the policyholder at a reporting date. No initial profit is recognised immediately as any profit on initial recognition is amortised in line with cash flow projections over the life of the contract.

For investment contracts with fixed and guaranteed terms, the amortised cost basis is used. In this case, the liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract.

Subsequent measurement of investment contracts at amortised cost uses the effective interest method. This method requires the determination of an interest rate (the effective interest rate) that exactly discounts to the net carrying amount of the financial liability, the estimated future cash payments or receipts through the expected life of the financial instrument.

All other investment contract liabilities are designated on initial recognition at fair value through profit or loss. This designation significantly reduces a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value, since the assets held to back the investment contract liabilities are also measured at fair value.

The liability under investment contracts is derecognised when the contract expires, is discharged or is cancelled by the policyholder. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

17.2 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

17.3 Trade and other payables

Trade and other payables are recognised when the group has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the group. Trade and other payables are recognised initially at fair value, net of transaction costs incurred. Trade and other payables are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Annexure A – Detailed accounting policies

for the year ended 29 February 2024

18. Stated capital and treasury shares

Stated capital represented the par value of ordinary shares issued, being classified as equity. During the 2014 financial year, the ordinary shares were converted to no par value shares, resulting in share capital and share premium being transferred to stated share capital.

Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Treasury shares

The cost of treasury shares acquired are debited to the treasury share reserve, and upon disposal of such shares, the reserve is credited with the weighted average calculated cost attributable to the shares disposed of.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects. Any net income in relation to treasury shares (both fair value movements and dividends) is eliminated from group profits for the year. The number of shares in the earnings per share calculation is reduced for treasury shares held during the period on a weighted average basis.

Share trust

Certain of the group's remuneration schemes are operated through the PSG Konsult Group Share Incentive Trust. The share trust is considered to be a SPE controlled by the group and is therefore consolidated.

The shares purchased by the share trust are considered to be treasury shares and are treated in accordance with the group's policy for treasury shares.

19. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group's subsidiaries and joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

19. Current and deferred income tax (continued)

19.1 Dividend withholding tax (DWT)

DWT is levied on the shareholders (or beneficial owners) receiving the dividend. Shareholders are subject to DWT on dividends received, unless they are exempt in terms of the amended tax law. DWT is levied at 20% of the dividend received. The DWT is categorised as a withholding tax, as the tax is withheld and paid to tax authorities by the company paying the dividend or by a regulated intermediary and not the beneficial owner of the dividend. Where a non-exempt group company is a beneficial owner of the dividend, the DWT is recorded as an expense in the income statement when the dividend income is earned.

20. Trust and fiduciary activities

The group acts as a trustee or in other fiduciary capacities that result in the holding, placing or managing of assets for the account of and the risk of clients. As these are not the assets of the group, they are not reflected on the statement of financial position.

21. Employee benefits

21.1 Pension obligations

The group only has defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

21.2 Other post-retirement benefits

The group offers no other post-retirement benefits.

21.3 Share-based compensation

The group grants share options to certain employees under various equity-settled share-based compensation schemes.

The share-based compensation scheme is treated on a PSG Financial Services subsidiary level as a cash-settled share-based compensation scheme. The accounting treatment of the cash-settled share-based compensation scheme by the subsidiaries is reversed on consolidation and replaced with the equity-settled share-based compensation scheme.

The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the income statement, with the corresponding increase in a share-based payment reserve in the statement of changes in equity and represents the fair value at grant date of the share options that will be delivered on vesting. The total amount to be expensed over the vesting period, which is five years, is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

On a group level, the deferred income tax and income tax charge relating to the expense are limited to the actual equity-settled share-based scheme expense, and the excess deferred income tax and income tax charge relating to the subsidiaries are recognised in equity. When the share options have vested, the relevant amount recognised in equity for the employee services, up to the vesting date, and the related deferred income tax and income tax are transferred from the share-based payment reserve to retained earnings through an equity transfer. On exercise of the equity-settled share-based payment, any proceeds received are credited to stated capital. The difference between the market value of the shares transferred to the option holder on exercise date and strike price paid by the option holder is recognised in equity as part of the share-based payment reserve. If the market value of the shares transferred to the option holder is greater than the strike price paid, it would result in a decrease in the share-based payment reserve; if the market value of the shares transferred to the option holder is less than the strike price paid, it would result in an increase in the share-based payment reserve.

Annexure A – Detailed accounting policies

for the year ended 29 February 2024

21. Employee benefits (continued)

21.3 Share-based compensation (continued)

The fair value is determined by using the Black-Scholes valuation model for share options issued prior to 1 March 2019, and using a Modified Binomial Tree model for share options issued subsequent to this date. The assumptions used to determine the fair value are detailed in note 14 to the group financial statements.

If the group cancels or settles a grant of equity instruments during the vesting period, the group accounts for the cancellation or settlement of the grant and recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

21.4 Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to the reporting date.

21.5 Profit sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged, or where there is a past practice that has created a constructive obligation.

21.6 Termination benefits

Termination benefits are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. The group recognises these termination benefits when the group is demonstrably committed either to terminating the employment of an employee or group of employees before the normal retirement date, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. The group is demonstrably committed to a termination when the group has a detailed formal plan (with specified minimum contents) for the termination and it is without realistic possibility of withdrawal. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Where termination benefits fall due more than 12 months after the reporting period, they are discounted. In the case of an offer made to encourage voluntary redundancy, 12 months after the reporting period, they are discounted. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. In the case of an offer made to encourage voluntary redundancy, benefits are immediately recognised as an expense.

22. Provisions, contingent liabilities and assets

22.1 Provisions

Provisions are recognised when:

- the group has a present legal or constructive obligation, which has uncertain timing or amount, as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

22. Provisions, contingent liabilities and assets (continued)

22.2 Contingent liabilities and assets

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position, but disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These contingent assets are not recognised in the statement of financial position, but are disclosed in the notes to the financial statements if the inflow of financial benefits is probable.

23. Leases

Under IFRS 16 leases are recognised as a lease liability and corresponding right-of-use asset at the date which the leased asset is available for use by the company.

The group leases various corporate and adviser offices, the terms and conditions of which are negotiated on an individual basis. Each lease generally imposes a restriction that the property can only be used by the group unless permission is given by the lessor to sublet, and that the buildings must be returned to their original condition at the end of the lease.

Extension and termination options are included in a number of leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Lease liability

The lease liability is initially measured at the present value of the following lease payments:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease agreements may contain both lease and non-lease components. The group elected not to separate lease and non-lease components, for leases of buildings for which the group is a lessee, and instead accounts for these as a single lease component.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, which is the case for leases in the group, the lessee's incremental borrowing rate is used. The incremental borrowing rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Annexure A – Detailed accounting policies

for the year ended 29 February 2024

23. Leases (continued)

Lease liability (continued)

To determine the incremental borrowing rate, the group:

- uses recent third-party financing received by the companies within the group as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received; and
- makes adjustments specific to the lease, e.g. term, credit standing, economic environment and security.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

Deferred income tax

The deferred income tax on leases has been accounted for by considering the lease liability and right-of-use assets separately. This gives rise to temporary differences on initial recognition on which deferred income tax has been recognised.

24. Assets and liabilities held for sale

Assets and liabilities are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered to be highly probable. Assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

25. Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's board of directors.

26. Revenue from contracts with customers

Revenue comprises the fair value of the consideration received or receivable for services rendered in the ordinary course of the group's activities. The group's activities include financial advice, stockbroking, fund management, financing and the issue of short-term and long-term insurance contracts.

Revenue is shown net of value-added tax, returns, rebates, discounts and after eliminating sales within the group.

Revenue type	Description	Recognition and measurement
Commission, policy administration and other fees	Revenue arising from advisory and portfolio management activities (including commission, management fees, performance fees and administration fees)	<p>Commission: Commission is recognised as services are rendered. In terms of IFRS 15, these commissions are recognised either at a point in time or over time, depending on when the performance obligations are satisfied. This is predominantly earned by the group through its network of financial advisers that provide financial advisory services (which typically includes, but is not limited to, financial planning, investment advice and portfolio management) to clients on an ongoing basis. This commission is predominantly based on the value of assets managed on behalf of clients and the fee rate stipulated in the client agreement.</p> <p>Management fees: Management fees on assets under management are recognised over the period for which the services are rendered, in accordance with the substance of the relevant agreements. All management fees are recognised over time based on the assets under management.</p> <p>Performance fees: Performance fees are earned, over and above management fees, on superior fund performance which exceeds specific agreed targets (typically market-related benchmarks) and are recognised when the performance obligation has been satisfied. Performance fees are recognised over time based on the assets under management. Performance fees include variable consideration and therefore revenue is recognised only to the extent that it is highly probable that no significant revenue reversal will occur.</p>

Annexure A – Detailed accounting policies

for the year ended 29 February 2024

26. Revenue from contracts with customers (continued)

Revenue type	Description	Recognition and measurement
Commission, policy administration and (continued)	Revenue arising from advisory and portfolio management activities (including commission, management fees, performance fees and administration fees) (continued)	<p>Administration fees: Administration fees are earned for the continuous administration of policyholder investment contracts and short-term insurance policies on behalf of clients in accordance with the terms and the substance of the relevant agreements as follows:</p> <ul style="list-style-type: none"> Administration fees earned on policyholder investment contracts (which relates to the group's linked life investment business) are based on the assets administered on behalf of clients. Administration fees earned on short-term insurance policies are based on the premium value of insurance policies administered on behalf of clients. <p>Administration fees are determined using the values indicated above and the fee rate stipulated in the client agreement.</p> <p>Administration fees are earned over time with the exception of upfront fees earned on single premium investment contracts in certain instances. The consideration received for these policies is deferred as a liability and recognised over the life of the contract on a straight-line basis.</p>
Dealing and structuring	Revenue arising from stockbroking activities (including brokerage, custodian fees, settlement fees, income from dealing in listed securities)	<p>Revenue relating to stockbroking activities is recognised as services are rendered, by reference to the completion of the specific transaction. In terms of IFRS 15, this revenue is recognised either at a point in time or over time, depending on when the performance obligations are satisfied.</p> <p>The fee income earned from providing stockbroking services includes brokerage, custodian fees and settlement fees. The brokerage and settlement fees are recognised at a point in time as these fees are earned from assisting clients with specific transactions on their portfolios. The remainder of the fees are recognised over time with reference to the contract terms.</p>

26. Revenue from contracts with customers (continued)

Revenue is recognised either when the performance obligation has been satisfied ('point in time') or when control of the goods or service is transferred to the customer ('over time'). This requires an assessment of the group and company's performance obligations and of when control is transferred to the customer. Where revenue is recognised over time, this is in general due to the group and company performing and the customer simultaneously receiving and consuming the benefits over the life of the contract as services are rendered on a continuous basis.

For revenue recognised over time, and provided the group meets the specific requirements, the group accounts for each service type contained in agreements with clients as a single performance obligation in accordance with IFRS 15.22(b), because it is providing a series of distinct services that are substantially the same and have the same pattern of transfer (the services transfer to the customer over time and use the same method to measure progress – that is, a time-based measure of progress as an input method). Where the group enters into agreements with clients to provide multiple services, the fee is separately disclosed in the agreement for each service and revenue is recognised using these standalone prices.

For each performance obligation over time, the group (as an advice-focused business) and company apply a time-based revenue recognition method that faithfully depicts the group and company's performance in transferring control of the service to the customer. Due to the nature of the group's business, with services being provided to clients on an ongoing basis, which includes being available to provide financial advisory and administrative services to clients at all times, the majority of its revenue from contracts with customers is considered to be recognised over time. If performance obligations in a contract do not meet the over time criteria, the group recognises revenue at a point in time.

Revenue is measured based on the consideration specified in contracts with customers, excluding amounts collected on behalf of third parties and including an assessment of any variable consideration dependent on the achievement of agreed KPIs. Such amounts are only included based on the expected value or most likely outcome method, and only to the extent that it is highly probable that no significant revenue reversal will occur. In assessing whether a significant reversal will occur, the group considers both the likelihood and the magnitude of the potential revenue reversal.

27. Investment income

Interest income

For financial instruments measured at amortised cost, interest income is recognised using the effective interest method and disclosed as interest income on amortised cost financial instruments in the income statement for shareholder assets.

Interest income on financial instruments measured at fair value through profit or loss for shareholder assets is recognised within interest income on fair value through profit or loss financial instruments.

Interest income arising from the policyholder investment contracts and consolidated collective investment schemes is recognised within net income attributable to investment contract holders and third-party liabilities in the income statement.

Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income is separately disclosed in the income statement for shareholder assets.

Dividend income arising from the policyholder investment contracts and consolidated collective investment schemes is recognised within net income attributable to investment contract holders and third-party liabilities in the income statement.

28. Managed funds activities

Certain companies within the group operate unit trusts and hold and invest funds on behalf of clients. Assets and liabilities representing such activities are not reflected on the statement of financial position, as these relate directly to clients. The values of these items are disclosed in the notes. Income from these activities is brought to account over the period to which the service relates.

Annexure A – Detailed accounting policies

for the year ended 29 February 2024

29. Other accounting estimates and judgements in applying accounting policies

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

29.1 Fair value of derivatives and other unlisted financial instruments

The fair value of financial instruments that are trading on recognised OTC platforms is based on the closing bid price and classified as quoted instruments. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques as disclosed in the policy relating to financial assets. Please refer to accounting policy regarding derivative financial instruments for further detail regarding fair value valuation techniques. The assumptions used in these valuation techniques are described as part of the fair value hierarchy analysis included in note 35.

29.2 Investment contracts

The group issues a significant number of investment contracts that are designated as at fair value through profit or loss. These financial instruments are not quoted in active markets, and their fair values are determined by using valuation techniques. Such techniques (for example, valuation models) are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices.

The investment contract liabilities held at fair value are fully matched with the underlying assets. As such, the fair value of the investment contract liabilities is determined with reference to the fair value of the underlying asset. The carrying amount of the investment contract liabilities is R45.5 billion (2023: R40.2 billion).

29.3 Non-life insurance liabilities

The purpose of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of the insurance company, principally in respect of the insurance liabilities of the company.

Process to determine significant assumptions

Insurance risks are unpredictable and the group recognises that it is not always possible to forecast, with absolute precision, future claims payable under existing insurance contracts. Over time, the group has developed a methodology that is aimed at establishing insurance provisions that have an above-average likelihood of being adequate to settle all its insurance obligations.

i) Unit of account

The lowest unit of account explicitly mentioned in IFRS 17 is the contract, and there is a presumption that an insurance arrangement with the legal form of a single contract would generally be considered a single unit of account.

There might be certain cases where the legal form of a contract does not reflect the substance, and thus where separation is required for accounting purposes. In such instances, the group writes multiple risks into a single contract and has concluded that each risk within the policy document is the unit of account for IFRS 17 based on the following reasons:

- Each risk in the policy is a separate transaction and therefore a separate contract concluded with the policyholder due to the risk being acquired independently by the policyholder, independently underwritten and priced and monitored and reported on separately by management.
- Depending on when the risks were acquired and added to a policy document, the risks would expire at different times. Practically, however, when the earliest of the contracts renew in a policy, all risks in the policy are renewed to ease the administrative burden for the policyholder. This is also permissible as in the commercial and personal lines contracts the group is allowed to give 30 days' written notice of the changes that will be made to the policy.

29. Other accounting estimates and judgements in applying accounting policies (continued)

29.3 Non-life insurance liabilities (continued)

Process to determine significant assumptions (continued)

i) Unit of account (continued)

- The different risks covered in a policy do not have similar characteristics and commercial risks and have no bearing to each other in consideration of future fulfilment net cash flows.
- Fulfilment cash flows for each risk is considered independently of other risks covered in a policy.

ii) PAA eligibility

The group will apply the PAA to measure a group of insurance contracts issued or reinsurance contracts held if, at inception of the group: the coverage period of each contract in the group of insurance contracts is one year or less; or the group reasonably expects that the PAA would produce a measurement of the liability for remaining coverage for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying the GMM requirements.

Relative materiality threshold will be defined for each portfolio based on ensuring that the combined absolute impacts of all IFRS 17 groups with coverage periods longer than a year applying the PAA falls within an absolute measure of materiality for the entity for each future year.

iii) Liability for incurred claims

The best estimate provision (probability weighted cash flows) for liability for incurred claims relates to claim events that have occurred before or at the reporting date, whether the claims arising from these events have been reported (OCR) or not (IBNR). The cash flow projections comprise all future claim payments, receivables from salvage as well as the claims administration expenses arising from these events.

Historic claims triangulations that cross-tabulate claims incurred by their date of loss and date of payment and/or estimate movements are used to determine the expected cost of future claims (equivalent to the OCR plus IBNR).

A payment pattern based on the historic claims paid triangulation is used to determine the rate at which the claims provision runs off into the future. These future claims payments are then discounted back to the reporting date using a term-dependent discount rate. Refer to section iv below for detail on the discount rate applied.

The historic claims incurred includes an amount for directly attributable claims-related expenses (i.e. allocated loss adjustment expenses (ALAE)) which are implicitly projected into the future with the claim payments (and hence form part of the LIC). In addition, a provision for overheads which are determined to be directly attributable to fulfilment of the insurance contract (i.e. unallocated attributable expenses (ULAE)) is added to the best-estimate liability to allow for the cost of administering the ultimate run-off of the claims provision.

The best-estimate liability is then equal to the sum of the discounted claims and expense provisions.

The Bornhuetter-Ferguson (BF) method assists in developing a greater understanding of the trends inherent in the data being projected to estimate the ultimate cost of claims, while allowing for trends seen in overall loss experience, where these trends may not yet be fully represented in the data. This process is performed separately for each insurance class or a group of similar classes where there is insufficient data.

The BF methodology involves analysing historical claims development factors, gross of reinsurance, and development factors based on this historical pattern. The development factors are used to derive an estimate of the ultimate claims cost for each year, and to calculate a credibility weight.

Annexure A – Detailed accounting policies

for the year ended 29 February 2024

29. Other accounting estimates and judgements in applying accounting policies (continued)

29.3 Non-life insurance liabilities (continued)

Process to determine significant assumptions (continued)

iii) Liability for incurred claims (continued)

There is a further input required for the BF method, being the prior expected loss ratio. This primarily calculated by analysing recent loss ratio experience and allowing for any business/accident period trends. The expected loss ratio is then used to calculate a second estimate of the ultimate claims cost per accident year. This estimate would also have a credibility weight equal to one minus the credibility weight above (calculated from the triangulation). The final ultimate claims cost per accident year is calculated by applying the credibility weights above to each of the estimate respectively.

It is the nature of this technique that a weighted average of claims inflation within the past data will be projected into the future.

The claims provisions are subject to close scrutiny both within the group's business units and at a company level. In addition, for major insurance classes where the risks and uncertainties inherent in the provisions are greatest, regular and ad hoc detailed reviews are undertaken by advisers who are able to draw upon their specialist expertise and a broader knowledge of current industry trends in claims development. The results of these reviews are considered when establishing the appropriate levels of provisions for the outstanding claims.

The claims provisions for reinsurance contracts is calculated by applying the ceded percentage, to gross claims provisions, for all proportional reinsurance contracts. For non-proportional contracts, the reinsurance portion is calculated on a case-by-case basis considering the terms of the contract.

The LIC is to be held to be at least sufficient at the 75th percentile of the ultimate loss distribution. As at 29 February 2024 the reserves held were at the 75th percentile.

The LIC is considered to be the most sensitive to changes in the expected loss ratio; therefore, a sensitivity analysis is performed. A 1% upward adjustment in the expected loss ratio would result in an additional charge of approximately R1.6 million (before taxation), while a 1% downward adjustment in the expected loss ratio would result in a release of reserves in the statement of comprehensive income of approximately R1.6 million (before taxation).

As this method uses historical claims development and loss experience information, it assumes that the historical trends and patterns will occur again in future. There are reasons why this may not be the case. Such reasons include:

- Change in processes that affect the development/recording of claims paid and incurred;
- Economic, legal, political, and social trends;
- Change in mix of business; or
- Random fluctuations, including the impact of large losses.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks and the cost of a claim will be determined by the actual loss suffered by the policyholder. There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the group. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim.

The establishment of insurance liabilities is an inherently uncertain process and as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims can vary substantially from the initial estimates, particularly for the group's longer tail lines of business. The group seeks to provide appropriate levels of claims provisions taking the known facts and experience into account. It should be emphasised that the estimation techniques for the determination of insurance liabilities involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the overall estimate.

29. Other accounting estimates and judgements in applying accounting policies (continued)

29.3 Non-life insurance liabilities (continued)

Process to determine significant assumptions (continued)

iv) Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. The risk-free rates applied would be the risk-free curves as published by the prudential authority, as at the valuation date.

The risk-free rates are deemed appropriate given that:

- the risk-free rate adequately reflects the characteristics of the insurance contracts as the risk-free rate generally increases for longer durations. Further, any differences in characteristics between the risk-free rates and the insurance contracts should not be material given the short-term nature of the liabilities; and
- the risk-free rates are consistent with current market prices as they reflect the rates provided in the market and will be the latest available rates.

v) Risk-adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects the amount that an insurer would require to remove the uncertainty that future cash flows will exceed the expected value amount.

The first step in the process is to calculate a best estimate reserve where there is an equally likely chance that the actual amount needed to pay future claims will be higher or lower than the calculated best estimate. The group will aim to use a confidence level approach (value at risk) under IFRS 17. The group's calibrated risk adjustment (using value at risk) is such that the technical reserves held are above the 75th percentile of the net ultimate loss distribution.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the group to the reinsurer.

29.4 Money market funds

Cash and cash equivalents disclosed on the statement of financial position include investments in money market funds, being short-term, highly liquid investments with maturities of three months or less. Money market funds are classified as cash equivalents, since these funds are held to meet short-term cash requirements, are highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The underlying instruments in the money market funds are mainly (> 85%) issued credit papers and call accounts of four of South Africa's largest banks, all of which had a Moody's short-term national rating of P1(ZA) on 29 February 2024 (28 February 2023: P1(ZA)) with the remainder in government treasury bills. The classification of money market funds as cash equivalents is only judgemental for purposes of disclosure and judgement applied could not have any impact on disclosed carrying value of assets or liabilities.

Annexure B – Interests in subsidiaries

for the year ended 29 February 2024

Investment in subsidiaries

Subsidiary	Country of incorporation	Nature of business	Effective interest held directly or indirectly ¹		Issued stated/share capital		Cost of investment	
			2024 %	2023 %	2024 R	2023 R	2024 R000	2023 R000
PSG Wealth Holdings Proprietary Limited	South Africa	Investment holding company	100	100	508 999 120	508 999 120	495 225	495 225
PSG Securities Limited	South Africa	Stockbroking	100	100	4 738	4 738	-	-
PSG Scriptfin Proprietary Limited	South Africa	Securitised lending business	100	100	200	200	-	-
PSG Investment Management Proprietary Limited	South Africa	Multi-manager	100	100	121	121	-	-
PSG Life Limited	South Africa	Linked insurance company	100	100	305 500	305 500	-	-
PSG Invest Proprietary Limited	South Africa	LISP functionality	100	100	20 500 100	20 500 100	-	-
PSG Distribution Holdings Proprietary Limited	South Africa	Investment holding company	100	100	816 486 372	816 486 372	599 775	599 775
PSG Wealth Financial Planning Proprietary Limited	South Africa	Financial, investment planning, advice and stockbroking	100	100	113	113	-	-
PSG Trust Proprietary Limited	South Africa	Trust and fiduciary services	100	100	111	111	-	-
PSG Employee Benefits Limited	South Africa	Healthcare, brokerage and administration	74	74	1 962	1 962	-	-
PSG Namibia Proprietary Limited	Namibia	Investment management, insurance and investment brokers, financial planning and advice	58	58	300 000	300 000	-	-
PSG Insure Holdings Proprietary Limited	South Africa	Investment holding company	100	100	103	103	230 604	230 604
Western Group Holdings Limited	Namibia	Investment holding company with investment in two non-life insurance companies	100	100	80 540 385	80 540 385	-	-
Western National Insurance Company Limited (Namibia)	Namibia	Non-life insurance company focusing on commercial and agricultural markets	100	100	146 600	146 600	-	-
Western National Insurance Company Limited (South Africa)	South Africa	Non-life insurance company focusing on commercial and agricultural markets	60	60	810	810	-	-
Hi-Five Corporate Finance Proprietary Limited	Namibia	Debtor financing	100	100	100	100	-	-
Western Administration Services Proprietary Limited	South Africa	Group administration services	100	100	200	200	-	-
Western Engineering Insurance Proprietary Limited	South Africa	Non-life underwriting business	100	100	100	100	-	-
Zenith For The Accomplished Proprietary Limited ²	South Africa	Non-life underwriting business	100	100	4 000	4 000	-	-

¹ Ownership interest equal voting rights.

² The company was acquired during the 2023 financial year.

Annexure B – Interests in subsidiaries

for the year ended 29 February 2024

Investment in subsidiaries (continued)

Subsidiary	Country of incorporation	Nature of business	Effective interest held directly or indirectly ¹		Issued stated/share capital		Cost of investment	
			2024 %	2023 %	2024 R	2023 R	2024 R000	2023 R000
PSG Asset Management Holdings Proprietary Limited	South Africa	Investment holding company	100	100	121	121	344 616	344 616
PSG Asset Management Proprietary Limited	South Africa	Local management company	100	100	2 797 121	2 797 121	-	-
PSG Asset Management Group Services Proprietary Limited	South Africa	Provision of corporate, financial administrative and advisory services	100	100	1 351	1 351	-	-
PSG Collective Investments (RF) Limited	South Africa	Local unit trusts	100	100	50 099	50 099	-	-
PSG Malta (Holdings) Limited	Malta	Investment holding company	100	100	149 276 801	149 276 801	-	-
PSG Fund Management (Malta) Limited	Malta	Offshore unit trusts	100	100	13 738 493	13 738 493	-	-
Other								
PSG Management Services Proprietary Limited	South Africa	Provision of corporate financial administrative and advisory services	100	100	100	100	-	-
PSG Konsult MS (UK) Limited	United Kingdom	Provision of corporate financial administrative and advisory services	100	100	14	14	-	-
PSG Treasury Limited	South Africa	Centralised treasury activities for group	100	100	100	100	-	-
Delerus Proprietary Limited	South Africa	Debtor financing	100	100	100	100	-	-
PSG Konsult Group Share Incentive Trust	South Africa	Share trust ²	-	-	-	-	1	1
PSG Konsult (Mauritius) Limited	Mauritius	Investment holding company	100	100	7 787 740	7 787 740	7 917	7 917
							1 678 138	1 678 138

¹ Ownership interest equal voting rights.

² PSG Konsult Group Share Incentive Trust consolidated in terms of requirement of IFRS 10 – Consolidated Financial Statements.

All the subsidiaries of the group are included in the consolidation. The proportion of the voting rights in the subsidiaries held directly do not differ from the proportion of ordinary shares held.

The following dormant or immaterial subsidiaries form part of the group: PSG Nominees Proprietary Limited, PSG Invest Nominees Proprietary Limited, Erf 1070 Ballot Street Proprietary Limited (Namibia), Topexec Management Bureau Proprietary Limited, Allfinanz Board of Executors & Trust Company Proprietary Limited, PSG Asset Management Namibia Proprietary Limited, PSG Wealth Management Namibia Proprietary Limited, PSG Financial Planning Namibia Proprietary Limited, PSG Konsult MS MAU Limited, PSG Konsult Securities Proprietary Limited, PSG Konsult Verre-Noord Proprietary Limited, NFA Proprietary Limited, Utrade Nominees Proprietary Limited, and PSG Short-Term Insurance Brokers Proprietary Limited.

Annexure B – Interests in subsidiaries

for the year ended 29 February 2024

Consolidated collective investment schemes

At 29 February 2024 and 28 February 2023, the following significant collective investment schemes, managed by PSG Collective Investments (RF) Limited, were subsidiaries of the group:

Collective investment scheme	ASISA classification	Fund manager	Economic interest			
			2024 %	2023 %	2024 R000	2023 R000
PSG Income Fund	South African – Interest Bearing – Short-term	PSG Asset Management Proprietary Limited	54	52	1 165 989	1 042 018
PSG Money Market Fund	South African – Interest Bearing – Money Market	PSG Asset Management Proprietary Limited	54	55	1 227 798	1 121 124
PSG Wealth Enhanced Interest Fund of Funds	South African – Interest Bearing – Short-term	PSG Investment Management Proprietary Limited	35	33	2 036 347	1 818 061
PSG Wealth Creator Fund of Funds	South African – Equity – General	PSG Investment Management Proprietary Limited	37	37	7 983 743	7 188 493
PSG Wealth Moderate Fund of Funds	South African – Multi Asset – High equity	PSG Investment Management Proprietary Limited	32	31	11 041 356	10 013 639
PSG Investment Management Cautious Fund of Funds	South African – Multi Asset – Low Equity	PSG Investment Management Proprietary Limited	99	98	72 181	63 382
PSG Investment Management Growth Fund of Funds	South African – Multi Asset – High Equity	PSG Investment Management Proprietary Limited	98	97	225 643	72 135
PSG Investment Management Multi-Asset Income Fund of Funds	South African – Multi Asset – Income	PSG Investment Management Proprietary Limited	98	100	82 847	55 696
PSG Investment Management Opportunity Equity Fund of Funds	South African – Equity – General	PSG Investment Management Proprietary Limited	100	N/A	49 590	N/A
PSG Wealth Global Creator Feeder Fund	Global – Equity – General	PSG Investment Management Proprietary Limited	30	N/A	7 161 605	N/A

Further details of investments are available at the registered offices of the relevant group companies.

Subsidiaries with significant non-controlling interest (NCI)

The following tables summarise the information relating to the group's subsidiaries that have material non-controlling interest, before any intergroup eliminations:

Non-controlling interest in subsidiaries	Western Group		Employee Benefits			
	2024 %	2023 %	2024 %	2023 %		
Ownership and voting rights	40	40	26	26		
	Carrying value of NCI		Profit or loss attributable to NCI		Dividends paid to NCI	
	2024 R000	Restated 2023 R000	2024 R000	2023 R000	2024 R000	2023 R000
Western Group	544 679	471 050	73 630	68 038	–	–
Employee Benefits	17 450	16 569	5 015	4 544	(4 134)	(3 848)
Other ¹	6 481	5 729	4 925	4 692	(4 174)	(4 210)
Total	568 610	493 348	83 570	77 274	(8 308)	(8 058)

¹ Includes information relating to PSG Namibia Proprietary Limited and PSG Konsult Insurance Solutions Proprietary Limited.

Summarised financial information	Western Group		Employee Benefits	
	2024 R000	Restated 2023 R000	2024 R000	2023 R000
Statement of financial position				
Current assets	713 410	581 075	64 615	66 326
Non-current assets	1 403 457	1 318 643	32 902	39 783
Current liabilities	(619 121)	(592 521)	(26 160)	(33 254)
Non-current liabilities	(22 282)	(29 979)	(4 139)	(9 024)
Net assets	1 475 464	1 277 218	67 218	63 831
Statement of comprehensive income				
Revenue	323 636	312 659	180 318	159 832
Profit for the year	198 246	194 237	19 287	17 475
Total comprehensive income	198 246	193 745	19 287	17 475
Statement of cash flows				
Cash flows from operating activities	203 563	214 220	12 256	35 258
Cash flows from investing activities	(200 742)	(129 047)	(1 322)	(2 789)
Cash flows from financing activities	(1 481)	(6 992)	(20 905)	(19 593)
Net increase/(decrease) in cash and cash equivalents	1 340	78 181	(9 971)	12 876

There are also no significant restrictions on the subsidiaries' ability to transfer funds in the form of cash for the repayment of loans made to the subsidiaries or to pay dividends other than the 21 regulated subsidiaries. These regulated subsidiaries are licensed asset management, long-term and short-term insurance entities that are regulated and therefore subject to statutory capital requirements set by each jurisdiction's regulators. These require that the entities hold a prescribed minimum capital, and dividend distributions from these entities are only available from excess net assets over the required minimum capital.

Annexure C – Share analysis

for the year ended 29 February 2024

	Shareholders		Shares held	
	Number	%	Number	%
Range of shareholding				
1 – 50 000	16 878	94.7	49 999 269	3.9
50 001 – 100 000	319	1.8	22 007 567	1.8
100 001 – 500 000	379	2.1	86 074 753	6.8
500 001 – 1 000 000	97	0.5	67 769 564	5.3
Over 1 000 000	159	0.9	1 042 088 644	82.2
	<u>17 832</u>	<u>100.0</u>	<u>1 267 939 797</u>	<u>100.0</u>
Treasury shares	4		11 951 171	
	<u>17 836</u>		<u>1 279 890 968</u>	
Public and non-public shareholding				
Non-public				
Directors and management ¹	20	0.1	280 157 735	22.1
Public	17 812	99.9	987 782 062	77.9
	<u>17 832</u>	<u>100.0</u>	<u>1 267 939 797</u>	<u>100.0</u>
Individual shareholders holding 5% or more of shares in issue (net of treasury shares) at 29 February 2024				
JF Mouton Familietrust ²			163 683 823	12.9
Public Investment Corporation			184 900 191	14.6
Coronation Asset Management			173 214 174	13.7
Allan Gray Asset Management			136 626 821	10.8
			<u>658 425 009</u>	<u>51.9</u>

¹ Includes beneficial and non-beneficial interest.

² PJ Mouton has an indirect beneficial interest in the JF Mouton Familietrust.

Annexure D – Glossary

for the year ended 29 February 2024

ACI	African, Coloured and Indian
ADP	Adviser development programme
AGM	Annual general meeting
AIFA	Absa Insurance and Financial Advisers Proprietary Limited
ALSI	All Share Index
AQRate	AQRate Proprietary Limited
ASISA	Association for Savings and Investment South Africa
BBBEE	Broad-based black economic empowerment
BESA	Bond Exchange of South Africa
CAGR	Compound annual growth rate
CEO	Chief executive officer
CFD	Contracts for difference
CFO	Chief financial officer
CGU	Cash-generating unit
CIO	Chief information officer
CIS	Collective investment scheme
CODM	Chief operating decision-maker
Companies Act	Companies Act, No. 71 of 2008, as amended
COO	Chief operating officer
COVID-19	Coronavirus Disease 2019
CRISA	Code for Responsible Investing in South Africa
CRO	Chief Risk Officer
CSI	Corporate social investment
CSRC	Customer service review committee
DAC	Deferred acquisition costs
DMTN	Domestic Medium Term Note
DWT	Dividend withholding tax
ESD Fund	ASISA Enterprise and Supplier Development Fund
ESG	Environmental, social and governance
ETF	Exchange traded fund
Exco	Executive committee
FSCA	Financial Sector Conduct Authority
FSV	Financial soundness valuation
FTSE	Financial Times Stock Exchange
GCR	Global Credit Rating Co.
GOG	Governance and Operational Standard for Insurance Groups
GOI	Governance and Operational Standard for Insurers
GDP	Gross domestic product
HEPS	Headline earnings per share
HR	Human resources
IASB	International Accounting Standards Board
IBNR	Incurred but not reported
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards

Annexure D – Glossary

for the year ended 29 February 2024

IT	Information technology
JSE	Johannesburg Stock Exchange Limited
King IV	King IV Report on Corporate Governance™ for South Africa, 2016
KPI	Key performance indicator
LTIs	Long-term incentives
Manco	Management committee
MFSA	Malta Financial Services Authority
MOI	Memorandum of incorporation
NAMFISA	Namibia Financial Institutions Supervisory Authority
NCI	Non-controlling interest
NSX	Namibian Stock Exchange
ORSA	Own Risk and Solvency Assessment
OTC	Over-the-counter
PE ratio	Price-earnings ratio
POPIA	Protection of Personal Information Act, No. 4 of 2013
PSG Treasury	PSG Treasury Limited
PSG Life	PSG Life Limited
Remco	Remuneration committee
SAFEX	South African Futures Exchange
SAICA	South African Institute of Chartered Accountants
SA SME Fund	South African SME Fund
SAP	Standard of Actuarial Practice
SEM	Stock Exchange of Mauritius
SENS	Stock Exchange News Service
SMEs	Small and medium-sized enterprises
SPE	Special-purpose entity
STEM	Science, technology, engineering and mathematics
STI	Short-term variable incentive awards
TCF	Treating Customers Fairly
TCFD	Task Force on Climate-related Financial Disclosure
TRI	Total return index
UN PRI	United Nations Principles for Responsible Investment
VWAP	Volume-weighted average price
Western	Western Group Holdings Limited
Western RSA	Western National Insurance Company Proprietary Limited (RSA)

Corporate information

Registered name

PSG Financial Services Limited
 (Registration number: 1993/003941/06)
 (Tax reference number: 9550/644/07/5)
 JSE share code (Primary listing): KST
 NSX share code: KFS
 SEM share code: PSGK.N0000
 Abbreviated name: PSG KST
 ISIN: ZAE000191417
 LEI: 378900ECF3D86FD28194

Country of incorporation

Republic of South Africa

Date of incorporation

14 July 1993

PSG Financial Services head office and registered office

4th Floor, The Edge, 3 Howick Close
 Tyger Waterfront
 Tyger Valley
 Bellville
 7530
 Tel: 021 918 7800
 Fax: 021 918 7921

Postal address

PO Box 3335
 Tyger Valley
 Bellville
 7536

Company secretary

PSG Management Services Proprietary Limited
 (Registration number 2000/009351/07)

Website address

www.psg.co.za

Auditor

Deloitte & Touche

Bankers

Absa Bank Limited
 Standard Bank of South Africa Limited
 First National Bank Limited
 Rand Merchant Bank Limited
 BNP Paribas
 Investec Bank Limited
 Nedbank Limited

Transaction adviser and Sponsor – JSE

PSG Capital Proprietary Limited

Transaction adviser and Sponsor – NSX

PSG Wealth Management (Namibia) Proprietary Limited, member of the Namibian Stock Exchange

Transaction adviser and Sponsor – SEM

Perigeum Capital Ltd

Transfer secretary

Computershare Investor Services Proprietary Limited
 (Registration number 2004/003647/07)
 Rosebank Towers
 15 Biermann Avenue
 Rosebank
 2196
 (Private Bag X90000, Saxonwold, 2132)
 Tel: 011 373 0000
 Fax: 011 688 5200

Shareholder diary

Financial year-end 29 February
 Financial half year 31 August

Financial reporting

Annual general meeting Monday, 22 July 2024
 Announcement of interim results Thursday, 17 October 2024

Ordinary dividends

Final dividend
 • Declared 18 April 2024
 • Paid 13 May 2024