

PSG KONSULT LIMITED

(Incorporated in the Republic of South Africa)

Registration Number: 1993/003941/06

JSE Share Code: KST

NSX Share Code: KFS

SEM Share Code: PSGK.N0000

ISIN Code: ZAE000191417

LEI Code: 378900ECF3D86FD28194

(“PSG Konsult” or “the Company” or “the group”)



SHORT-FORM ANNOUNCEMENT: UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2022 AND DIVIDEND DECLARATION

1. FINANCIAL RESULTS

- Recurring headline earnings per share increased by 1% to 31.0 cents per share
- Recurring headline earnings per share excluding intangible asset amortisation increased by 2% to 33.7 cents per share
- Dividend per share increased by 10% to 11.0 cents per share
- Total assets under management increased by 7% to R317.0bn
- Gross written premium increased by 8% to R3.0bn

Note: All amounts contained in this short-form announcement are presented in ZAR.

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

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

From a cost perspective our Insure division was adversely impacted by the KZN floods during April 2022, however Western’s comprehensive reinsurance programme cushioned the effect on underwriting results. The firm remains confident of its long-term growth prospects, we therefore continued to invest in both technology and people. Compared to the prior six month period, our technology and infrastructure spend increased by 14% (these costs continue to be fully expensed), while our headcount grew by 7%. We are proud of the progress made in growing our own talent, with 132 newly qualified graduates (93% of whom are ACI candidates) having joined the group since January 2022. A combination of these factors marginally impacted our operating margins.

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

PSG Konsult’s key financial performance indicators for the six months ended 31 August 2022 are shown below.

	31 Aug 22 R'000	Change %	31 Aug 21 R'000
Core income	3 095 809	8	2 878 990
Headline and recurring headline earnings	407 557	1	404 567
Non-headline items	1 120		65
Earnings attributable to ordinary shareholders	408 677	1	404 632
Divisional recurring headline earnings			
PSG Wealth	264 981	13	234 246
PSG Asset Management	81 377	(16)	96 450
PSG Insure	61 199	(17)	73 871
	407 557	1	404 567
Weighted average number of shares in issue (net of treasury shares) (millions)	1 313.9	(1)	1 323.6
Earnings per share (basic) (cents)			
– Recurring headline and headline	31.0	1	30.6
– Recurring headline (excluding intangible asset amortisation cost)	33.7	2	33.1
– Recurring headline (excluding performance fees)	29.9	6	28.2
– Attributable	31.1	2	30.6
Dividend per share (cents)	11.0	10	10.0
Return on equity (ROE) (%)	19.8		22.0

Capital management

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

During July 2022, Global Credit Rating Company affirmed the group's long-term and short-term credit ratings at A+ (ZA) and A1(ZA) respectively, with a Stable Outlook.

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

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

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

2. DIVIDEND DECLARATION

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

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

The salient dates of the dividend declaration are:

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

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

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

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

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

3. LOOKING FORWARD

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

4. SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the information in the full announcement ("**Full Announcement**") and does not contain full or complete details. The Full Announcement can be found at:

<https://senspdf.jse.co.za/documents/2022/JSE/ISSE/KST/PSGKH12023.pdf>

Copies of the Full Announcement are also available for viewing on the Company's website at <https://www.psg.co.za/files/investor-relations/overview/PSGKH12023.pdf>

In addition, electronic copies of the Full Announcement may be requested and obtained, at no charge, from the Company at company.secretary@psg.co.za and from its sponsor, PSG Capital.

Any investment decisions by investors and/or shareholders should be based on consideration of the Full Announcement, as a whole.

Tyger Valley
13 October 2022

JSE Sponsor: PSG Capital Proprietary Limited (“PSG Capital”)

NSX Sponsor: PSG Wealth Management (Namibia) Proprietary Limited, member of the Namibian Stock Exchange

SEM Authorised Representative and SEM Sponsor: Perigeum Capital Ltd

This notice is issued pursuant to the JSE Limited Listings Requirements, the SEM Listing Rules and the Mauritian Securities Act 2005. The board of directors of PSG Konsult accepts full responsibility for the accuracy of the information contained in this communiqué.