

## PSG FINANCIAL SERVICES 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 Financial Services" or "PSG" or "the company" or "the group")



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## SHORT-FORM ANNOUNCEMENT: UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2024 AND DIVIDEND DECLARATION

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### 1. FINANCIAL RESULTS

- Recurring headline earnings per share increased by 28% to 48.2 cents per share
- Dividend per share increased by 26% to 17.0 cents per share
- Total assets under management increased by 16% to R435.7bn
- Gross written premium increased by 10% to R3.7bn

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

PSG delivered a 28.0% increase in recurring headline earnings per share and a return on equity of 26.2%.

While operating conditions remained challenging, more favourable equity market conditions and sustained high interest rates impacted positively on the group's results during the period. Our key financial metrics under these conditions highlight the competitive advantage of our advice-led business model. Total assets under management increased by 15.9% to R435.7 billion, comprising assets managed by PSG Wealth of R379.1 billion (16.4% increase) and PSG Asset Management of R56.6 billion (12.4% increase), while PSG Insure's gross written premium amounted to R3.7 billion (10.3% increase). Performance fees constituted 6.0% (2023: 2.5%) 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 comparable period, our technology and infrastructure spend increased by 20% (these costs continue to be fully expensed), while our fixed remuneration cost grew by 14%. These factors had a muted impact on our operating margins. We are proud of the progress made in growing our own talent, with 77 newly qualified graduates having joined during the six-month period.

PSG's key financial performance indicators for the six months ended 31 August 2024 are shown below.

	31 Aug 24 R'000	Change %	31 Aug 23 R'000
Core income	3 344 570	15.5	2 896 881
Headline and recurring headline earnings	609 500	26.5	481 861
Non-headline items	1 469		545
Earnings attributable to ordinary shareholders	610 969	26.7	482 406
Divisional recurring headline earnings			
PSG Wealth	354 684	13.3	312 911
PSG Asset Management	157 565	57.3	100 186
PSG Insure	97 251	41.4	68 764
	609 500	26.5	481 861
Weighted average number of shares in issue (net of treasury shares) (millions)	1 265.2	(1)	1 280.3
Earnings per share (basic) (cents)			
– Headline and recurring headline	48.2	28.0	37.6
– Recurring headline (excluding intangible asset amortisation cost)	51.2	26.6	40.4
– Recurring headline (excluding performance fees)	45.3	23.4	36.7
– Attributable	48.3	28.2	37.7
Dividend per share (cents)	17.0	25.9	13.5
Return on equity (ROE) (%)	26.2		22.5

## Capital management

PSG's capital cover ratio remains strong at 286%<sup>1</sup> (2023: 240%) based on the latest insurance group return. This comfortably exceeds the minimum regulatory requirement of 100%. Following discussions with the Prudential Authority, refinements were made to our required capital calculation resulting in an increased capital cover ratio. These refinements include applying Basel regulations instead of the equity symmetric formula which we believe is more suitable for our margin and credit lending activities. During August 2024, Global Credit Rating Company affirmed the group's long-term and short-term credit ratings at A+(ZA) and A1(ZA) respectively, with a Positive Outlook. The increase in the group's capital cover ratio and the credit rating affirmation is testament to the group's strong financial position and excellent liquidity.

PSG 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 11.2 million shares at a cost of R181.0 million during the period as part of shareholder capital optimisation.
- Our shareholder investable assets' exposure to equity increased to 9% (6% in the comparable period). We continue to monitor investment markets and will gradually increase our value at risk exposure to align with our long-term target.

<sup>1</sup> This is the adjusted solvency capital requirement (SCR) ratio after applying methodology refinements; the ratio on a comparable basis to the prior year would have been 248%.

## 2. INTERIM DIVIDEND DECLARATION

Considering the strong cash position, the board declared an interim gross dividend of 17.0 ZAR cents per share from income reserves for the period ended 31 August 2024 (2023:

13.5 ZAR cents per share). The group's dividend pay-out ratio remains between 40% to 60% 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 13.6 ZAR cents (2023: 10.8 ZAR cents) per share. The number of issued ordinary shares is 1 268 686 847 at the date of this declaration. PSG Financial Services' income tax reference number is 9550/644/07/5.

The salient dates of the dividend declaration are:

Declaration date	Thursday, 17 October 2024
Last day to trade cum dividend	Tuesday, 5 November 2024
Trading ex-dividend commences	Wednesday, 6 November 2024
Record date	Friday, 8 November 2024
Date of payment	Monday, 11 November 2024

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

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 November 2024 and Friday, 8 November 2024, both days inclusive.

### 3. LOOKING FORWARD

PSG is a proudly South African firm that believes in the power of its citizens to find solutions to the country's problems, and in their ability to ignite its untapped potential. Nevertheless, continued low levels of economic growth remains a seemingly intractable problem, resulting in stagnated economic development which in turn exacerbates social issues such as crime and corruption.

The South African economy recently experienced less disruption from load shedding and saw a slight improvement in gross domestic product (GDP) growth during the period under review. The market reacted positively to the formation of the Government of National Unity (GNU) following the recent national elections. This may be indicative of cautious optimism about improving consumer and business confidence in the country. However, uncertainty remains and clear signals are needed to show that sustainable economic growth will be prioritised. Policy reform and a legislative agenda that is conducive to economic growth are sorely needed. The process should include thorough social and economic impact studies, to allow for the practical financial implications of the policy choices to be discussed with the various stakeholders.

Irrespective of the short-term challenges, we remain confident in our long-term strategy and will continue to invest in our businesses, thereby securing prospects for growth. Moreover, the firm has aimed to stimulate debate about improving South Africa's economic prospects through the Think Big SA competition, run in collaboration with Economic Research South Africa. We would like to thank everyone who participated in the competition and to congratulate the winners again (details are available at [www.psg.co.za](http://www.psg.co.za)). While we were impressed by the quality of submissions, we understand that our economic and societal challenges will not be resolved quickly. Therefore, we will

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

#### **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/2024/JSE/ISSE/KST/PSGH12025.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/financial-information/PSGH12025.pdf>.

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

Tyger Valley  
17 October 2024

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

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