

*Seeing the bigger picture  
gives you the advantage.*

Unaudited results for the six months ended  
31 August 2021

## Who we are

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

## What we do

### PSG Wealth

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

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### PSG Asset Management

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

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### PSG Insure

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Personal and commercial short-term insurance solutions.

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## What we offer

### PSG Wealth

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

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- Investments
  - Unit trusts
  - Institutional portfolio management
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### PSG Insure

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- Personal short-term insurance
  - Commercial short-term insurance
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PSG Konsult is a leading registered financial services group in operation since 1998.



## SALIENT FEATURES

Recurring headline earnings per share  
**to 30.6 cents**  
2020: 24.8 cents | 2019: 23.2 cents

Recurring headline earnings per share excluding intangible asset amortisation  
**to 33.1 cents**  
2020: 27.0 cents | 2019: 25.2 cents

Dividend per share  
**to 10.0 cents**  
2020: 8.0 cents | 2019: 7.5 cents

Gross written premium<sup>1</sup>  
**to R2.82bn**  
2020: R2.71bn | 2019: R2.72bn

Number of advisers  
**to 948**  
2020: 938 | 2019: 928

Total assets under management  
**to R296bn**  
2020: R245bn | 2019: R228bn

Total assets under administration  
**to R436bn**  
2020: R350bn | 2019: R401bn

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

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## OUR MISSION

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

FINANCIAL RESULTS

PSG Konsult increased recurring headline earnings per share by 23% and generated a return on equity of 22%, thereby delivering a result which is circa 30% above its most recent pre-COVID interim period ended 31 August 2019. These results reflect the continued improvement in the group's overall competitive market position. Our strategic objective of being an advice-led firm, with a strong focus on technology to enhance client experience, enabled us to achieve these results despite prevailing conditions. In support of the group's long-term business objective to grow our own talent, we have continued to make significant investments in newly qualified graduates.

PSG Konsult's key financial performance indicators for the six months ended 31 August 2021 are shown below:

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**PSG Konsult increased recurring headline earnings per share by 23% and generated a return on equity of 22%.**

	31 Aug 21 R000	Change %	31 Aug 20 R000
Core income	2 878 990	13	2 558 329
Recurring headline earnings	404 567	22	331 655
Non-recurring item <sup>^</sup>	-		(7 200)
Headline earnings	404 567	25	324 455
Non-headline items	65		624
Earnings attributable to ordinary shareholders	404 632	24	325 079
Divisional recurring headline earnings			
PSG Wealth	234 246	7	218 972
PSG Asset Management	96 450	95	49 542
PSG Insure	73 871	17	63 141
	404 567	22	331 655
Weighted average number of shares in issue (net of treasury shares) (millions)	1 323.6	(1)	1 338.5
Earnings per share (basic) (cents)			
- Recurring headline	30.6	23	24.8
- Headline	30.6	26	24.2
- Attributable	30.6	26	24.3
- Recurring headline - excluding intangible asset amortisation cost	33.1	22	27.0
Dividend per share (cents)	10.0	25	8.0
Return on equity (ROE) (%)	22.0		19.6

<sup>^</sup> The prior period non-recurring item relates to a R10.0 million (R7.2 million net of tax) donation to the South African Solidarity Fund in April 2020.

PSG Wealth

PSG Wealth achieved recurring headline earnings growth of 7%

The division continued its solid performance during the current period. Core income increased by 10% during the current period, consisting of an increase in management and other recurring fees, while transactional brokerage fees decreased due to lower trading activity compared to the prior period.

Clients' assets managed by our Wealth advisers increased by 11% to R257.2 billion during the current period, which included R10.8 billion of positive net inflows. The division's formidable financial adviser network consisted of 579 wealth advisers as at 31 August 2021, a net increase of 16 advisers during the current period.

For the third consecutive year, the division was recognised as the Wealth Manager of the Year: Large Institutions at the Intellidex 2021 Wealth Manager of the Year Awards. The division was also awarded Top Online Broker at the recent Intellidex Top Securities Brokers Awards.

Our advisers provide clients with expert guidance, based on holistic, long-term views, and continue to maintain excellent relationships through integrity, trust and transparency. In addition, our sustained investment in digital capabilities to enhance client experience enables us to operate seamlessly in a changing environment. All related information technology (IT) system costs continue to be fully expensed.

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

PSG Asset Management

PSG Asset Management's recurring headline earnings increased by 95%

The division's results improved significantly in the current period with most funds performing in the top quartile over a one-year period. Performance fees earned during the period constituted 7.8% of headline earnings of the group, in comparison to no performance fees in the prior period.

Client assets under management increased by 9% to R38.4 billion during the current period, due to a combination of market movements and net client inflows. Assets administered by the division increased by 13% to R161.5 billion, supported by R8.7 billion of multi-managed net inflows.

PSG Insure

PSG Insure achieved recurring headline earnings growth of 17%

The division achieved commendable results during the current period and received the Santam National Intermediary of the Year award for performance excellence, in both the commercial and personal lines categories. This division continues to focus on profitable growth with an emphasis on commercial lines business which requires adviser expertise. The division has made good progress in finalising and settling pandemic business interruption claims and expects the process to be finalised before the end of the financial year. The provision created for pandemic business interruption claims in the prior year remains adequate. No significant catastrophe events occurred during the current period, with the lockdown periods having had a positive impact on loss ratios. When combined with our quality underwriting practices, Western National Insurance achieved a net underwriting margin of 14.1% compared to 13.2% achieved in the prior period. The number of insurance advisers in the group remained at 369.

### STRATEGY

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

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

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

### CORPORATE ACTIVITY

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

### CAPITAL MANAGEMENT

PSG Konsult's capital cover ratio increased to 233% (2020: 208%), based on the latest insurance group return, and comfortably exceeds the 100% minimum. Our financial performance and prudent approach to investing shareholder assets continue to ensure that the group is in a strong financial position with excellent liquidity.

The group's long-term credit rating was upgraded by Global Credit Rating Company during July 2021 to A+(ZA), while the short-term credit rating was affirmed at A1(ZA), with a Stable Outlook.

The increase in the group's capital cover ratio and the credit rating upgrade underscore our ability to incrementally improve our financial position and highlight the group's resilience, notwithstanding the current economic environment.

PSG Konsult continues to generate strong cash flows which gives us various options to optimise our capital structure and risk adjusted returns to shareholders. During the period, the group repurchased and cancelled 7.2 million shares at a cost of R80.4 million.

### REGULATORY LANDSCAPE AND RISK MANAGEMENT

PSG Konsult has 21 regulatory licences (17 in South Africa and 4 in foreign jurisdictions) and maintains professional relationships with the regulators in the markets in which we operate.

### MARKETING INITIATIVES

The group continued to successfully interact with clients during the lockdown periods. While hosting large face-to-face events was not possible, we took the opportunity to increase emailed communications as well as webinars. Initiatives such as the successful Think Big series, featuring a collection of insightful conversations with prominent external speakers, enabled us to engage digitally with both existing and prospective clients. Of notable interest was that the uptake to the webinar series has shifted in the last six months from being equally split to 60% prospective and 40% existing clients. This means that what was initially a client retention mechanism is now a source of lead generation. During the current period the combination of face-to-face and online events, regardless of webinar fatigue, reached approximately 20 000 people. In addition, the Think Big series added considerable cost-effective awareness and public relations coverage.

The group also launched a new website, a part deliverable to a bigger rebranding project, with a new advertising campaign. The website offers more intuitive navigation with an enhanced 'find an adviser' functionality so that prospective clients can be partnered quicker with the right adviser. The rebranding need was for a fresher, brighter, and more modern look, especially with our focus shifting into the digital, screen-heavy environment. We are also aiming to appeal to a more diverse audience. The ad campaign (still underpinned by the 'bigger picture thinkers' brand positioning) profiles actual clients and their relationships with their advisers. The selected individuals each has a story that they recognised opportunity where others did not and as a result have achieved success.

The social media following and engagement levels across numerous platforms also continue to increase.

### INFORMATION TECHNOLOGY

As a group, we are committed to providing great outcomes for our advisers and clients. We focus on simple-to-use, stable, client-centric solutions to deliver a great digital client experience. The group continued to enhance and automate strategic adviser and client systems and processes, aligned with our goal of enhancing digital capabilities and overall client experience.

The management team, supported by the board, is committed to continuously invest in technology to support the divisions' service offerings with standardised and leading-edge technology.

### LOOKING FORWARD

The group remains confident about the prospects for growth, with a focus on organic growth and optimising shareholder returns. We will continue to monitor local and global events, and the associated impact on our clients and other stakeholders.

### EVENTS AFTER REPORTING DATE

No events material to the understanding of these results occurred between 31 August 2021 and the date of approval of the condensed consolidated interim financial statements.

### DIVIDEND

The board decided to declare an interim gross dividend of 10.0 cents per share from income reserves for the six months ended 31 August 2021 (2020: 8.0 cents per share) reflecting the group's strong financial position and confidence in its prospects. The group's dividend pay-out ratio remains between 40% to 50% of full year earnings. The group has, however, changed the basis of the pay-out ratio to recurring headline earnings excluding intangible asset

amortisation, a metric that is better aligned to the group's cash generated earnings.

The dividend is subject to a South African dividend withholding tax (DWT) rate of 20%, unless the shareholder is exempt from paying dividends 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 8.0 cents (2020: 6.4 cents) per share. The number of issued ordinary shares is 1 333 691 715 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, 7 October 2021
Last day to trade cum dividend	Tuesday, 26 October 2021
Trading ex-dividend commences	Wednesday, 27 October 2021
Record date	Friday, 29 October 2021
Date of payment <sup>1</sup>	Monday, 1 November 2021

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, 27 October 2021 and Friday, 29 October 2021, both days inclusive.

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

On behalf of the board



**Willem Theron**  
Chairman  
Tyger Valley  
7 October 2021  
www.psg.co.za



**Francois Gouws**  
Chief executive officer

<sup>1</sup> If 1 November 2021 is declared a public holiday in South Africa, the date of payment will change to Tuesday, 2 November 2021.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 August and 28 February 2021

Notes	Unaudited as at 31 Aug 21 R000	Unaudited as at 31 Aug 20 R000	Audited as at 28 Feb 21 R000
<b>ASSETS</b>			
	1 223 227	1 255 041	1 253 820
Intangible assets			
Property and equipment	88 962	80 243	99 539
Right-of-use assets	204 407	227 600	210 699
Investment in joint ventures	1 098	1 030	1 046
Deferred income tax assets	64 602	67 697	83 555
Reinsurance assets	152 548	191 048	234 127
Loans and advances	156 069	139 505	166 911
Debt securities	4 004 909	6 285 130	3 847 637
Unit-linked investments	59 584 503	54 672 869	61 790 947
Equity securities	2 916 528	2 367 266	2 577 300
Investment in investment contracts	11 979	18 292	14 402
Derivative financial instruments	12 849	13 574	12 284
Deferred acquisition costs	5 968	7 782	5 621
Receivables including insurance receivables	1 727 590	2 019 468	2 220 757
Current income tax assets	57 075	22 279	20 989
Assets held for sale	7	-	64 143
Cash and cash equivalents (including money market funds)	1 678 270	1 616 029	1 603 624
<b>Total assets</b>	<b>71 890 584</b>	<b>68 984 853</b>	<b>74 207 401</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Stated capital	1 858 472	2 040 493	1 938 859
Treasury shares	(134 898)	(159 470)	(155 538)
Other reserves	(381 427)	(357 945)	(395 338)
Retained earnings	2 402 850	1 926 365	2 216 920
	3 744 997	3 449 443	3 604 903
<b>Non-controlling interest</b>	<b>376 373</b>	<b>304 760</b>	<b>344 199</b>
<b>Total equity</b>	<b>4 121 370</b>	<b>3 754 203</b>	<b>3 949 102</b>
<b>LIABILITIES</b>			
Deferred income tax liabilities	100 474	77 575	82 474
Lease liabilities	275 126	291 284	277 780
Insurance contracts	538 485	630 945	652 774
Derivative financial instruments	18 088	10 341	15 330
Investment contracts	33 655 285	28 188 290	30 719 905
Third-party liabilities arising on consolidation of mutual funds	30 999 361	33 607 218	35 985 490
Deferred reinsurance acquisition revenue	5 040	7 263	5 316
Trade and other payables	2 157 980	2 412 184	2 477 264
Current income tax liabilities	19 375	5 550	2 458
Liabilities held for sale	7	-	39 508
<b>Total liabilities</b>	<b>67 769 214</b>	<b>65 230 650</b>	<b>70 258 299</b>
<b>Total equity and liabilities</b>	<b>71 890 584</b>	<b>68 984 853</b>	<b>74 207 401</b>
Net asset value per share (cents)	284.0	258.2	272.3

## CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 31 August and the year ended 28 February 2021

	Unaudited Six months ended 31 Aug 21 R000	Restated <sup>1</sup> Unaudited Six months ended 31 Aug 20 R000	Audited Year ended 28 Feb 21 R000
Gross written premium	818 665	772 698	1 604 019
Less: Reinsurance written premium	(287 157)	(242 819)	(516 062)
<b>Net written premium</b>	<b>531 508</b>	<b>529 879</b>	<b>1 087 957</b>
Change in unearned premium			
- Gross	18 854	8 819	21 992
- Reinsurers' share	(460)	1 060	4 421
<b>Net insurance premium revenue</b>	<b>549 902</b>	<b>539 758</b>	<b>1 114 370</b>
Revenue from contracts with customers and other operating income	2 193 155	1 878 723	3 863 112
Interest income on amortised cost financial instruments	34 096	42 245	74 499
Interest income on fair value through profit or loss financial instruments	37 865	43 755	89 374
Dividend income	2 288	2 660	4 911
Net fair value gains and losses on financial instruments	30 466	3 489	43 092
Net income attributable to investment contract holders and third-party liabilities	20 498	40 032	60 784
<b>Total income</b>	<b>2 868 270</b>	<b>2 550 662</b>	<b>5 250 142</b>
Insurance claims and loss adjustment expenses	(459 696)	(493 467)	(1 011 841)
Insurance claims and loss adjustment expenses recovered from reinsurers	151 521	190 600	390 127
<b>Net insurance benefits and claims</b>	<b>(308 175)</b>	<b>(302 867)</b>	<b>(621 714)</b>
Commission paid	(857 593)	(790 822)	(1 562 543)
Depreciation and amortisation <sup>2</sup>	(84 686)	(81 069)	(167 060)
Employee benefit expenses	(610 599)	(530 520)	(1 074 673)
Marketing, administration and other expenses	(373 526)	(328 530)	(714 214)
<b>Total expenses</b>	<b>(2 234 579)</b>	<b>(2 033 808)</b>	<b>(4 140 204)</b>
Total profit/(loss) from joint ventures	52	(75)	(59)
<b>Profit before finance costs and taxation</b>	<b>633 743</b>	<b>516 779</b>	<b>1 109 879</b>
Finance costs	(17 588)	(19 924)	(38 452)
<b>Profit before taxation</b>	<b>616 155</b>	<b>496 855</b>	<b>1 071 427</b>
Taxation	(177 009)	(143 453)	(302 122)
<b>Profit for the period</b>	<b>439 146</b>	<b>353 402</b>	<b>769 305</b>
<b>Attributable to:</b>			
Owners of the parent	404 632	325 079	697 690
Non-controlling interest	34 514	28 323	71 615
	439 146	353 402	769 305
<b>Earnings per share (cents)</b>			
Attributable (basic)	30.6	24.3	52.3
Attributable (diluted)	30.4	24.3	52.3
Headline (basic)	30.6	24.2	52.2
Headline (diluted)	30.4	24.2	52.2
Recurring headline (basic)	30.6	24.8	52.7
Recurring headline (diluted)	30.4	24.8	52.7

<sup>1</sup> Amounts have been restated, refer to note 12 for detail of the reclassification and restatement.

<sup>2</sup> Includes amortisation cost of R34.5 million (31 Aug 2020: R31.3 million; 28 Feb 2021: R66.1 million).

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 August and the year ended 28 February 2021

	Unaudited Six months ended 31 Aug 21 R000	Unaudited Six months ended 31 Aug 20 R000	Audited Year ended 28 Feb 21 R000
<b>Profit for the period</b>	<b>439 146</b>	353 402	769 305
<b>Other comprehensive income for the period, net of taxation</b>	<b>(6 991)</b>	17 169	1 650
<i>To be reclassified to profit or loss:</i>			
Currency translation adjustments	(6 991)	17 169	1 650
<b>Total comprehensive income for the period</b>	<b>432 155</b>	370 571	770 955
<b>Attributable to:</b>			
Owners of the parent	397 641	342 248	699 340
Non-controlling interest	34 514	28 323	71 615
	<b>432 155</b>	370 571	770 955

## EARNINGS AND HEADLINE EARNINGS PER SHARE

for the six months ended 31 August and the year ended 28 February 2021

	Unaudited Six months ended 31 Aug 21 R000	Unaudited Six months ended 31 Aug 20 R000	Audited Year ended 28 Feb 21 R000
<b>Headline earnings</b>	<b>404 567</b>	324 455	696 635
Recurring	404 567	331 655	703 835
Non-recurring	-	(7 200)	(7 200)
<b>Non-headline items (net of non-controlling interest and related tax effect)</b>			
Profit on disposal of intangible assets (including goodwill)	17	453	859
Other	48	171	196
<b>Profit attributable to ordinary shareholders</b>	<b>404 632</b>	325 079	697 690
<b>Earnings per share (cents)</b>			
Attributable (basic)	30.6	24.3	52.3
Attributable (diluted)	30.4	24.3	52.3
Headline (basic)	30.6	24.2	52.2
Headline (diluted)	30.4	24.2	52.2
Recurring headline (basic)	30.6	24.8	52.7
Recurring headline (diluted)	30.4	24.8	52.7
<b>Number of shares (millions)</b>			
In issue (net of treasury shares)	1 318.7	1 335.8	1 324.0
Weighted average (net of treasury shares)	1 323.6	1 338.5	1 334.6

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 August and the year ended 28 February 2021

	Attributable to equity holders of the group					Total R000
	Stated capital R000	Treasury shares R000	Other reserves R000	Retained earnings R000	Non- controlling interest R000	
<b>Balance at 1 March 2020 (Audited)</b>	2 069 029	(171 128)	(394 319)	1 802 273	278 647	3 584 502
<b>Comprehensive income</b>						
Profit for the period	-	-	-	325 079	28 323	353 402
Other comprehensive income for the period	-	-	17 169	-	-	17 169
<i>Total comprehensive income for the period</i>	-	-	17 169	325 079	28 323	370 571
<b>Transactions with owners</b>	(28 536)	11 658	19 205	(200 987)	(2 210)	(200 870)
Issue of ordinary shares	36 628	-	-	-	-	36 628
Repurchase and cancellation of ordinary shares	(65 164)	-	-	-	-	(65 164)
Share-based payment costs	-	-	19 205	-	-	19 205
Net movement in treasury shares	-	11 658	-	-	-	11 658
Dividends paid	-	-	-	(200 987)	(2 210)	(203 197)
<b>Balance at 31 August 2020 (Unaudited)</b>	2 040 493	(159 470)	(357 945)	1 926 365	304 760	3 754 203
<b>Comprehensive income</b>						
Profit for the period	-	-	-	372 611	43 292	415 903
Other comprehensive income for the period	-	-	(15 519)	-	-	(15 519)
<i>Total comprehensive income for the period</i>	-	-	(15 519)	372 611	43 292	400 384
<b>Transactions with owners</b>	(101 634)	3 932	(21 874)	(82 056)	(3 853)	(205 485)
Repurchase and cancellation of ordinary shares	(101 634)	-	-	-	-	(101 634)
Share-based payment costs	-	-	14 622	-	-	14 622
Net movement in treasury shares	-	322	-	-	-	322
Vesting of equity-settled share options	-	-	(36 496)	28 348	-	(8 148)
Release of losses from treasury shares to retained earnings	-	3 610	-	(3 610)	-	-
Dividends paid	-	-	-	(106 794)	(3 853)	(110 647)
<b>Balance at 28 February 2021 (Audited)</b>	1 938 859	(155 538)	(395 338)	2 216 920	344 199	3 949 102
<b>Comprehensive income</b>						
Profit for the period	-	-	-	404 632	34 514	439 146
Other comprehensive income for the period	-	-	(6 991)	-	-	(6 991)
<i>Total comprehensive income for the period</i>	-	-	(6 991)	404 632	34 514	432 155
<b>Transactions with owners</b>	(80 387)	20 640	20 902	(218 702)	(2 340)	(259 887)
Repurchase and cancellation of ordinary shares	(80 387)	-	-	-	-	(80 387)
Share-based payment costs	-	-	20 902	-	-	20 902
Net movement in treasury shares	-	20 640	-	-	-	20 640
Dividends paid	-	-	-	(218 702)	(2 340)	(221 042)
<b>Balance at 31 August 2021 (Unaudited)</b>	1 858 472	(134 898)	(381 427)	2 402 850	376 373	4 121 370

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 August and the year ended 28 February 2021

Notes	Unaudited Six months ended 31 Aug 21 R000	Unaudited Six months ended 31 Aug 20 R000	Audited Year ended 29 Feb 21 R000
<b>Cash flows from operating activities</b>			
Cash (utilised in)/generated by operations	(144 193)	62 856	(204 586)
Interest received	551 711	697 478	1 336 796
Dividends received	288 570	384 760	726 985
Finance costs	(17 588)	(19 924)	(38 452)
Taxation paid	(160 419)	(128 576)	(302 427)
<i>Operating cash flows before policyholder cash movement</i>	<b>518 081</b>	996 594	1 518 316
Policyholder cash movement	(12 615)	476	1 304
<i>Net cash flow from operating activities</i>	<b>505 466</b>	997 070	1 519 620
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets	(9 904)	(105 205)	(122 515)
Purchases of property and equipment	(8 765)	(7 186)	(48 332)
Disposal of subsidiaries (including collective investment schemes)	8.1 (62 945)	(58 100)	(261 638)
Proceeds from disposal of assets and liabilities held for sale	7 483	-	-
Proceeds from disposal of intangible assets	1 827	4 092	2 991
Deferred consideration paid for acquisition of businesses	-	(15 358)	(21 646)
Other	288	15	178
<i>Net cash flow from investing activities</i>	<b>(72 016)</b>	(181 742)	(450 962)
<b>Cash flows from financing activities</b>			
Dividends paid	(221 042)	(203 197)	(313 844)
Lease liabilities paid – principal portion	(26 991)	(24 148)	(51 076)
Shares issued	8.2 -	-	-
Shares repurchased and cancelled	(80 387)	(65 164)	(166 798)
Treasury shares sold and share option settlement	8.3 (38 131)	4 223	4 545
<i>Net cash flow from financing activities</i>	<b>(366 551)</b>	(288 286)	(527 173)
<b>Net increase in cash and cash equivalents</b>	<b>66 899</b>	527 042	541 485
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1 617 348</b>	1 073 653	1 073 653
<b>Exchange (losses)/gains on cash and cash equivalents</b>	<b>(5 977)</b>	15 334	2 210
<b>Cash and cash equivalents at the end of the period<sup>1</sup></b>	<b>8.5 1 678 270</b>	1 616 029	1 617 348
<sup>1</sup> Includes the following:			
Clients' cash linked to investment contracts	19 259	31 046	31 874
Other client-related balances	81 831	103 369	(26 607)
Total client-related cash and cash equivalents	<b>101 090</b>	134 415	5 267

### Notes to the statement of cash flows:

The movement in cash (utilised in)/generated by 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 Limited, the group's linked insurance company, issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets). When these policies mature, the company raises a debtor for the money receivable from the third-party investment provider, and raises a creditor for the amount owing to the client. Timing difference occurs at month-end when the money was received from the third-party investment provider, but only paid out by the company after month-end, resulting in significant fluctuations in the working capital of the company. Similar working capital fluctuations occur at PSG Securities Limited, the group's stockbroking business, mainly due to the timing of the close of the JSE in terms of client settlements. Refer to note 5.8 for the impact of the client-related balances on the cash flows from operating activities.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

### 1. REPORTING ENTITY

PSG Konsult Limited is a public company domiciled in the Republic of South Africa. The condensed consolidated interim financial statements as at and for the six months ended 31 August 2021, comprise the company and its subsidiaries (together referred to as 'the group') and the group's interest in joint ventures.

### 2. BASIS OF PREPARATION

#### Statement of compliance

The condensed consolidated interim financial statements as at and for the six months ended 31 August 2021 have been prepared in accordance with the requirements of the JSE Limited (JSE) and the requirements of the Companies Act, No. 71 of 2008, as amended, applicable to summary financial statements. The JSE requires condensed financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended 28 February 2021. Any forecast financial information is the responsibility of the board of PSG Konsult Limited and has not been reviewed or reported on by the auditors.

These condensed consolidated interim financial statements were prepared under the supervision of the chief financial officer, Mike Smith, CA(SA).

#### Estimates and judgements

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 28 February 2021.

### 3. INDEPENDENT REVIEW

The condensed consolidated interim financial statements is the responsibility of the board of directors of the company.

Neither these condensed consolidated interim financial statements, nor any reference to future financial performance included in this results announcement, have been reviewed or reported on by the company's external auditor, Deloitte & Touche.

### 4. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these summary consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements as at and for the year ended 28 February 2021.

### 5. SEGMENT INFORMATION

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 chief executive officer, supported by the group management committee (Manco). The group's internal reporting structure is reviewed in order to assess performance and allocate resources. The group is organised into three reportable segments, namely:

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

Corporate support costs refer to a variety of services and functions that are performed centrally for the individual business units within each business segment, as well as housing the group's executive office. Besides the traditional accounting and secretarial services provided to group divisions and subsidiaries, the corporate office also provides legal, risk, IT, marketing, human resources (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.

#### 5.1 Description of business segments

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

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

## 5. SEGMENT INFORMATION (continued)

### 5.1 Description of business segments (continued)

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

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

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

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

### 5.2 Headline earnings per reportable segment

	Wealth R000	Asset Management R000	Insure R000	Total R000
<b>For the six months ended 31 August 2021 (Unaudited)</b>				
Headline earnings <sup>1</sup>	234 246	96 450	73 871	404 567
– recurring	234 246	96 450	73 871	404 567
– non-recurring	–	–	–	–
Recurring headline earnings – excluding intangible asset amortisation cost <sup>2</sup>	257 604	96 703	84 747	439 054

	Wealth R000	Asset Management R000	Insure R000	Total R000
<b>For the six months ended 31 August 2020 (Unaudited)</b>				
Headline earnings <sup>1</sup>	215 804	47 958	60 693	324 455
– recurring	218 972	49 542	63 141	331 655
– non-recurring	(3 168)	(1 584)	(2 448)	(7 200)
Recurring headline earnings – excluding intangible asset amortisation cost <sup>2</sup>	239 211	49 795	73 957	362 963

	Wealth R000	Asset Management R000	Insure R000	Total R000
<b>For the year ended 28 February 2021 (Audited)</b>				
Headline earnings <sup>1</sup>	444 488	103 356	148 791	696 635
– recurring	447 656	104 940	151 239	703 835
– non-recurring	(3 168)	(1 584)	(2 448)	(7 200)
Recurring headline earnings – excluding intangible asset amortisation cost <sup>2</sup>	489 559	105 447	172 931	767 937

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

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

## 5. SEGMENT INFORMATION (continued)

### 5.3 Income per reportable segment

	Wealth R000	Asset Management R000	Insure R000	Total R000
<b>For the six months ended 31 August 2021 (Unaudited)</b>				
<b>Total IFRS reported income</b>	<b>1 409 944</b>	<b>350 097</b>	<b>1 108 229</b>	<b>2 868 270</b>
Linked investment business and other income	10 720	–	–	10 720
<b>Total core income</b>	<b>1 420 664</b>	<b>350 097</b>	<b>1 108 229</b>	<b>2 878 990</b>
Total segment income	1 767 283	538 070	1 108 229	3 413 582
Intersegment income	(346 619)	(187 973)	–	(534 592)

	Wealth R000	Asset Management R000	Insure R000	Total R000
<b>For the six months ended 31 August 2020 (Unaudited)</b>				
<b>Total IFRS reported income</b>	<b>1 278 705</b>	<b>218 224</b>	<b>1 053 733</b>	<b>2 550 662</b>
Linked investment business and other income	7 667	–	–	7 667
<b>Total core income</b>	<b>1 286 372</b>	<b>218 224</b>	<b>1 053 733</b>	<b>2 558 329</b>
Total segment income	1 588 246	375 398	1 053 733	3 017 377
Intersegment income	(301 874)	(157 174)	–	(459 048)

	Wealth R000	Asset Management R000	Insure R000	Total R000
<b>For the year ended 28 February 2021 (Audited)</b>				
<b>Total IFRS reported income</b>	<b>2 617 313</b>	<b>462 135</b>	<b>2 170 694</b>	<b>5 250 142</b>
Linked investment business and other income	17 573	–	–	17 573
<b>Total core income</b>	<b>2 634 886</b>	<b>462 135</b>	<b>2 170 694</b>	<b>5 267 715</b>
Total segment income	3 469 149	787 908	2 212 552	6 469 609
Intersegment income	(834 263)	(325 773)	(41 858)	(1 201 894)

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 92.4% (31 Aug 2020: 91.2%; 28 Feb 2021: 92.6%) of the total income from external customers (total IFRS reported income) generated in the Republic of South Africa.

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

### 5. SEGMENT INFORMATION (continued)

#### 5.4 Divisional income statements

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

For the six months ended 31 August 2021 (Unaudited)	Asset			
	Wealth R000	Management R000	Insure R000	Total R000
Total income	1 420 664	350 097	1 108 229	2 878 990
Total expenses <sup>1</sup>	(1 084 780)	(221 417)	(965 805)	(2 272 002)
	335 884	128 680	142 424	606 988
Total profit from joint ventures	-	-	52	52
<b>Profit before finance costs and taxation</b>	<b>335 884</b>	<b>128 680</b>	<b>142 476</b>	<b>607 040</b>
Finance costs <sup>2</sup>	(12 527)	(2 386)	(2 675)	(17 588)
<b>Profit before taxation</b>	<b>323 357</b>	<b>126 294</b>	<b>139 801</b>	<b>589 452</b>
Taxation	(85 209)	(29 844)	(35 253)	(150 306)
<b>Profit for the period</b>	<b>238 148</b>	<b>96 450</b>	<b>104 548</b>	<b>439 146</b>
<b>Attributable to:</b>				
Owners of the parent	234 446	96 450	73 736	404 632
Non-controlling interest	3 702	-	30 812	34 514
	238 148	96 450	104 548	439 146
<b>Headline earnings</b>	<b>234 246</b>	<b>96 450</b>	<b>73 871</b>	<b>404 567</b>
<b>Recurring headline earnings</b>	<b>234 246</b>	<b>96 450</b>	<b>73 871</b>	<b>404 567</b>

For the six months ended 31 August 2020 (Unaudited)	Asset			
	Wealth R000	Management R000	Insure R000	Total R000
Total income	1 286 372	218 224	1 053 733	2 558 329
Total expenses <sup>1</sup>	(974 576)	(155 463)	(929 745)	(2 059 784)
	311 796	62 761	123 988	498 545
Total loss from joint ventures	-	-	(75)	(75)
<b>Profit before finance costs and taxation</b>	<b>311 796</b>	<b>62 761</b>	<b>123 913</b>	<b>498 470</b>
Finance costs <sup>2</sup>	(13 796)	(2 823)	(3 305)	(19 924)
<b>Profit before taxation</b>	<b>298 000</b>	<b>59 938</b>	<b>120 608</b>	<b>478 546</b>
Taxation	(78 178)	(11 980)	(34 986)	(125 144)
<b>Profit for the period</b>	<b>219 822</b>	<b>47 958</b>	<b>85 622</b>	<b>353 402</b>
<b>Attributable to:</b>				
Owners of the parent	216 171	47 958	60 950	325 079
Non-controlling interest	3 651	-	24 672	28 323
	219 822	47 958	85 622	353 402
<b>Headline earnings</b>	<b>215 804</b>	<b>47 958</b>	<b>60 693</b>	<b>324 455</b>
<b>Recurring headline earnings</b>	<b>218 972</b>	<b>49 542</b>	<b>63 141</b>	<b>331 655</b>

<sup>1</sup> Depreciation and amortisation is included within total expenses and amounts to R54.1 million (31 Aug 2020: R49.9 million) for PSG Wealth, R5.2 million (31 Aug 2020: R5.1 million) for PSG Asset Management, and R25.4 million (31 Aug 2020: R26.0 million) for PSG Insure.

<sup>2</sup> Finance costs in the PSG Wealth division of R12.5 million (31 Aug 2020: R13.8 million) consist mainly of the finance charge on the lease liabilities of R8.0 million (31 Aug 2020: R9.0 million), with the remaining portion of the finance charge on the CFD margin, the loan funding and the bank overdrafts.

### 5. SEGMENT INFORMATION (continued)

#### 5.4 Divisional income statements (continued)

For the year ended 28 February 2021 (Audited)	Wealth R000	Asset Management R000	Insure R000	Total R000
	Total income	2 634 886	462 135	2 170 694
Total expenses <sup>1</sup>	(1 994 514)	(327 379)	(1 871 574)	(4 193 467)
	640 372	134 756	299 120	1 074 248
Total loss from joint ventures	-	-	(59)	(59)
<b>Profit before finance costs and taxation</b>	<b>640 372</b>	<b>134 756</b>	<b>299 061</b>	<b>1 074 189</b>
Finance costs <sup>2</sup>	(28 080)	(3 899)	(6 473)	(38 452)
<b>Profit before taxation</b>	<b>612 292</b>	<b>130 857</b>	<b>292 588</b>	<b>1 035 737</b>
Taxation	(159 162)	(27 501)	(79 769)	(266 432)
<b>Profit for the year</b>	<b>453 130</b>	<b>103 356</b>	<b>212 819</b>	<b>769 305</b>
<b>Attributable to:</b>				
Owners of the parent	445 176	103 356	149 158	697 690
Non-controlling interest	7 954	-	63 661	71 615
	453 130	103 356	212 819	769 305
<b>Headline earnings</b>	<b>444 488</b>	<b>103 356</b>	<b>148 791</b>	<b>696 635</b>
<b>Recurring headline earnings</b>	<b>447 656</b>	<b>104 940</b>	<b>151 239</b>	<b>703 835</b>

<sup>1</sup> Depreciation and amortisation is included within total expenses and amounts to R104.2 million for PSG Wealth, R10.5 million for PSG Asset Management, and R52.4 million for PSG Insure.

<sup>2</sup> Finance costs in the PSG Wealth division of R28.1 million consist mainly of the finance charge on the lease liabilities of R17.7 million, with the remaining portion of the finance charge on the CFD margin, the loan funding and the bank overdrafts.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

### 5. SEGMENT INFORMATION (continued)

#### 5.5. Statement of financial position (client vs own)

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

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

As at 31 August 2021 (Unaudited)	Total IFRS reported R000	Own balances R000	Client-related balances R000
<b>ASSETS</b>			
Debt securities <sup>1</sup>	4 004 909	14 855	3 990 054
Unit-linked investments	59 584 503	1 867 960	57 716 543
Equity securities	2 916 528	34 082	2 882 446
Investment in investment contracts	11 979	-	11 979
Derivative financial instruments	12 849	-	12 849
Receivables including insurance receivables <sup>1</sup>	1 727 590	352 267	1 375 323
Cash and cash equivalents (including money market funds) <sup>1</sup>	1 678 270	1 577 180	101 090
Other assets <sup>2</sup>	1 953 956	1 953 956	-
<b>Total assets</b>	<b>71 890 584</b>	<b>5 800 300</b>	<b>66 090 284</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent	3 744 997	3 744 997	-
Non-controlling interest	376 373	376 373	-
<b>Total equity</b>	<b>4 121 370</b>	<b>4 121 370</b>	<b>-</b>
<b>LIABILITIES</b>			
Derivative financial instruments	18 088	-	18 088
Investment contracts	33 655 285	-	33 655 285
Third-party liabilities arising on consolidation of mutual funds <sup>1</sup>	30 999 361	-	30 999 361
Trade and other payables <sup>1</sup>	2 157 980	740 430	1 417 550
Other liabilities <sup>3</sup>	938 500	938 500	-
<b>Total liabilities</b>	<b>67 769 214</b>	<b>1 678 930</b>	<b>66 090 284</b>
<b>Total equity and liabilities</b>	<b>71 890 584</b>	<b>5 800 300</b>	<b>66 090 284</b>

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

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

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

### 5. SEGMENT INFORMATION (continued)

#### 5.5. Statement of financial position (client vs own) (continued)

As at 31 August 2020 (Unaudited)	Total IFRS reported R000	Own balances R000	Client-related balances R000
<b>ASSETS</b>			
Debt securities <sup>1</sup>	6 285 130	25 474	6 259 656
Unit-linked investments	54 672 869	1 557 785	53 115 084
Equity securities	2 367 266	28 159	2 339 107
Investment in investment contracts	18 292	-	18 292
Derivative financial instruments	13 574	-	13 574
Receivables including insurance receivables <sup>1</sup>	2 019 468	386 713	1 632 755
Cash and cash equivalents (including money market funds) <sup>1</sup>	1 616 029	1 481 614	134 415
Other assets <sup>2</sup>	1 992 225	1 992 225	-
<b>Total assets</b>	<b>68 984 853</b>	<b>5 471 970</b>	<b>63 512 883</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent	3 449 443	3 449 443	-
Non-controlling interest	304 760	304 760	-
<b>Total equity</b>	<b>3 754 203</b>	<b>3 754 203</b>	<b>-</b>
<b>LIABILITIES</b>			
Derivative financial instruments	10 341	-	10 341
Investment contracts	28 188 290	-	28 188 290
Third-party liabilities arising on consolidation of mutual funds <sup>1</sup>	33 607 218	-	33 607 218
Trade and other payables <sup>1</sup>	2 412 184	705 150	1 707 034
Other liabilities <sup>3</sup>	1 012 617	1 012 617	-
<b>Total liabilities</b>	<b>65 230 650</b>	<b>1 717 767</b>	<b>63 512 883</b>
<b>Total equity and liabilities</b>	<b>68 984 853</b>	<b>5 471 970</b>	<b>63 512 883</b>

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

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

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

### 5. SEGMENT INFORMATION (continued)

#### 5.5. Statement of financial position (client vs own) (continued)

As at 28 February 2021 (Audited)	Total IFRS reported R000	Own balances R000	Client-related balances R000
<b>ASSETS</b>			
Debt securities <sup>1</sup>	3 847 637	15 429	3 832 208
Unit-linked investments	61 790 947	1 713 628	60 077 319
Equity securities	2 577 300	31 650	2 545 650
Investment in investment contracts	14 402	-	14 402
Derivative financial instruments	12 284	-	12 284
Receivables including insurance receivables <sup>1</sup>	2 220 757	348 063	1 872 694
Cash and cash equivalents (including money market funds) <sup>1</sup>	1 603 624	1 598 357	5 267
Other assets <sup>2</sup>	2 140 450	2 140 450	-
<b>Total assets</b>	<b>74 207 401</b>	<b>5 847 577</b>	<b>68 359 824</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent	3 604 903	3 604 903	-
Non-controlling interest	344 199	344 199	-
<b>Total equity</b>	<b>3 949 102</b>	<b>3 949 102</b>	<b>-</b>
<b>LIABILITIES</b>			
Derivative financial instruments	15 330	-	15 330
Investment contracts	30 719 905	-	30 719 905
Third-party liabilities arising on consolidation of mutual funds <sup>1</sup>	35 985 490	-	35 985 490
Trade and other payables <sup>1</sup>	2 477 264	838 165	1 639 099
Other liabilities <sup>3</sup>	1 060 310	1 060 310	-
<b>Total liabilities</b>	<b>70 258 299</b>	<b>1 898 475</b>	<b>68 359 824</b>
<b>Total equity and liabilities</b>	<b>74 207 401</b>	<b>5 847 577</b>	<b>68 359 824</b>

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

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

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

### 5. SEGMENT INFORMATION (continued)

#### 5.6. Income statement (client vs own)

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

For the six months ended 31 August 2021 (Unaudited)	Total IFRS reported R000	Core business R000	Linked investment business and other R000
Revenue from contracts with customers and other operating income <sup>1</sup>	2 193 155	2 224 373	(31 218)
Investment income <sup>2</sup>	74 249	74 249	-
Net fair value gains and losses on financial instruments	30 466	30 466	-
Net income attributable to investment contract holders and third-party liabilities	20 498	-	20 498
Net insurance premium revenue	549 902	549 902	-
<b>Total income</b>	<b>2 868 270</b>	<b>2 878 990</b>	<b>(10 720)</b>
Insurance claims and loss adjustment expenses	(459 696)	(459 696)	-
Other <sup>1,3</sup>	(1 774 883)	(1 812 306)	37 423
<b>Total expenses</b>	<b>(2 234 579)</b>	<b>(2 272 002)</b>	<b>37 423</b>
Total profit from joint ventures	52	52	-
<b>Profit before finance costs and taxation</b>	<b>633 743</b>	<b>607 040</b>	<b>26 703</b>
Finance costs	(17 588)	(17 588)	-
<b>Profit before taxation</b>	<b>616 155</b>	<b>589 452</b>	<b>26 703</b>
Taxation	(177 009)	(150 306)	(26 703)
<b>Profit for the period</b>	<b>439 146</b>	<b>439 146</b>	<b>-</b>
<b>Attributable to:</b>			
Owners of the parent	404 632	404 632	-
Non-controlling interest	34 514	34 514	-
	<b>439 146</b>	<b>439 146</b>	<b>-</b>

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

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

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

### 5. SEGMENT INFORMATION (continued)

#### 5.6. Income statement (client vs own) (continued)

	Total IFRS reported R000	Core business R000	Linked investment business and other R000
<b>For the six months ended 31 August 2020 (Unaudited)</b>			
Revenue from contracts with customers and other operating income <sup>1</sup>	1 878 723	1 926 422	(47 699)
Investment income <sup>2</sup>	88 660	88 660	-
Net fair value gains and losses on financial instruments	3 489	3 489	-
Net income attributable to investment contract holders and third-party liabilities	40 032	-	40 032
Net insurance premium revenue	539 758	539 758	-
<b>Total income</b>	<b>2 550 662</b>	<b>2 558 329</b>	<b>(7 667)</b>
Insurance claims and loss adjustment expenses	(493 467)	(493 467)	-
Other <sup>1,3</sup>	(1 540 341)	(1 566 317)	25 976
<b>Total expenses</b>	<b>(2 033 808)</b>	<b>(2 059 784)</b>	<b>25 976</b>
Total loss from joint ventures	(75)	(75)	-
<b>Profit before finance costs and taxation</b>	<b>516 779</b>	<b>498 470</b>	<b>18 309</b>
Finance costs	(19 924)	(19 924)	-
<b>Profit before taxation</b>	<b>496 855</b>	<b>478 546</b>	<b>18 309</b>
Taxation	(143 453)	(125 144)	(18 309)
<b>Profit for the period</b>	<b>353 402</b>	<b>353 402</b>	<b>-</b>
<b>Attributable to:</b>			
Owners of the parent	325 079	325 079	-
Non-controlling interest	28 323	28 323	-
	353 402	353 402	-

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

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

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

### 5. SEGMENT INFORMATION (continued)

#### 5.6. Income statement (client vs own) (continued)

	Total IFRS reported R000	Core business R000	Linked investment business and other R000
<b>For the year ended 28 February 2021 (Audited)</b>			
Revenue from contracts with customers and other operating income <sup>1</sup>	3 863 112	3 941 469	(78 357)
Investment income <sup>2</sup>	168 784	168 784	-
Net fair value gains and losses on financial instruments	43 092	43 092	-
Net income attributable to investment contract holders and third-party liabilities	60 784	-	60 784
Net insurance premium revenue	1 114 370	1 114 370	-
<b>Total income</b>	<b>5 250 142</b>	<b>5 267 715</b>	<b>(17 573)</b>
Insurance claims and loss adjustment expenses	(1 011 841)	(1 011 841)	-
Other <sup>1,3</sup>	(3 128 363)	(3 181 626)	53 263
<b>Total expenses</b>	<b>(4 140 204)</b>	<b>(4 193 467)</b>	<b>53 263</b>
Total loss from joint ventures	(59)	(59)	-
<b>Profit before finance costs and taxation</b>	<b>1 109 879</b>	<b>1 074 189</b>	<b>35 690</b>
Finance costs	(38 452)	(38 452)	-
<b>Profit before taxation</b>	<b>1 071 427</b>	<b>1 035 737</b>	<b>35 690</b>
Taxation	(302 122)	(266 432)	(35 690)
<b>Profit for the year</b>	<b>769 305</b>	<b>769 305</b>	<b>-</b>
<b>Attributable to:</b>			
Owners of the parent	697 690	697 690	-
Non-controlling interest	71 615	71 615	-
	769 305	769 305	-

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

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

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

### 5. SEGMENT INFORMATION (continued)

#### 5.7. Revenue from contracts with customers and other operating income

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

##### According to division

For the six months ended 31 August 2021 (Unaudited)	Wealth R000	Asset Management R000	Insure R000	Total R000
Revenue from contracts with customers	1 359 368	344 467	432 498	2 136 333
Other operating income	11 252	515	76 273	88 040
	<b>1 370 620</b>	<b>344 982</b>	<b>508 771</b>	<b>2 224 373</b>

For the six months ended 31 August 2020 (Unaudited)	Wealth R000	Asset Management R000	Insure R000	Total R000
Revenue from contracts with customers	1 221 828	213 154	406 319	1 841 301
Other operating income	13 248	478	71 395	85 121
	<b>1 235 076</b>	<b>213 632</b>	<b>477 714</b>	<b>1 926 422</b>

For the year ended 28 February 2021 (Audited)	Wealth R000	Asset Management R000	Insure R000	Total R000
Revenue from contracts with customers	2 514 794	452 970	780 328	3 748 092
Other operating income	12 723	(797)	181 451	193 377
	<b>2 527 517</b>	<b>452 173</b>	<b>961 779</b>	<b>3 941 469</b>

##### According to nature of the revenue

	Unaudited Year ended 31 Aug 21 R000	Unaudited Year ended 31 Aug 20 R000	Audited Year ended 28 Feb 21 R000
<b>Revenue from contracts with customers</b>			
Dealing and structuring (including brokerage)			
– Brokerage <sup>1</sup>	101 660	135 506	245 380
– Offshore brokerage commission <sup>1</sup>	55 129	61 627	114 158
– Other dealing and structuring income <sup>2</sup>	63 426	64 942	129 591
Commission, administration and other fees			
– Commission income <sup>3</sup>	879 308	779 913	1 557 787
– Administration fees <sup>3</sup>	245 170	202 774	460 172
– Other fees <sup>4</sup>	21 415	24 506	44 982
Management and performance fees (including rebates) <sup>3</sup>	722 159	528 948	1 106 088
Policy administration fees <sup>3</sup>	48 066	43 085	89 934
	<b>2 136 333</b>	<b>1 841 301</b>	<b>3 748 092</b>
<b>Other operating income</b>			
Reinsurance commission income	71 195	67 357	167 726
Other	16 845	17 764	25 651
	<b>88 040</b>	<b>85 121</b>	<b>193 377</b>
	<b>2 224 373</b>	<b>1 926 422</b>	<b>3 941 469</b>

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

<sup>2</sup> The other dealing and structuring income includes R49.7 million (31 Aug 2020: R51.5 million; 28 Feb 2021: R101.5 million) revenue recognised over time, with the balance of this revenue being recognised at a point in time.

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

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

### 5. SEGMENT INFORMATION (continued)

#### 5.8. Statement of cash flows (client vs own)

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

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

Included under receivables are broker and clearing accounts at our stockbroking business of which R1 332.9 million (31 Aug 2020: R1 544.4 million; 28 Feb 2021: R1 614.1 million) represents amounts owing by the JSE for trades conducted during the last few days before the end of the period. 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 the trade and other payables, with the settlement to the clients taking place within three days after the transaction date.

For the six months ended 31 August 2021 (Unaudited)	Total IFRS reported R000	Own balances R000	Client- related balances R000
<b>Cash flows from operating activities</b>	<b>505 466</b>	<b>346 698</b>	<b>158 768</b>
Cash (utilised in)/generated by operations <sup>1</sup>	(144 193)	443 894	(588 087)
Interest received	551 711	71 961	479 750
Dividends received	288 570	2 288	286 282
Finance costs	(17 588)	(17 588)	–
Taxation paid	(160 419)	(153 857)	(6 562)
Policyholder cash movement	(12 615)	–	(12 615)
<b>Cash flows from investing activities</b>	<b>(72 016)</b>	<b>(9 071)</b>	<b>(62 945)</b>
Disposal of subsidiaries (including collective investment schemes)	(62 945)	–	(62 945)
Other <sup>2</sup>	(9 071)	(9 071)	–
<b>Cash flows from financing activities</b>	<b>(366 551)</b>	<b>(366 551)</b>	<b>–</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>66 899</b>	<b>(28 924)</b>	<b>95 823</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1 617 348</b>	<b>1 612 081</b>	<b>5 267</b>
<b>Exchange losses on cash and cash equivalents</b>	<b>(5 977)</b>	<b>(5 977)</b>	<b>–</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1 678 270</b>	<b>1 577 180</b>	<b>101 090</b>

<sup>1</sup> The cash generated by operations under own balances includes R55.0 million excess short-term cash transferred to unit-linked investments that invest mainly in cash, money market and related instruments to enhance investment income yield.

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

### 5. SEGMENT INFORMATION (continued)

#### 5.8. Statement of cash flows (client vs own) (continued)

	Total IFRS reported R000	Own balances R000	Client- related balances R000
<b>For the six months ended 31 August 2020 (Unaudited)</b>			
<b>Cash flows from operating activities</b>	997 070	(441 667)	1 438 737
Cash generated by/(utilised in) operations <sup>1</sup>	62 856	(380 335)	443 191
Interest received	697 478	86 000	611 478
Dividends received	384 760	2 660	382 100
Finance costs	(19 924)	(19 924)	-
Taxation paid	(128 576)	(130 068)	1 492
Policyholder cash movement	476	-	476
<b>Cash flows from investing activities</b>	(181 742)	(123 642)	(58 100)
Disposal of subsidiaries (including collective investment schemes)	(58 100)	-	(58 100)
Other	(123 642)	(123 642)	-
<b>Cash flows from financing activities</b>	(288 286)	(288 286)	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	527 042	(853 595)	1 380 637
<b>Cash and cash equivalents at the beginning of the period</b>	1 073 653	2 319 875	(1 246 222)
<b>Exchange gains on cash and cash equivalents</b>	15 334	15 334	-
<b>Cash and cash equivalents at the end of the period</b>	1 616 029	1 481 614	134 415

<sup>1</sup> The cash utilised in operations under own balances includes R825.0 million excess short-term cash transferred to unit-linked investments that invest mainly in cash, money market and related instruments to enhance investment income yield.

	Total IFRS reported R000	Own balances R000	Client- related balances R000
<b>For the year ended 28 February 2021 (Audited)</b>			
<b>Cash flows from operating activities</b>	1 519 620	6 493	1 513 127
Cash (utilised in)/generated by operations <sup>1</sup>	(204 586)	172 580	(377 166)
Interest received	1 336 796	163 873	1 172 923
Dividends received	726 985	4 911	722 074
Finance costs	(38 452)	(38 452)	-
Taxation paid	(302 427)	(296 419)	(6 008)
Policyholder cash movement	1 304	-	1 304
<b>Cash flows from investing activities</b>	(450 962)	(189 324)	(261 638)
Disposal of subsidiaries (including collective investment schemes)	(261 638)	-	(261 638)
Other <sup>2</sup>	(189 324)	(189 324)	-
<b>Cash flows from financing activities</b>	(527 173)	(527 173)	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	541 485	(710 004)	1 251 489
<b>Cash and cash equivalents at the beginning of the year</b>	1 073 653	2 319 875	(1 246 222)
<b>Exchange gains on cash and cash equivalents</b>	2 210	2 210	-
<b>Cash and cash equivalents at the end of the year</b>	1 617 348	1 612 081	5 267

<sup>1</sup> The cash generated by operations under own balances includes R907.7 million excess short-term cash transferred to unit-linked investments that invest mainly in cash, money market and related instruments to enhance investment income yield.

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

### 6. INVESTMENT CONTRACTS

Investment contracts are represented by the following financial assets:

	Unaudited as at 31 Aug 21 R000	Unaudited as at 31 Aug 20 R000	Audited as at 28 Feb 21 R000
Debt securities	312 867	357 315	323 227
Unit-linked investments	30 428 734	25 526 809	27 804 752
Equity securities	2 882 446	2 254 828	2 545 650
Investments in investment contracts	11 979	18 292	14 402
Cash and cash equivalents	19 259	31 046	31 874
	<b>33 655 285</b>	<b>28 188 290</b>	<b>30 719 905</b>

### 7. ASSETS AND LIABILITIES HELD FOR SALE

#### For the six months ended 31 August 2021

Western Insurance Botswana (Pty) Ltd and Western Life Insurance Botswana (Pty) Ltd were sold effective 1 March 2021, after the fulfilment of suspensive conditions.

#### For the year ended 28 February 2021

The assets and liabilities classified as held for sale relate to the Western Insurance Botswana (Pty) Ltd and Western Life Insurance Botswana (Pty) Ltd businesses, which have been presented as held for sale following the approval by the group's management to sell these businesses.

	Western Insurance Botswana (Pty) Ltd R000	Western Life Insurance Botswana (Pty) Ltd R000	Total R000
<b>Assets classified as held for sale</b>			
Unit-linked investments	8 198	4 420	12 618
Reinsurance assets	19 423	-	19 423
Receivables including insurance receivables	11 930	26	11 956
Other assets	5 574	848	6 422
Cash and cash equivalents (including money market funds)	10 759	2 965	13 724
	<b>55 884</b>	<b>8 259</b>	<b>64 143</b>
<b>Liabilities classified as held for sale</b>			
Insurance contracts	31 825	2 814	34 639
Deferred reinsurance acquisition revenue	2 973	-	2 973
Other liabilities	650	1 246	1 896
	<b>35 448</b>	<b>4 060</b>	<b>39 508</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

### 8. NOTES TO THE STATEMENT OF CASH FLOWS

#### 8.1 Disposal of subsidiaries (including collective investment schemes)

##### For the six months ended 31 August 2021

The group deconsolidated the PSG Wealth Global Creator Feeder Fund during the six months ended 31 August 2021 as the group lost control of this fund due to a decrease in the effective interest in the fund.

	PSG Wealth Global Creator Feeder Fund R000
Date of disposal	<b>31 August 2021</b>
<i>Details of the net assets disposed of are as follows:</i>	
Unit-linked investments	<b>13 094 242</b>
Receivables including insurance receivables	<b>7 140</b>
Cash and cash equivalents (including money market funds)	<b>62 945</b>
Third-party liabilities arising on consolidation of mutual funds	<b>(9 465 758)</b>
Trade and other payables	<b>(5 704)</b>
Net asset value	<b>3 692 865</b>
Transfer to unit-linked investments	<b>(3 692 865)</b>
Cash consideration received	<b>-</b>
Cash and cash equivalents given up	<b>(62 945)</b>
Net cash outflow for the six months ended 31 August 2021	<b>(62 945)</b>

##### For the year ended 28 February 2021

The group deconsolidated the PSG Wealth Global Preserver Feeder Fund and the PSG Diversified Income Fund during the 2021 financial year as the group lost control of these funds due to a decrease in the effective interest in the funds.

	PSG Wealth Global Preserver Feeder Fund R000	PSG Diversified Income Fund R000	Total R000
Date of disposal	31 August 2020	28 February 2021	
<i>Details of the net assets disposed of are as follows:</i>			
Equity securities	-	119 901	119 901
Debt securities	-	1 404 553	1 404 553
Unit-linked investments	1 262 117	-	1 262 117
Receivables including insurance receivables	757	2 854	3 611
Cash and cash equivalents (including money market funds)	58 100	203 538	261 638
Third-party liabilities arising on consolidation of mutual funds	(996 778)	(1 246 662)	(2 243 440)
Trade and other payables	(544)	(18 451)	(18 995)
Net asset value	323 652	465 733	789 385
Transfer to unit-linked investments	(323 652)	(465 733)	(789 385)
Cash consideration received	-	-	-
Cash and cash equivalents given up	(58 100)	(203 538)	(261 638)
Net cash outflow for the year ended 28 February 2021	(58 100)	(203 538)	(261 638)

### 8. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

#### 8.2 Shares issued

The cash flow impact of the shares issued during the respective financial periods can be summarised as follows:

	Unaudited 31 Aug 21 R000	Unaudited 31 Aug 20 R000	Audited 28 Feb 21 R000
Issue of ordinary shares	-	36 628	36 628
Shares issued for asset-for-share transaction	-	(36 628)	(36 628)
Net cash inflow	-	-	-

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

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

	Unaudited 31 Aug 21 R000	Unaudited 31 Aug 20 R000	Audited 28 Feb 21 R000
Treasury shares sold	<b>20 640</b>	11 658	11 980
Loss on settlement of share options in terms of share scheme	<b>(58 771)</b>	(7 435)	(7 435)
Net cash (outflow)/inflow	<b>(38 131)</b>	4 223	4 545

#### 8.4 Other acquisitions

##### For the year ended 28 February 2021

The group, through its subsidiary PSG Multi Management Proprietary Limited, concluded a portfolio management acquisition transaction with some of its advisers during the reporting period. The purpose of this transaction was to consolidate and align certain client share portfolio research and operational management activities within the firm.

The consideration was paid with the issue of PSG Konsult shares (5 million shares at an average of R7.35 per share) and a cash consideration of R70.6 million on the effective date. The transaction did not qualify for accounting in terms of IFRS 3 – Business Combinations as the assets acquired (the right to an increased share in the income stream of the adviser) did not constitute a business acquired.

These transactions contributed R2.4 million to our headline earnings during the 2021 financial year, net of amortisation cost of R4.2 million.

#### 8.5 Cash and cash equivalents at the end of the year

	Unaudited 31 Aug 21 R000	Unaudited 31 Aug 20 R000	Audited 28 Feb 21 R000
Cash and cash equivalents (including money market funds)	<b>1 678 270</b>	1 616 029	1 603 624
Cash and cash equivalents classified as assets held for sale	-	-	13 724
	<b>1 678 270</b>	1 616 029	1 617 348

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

## 9. FINANCIAL RISK MANAGEMENT

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

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

The condensed consolidated interim financial statements do not include all risk management information and disclosure required in the annual financial statements and should be read in conjunction with the group's annual financial statements as at 28 February 2021.

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

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

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

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

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

Included in the equity securities of R2 916.5 million (31 Aug 2020: R2 367.3 million; 28 Feb 2021: R2 577.3 million) are quoted equity securities of R2 908.8 million (31 Aug 2020: R2 358.1 million; 28 Feb 2021: R2 568.3 million), of which R2 882.4 million (31 Aug 2020: R2 254.8 million; 28 Feb 2021: R2 537.8 million) relates to investments in linked investment contracts. The price risk of these instruments is carried by the policyholders of the linked investment contracts.

Unit-linked investments of R30 428.7 million (31 Aug 2020: R25 526.8 million; 28 Feb 2021: R27 804.8 million) are linked to investment contracts and do not expose the group to price or interest rate risk.

Debt securities linked to policyholder investments amounted to R312.9 million (31 Aug 2020: R357.3 million; 28 Feb 2021: R323.2 million) and do not expose the group to interest rate risk. Cash and cash equivalents linked to policyholder investments amounted to R19.3 million (31 Aug 2020: R31.0 million; 28 Feb 2021: R31.9 million) and do not expose the group to interest rate risk.

### Fair value estimation

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

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

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

The table on page 29 analyses financial assets and liabilities, which are carried at fair value, by valuation method. There were no significant changes in the valuation techniques and assumptions applied since 28 February 2021.

## 9. FINANCIAL RISK MANAGEMENT (continued)

### Fair value estimation (continued)

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

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

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

	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
<b>As at 31 August 2021 (Unaudited)</b>				
<b>Financial assets</b>				
Debt securities	752 578	3 252 331	–	4 004 909
Unit-linked investments	–	59 356 263	228 240	59 584 503
Equity securities	2 908 820	–	7 708	2 916 528
Investment in investment contracts	–	11 979	–	11 979
Derivative financial instruments	–	12 849	–	12 849
	<b>3 661 398</b>	<b>62 633 422</b>	<b>235 948</b>	<b>66 530 768</b>
Own balances	33 264	2 401 978	30 054	2 465 296
Client-related balances	3 628 134	60 231 444	205 894	64 065 472
<b>Financial liabilities</b>				
Derivative financial instruments	–	18 088	–	18 088
Investment contracts	–	33 449 391	205 894	33 655 285
Third-party liabilities arising on consolidation of mutual funds	–	30 999 361	–	30 999 361
Trade and other payables	–	–	46 779	46 779
	<b>–</b>	<b>64 466 840</b>	<b>252 673</b>	<b>64 719 513</b>
Own balances	–	–	46 779	46 779
Client-related balances	–	64 466 840	205 894	64 672 734

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

## 9. FINANCIAL RISK MANAGEMENT (continued)

### Fair value estimation (continued)

	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
<b>As at 31 August 2020 (Unaudited)</b>				
<b>Financial assets</b>				
Debt securities	1 491 417	4 793 713	-	6 285 130
Unit-linked investments	-	54 228 656	444 213	54 672 869
Equity securities	2 358 057	-	9 209	2 367 266
Investment in investment contracts	-	18 292	-	18 292
Derivative financial instruments	-	13 574	-	13 574
	<u>3 849 474</u>	<u>59 054 235</u>	<u>453 422</u>	<u>63 357 131</u>
Own balances	27 162	2 223 432	27 142	2 277 736
Client-related balances	<u>3 822 312</u>	<u>56 830 803</u>	<u>426 280</u>	<u>61 079 395</u>
<b>Financial liabilities</b>				
Derivative financial instruments	-	10 341	-	10 341
Investment contracts	-	27 762 010	426 280	28 188 290
Third-party liabilities arising on consolidation of mutual funds	-	33 607 218	-	33 607 218
Trade and other payables	-	-	44 933	44 933
	<u>-</u>	<u>61 379 569</u>	<u>471 213</u>	<u>61 850 782</u>
Own balances	-	-	44 933	44 933
Client-related balances	<u>-</u>	<u>61 379 569</u>	<u>426 280</u>	<u>61 805 849</u>
<b>As at 28 February 2021 (Audited)</b>				
<b>Financial assets</b>				
Debt securities	827 633	3 020 004	-	3 847 637
Unit-linked investments	-	61 573 398	217 549	61 790 947
Equity securities	2 568 338	-	8 962	2 577 300
Investment in investment contracts	-	14 402	-	14 402
Derivative financial instruments	-	12 284	-	12 284
	<u>3 395 971</u>	<u>64 620 088</u>	<u>226 511</u>	<u>68 242 570</u>
Own balances	30 509	2 384 685	30 138	2 445 332
Client-related balances	<u>3 365 462</u>	<u>62 235 403</u>	<u>196 373</u>	<u>65 797 238</u>
<b>Financial liabilities</b>				
Derivative financial instruments	-	15 330	-	15 330
Investment contracts	-	30 523 532	196 373	30 719 905
Third-party liabilities arising on consolidation of mutual funds	-	35 985 490	-	35 985 490
Trade and other payables	-	-	49 036	49 036
	<u>-</u>	<u>66 524 352</u>	<u>245 409</u>	<u>66 769 761</u>
Own balances	-	-	49 036	49 036
Client-related balances	<u>-</u>	<u>66 524 352</u>	<u>196 373</u>	<u>66 720 725</u>

## 9. FINANCIAL RISK MANAGEMENT (continued)

### Fair value estimation (continued)

The following tables presents the changes in level 3 financial instruments during the reporting periods under review:

	Unaudited 31 Aug 21 R000	Unaudited 31 Aug 20 R000	Audited 28 Feb 21 R000
<b>Assets</b>			
Opening carrying value	226 511	309 845	309 845
Additions	25 118	188 808	66 010
Disposals	(24 158)	(56 663)	(167 850)
Gains recognised in profit or loss <sup>1</sup>	8 477	11 432	18 506
Closing carrying value	<u>235 948</u>	<u>453 422</u>	<u>226 511</u>
<b>Liabilities</b>			
Opening carrying value	245 409	341 565	341 565
Additions	34 519	203 473	126 760
Disposals	(35 815)	(83 077)	(233 939)
Losses recognised in profit or loss <sup>1</sup>	8 560	9 252	11 023
Closing carrying value	<u>252 673</u>	<u>471 213</u>	<u>245 409</u>

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

Unit-linked investments represent the largest portion of the level 3 financial assets and relate to units held in hedge funds and are priced monthly. 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. Therefore, the group's overall profit or loss is not materially sensitive to the input of the models applied to derive fair value.

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

## 10. RELATED-PARTY TRANSACTIONS

Related-party transactions similar to those disclosed in the group's annual financial statements for the year ended 28 February 2021 took place during the period under review.

## 11. EVENTS AFTER THE REPORTING DATE

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

## 12. RECLASSIFICATION AND RESTATEMENT OF PRIOR YEAR FIGURES

The following reclassification and restatement were applied to the 31 August 2020 consolidated income statement and related segment information:

### Reclassification - Net income attributable to investment contract holders and third-party liabilities (1)

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' equity or the net asset value of the group; however, it requires the group to recognise the fund's income and expenses on the consolidated income statement.

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

### 12. RECLASSIFICATION AND RESTATEMENT OF PRIOR YEAR FIGURES (continued)

#### Reclassification – Net income attributable to investment contract holders and third-party liabilities (1) (continued)

The group previously disclosed the income recognised from the underlying assets of the consolidated collective investment schemes and policyholder investment contracts separately from the fair value adjustment to third-party liabilities and investment contract liabilities on the face of the consolidated income statement. In order to provide more relevant and reliable information to the users of the financial statements, management has made two changes to the presentation on the consolidated income statement. The interest and dividend income, relating to the consolidated collective investment schemes and policyholder investment contracts, which has previously been shown separately on the face of the income statement will now be included together with the net fair value gains and losses on financial instruments. Management have also changed the presentation to disclose the net fair value gains and losses on the assets and liabilities relating to the consolidated collective investment schemes and policyholder investment contracts on a single line on the face of the consolidated income statement, 'net income attributable to investment contract holders and third-party liabilities'.

This change in presentation policy means that the consolidated income statement will no longer be subject to large fluctuations in income and the related fair value adjustments on the third-party liabilities and investment contract liabilities.

Due to the magnitude of the amounts relating to the policyholder investment contracts and consolidated collective investment schemes in comparison to the shareholder amounts included within total income, undue prominence was previously given to these amounts. The change in presentation therefore provides a more meaningful representation of the group's performance.

#### Restatement – Fair value gains and losses on third-party liabilities (2)

As part of the detailed assessment performed on the consolidated collective investment schemes, as explained above, management investigated the fair value movements which were previously disclosed under 'net fair value gains and losses on financial instruments' for the six months ended 31 August 2020. Based on the findings, management identified an error in the classification of a portion of the net fair value gains and losses on financial instruments which should have been disclosed within 'fair value adjustment to third-party liabilities' and have therefore restated the prior year to correct this.

The reclassification and restatement in the interim results relate to the same reclassification and restatement as disclosed in the financial results for the year ended 28 February 2021. The reclassification and restatement had no impact on the current or prior year reported income, earnings, diluted earnings or headline earnings per share, or on the net asset value or net cash flow. The financial effects of the reclassification and restatement are set out below:

	As previously stated	Reclassification – net income attributable to investment contract holders and third-party liabilities (1)	Restatement – fair value gains and losses on third-party liabilities (2)	Restated
For the six months ended 31 August 2020 (Unaudited)	R000	R000	R000	R000

#### Consolidated income statement

##### Total income

Interest income on amortised cost financial instruments	70 313	(28 068)	–	42 245
Interest income on fair value through profit or loss financial instruments	627 165	(583 410)	–	43 755
Dividend income	384 760	(382 100)	–	2 660
Net fair value gains and losses on financial instruments	3 310 729	(3 224 913)	(82 327)	3 489
Fair value adjustment to investment contract liabilities	(1 583 828)	1 583 828	–	–
Fair value adjustment to third-party liabilities	(2 676 958)	2 594 631	82 327	–
Net income attributable to investment contract holders and third-party liabilities	–	40 032	–	40 032
Total	132 181	–	–	132 181

## CORPORATE INFORMATION

### NON-EXECUTIVE DIRECTORS

W Theron (Chairman)  
 PJ Mouton  
 J de V du Toit<sup>^</sup>  
 PE Burton\*  
 ZL Combi\*  
 ZRP Matsau\*  
 TC Isaacs\*  
 AH Sangqu\*  
 (^ Lead independent; \* Independent)

### EXECUTIVE DIRECTORS

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

### REGISTERED NAME

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

### COMPANY SECRETARY

PSG Management Services Proprietary Limited

### PSG KONSULT HEAD OFFICE AND REGISTERED OFFICE

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

### POSTAL ADDRESS

PO Box 3335  
 Tyger Valley  
 Bellville  
 7536

### LISTINGS

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

### TRANSFER SECRETARY

Computershare Investor Services Proprietary Limited  
 Rosebank Towers  
 15 Biermann Avenue  
 Rosebank  
 2196  
 Private Bag X9000  
 Saxonwold  
 2132

### SPONSORS

JSE sponsor: PSG Capital Proprietary Limited  
 Independent joint JSE sponsor: UBS South Africa Proprietary Limited  
 NSX sponsor: PSG Wealth Management (Namibia) Proprietary Limited  
 SEM authorised representative and SEM sponsor: Perigeum Capital Ltd

### AUDITOR

Deloitte & Touche

### WEBSITE ADDRESS

www.psg.co.za