

PSG Financial Services delivered a 21% increase in recurring headline earnings per share and a return on equity of 22.5%.

These results were achieved against a backdrop of mostly known challenging operating conditions. Our key financial metrics under these conditions highlight the competitive advantage of our advice-led business model. Total assets under management increased by 19% to R375.9 billion, comprising assets managed by PSG Wealth of R325.6 billion (18% increase) and PSG Asset Management of R50.3 billion (20% increase), while PSG Insure's gross written premium amounted to R3.4 billion (12% increase). Performance fees earned constituted 2.5% (2022: 3.7%) of headline earnings.

From a cost perspective, our Insure division was adversely impacted by the Boksburg earthquake and Western Cape storms during June 2023, but Western National's comprehensive reinsurance programme cushioned the effect on underwriting results. The firm remains confident about its long-term growth prospects, and we therefore continued to invest in both technology and people. Compared to the prior comparable period, our technology and infrastructure spend increased by 12% (these costs continue to be fully expensed), while our fixed remuneration cost grew by 12%. These factors had a muted impact on our operating margins. We are proud of the progress made in growing our own talent, with 32 newly qualified graduates (in line with our transformation objectives) having joined during the six-month period.

PSG Financial Services' key financial performance indicators for the six months ended 31 August 2023 are shown below.

	31 Aug 23 R000	Change %	31 Aug 22 R000
Core income*	2 896 881	15	2 522 437
Headline and recurring headline earnings	481 861	18	407 557
Non-headline items	545		1 120
Earnings attributable to ordinary shareholders	482 406	18	408 677
Divisional recurring headline earnings			
PSG Wealth	312 911	18	264 981
PSG Asset Management	100 186	23	81 377
PSG Insure	68 764	12	61 199
	481 861	18	407 557
Weighted average number of shares in issue (net of treasury shares) (millions)	1 280.3	(3)	1 313.9
Earnings per share (basic) (cents)			
– Headline and recurring headline	37.6	21	31.0
– Recurring headline (excluding intangible asset amortisation cost)	40.4	20	33.7
– Recurring headline (excluding performance fees)	36.7	23	29.9
– Attributable	37.7	21	31.1
Dividend per share (cents)	13.5	23	11.0
Return on equity (ROE) (%)	22.5		19.8

\* The comparative figure has been restated for the initial application of IFRS 17.

## Salient features

Recurring headline  
earnings per share

^ 21%  
37.6 cents

2022: 31.0 cents | 2021: 30.6 cents

Dividend  
per share

^ 23%  
13.5 cents

2022: 11.0 cents | 2021: 10.0 cents

Total assets under  
management

^ 19%  
R375.9 bn

2022: R317.0 bn | 2021: R295.6 bn

Gross written  
premium

^ 12%  
R3.40 bn

2022: R3.04 bn | 2021: R2.82 bn

### Capital management and dividend declaration

PSG Financial Services' capital cover ratio remains strong at 240% (2022: 238%) based on the latest insurance group return. This comfortably exceeds the minimum regulatory requirement of 100%. During August 2023, Global Credit Rating Company affirmed the group's long-term and short-term credit ratings at A+<sup>(ZA)</sup> and A1<sup>(ZA)</sup> respectively, with a Stable Outlook. The increase in the group's capital cover ratio and the credit rating affirmation is testament to the group's strong financial position and excellent liquidity.

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

- The group repurchased and cancelled 9.7 million shares at a cost of R120.6 million during the period as part of shareholder capital optimisation.
- Our shareholder investable asset's exposure to equity marginally increased to 6% (previously below 5%). We continue to monitor investment markets and will gradually increase our value at risk exposure to align with our long-term target.

### Interim dividend

Considering the strong cash position, the board declared an interim gross dividend of 13.5 cents per share from income reserves for the period ended 31 August 2023 (2022: 11.0 cents per share). The group's dividend policy is unchanged and expected to remain between 40% to 60% of full year recurring headline earnings excluding intangible asset amortisation.

The dividend is subject to a South African dividend withholding tax (DWT) rate of 20%, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate in terms of the applicable double-tax agreement. Including DWT at 20% results in a net dividend of 10.8 cents (2022: 8.8 cents) per share. The number of issued ordinary shares is 1 283 761 365 at the date of this declaration. PSG Financial Services' income tax reference number is 9550/644/07/5.

The salient dates of the dividend declaration are:

Declaration date	Wednesday, 11 October 2023
Last day to trade cum dividend	Tuesday, 31 October 2023
Trading ex-dividend commences	Wednesday, 1 November 2023
Record date	Friday, 3 November 2023
Date of payment	Monday, 6 November 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 1 November 2023 and Friday, 3 November 2023, both days inclusive.

### Looking forward

We have always been confident that resourceful South Africans will build a better future for themselves and their children. The recent collaborative efforts between the government and the private sector to deploy their collective resources and business acumen to alleviate energy supply issues, improve the country's logistics performance and address the high crime and corruption levels in South Africa are welcomed by the group. Urgent action in resolving these three problem areas needs to remain a priority to support a recovery in South Africa's economic growth rate that will lead to job creation.

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

### Unaudited interim financial results

This announcement is the responsibility of the directors of the company. It is only a summary of the full announcement and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on the full announcement, which is available through the link in the short-form announcement released on SENS on Wednesday, 11 October 2023. The full announcement is also available on PSG Financial Services' website at [www.psg.co.za](http://www.psg.co.za) and electronic copies may be obtained, at no charge, from the company at [company.secretary@psg.co.za](mailto:company.secretary@psg.co.za) and from PSG Capital.

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  
11 October 2023



Francois Gouws  
Chief executive officer

**Non-executive directors:** W Theron (Chairman), PE Burton\*, AM Hlobo\*, L Lambrechts\*\*, B Mathews\*, ZRP Matsau^, PJ Mouton\*, AH Sangqu\*  
(^ Lead independent; \* Independent; \*\* Subject to Prudential Authority approval)  
**Executive directors:** FJ Gouws (Chief executive officer), MIF Smith (Chief financial officer)  
**Company secretary:** PSG Management Services Proprietary Limited  
**PSG Financial Services head office and registered office:** 4th Floor, The Edge, 3 Howick Close, Tyger Waterfront, Tyger Valley, Bellville, 7530; PO Box 3335, Tyger Valley, Bellville, 7536

**Transfer secretary:** Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196; Private Bag X9000, Saxonwold, 2132  
**Listings:** JSE Limited (JSE), Namibian Stock Exchange (NSX), Stock Exchange of Mauritius (SEM)  
**JSE sponsor:** PSG Capital Proprietary Limited (PSG Capital) **NSX sponsor:** PSG Wealth Management (Namibia) Proprietary Limited **SEM sponsor:** Perigeum Capital Ltd  
**JSE share code:** KST **NSX share code:** KFS **SEM share code:** PSGK.N0000

**ISIN code:** ZAE000191417 **LEI:** 378900ECF3D86FD28194  
**Auditor:** Deloitte & Touche  
**PSG Financial Services Limited** (Incorporated in the Republic of South Africa)  
(‘PSG Financial Services’ or ‘the company’ or ‘the group’) (Previously PSG Konsult Limited)  
**Registration number:** 1993/003941/06  
**Website:** [www.psg.co.za](http://www.psg.co.za)