

RESULTS FOR THE YEAR ENDED

29 FEBRUARY

2024

www.psg.co.za

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

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

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

PSG Asset Management

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

- Investments
- Unit trusts
- Institutional portfolio management

PSG Insure

Personal and commercial non-life insurance solutions.

- Personal non-life insurance
- Commercial non-life insurance



Salient features

Recurring headline earnings per share

2024
81.1 cents **^ 11%**

2023 | 72.9 cents

2022 | 69.7 cents

Gross written premium¹

2024
R7.0 bn **^ 13%**

2023 | R6.2 bn

2022 | R5.7 bn

Number of advisers

2024
953 **^ 1%**

2023 | 947

2022 | 952

Assets under management

2024
R406.9 bn **^ 15%**

2023 | R354.1 bn

2022 | R314.6 bn

Dividend per share

2024
42.0 cents **^ 17%**

2023 | 36.0 cents

2022 | 32.0 cents

Assets under administration

2024
R543.2 bn **^ 13%**

2023 | R481.5 bn

2022 | R468.0 bn

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

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Commentary

Financial results

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

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

The firm remains confident about its long-term growth prospects, and we therefore continued to invest in both technology and people. Compared to the prior year, our technology and infrastructure spend increased by 13% (these costs continue to be fully expensed), while our fixed remuneration cost grew by 12%. These factors had a muted impact on our operating margins. We are proud of the progress made in growing our own talent, with 152 newly qualified graduates having joined during the financial year.

PSG Financial Services' key financial performance indicators for the year ended 29 February 2024 are shown below.

	29 Feb 24 R000	Change %	28 Feb 23* R000
Core income	5 879 358	11	5 319 579
Recurring and headline earnings	1 033 276	9	948 281
Non-headline items	915		1 987
Earnings attributable to ordinary shareholders	1 034 191	9	950 268
Divisional recurring headline earnings			
PSG Wealth	666 278	17	568 492
PSG Asset Management	217 196	(1)	220 323
PSG Insure	149 802	(6)	159 466
	1 033 276	9	948 281
Weighted average number of shares in issue (net of treasury shares) (millions)	1 274.7	(2)	1 301.2
Basic earnings per share (cents)			
– Recurring headline and headline	81.1	11	72.9
– Attributable	81.1	11	73.0
– Recurring headline (excluding intangible asset amortisation cost)	86.9	11	78.2
– Recurring headline (excluding performance fees)	78.8	16	68.1
Dividend per share (cents)	42.0	17	36.0
– Interim dividend per share	13.5		11.0
– Final dividend per share	28.5		25.0
Return on equity (ROE) (%)	23.4		22.7

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

PSG Wealth

PSG Wealth achieved recurring headline earnings growth of 17%

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

Client assets managed by our Wealth advisers increased by 16% to R355.1 billion during the current year, which included R19.6 billion of positive net inflows. The division's formidable financial adviser network consisted of 608 wealth advisers as at 29 February 2024, a net increase of 18 advisers during the current year.

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

PSG Wealth continues to advise clients to focus on their long-term goals and to maintain diversified portfolios, especially during challenging times. Our advisers provide clients with expert advice and maintain excellent relationships through integrity, trust and transparency. In addition, our sustained investment in digital capabilities to enhance the client experience enables us to operate seamlessly in a changing environment.

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

PSG Asset Management

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

The division's results for the year were impacted by lower performance fees, however, management fees increased by 19%. The division's long-term investment track record continues to improve, with most funds performing in the top quartile over a three-year period. PSG Asset Management's strong fund performance across the fund range was recognised at the 2023 Raging Bull Awards. The division received five fund-specific awards and a second place in the South African Manager of the Year award category.

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

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

PSG Insure

PSG Insure's recurring headline earnings decreased by 6%

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

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

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

Strategy

PSG Wealth's overall strategy offers an innovative and all-inclusive end-to-end client proposition and includes a complete range 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, and continues to involve a hybrid of digital and in-person 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 prioritises investment performance while managing operational processes and talent management. Increasing brand awareness, particularly in the retail investor market, and regular client communication through events and publications continue to be key focus areas for the division.

PSG Insure provides simple and cost-effective non-life insurance solutions that protect clients from unforeseen events. Critical expertise across underwriting, administration and adviser teams underpins 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 Financial Services' focus remains on organic growth. However, we will consider acquisitions that meet our investment criteria and offer acceptable pricing, a compelling strategic rationale, clearly definable synergies, and ease of integration.

Capital management

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

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

- The group repurchased and cancelled 15.8 million shares at a cost of R207.2 million during the year, as part of shareholder capital optimisation.
- Our shareholder investable asset's exposure to equity marginally increased to 8% (previously 6%). We continue to monitor investment markets and will gradually increase our value at risk exposure to align with our long-term target.

Regulatory landscape and risk management

PSG Financial Services has 21 regulatory licences (17 in South Africa and 4 in foreign jurisdictions) and continues to maintain good working relationships with the regulators in the markets in which we operate.

Marketing initiatives

The group successfully interacted with clients and prospects throughout the year, hosting more than 197 in-person events and over 70 webinars allowing advisers, employees and industry representatives to gain political, economic and practical insights from recognised experts as well as the leadership team.

Our successful Think Big webinar series, now in its fourth year, continues to attract viewers and subscribers to our YouTube and Spotify channels. The series has proven popular with prospects, with a >60% non-client split, thereby making it a strategic brand awareness and lead-generation tool for the group. In the past fiscal year alone, the series received almost 7 547 unique registrations. Public relations coverage adds to the success of the series, with the media recognising it as a credible content source for thought leadership.

The team continues to run integrated product campaigns that help to generate flows and new client leads into the business. An example of this is the retirement annuity/tax-free investment product campaign at tax year-end, which saw a record-high 3.2 million website events. In the digital environment, both paid and organic search campaigns see an average of more than 1.1 million website visits per month. Social media accounts continue to attract new followers and we are seeing increased engagement levels. The team also focuses on producing tailored marketing plans per adviser office along with support on the execution.

Information technology

We are committed to continually enhancing our client and adviser experience. This includes investing in technology to automate adviser and client systems and processes while simultaneously enhancing our firm's cyber security posture.

Improving our processes in a secure manner results in a smoother client onboarding and user experience and a subsequent uptick in client retention due to increased satisfaction.

Through technology automation, the group can grow business volumes while keeping our fixed cost base low. We believe companies that embrace digital evolution will grow and gain market share.

All related IT system costs continue to be fully expensed, in line with the group's accounting policy.

Looking forward

We have always been confident that resourceful South Africans will build a better future for themselves and their children. Nevertheless, current economic activity remains depressed, and expectations have continued to plummet to new lows.

Irrespective of the short-term challenges, we remain confident in our long-term strategy and will continue to invest in our businesses, thereby securing prospects for growth. Moreover, the firm has aimed to actively stimulate debate around improving South Africa's economic prospects by launching the Think Big SA competition in collaboration with Economic Research South Africa. We look forward to sharing the insights generated from the winning discussion paper more broadly in the interest of helping to create a more supportive local growth environment. Nonetheless, we will continue to monitor local and global events and the associated impact on the group's clients and other stakeholders, and adjust our approach if required.

Events after reporting date

No events material to the understanding of these results occurred between 29 February 2024 and the date of approval of the condensed consolidated financial statements.

Final dividend declaration

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

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 final dividend of 22.8 ZAR cents (2023: 20.0 ZAR cents) per share. The number of issued ordinary shares is 1 276 380 968 at the date of this declaration.

PSG Financial Services' income tax reference number is 9550/644/07/5.

The salient dates of the dividend declaration are:

Declaration date	Thursday, 18 April 2024
Last day to trade cum dividend	Tuesday, 7 May 2024
Trading ex-dividend commences	Wednesday, 8 May 2024
Record date	Friday, 10 May 2024
Date of payment	Monday, 13 May 2024

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

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 May 2024 and Friday, 10 May 2024, both days inclusive.

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

On behalf of the board



Willem Theron
Chairman



Francois Gouws
Chief executive officer

Tyger Valley
18 April 2024
www.psg.co.za

Independent auditor's review report on condensed consolidated financial statements

To the Shareholders of PSG Financial Services Limited

We have reviewed the condensed consolidated financial statements of PSG Financial Services Limited, contained in the accompanying condensed report set out on pages 9 to 33, which comprise the condensed consolidated statement of financial position as at 29 February 2024 and the condensed consolidated income statement, and condensed consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for condensed reports, as set out in note 2 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require condensed consolidated financial statements contained in a condensed report 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 Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of PSG Financial Services Limited for the year ended 29 February 2024 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for condensed reports, as set out in note 2 to the financial statements, and the requirements of the Companies Act of South Africa.

DocuSigned by:

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Deloitte & Touche
 Per: Nina Le Riche
 Registered Auditor
 Partner
 18 April 2024
 The Ridge Building, 6 Marina Road, Victoria & Alfred Waterfront, Cape Town, 8000

Condensed consolidated statement of financial position

as at 29 February 2024

	Notes	Reviewed as at 29 Feb 24 R000	Restated ¹ as at 28 Feb 23 R000	Restated ¹ as at 1 Mar 22 R000
ASSETS				
Intangible assets		1 196 006	1 186 489	1 229 173
Property and equipment		92 961	74 690	86 176
Right-of-use assets		144 708	170 408	191 698
Investment in joint ventures		504	976	1 121
Deferred income tax assets		144 923	121 773	130 471
Loans and advances		247 346	193 956	154 814
Debt securities		3 932 406	3 414 634	3 920 219
Unit-linked investments		100 071 773	75 198 943	65 663 812
Equity securities		3 952 005	3 488 019	3 080 436
Investment in investment contracts		9 443	9 685	10 064
Reinsurance contract assets		111 232	121 339	130 472
Derivative financial instruments		9 526	9 637	13 153
Receivables		2 257 332	2 055 666	2 323 347
Current income tax assets		67 017	62 110	36 297
Assets held for sale	8	133 917	-	-
Cash and cash equivalents (including money market funds)		1 738 000	2 000 943	1 694 794
Total assets		114 109 099	88 109 268	78 666 047
EQUITY				
Equity attributable to owners of the parent				
Stated capital		1 206 174	1 413 420	1 829 274
Treasury shares		(120 381)	(130 759)	(140 065)
Other reserves		(303 407)	(330 328)	(361 426)
Retained earnings		3 818 670	3 294 884	2 795 797
		4 601 056	4 247 217	4 123 580
Non-controlling interest		568 610	493 348	424 132
Total equity		5 169 666	4 740 565	4 547 712
LIABILITIES				
Deferred income tax liabilities		132 413	113 130	85 891
Lease liabilities		201 422	235 777	260 945
Derivative financial instruments		12 005	14 623	22 008
Investment contracts	7	45 506 258	40 177 057	35 993 332
Insurance contract liabilities		360 278	463 363	445 223
Reinsurance contract liabilities		3 242	12 230	6 370
Third-party liabilities arising on consolidation of mutual funds		59 655 531	39 670 804	34 286 692
Trade and other payables		2 853 100	2 627 872	2 991 725
Current income tax liabilities		81 267	53 847	26 149
Liabilities held for sale	8	133 917	-	-
Total liabilities		108 939 433	83 368 703	74 118 335
Total equity and liabilities		114 109 099	88 109 268	78 666 047
Net asset value per share (cents)		362.9	331.1	313.2

¹ The comparative figures have been restated for the application of IFRS 17, refer to note 13 for further information.

Condensed consolidated income statement

for the year ended 29 February 2024

	Reviewed Year ended 29 Feb 24 R000	Restated ¹ Year ended 28 Feb 23 R000
Insurance revenue	2 263 643	1 874 262
Insurance service expense	(1 869 219)	(1 493 898)
Net expense from reinsurance contracts held	(144 734)	(134 988)
<i>Insurance service result</i>	249 690	245 376
Finance expense from insurance contracts issued	(25 385)	(13 036)
Finance income from reinsurance contracts held	17 110	9 147
<i>Net insurance service result</i>	241 415	241 487
Revenue from contracts with customers and other operating income	5 228 103	4 755 104
Interest income on amortised cost financial instruments	148 711	108 424
Interest income on fair value through profit or loss financial instruments	210 984	149 260
Dividend income	9 341	7 341
Net fair value gains and losses on financial instruments	15 912	35 664
Net income attributable to investment contract holders and third-party liabilities	55 430	52 045
Total income	5 909 896	5 349 325
Financial advice fees	(1 922 763)	(1 688 002)
Depreciation and amortisation ²	(183 453)	(174 004)
Employee benefit expenses	(1 325 725)	(1 239 311)
Marketing, administration and other expenses	(853 232)	(775 647)
Total expenses	(4 285 173)	(3 876 964)
Total loss from joint ventures	(472)	(145)
Profit before finance costs and taxation	1 624 251	1 472 216
Finance costs	(33 850)	(36 472)
Profit before taxation	1 590 401	1 435 744
Taxation	(472 640)	(408 202)
Profit for the year	1 117 761	1 027 542
Attributable to:		
Owners of the parent	1 034 191	950 268
Non-controlling interest	83 570	77 274
	1 117 761	1 027 542
Earnings per share (cents)		
Attributable (basic)	81.1	73.0
Attributable (diluted)	80.4	71.0
Headline and recurring headline (basic)	81.1	72.9
Headline and recurring headline (diluted)	80.4	70.9

¹ The comparative figures have been restated for the application of IFRS 17, refer to note 13 for further information.

² Includes amortisation cost of R75.7 million (2023: R70.5 million).

Condensed consolidated statement of comprehensive income

for the year ended 29 February 2024

	Reviewed Year ended 29 Feb 24 R000	Restated ¹ Year ended 28 Feb 23 R000
Profit for the year	1 117 761	1 027 542
Other comprehensive income for the year, net of taxation	7 322	37 893
<i>Items that are or may be reclassified to profit or loss:</i>		
Currency translation adjustments	7 322	38 385
Other adjustments	-	(492)
Total comprehensive income for the year	1 125 083	1 065 435
Attributable to:		
Owners of the parent	1 041 513	988 161
Non-controlling interest	83 570	77 274
	1 125 083	1 065 435

¹ The comparative figures have been restated for the application of IFRS 17, refer to note 13 for further information.

Earnings and headline earnings per share

for the year ended 29 February 2024

	Reviewed Year ended 29 Feb 24 R000	Restated ¹ Year ended 28 Feb 23 R000
Headline and recurring headline earnings	1 033 276	948 281
Non-headline items (net of non-controlling interest and related tax effect)		
Profit on disposal of intangible assets (including goodwill)	227	952
Profit on disposal of property and equipment	688	543
Other	-	492
Profit attributable to ordinary shareholders	1 034 191	950 268
Earnings per share (cents)		
Attributable (basic)	81.1	73.0
Attributable (diluted)	80.4	71.0
Headline and recurring headline (basic)	81.1	72.9
Headline and recurring headline (diluted)	80.4	70.9
Number of shares (millions)		
In issue (net of treasury shares)	1 267.9	1 282.6
Weighted average (net of treasury shares)	1 274.7	1 301.2

¹ The comparative figures have been restated for the application of IFRS 17, refer to note 13 for further information.

Condensed consolidated statement of changes in equity

for the year ended 29 February 2024

	Attributable to equity holders of the group					Total R000
	Stated capital R000	Treasury shares R000	Other reserves R000	Retained earnings R000	Non- controlling interest R000	
Balance at 1 March 2022 (Audited)	1 829 274	(140 065)	(361 426)	2 789 035	420 799	4 537 617
IFRS 17 transitional adjustments ¹	-	-	-	6 762	3 333	10 095
Balance at 1 March 2022 (Restated)	1 829 274	(140 065)	(361 426)	2 795 797	424 132	4 547 712
Comprehensive income						
Profit for the year	-	-	-	950 268	77 274	1 027 542
Other comprehensive income for the year	-	-	37 893	-	-	37 893
<i>Total comprehensive income for the year</i>	-	-	37 893	950 268	77 274	1 065 435
Transactions with owners	(415 854)	9 306	(6 795)	(451 181)	(8 058)	(872 582)
Repurchase and cancellation of ordinary shares	(415 854)	-	-	-	-	(415 854)
Share-based payment costs	-	-	51 746	-	-	51 746
Net movement in treasury shares	-	20 692	-	-	-	20 692
Current tax on equity-settled share-based payments	-	-	13 365	-	-	13 365
Deferred tax on equity-settled share-based payments	-	-	(13 038)	-	-	(13 038)
Loss on issue of shares in terms of share scheme	-	-	(89 454)	-	-	(89 454)
Release of share-based payment reserve to retained earnings on vested share options	-	-	30 586	(30 586)	-	-
Release of profits from treasury shares to retained earnings	-	(11 386)	-	11 386	-	-
Dividends paid	-	-	-	(431 981)	(8 058)	(440 039)
Balance at 28 February 2023 (Restated)	1 413 420	(130 759)	(330 328)	3 294 884	493 348	4 740 565
Comprehensive income						
Profit for the year	-	-	-	1 034 191	83 570	1 117 761
Other comprehensive income for the year	-	-	7 322	-	-	7 322
<i>Total comprehensive income for the year</i>	-	-	7 322	1 034 191	83 570	1 125 083
Transactions with owners	(207 246)	10 378	19 599	(510 405)	(8 308)	(695 982)
Repurchase and cancellation of ordinary shares	(207 246)	-	-	-	-	(207 246)
Share-based payment costs	-	-	60 938	-	-	60 938
Net movement in treasury shares	-	13 559	-	-	-	13 559
Current tax on equity-settled share-based payments	-	-	11 826	-	-	11 826
Deferred tax on equity-settled share-based payments	-	-	14 381	-	-	14 381
Loss on issue of shares in terms of share scheme	-	-	(89 054)	-	-	(89 054)
Release of share-based payment reserve to retained earnings on vested share options	-	-	21 508	(21 508)	-	-
Release of profits from treasury shares to retained earnings	-	(3 181)	-	3 181	-	-
Dividends paid	-	-	-	(492 078)	(8 308)	(500 386)
Balance at 29 February 2024 (Reviewed)	1 206 174	(120 381)	(303 407)	3 818 670	568 610	5 169 666

¹ Refer to note 13 for further detail.

Condensed consolidated statement of cash flows

for the year ended 29 February 2024

	Notes	Reviewed	Audited
		Year ended 29 Feb 24 R000	Year ended 28 Feb 23 R000
Cash flows from operating activities			
Cash utilised in operations		(1 991 170)	(887 466)
Interest received		2 024 576	1 508 500
Dividends received		1 092 917	1 139 068
Finance costs		(33 850)	(36 472)
Taxation paid		(427 364)	(385 610)
<i>Operating cash flows before policyholder cash movement</i>		665 109	1 338 020
Policyholder cash movement		2 805	(12 324)
<i>Net cash flow from operating activities</i>		667 914	1 325 696
Cash flows from investing activities			
Acquisition of subsidiaries (including collective investment schemes)	9.1	80 025	(169)
Acquisition of intangible assets		(98 368)	(35 415)
Purchases of property and equipment		(60 055)	(27 301)
Proceeds from disposal of intangible assets		1 096	1 244
Other		607	875
<i>Net cash flow from investing activities</i>		(76 695)	(60 766)
Cash flows from financing activities			
Dividends paid		(500 386)	(440 039)
Lease liabilities paid – principal portion		(75 111)	(68 797)
Shares repurchased and cancelled		(207 246)	(415 854)
Treasury shares sold and share option settlement	9.2	(75 495)	(68 762)
<i>Net cash flow from financing activities</i>		(858 238)	(993 452)
Net (decrease)/increase in cash and cash equivalents		(267 019)	271 478
Cash and cash equivalents at the beginning of the year		2 000 943	1 694 794
Exchange gains on cash and cash equivalents		4 584	34 671
Cash and cash equivalents at the end of the year¹	9.3	1 738 508	2 000 943
¹ Includes the following:			
<i>Clients' cash linked to investment contracts</i>		37 409	34 604
<i>Other client-related balances</i>		(182 340)	64 503
<i>Total client-related cash and cash equivalents</i>		(144 931)	99 107

Notes to the statement of cash flows:

The movement in cash utilised in operations can vary significantly as a result of daily fluctuations in cash linked to investment contracts, cash held by the stockbroking business and cash utilised for the loan facility obtained by the group on the loan facilities provided to clients on their share portfolios at PSG Securities Limited. 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 where the money was received from the third-party investment provider, but only paid out by the company after month-end, resulting in significant fluctuations in the working capital of the company. Similar working capital fluctuations occur at PSG Securities Limited, the group's stockbroking business, mainly due to the timing of the close of the JSE in terms of client settlements. Refer to note 6.8 for the impact of the client-related balances on the cash flows from operating activities.

Notes to the condensed consolidated financial statements

for the year ended 29 February 2024

1. Reporting entity

PSG Financial Services Limited is a public company domiciled in the Republic of South Africa. The condensed consolidated financial statements of the company as at and for the year ended 29 February 2024 comprise the company and its subsidiaries (together referred to as the 'group') and the group's interest in joint ventures.

2. Basis of preparation

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act, No 71 of 2008 of South Africa. The Listings Requirements require 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 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.

3. Preparation

The condensed consolidated financial statements are the responsibility of the board of directors of the company. These condensed consolidated financial statements were prepared under the supervision of the chief financial officer, Mike Smith, CA(SA). These condensed consolidated financial statements for the year ended 29 February 2024 have been reviewed by Deloitte & Touche, who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at the company's registered office together with the financial statements identified in the auditor's report. Any reference to future financial performance included in these condensed consolidated financial statements has not been reviewed by or reported on by PSG Financial Services' auditor.

4. Accounting policies

The accounting policies applied in the preparation of these condensed consolidated 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 2023, except for the mandatory adoption of IFRS 17 – Insurance Contracts. The group has applied the standard retrospectively and has restated comparative figures. Refer to note 13 for further detail.

5. Use of estimates and judgements

In preparing these condensed consolidated 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 2023 with the exception of the assumptions and judgements required in the application of IFRS 17.

6. Segment information

The composition of the reportable segments represents the internal reporting structure and the monthly reporting to the chief operating decisionmaker (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, 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.

6.1 Description of business segments

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

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

PSG Insure, through its registered insurance brokers and PSG's non-life insurance company, Western National Insurance Company Limited, offers a full range of tailor-made non-life insurance products and services from personal (home, car and household insurance) to commercial (business and agri-insurance) requirements. To harness the insurance solutions available to customers effectively, the division's expert insurance specialists, through a strict due diligence process, will simplify the 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.

Notes to the condensed consolidated financial statements

for the year ended 29 February 2024

6. Segment information (continued)

6.1 Description of business segments (continued)

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.

6.2 Headline earnings per reportable segment

For the year ended 29 February 2024 (Reviewed)	Asset			
	Wealth R000	Management R000	Insure R000	Total R000
Headline and recurring headline earnings ¹	666 277	217 196	149 803	1 033 276
Recurring headline earnings – excluding intangible asset amortisation cost ²	719 509	217 196	172 287	1 108 992

For the year ended 28 February 2023 (Restated)	Asset			
	Wealth R000	Management R000	Insure R000	Total R000
Headline and recurring headline earnings ¹	568 492	220 323	159 466	948 281
Recurring headline earnings – excluding intangible asset amortisation cost ²	616 793	220 492	181 517	1 018 802

¹ Headline earnings are calculated in terms of the requirements stipulated in Circular 1/2023 as issued by SAICA. Recurring headline earnings are calculated by excluding non-recurring headline earnings to increase comparability of the performance of the group from one year to another. Non-recurring headline earnings include one-off gains and losses and the resulting tax charge on these items.

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

6. Segment information (continued)

6.3 Income per reportable segment

For the year ended 29 February 2024 (Reviewed)	Asset			
	Wealth R000	Management R000	Insure R000	Total R000
Total IFRS reported income	3 713 459	852 958	1 343 479	5 909 896
Linked investment business and other income	(30 538)	-	-	(30 538)
Total core income	3 682 921	852 958	1 343 479	5 879 358
Total segment income	4 475 611	1 340 809	1 422 719	7 239 139
Intersegment income	(792 690)	(487 851)	(79 240)	(1 359 781)

For the year ended 28 February 2023 (Restated)	Asset			
	Wealth R000	Management R000	Insure R000	Total R000
Total IFRS reported income	3 313 320	787 287	1 248 718	5 349 325
Linked investment business and other income	(29 746)	-	-	(29 746)
Total core income	3 283 574	787 287	1 248 718	5 319 579
Total segment income	4 046 471	1 214 857	1 313 068	6 574 396
Intersegment income	(762 897)	(427 570)	(64 350)	(1 254 817)

Intersegment income and expenses consist of fees charged at market-related rates. The group accounts for intersegment income and expenses by eliminating these transactions to only reflect transactions with third parties. Intersegment income is eliminated by deducting it from total segment income to reflect income generated by segment from external customers.

The group mainly operates in the Republic of South Africa, with 92.5% (2023: 92.7%) of the total income from external customers (total IFRS reported income) generated in the Republic of South Africa.

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

Notes to the condensed consolidated financial statements

for the year ended 29 February 2024

6. Segment information (continued)

6.4 Divisional income statement

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

For the year ended 29 February 2024 (Reviewed)	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
Total income	3 682 921	852 958	1 343 479	5 879 358
Total expenses ¹	(2 725 234)	(538 726)	(1 030 105)	(4 294 065)
	957 687	314 232	313 374	1 585 293
Total loss from joint ventures	-	-	(472)	(472)
Profit before finance costs and taxation	957 687	314 232	312 902	1 584 821
Finance costs ²	(26 440)	(2 931)	(4 479)	(33 850)
Profit before taxation	931 247	311 301	308 423	1 550 971
Taxation	(254 413)	(94 102)	(84 695)	(433 210)
Profit for the year	676 834	217 199	223 728	1 117 761
Attributable to:				
Owners of the parent	666 672	217 199	150 320	1 034 191
Non-controlling interest	10 162	-	73 408	83 570
	676 834	217 199	223 728	1 117 761
Headline and recurring headline earnings	666 277	217 196	149 803	1 033 276

For the year ended 28 February 2023 (Restated)	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
Total income	3 283 574	787 287	1 248 718	5 319 579
Total expenses ¹	(2 456 325)	(492 939)	(934 114)	(3 883 378)
	827 249	294 348	314 604	1 436 201
Total loss from joint ventures	-	-	(145)	(145)
Profit before finance costs and taxation	827 249	294 348	314 459	1 436 056
Finance costs ²	(29 143)	(2 902)	(4 427)	(36 472)
Profit before taxation	798 106	291 446	310 032	1 399 584
Taxation	(219 813)	(71 105)	(81 124)	(372 042)
Profit for the year	578 293	220 341	228 908	1 027 542
Attributable to:				
Owners of the parent	568 835	220 341	161 092	950 268
Non-controlling interest	9 458	-	67 816	77 274
	578 293	220 341	228 908	1 027 542
Headline and recurring headline earnings	568 492	220 323	159 466	948 281

¹ Depreciation and amortisation is included within total expenses and amounts to R119.6 million (2023: R113.0 million) for PSG Wealth, R10.1 million (2023: R9.6 million) for PSG Asset Management, and R53.7 million (2023: R51.4 million) for PSG Insure.

² The finance costs in the PSG Wealth division of R26.4 million (2023: R29.1 million) consist mainly of the finance charge on the lease liabilities of R14.2 million (2023: R14.9 million) with the remaining portion of the finance charge on the CFD margin and the bank overdrafts.

6. Segment information (continued)

6.5 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 non-life claim control accounts and related bank accounts, as well as the contracts for difference assets and related liabilities.

As at 29 February 2024 (Reviewed)	Total IFRS reported R000	Own balances R000	Client-related balances R000
ASSETS			
Debt securities ¹	3 932 406	9 904	3 922 502
Unit-linked investments	100 071 773	2 668 035	97 403 738
Equity securities	3 952 005	37 416	3 914 589
Investment in investment contracts	9 443	-	9 443
Receivables ¹	2 257 332	378 553	1 878 779
Derivative financial instruments	9 526	-	9 526
Cash and cash equivalents (including money market funds) ¹	1 738 000	1 882 931	(144 931)
Other assets ²	2 138 614	2 138 614	-
Total assets	114 109 099	7 115 453	106 993 646
EQUITY			
Equity attributable to owners of the parent	4 601 056	4 601 056	-
Non-controlling interest	568 610	568 610	-
Total equity	5 169 666	5 169 666	-
LIABILITIES			
Investment contracts	45 506 258	-	45 506 258
Third-party liabilities arising on consolidation of mutual funds ¹	59 655 531	-	59 655 531
Derivative financial instruments	12 005	-	12 005
Trade and other payables ¹	2 853 100	1 033 248	1 819 852
Other liabilities ³	912 539	912 539	-
Total liabilities	108 939 433	1 945 787	106 993 646
Total equity and liabilities	114 109 099	7 115 453	106 993 646

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

² Other assets consist of property and equipment, right-of-use assets, intangible assets, investment in joint ventures, current and deferred income tax assets, loans and advances, reinsurance contract assets and assets held for sale.

³ Other liabilities consist of lease liabilities, current and deferred income tax liabilities, insurance contract liabilities, reinsurance contract liabilities and liabilities held for sale.

Notes to the condensed consolidated financial statements

for the year ended 29 February 2024

6. Segment information (continued)

6.5 Statement of financial position (client vs own) (continued)

As at 28 February 2023 (Restated)	Total IFRS reported R000	Own balances R000	Client-related balances R000
ASSETS			
Debt securities ¹	3 414 634	12 309	3 402 325
Unit-linked investments	75 198 943	2 406 655	72 792 288
Equity securities	3 488 019	38 750	3 449 269
Investment in investment contracts	9 685	-	9 685
Receivables ¹	2 055 666	329 606	1 726 060
Derivative financial instruments	9 637	-	9 637
Cash and cash equivalents (including money market funds) ¹	2 000 943	1 901 836	99 107
Other assets ²	1 931 741	1 931 741	-
Total assets	88 109 268	6 620 897	81 488 371
EQUITY			
Equity attributable to owners of the parent	4 247 217	4 247 217	-
Non-controlling interest	493 348	493 348	-
Total equity	4 740 565	4 740 565	-
LIABILITIES			
Investment contracts	40 177 057	-	40 177 057
Third-party liabilities arising on consolidation of mutual funds ¹	39 670 804	-	39 670 804
Derivative financial instruments	14 623	-	14 623
Trade and other payables ¹	2 627 872	1 001 985	1 625 887
Other liabilities ³	878 347	878 347	-
Total liabilities	83 368 703	1 880 332	81 488 371
Total equity and liabilities	88 109 268	6 620 897	81 488 371

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

² Other assets consist of property and equipment, right-of-use assets, intangible assets, investment in joint ventures, current and deferred income tax assets, loans and advances and reinsurance contract assets.

³ Other liabilities consist of lease liabilities, current and deferred income tax liabilities, insurance contract liabilities and reinsurance contract liabilities.

6. Segment information (continued)

6.6 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 year ended 29 February 2024 (Reviewed)	Total IFRS reported R000	Core business R000	Linked investment business and other R000
Revenue from contracts with customers and other operating income ¹	5 228 103	5 252 995	(24 892)
Investment income ²	369 036	369 036	-
Net fair value gains and losses on financial instruments	15 912	15 912	-
Net income attributable to investment contract holders and third-party liabilities	55 430	-	55 430
Net insurance service result	241 415	241 415	-
Total income	5 909 896	5 879 358	30 538
Marketing, administration and other expenses ¹	(853 232)	(862 124)	8 892
Other ³	(3 431 941)	(3 431 941)	-
Total expenses	(4 285 173)	(4 294 065)	8 892
Total loss from joint ventures	(472)	(472)	-
Profit before finance costs and taxation	1 624 251	1 584 821	39 430
Finance costs	(33 850)	(33 850)	-
Profit before taxation	1 590 401	1 550 971	39 430
Taxation	(472 640)	(433 210)	(39 430)
Profit for the year	1 117 761	1 117 761	-
Attributable to:			
Owners of the parent	1 034 191	1 034 191	-
Non-controlling interest	83 570	83 570	-
	1 117 761	1 117 761	-

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

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

³ Other consists of financial advice fees, depreciation and amortisation and employee benefit expenses.

Notes to the condensed consolidated financial statements

for the year ended 29 February 2024

6. Segment information (continued)

6.6 Income statement (client vs own) (continued)

	Total IFRS reported R000	Core business R000	Linked investment business and other R000
For the year ended 28 February 2023 (Restated)			
Revenue from contracts with customers and other operating income ¹	4 755 104	4 777 403	(22 299)
Investment income ²	265 025	265 025	-
Net fair value gains and losses on financial instruments	35 664	35 664	-
Net income attributable to investment contract holders and third-party liabilities	52 045	-	52 045
Net insurance service result	241 487	241 487	-
Total income	5 349 325	5 319 579	29 746
Marketing, administration and other expenses ¹	(775 647)	(782 061)	6 414
Other ³	(3 101 317)	(3 101 317)	-
Total expenses	(3 876 964)	(3 883 378)	6 414
Total loss from joint ventures	(145)	(145)	-
Profit before finance costs and taxation	1 472 216	1 436 056	36 160
Finance costs	(36 472)	(36 472)	-
Profit before taxation	1 435 744	1 399 584	36 160
Taxation	(408 202)	(372 042)	(36 160)
Profit for the year	1 027 542	1 027 542	-
Attributable to:			
Owners of the parent	950 268	950 268	-
Non-controlling interest	77 274	77 274	-
	1 027 542	1 027 542	-

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

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

³ Other consists of financial advice fees, depreciation and amortisation and employee benefit expenses.

6. Segment information (continued)

6.7 Revenue from contracts with customers and other operating income

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

According to division

	Wealth R000	Asset Management R000	Insure R000	Total R000
For the year ended 29 February 2024 (Reviewed)				
Revenue from contracts with customers	3 473 225	819 982	929 988	5 233 195
Other operating income	16 174	271	13 355	29 800
	3 489 399	820 253	943 343	5 252 995

	Wealth R000	Asset Management R000	Insure R000	Total R000
For the year ended 28 February 2023 (Restated)				
Revenue from contracts with customers	3 113 551	775 370	862 411	4 751 332
Other operating income	11 510	(2 237)	16 798	26 071
	3 125 061	773 133	879 209	4 777 403

According to nature of the revenue

	Reviewed Year ended 29 Feb 24 R000	Restated Year ended 28 Feb 23 R000
Revenue from contracts with customers		
Dealing and structuring (including brokerage)		
- Brokerage ¹	159 946	191 269
- Offshore brokerage commission ¹	106 348	108 518
- Other dealing and structuring income ²	168 247	160 118
Commission, administration and other fees ³		
- Commission income ⁴	2 163 405	1 906 774
- Administration fees ⁴	680 112	606 942
- Other fees ⁵	67 731	63 582
Management and performance fees (including rebates) ^{4,6}	1 775 351	1 615 548
Policy administration fees ^{4,7}	102 055	98 581
	5 223 195	4 751 332

¹ Brokerage and offshore brokerage commission is recognised at a point in time.

² The other dealing and structuring income includes R144.0 million (2023: R128.3 million) revenue recognised over time, with the balance of this revenue being recognised at a point in time.

³ Commission, administration and other fees are generated by PSG Wealth and PSG Insure.

⁴ This revenue from contracts with customers is recognised over time.

⁵ The other fees include revenue recognised at a point in time and over time, with the majority of this revenue being recognised over time.

⁶ Management and performance fees are earned by PSG Asset Management and PSG Wealth.

⁷ Policy administration fees are recognised by PSG Insure.

Notes to the condensed consolidated financial statements

for the year ended 29 February 2024

6. Segment information (continued)

6.8 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 877.7 million (2023: R1 707.5 million) represents amounts owing by the JSE for trades conducted during the last few days before the end of the year. The 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 year ended 29 February 2024 (Reviewed)	Total IFRS reported R000	Own balances R000	Client-related balances R000
Cash flows from operating activities	667 914	991 977	(324 063)
Cash (utilised in)/generated by operations ¹	(1 991 170)	1 068 393	(3 059 563)
Interest received	2 024 576	359 695	1 664 881
Dividends received	1 092 917	9 341	1 083 576
Finance costs	(33 850)	(33 850)	-
Taxation paid	(427 364)	(411 602)	(15 762)
Policyholder cash movement	2 805	-	2 805
Cash flows from investing activities	(76 695)	(156 720)	80 025
Acquisition of subsidiaries (including collective investment schemes)	80 025	-	80 025
Other ²	(156 720)	(156 720)	-
Cash flows from financing activities	(858 238)	(858 238)	-
Net decrease in cash and cash equivalents	(267 019)	(22 981)	(244 038)
Cash and cash equivalents at the beginning of the year	2 000 943	1 901 836	99 107
Exchange gains on cash and cash equivalents	4 584	4 584	-
Cash and cash equivalents at the end of the year	1 738 508	1 883 439	(144 931)

¹ The cash generated by operations under own balances includes R191.6 million excess short-term cash transferred to unit-linked investments to increase our shareholder investable asset's exposure to equity to enhance investment income yield.

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

6. Segment information (continued)

6.8 Statement of cash flows (client vs own) (continued)

For the year ended 28 February 2023 (Audited)	Total IFRS reported R000	Own balances R000	Client-related balances R000
Cash flows from operating activities	1 325 696	1 189 395	136 301
Cash (utilised in)/generated by operations ¹	(887 466)	1 334 067	(2 221 533)
Interest received	1 508 500	257 684	1 250 816
Dividends received	1 139 068	7 341	1 131 727
Finance costs	(36 472)	(36 472)	-
Taxation paid	(385 610)	(373 225)	(12 385)
Policyholder cash movement	(12 324)	-	(12 324)
Cash flows from investing activities	(60 766)	(60 974)	208
Acquisition of subsidiaries (including collective investment schemes)	(169)	(377)	208
Other ²	(60 597)	(60 597)	-
Cash flows from financing activities	(993 452)	(993 452)	-
Net increase in cash and cash equivalents	271 478	134 969	136 509
Cash and cash equivalents at the beginning of the year	1 694 794	1 732 196	(37 402)
Exchange gains on cash and cash equivalents	34 671	34 671	-
Cash and cash equivalents at the end of the year	2 000 943	1 901 836	99 107

¹ The cash generated by operations under own balances includes a R130.0 million withdrawal from unit-linked investments for operational cash requirements.

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

7. Investment contracts

Investment contracts are represented by the following financial assets:

	Reviewed as at 29 Feb 24 R000	Audited as at 28 Feb 23 R000
Unit-linked investments	41 544 817	36 683 499
Equity securities	3 914 589	3 449 269
Investments in investment contracts	9 443	9 685
Cash and cash equivalents	37 409	34 604
	45 506 258	40 177 057

Notes to the condensed consolidated financial statements

for the year ended 29 February 2024

8. Assets and liabilities held for sale

For the year ended 29 February 2024

Management is in the process of finalising a sales agreement relating to the disposal of a portion of non-life insurance business within PSG Insure. The assets and liabilities within the business have been presented as held for sale following the approval by the group's management to sell this business.

	R000
Assets classified as held for sale	
Unit-linked investments	124 252
Reinsurance contract assets	9 157
Cash and cash equivalents (including money market funds)	508
	133 917
Liabilities classified as held for sale	
Insurance contract liabilities	133 917
	133 917

9. Notes to the statement of cash flows

9.1 Acquisition of subsidiaries (including collective investment schemes)

For the year ended 29 February 2024

Collective investment schemes

The group obtained control of the PSG Wealth Global Creator Feeder Fund on 29 February 2024. This fund was consolidated in accordance with IFRS 10 – Consolidated Financial Statements and is a collective investment scheme managed by PSG Investment Management.

	PSG Wealth Global Creator Feeder Fund R000
% interest in fund on effective date	30
Date of acquisition	29 Feb 2024
Details of the net assets acquired are as follows:	
Unit-linked investments	23 629 071
Receivables	12 087
Cash and cash equivalents (including money market funds)	80 025
Third-party liabilities arising on consolidation of mutual funds	(16 550 813)
Trade and other payables	(8 765)
Net asset value	7 161 605
Fair value of interest held before the business combination	(7 161 605)
Total consideration paid	-

9. Notes to the statement of cash flows (continued)

9.1 Acquisition of subsidiaries (including collective investment schemes) (continued)

For the year ended 28 February 2023

Collective investment schemes

The group obtained control of the PSG Investment Management Multi-Asset Income Fund of Funds, the PSG Investment Management Cautious Fund of Funds and the PSG Investment Management Growth Fund of Funds during the year ended 28 February 2023. These funds were consolidated in accordance with IFRS 10 – Consolidated Financial Statements and are collective investment schemes managed by PSG Investment Management.

	PSG Investment Management Multi-Asset Income Fund of Funds R000	PSG Investment Management Cautious Fund of Funds R000	PSG Investment Management Growth Fund of Funds R000	Total R000
% interest in fund on effective date	44	84	44	
Date of acquisition	1 Mar 2022	1 Mar 2022	1 Mar 2022	

Details of the net assets acquired are as follows:

Unit-linked investments	2 731	1 567	3 073	7 371
Cash and cash equivalents (including money market funds)	13	9	186	208
Third-party liabilities arising on consolidation of mutual funds	(505)	(131)	(1 044)	(1 680)
Trade and other payables	(5)	(5)	(3)	(13)
Net asset value	2 234	1 440	2 212	5 886
Fair value of interest held before the business combination	(2 234)	(1 440)	(2 212)	(5 886)
Total consideration paid	-	-	-	-

Notes to the condensed consolidated financial statements

for the year ended 29 February 2024

9. Notes to the statement of cash flows (continued)

9.1 Acquisition of subsidiaries (including collective investment schemes) (continued)

For the year ended 28 February 2023 (continued)

Other business combinations

PSG Financial Services Limited, through its subsidiary Western Group Holdings Limited, acquired a 100% interest in Zenith For The Accomplished Proprietary Limited, a registered insurance broker. The effective date of the transaction was 1 January 2023 following the fulfilment of suspensive conditions.

Details of the net assets acquired are as follows:	R000
Cash paid	500
Cash due	500
Total purchase consideration	1 000
Less: Fair value of net assets acquired	(1 000)
Goodwill recognised on acquisition	-
The remaining purchase consideration for the transaction was paid during March 2023.	
Cash consideration paid	(500)
Cash and cash equivalents acquired	123
Net cash outflow for the year ended 28 February 2023	(377)

9.2 Treasury shares sold and share option settlement

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

	Reviewed Year ended 29 Feb 24 R000	Audited Year ended 28 Feb 23 R000
Treasury shares sold	13 559	20 692
Loss on settlement of share options in terms of share scheme	(89 054)	(89 454)
Net cash outflow	(75 495)	(68 762)

9.3 Cash and cash equivalents at the end of the year

	Reviewed as at 29 Feb 24 R000	Audited as at 28 Feb 23 R000
Cash and cash equivalents (including money market funds)	1 738 000	2 000 943
Cash and cash equivalents classified as assets held for sale	508	-
	1 738 508	2 000 943

10. 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 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 29 February 2024.

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 R3 952.0 million (2023: R3 488.0 million) are quoted equity securities of R3 951.8 million (2023: R3 487.8 million), of which R3 914.6 million (2023: R3 449.3 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 R41 544.8 million (2023: R36 683.5 million) are linked to investment contracts and do not directly expose the group to price or interest rate risk.

Cash and cash equivalents linked to policyholder investments amounted to R37.4 million (2023: R34.6 million) and do not expose the group to interest rate risk.

Notes to the condensed consolidated financial statements

for the year ended 29 February 2024

10. Financial risk management (continued)

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 financial year under review.

The table below 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 2023.

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 liabilities arising on the consolidation of mutual funds	Quoted put (exit) price provided by the fund manager	Not applicable – prices are publicly available

10. Financial risk management (continued)

Fair value estimation (continued)

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

As at 29 February 2024 (Reviewed)	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
Financial assets				
Derivative financial instruments	-	9 526	-	9 526
Equity securities	3 951 765	-	240	3 952 005
Debt securities	1 031 638	2 900 768	-	3 932 406
Unit-linked investments	-	99 942 741	129 032	100 071 773
Investment in investment contracts	-	9 443	-	9 443
	4 983 403	102 862 478	129 272	107 975 153
Own balances	37 176	3 438 500	41 882	3 517 558
Client-related balances	4 946 227	99 423 978	87 390	104 457 595
Financial liabilities				
Derivative financial instruments	-	12 005	-	12 005
Investment contracts	-	45 418 868	87 390	45 506 258
Trade and other payables	-	-	34 855	34 855
Third-party liabilities arising on consolidation of mutual funds	-	59 655 531	-	59 655 531
	-	105 086 404	122 245	105 208 649
Own balances	-	-	34 855	34 855
Client-related balances	-	105 086 404	87 390	105 173 794
As at 28 February 2023 (Audited)	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
Financial assets				
Derivative financial instruments	-	9 637	-	9 637
Equity securities	3 487 779	-	240	3 488 019
Debt securities	681 522	2 733 112	-	3 414 634
Unit-linked investments	-	75 061 568	137 375	75 198 943
Investment in investment contracts	-	9 685	-	9 685
	4 169 301	77 814 002	137 615	82 120 918
Own balances	38 510	3 096 535	36 832	3 171 877
Client-related balances	4 130 791	74 717 467	100 783	78 949 041
Financial liabilities				
Derivative financial instruments	-	14 623	-	14 623
Investment contracts	-	40 076 274	100 783	40 177 057
Trade and other payables	-	-	47 283	47 283
Third-party liabilities arising on consolidation of mutual funds	-	39 670 804	-	39 670 804
	-	79 761 701	148 066	79 909 767
Own balances	-	-	47 283	47 283
Client-related balances	-	79 761 701	100 783	79 862 484

Notes to the condensed consolidated financial statements

for the year ended 29 February 2024

10. Financial risk management (continued)

Fair value estimation (continued)

The following table presents the changes in level 3 financial instruments during the financial years under review:

	Reviewed 29 Feb 24 R000	Audited 28 Feb 23 R000
Assets		
Opening carrying value	137 615	215 836
Additions	38 441	27 888
Disposals	(54 953)	(128 823)
Gains recognised in profit or loss ^{1,2}	8 169	22 714
Closing carrying value	129 272	137 615
Liabilities		
Opening carrying value	148 066	247 578
Additions	73 315	52 509
Settlements	(107 305)	(171 324)
Acquisition of subsidiaries (refer to note 9.1)	-	500
Losses recognised in profit or loss ^{1,3}	8 169	18 803
Closing carrying value	122 245	148 066

¹ 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'.

² Gains recognised in profit or loss include unrealised gains of R6.9 million and realised gains of R1.3 million for the 2024 financial year (2023: unrealised gains of R25.7 million and realised losses of R3.0 million).

³ Losses recognised in profit or loss include unrealised losses of R6.9 million and realised losses of R1.3 million for the 2024 financial year (2023: unrealised losses of R21.0 million and realised gains of R2.2 million).

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.

11. Related-party transactions

Related-party transactions similar to those disclosed in the group's annual financial statements for the year ended 28 February 2023 took place during the financial year.

12. Events after the reporting date

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

13. Adoption of new accounting standards

The International Accounting Standards Board issued IFRS 17 – Insurance Contracts (IFRS 17) to replace IFRS 4 – Insurance Contracts for annual periods beginning on or after 1 January 2023. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.

IFRS 17 impacts the group's non-life insurer, Western. The company mainly issues short-duration non-life insurance contracts and holds short-duration non-life reinsurance contracts, to which the premium allocation approach (PAA) accounting model has been applied.

The group has adopted IFRS 17, as of 1 March 2023, on a fully retrospective basis and the 2023 comparative figures have been restated. Any adjustments to the carrying amounts of insurance and reinsurance assets and liabilities at the date of transition (1 March 2022) were recognised as an adjustment to retained earnings.

The changes brought about by IFRS 17 have not changed the underlying economics of our business or our strategy. While IFRS 17 does result in changes to the timing of profit recognition from insurance contracts, it does not change the group's overall profit level nor does it have any impact on our non-insurance businesses.

Reclassification and restatement of prior year figures

Subsequent to the IFRS17 restated results reported as at 31 August 2023, management has continuously reviewed the implementation and impact of the adoption of IFRS 17. As part of this assessment, it was determined that discounting should be applied to the liability for incurred claims (LIC) balances for both insurance and reinsurance contracts.

The discounting of transitional IFRS17 balances caused an increase in the 1 March 2022 adjustment to retained earnings of R3.3 million, as well as impacted the LIC balances presented for subsequent periods.

As a further result of this change, the movement in LIC balances due to the unwinding of the discount and changes in the financial assumptions are required to be separately presented. The impact of this has been reflected in the net insurance service result section of the income statement.

The presentation of the statement of financial position, income statement and statement of changes in equity have been amended by restating each of the impacted financial statement line items for the 2022 and 2023 financial years, as required by IAS 1 - Presentation of Financial Statements. The reclassification and restatement had a < 0.1% impact on the prior year reported income, earnings, headline earnings per share, and on our net asset value.

Corporate information

Non-executive directors

W Theron (Chairman)
PE Burton*
AM Hlobo*
L Lambrechts*
B Mathews*
ZRP Matsau^
PJ Mouton
AH Sangqu*

^ *Lead independent*
* *Independent*

Executive directors

FJ Gouws (Chief executive officer)
MIF Smith (Chief financial officer)
JL Johannes (Head of transformation)

Registered name

PSG Financial Services Limited
(Incorporated in the Republic of South Africa)
(‘PSG Financial Services’ 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 Financial Services head office and registered office

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Listings

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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
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