



2022

RESULTS FOR THE YEAR ENDED
28 FEBRUARY 2022

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 short-term insurance solutions.

- Personal short-term insurance
- Commercial short-term insurance



PSG Konsult is a leading independent financial services group in operation since 1998.

Salient features

RECURRING HEADLINE EARNINGS PER SHARE

^ 32%	2022 69.7 cents	2021 52.7 cents	2020 48.1 cents
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RECURRING HEADLINE EARNINGS PER SHARE (EXCLUDING INTANGIBLE ASSET AMORTISATION COST)

^ 30%	2022 74.8 cents	2021 57.5 cents	2020 52.2 cents
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DIVIDEND PER SHARE

^ 31%	2022 32.0 cents	2021 24.5 cents	2020 22.5 cents
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GROSS WRITTEN PREMIUM¹

^ 3%	2022 R5.69 bn	2021 R5.51 bn	2020 R5.47 bn
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NUMBER OF ADVISERS

^ 20	2022 952	2021 932	2020 935
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TOTAL ASSETS UNDER MANAGEMENT

^ 17%	2022 R315 bn	2021 R268 bn	2020 R230 bn
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TOTAL ASSETS UNDER ADMINISTRATION

^ 19%	2022 R468 bn	2021 R392 bn	2020 R397 bn
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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.

Contents

Commentary	2
Independent auditor's review report	6
Condensed consolidated statement of financial position	7
Condensed consolidated income statement	8
Condensed consolidated statement of comprehensive income	9
Condensed consolidated statement of changes in equity	10
Condensed consolidated statement of cash flows	11
Notes to the condensed consolidated financial statements	12
Corporate information	29

Commentary

Financial results

PSG Konsult delivered a 32% increase in recurring headline earnings per share and a return on equity of 23.8% for the current year. The performance of our key financial metrics, under dynamic trading conditions, demonstrates the competitive advantage and resilience of our advice-led business model with technology at the foundation.

The group's earnings are more than 40% above its most recent pre-COVID results for the year ended 29 February 2020, despite investment in technology and our core staff numbers which increased by 20% and 11% respectively over the past two years. Over the same period, we hired 201 newly qualified graduates (92% of whom are ACI candidates), reflecting a key desire to grow our own talent. Our unwavering commitment to invest in technology and people is consistent with the long-term growth opportunities we see.

PSG Konsult's key financial performance indicators for the year ended 28 February 2022 are shown below.

	28 Feb 22 R000	Change %	28 Feb 21 R000
Core income	6 038 617	15	5 267 715
Recurring headline earnings [^]	920 663	31	703 835
Non-recurring item ^{^^}	-		(7 200)
Headline earnings	920 663	32	696 635
Non-headline items	246		1 055
Earnings attributable to ordinary shareholders	920 909	32	697 690
Divisional recurring headline earnings			
PSG Wealth	510 484	14	447 656
PSG Asset Management	244 265	133	104 940
PSG Insure	165 914	10	151 239
	920 663	31	703 835
Weighted average number of shares in issue (net of treasury shares) (millions)	1 320.5	(1)	1 334.6
Earnings per share (basic) (cents)			
- Recurring headline	69.7	32	52.7
- Headline	69.7	34	52.2
- Attributable	69.7	33	52.3
- Recurring headline (excluding intangible asset amortisation cost)	74.8	30	57.5
Dividend per share (cents)	32.0	31	24.5
- Interim dividend per share	10.0		8.0
- Final dividend per share	22.0		16.5
Return on equity (ROE) (%)	23.8		20.4

[^] Performance fees earned during the year constituted 10.6% of headline earnings of the group, in comparison to 0.6% of headline earnings in the prior year.

^{^^} The prior year 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 14%

The division continued its strong performance during the current year. Core income increased by 14% during the current year, consisting of an increase in management and other recurring fees, while transactional brokerage fees decreased due to lower trading activity compared to the prior year.

Clients' assets managed by our Wealth advisers increased by 17% to R272.7 billion during the current year, which included R20.6 billion of positive net inflows. The division's formidable financial adviser network consisted of 584 wealth advisers as at 28 February 2022, a net increase of 21 advisers during the current year.

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 Intellidex Top Securities Brokers Awards.

PSG Wealth continues to advise clients to focus on their long-term goals and to maintain diversified portfolios, especially during volatile and uncertain times. Our advisers provide clients with expert guidance and 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.

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 133%

The division's results improved significantly in the current year with most funds performing in the top quartile over a two-year period. The PSG Income Fund achieved first place as the best South African Interest-Bearing Short-term Fund on a risk adjusted basis over five years at the 2021 Raging Bull Awards.

Client assets under management increased by 19% to R42.0 billion during the current year, largely due to market leading investment return outcomes that were generated for our clients, partially offset by R0.5 billion of net client outflows. Assets administered by the division increased by 22% to R173.7 billion, supported by R16.6 billion of multi-managed net inflows.

PSG Asset Management maintains a detailed communication plan, engaging with clients on the merits of its investment philosophy and the importance of staying in the market throughout the investment cycles.

PSG Insure

PSG Insure achieved recurring headline earnings growth of 10%

The division achieved solid results during the current year 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' type of the business which requires adviser expertise.

The division settled and finalised all pandemic business interruption claims during the current financial year, which resulted in a R30.1 million provision release. No significant catastrophe events occurred during the current year, with the finalisation of the pandemic business interruption claims also positively impacting the loss ratios. When combined with our quality underwriting practices, Western National Insurance achieved a net underwriting margin of 18.5% compared to the 15.3% achieved in the prior year. The number of insurance advisers in the group at 28 February 2022 was 368.

Commentary (continued)

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, which is currently 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 add 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 management. 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 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 Konsult's focus remains on organic growth. However, we will consider acquisitions that meet our investment criteria, which include acceptable pricing, a compelling strategic rationale, clearly definable synergies, and ease of integration.

Capital management

PSG Konsult's capital cover ratio increased to 240% (2021: 213%) based on the latest insurance group return, and comfortably exceeds the minimum regulatory requirement of 100%. 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 is testament to the group's strong financial position and excellent liquidity.

PSG Konsult continues to generate strong cash flows which gives us various options to optimise our capital structure and risk adjusted returns to shareholders. The value at risk of our shareholder investable assets is currently at the lower end of our risk tolerance range, with equity exposure below 5%. We continue to monitor investment markets and aim to gradually increase our value at risk exposure to align with our long-term target.

During the year, the group repurchased and cancelled 9.6 million shares at a cost of R109.6 million.

Regulatory landscape and risk management

PSG Konsult 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 during the lockdown periods. While hosting large in-person events was not possible, we made good use of email communications and webinars. We are excited that our first hybrid annual adviser conference, which will host both in person and digital attendees, is scheduled for 3-5 May 2022.

First launched in July 2020, our successful Think Big webinar series has reached more than 44 000 live viewers and continues to attract both viewers and subscribers to our YouTube channel. The public relations coverage has added to the success of the series as the media now recognises it as a credible content source. It is pleasing to note that 60% of the viewers are prospective and not existing clients. The series is also now available in podcast format. We have begun hosting smaller in-person events again and have been rewarded by the take-up from our clients and prospective clients.

The group continued building awareness through its advertising campaign. The campaign, linked to the 'bigger picture thinkers' brand positioning, profiled real clients and their relationships with their advisers. These clients shared their stories of achieving financial success.

As part of a broader rebranding, the group launched a new website in May 2021 that offers more intuitive navigation. The website has an enhanced 'find an adviser' functionality to partner prospective clients with the right adviser. This rebranded website presents a fresh and modern look and aligns with our digital marketing focus. Our social media following and engagement levels across numerous platforms continue to grow. The team continues to run integrated product campaigns that assist flows, an example of this is the retirement annuity and tax-free savings account season before tax year-end.

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. Improving our processes 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 the digital environment will grow and gain market share.

All related IT system costs continue to be fully expensed.

Looking forward

The group remains confident about its strategy and prospects for growth. Our current focus is to shift away from a pandemic mindset while still ensuring that we maintain a safe working environment. This underpins our ability to return to full engagement with clients and enables us to deliver the strong growth that makes our business sustainable. We will continue to monitor local and global events, and the associated impact on the group's clients and other stakeholders.

Events after reporting date

No events material to the understanding of these results occurred between 28 February 2022 and the date of approval of the condensed consolidated financial statements.

Refer to note 12 for the impact of the change in corporate tax rate.

Dividend

The board decided to declare a final gross dividend of 22.0 ZAR cents per share from income reserves for the year ended 28 February 2022 (2021: 16.5 ZAR cents per share), reflecting the group's sound financial position and confidence in its prospects. The group's dividend pay-out ratio remains between 40% to 50% of 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 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 17.6 ZAR cents (2021: 13.2 ZAR cents) per share. The number of issued ordinary shares is 1 331 372 132 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	Wednesday, 13 April 2022
Last day to trade cum dividend	Tuesday, 3 May 2022
Trading ex-dividend commences	Wednesday, 4 May 2022
Record date	Friday, 6 May 2022
Date of payment	Monday, 9 May 2022

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

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 May 2022 and Friday, 6 May 2022, both days inclusive.

Eid-UI-Fitr will be celebrated in Mauritius on either Monday, 2 May 2022 or Tuesday, 3 May 2022 (depending on the visibility of the moon). If Tuesday, 3 May 2022 is declared a public holiday in Mauritius, the last day to trade cum dividend on the Mauritian register shall be Monday, 2 May 2022.

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

Tyger Valley
13 April 2022
www.psg.co.za



Francois Gouws
Chief executive officer

Independent auditor's review report on condensed consolidated financial statements

To the shareholders of PSG Konsult Limited

We have reviewed the condensed consolidated financial statements of PSG Konsult, contained in the accompanying preliminary report set out on pages 7 to 28, which comprise the condensed consolidated statement of financial position as at 28 February 2022 and the condensed consolidated income statement and condensed consolidated statement of 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 preliminary 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 preliminary 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.

Other matters

The consolidated financial statements of PSG Konsult Limited for the year ended 28 February 2021, was audited by another auditor who expressed an unmodified opinion on those statements on 17 May 2021.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of PSG Konsult Limited for the year ended 28 February 2022 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary 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

13 April 2022
 The Ridge Building, 6 Marina Road, Victoria & Alfred Waterfront, Cape Town, 8000

Condensed consolidated statement of financial position

as at 28 February 2022

	Notes	Reviewed as at 28 Feb 22 R000	Audited as at 28 Feb 21 R000
ASSETS			
Intangible assets		1 229 173	1 253 820
Property and equipment		86 176	99 539
Right-of-use assets		191 698	210 699
Investment in joint ventures		1 121	1 046
Deferred income tax assets		134 311	83 555
Reinsurance assets		131 195	234 127
Loans and advances		154 814	166 911
Debt securities		3 920 219	3 847 637
Unit-linked investments		65 663 812	61 790 947
Equity securities		3 080 436	2 577 300
Investment in investment contracts		10 064	14 402
Derivative financial instruments		13 153	12 284
Deferred acquisition costs		6 597	5 621
Receivables including insurance receivables		2 382 777	2 220 757
Current income tax assets		36 297	20 989
Assets held for sale	8	-	64 143
Cash and cash equivalents (including money market funds)		1 694 794	1 603 624
Total assets		78 736 637	74 207 401
EQUITY			
Equity attributable to owners of the parent			
Stated capital		1 829 274	1 938 859
Treasury shares		(140 065)	(155 538)
Other reserves		(361 426)	(395 338)
Retained earnings		2 789 035	2 216 920
		4 116 818	3 604 903
Non-controlling interest		420 799	344 199
Total equity		4 537 617	3 949 102
LIABILITIES			
Deferred income tax liabilities		85 891	82 474
Lease liabilities		260 945	277 780
Insurance contracts		502 837	652 774
Derivative financial instruments		22 008	15 330
Investment contracts	7	35 993 332	30 719 905
Third-party liabilities arising on consolidation of mutual funds		34 286 692	35 985 490
Deferred reinsurance acquisition revenue		5 725	5 316
Trade and other payables		3 015 441	2 477 264
Current income tax liabilities		26 149	2 458
Liabilities held for sale	8	-	39 508
Total liabilities		74 199 020	70 258 299
Total equity and liabilities		78 736 637	74 207 401
Net asset value per share (cents)		312.7	272.3

Condensed consolidated income statement

for the year ended 28 February 2022

	Reviewed Year ended 28 Feb 22 R000	Audited Year ended 28 Feb 21 R000
Gross written premium	1 675 100	1 604 019
Less: Reinsurance written premium	(588 251)	(516 062)
Net written premium	1 086 849	1 087 957
Change in unearned premium		
– Gross	25 287	21 992
– Reinsurers' share	2 749	4 421
Net insurance premium revenue	1 114 885	1 114 370
Revenue from contracts with customers and other operating income	4 647 908	3 863 112
Interest income on amortised cost financial instruments	69 521	74 499
Interest income on fair value through profit or loss financial instruments	93 147	89 374
Dividend income	4 891	4 911
Net fair value gains and losses on financial instruments	53 424	43 092
Net income attributable to investment contract holders and third-party liabilities	48 265	60 784
Total income	6 032 041	5 250 142
Insurance claims and loss adjustment expenses	(877 556)	(1 011 841)
Insurance claims and loss adjustment expenses recovered from reinsurers	281 233	390 127
Net insurance benefits and claims	(596 323)	(621 714)
Financial advice fees	(1 765 146)	(1 562 543)
Depreciation and amortisation ¹	(168 493)	(167 060)
Employee benefit expenses	(1 243 333)	(1 074 673)
Marketing, administration and other expenses	(824 824)	(714 214)
Total expenses	(4 598 119)	(4 140 204)
Total profit/(loss) from joint ventures	75	(59)
Profit before finance costs and taxation	1 433 997	1 109 879
Finance costs	(34 385)	(38 452)
Profit before taxation	1 399 612	1 071 427
Taxation	(393 085)	(302 122)
Profit for the year	1 006 527	769 305
Attributable to:		
Owners of the parent	920 909	697 690
Non-controlling interest	85 618	71 615
	1 006 527	769 305
Earnings per share (cents)		
Attributable (basic)	69.7	52.3
Attributable (diluted)	68.9	52.3
Headline (basic)	69.7	52.2
Headline (diluted)	68.9	52.2
Recurring headline (basic)	69.7	52.7
Recurring headline (diluted)	68.9	52.7

¹ Includes amortisation cost of R69.4 million (2021: R66.1 million).

Condensed consolidated statement of comprehensive income

for the year ended 28 February 2022

	Reviewed Year ended 28 Feb 22 R000	Audited Year ended 28 Feb 21 R000
Profit for the year	1 006 527	769 305
Other comprehensive income for the year, net of taxation	4 543	1 650
<i>Items that are or may be reclassified to profit or loss:</i>		
Currency translation adjustments	4 543	1 650
Total comprehensive income for the year	1 011 070	770 955
Attributable to:		
Owners of the parent	925 452	699 340
Non-controlling interest	85 618	71 615
	1 011 070	770 955

Earnings and headline earnings per share

for the year ended 28 February 2022

	Reviewed Year ended 28 Feb 22 R000	Audited Year ended 28 Feb 21 R000
Headline earnings	920 663	696 635
Recurring	920 663	703 835
Non-recurring	–	(7 200)
Non-headline items (net of non-controlling interest and related tax effect)		
(Loss)/profit on disposal of intangible assets (including goodwill)	(123)	859
Profit on disposal of property and equipment	369	196
Profit attributable to ordinary shareholders	920 909	697 690
Earnings per share (cents)		
Attributable (basic)	69.7	52.3
Attributable (diluted)	68.9	52.3
Headline (basic)	69.7	52.2
Headline (diluted)	68.9	52.2
Recurring headline (basic)	69.7	52.7
Recurring headline (diluted)	68.9	52.7
Number of shares (millions)		
In issue (net of treasury shares)	1 316.4	1 324.0
Weighted average (net of treasury shares)	1 320.5	1 334.6

Condensed consolidated statement of changes in equity

for the year ended 28 February 2022

	Attributable to equity holders of the group					Non-controlling interest R000	Total R000
	Stated capital R000	Treasury shares R000	Other reserves R000	Retained earnings R000			
Balance at 1 March 2020 (Audited)	2 069 029	(171 128)	(394 319)	1 802 273	278 647		3 584 502
Comprehensive income							
Profit for the year	-	-	-	697 690	71 615		769 305
Other comprehensive income for the year	-	-	1 650	-	-		1 650
<i>Total comprehensive income for the year</i>	-	-	1 650	697 690	71 615		770 955
Transactions with owners	(130 170)	15 590	(2 669)	(283 043)	(6 063)		(406 355)
Issue of ordinary shares	36 628	-	-	-	-		36 628
Repurchase and cancellation of ordinary shares	(166 798)	-	-	-	-		(166 798)
Share-based payment costs	-	-	33 827	-	-		33 827
Net movement in treasury shares	-	11 980	-	-	-		11 980
Current tax on equity-settled share-based payments	-	-	(3 296)	-	-		(3 296)
Deferred tax on equity-settled share-based payments	-	-	2 583	-	-		2 583
Loss on issue of shares in terms of share scheme	-	-	(7 435)	-	-		(7 435)
Release of share-based payment reserve to retained earnings on vested/expired share options	-	-	(28 348)	28 348	-		-
Release of losses from treasury shares to retained earnings	-	3 610	-	(3 610)	-		-
Dividends paid	-	-	-	(307 781)	(6 063)		(313 844)
Balance at 28 February 2021 (Audited)	1 938 859	(155 538)	(395 338)	2 216 920	344 199		3 949 102
Comprehensive income							
Profit for the year	-	-	-	920 909	85 618		1 006 527
Other comprehensive income for the year	-	-	4 543	-	-		4 543
<i>Total comprehensive income for the year</i>	-	-	4 543	920 909	85 618		1 011 070
Transactions with owners	(109 585)	15 473	29 369	(348 794)	(9 018)		(422 555)
Repurchase and cancellation of ordinary shares	(109 585)	-	-	-	-		(109 585)
Share-based payment costs	-	-	43 905	-	-		43 905
Net movement in treasury shares	-	19 608	-	-	-		19 608
Current tax on equity-settled share-based payments	-	-	4 343	-	-		4 343
Deferred tax on equity-settled share-based payments	-	-	37 837	-	-		37 837
Loss on issue of shares in terms of share scheme	-	-	(59 065)	-	-		(59 065)
Release of share-based payment reserve to retained earnings on vested share options	-	-	2 349	(2 349)	-		-
Release of profits from treasury shares to retained earnings	-	(4 135)	-	4 135	-		-
Dividends paid	-	-	-	(350 580)	(9 018)		(359 598)
Balance at 28 February 2022 (Reviewed)	1 829 274	(140 065)	(361 426)	2 789 035	420 799		4 537 617

Condensed consolidated statement of cash flows

for the year ended 28 February 2022

	Notes	Reviewed Year ended 28 Feb 22 R000	Audited Year ended 28 Feb 21 R000
Cash flows from operating activities			
Cash utilised in operations		(700 653)	(204 586)
Interest received		1 155 930	1 336 796
Dividends received		711 558	726 985
Finance costs		(34 385)	(38 452)
Taxation paid		(389 444)	(302 427)
<i>Operating cash flows before policyholder cash movement</i>		743 006	1 518 316
Policyholder cash movement		15 054	1 304
<i>Net cash flow from operating activities</i>		758 060	1 519 620
Cash flows from investing activities			
Acquisition of intangible assets		(39 651)	(122 515)
Purchases of property and equipment		(24 302)	(48 332)
Deconsolidation of mutual funds	9.1	(62 945)	(261 638)
Proceeds from disposal of assets and liabilities held for sale		7 483	-
Proceeds from disposal of intangible assets		1 520	2 991
Deferred consideration paid for acquisition of businesses		-	(21 646)
Other		765	178
<i>Net cash flow from investing activities</i>		(117 130)	(450 962)
Cash flows from financing activities			
Dividends paid		(359 598)	(313 844)
Lease liabilities paid – principal portion		(58 978)	(51 076)
Shares issued	9.2	-	-
Shares repurchased and cancelled		(109 585)	(166 798)
Treasury shares sold and share option settlement	9.3	(39 457)	4 545
<i>Net cash flow from financing activities</i>		(567 618)	(527 173)
Net increase in cash and cash equivalents		73 312	541 485
Cash and cash equivalents at the beginning of the year		1 617 348	1 073 653
Exchange gains on cash and cash equivalents		4 134	2 210
Cash and cash equivalents at the end of the year¹	9.5	1 694 794	1 617 348
		46 928	31 874
		(84 330)	(26 607)
		(37 402)	5 267

¹ Includes the following:

Clients' cash linked to investment contracts

Other client-related balances

Total client-related cash and cash equivalents

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 28 February 2022

1. Reporting entity

PSG Konsult Limited is a public company domiciled in the Republic of South Africa. The preliminary condensed consolidated financial statements of the company as at and for the year ended 28 February 2022 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 for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports 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 28 February 2022 have been reviewed by Deloitte & Touche, who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should refer to the auditor's review report on page 6. A copy of the auditor's review report is also 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 Konsult's 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 2021.

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 2021.

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. Segment information (continued)

6.1 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.

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.

6.2 Headline earnings per reportable segment

For the year ended 28 February 2022 (Reviewed)	Wealth R000	Asset Management R000	Insure R000	Total R000
Headline earnings ¹	510 484	244 265	165 914	920 663
– recurring	510 484	244 265	165 914	920 663
– non-recurring	–	–	–	–
Recurring headline earnings – excluding intangible asset amortisation cost ²	555 798	244 772	187 628	988 198
For the year ended 28 February 2021 (Audited)	Wealth R000	Asset Management R000	Insure R000	Total R000
Headline earnings ¹	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 ²	489 559	105 447	172 931	767 937

¹ 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.

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

Notes to the condensed consolidated financial statements

for the year ended 28 February 2022

6. Segment information (continued)

6.3 Income per reportable segment

For the year ended 28 February 2022 (Reviewed)	Wealth R000	Asset Management R000	Insure R000	Total R000
Total IFRS reported income	3 005 491	799 296	2 227 254	6 032 041
Linked investment business and other income	6 576	-	-	6 576
Total core income	3 012 067	799 296	2 227 254	6 038 617
Total segment income	3 749 520	1 191 922	2 277 997	7 219 439
Intersegment income	(737 453)	(392 626)	(50 743)	(1 180 822)

For the year ended 28 February 2021 (Audited)	Wealth R000	Asset Management R000	Insure R000	Total R000
Total IFRS reported income	2 617 313	462 135	2 170 694	5 250 142
Linked investment business and other income	17 573	-	-	17 573
Total core income	2 634 886	462 135	2 170 694	5 267 715
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 92.5% (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.

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 28 February 2022 (Reviewed)	Wealth R000	Asset Management R000	Insure R000	Total R000
Total income	3 012 067	799 296	2 227 254	6 038 617
Total expenses ¹	(2 275 217)	(471 948)	(1 890 933)	(4 638 098)
	736 850	327 348	336 321	1 400 519
Total profit from joint ventures	-	-	75	75
Profit before finance costs and taxation	736 850	327 348	336 396	1 400 594
Finance costs ²	(25 461)	(3 574)	(5 350)	(34 385)
Profit before taxation	711 389	323 774	331 046	1 366 209
Taxation	(191 373)	(79 496)	(88 813)	(359 682)
Profit for the year	520 016	244 278	242 233	1 006 527
Attributable to:				
Owners of the parent	510 834	244 278	165 797	920 909
Non-controlling interest	9 182	-	76 436	85 618
	520 016	244 278	242 233	1 006 527
Headline earnings	510 484	244 265	165 914	920 663
Recurring headline earnings	510 484	244 265	165 914	920 663

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	5 267 715
Total expenses ¹	(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)
Profit before finance costs and taxation	640 372	134 756	299 061	1 074 189
Finance costs ²	(28 080)	(3 899)	(6 473)	(38 452)
Profit before taxation	612 292	130 857	292 588	1 035 737
Taxation	(159 162)	(27 501)	(79 769)	(266 432)
Profit for the year	453 130	103 356	212 819	769 305
Attributable to:				
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
Headline earnings	444 488	103 356	148 791	696 635
Recurring headline earnings	447 656	104 940	151 239	703 835

¹ Depreciation and amortisation is included within total expenses and amounts to R108.0 million (2021: R104.2 million) for PSG Wealth, R10.1 million (2021: R10.5 million) for PSG Asset Management, and R50.4 million (2021: R52.4 million) for PSG Insure.

² The finance costs in the PSG Wealth division of R25.5 million (2021: R28.1 million) consist mainly of the finance charge on the lease liabilities of R15.5 million (2021: R17.7 million) with the remaining portion of the finance charge on the CFD margin and the bank overdrafts.

Notes to the condensed consolidated financial statements

for the year ended 28 February 2022

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 short-term claim control accounts and related bank accounts, as well as the contracts for difference assets and related liabilities.

As at 28 February 2022 (Reviewed)	Total IFRS reported R000	Own balances R000	Client-related balances R000
ASSETS			
Equity securities	3 080 436	37 086	3 043 350
Debt securities ¹	3 920 219	14 110	3 906 109
Unit-linked investments	65 663 812	2 309 996	63 353 816
Investment in investment contracts	10 064	-	10 064
Receivables including insurance receivables ¹	2 382 777	410 028	1 972 749
Derivative financial instruments	13 153	-	13 153
Cash and cash equivalents (including money market funds) ¹	1 694 794	1 732 196	(37 402)
Other assets ²	1 971 382	1 971 382	-
Total assets	78 736 637	6 474 798	72 261 839
EQUITY			
Equity attributable to owners of the parent	4 116 818	4 116 818	-
Non-controlling interest	420 799	420 799	-
Total equity	4 537 617	4 537 617	-
LIABILITIES			
Investment contracts	35 993 332	-	35 993 332
Third-party liabilities arising on consolidation of mutual funds ¹	34 286 692	-	34 286 692
Derivative financial instruments	22 008	-	22 008
Trade and other payables ¹	3 015 441	1 055 634	1 959 807
Other liabilities ³	881 547	881 547	-
Total liabilities	74 199 020	1 937 181	72 261 839
Total equity and liabilities	78 736 637	6 474 798	72 261 839

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 assets and deferred acquisition costs.

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

6. Segment information (continued)

6.5 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
ASSETS			
Equity securities	2 577 300	31 650	2 545 650
Debt securities ¹	3 847 637	15 429	3 832 208
Unit-linked investments	61 790 947	1 713 628	60 077 319
Investment in investment contracts	14 402	-	14 402
Receivables including insurance receivables ¹	2 220 757	348 063	1 872 694
Derivative financial instruments	12 284	-	12 284
Cash and cash equivalents (including money market funds) ¹	1 603 624	1 598 357	5 267
Other assets ²	2 140 450	2 140 450	-
Total assets	74 207 401	5 847 577	68 359 824
EQUITY			
Equity attributable to owners of the parent	3 604 903	3 604 903	-
Non-controlling interest	344 199	344 199	-
Total equity	3 949 102	3 949 102	-
LIABILITIES			
Investment contracts	30 719 905	-	30 719 905
Third-party liabilities arising on consolidation of mutual funds ¹	35 985 490	-	35 985 490
Derivative financial instruments	15 330	-	15 330
Trade and other payables ¹	2 477 264	838 165	1 639 099
Other liabilities ³	1 060 310	1 060 310	-
Total liabilities	70 258 299	1 898 475	68 359 824
Total equity and liabilities	74 207 401	5 847 577	68 359 824

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 assets, assets held for sale and deferred acquisition costs.

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

Notes to the condensed consolidated financial statements

for the year ended 28 February 2022

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 28 February 2022 (Reviewed)	Total IFRS reported R000	Core business R000	Linked investment business and other R000
Revenue from contracts with customers and other operating income ¹	4 647 908	4 702 749	(54 841)
Investment income ²	167 559	167 559	-
Net fair value gains and losses on financial instruments	53 424	53 424	-
Net income attributable to investment contract holders and third-party liabilities	48 265	-	48 265
Net insurance premium revenue	1 114 885	1 114 885	-
Total income	6 032 041	6 038 617	(6 576)
Insurance claims and loss adjustment expenses	(877 556)	(877 556)	-
Other ^{1,3}	(3 720 563)	(3 760 542)	39 979
Total expenses	(4 598 119)	(4 638 098)	39 979
Total profit from joint ventures	75	75	-
Profit before finance costs and taxation	1 433 997	1 400 594	33 403
Finance costs	(34 385)	(34 385)	-
Profit before taxation	1 399 612	1 366 209	33 403
Taxation	(393 085)	(359 682)	(33 403)
Profit for the year	1 006 527	1 006 527	-
Attributable to:			
Owners of the parent	920 909	920 909	-
Non-controlling interest	85 618	85 618	-
	1 006 527	1 006 527	-

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 insurance claims and loss adjustment expenses recovered from reinsurers, financial advice fees, depreciation and amortisation, employee benefit expenses, marketing, administration and other expenses.

6. Segment information (continued)

6.6 Income statement (client vs own) (continued)

For the year ended 28 February 2021 (Audited)	Total IFRS reported R000	Core business R000	Linked investment business and other R000
Revenue from contracts with customers and other operating income ¹	3 863 112	3 941 469	(78 357)
Investment income ²	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	-
Total income	5 250 142	5 267 715	(17 573)
Insurance claims and loss adjustment expenses	(1 011 841)	(1 011 841)	-
Other ^{1,3}	(3 128 363)	(3 181 626)	53 263
Total expenses	(4 140 204)	(4 193 467)	53 263
Total loss from joint ventures	(59)	(59)	-
Profit before finance costs and taxation	1 109 879	1 074 189	35 690
Finance costs	(38 452)	(38 452)	-
Profit before taxation	1 071 427	1 035 737	35 690
Taxation	(302 122)	(266 432)	(35 690)
Profit for the year	769 305	769 305	-
Attributable to:			
Owners of the parent	697 690	697 690	-
Non-controlling interest	71 615	71 615	-
	769 305	769 305	-

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 insurance claims and loss adjustment expenses recovered from reinsurers, financial advice fees, depreciation and amortisation, employee benefit expenses, marketing, administration and other expenses.

Notes to the condensed consolidated financial statements

for the year ended 28 February 2022

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

For the year ended 28 February 2022 (Reviewed)	Wealth R000	Asset Management R000	Insure R000	Total R000
Revenue from contracts with customers	2 899 543	789 514	807 379	4 496 436
Other operating income	5 282	(1 298)	202 329	206 313
	2 904 825	788 216	1 009 708	4 702 749

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
	2 527 517	452 173	961 779	3 941 469

According to nature of the revenue

	Reviewed Year ended 28 Feb 22 R000	Audited Year ended 28 Feb 21 R000
Revenue from contracts with customers		
Dealing and structuring (including brokerage)		
– Brokerage ¹	214 943	245 380
– Offshore brokerage commission ¹	110 050	114 158
– Other dealing and structuring income ²	127 541	129 591
Commission, administration and other fees		
– Commission income ³	1 766 355	1 557 787
– Administration fees ³	554 054	460 172
– Other fees ⁴	55 019	44 982
Management and performance fees (including rebates) ³	1 571 199	1 106 088
Policy administration fees ³	97 275	89 934
	4 496 436	3 748 092
Other operating income		
Reinsurance commission income	185 175	167 726
Other	21 138	25 651
	206 313	193 377
	4 702 749	3 941 469

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

² The other dealing and structuring income and other fees includes revenue recognised at a point in time and over time, with the majority of this revenue being recognised over time.

³ This revenue from contracts with customers is recognised over time.

⁴ 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. 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 953.2 million (2021: R1 614.1 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 28 February 2022 (Reviewed)	Total IFRS reported R000	Own balances R000	Client- related balances R000
Cash flows from operating activities	758 060	737 784	20 276
Cash (utilised in)/generated by operations ¹	(700 653)	982 761	(1 683 414)
Interest received	1 155 930	162 668	993 262
Dividends received	711 558	4 891	706 667
Finance costs	(34 385)	(34 385)	-
Taxation paid	(389 444)	(378 151)	(11 293)
Policyholder cash movement	15 054	-	15 054
Cash flows from investing activities	(117 130)	(54 185)	(62 945)
Deconsolidation of mutual funds	(62 945)	-	(62 945)
Other ²	(54 185)	(54 185)	-
Cash flows from financing activities	(567 618)	(567 618)	-
Net increase/(decrease) in cash and cash equivalents	73 312	115 981	(42 669)
Cash and cash equivalents at the beginning of the year	1 617 348	1 612 081	5 267
Exchange gains on cash and cash equivalents	4 134	4 134	-
Cash and cash equivalents at the end of the year	1 694 794	1 732 196	(37 402)

¹ The cash generated by operations under own balances includes R435.0 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.

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

Notes to the condensed consolidated financial statements

for the year ended 28 February 2022

6. Segment information (continued)

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

For the year ended 28 February 2021 (Audited)	Total IFRS reported R000	Own balances R000	Client-related balances R000
Cash flows from operating activities	1 519 620	6 493	1 513 127
Cash (utilised in)/generated by operations ¹	(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
Cash flows from investing activities	(450 962)	(189 324)	(261 638)
Deconsolidation of mutual funds	(261 638)	-	(261 638)
Other ²	(189 324)	(189 324)	-
Cash flows from financing activities	(527 173)	(527 173)	-
Net increase/(decrease) in cash and cash equivalents	541 485	(710 004)	1 251 489
Cash and cash equivalents at the beginning of the year	1 073 653	2 319 875	(1 246 222)
Exchange gains on cash and cash equivalents	2 210	2 210	-
Cash and cash equivalents at the end of the year	1 617 348	1 612 081	5 267

¹ 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.

² 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.

7. Investment contracts

Investment contracts are represented by the following financial assets:

	Reviewed as at 28 Feb 22 R000	Audited as at 28 Feb 21 R000
Equity securities	3 043 350	2 545 650
Debt securities	319 361	323 227
Unit-linked investments	32 573 629	27 804 752
Investment in investment contracts	10 064	14 402
Cash and cash equivalents	46 928	31 874
	35 993 332	30 719 905

8. Assets and liabilities held for sale

For the year ended 28 February 2022

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
Assets classified as held for sale			
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
	55 884	8 259	64 143
Liabilities classified as held for sale			
Insurance contracts	31 825	2 814	34 639
Deferred reinsurance acquisition revenue	2 973	-	2 973
Other liabilities	650	1 246	1 896
	35 448	4 060	39 508

9. Notes to the statement of cash flows

9.1 Deconsolidation of mutual funds

For the year ended 28 February 2022

The group deconsolidated the PSG Wealth Global Creator Feeder Fund during the 2022 financial year as the group lost control of this fund due to a decrease in the effective interest in the fund.

Details of the net assets disposed of are as follows:	PSG Wealth Global Creator Feeder Fund R000
Unit-linked investments	13 094 242
Receivables including insurance receivables	7 140
Cash and cash equivalents (including money market funds)	62 945
Third-party liabilities arising on consolidation of mutual funds	(9 465 758)
Trade and other payables	(5 704)
Net asset value	3 692 865
Transfer to unit-linked investments	(3 692 865)
Cash consideration received	-
Cash and cash equivalents given up	(62 945)
Net cash outflow for the year ended 28 February 2022	(62 945)

Notes to the condensed consolidated financial statements

for the year ended 28 February 2022

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

9.1 Deconsolidation of mutual funds (continued)

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.

Details of the net assets disposed of are as follows:	PSG Wealth Global Preserver Feeder Fund R000	PSG Diversified Income Fund R000	Total R000
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)

9.2 Shares issued

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

	Reviewed Year ended 28 Feb 22 R000	Audited Year ended 28 Feb 21 R000
Issue of ordinary shares	-	36 628
Shares issued for asset-for-share transaction	-	(36 628)
Cash inflow	-	-

9.3 Treasury shares sold and share option settlement

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

	Reviewed Year ended 28 Feb 22 R000	Audited Year ended 28 Feb 21 R000
Treasury shares sold	19 608	11 980
Loss on settlement of share options in terms of share scheme	(59 065)	(7 435)
Net cash (outflow)/inflow	(39 457)	4 545

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

9.4 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 financial year. 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.

9.5 Cash and cash equivalents at the end of the year

	Reviewed as at 28 Feb 22 R000	Audited as at 28 Feb 21 R000
Cash and cash equivalents (including money market funds)	1 694 794	1 603 624
Cash and cash equivalents classified as assets held for sale	-	13 724
	1 694 794	1 617 348

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 28 February 2022.

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.

Notes to the condensed consolidated financial statements

for the year ended 28 February 2022

10. Financial risk management (continued)

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

Included in the equity securities of R3 080.4 million (2021: R2 577.3 million) are quoted equity securities of R3 073.1 million (2021: R2 568.3 million), of which R3 043.4 million (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 R32 573.6 million (2021: R27 804.8 million) are linked to investment contracts and do not directly expose the group to price or interest rate risk.

Debt securities linked to policyholder investments amounted to R319.4 million (2021: R323.2 million) and do not expose the group to interest rate risk. Cash and cash equivalents linked to policyholder investments amounted to R46.9 million (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 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 2021.

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 28 February 2022 (Reviewed)	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
Financial assets				
Derivative financial instruments	-	13 153	-	13 153
Equity securities	3 073 063	-	7 373	3 080 436
Debt securities	782 599	3 137 620	-	3 920 219
Unit-linked investments	-	65 455 349	208 463	65 663 812
Investment in investment contracts	-	10 064	-	10 064
	3 855 662	68 616 186	215 836	72 687 684
Own balances	36 097	2 298 834	26 261	2 361 192
Client-related balances	3 819 565	66 317 352	189 575	70 326 492
Financial liabilities				
Derivative financial instruments	-	22 008	-	22 008
Investment contracts	-	35 803 757	189 575	35 993 332
Trade and other payables	-	-	58 003	58 003
Third-party liabilities arising on consolidation of mutual funds	-	34 286 692	-	34 286 692
	-	70 112 457	247 578	70 360 035
Own balances	-	-	58 003	58 003
Client-related balances	-	70 112 457	189 575	70 302 032

As at 28 February 2021 (Audited)	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
Financial assets				
Derivative financial instruments	-	12 284	-	12 284
Equity securities	2 568 338	-	8 962	2 577 300
Debt securities	827 633	3 020 004	-	3 847 637
Unit-linked investments	-	61 573 398	217 549	61 790 947
Investment in investment contracts	-	14 402	-	14 402
	3 395 971	64 620 088	226 511	68 242 570
Own balances	30 509	2 384 685	30 138	2 445 332
Client-related balances	3 365 462	62 235 403	196 373	65 797 238
Financial liabilities				
Derivative financial instruments	-	15 330	-	15 330
Investment contracts	-	30 523 532	196 373	30 719 905
Trade and other payables	-	-	49 036	49 036
Third-party liabilities arising on consolidation of mutual funds	-	35 985 490	-	35 985 490
	-	66 524 352	245 409	66 769 761
Own balances	-	-	49 036	49 036
Client-related balances	-	66 524 352	196 373	66 720 725

Notes to the condensed consolidated financial statements

for the year ended 28 February 2022

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 28 Feb 22 R000	Audited 28 Feb 21 R000
Assets		
Opening carrying value	226 511	309 845
Additions	13 138	66 010
Disposals	(33 256)	(167 850)
Gains recognised in profit or loss ^{1, 2}	9 443	18 506
Closing carrying value	215 836	226 511
Liabilities		
Opening carrying value	245 409	341 565
Additions	63 007	126 760
Settlements	(75 799)	(233 939)
Losses recognised in profit or loss ^{1, 3}	14 961	11 023
Closing carrying value	247 578	245 409

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 R9.2 million and realised gains of R0.2 million for the 2022 financial year (2021: unrealised gains of R17.1 million and realised gains of R1.4 million).

³ Losses recognised in profit or loss include unrealised losses of R14.8 million and realised losses of R0.2 million for the 2022 financial year (2021: unrealised losses of R16.2 million and realised gains of R5.2 million).

Unit-linked investments represent the largest portion of the level 3 financial assets and relate mainly 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.

11. Related-party transaction

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 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.

On 23 February 2022, the Minister of Finance announced a reduction in the South African corporate tax rate from 28% to 27% for years of assessment ending on or after 31 March 2023. This amendment will impact the group's current tax calculation for the financial year ending 29 February 2024, and deferred tax balances that are expected to reverse during or after the 2024 financial year. As this rate change was enacted before 28 February 2022, the group has assessed the impact of the change on the deferred tax balances of the group as at 28 February 2022 and concluded that the impact is immaterial.

Corporate information

Non-executive directors

W Theron (Chairman)
PJ Mouton
J de V du Toit[^]
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

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7530

Postal address

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Tyger Valley
Bellville
7536

Listings

Johannesburg Stock Exchange (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: Tamela Holdings
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