


PSG GROUP LIMITED



REVIEWED
RESULTS
FOR THE YEAR ENDED
28 FEBRUARY 2022

HIGHLIGHTS

- **Major restructuring proposed as value-unlocking initiative**

OVERVIEW

PSG Group Ltd ("PSG Group" or "the Company") is an investment holding company consisting of underlying investments that operate across a diverse range of industries, which include financial services, education and food and related business, as well as early-stage investments in select growth sectors.

PSG Group's objective remains to create long-term wealth for its shareholders through capital appreciation, investment income or both, and accordingly the key benchmark used by PSG Group to measure performance is its *sum-of-the-parts* ("SOTP") value per share.

MAJOR RESTRUCTURING

PSG Group shareholders are advised to take note of the Detailed Cautionary Announcement published on SENS on 1 March 2022, as well as the Firm Intention Announcement published on SENS on 25 April 2022 which advised that the board of PSG Group has resolved to pursue a major restructuring as value-unlocking initiative for the benefit of PSG Group shareholders through an indivisible transaction comprising the following (the "PSG Group Restructuring"):

- The unbundling of PSG Group's shareholding in JSE-listed PSG Konsult Ltd ("PSG Konsult"), Curro Holdings Ltd ("Curro"), Kaap Agri Ltd ("Kaap Agri") and CA Sales Holdings Ltd ("CA&S"), as well as 25,1% of the total issued shares in Stadio Holdings Ltd ("Stadio") (collectively, the "Unbundlings");
- The repurchase of PSG Group shares from exiting PSG Group shareholders ("Specific Repurchase"), being PSG Group shareholders other than predominantly the executive management of PSG Group and PSG Alpha Investments (Pty) Ltd ("PSG Alpha"), the founders of PSG Group and their immediate family members, for a cash consideration of R23,00 per share; and
- The delisting of PSG Group from the JSE.

The table below illustrates the anticipated value to be unlocked for exiting PSG Group shareholders by way of the *PSG Group Restructuring*, calculated as at the close of business on the reporting date of 28 February 2022, as well as at 21 April 2022 – representing a significant premium of 41,3% to the ruling PSG Group share price immediately before the announcement was made on SENS on 1 March 2022 –

Unaudited	28 Feb 2022		21 Apr 2022		
	Unbundling ratio for every PSG Group share held	Closing share price R	Indicative value per PSG Group share R	Closing share price R	Indicative value per PSG Group share R
PSG Konsult	3,86921	13,74*	53,16	13,75*	53,20
Curro	1,81597	13,45*	24,42	10,50*	19,07
Kaap Agri	0,12364	51,20*	6,33	44,50*	5,50
CA&S	1,03650	4,79**	4,96	4,70**	4,87
Stadio	1,02216	3,64*	3,72	4,00*	4,09
Value of shares received pursuant to the Unbundlings***			92,59		86,73
Cash received pursuant to the Specific Repurchase			23,00		23,00
Total anticipated value			115,59		109,73
PSG Group share price			81,83^		98,05^^
Premium			41,3%		

* Listed on the Johannesburg Stock Exchange ("JSE").

** Currently listed on both the Botswana Stock Exchange ("BSE") and the Cape Town Stock Exchange, with the latter listing being transferred to the JSE prior to the PSG Group Restructuring. The closing share price presented in the table above is the closing share price on the BSE on 28 February 2022 and 21 April 2022, respectively, translated from Botswana pula into South African rand at the ruling exchange rate on such date.

*** This value will fluctuate in accordance with fluctuations in the share prices of the companies to be unbundled.

^ PSG Group's closing share price as at 28 February 2022 immediately preceding the announcement of the proposed PSG Group Restructuring on SENS on 1 March 2022.

^^ In theory, as progress is made with the PSG Group Restructuring, PSG Group's share price should move closer to the ruling total anticipated value per share as the implementation date approaches.

Note: The latest indicative value per PSG Group share pursuant to the PSG Group Restructuring based on live share prices is available at www.psggroup.co.za.

The *PSG Group Restructuring* remains subject to the required exiting PSG Group shareholder and regulatory approvals being obtained, as well as the fulfilment or waiver of certain other conditions precedent, as detailed in aforesaid Firm Intention SENS announcement.

SOTP

The calculation of PSG Group's *SOTP value* requires limited subjectivity as approximately 91% of the investment value is calculated using exchange-listed share prices, while other investments are included at internal valuations, of which more detail is available at www.psggroup.co.za/sotp. At 28 February 2022, the *SOTP value* per PSG Group share (which does not yet account for the proposed *PSG Group Restructuring*, as well as all the associated tax and restructuring costs) was R127,88, representing an increase of 36% when compared to the R94,24 per share as at 28 February 2021.

Asset/(liability)	Audited 28 Feb 2021 Rm	Reviewed 28 Feb 2022 Rm
PSG Konsult*	7 282	11 130
Curro*	3 588	4 826
Capitec*	2 190	
Zeder*	1 983	2 672
PSG Alpha	3 842	4 508
Stadio*	865	1 324
CA&S**	1 126	1 057
Evergreen^	869	988
Optimi^	296	502
Energy Partners^	305	379
Other investments^	446	337
Less: Minority shareholding held by PSG Alpha management	(65)	(79)
Dipeo^		
Other net assets (cash, prefs, loans, provisions, etc.)^^	2 020	3 636
Total assets	20 905	26 772
Perpetual pref funding*	(1 132)	
Total SOTP value	19 773	26 772
Shares in issue (net of treasury shares) (m)	209,8	209,4
SOTP value per share (R)	94,24	127,88
Share price (R)	66,51	81,83

* Listed on the JSE ** Listed on the BSE ^ Internal valuation ^^ Carrying value

MAJOR CORPORATE ACTION

During the year under review, the following major corporate action was undertaken:

- PSG Group disposed of its remaining 1,6m shares (or 1,4%) in Capitec Bank Holdings Ltd ("Capitec") for R2,5bn cash.
- PSG Financial Services Ltd ("PSG Financial Services"), a wholly-owned subsidiary and the only directly-held asset of PSG Group, repurchased all its JSE-listed cumulative, non-redeemable, non-participating preference shares in issue for R1,5bn cash. PSG Group accordingly no longer has any funding obligations.

PSG KONSULT (61,5%)

PSG Konsult is a financial services company focused on providing wealth management, asset management and insurance solutions to clients.

It reported a 32% increase in *recurring headline earnings* per share for the year under review following strong performance from the Asset Management division in particular, and solid performance from the Wealth and Insure divisions.

During the year under review, PSG Group accounted for a fair value gain of R3 848m following an increase in PSG Konsult's listed share price since 28 February 2021, and earned dividend income of R215m in respect of this investment.

PSG Konsult has its primary listing on the JSE, with secondary listings on the Namibian Stock Exchange and Mauritian Stock Exchange, and its comprehensive results are available at www.psg.co.za.

CURRO (60,0%)

Curro is the largest provider of private school education in southern Africa.

It reported an 8% increase in *recurring headline earnings* per share for the year ended 31 December 2021.

During the year under review, PSG Group accounted for a fair value gain of R1 238m following an increase in Curro's listed share price since 28 February 2021.

Curro is listed on the JSE and its comprehensive results are available at www.curro.co.za.

ZEDER (48,6%)

Zeder Investments Ltd ("Zeder") is an investor in the broad agribusiness industry.

During the year under review, PSG Group accounted for a fair value gain of R689m following an increase in Zeder's listed share price since 28 February 2021, and earned dividend income of R150m in respect of this investment.

Subsequent to 28 February 2022:

- Zeder unbundled its entire interest in Kaap Agri to shareholders and the interest so obtained by PSG Group will be distributed as part of the proposed *PSG Group Restructuring*, if successfully concluded; and
- Zeder declared a special dividend of 92,5 cents per share pursuant to the disposal of its investment in The Logistics Group, payable during May 2022 with PSG Group's share thereof amounting to R692m cash.

Zeder is listed on the JSE and its comprehensive results are available at www.zeder.co.za.

PSG ALPHA (98,3%)

PSG Alpha serves as incubator to identify and help build the businesses of tomorrow. Its major investments as at 28 February 2022 included shareholdings in Stadio (private higher education – 42,9%), CA&S (FMCG distribution – 47,9%), Evergreen Retirement Holdings (Pty) Ltd ("Evergreen") (developer and operator of retirement lifestyle villages – 50%), Optimi Holdings (Pty) Ltd ("Optimi") (innovative and accessible education solutions to schools, tutors, parents and learners – 96,0%) and Energy Partners Holdings (Pty) Ltd ("Energy Partners") (manufacturer, owner and operator of energy assets – 56,7%).

During the year under review, PSG Group accounted for a fair value gain of R666m in respect of its investment in PSG Alpha following an increase in its *SOTP value* since 28 February 2021.

More detail on the valuations of PSG Alpha's investments is available at www.psggroup.co.za/sotp.

DIPEO (49%)

Dipeo Capital (RF) (Pty) Ltd ("Dipeo"), a BEE investment holding company, is 51%-owned by the Dipeo BEE Education Trust of which all beneficiaries are black individuals. The trust will use its share of any value created in Dipeo to fund black students' education.

Dipeo's investments as at 28 February 2022 included shareholdings in Curro (3,6%), Stadio (3,3%) and Kaap Agri (20%).

During the financial year ended 28 February 2019, Dipeo's *SOTP value* turned negative (i.e. liabilities exceeded assets) following a decline in the value of its investment portfolio, which had a negative impact on PSG Group's *SOTP value* through reducing its investment in Dipeo to zero and impairing PSG Group's pref share investment in Dipeo to the extent required. During the year under review, PSG Group recognised an impairment reversal of R221m following an increase in the value of Dipeo's investment portfolio. The accumulated impairment of PSG Group's pref share investment in Dipeo amounted to R625m as at 28 February 2022.

PROSPECTS

PSG Group remains focused on its objective to create wealth for shareholders on a *per share* basis. The significant discount at which PSG Group has been trading to its *SOTP value* in recent years, has necessitated a strategic rethink in order to do what is best for PSG Group shareholders by unlocking such discount to the extent possible. For this reason, the PSG Group board has resolved to undertake the *PSG Group Restructuring*, which if approved, should result in significant value being unlocked for PSG Group shareholders.

DIVIDEND

PSG Group's policy is to pay *ad hoc* dividends as and when deemed appropriate. With due consideration to the *PSG Group Restructuring*, the directors have resolved to not declare an *ad hoc* dividend for the year ended 28 February 2022.

On behalf of the board



KK Combi
Chairman



Piet Mouton
Chief Executive Officer



Wynand Greeff
Chief Financial Officer

Stellenbosch
24 April 2022

PSG GROUP LTD: Registration number: 1970/008484/06;
JSE share code: PSG; ISIN code: ZAE000013017; LEI code: 378900CD0BEE79F35A34

DIRECTORS: ZL Combi (Chairman)[^], PE Burton^{^^}, FJ Gouws^{**}, WL Greeff (CFO)^{*}, AM Hlobo[^], JA Holtzhausen^{*}, B Mathews[^], JJ Mouton^{**}, PJ Mouton (CEO)^{*}, CA Otto[^]

* Executive ** Non-executive ^ Independent non-executive ^^ Lead independent

COMPANY SECRETARY AND REGISTERED OFFICE: PSG Corporate Services (Pty) Ltd, First Floor Ou Kollege, 35 Kerk Street, Stellenbosch, 7600; PO Box 7403, Stellenbosch, 7599

TRANSFER SECRETARY: Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196; Private Bag X9000, Saxonwold, 2132

SPONSOR: PSG Capital (Pty) Ltd

INDEPENDENT JOINT SPONSOR: Tamela Holdings (Pty) Ltd

DATE OF ANNOUNCEMENT: 25 April 2022

INTRODUCTION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of presentation and accounting policies

These PSG Group Ltd ("the company", together with its subsidiaries referred to as "the group" or "PSG Group" or "PSG") condensed consolidated financial statements are prepared in accordance with the requirements of the Companies Act of South Africa and the JSE Listings Requirements for preliminary reports. The JSE 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") as issued by the International Accounting Standards Board, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the preparation of these condensed consolidated financial statements are in terms of IFRS and consistent with those applied in the group's consolidated annual financial statements for the year ended 28 February 2021.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the group's accounting policies are consistent with those detailed in the group's consolidated annual financial statements for the year ended 28 February 2021, as available at www.psggroup.co.za.

Preparation

These condensed consolidated financial statements were compiled under the supervision of the group chief financial officer, Mr WL Greeff, CA (SA), and were reviewed by PSG Group's external auditor, Deloitte & Touche. The external 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 external auditor's engagement they should refer to the external auditor's review report on page 13. A copy of the external auditor's review report is also available for inspection at the company's registered office together with the condensed consolidated financial statements identified in the external auditor's report. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's external auditor.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Reviewed Feb 22 Rm	Audited Feb 21 Rm
Assets			
Investments at fair value through profit or loss ("FVTPL")	1.1	23 136	18 885
Property, plant and equipment ("PPE")		54	55
Right-of-use assets		1	1
Loans and advances		22	54
Debt securities	1.2	895	715
Deferred income tax assets			12
Trade and other receivables		50	70
Cash and cash equivalents		2 635	1 646
Total assets		26 793	21 438
Equity			
Ordinary shareholders' equity		26 690	19 254
Non-controlling interests ¹⁾			1 556
Total equity		26 690	20 810
Liabilities			
Deferred income tax liabilities		13	488
Lease liabilities		1	1
Derivative financial liabilities			42
Employee benefit liabilities		34	25
Trade and other payables		22	36
Loans payable ²⁾		33	36
Total liabilities		103	628
Total equity and liabilities		26 793	21 438
SOTP value per share (R) ³⁾		127,88	94,24
Net asset value per share (R) ³⁾		127,49	91,76
Net tangible asset value per share (R)		127,49	91,76

¹⁾ Prior year balance related to the PSG Financial Services perpetual preference shares repurchased in full during the year.

²⁾ Balance comprises a loan payable to PSG Alpha (2021: mainly PSG Alpha and head office-administered Black-Economic Empowerment Trusts) not being consolidated.

³⁾ The difference between the SOTP value per share and net asset value per share relates to PPE (2021: PPE and PSG Financial Services perpetual preference shares) carried at fair value in the SOTP value, while at historical cost (net of depreciation in the case of PPE) in the net asset value.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Reviewed Feb 22 Rm	Audited Feb 21 Rm
CONTINUING OPERATIONS			
Fair value gains/(losses) on investments at FVTPL	1.1	6 734	(962)
Investment income	1.1	570	2 054
Revenue earned from corporate finance and other activities ¹⁾		107	80
Other income		42	3 939
Gain upon deemed disposal and reacquisition of subsidiaries at fair value			3 945
Fair value gains/(losses)		42	(6)
Expenses		103	(35)
Reversal of previously recognised impairment loss on debt securities	1.2	221	126
Reversal of previously recognised impairment loss/(impairment loss recognised) on loans and advances		9	(33)
Operating expenses ¹⁾		(127)	(128)
Profit on deemed disposal and reacquisition of interest in associate (Capitec shares retained and subsequently sold)			5 158
Profit before finance costs and taxation		7 556	10 234
Finance costs		(59)	(138)
Profit before taxation		7 497	10 096
Taxation ²⁾		(88)	(1 083)
Profit for the year from continuing operations		7 409	9 013
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations		-	21 088
Gain upon unbundling of Capitec interest at fair value			21 099
Capitec unbundling transaction costs			(11)
Profit for the year ³⁾		7 409	30 101
Attributable to:			
Owners of the parent		7 409	29 994
Continuing operations		7 409	8 906
Discontinued operations			21 088
Non-controlling interests			107
		7 409	30 101
Earnings per share (R)			
Attributable		35,37	139,08
Continuing operations		35,37	41,30
Discontinued operations			97,78
Diluted attributable		34,30	138,26
Continuing operations		34,30	40,89
Discontinued operations			97,37

¹⁾ Fee income and operating costs pertain to the wholly-owned head office subsidiaries providing investment-related services to PSG Group, as well as corporate finance advisory services.

²⁾ Includes the capital gains tax provided for in respect of the Capitec shareholding retained and subsequently sold.

³⁾ The group had no other comprehensive income during the years under review.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed Feb 22 Rm	Audited Feb 21 Rm
Ordinary shareholders' equity at beginning of the year	19 254	19 083
Profit for the year	7 409	29 994
Share buy-back ¹⁾	(38)	(459)
Share-based payment costs – employees	25	33
Treasury shares released	11	7
Other movements	29	(4)
Dividends paid		(516)
Capitec unbundling		(28 884)
Ordinary shareholders' equity at end of the year	26 690	19 254
Non-controlling interests at beginning of the year	1 556	11 843
Profit for the year		107
Subsidiaries deconsolidated upon change in status to that of an investment entity		(10 265)
Repurchase by PSG Financial Services of its perpetual preference shares	(1 506)	
Dividends paid	(50)	(129)
Non-controlling interests at end of the year	–	1 556
Total equity	26 690	20 810

¹⁾ During the year, PSG Group repurchased 509 644 (2021: 8 385 147) shares at an average price of R74,78 (2021: R54,73) per share (including costs).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Reviewed Feb 22 Rm	Audited Feb 21 Rm
Net cash flow from operating activities		34	1 264
Cash generated from operations	3	35	12
Interest received		113	59
Dividends received	1.1 & 1.2	495	1 959
Finance costs paid		(57)	(157)
Taxation paid		(552)	(609)
Net cash flow from investing activities		2 527	1 868
Cash and cash equivalents deconsolidated upon change in status to that of an investment entity			(409)
Additions to investments at FVTPL			(1 139)
Disposals of investments at FVTPL	1.1	2 483	3 502
Other investing activities		44	(86)
Net cash flow from financing activities		(1 572)	(2 081)
Dividends paid to:			
PSG Group shareholders			(516)
PSG Financial Services perpetual preference shareholders		(50)	(129)
Repurchase by PSG Financial Services of its perpetual preference shares		(1 460)	
Borrowings repaid			(1 000)
Other financing activities ¹⁾		(62)	(436)
Net increase in cash and cash equivalents		989	1 051
Cash and cash equivalents at beginning of the year		1 646	595
Cash and cash equivalents at end of the year		2 635	1 646

¹⁾ Cash outflow related mainly to PSG Group share repurchases as detailed in the condensed consolidated statement of changes in equity.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Audited Fair value ¹⁾ Feb 21 Rm	Reviewed			Investment income Rm
		Reconciliation for the year			
		Fair value gains Rm	Disposals ²⁾ Rm	Fair value ¹⁾ Feb 22 Rm	
1. Investments					
1.1 Investments at FVTPL					
PSG Konsult	7 282	3 848		11 130	215
Curro	3 588	1 238		4 826	
Capitec	2 190	293	(2 483)	-	14
Zeder	1 983	689		2 672	150
PSG Alpha	3 842	666		4 508	
Total	18 885	6 734	(2 483)	23 136	379
Interest income on cash and cash equivalents and loans and advances, as well as preference share dividends accrued on debt securities					191
Total investment income					570

¹⁾ The investments in PSG Konsult, Curro, Capitec and Zeder are valued with reference to their JSE-listed closing share prices, while PSG Alpha's fair value is derived from the valuation of its underlying portfolio of listed and unlisted investments as detailed in Annexure A.

²⁾ The disposal of the group's remaining approximately 1,6m Capitec shares during the year under review raised R2 483m in cash (pre-tax).

1.2 Debt securities

Debt securities relate to PSG Group's investment in Dipeo cumulative, redeemable, convertible preference shares. Below is a reconciliation of movement in such debt securities balance for the year under review:

	Reviewed Feb 22 Rm
Opening balance	715
Cash collected	(116)
Preference share dividends accrued ¹⁾	75
Reversal of previously recognised impairment loss ²⁾	221
Closing balance ³⁾	895

¹⁾ Preference share dividends are accounted for at the contractual rate of Prime plus 2% on the balance net of impairment losses (i.e. stage 2 under-performing financial asset).

²⁾ Pursuant to an increase in the fair value of Dipeo's underlying assets since the previous reporting date.

³⁾ At the reporting date, the carrying value of the debt securities is supported by Dipeo's investments in JSE-listed Curro (3,6%), Stadio (3,3%) and Kaap Agri (20%), and accordingly the remaining carrying value is deemed fully recoverable (i.e. lifetime expected credit losses have been provided for).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

	Reviewed Feb 22 Continuing operations Rm	Continuing operations Rm	Audited Feb 21 Discontinued operations Rm	Total Rm
2. Headline earnings and earnings/dividend per share				
Profit for the year attributable to owners of the parent	7 409	8 906	21 088	29 994
Non-headline items	–	(7 868)	(21 088)	(28 956)
Gross amounts	–	(9 103)	(21 088)	(30 191)
Gain upon deemed disposal and reacquisition of subsidiaries at fair value		(3 945)		(3 945)
Profit on deemed disposal and reacquisition of interest in associate (Capitec shares retained and subsequently sold)		(5 158)		(5 158)
Gain upon unbundling of Capitec interest at fair value			(21 099)	(21 099)
Capitec unbundling transaction costs			11	11
Taxation		1 235		1 235
Headline earnings	7 409	1 038	–	1 038

	Reviewed Feb 22	Audited Feb 21
Earnings per share (R)		
Headline (continuing operations)	35,37	4,81
Attributable	35,37	139,08
Continuing operations	35,37	41,30
Discontinued operations		97,78
Diluted headline (continuing operations)	34,30	4,56
Diluted attributable	34,30	138,26
Continuing operations	34,30	40,89
Discontinued operations		97,37
Dividend per share (R)	–	1,64
Interim		1,64
Final		
Number of shares (m)		
In issue	223,3	223,8
In issue (net of treasury shares)	209,4	209,8
Weighted average	209,4	215,7
Diluted weighted average	210,5	216,6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

	Reviewed Feb 22 Rm	Audited Feb 21 Rm
3. Cash generated from operations		
Profit before taxation	7 497	10 096
Depreciation and amortisation	3	3
Investment income	(570)	(2 054)
Finance costs	59	138
Working capital changes and other non-cash items ¹⁾	(220)	(30)
Fair value (gains)/losses on investments at FVTPL (note 1.1)	(6 734)	962
Gain upon deemed disposal and reacquisition of subsidiaries at fair value		(3 945)
Profit on deemed disposal and reacquisition of interest in associate (Capitec shares retained and subsequently sold)		(5 158)
Cash generated from operations	35	12

¹⁾ Relates mainly to the reversal of previously recognised impairment losses on debt securities.

4. Capital commitments and contingencies

PSG Group, as an investment entity, and its wholly-owned subsidiaries that provide investment-related services to PSG Group have no material capital commitments or contingencies as at the reporting date.

5. Events subsequent to the reporting date

No material event has occurred between the reporting date and the date of approval of these condensed consolidated financial statements, except for the *PSG Group Restructuring* as detailed in the commentary section of these condensed consolidated financial statements and in the Firm Intention Announcement published on SENS on 25 April 2022.

6. Financial instruments

6.1 Financial risk factors

PSG Group's activities as an investment entity expose it mainly to i) price risk in respect of its investments at FVTPL and ii) credit risk in respect of its debt securities, loans and advances and cash and cash equivalents.

Risk management continues to be carried out by each investee of PSG Group under policies approved by the respective boards of directors.

6.2 Price risk

The information below analyses financial assets and liabilities, which are carried at fair value, by level of hierarchy as required by IFRS 13 *Fair Value Measurement*. The different levels in the hierarchy are defined below:

Level 1: quoted prices (unadjusted) in active markets.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The carrying value of financial assets carried at amortised cost approximates their fair value, while those measured at fair value can be summarised as follows:

28 February 2022 (reviewed)	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Investments at FVTPL	20 968		2 168	23 136
Opening balance			1 883	
Unrealised fair value gains included in fair value gains on investments at FVTPL as per the condensed consolidated income statement			285	

Valuation techniques and main inputs used to determine fair value for assets are detailed in Annexure A.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

6.3 Credit risk

Debt securities

Debt securities relate to PSG Group's investment in Dipeo cumulative, redeemable, convertible preference shares, as detailed in note 1.2. Dipeo has no external borrowings or funding obligations apart from the preference shares held by PSG Group (also being a 49% ordinary shareholder in Dipeo) and the Dipeo BEE Education Trust (being the remaining 51% ordinary shareholder in Dipeo). However, PSG Group holds approximately 94% of Dipeo's total preference share exposure.

As noted in note 1.2, the carrying value of the debt securities at the reporting date is fully supported by underlying JSE-listed investments at their respective fair values (i.e. level 1 fair value measurement).

Loans and advances

The carrying value of PSG Group's loans and advances at the reporting date is fully supported by underlying JSE-listed investments at their respective fair values (i.e. level 1 fair value measurement).

Cash and cash equivalents

PSG Group's cash and cash equivalents are held in current/call accounts and term deposits (with a maturity of seven days or less) spread across two South African banks (both rated by Fitch as having national short-term and long-term ratings of F1+(zaf) and AA+(zaf), respectively).

7. Segment report

The group has seven reportable segments, namely PSG Konsult, Curro, Capitec (until the disposal of the group's remaining interest therein during the year under review), Zeder, PSG Alpha, Dipeo and PSG Corporate. Apart from PSG Corporate, these segments represent the major investments of the group. The products and services offered by the respective remaining segments are detailed in the commentary section to this announcement. All segments operate predominantly in South Africa. However, the group has exposure to operations outside of South Africa through, inter alia, PSG Konsult, Curro, PSG Alpha's investment in CA&S and through Zeder's investments in The Logistics Group (disposed of subsequent to year-end), Capespan, Zaad and Agrivision Africa.

The *SOTP value* remains a key tool used to measure PSG Group's performance pursuant to its objective of shareholder value creation through, inter alia, capital appreciation. In determining the *SOTP value*, listed assets are valued using quoted market prices, whereas unlisted assets are valued internally using appropriate valuation methods.

The segments' performance can be analysed as set out below and also in Annexure A:

Year ended 28 February 2022 (reviewed)	Fair value gains on investments at FVTPL	Dividend income	Other income, expenses and taxation ¹⁾	Headline earnings	SOTP value
	Rm	Rm	Rm	Rm	Rm
PSG Konsult	3 848	215		4 063	11 130
Curro	1 238			1 238	4 826
Capitec	293	14	(59)	248	
Zeder	689	150		839	2 672
PSG Alpha	666			666	4 508
Dipeo				-	
PSG Corporate			(20)	(20)	
Funding and other			375	375	3 636
Cash and cash equivalents					2 635
Preference share investments and net loans receivable					884
Other					117
Total	6 734	379	296	7 409	26 772
Taxation				88	
Profit before taxation (continuing operations)				7 497	

¹⁾ Comprise all other line items in the condensed consolidated income statement, including fee income, expenses, reversal of previously recognised impairment losses, finance costs and taxation.

ANNEXURE A: SOTP VALUE

	Feb 22		Industry	Listed/ unlisted	IFRS classification at Feb 2022	SOTP value			Portion of SOTP value	Valuation method	IFRS 13 fair value	
	Shareholding	Nr of shares held m				Audited Feb 21 Rm	Movement Rm	Reviewed Feb 22 Rm			Categorisation	R/share
PSG Konsult	61,5%	810,1	Financial services	JSE-listed ¹⁾	Subsidiary	7 282	3 848	11 130	42%	Closing JSE-listed share price	Level 1	13,74
Curro	60,0%	358,8	Private education	JSE-listed	Subsidiary	3 588	1 238	4 826	18%	Closing JSE-listed share price	Level 1	13,45
Capitec			Banking	JSE-listed		2 190	(2 190)	–				
Disposals (note 1.1)							2 483					
Fair value gain							293					
Zeder	48,6%	748,4	Investment holding (food and related business)	JSE-listed	Subsidiary	1 983	689	2 672	10%	Closing JSE-listed share price	Level 1	3,57
PSG Alpha	98,3%		Investment holding (early-stage investments)	Unlisted	Subsidiary	3 842		4 508	17%			
Stadio	42,9%		Private higher education	JSE-listed		865	459	1 324	5%	Closing JSE-listed share price	Level 1	3,64
CA&S	47,9%		Route-to-market services for fast-moving consumer goods in Sub-Saharan Africa	BSE-listed ²⁾		1 126	(69)	1 057	4%	Closing BSE-listed share price converted from Botswana pula to South African rand at the ruling spot exchange rate	Level 1	4,79
Evergreen	50,0%		Retirement lifestyle villages	Unlisted		869	119	988	4%	Net asset value, underpinned by investment property subject to external valuation annually	Level 3	
Optimi	96,0%		Innovative and accessible education solutions to schools, tutors, parents and learners	Unlisted		296	206	502	2%	17,1x (2021: 13,7x) price-earnings multiple	Level 3	
Energy Partners	56,7%		Private energy utility	Unlisted		305	74	379	1%	6x and 10x multiples applied to annualised recurring EBITDA for the operations and investment businesses, respectively, plus cash and work-in-progress, less all debt	Level 3	
Other			Various	Unlisted		446	(109)	337	1%	Various	Level 3	
Sub-total						3 907		4 587				
Less: Minority shareholding held by PSG Alpha management ³⁾						(65)	(14)	(79)				
Fair value gain							666					
Dipeo	49,0%		BEE investment holding	Unlisted						SOTP value; however, liabilities exceed assets		
Sub-total						18 885		23 136				
Other net assets						2 020		3 636	13%			
Cash and cash equivalents						1 646		2 635				
Preference share investments and net loans receivable/payable						733		884				
Other ⁴⁾						(359)		117				
Total before funding						20 905		26 772				
PSG Financial Services perpetual preference share funding ⁵⁾						(1 132)						
Total SOTP value						19 773		26 772	100%			
SOTP value per share (R)						94,24		127,88				
Fair value gains from investments at FVTPL (note 1.1)							6 734					
Fair value gain from derivative financial instruments							42					
Total fair value gains included in the income statement							6 776					

¹⁾ Secondary listings on the Namibian Stock Exchange ("NSE") and Mauritian Stock Exchange ("MSE").

²⁾ Also listed on the Cape Town Stock Exchange (in process of transferring such listing to the JSE).

³⁾ PSG Alpha management holds ±1,7% in PSG Alpha.

⁴⁾ The balance as at the prior reporting date included, inter alia, a capital gains tax provision in respect of the Capitec shares held.

⁵⁾ Repurchased in full during the year under review.

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of PSG Group Limited

We have reviewed the condensed consolidated financial statements of PSG Group Limited, contained in the accompanying preliminary financial report set out on pages 5 to 12, which comprise the condensed consolidated statement of financial position as at 28 February 2022, the condensed consolidated income statement, and 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 the *Basis of presentation and accounting policies* 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.

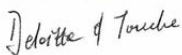
Other Matters

The consolidated annual financial statements of PSG Group Limited for the year ended 28 February 2021, was audited by another auditor who expressed an unmodified opinion on those statements on 28 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 Group 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 the *Basis of presentation and accounting policies* to the financial statements, and the requirements of the Companies Act of South Africa.

DocuSigned by:



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Deloitte & Touche

Registered Auditor

Per: JHW de Kock

Partner

Date: 24 April 2022



National Executive: *LL Bam Chief Executive Officer *R Redfearn Chief Executive Officer - Elect *TMM Jordan Deputy Chief Executive Officer; Clients & Industries
*MJ Jarvis Chief Operating Officer *AF Mackie Audit & Assurance AM Babu Consulting *TA Odukoya Financial Advisory *N Sing Risk Advisory
*JK Mazzocco People & Purpose MG Dicks Risk Independence & Legal *A Muraya Responsible Business & Public Policy DI Kubeka Tax & Legal
DP Ndlovu Chair of the Board

Regional Leader: MN Alberts

A full list of partners and directors is available on request

* Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

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