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# 2023

**Unaudited results**  
for the six months ended  
31 August 2023

## 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

## Salient features

21%

Recurring headline earnings  
per share

**37.6 cents**

2022: 31.0 cents | 2021: 30.6 cents

12%

Gross written premium

**R3.4 bn**

2022: R3.0 bn | 2021: R2.8 bn

1%

Number of advisers

**961**

2022: 948 | 2021: 948

19%

Total assets under management

**R375.9 bn**

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

23%

Dividend per share

**13.5 cents**

2022: 11.0 cents | 2021: 10.0 cents

8%

Total assets under administration

**R500.9 bn**

2022: R461.8 bn | 2021: R436.4 bn

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## Financial results

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

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

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

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

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

<sup>1</sup> The comparative figure has been restated for the initial application of IFRS 17.



### PSG Wealth's recurring headline earnings increased by 18%

The division continued its strong performance with core income increasing by 14% during the period, consisting of a continued increase in management and other recurring fees, while transactional brokerage fees decreased due to lower trading activity compared to the prior period.

Clients' assets managed by our Wealth advisers increased to R325.6 billion, which included R7.7 billion of positive net inflows during the period. The division's formidable financial adviser network consisted of 603 wealth advisers as at 31 August 2023, a net increase of 13 advisers during the current period.

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

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

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



### PSG Asset Management achieved recurring headline earnings growth of 23%

The commendable results generated by this division are testimony to the team's long-term track record of delivering top-quartile risk-adjusted investment returns for clients. PSG Asset Management's strong performance across the fund range was recognised at the 2022 Raging Bull Awards. The division received six awards, including the coveted South African Manager of the Year award.

Client assets under management amounted to R50.3 billion as at 31 August 2023, with net client inflows of R1.7 billion during the period. Assets administered by the division increased by 6% to R209.3 billion, supported by R3.4 billion of multi-managed net inflows during the six-month period.

The division's strong increase in management fees of 20% more than offset the 23% decline in variable performance fees that were earned during the period under review.

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



### PSG Insure's recurring headline earnings increased by 12%

The group is satisfied with this achievement, against the backdrop of a difficult environment. The division achieved gross written premium growth of 12% as we continue to focus our efforts on growing our commercial lines' business, which requires specialist adviser expertise. The number of insurance advisers in the group at 31 August 2023 was 358.

The comprehensive reinsurance programme we have in place reduced the adverse impact of catastrophe events, such as the Boksburg earthquake and Western Cape storms during June 2023. This, when combined with our quality underwriting practices, allowed us to achieve a net underwriting margin of 9.0%, which is commendable despite being lower than the 10.9% we achieved in the prior period.

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

### Strategy

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

**PSG Asset Management's** strategy consists of investment excellence, operational efficiency, and effective sales and marketing initiatives. Generating the best long-term risk-adjusted returns for investors remains the division's primary focus. PSG Asset Management's differentiated investment approach adds diversification to a blended client solution, helping clients to achieve better outcomes over time. The division prioritises investment performance while managing operational processes and talent management. Increasing brand awareness, particularly in the retail investor market, and 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 Financial Services' 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 Financial Services' capital cover ratio remains strong at 240% (2022: 238%) based on the latest insurance group return. This comfortably exceeds the minimum regulatory requirement of 100%. During August 2023, Global Credit Rating Company affirmed the group's long-term and short-term credit ratings at A+<sub>(ZA)</sub> and A1<sub>(ZA)</sub> respectively, with a Stable Outlook. The increase in the group's capital cover

ratio and the credit rating affirmation is testament to the group's strong financial position and excellent liquidity.

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

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

### Regulatory landscape and risk management

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

### Marketing initiatives

The group successfully hosted its annual conference during May 2023. The hybrid conference allowed more than 1 700 advisers, employees and industry representation to gain political, economic and practical insights from recognised experts as well as the leadership team.

Divisional events calendars keep all stakeholders up to date, and research profiled within adviser- and client-facing newsletters continues to be well received. The group successfully interacted with clients, hosting more than 170 in-person events and more than 60 webinars during the six-month period. PSG Digital platforms continued to maintain a high event count with over 5 million engagements over the period. Social media accounts continue to attract new followers and we are seeing increased engagement levels.

Our successful Think Big webinar series, now in its fourth year, continues to grow in popularity with prospective clients, with a >60% non-client split, thereby making it a strategic brand awareness and lead-generation tool for the group. During the six-month period, the series received more than 2 400 new registrations. The public relations coverage adds to the success of the series as the media recognises it as a credible content source for thought leadership.

### Information technology

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

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

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

All related IT system costs continue to be fully expensed.

### Looking forward

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

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

### Events after reporting date

No events material to the understanding of these results occurred between 31 August 2023 and the date of approval of the condensed consolidated interim financial statements.

### Dividend

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

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

The salient dates of the dividend declaration are:

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

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.

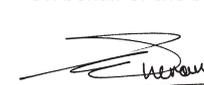
Share certificates on the South African and Namibian registers may not be dematerialised or rematerialised between Wednesday, 1 November 2023 and Friday, 3 November 2023, both days inclusive.

Due to Wednesday, 1 November 2023 being a public holiday in Mauritius, the last day to trade cum dividend for shareholders on the Mauritian register will be Friday, 27 October 2023, with ex-dividend trading commencing on Monday, 30 October 2023.

Share certificates on the Mauritian register may not be dematerialised or rematerialised between Monday, 30 October 2023 and Friday, 3 November 2023, both days inclusive.

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

On behalf of the board



**Willem Theron**  
Chairman

Tyger Valley  
11 October 2023

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**Francois Gouws**  
Chief executive officer

## Condensed consolidated statement of financial position

as at 31 August and 28 February 2023

Notes	At	Restated <sup>1</sup>	Restated <sup>1</sup>
	31 Aug 23 R000	31 Aug 22 R000	28 Feb 23 R000
<b>ASSETS</b>			
Intangible assets	1 197 284	1 207 654	1 186 489
Property and equipment	72 077	84 227	74 690
Right-of-use assets	152 771	177 558	170 408
Investment in joint ventures	753	1 249	976
Deferred income tax assets	94 927	98 501	125 613
Loans and advances	244 470	160 777	193 956
Debt securities	3 692 459	3 768 856	3 414 634
Unit-linked investments	78 144 594	66 832 707	75 198 943
Equity securities	3 797 372	3 101 681	3 488 019
Investment in investment contracts	8 950	8 706	9 685
Insurance contract assets	21 838	23 079	22 495
Reinsurance contract assets	140 417	136 513	136 923
Derivative financial instruments	11 287	11 298	9 637
Receivables	1 996 365	1 788 115	2 065 921
Current income tax assets	119 222	81 727	62 110
Cash and cash equivalents (including money market funds)	1 478 522	1 956 228	2 000 943
<b>Total assets</b>	<b>91 173 308</b>	<b>79 438 876</b>	<b>88 161 442</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Stated capital	1 292 773	1 653 543	1 413 420
Treasury shares	(116 575)	(116 349)	(130 759)
Other reserves	(300 799)	(312 140)	(330 328)
Retained earnings	3 454 069	2 911 494	3 292 102
	4 329 468	4 136 548	4 244 435
<b>Non-controlling interest</b>	<b>529 198</b>	<b>450 198</b>	<b>492 103</b>
<b>Total equity</b>	<b>4 858 666</b>	<b>4 586 746</b>	<b>4 736 538</b>
<b>LIABILITIES</b>			
Deferred income tax liabilities	122 683	87 166	113 130
Lease liabilities	214 145	245 657	235 777
Derivative financial instruments	9 426	14 483	14 623
Investment contracts	42 173 977	36 375 968	40 177 057
Insurance contract liabilities	449 618	449 856	462 908
Reinsurance contract liabilities	31 369	29 136	28 890
Third-party liabilities arising on consolidation of mutual funds	40 753 721	35 352 974	39 670 804
Trade and other payables	2 505 858	2 258 748	2 667 868
Current income tax liabilities	53 845	38 142	53 847
<b>Total liabilities</b>	<b>86 314 642</b>	<b>74 852 130</b>	<b>83 424 904</b>
<b>Total equity and liabilities</b>	<b>91 173 308</b>	<b>79 438 876</b>	<b>88 161 442</b>
Net asset value per share (cents)	339.8	317.1	330.7

<sup>1</sup> The comparative figures have been restated for the initial application of IFRS 17, refer to note 11 for further information.

## Condensed consolidated income statement

for the six months ended 31 August and the year ended 28 February 2023

	Six months ended 31 Aug 23 R000	Restated <sup>1</sup> Six months ended 31 Aug 22 R000	Restated <sup>1</sup> Year ended 28 Feb 23 R000
Insurance revenue	1 020 283	816 384	1 728 978
Insurance service expense	(846 990)	(658 467)	(1 364 188)
Net income/(expense) from reinsurance contracts held	(69 809)	(56 239)	(123 858)
<i>Insurance service result</i>	<b>103 484</b>	<b>101 678</b>	<b>240 932</b>
Revenue from contracts with customers and other operating income	2 597 976	2 306 046	4 755 104
Interest income on amortised cost financial instruments	77 637	44 762	108 424
Interest income on fair value through profit or loss financial instruments	96 069	62 143	149 260
Dividend income	4 279	3 493	7 341
Net fair value gains and losses on financial instruments	4 599	(19 265)	35 664
Net income attributable to investment contract holders and third-party liabilities	25 766	27 545	52 045
<b>Total income</b>	<b>2 909 810</b>	<b>2 526 402</b>	<b>5 348 770</b>
Financial advice fees	(942 674)	(836 301)	(1 688 002)
Depreciation and amortisation <sup>2</sup>	(88 116)	(85 697)	(173 295)
Employee benefit expenses	(682 324)	(590 823)	(1 238 961)
Marketing, administration and other expenses	(442 474)	(392 695)	(775 647)
<b>Total expenses</b>	<b>(2 155 588)</b>	<b>(1 905 516)</b>	<b>(3 875 905)</b>
Total (loss)/profit from joint ventures	(223)	128	(145)
<b>Profit before finance costs and taxation</b>	<b>753 999</b>	<b>621 014</b>	<b>1 472 720</b>
Finance costs	(18 119)	(18 029)	(36 472)
<b>Profit before taxation</b>	<b>735 880</b>	<b>602 985</b>	<b>1 436 248</b>
Taxation	(213 779)	(164 527)	(408 202)
<b>Profit for the period</b>	<b>522 101</b>	<b>438 458</b>	<b>1 028 046</b>
<b>Attributable to:</b>			
Owners of the parent	482 406	408 677	950 772
Non-controlling interest	39 695	29 781	77 274
	<b>522 101</b>	<b>438 458</b>	<b>1 028 046</b>
<b>Earnings per share (cents)</b>			
Attributable (basic)	37.7	31.1	73.1
Attributable (diluted)	37.4	30.8	71.0
Headline and recurring headline (basic)	37.6	31.0	72.9
Headline and recurring headline (diluted)	37.4	30.7	70.9

<sup>1</sup> The comparative figures have been restated for the initial application of IFRS 17, refer to note 11 for further information.

<sup>2</sup> Includes amortisation cost of R36.9 million (31 Aug 2022: R35.5 million; 28 Feb 2023: R70.5 million).

## Condensed consolidated statement of comprehensive income

for the six months ended 31 August and the year ended 28 February 2023

	Six months ended 31 Aug 23 R000	Six months ended 31 Aug 22 R000	Year ended 28 Feb 23 R000
<b>Profit for the period</b>	<b>522 101</b>	<b>438 458</b>	<b>1 028 046</b>
<b>Other comprehensive income for the period, net of taxation</b>	<b>(158)</b>	<b>24 372</b>	<b>37 893</b>
<i>To be reclassified to profit or loss:</i>			
Currency translation adjustments	(158)	24 865	38 385
Other adjustments	-	(493)	(492)
<b>Total comprehensive income for the period</b>	<b>521 943</b>	<b>462 830</b>	<b>1 065 939</b>
<b>Attributable to:</b>			
Owners of the parent	482 248	433 049	988 665
Non-controlling interest	39 695	29 781	77 274
	<b>521 943</b>	<b>462 830</b>	<b>1 065 939</b>

## Earnings and headline earnings per share

for the six months ended 31 August and the year ended 28 February 2023

	Six months ended 31 Aug 23 R000	Six months ended 31 Aug 22 R000	Year ended 28 Feb 23 R000
<b>Headline and recurring headline earnings</b>	<b>481 861</b>	<b>407 557</b>	<b>948 785</b>
<b>Non-headline items (net of non-controlling interest and related tax effect)</b>			
Profit on disposal of intangible assets (including goodwill)	-	358	952
Profit on disposal of property and equipment	545	269	543
Other	-	493	492
<b>Profit attributable to ordinary shareholders</b>	<b>482 406</b>	<b>408 677</b>	<b>950 772</b>
<b>Earnings per share (cents)</b>			
Attributable (basic)	37.7	31.1	73.1
Attributable (diluted)	37.4	30.8	71.0
Headline and recurring headline (basic)	37.6	31.0	72.9
Headline and recurring headline (diluted)	37.4	30.7	70.9
<b>Number of shares (millions)</b>			
In issue (net of treasury shares)	1 274.0	1 303.5	1 282.6
Weighted average (net of treasury shares)	1 280.3	1 313.9	1 301.2

## Condensed consolidated statement of changes in equity

for the six months ended 31 August and the year ended 28 February 2023

	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		
<b>Balance at 1 March 2022</b>	1 829 274	(140 065)	(361 426)	2 789 035	420 799	4 537 617
IFRS 17 transitional adjustments <sup>1</sup>	-	-	-	3 476	2 088	5 564
<b>Balance at 1 March 2022 (Restated)</b>	1 829 274	(140 065)	(361 426)	2 792 511	422 887	4 543 181
<b>Comprehensive income</b>						
Profit for the period	-	-	-	408 677	29 781	438 458
Other comprehensive income for the period	-	-	24 372	-	-	24 372
<b>Total comprehensive income for the period</b>	-	-	24 372	408 677	29 781	462 830
<b>Transactions with owners</b>	(175 731)	23 716	24 914	(289 694)	(2 470)	(419 265)
Repurchase and cancellation of ordinary shares	(175 731)	-	-	-	-	(175 731)
Share-based payment costs	-	-	24 914	-	-	24 914
Net movement in treasury shares	-	23 716	-	-	-	23 716
Dividends paid	-	-	-	(289 694)	(2 470)	(292 164)
<b>Balance at 31 August 2022 (Restated)</b>	1 653 543	(116 349)	(312 140)	2 911 494	450 198	4 586 746
<b>Comprehensive income</b>						
Profit for the period	-	-	-	542 095	47 493	589 588
Other comprehensive income for the period	-	-	13 521	-	-	13 521
<b>Total comprehensive income for the period</b>	-	-	13 521	542 095	47 493	603 109
<b>Transactions with owners</b>	(240 123)	(14 410)	(31 709)	(161 487)	(5 588)	(453 317)
Repurchase and cancellation of ordinary shares	(240 123)	-	-	-	-	(240 123)
Share-based payment costs	-	-	26 832	-	-	26 832
Net movement in treasury shares	-	(3 024)	-	-	-	(3 024)
Equity-settled share-based payments	-	-	(58 541)	(30 586)	-	(89 127)
Release of profits from treasury shares to retained earnings	-	(11 386)	-	11 386	-	-
Dividends paid	-	-	-	(142 287)	(5 588)	(147 875)
<b>Balance at 28 February 2023 (Restated)</b>	1 413 420	(130 759)	(330 328)	3 292 102	492 103	4 736 538
<b>Comprehensive income</b>						
Profit for the period	-	-	-	482 406	39 695	522 101
Other comprehensive income for the period	-	-	(158)	-	-	(158)
<b>Total comprehensive income for the period</b>	-	-	(158)	482 406	39 695	521 943
<b>Transactions with owners</b>	(120 647)	14 184	29 687	(320 439)	(2 600)	(399 815)
Repurchase and cancellation of ordinary shares	(120 647)	-	-	-	-	(120 647)
Share-based payment costs	-	-	29 687	-	-	29 687
Net movement in treasury shares	-	14 184	-	-	-	14 184
Dividends paid	-	-	-	(320 439)	(2 600)	(323 039)
<b>Balance at 31 August 2023</b>	1 292 773	(116 575)	(300 799)	3 454 069	529 198	4 858 666

<sup>1</sup> Refer to note 11 for further detail.

## Condensed consolidated statement of cash flows

for the six months ended 31 August and the year ended 28 February 2023

	Notes	Six months ended 31 Aug 23 R000	Six months ended 31 Aug 22 R000	Year ended 28 Feb 23 R000
<b>Cash flows from operating activities</b>				
Cash utilised in operations		(1 099 915)	(105 063)	(887 466)
Interest received		949 273	687 135	1 508 500
Dividends received		493 305	441 013	1 139 068
Finance costs		(18 119)	(18 029)	(36 472)
Taxation paid		(227 101)	(161 835)	(385 610)
<i>Operating cash flows before policyholder cash movement</i>		<b>97 443</b>	<b>843 221</b>	<b>1 338 020</b>
Policyholder cash movement		(1 804)	(18 037)	(12 324)
<i>Net cash flow from operating activities</i>		<b>95 639</b>	<b>825 184</b>	<b>1 325 696</b>
<b>Cash flows from investing activities</b>				
Acquisition of subsidiaries (including collective investment schemes)	7.1	-	208	(169)
Acquisition of intangible assets		(54 670)	(15 845)	(35 415)
Purchases of property and equipment		(17 523)	(17 175)	(27 301)
Proceeds from disposal of intangible assets		4	447	1 244
Other		441	551	875
<i>Net cash flow from investing activities</i>		<b>(71 748)</b>	<b>(31 814)</b>	<b>(60 766)</b>
<b>Cash flows from financing activities</b>				
Dividends paid		(323 039)	(292 164)	(440 039)
Lease liabilities paid – principal portion		(36 626)	(33 710)	(68 797)
Shares repurchased and cancelled		(120 647)	(175 731)	(415 854)
Treasury shares sold and share option settlement	7.2	(66 402)	(52 022)	(68 762)
<i>Net cash flow from financing activities</i>		<b>(546 714)</b>	<b>(553 627)</b>	<b>(993 452)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(522 823)</b>	<b>239 743</b>	<b>271 478</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>2 000 943</b>	<b>1 694 794</b>	<b>1 694 794</b>
<b>Exchange gains on cash and cash equivalents</b>		<b>402</b>	<b>21 691</b>	<b>34 671</b>
<b>Cash and cash equivalents at the end of the period<sup>1</sup></b>		<b>1 478 522</b>	<b>1 956 228</b>	<b>2 000 943</b>
<sup>1</sup> Includes the following:				
Clients' cash linked to investment contracts		32 800	28 891	34 604
Other client-related balances		(229 115)	322 155	64 503
Total client-related cash and cash equivalents		<b>(196 315)</b>	<b>351 046</b>	<b>99 107</b>

### Notes to the statement of cash flow:

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 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 when the money was received from the third-party investment provider, but only paid out by the company after month-end, resulting in significant fluctuations in the working capital of the company. Similar working capital fluctuations occur at PSG Securities Limited, the group's stockbroking business, mainly due to the timing of the close of the JSE in terms of client settlements. Refer to note 5.8 for the impact of the client-related balances on the cash flows from operating activities.

## Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2023

### 1. Reporting entity

PSG Financial Services Limited is a public company domiciled in the Republic of South Africa. The condensed consolidated interim financial statements as at and for the six months ended 31 August 2023, comprise the company and its subsidiaries (together referred to as 'the group') and the group's interest in joint ventures.

### 2. Basis of preparation

#### Statement of compliance

The condensed consolidated interim financial statements as at and for the six months ended 31 August 2023 have been prepared in accordance with the requirements of the JSE Limited (JSE) and the requirements of the Companies Act, No. 71 of 2008, as amended, applicable to summary financial statements. The JSE requires condensed financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended 28 February 2023. Any forecast financial information is the responsibility of the board of PSG Financial Services Limited and has not been reviewed or reported on by the auditors.

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

#### Estimates and judgements

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 28 February 2023 with the exception of the assumptions and judgements required in the application of IFRS 17.

### 3. Independent review

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

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

### 4. Accounting policies

The accounting policies applied in the preparation of these summary consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements as at and for the year ended 28 February 2023, except for the mandatory adoption of IFRS 17 – Insurance contracts. The group has applied the standard retrospectively and has restated comparative figures. Refer to note 11 for further detail.

# Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2023

## 5. Segment information

The composition of the reportable segments represents the internal reporting structure and the monthly reporting to the chief operating decision-maker (CODM). The CODM, for the purpose of IFRS 8 – Operating Segments, has been identified as the chief executive officer, supported by the group management committee (Manco). The group's internal reporting structure is reviewed in order to assess performance and allocate resources. The group is organised into three reportable segments, namely:

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

Corporate support costs refer to a variety of services and functions that are performed centrally for the individual business units within each business segment, as well as housing the group's executive office. Besides the traditional accounting and secretarial services provided to group divisions and subsidiaries, the corporate office also provides legal, risk, IT, marketing, HR, payroll, internal audit and corporate finance services. The strategic elements of IT, in terms of both services and infrastructure, are also centralised in the corporate office. The corporate costs are allocated to the three reportable segments.

### 5.1 Description of business segments

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

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

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

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

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

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

## 5. Segment information (continued)

### 5.2 Headline earnings per reportable segment

	Wealth R000	Asset Management R000	Insure R000	Total R000
<b>For the six months ended 31 August 2023</b>				
Headline and recurring headline earnings <sup>1</sup>	312 911	100 186	68 764	481 861
Recurring headline earnings – excluding intangible asset amortisation cost <sup>2</sup>	338 602	100 186	79 992	518 780
	Wealth R000	Asset Management R000	Insure R000	Total R000
<b>For the six months ended 31 August 2022</b>				
Headline and recurring headline earnings <sup>1</sup>	264 981	81 377	61 199	407 557
Recurring headline earnings – excluding intangible asset amortisation cost <sup>2</sup>	289 310	81 546	72 209	443 065
	Wealth R000	Asset Management R000	Insure R000	Total R000
<b>For the year ended 28 February 2023</b>				
Headline and recurring headline earnings <sup>1</sup>	568 492	220 323	159 970	948 785
Recurring headline earnings – excluding intangible asset amortisation cost <sup>2</sup>	616 793	220 492	182 021	1 019 306

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

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

## Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2023

### 5. Segment information (continued)

#### 5.3 Income per reportable segment

For the six months ended 31 August 2023	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
<b>Total IFRS reported income</b>	<b>1 823 483</b>	<b>411 844</b>	<b>674 483</b>	<b>2 909 810</b>
Linked investment business and other income	(12 929)	-	-	(12 929)
<b>Total core income</b>	<b>1 810 554</b>	<b>411 844</b>	<b>674 483</b>	<b>2 896 881</b>
Total segment income	2 209 791	651 718	674 483	3 535 992
Intersegment income	(399 237)	(239 874)	-	(639 111)

For the six months ended 31 August 2022 (Restated)	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
<b>Total IFRS reported income</b>	<b>1 586 981</b>	<b>336 823</b>	<b>602 598</b>	<b>2 526 402</b>
Linked investment business and other income	(3 965)	-	-	(3 965)
<b>Total core income</b>	<b>1 583 016</b>	<b>336 823</b>	<b>602 598</b>	<b>2 522 437</b>
Total segment income	1 960 390	546 505	602 598	3 109 493
Intersegment income	(377 374)	(209 682)	-	(587 056)

For the year ended 28 February 2023 (Restated)	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
<b>Total IFRS reported income</b>	<b>3 313 320</b>	<b>787 287</b>	<b>1 248 163</b>	<b>5 348 770</b>
Linked investment business and other income	(29 746)	-	-	(29 746)
<b>Total core income</b>	<b>3 283 574</b>	<b>787 287</b>	<b>1 248 163</b>	<b>5 319 024</b>
Total segment income	4 046 471	1 214 857	1 312 513	6 573 841
Intersegment income	(762 897)	(427 570)	(64 350)	(1 254 817)

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

The group mainly operates in the Republic of South Africa, with 92.6% (31 Aug 2022: 92.7%; 28 Feb 2023: 92.8%) 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.

### 5. Segment information (continued)

#### 5.4 Divisional income statements

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

For the six months ended 31 August 2023	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
Total income	1 810 554	411 844	674 483	2 896 881
Total expenses <sup>1</sup>	(1 358 333)	(267 502)	(534 165)	(2 160 000)
	452 221	144 342	140 318	736 881
Total loss from joint ventures	-	-	(223)	(223)
<b>Profit before finance costs and taxation</b>	<b>452 221</b>	<b>144 342</b>	<b>140 095</b>	<b>736 658</b>
Finance costs <sup>2</sup>	(16 173)	(1 528)	(418)	(18 119)
<b>Profit before taxation</b>	<b>436 048</b>	<b>142 814</b>	<b>139 677</b>	<b>718 539</b>
Taxation	(117 866)	(42 627)	(35 945)	(196 438)
<b>Profit for the period</b>	<b>318 182</b>	<b>100 187</b>	<b>103 732</b>	<b>522 101</b>
<b>Attributable to:</b>				
Owners of the parent	313 182	100 187	69 037	482 406
Non-controlling interest	5 000	-	34 695	39 695
	318 182	100 187	103 732	522 101
<b>Headline and recurring headline earnings</b>	<b>312 911</b>	<b>100 186</b>	<b>68 764</b>	<b>481 861</b>

For the six months ended 31 August 2022 (Restated)	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
Total income	1 583 016	336 823	602 598	2 522 437
Total expenses <sup>1</sup>	(1 199 334)	(227 319)	(481 689)	(1 908 342)
	383 682	109 504	120 909	614 095
Total profit from joint ventures	-	-	128	128
<b>Profit before finance costs and taxation</b>	<b>383 682</b>	<b>109 504</b>	<b>121 037</b>	<b>614 223</b>
Finance costs <sup>2</sup>	(13 899)	(2 064)	(2 066)	(18 029)
<b>Profit before taxation</b>	<b>369 783</b>	<b>107 440</b>	<b>118 971</b>	<b>596 194</b>
Taxation	(99 949)	(26 052)	(31 735)	(157 736)
<b>Profit for the period</b>	<b>269 834</b>	<b>81 388</b>	<b>87 236</b>	<b>438 458</b>
<b>Attributable to:</b>				
Owners of the parent	265 164	81 388	62 125	408 677
Non-controlling interest	4 670	-	25 111	29 781
	269 834	81 388	87 236	438 458
<b>Headline and recurring headline earnings</b>	<b>264 981</b>	<b>81 377</b>	<b>61 199</b>	<b>407 557</b>

<sup>1</sup> Depreciation and amortisation is included within total expenses and amounts to R58.1 million (31 Aug 2022: R56.7 million) for PSG Wealth, R4.9 million (31 Aug 2022: R4.9 million) for PSG Asset Management, and R25.1 million (31 Aug 2022: R24.1 million) for PSG Insure.

<sup>2</sup> Finance costs in the PSG Wealth division of R16.2 million (31 Aug 2022: R13.9 million) consist mainly of the finance charge on the lease liabilities of R7.0 million (31 Aug 2022: R7.5 million), with the remaining portion of the finance charge on the CFD margin and the bank overdrafts.

## Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2023

### 5. Segment information (continued)

#### 5.4 Divisional income statements (continued)

For the year ended 28 February 2023 (Restated)	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
Total income	3 283 574	787 287	1 248 163	5 319 024
Total expenses <sup>1</sup>	(2 456 325)	(492 939)	(933 055)	(3 882 319)
	827 249	294 348	315 108	1 436 705
Total loss from joint ventures	-	-	(145)	(145)
<b>Profit before finance costs and taxation</b>	827 249	294 348	314 963	1 436 560
Finance costs <sup>2</sup>	(29 143)	(2 902)	(4 427)	(36 472)
<b>Profit before taxation</b>	798 106	291 446	310 536	1 400 088
Taxation	(219 813)	(71 105)	(81 124)	(372 042)
<b>Profit for the period</b>	578 293	220 341	229 412	1 028 046
<b>Attributable to:</b>				
Owners of the parent	568 835	220 341	161 596	950 772
Non-controlling interest	9 458	-	67 816	77 274
	578 293	220 341	229 412	1 028 046
<b>Headline and recurring headline earnings</b>	568 492	220 323	159 970	948 785

<sup>1</sup> Depreciation and amortisation is included within total expenses and amounts to R113.0 million for PSG Wealth, R9.6 million for PSG Asset Management, and R50.7 million for PSG Insure.

<sup>2</sup> Finance costs in the PSG Wealth division of R29.1 million consist mainly of the finance charge on the lease liabilities of R14.9 million, with the remaining portion of the finance charge on the CFD margin and the bank overdrafts.

### 5. Segment information (continued)

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

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

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

As at 31 August 2023	Total IFRS reported R000	Own balances R000	Client-related balances R000
<b>ASSETS</b>			
Debt securities <sup>1</sup>	3 692 459	11 696	3 680 763
Unit-linked investments	78 144 594	2 477 594	75 667 000
Equity securities	3 797 372	37 469	3 759 903
Investment in investment contracts	8 950	-	8 950
Derivative financial instruments	11 287	-	11 287
Receivables <sup>1</sup>	1 996 365	361 902	1 634 463
Cash and cash equivalents (including money market funds) <sup>1</sup>	1 478 522	1 674 837	(196 315)
Other assets <sup>2</sup>	2 043 759	2 043 759	-
<b>Total assets</b>	<b>91 173 308</b>	<b>6 607 257</b>	<b>84 566 051</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent	4 329 468	4 329 468	-
Non-controlling interest	529 198	529 198	-
<b>Total equity</b>	<b>4 858 666</b>	<b>4 858 666</b>	<b>-</b>
<b>LIABILITIES</b>			
Derivative financial instruments	9 426	-	9 426
Investment contracts	42 173 977	-	42 173 977
Third-party liabilities arising on consolidation of mutual funds <sup>1</sup>	40 753 721	-	40 753 721
Trade and other payables <sup>1</sup>	2 505 858	876 931	1 628 927
Other liabilities <sup>3</sup>	871 660	871 660	-
<b>Total liabilities</b>	<b>86 314 642</b>	<b>1 748 591</b>	<b>84 566 051</b>
<b>Total equity and liabilities</b>	<b>91 173 308</b>	<b>6 607 257</b>	<b>84 566 051</b>

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

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

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

## Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2023

### 5. Segment information (continued)

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

	Total IFRS reported R000	Own balances R000	Client-related balances R000
<b>As at 31 August 2022 (Restated)</b>			
<b>ASSETS</b>			
Debt securities <sup>1</sup>	3 768 856	12 715	3 756 141
Unit-linked investments	66 832 707	2 267 751	64 564 956
Equity securities	3 101 681	34 903	3 066 778
Investment in investment contracts	8 706	-	8 706
Derivative financial instruments	11 298	-	11 298
Receivables <sup>1</sup>	1 788 115	248 530	1 539 585
Cash and cash equivalents (including money market funds) <sup>1</sup>	1 956 228	1 605 182	351 046
Other assets <sup>2</sup>	1 971 285	1 971 285	-
<b>Total assets</b>	<b>79 438 876</b>	<b>6 140 366</b>	<b>73 298 510</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent	4 136 548	4 136 548	-
Non-controlling interest	450 198	450 198	-
<b>Total equity</b>	<b>4 586 746</b>	<b>4 586 746</b>	<b>-</b>
<b>LIABILITIES</b>			
Derivative financial instruments	14 483	-	14 483
Investment contracts	36 375 968	-	36 375 968
Third-party liabilities arising on consolidation of mutual funds <sup>1</sup>	35 352 974	-	35 352 974
Trade and other payables <sup>1</sup>	2 258 748	703 663	1 555 085
Other liabilities <sup>3</sup>	849 957	849 957	-
<b>Total liabilities</b>	<b>74 852 130</b>	<b>1 553 620</b>	<b>73 298 510</b>
<b>Total equity and liabilities</b>	<b>79 438 876</b>	<b>6 140 366</b>	<b>73 298 510</b>

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

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

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

### 5. Segment information (continued)

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

	Total IFRS reported R000	Own balances R000	Client-related balances R000
<b>As at 28 February 2023 (Restated)</b>			
<b>ASSETS</b>			
Debt securities <sup>1</sup>	3 414 634	12 309	3 402 325
Unit-linked investments	75 198 943	2 406 655	72 792 288
Equity securities	3 488 019	38 750	3 449 269
Investment in investment contracts	9 685	-	9 685
Derivative financial instruments	9 637	-	9 637
Receivables <sup>1</sup>	2 065 921	339 861	1 726 060
Cash and cash equivalents (including money market funds) <sup>1</sup>	2 000 943	1 901 836	99 107
Other assets <sup>2</sup>	1 973 660	1 973 660	-
<b>Total assets</b>	<b>88 161 442</b>	<b>6 673 071</b>	<b>81 488 371</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent	4 244 435	4 244 435	-
Non-controlling interest	492 103	492 103	-
<b>Total equity</b>	<b>4 736 538</b>	<b>4 736 538</b>	<b>-</b>
<b>LIABILITIES</b>			
Derivative financial instruments	14 623	-	14 623
Investment contracts	40 177 057	-	40 177 057
Third-party liabilities arising on consolidation of mutual funds <sup>1</sup>	39 670 804	-	39 670 804
Trade and other payables <sup>1</sup>	2 667 868	1 041 981	1 625 887
Other liabilities <sup>3</sup>	894 552	894 552	-
<b>Total liabilities</b>	<b>83 424 904</b>	<b>1 936 533</b>	<b>81 488 371</b>
<b>Total equity and liabilities</b>	<b>88 161 442</b>	<b>6 673 071</b>	<b>81 488 371</b>

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

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

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

## Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2023

### 5. Segment information (continued)

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

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

	Total IFRS reported R000	Core business R000	Linked investment business and other R000
<b>For the six months ended 31 August 2023</b>			
Revenue from contracts with customers and other operating income <sup>1</sup>	2 597 976	2 610 813	(12 837)
Investment income <sup>2</sup>	177 985	177 985	-
Net fair value gains and losses on financial instruments	4 599	4 599	-
Net income attributable to investment contract holders and third-party liabilities	25 766	-	25 766
Insurance service result	103 484	103 484	-
<b>Total income</b>	<b>2 909 810</b>	<b>2 896 881</b>	<b>12 929</b>
Marketing, administration and other expenses <sup>1</sup>	(442 474)	(446 886)	4 412
Other <sup>3</sup>	(1 713 114)	(1 713 114)	-
<b>Total expenses</b>	<b>(2 155 588)</b>	<b>(2 160 000)</b>	<b>4 412</b>
Total loss from joint ventures	(223)	(223)	-
<b>Profit before finance costs and taxation</b>	<b>753 999</b>	<b>736 658</b>	<b>17 341</b>
Finance costs	(18 119)	(18 119)	-
<b>Profit before taxation</b>	<b>735 880</b>	<b>718 539</b>	<b>17 341</b>
Taxation	(213 779)	(196 438)	(17 341)
<b>Profit for the period</b>	<b>522 101</b>	<b>522 101</b>	<b>-</b>
<b>Attributable to:</b>			
Owners of the parent	482 406	482 406	-
Non-controlling interest	39 695	39 695	-
	<b>522 101</b>	<b>522 101</b>	<b>-</b>

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

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

<sup>3</sup> Other consists of financial advice fees, depreciation and amortisation and employee benefit expenses.

### 5. Segment information (continued)

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

	Total IFRS reported R000	Core business R000	Linked investment business and other R000
<b>For the six months ended 31 August 2022 (Restated)</b>			
Revenue from contracts with customers and other operating income <sup>1</sup>	2 306 046	2 329 626	(23 580)
Investment income <sup>2</sup>	110 398	110 398	-
Net fair value gains and losses on financial instruments	(19 265)	(19 265)	-
Net income attributable to investment contract holders and third-party liabilities	27 545	-	27 545
Insurance service result	101 678	101 678	-
<b>Total income</b>	<b>2 526 402</b>	<b>2 522 437</b>	<b>3 965</b>
Marketing, administration and other expenses <sup>1</sup>	(392 695)	(395 521)	2 826
Other <sup>3</sup>	(1 512 821)	(1 512 821)	-
<b>Total expenses</b>	<b>(1 905 516)</b>	<b>(1 908 342)</b>	<b>2 826</b>
Total profit from joint ventures	128	128	-
<b>Profit before finance costs and taxation</b>	<b>621 014</b>	<b>614 223</b>	<b>6 791</b>
Finance costs	(18 029)	(18 029)	-
<b>Profit before taxation</b>	<b>602 985</b>	<b>596 194</b>	<b>6 791</b>
Taxation	(164 527)	(157 736)	(6 791)
<b>Profit for the period</b>	<b>438 458</b>	<b>438 458</b>	<b>-</b>
<b>Attributable to:</b>			
Owners of the parent	408 677	408 677	-
Non-controlling interest	29 781	29 781	-
	<b>438 458</b>	<b>438 458</b>	<b>-</b>

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

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

<sup>3</sup> Other consists of financial advice fees, depreciation and amortisation and employee benefit expenses.

## Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2023

### 5. Segment information (continued)

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

	Total IFRS reported R000	Core business R000	Linked investment business and other R000
<b>For the year ended 28 February 2023 (Restated)</b>			
Revenue from contracts with customers and other operating income <sup>1</sup>	4 755 104	4 777 403	(22 299)
Investment income <sup>2</sup>	265 025	265 025	-
Net fair value gains and losses on financial instruments	35 664	35 664	-
Net income attributable to investment contract holders and third-party liabilities	52 045	-	52 045
Insurance service result	240 932	240 932	-
<b>Total income</b>	<b>5 348 770</b>	<b>5 319 024</b>	<b>29 746</b>
Marketing, administration and other expenses <sup>1</sup>	(775 647)	(782 061)	6 414
Other <sup>3</sup>	(3 100 258)	(3 100 258)	-
<b>Total expenses</b>	<b>(3 875 905)</b>	<b>(3 882 319)</b>	<b>6 414</b>
Total loss from joint ventures	(145)	(145)	-
<b>Profit before finance costs and taxation</b>	<b>1 472 720</b>	<b>1 436 560</b>	<b>36 160</b>
Finance costs	(36 472)	(36 472)	-
<b>Profit before taxation</b>	<b>1 436 248</b>	<b>1 400 088</b>	<b>36 160</b>
Taxation	(408 202)	(372 042)	(36 160)
<b>Profit for the period</b>	<b>1 028 046</b>	<b>1 028 046</b>	<b>-</b>
<b>Attributable to:</b>			
Owners of the parent	950 772	950 772	-
Non-controlling interest	77 274	77 274	-
	<b>1 028 046</b>	<b>1 028 046</b>	<b>-</b>

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

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

<sup>3</sup> Other consists of financial advice fees, depreciation and amortisation and employee benefit expenses.

### 5. Segment information (continued)

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

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

According to division

	Wealth R000	Asset Management R000	Insure R000	Total R000
<b>For the six months ended 31 August 2023</b>				
Revenue from contracts with customers	1 693 747	394 617	495 196	2 583 560
Other operating income	20 981	651	5 621	27 253
	<b>1 714 728</b>	<b>395 268</b>	<b>500 817</b>	<b>2 610 813</b>

**For the six months ended 31 August 2022 (Restated)**

	Wealth R000	Asset Management R000	Insure R000	Total R000
Revenue from contracts with customers	1 505 091	341 388	456 110	2 302 589
Other operating income	19 552	483	7 002	27 037
	<b>1 524 643</b>	<b>341 871</b>	<b>463 112</b>	<b>2 329 626</b>

**For the year ended 28 February 2023 (Restated)**

	Wealth R000	Asset Management R000	Insure R000	Total R000
Revenue from contracts with customers	3 113 551	775 370	862 411	4 751 332
Other operating income	11 510	(2 237)	16 798	26 071
	<b>3 125 061</b>	<b>773 133</b>	<b>879 209</b>	<b>4 777 403</b>

According to nature of the revenue

	Six months ended 31 Aug 23 R000	Restated Six months ended 31 Aug 22 R000	Restated Year ended 28 Feb 23 R000
<b>Revenue from contracts with customers</b>			
Dealing and structuring (including brokerage)			
- Brokerage <sup>1</sup>	89 462	102 682	191 269
- Offshore brokerage commission <sup>1</sup>	56 037	58 842	108 518
- Other dealing and structuring income <sup>2</sup>	83 349	71 027	160 118
Commission, administration and other fees <sup>3</sup>			
- Commission income <sup>4</sup>	1 049 009	952 938	1 906 774
- Administration fees <sup>4</sup>	356 261	280 488	606 942
- Other fees <sup>5</sup>	29 580	29 149	63 582
Management and performance fees (including rebates) <sup>4,6</sup>	869 964	755 660	1 615 548
Policy administration fees <sup>4,7</sup>	49 898	51 803	98 581
	<b>2 583 560</b>	<b>2 302 589</b>	<b>4 751 332</b>
<b>Other operating income</b>	<b>27 253</b>	<b>27 037</b>	<b>26 071</b>
<b>Revenue from contracts with customers and other operating income</b>	<b>2 610 813</b>	<b>2 329 626</b>	<b>4 777 403</b>

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

<sup>2</sup> The other dealing and structuring income includes R71.9 million (31 Aug 2022: R59.2 million; 28 Feb 2023: R128.3 million) revenue recognised over time, with the balance of this revenue being recognised at a point in time.

<sup>3</sup> Commission, administration and other fees are generated by PSG Wealth and PSG Insure.

<sup>4</sup> This revenue from contracts with customers is recognised over time.

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

<sup>6</sup> Management and performance fees are earned by PSG Asset Management and PSG Wealth.

<sup>7</sup> Policy administration fees are recognised by PSG Insure.

## Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2023

### 5. Segment information (continued)

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

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

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

Included under receivables are broker and clearing accounts at our stockbroking business of which R1 623.7 million (31 Aug 2022: R1 502.8 million; 28 Feb 2023: R1 707.5 million) represents amounts owing by the JSE for trades conducted during the last few days before the end of the period. These balances fluctuate on a daily basis depending on the activity in the market.

The control account for the settlement of these transactions is included under the trade and other payables, with the settlement to the clients taking place within three days after the transaction date.

	Total IFRS reported R000	Core business R000	Client-related balances R000
<b>For the six months ended 31 August 2023</b>			
<b>Cash flows from operating activities</b>	<b>95 639</b>	<b>391 061</b>	<b>(295 422)</b>
Cash (utilised in)/generated by operations	(1 099 915)	451 132	(1 551 047)
Interest received	949 273	173 706	775 567
Dividends received	493 305	4 279	489 026
Finance costs	(18 119)	(18 119)	-
Taxation paid	(227 101)	(219 937)	(7 164)
Policyholder cash movement	(1 804)	-	(1 804)
<b>Cash flows from investing activities</b>	<b>(71 748)</b>	<b>(71 748)</b>	<b>-</b>
<b>Cash flows from financing activities</b>	<b>(546 714)</b>	<b>(546 714)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(522 823)</b>	<b>(227 401)</b>	<b>(295 422)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2 000 943</b>	<b>1 901 836</b>	<b>99 107</b>
<b>Exchange gains on cash and cash equivalents</b>	<b>402</b>	<b>402</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1 478 522</b>	<b>1 674 837</b>	<b>(196 315)</b>

### 5. Segment information (continued)

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

	Total IFRS reported R000	Core business R000	Client-related balances R000
<b>For the six months ended 31 August 2022</b>			
<b>Cash flows from operating activities</b>	<b>825 184</b>	<b>436 944</b>	<b>388 240</b>
Cash (utilised in)/generated by operations	(105 063)	501 283	(606 346)
Interest received	687 135	106 905	580 230
Dividends received	441 013	3 493	437 520
Finance costs	(18 029)	(18 029)	-
Taxation paid	(161 835)	(156 708)	(5 127)
Policyholder cash movement	(18 037)	-	(18 037)
<b>Cash flows from investing activities</b>	<b>(31 814)</b>	<b>(32 022)</b>	<b>208</b>
Acquisition of subsidiaries (including collective investment schemes)	208	-	208
Other <sup>1</sup>	(32 022)	(32 022)	-
<b>Cash flows from financing activities</b>	<b>(553 627)</b>	<b>(553 627)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>239 743</b>	<b>(148 705)</b>	<b>388 448</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1 694 794</b>	<b>1 732 196</b>	<b>(37 402)</b>
<b>Exchange gains on cash and cash equivalents</b>	<b>21 691</b>	<b>21 691</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1 956 228</b>	<b>1 605 182</b>	<b>351 046</b>

<sup>1</sup> Other consists of cash flows relating to the acquisition of intangible assets, purchases of property and equipment, proceeds from disposal of intangible assets and other.

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

<sup>1</sup> Other consists of cash flows relating to the acquisition of intangible assets, purchases of property and equipment, proceeds from disposal of intangible assets and other.

## Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2023

### 6. Investment contracts

Investment contracts are represented by the following financial assets:

	As at 31 Aug 23 R000	As at 31 Aug 22 R000	As at 28 Feb 23 R000
Debt securities	-	328 164	-
Unit-linked investments	38 372 324	32 943 429	36 683 499
Equity securities	3 759 903	3 066 778	3 449 269
Investments in investment contracts	8 950	8 706	9 685
Cash and cash equivalents	32 800	28 891	34 604
	<b>42 173 977</b>	<b>36 375 968</b>	<b>40 177 057</b>

### 7. Notes to the statement of cash flows

#### 7.1 Acquisition of subsidiaries (including collective investment schemes)

For the year ended 28 February 2023

*Collective investment schemes*

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

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

*Details of the net assets acquired are as follows:*

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

### 7. Notes to the statement of cash flows (continued)

#### 7.1 Acquisition of subsidiaries (including collective investment schemes) (continued)

For the year ended 28 February 2023 (continued)

*Other business combinations*

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

**Details of the net assets acquired are as follows:**

	R000
Cash paid	500
Cash due	500
Total purchase consideration	1 000
Less: Fair value of net assets acquired	(1 000)
Goodwill recognised on acquisition	-

The remaining purchase consideration for the transaction was paid during March 2023.

Cash consideration paid	(500)
Cash and cash equivalents acquired	123
Net cash outflow for the year ended 28 February 2023	<b>(377)</b>

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

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

	31 Aug 23 R000	31 Aug 22 R000	28 Feb 23 R000
Treasury shares sold	14 184	23 716	20 692
Loss on settlement of share options in terms of share scheme	(80 586)	(75 738)	(89 454)
Net cash outflow	<b>(66 402)</b>	<b>(52 022)</b>	<b>(68 762)</b>

# Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2023

## 8. Financial risk management

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

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

The condensed consolidated interim financial statements do not include all risk management information and disclosure required in the annual financial statements and should be read in conjunction with the group's annual financial statements as at 28 February 2023.

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

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

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

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

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

Included in the equity securities of R3 797.4 million (31 Aug 2022: R3 101.7 million; 28 Feb 2023: R3 488.0 million) are quoted equity securities of R3 797.1 million (31 Aug 2022: R3 094.8 million; 28 Feb 2023: R3 487.8 million), of which R3 759.9 million (31 Aug 2022: R3 066.8 million; 28 Feb 2023: R3 449.3 million) relates to investments in linked investment contracts. The price risk of these instruments is carried by the policyholders of the linked investment contracts.

Unit-linked investments of R38 372.3 million (31 Aug 2022: R32 943.4 million; 28 Feb 2023: R36 683.5 million) are linked to investment contracts and do not expose the group to price or interest rate risk.

Debt securities linked to policyholder investments amounted to Rnil (31 Aug 2022: R328.2 million; 28 Feb 2023: Rnil) and do not expose the group to interest rate risk. Cash and cash equivalents linked to policyholder investments amounted to R32.8 million (31 Aug 2022: R28.9 million; 28 Feb 2023: R34.6 million) and do not expose the group to interest rate risk.

### Fair value estimation

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

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

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

## 8. Financial risk management (continued)

### Fair value estimation (continued)

The table below analyses financial assets and liabilities, which are carried at fair value, by valuation method. There were no significant changes in the valuation techniques and assumptions applied since 28 February 2023.

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

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

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

	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
<b>As at 31 August 2023</b>				
<b>Financial assets</b>				
Debt securities	790 086	2 902 373	-	3 692 459
Unit-linked investments	-	78 027 759	116 835	78 144 594
Equity securities	3 797 132	-	240	3 797 372
Investment in investment contracts	-	8 950	-	8 950
Derivative financial instruments	-	11 287	-	11 287
	<b>4 587 218</b>	<b>80 950 369</b>	<b>117 075</b>	<b>85 654 662</b>
Own balances	37 229	3 267 949	36 830	3 342 008
Client-related balances	4 549 989	77 682 420	80 245	82 312 654
<b>Financial liabilities</b>				
Derivative financial instruments	-	9 426	-	9 426
Investment contracts	-	42 093 732	80 245	42 173 977
Trade and other payables	-	-	39 830	39 830
Third-party liabilities arising on consolidation of mutual funds	-	40 753 721	-	40 753 721
	<b>-</b>	<b>82 856 879</b>	<b>120 075</b>	<b>82 976 954</b>
Own balances	-	-	39 830	39 830
Client-related balances	-	82 856 879	80 245	82 937 124

## Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2023

### 8. Financial risk management (continued)

#### Fair value estimation (continued)

As at 31 August 2022	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
<b>Financial assets</b>				
Debt securities	1 408 111	2 360 745	-	3 768 856
Unit-linked investments	-	66 629 036	203 671	66 832 707
Equity securities	3 094 750	-	6 931	3 101 681
Investment in investment contracts	-	8 706	-	8 706
Derivative financial instruments	-	12 849	-	12 849
	4 502 861	69 011 336	210 602	73 724 799
Own balances	33 967	2 678 188	26 350	2 738 505
Client-related balances	4 468 894	66 333 148	184 252	70 986 294
<b>Financial liabilities</b>				
Derivative financial instruments	-	14 483	-	14 483
Investment contracts	-	36 191 716	184 252	36 375 968
Trade and other payables	-	-	56 165	56 165
Third-party liabilities arising on consolidation of mutual funds	-	35 352 974	-	35 352 974
	-	71 559 173	240 417	71 799 590
Own balances	-	-	56 165	56 165
Client-related balances	-	71 559 173	184 252	71 743 425
As at 28 February 2023	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
<b>Financial assets</b>				
Debt securities	681 522	2 733 112	-	3 414 634
Unit-linked investments	-	75 061 568	137 375	75 198 943
Equity securities	3 487 779	-	240	3 488 019
Investment in investment contracts	-	9 685	-	9 685
Derivative financial instruments	-	9 637	-	9 637
	4 169 301	77 814 002	137 615	82 120 918
Own balances	38 510	3 096 535	36 832	3 171 877
Client-related balances	4 130 791	74 717 467	100 783	78 949 041
<b>Financial liabilities</b>				
Derivative financial instruments	-	14 623	-	14 623
Investment contracts	-	40 076 274	100 783	40 177 057
Trade and other payables	-	-	47 283	47 283
Third-party liabilities arising on consolidation of mutual funds	-	39 670 804	-	39 670 804
	-	79 761 701	148 066	79 909 767
Own balances	-	-	47 283	47 283
Client-related balances	-	79 761 701	100 783	79 862 484

### 8. Financial risk management (continued)

#### Fair value estimation (continued)

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

	31 Aug 23 R000	31 Aug 22 R000	28 Feb 23 R000
<b>Assets</b>			
Opening carrying value	137 615	215 836	215 836
Additions	13 356	11 960	27 888
Disposals	(36 035)	(23 371)	(128 823)
Gains recognised in profit or loss <sup>1</sup>	2 139	6 177	22 714
Closing carrying value	117 075	210 602	137 615
<b>Liabilities</b>			
Opening carrying value	148 066	247 578	247 578
Additions	53 755	18 772	52 509
Settlements	(83 885)	(31 960)	(171 324)
Acquisition of subsidiaries (refer to note 7.1)	-	-	500
Losses recognised in profit or loss <sup>1</sup>	2 139	6 027	18 803
Closing carrying value	120 075	240 417	148 066

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

Unit-linked investments represent the largest portion of the level 3 financial assets and relate to units held in hedge funds and are priced monthly. The prices are obtained from the asset managers of the particular hedge funds. These are held to match investment contract liabilities, and as such any change in measurement would result in a similar adjustment to investment contract liabilities. Therefore, the group's overall profit or loss is not materially sensitive to the input of the models applied to derive fair value.

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

## Notes to the condensed consolidated interim financial statements

for the six months ended 31 August 2023

### 9. Related-party transactions

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

### 10. Events after the reporting date

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

### 11. Adoption of new accounting standards

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

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

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

## Corporate information

### Non-executive directors

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

<sup>^</sup> Lead independent

<sup>\*</sup> Independent

<sup>\*\*</sup> Appointed to the board with effect from 14 July 2023, subject to Prudential Authority approval

### Executive directors

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

### Registered name

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

### Company secretary

PSG Management Services Proprietary Limited

### PSG Financial Services head office and registered office

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

### Postal address

PO Box 3335  
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  
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