PSG GROUP LIMITED

ANNUAL REPORT 2021

CONTENTS

OUR GROUP STRUCTURE

as at 28 February 2021

PSG GROUP LIMITED

MARKET CAPITALISATION:

R14bn

PSG FINANCIAL SERVICES

MARKET VALUE OF JSE-LISTED PERPETUAL PREFERENCE SHARES IN ISSUE:

R1,1bn

JSE-LISTED INVESTMENTS INCLUDE

61,2%	**60%**	**48,6%**	**1,4%***
PSG Konsult	CURRO	ZEDER INVESTMENTS LIMITED	CAPITEC BANK
INDUSTRY: WEALTH MANAGEMENT, ASSET MANAGEMENT AND INSURANCE	**INDUSTRY:** PRIVATE BASIC EDUCATION	**INDUSTRY:** INVESTMENTS IN FOOD AND RELATED BUSINESS	**INDUSTRY:** BANKING
MARKET CAPITALISATION: R12bn	**MARKET CAPITALISATION:** R6bn	**MARKET CAPITALISATION:** R4bn	**MARKET CAPITALISATION:** R155bn

UNLISTED INVESTMENTS INCLUDE

98,3%	**49%**	**100%**	**100%**
PSG alpha	DIPEO CAPITAL	PSG CAPITAL	PSG Corporate Services
INDUSTRY: PORTFOLIO OF MAINLY EARLY-STAGE INVESTMENTS IN SELECT GROWTH SECTORS	**INDUSTRY:** BLACK ECONOMIC EMPOWERMENT INVESTMENT HOLDING COMPANY	**INDUSTRY:** CORPORATE FINANCE	**INDUSTRY:** INVESTMENT MANAGEMENT AND TREASURY SERVICES
SUM-OF-THE-PARTS VALUE: R4bn			

* Disposed of subsequent to year-end.

OUR LEADERSHIP

The board of directors is the ultimate custodian of shareholder funds, with a responsibility to invest it wisely to deliver on PSG Group's stated objective of long-term value creation for shareholders.

The boards of directors of PSG Group and PSG Financial Services are identical and contain the appropriate mix of knowledge, skills, experience and independence.

EXECUTIVES

PJ (Piet) Mouton (44)[1, 2]
BCom (Mathematics)
Appointed 16 February 2009
PSG Group CEO

Other directorships include PSG Konsult, Curro, Zeder, Capitec, PSG Alpha, Energy Partners and Evergreen (all being PSG Group investees)

WL (Wynand) Greeff (51)[1]
BCompt (Hons), CA(SA)
Appointed 13 October 2008
PSG Group CFO

Other directorships include Zeder and PSG Alpha (both being PSG Group investees)

JA (Johan) Holtzhausen (50)[1]
Bluris, LLB, HDip Tax
Appointed 13 May 2010
PSG Capital CEO

Other directorships include PSG Alpha and CA&S (both being PSG Group investees)

NON-EXECUTIVES

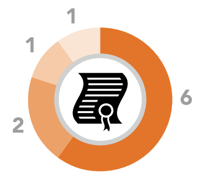
FJ (Francois) Gouws (56)
BAcc, CA(SA)
Appointed 25 February 2013
PSG Konsult CEO

Other non-executive directorships include the Savings and Investment Association of South Africa (ASISA)

JJ (Jan) Mouton (46)
BAcc (Hons), CA(SA), MPhil (Cantab)
Appointed 18 April 2005
Investment professional

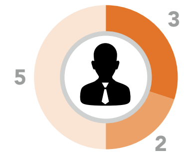
OUR DIRECTORS IN CONTEXT

EDUCATIONAL EXPERTISE



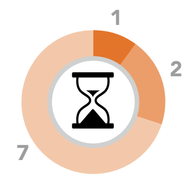
ACCOUNTING
LAW
MATHEMATICS
PUBLIC RELATIONS

DIRECTOR CAPACITY



EXECUTIVE
NON-EXECUTIVE
INDEPENDENT NON-EXECUTIVE

LENGTH OF SERVICE



< 5 YEARS
5 – 10 YEARS
> 10 YEARS

INDEPENDENT NON-EXECUTIVES

PE (Patrick) Burton (68)[2, 3, 4, 5, 6]
BCom (Hons), PG Dip Tax
Appointed 19 March 2001
Director of companies

Other non-executive directorships include PSG Konsult and Randgold & Exploration

ZL (KK) Combi (69)[2, 4, 5]
Diploma in Public Relations
Appointed 14 July 2008
Director of companies and PSG Group Chairman

Other non-executive directorships include PSG Konsult

AM (Modi) Hlobo (45)[3]
BCompt (Hons), CA(SA), MCom (Finance)
Appointed 11 April 2019
Senior lecturer and director of companies

Other non-executive directorships include Acsion

B (Bridgitte) Mathews (51)[3]
BCom (Hons), CA(SA), HDip Tax
Appointed 3 May 2016
Consultant and director of companies

Other non-executive directorships include Metair and Redefine Properties

CA (Chris) Otto (71)[3, 4, 5]
BCom LLB
Appointed 25 November 1995
Director of companies

Other non-executive directorships include Capitec, Kaap Agri and Distell

1 Member of executive committee
2 Member of social and ethics committee
3 Member of audit and risk committee
4 Member of remuneration committee
5 Member of nomination committee
6 Lead independent director

LETTER TO SHAREHOLDERS

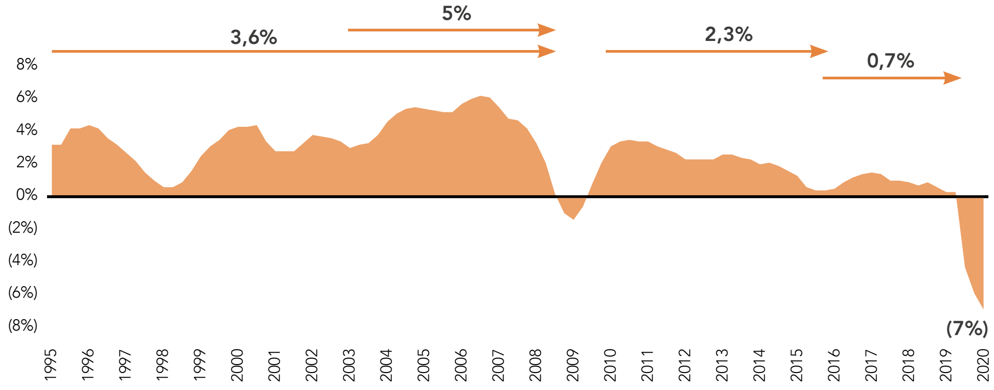
Dear Shareholder,

The past year has been characterised by the Covid-19 pandemic and its devastating effects on our economy and the livelihood of our people.

Against this backdrop, PSG Group Ltd ("PSG" or "the company") celebrated its 25th birthday in November 2020, which understandably was a muted affair. The pandemic and associated lockdown measures wreaked havoc not only in South Africa, but across the globe. While being in the middle of a crisis, it is always difficult to remain optimistic. This is no different to the feeling most people experienced during the Global Financial Crisis in 2008, and yet certain sectors in most countries recovered fairly quickly. At the time of writing this letter, we have seen a recovery in several sectors in South Africa, although many industries remain severely compromised with tourism and hospitality in particular suffering due to the ongoing travel bans to and from South Africa.

THE SOUTH AFRICAN ECONOMY

Annual GDP growth



Above graph reflects the annual GDP growth since PSG was started in 1995, which can be split into the following distinct periods:

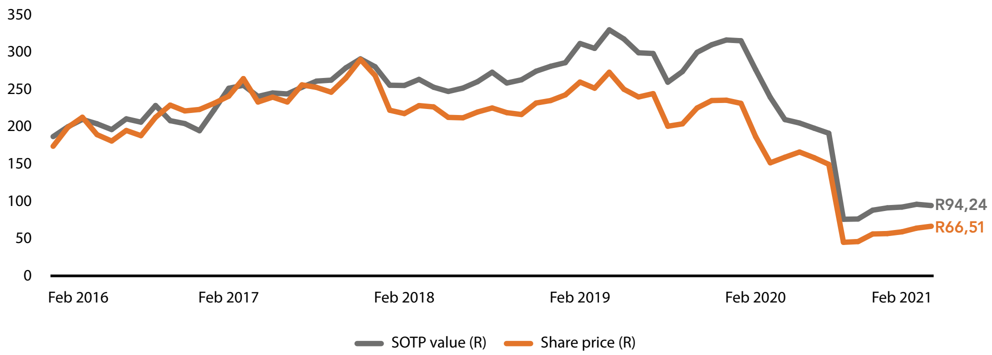
- Up until the Global Financial Crisis in 2008, South Africa's average GDP growth was 3,6% per annum, while there was a golden period from say 2004 to 2008 when GDP growth averaged 5% per annum;
- Post the Global Financial Crisis, South Africa entered an era characterised by widespread corruption and state capture, which saw economic growth slowing to approximately 2,3% per annum, with it decreasing to a mere 0,7% per annum from 2016 onwards;
- In 2020, GDP contracted by 7% pursuant to the Covid-19 pandemic.

It has clearly been a tough operating environment in South Africa the last five years with hardly any economic growth. One can complain about the macro environment, but in reality there is very little one can do about it. Instead, we choose to remain focused on building our businesses and outperforming the competition while contributing to the economy and the country as a whole. The fact that we are predominantly South Africa-focused has served us well – it allowed our management teams to focus on their core markets and to be more agile to adapt to changing circumstances, while many other South African companies that invested offshore suffered the consequences of being too far removed from their business. Although trading conditions have been far from ideal, we must be brutally honest and admit to having scored a few own goals with some early-stage investments, albeit small, which are still not performing to our expectation. We have largely addressed these issues and look forward to a better contribution from the relevant companies in the foreseeable future.

SUM-OF-THE-PARTS ("SOTP") VALUE AND THE CAPITEC UNBUNDLING

One of PSG's most prevalent challenges is the discount at which the company's share price continues to trade to its *SOTP value* –

PSG Group share price vs SOTP value per share over the past five years



Since we started tracking PSG's *SOTP value*, for the most part it traded close to its *SOTP value* per share and even at a premium thereto from time to time. The discount predicament became more evident when PSG's second largest shareholder had to sell its approximately 25% interest for liquidity purposes.

Shortly thereafter, Viceroy launched an unwarranted attack to discredit Capitec, with PSG's share price tumbling along with that of Capitec. Having demonstrated to the investor community that the Viceroy attack was without merit, Capitec's share price recovered – however, PSG's share price discount largely remained at the 25-30% levels, mainly attributable to PSG's investment portfolio being overweight in Capitec. This was further exacerbated by Capitec, our largest investment by some margin, continuing to outperform the remainder of PSG's portfolio. Curro in particular was finding the operating environment difficult (even so in the two years preceding the Covid-19 pandemic) with increasing bad debts and a significant increase in school leavers, mainly due to affordability challenges pursuant to the consumer being under pressure. With investor expectations not being met, Curro's share price declined significantly from more than R50 per share in December 2017 to a low of ~R5 per share in March 2020. As a result, PSG essentially became a proxy for Capitec and often traded below the value of its holding in Capitec alone. It became evident that it was going to be very difficult to rebalance the portfolio and more drastic action was required. On top of it and as comprehensively discussed in last year's *Letter to Shareholders*, PSG was facing a significant administrative and regulatory compliance burden should it be classified as belonging to a financial conglomerate by the Prudential Authority because of its shareholding in Capitec, which would ultimately impact on its ability to operate as a dynamic and nimble investment holding company.

PSG has always stated that our main objective is to create wealth for shareholders on a *per share* basis. We as management are therefore not striving to build the largest company, but rather to maximize returns for our shareholders on a *per share* basis. Although there certainly are benefits to being a larger company, it does not take precedence over maximising shareholder wealth. Size makes it easier to raise debt and it allows for building businesses through early-stage investing in accordance with our investment philosophy. Being an anchor shareholder to our investees, allows them to focus on their business instead of spending wasteful time on ever-increasing red tape. The significant discount at which PSG continued to trade at, coupled with the potential administration and compliance burden associated with regulatory supervision, necessitated more drastic action from a value-unlocking perspective. A decision such as the unbundling of Capitec may have appeared simple from the outside; however, in reality it was extremely complicated as there were a myriad of variables requiring consideration other than regulatory requirements, especially as the Covid-19 pandemic then expanded to South Africa.

Following months of assessment and deliberations, the PSG board came to the decision to unbundle an effective 26,4% interest in Capitec, with each PSG shareholder receiving 14 Capitec shares for every 100 PSG shares held in August 2020. **In the process, we unlocked significant value of more than R12bn or R59 per PSG share for shareholders** based on the share prices as at the end of February 2020 – holding true to our core objective of creating value for shareholders on a per share basis. Had PSG shareholders retained their unbundled Capitec shares, the value-unlock approximated R16bn or R75 per PSG share at the time of writing this letter. The theoretical combined PSG share price of R312 (i.e. PSG's ruling ex-Capitec share price plus the unbundling ratio of 0,14 applied to the ruling Capitec share price) marked a record high.

The table below details the changes in our *SOTP value*:

Asset/(liability)	28 Feb 2010 Rm	29 Feb 2020 Rm	**28 Feb 2021 Rm**	*Share of total*
PSG Konsult*	948	6 399	**7 282**	*35%*
Curro*		2 604	**3 588**	*17%*
Capitec*	2 367	46 130	**2 190**	*10%*
Zeder*	742	3 173	**1 983**	*9%*
PSG Alpha (2010: Paladin Capital incl. Curro)	834	3 618	**3 842**	*18%*
CA&S**		1 130	**1 126**	
Evergreen^		975	**869**	
Stadio*		662	**865**	
Energy Partners^		118	**305**	
Optimi^		305	**296**	
Other investments^	834	499	**446**	
Less: Minority shareholding held by PSG Alpha management		(71)	**(65)**	
Dipeo^				
Other net assets	761	879	**2 020**	*11%*
Cash^^	(23)	187	**1 646**	
Pref investments and loans receivable^^	284	542	**733**	
PSG Corporate^	361			
Other^^+	139	150	**(359)**	
Total assets	5 652	62 803	**20 905**	*100%*
Perpetual pref funding*	(541)	(1 463)	**(1 132)**	
Other debt^^	(539)	(1 020)		
Total SOTP value	4 572	60 320	**19 773**	
Shares in issue *(net of treasury shares)* (m)	171,9	218,2	**209,8**	
SOTP value per share (R)	26,60	276,43	**94,24**	
Share price (R)	22,05	186,60	**66,51**	

** Listed on the Johannesburg Stock Exchange ("JSE")   ** Listed on the Botswana Stock Exchange ("BSE") and 4 Africa Exchange ("4AX")*
^ Internal valuation   ^^ Carrying value
+ The 28 Feb 2021 balance includes a capital gains tax provision in respect of the retained Capitec interest disposed of subsequent to year-end.
Note: PSG's live SOTP containing further information is available at www.psggroup.co.za

We highlight the 2010 *SOTP* as the current executive team has effectively been in charge of PSG since 2010. *total return index ("TRI")* is calculated by taking cognisance of share price appreciation, dividends, and other distributions. The growth in PSG's *TRI* over the past 11 years until 28 February 2021 was 28,6% per annum.

Despite the significant value-unlock pursuant to the Capitec unbundling and PSG having repurchased 3,8% of its shares in issue during the past financial year, PSG unfortunately still finds itself trading at a sizeable discount of around 30% to its *SOTP value*. This is far from ideal and management continues to investigate various alternatives to help reduce the discount. However, it is obvious that the market determines PSG's share price and ultimately the discount. PSG is also not in a unique position seeing that virtually all investment holding companies are trading at significant discounts to their underlying value.

Listed below are the primary reasons why we believe investment holding companies are trading at such substantial discounts, as well as our thoughts thereon –

Permanent capital:
Unit trust investors can exit their investment at any time at the ruling *SOTP value*. Private equity funds have a finite investment horizon (typically ranging between 8-12 years), whereafter the fund is liquidated and the investment repaid to the investor. However, in the case of investment holding companies, investors are locked in as they can only exit at the ruling share price, which may trade at a discount.

Our response
PSG is a long-term investor – not a permanent investor. Being a long-term investor allows for flexibility in our investment approach as one is not subject to prudential limits and can accordingly hold on to your winners. Furthermore, it also allows for investment in early-stage businesses which requires a longer timeframe to establish and come to fruition. PSG has clearly demonstrated its ability to create value for shareholders by investing in and helping to grow early-stage investments into successful businesses, and to sell/distribute investments when opportune.

Fee/cost structures:
The investor community often argues that because investment holding companies have permanent capital, they are not incentivised to grow on a *per share* basis or on a *TRI* basis. Instead, they focus on growing their asset base, especially if they charge fees based on total assets which will likely translate into greater remuneration for management. Again, investors argue that, because investment holding companies have permanent capital, such fees are earned in perpetuity.

Our response
PSG does not charge investors a fee to manage its underlying assets. Our head office costs to manage PSG and PSG Alpha's investments (post the Capitec unbundling) constituted approximately 0,36% of PSG's *SOTP value* or 0,51% of its market capitalisation as at 28 February 2021 – which are considered reasonable when compared to the fund management industry which generally charges fees well in excess of 1% of assets under management.

Poor investment decisions by investment holding companies:
Although this does not apply to all investment holding companies, the reality is that some investment holding companies have made poor investment decisions in recent years – with the effect thereof perpetuated by the challenging trading conditions. Some of such poor decision-making could well have been as a result of certain investment holding companies electing to re-invest substantial levels of cash instead of returning it to shareholders, whereby the asset base and related fee income would have reduced accordingly. This in some instances contributed to poor investment decision-making which unfortunately had a negative impact on the market rating of investment holding companies in general.

Our response
Unlike some investment holding companies, PSG does not earn management fees based on total assets. PSG accordingly did not shy away from doing what is best for shareholders by unbundling its most successful investment being Capitec, thereby unlocking significant value for shareholders, albeit that it reduced the size of PSG's investment portfolio substantially. Although we have also made our fair share of poor investment decisions, by and large our investment portfolio (excluding Capitec) has consistently outperformed the JSE All Share Index, having delivered approximately 15% per annum since February 2010.

Too many listed entry points:
In the case of investment holding companies that have significant listed investments, investors do not have to invest into the investment holding company to gain exposure to the underlying listed investments. Instead, they can simply construct their own portfolio according to their preferred weighting based on their assessment of value by investing in the listed investments directly.

Our response
This is a legacy issue for PSG with most of its major investments being listed on the JSE. It would, however, be very difficult to address in the short term as taking any of the listed investments private would require significant capital. Should investors opt to invest directly into PSG's underlying listed investments, they will not get exposure to the optionality underlying its portfolio of high-growth potential unlisted investments – however, their counter argument could well be that such weighting is relatively small compared to the size of PSG's total *SOTP* assets (approximately 9%).

Tax legislation pertaining to investment holding companies:
The investment holding company tax trap:

		R
Capital invested		**100,00**
Investment via holding company		
Growth	50,0%	50,00
Less: capital gains tax ("CGT")	22,4%	(11,20)
Sub-total		38,80
Less: dividend withholding tax ("DWT")	20,0%	(7,76)
Growth (net of CGT and DWT)		**31,04**
Investment in own name		
Growth	50,0%	50,00
Less: CGT at maximum effective rate	18,0%	(9,00)
Growth (net of CGT)		**41,00**
Improvement when invested in own name		**32,1%**

Above is a simple calculation illustrating the tax effects of holding an investment directly as opposed to holding it through an investment holding company. Holding it directly results in a 32,1% higher return upon disposal of such investment owing to the negative tax consequences emanating from investment holding company structures (with the company attracting higher CGT on disposal and the distribution of the after-tax gains being subject to DWT). However, this calculation ignores, for example, the value-add investment services provided by investment holding companies and that individuals cannot access its private investments directly.

Changes to tax legislation pertaining to unbundlings:
Most investment holding companies used to argue that it was not necessary to provide for CGT in its *SOTP value* calculations as one could unbundle listed investments in terms of the rollover tax relief provisions in the Income Tax Act without the unbundling company incurring any tax liability. However, during 2020 certain amendments were made to the provisions of such rollover tax relief provisions whereby it would in certain circumstances no longer apply to unbundling transactions entered into on or after 28 October 2020 insofar it relates to specific shareholders (i.e. so-called *disqualified persons*). Based on PSG's current shareholding and our understanding, only the PIC would be regarded as a *disqualified person* for such purpose. However, any potential tax liability (if any) relating to such *disqualified-person* shareholder(s), remains difficult to determine at present as it will depend on the specifics at such time in future.

THE PAST YEAR IN ACTION

At the time of writing last year's *Letter to Shareholders*, the Covid-19 pandemic was already raging unabated and the Capitec unbundling had just been announced. We correctly anticipated that PSG might continue to trade at a sizable discount to its *SOTP value*, which would effectively close the equity markets for capital raisings. Furthermore, with our asset base reducing significantly pursuant to the Capitec unbundling, our debt raising capacity would be extremely limited. It was evident that PSG would be a significantly different and smaller business going forward, and accordingly we directed our immediate focus to maintain a healthy liquidity position to –

- Reduce PSG's term debt and remain in a position to service the bi-annual dividend payable in respect of the perpetual prefs;
- Continue supporting our key investments if required for existing operations and/or bolt-on acquisition opportunities; and
- Potentially make new investments which fit our investment philosophy and show promise to flourish in the emerging new economy post Covid-19.

We believe that we have largely achieved our goals:

- PSG's cash position was bolstered significantly by the following transactions during the financial year ended February 2021 –
  - PSG received a special dividend of R1,7bn cash pursuant to Zeder's disposal of its investment in Pioneer Foods to PepsiCo; and
  - Of the 4,3% Capitec interest representing 4,9m shares retained by PSG, 3,3m shares were sold for R2,9bn cash net of costs and CGT paid.
- This enabled PSG to –
  - Early-settle its only remaining term debt comprising redeemable pref shares amounting to R1bn;
  - Invest a further R1,05bn in Curro's non-renounceable rights issue at R8,07 per share, thereby increasing PSG's interest in Curro from 55% to 60%, having underwritten R1,15bn of the R1,5bn raised;
  - Repurchase 8,4m shares (or 3,8% of PSG's total number of shares in issue, net of treasury shares) at an average price of R54,73 per share for a total consideration of R459m, thereby taking advantage of the discount which PSG trades at – a strategy which is always available, subject to the discount and circumstances at the time; and
  - Invest an additional R156m in Energy Partners to help fund the growth in its investment book.
- PSG revisited the strategic objectives of its investee companies and assessed how they might possibly be affected by the severe downturn in the economy following the Covid-19 lockdown. Although it was not possible to accurately predict the extent of the damage to the economy, PSG performed various scenario analyses to stress test its investee companies' resilience to ensure they were sufficiently capitalised to weather the Covid-19 storm. Obviously, a significant third wave (and any subsequent waves) could have a detrimental effect on the economy and our investments, but we firmly believe we are better prepared with a more thorough understanding of the "new" operating environment. We hope that government will also play its part to responsibly combat the pandemic with due consideration to the potential economic fallout associated with poorly justified lockdown restrictions.
- Numerous of our investees are considering investment opportunities, which will likely require capital from our side.
- We have, however, not been actively looking for new investment opportunities at group level (although we have encouraged our investee companies to explore opportunities available in the market) as our focus was primarily directed to the effects of the Covid-19 pandemic and associated lockdowns on our existing portfolio, and we believed it would be unwise to pursue significant new investments with there being so much uncertainty.

REPURCHASE OF PSG FINANCIAL SERVICES PERPETUAL PREF SHARES ("PSL PREFS")

After year-end, we announced that we intend to repurchase all the JSE-listed PSL prefs for a total cash consideration of approximately R1,5bn.

We issued the first tranche of PSL prefs in 2004. Since then, both the issuers and holders of such perpetual prefs have gained a much better understanding of this instrument. Changes in tax legislation such as the transition from secondary tax on companies ("STC") to a DWT regime, including the subsequent increase in the DWT rate, have had a significant negative impact on perpetual pref investors with them being worse off by approximately 11% as a result. Furthermore, perpetual prefs appear to be priced as mezzanine/subordinated debt with such prefs on average trading at 136% of prime after tax (i.e. 188% of prime pre tax).

From a PSG perspective, we can refinance the perpetual prefs by introducing debt at significantly lower rates of say 65% – 75% of prime, if required. As such, we have resolved to make an offer to repurchase and delist all the PSL prefs in issue by way of a scheme of arrangement for an aggregate cash consideration of R81 per share plus an amount equal to the preference dividend that would have been calculated on the preference share up to the scheme record date that has not been declared and paid. Our offer represents a premium of approximately 23% to the clean PSL pref price of R65,88 as at the close of business on 8 April 2021 and will afford PSL pref shareholders the opportunity to reinvest such proceeds into other listed perpetual prefs generally yielding a similar rate of return to the PSL prefs (calculated prior to the announcement of our offer), thereby effectively achieving an increase in yield.

Subject to the required approvals being obtained, we expect to finalise this transaction during August 2021.

REVIEW OF OUR UNDERLYING INVESTMENTS

Zeder

Zeder undertook significant corporate action during the financial year under review –

- It disposed of its shareholdings in Pioneer Foods and Quantum Foods for R6,4bn and R308m cash, respectively; and
- It utilised most of such cash proceeds to i) repay all its term debt amounting to R1,5bn, ii) repurchase R426m of Zeder shares, also taking advantage of the discount at which the company trades relative to its *SOTP value* and iii) pay a significant special dividend of R3,9bn during April 2020.

Zeder's investees performed admirably during the past financial year aided by favourable agricultural conditions and having been largely able to continue operating as providers of essential services/goods, despite the Covid-19-induced lockdowns.

After year-end, Zeder published a cautionary announcement stating that it had been approached by numerous parties interested to potentially acquire some of its assets. Zeder management advised that they are reviewing and engaging with such parties and will revert to the market if there is meaningful progress in this regard. In the meanwhile, Zeder will continue to focus on growing the respective underlying businesses.

PSG Konsult

PSG Konsult is an independent advice-led financial services business employing approximately 932 advisors. Its operating model and organic growth strategy continued to prove its resilience with PSG Konsult having reported a 10% increase in *recurring headline earnings* per share totaling R703m for the financial year under review – a noteworthy achievement considering the negative impact that Covid-19 had on the financial sector. The *PSG Wealth* and *PSG Insure* divisions delivered strong growth, while *PSG Asset Management* was adversely impacted by challenging market conditions during the past year. PSG Konsult's total assets under management of R268bn as at the end of February 2021 and its healthy short-term insurance book continue to provide it with strong annuity income.

Curro

Although Curro's business was severely impacted by Covid-19 in the past year due to higher bad debts, fee discounts and the loss of learners in particularly the pre-school business, its digital preparedness proved top-notch. Curro remains committed to making quality education more accessible to learners in southern Africa and accordingly launched Curro Online in 2020, an online school already serving more than 600 learners from Grades 4 to 10. The digital adaptation by learners, teachers and parents will enable Curro to introduce invaluable digital innovation significantly faster than what was previously envisaged. Curro is suitably positioned for future growth with 66 153 learners enrolled for the 2021 year as at the end of February 2021, representing a 9% increase compared to the average learners in 2020.

Stadio

Stadio saw a 10% increase to just over 35 000 students for its financial year ended December 2020. Stadio's digital preparedness also served them well, contributing to their 31% increase in *core headline earnings* per share. In late 2020, it merged four of its underlying brands into a single brand, Stadio. Following the merger, it operates three accredited higher education businesses, namely Stadio, Milpark Education and AFDA. As in previous years, Stadio continued to increase their product offering with the accreditation of new degrees and courses.

CA&S

After experiencing a challenging first half last year because of, inter alia, the Covid-19-induced prohibition of alcohol sales and limitations on the cross border movement of goods, CA&S did well to recover in the second half of the year to marginally increase *headline earnings* per share for their financial year ended December 2020.

Evergreen

During the past year, Evergreen's focus was largely to help protect their retiree clients from the coronavirus. As a result, Evergreen slowed down certain development projects with unit sales lagging pre-Covid-19 targets due to a depressed residential property market and stringent health safety protocols limiting marketing activities as fewer prospective clients were allowed on-site for viewing purposes. From a valuation perspective, Evergreen decreased the average value of their villages by approximately 5% in the past year.

Energy Partners

The new Energy Partners management team has made good progress to address significant legacy managerial and operational issues. They have refocused the business into four core divisions and either closed or sold non-core businesses. In addition, shareholders recapitalized the business with a further R200m together with a simplification of its capital structure. We believe we can now look forward to growth as the business is well positioned to take advantage of the deregulation of the energy sector. Energy Partners' asset book increased by R130m to R430m during the year under review, and its work-in-progress of R85m and healthy pipeline of prospective assets hold promise.

Optimi

Optimi's business is focused on reducing the cost of education through digital delivery. They now service over 200 000 learners per annum through various channels. Covid-19 to some extent appears to have been a catalyst for future growth as Optimi's product offering is now widely accepted being well suited to a more digital future. Optimi achieved a 44% increase in *recurring earnings* for its financial year ended December 2020.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

ESG is at the core of what we do. Our investments contribute positively to the economy and society at large as they employ people and pay significant tax, be it corporate tax, VAT, personal income tax, customs and excise duties, etc. All our investments operate in a socially responsible manner and often in industries doing good. Curro, Stadio and Optimi assist the government to educate South Africans, while former president Nelson Mandela's words ring true – "*education is the most powerful weapon which you can use to change the world*". Energy Partners is actively involved in generating green energy and in implementing energy-reducing solutions. Zeder invests in agriculture to help ensure food security and the industry is a key provider of employment to our country. Evergreen has a vision to change the retirement landscape in South Africa by providing beautiful accommodation and world class facilities and services to all its residents. This is becoming increasingly important in the context of a global ageing population.

We have been asked many times whether it is moral to operate education businesses with a profit motive. South Africa's annual basic education budget is around R265bn serving approximately 12m learners, thereby implying an annual spend of R22 000 per learner. However, for many reasons South Africa's education system is significantly lagging the rest of the world and the throughput of learners from Grade 1 to Matric is far below what is considered reasonable. Non-profit private schools are admirable and serve a purpose, but are largely built by a specific community to serve it alone, and hardly ever build further schools. They are inevitably expensive as they have no scale benefits and are often not cost conscious. On the contrary, for-profit schools are funded by third parties requiring a return on their investment, and such schools are therefore incentivised to expand their footprint in order to reap the benefits of scale. Curro has grown from a single school in Durbanville to 178 schools country-wide, thereby significantly alleviating the education burden on government. Furthermore, it does not exclusively build schools serving the higher LSM brackets, but constantly drives to reduce the cost of education to make it more accessible to the less fortunate. As an example, its Delft Digi-Ed school charges R20 500 per annum for a high school learner, which is below the average government spend of R22 000 on each learner – this while Curro must provide shareholders with a return whereas government operates at breakeven. It is evident that Curro has invested significant capital to make a substantial contribution to society by educating the South African youth. In conclusion, providing a service to meet one of the most basic and essential needs, certainly can never be immoral – irrespective of having a profit motive or not.

Please refer to PSG's *ESG Report* on page 30 for further details of the group's corporate social initiatives.

PROSPECTS

Despite obvious challenges, PSG believes its investment portfolio is suitably positioned to capitalise on an improvement in trading conditions. Although PSG continues to trade at a sizeable discount to its *SOTP value* per share, PSG remains focused on its objective to create wealth for shareholders on a *per share* basis by growing its underlying investments and pursuing value-unlocking initiatives to the extent possible.

A WORD OF THANKS

A sincere thank you to all employees and the various management teams throughout our group for the way in which they adapted and rose to the challenges brought about by the Covid-19 pandemic. Your prompt response and dedication were inspirational.

Thank you to our clients and customers for your continued support. We remain committed to constantly improving our products and services.

We would like to thank our board for their wisdom and guidance – our decision to unbundle Capitec marked the most significant corporate action in PSG's history, and that amidst trying circumstances.

Lastly, we would like to thank our loyal shareholders. It was a challenging but successful year, and we hope to continue delivering satisfactory returns for you in future.

KK Combi	**Piet Mouton**	**Wynand Greeff**	**Johan Holtzhausen**
Chairman	CEO	CFO	Executive

Stellenbosch
28 May 2021

REVIEW OF OPERATIONS

WHO WE ARE

PSG Group Ltd ("PSG" or "the company" or "the group") is an investment holding company consisting of underlying investments that operate across a diverse range of industries, which include financial services, education, banking and food and related business, as well as early-stage investments in select growth sectors. PSG's market capitalisation (net of treasury shares and following the Capitec unbundling) was approximately R14bn as at 28 February 2021.

There were seven main business units on which we reported at year-end, namely:

- PSG Konsult (wealth management, asset management and insurance);
- Curro (private basic education);
- Capitec (banking);
- Zeder (investments in food and related business);
- PSG Alpha (early-stage investments in select growth sectors);
- Dipeo (BEE investment holding company); and
- PSG Corporate (head office investment management and treasury services), including PSG Capital (corporate finance).

OUR OBJECTIVE

Our economic objective remains to create long-term wealth for our shareholders through capital appreciation, investment income or both, and accordingly the key benchmark used by PSG to measure performance is its *sum-of-the-parts ("SOTP") value* per share. To achieve this, we have invested in a diversified portfolio of businesses with attractive growth potential that should yield above-market returns over time, while contributing positively to society.

BENCHMARKING OUR PERFORMANCE

We believe that performance should be measured in terms of the return that an investor receives over time, with a focus on *per share* wealth creation. When evaluating PSG's performance over the long term, one should focus on the *total return index ("TRI")* as a measurement tool. The *TRI* is calculated by taking cognisance of share price appreciation, dividends and other distributions. This is a sound measure of wealth creation and a reliable means of benchmarking different companies.

PSG's *compound annual growth rate ("CAGR")* of its *TRI* as at 28 February 2021 was 39% p.a. over the approximately 25-year period since establishment. Had you purchased R100 000 worth of PSG shares in November 1995 and reinvested all your distributions (including cash and *in specie* dividends such as the unbundled Capitec shares) into PSG, your investment would be worth around R397m as at 28 February 2021. The same investment in the JSE All Share Index over this period would be worth only R2,6m. We are proud of the wealth we have created for our shareholders.

OUR PERFORMANCE OVER THE PAST FINANCIAL YEAR

The calculation of PSG's *SOTP value* requires limited subjectivity as more than 83% of the 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 2021, the *SOTP value* per PSG share was R94,24, representing a decrease of 0,2% when compared to the R94,44 per share as at 29 February 2020 if the unbundled Capitec shares are excluded from PSG's *SOTP value* at such date for comparative purposes.

Asset/(liability)	28 Feb 2019 Rm	29 Feb 2020 Rm	**28 Feb 2021 Rm**	*Share of total*
PSG Konsult*	8 700	6 399	**7 282**	*35%*
Curro*	5 714	2 604	**3 588**	*17%*
Capitec*	46 351	46 130	**2 190**	*10%*
Zeder*	3 166	3 173	**1 983**	*9%*
PSG Alpha	4 712	3 618	**3 842**	*18%*
CA&S**	1 075	1 130	**1 126**	
Evergreen^	832	975	**869**	
Stadio*	1 277	662	**865**	
Energy Partners^	572	118	**305**	
Optimi^	447	305	**296**	
Other investments^	599	499	**446**	
Less: Minority shareholding held by PSG Alpha management	(90)	(71)	**(65)**	
Dipeo^				
Other net assets	1 702	879	**2 020**	*11%*
Cash^^	323	187	**1 646**	
Pref investments and loans receivable^^	1 297	542	**733**	
Other^^+	82	150	**(359)**	
Total assets	70 345	62 803	**20 905**	*100%*
Perpetual pref funding*	(1 367)	(1 463)	**(1 132)**	
Other debt^^	(1 020)	(1 020)		
Total SOTP value	67 958	60 320	**19 773**	
Shares in issue *(net of treasury shares)* (m)	218,2	218,2	**209,8**	
SOTP value per share (R)	311,45	276,43	**94,24**	
SOTP value per share excluding unbundled Capitec shares (R)	128,57	94,44	**94,24**	
Share price (R)	259,78	186,60	**66,51**	

** Listed on the Johannesburg Stock Exchange ("JSE") ** Listed on the Botswana Stock Exchange ("BSE") and 4 Africa Exchange ("4AX")*
^ Internal valuation ^^ Carrying value
+ The 28 Feb 2021 balance includes a capital gains tax provision in respect of the retained Capitec interest disposed of subsequent to year-end.
Note: PSG's live SOTP containing further information is available at www.psggroup.co.za

CHANGE IN INVESTMENT ENTITY STATUS AND EARNINGS

International Financial Reporting Standards ("IFRS") require that an entity reassess whether it is an *investment entity* if facts or circumstances indicate changes to one or more of the elements making up the definition of an *investment entity* or the typical characteristics of an *investment entity*.

Whilst PSG's focus on value creation for its shareholders has not changed, the major corporate action comprising the Capitec unbundling referred to below has necessitated PSG to reassess its *investment entity* status in terms of IFRS, whereby it was determined that it became an *investment entity* with effect from 1 March 2020. As from this date, the performance of PSG's remaining investment portfolio is accordingly measured with reference to the fair value of each investment (i.e. *SOTP value*) rather than the consolidated profitability of PSG (i.e. *recurring earnings*) in PSG's strive to meet its objective of value creation through capital appreciation, investment income or both.

Where an entity's status changes to that of an *investment entity*, it does not consolidate its subsidiaries, but rather measures them at fair value through profit or loss. Such change in accounting policy is applied prospectively, with no adjustment to prior year comparatives. However, an *investment entity* continues to consolidate subsidiaries that provide services related to the *investment entity*'s investment activities (i.e. those wholly-owned subsidiaries comprising PSG's head office operations).

Pursuant to the aforementioned change in *investment entity* status, PSG's financial statements prepared in accordance with IFRS are not comparable to prior years. For the year under review, PSG reported earnings per share of R139,08 (2020: R11,29) and *headline earnings* per share of R4,81 (2020: R11,84). Earnings per share for example included a significant non-headline gain to the extent that the fair value of the unbundled Capitec interest exceeded its accounting carrying value as a non-current asset held for sale on the date of unbundling, being 30 July 2020 when PSG shareholder approval was obtained.

MAJOR CORPORATE ACTION

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

- On 30 July 2020, PSG shareholders approved the unbundling of an effective 30,5m shares (or 26,4% of the 30,7% interest held) in Capitec, whereby significant value of more than R12bn was unlocked for PSG shareholders based on the share prices as at end of February 2020.
- Of the 4,3% Capitec interest retained by PSG for liquidity purposes and to further bolster PSG's balance sheet, 2,9% was sold for R2,9bn cash net of costs and capital gains tax paid.
- PSG repurchased 8,4m shares (or 3,8% of PSG's total number of shares in issue, net of treasury shares) at an average price of R54,73 per share for a total consideration of R459m.
- PSG invested a further R1,05bn in Curro's non-renounceable rights issue at R8,07 per share, thereby increasing its interest in Curro to 60%.
- PSG received a special dividend of R1,7bn cash pursuant to Zeder's disposal of its investment in Pioneer Foods.
- PSG settled all its outstanding redeemable debt amounting to R1bn.

MAJOR CORPORATE ACTION SUBSEQUENT TO YEAR-END

Major corporate action subsequent to year-end, included the following:

- The board of PSG Financial Services Ltd ("PSGFS") resolved to make an offer to repurchase and delist all the JSE-listed cumulative, non-redeemable (i.e. perpetual), non-participating preference shares in issue by way of a scheme of arrangement for an aggregate cash consideration of R81 per share plus an amount equal to the preference dividend that would have been calculated on the preference share up to the scheme record date that has not been declared and paid, equating to a total cash consideration of approximately R1,5bn. Subject to the required approvals being obtained, it is envisaged that the repurchase will be implemented during August 2021.
- The remaining 1,4% Capitec interest as at 28 February 2021 was sold for R1,9bn cash net of costs and capital gains tax payable.

OUR INVESTMENTS AS AT 28 FEBRUARY 2021

PSG Konsult

PSG KONSULT (61,2%)

- *Simple and focused business model*
  - the provision of wealth management, asset management and insurance solutions
- *High barriers to entry*
  - onerous regulatory requirements
- *Key competitive advantage*
  - extensive distribution platform
  - trusted brand
- *High growth potential*
  - each of the three operating divisions, namely *PSG Wealth*, *PSG Asset Management* and *PSG Insure*, has a relatively low market share

PSG Konsult is a financial services company, focused on providing wealth management, asset management and insurance solutions to clients. It has the largest independent financial advisor distribution network in southern Africa with 932 advisors.

With the legal and regulatory environment within the industry having become increasingly onerous, PSG Konsult continues to attract quality advisors. It provides them with support through its well-established systems and its risk and regulatory compliance platform, allowing the advisors to focus on serving their clients.

PSG Konsult reported a 10% increase in *recurring headline earnings* per share for the year under review following strong performance from the *Wealth* and *Insure* divisions.

During the year under review, PSG accounted for a fair value gain of R883m following an increase in PSG Konsult's listed share price since 29 February 2020 and earned dividend income of R186m from this investment.

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

CURRO

CURRO (60%)

- *Simple and focused business model*
  - private school education
- *High barriers to entry*
  - capital intensive
- *High growth potential*
  - Curro's capacity utilisation of completed schools is only at 69%, and at 51% of eventual capacity once all schools under construction are operational
  - greater usage of digital offerings to reduce Curro's cost base over time

Curro is the largest provider of private school education in southern Africa with more than 66 000 learners across 76 campuses as at 28 February 2021.

Curro reported a 24% decrease in *recurring headline earnings* per share for its financial year ended 31 December 2020 following an outflow of learners in particularly the pre-school business, coupled with an increase in bad debts and fee discounts granted pursuant to the Covid-19 pandemic.

During the year under review, PSG accounted for a fair value loss of R69m following a decline in Curro's listed share price since 29 February 2020 and earned dividend income of R23m from this investment.

PSG remains optimistic about Curro's growth prospects.

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

CAPITEC (1,4%)

- *Simple and focused business model*
  - lending and transactional banking
- *High barriers to entry*
  - regulatory requirements and funding
- *High growth potential*
  - digital capability
  - increase in transactional banking clients and growth in credit book (including credit card)
  - other products (funeral insurance) and markets (business banking)

Capitec is currently the third largest bank in South Africa based on market capitalisation and is arguably the most successful business established in this country in the past 20 years.

Capitec reported a 27% decrease in *headline earnings* per share for the year under review following an increase in expected credit losses and decreased trading activity with consumer liquidity constrained pursuant to the Covid-19 pandemic and current state of the economy.

During the year under review, PSG accounted for a fair value loss of R724m in respect of its retained interest in Capitec, which mainly emanated from PSG's aforesaid disposal of a 2,9% interest in Capitec at an average price below its listed share price as at 29 February 2020.

Capitec is listed on the JSE and its comprehensive results are available at *www.capitecbank.co.za.*

ZEDER (48,6%)

- *Simple and focused business model*
  - investment in food and related business
- *Focused management throughout the underlying investments*

Zeder is an investor in the broad agribusiness and related industries, with a historical focus on the food and beverage sectors.

During the year under review, PSG accounted for a fair value loss of R1,2bn following a decline in Zeder's listed share price since 29 February 2020 after it paid a special dividend pursuant to its disposal of Pioneer Foods, with PSG having received R1,7bn cash.

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

After year-end, Zeder published a cautionary announcement stating that it had been approached by numerous parties interested to potentially acquire some of its assets. Zeder management advised that they are reviewing and engaging with such parties and will revert to the market if there is meaningful progress in this regard. In the meanwhile, Zeder will continue to focus on growing the respective underlying businesses.

PSG ALPHA (98,3%)

PSG Alpha serves as an incubator to identify and help build the businesses of tomorrow. In line with PSG's investment philosophy, PSG Alpha's focus is therefore predominantly on early-stage investing.

The PSG Alpha portfolio currently comprises nine investments, the majority of which are in a development phase. We continue to support these investments not only through providing capital when necessary and deemed appropriate, but also working alongside management in building these businesses – be it to help determine strategy, acting as a soundboard, assisting with problem solving, complementary deal-making, stakeholder relationships, promoting good corporate governance, establishing appropriate remuneration structures, and the like. Members of the PSG Group Exco and/or PSG Alpha Exco as a rule serve as directors on such investees' boards and on numerous sub-committees, including the finance/audit and risk committees.

PSG Alpha's early-stage investments provide meaningful optionality, particularly so in the context of a "smaller" PSG following the Capitec unbundling.

During the year under review, PSG accounted for a fair value gain of R138m in respect of its investment in PSG Alpha following an increase in its *SOTP value*.

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

Overview of select PSG Alpha investees

CA&S (48,8%)

- *Simple and focused business model*
  - provider of outsourced sales, merchandising and related services to fast-moving consumer goods principals
- *High barriers to entry*
  - specialist expertise and long-standing relationships with clients
  - strong footprint across southern Africa with fundamental knowledge of the eight countries in which it operates
- *High growth potential*
  - aligned to population growth and consumer spending in southern Africa

CA&S is a leading provider of sales, merchandising and other related services to blue-chip fast-moving consumer goods principals. It has a footprint in eight southern Africa countries with a presence in all major centres. CA&S has broad trade coverage from bottom end and convenience through to formal and corporate stores, and each of its businesses has in-depth local market and country knowledge. Long-standing customer relationships combined with regional connectivity and shared collective expertise give CA&S a powerful competitive advantage across the region in which it operates.

CA&S is listed on the BSE and 4AX. More information about CA&S is available at *www.casholdings.co.za.*

Evergreen (50%)

- *Simple and focused business model*
  - retirement lifestyle villages
- *High barriers to entry*
  - capital intensive and need for specialist services
- *High growth potential*
  - ageing population and large, fragmented market

PSG, through PSG Alpha, is co-invested in Evergreen with property specialist, Amdec. Evergreen develops, owns and operates retirement lifestyle villages on a life-right model. Although this model is well established in other parts of the world, especially in the United States, Australia and New Zealand, it is still a fairly new concept in South Africa.

Evergreen offers significant benefits to its residents, the most important being peace of mind from both a financial security as well as a healthcare perspective. In addition, it offers i) state-of-the-art lifestyle centres, typically including a bistro, lounge, salon, bar, library, gym, games room and entertainment area; ii) health and frail care; iii) excellent security; and iv) a sense of community among fellow retirees.

At the reporting date:

- Evergreen owned 975 completed units across seven villages;
- It had 156 units under construction across two existing villages; and
- It had secured land to develop an additional 4 451 retirement units, for a total of 5 582 secured opportunities.

In addition to Covid-19 generally impacting economic activity, Evergreen's marketing activities were especially hampered due to prospective clients being only allowed on-site for viewing appointments with strict controls in place. However, Evergreen has seen strong demand for its service offering following the relaxation of the Covid-19-induced lockdown restrictions.

Evergreen's stated ambition remains to be the pre-eminent retirement provider in South Africa reaching 10 000 units over time. The ongoing Covid-19 pandemic and a slow recovery in the South African economy and residential property market will, however, impact the rate of expansion.

More information about Evergreen's service offering is available at *www.evergreenlifestyle.co.za.*

Stadio (43,2%)

- *Simple and focused business model*
  - private higher education
- *High barriers to entry*
  - capital intensive
  - accredited qualifications
- *High growth potential*
  - limited capacity in traditional higher education institutions
  - improved affordability pursuant to distance and digital offering

Stadio is a private higher education provider in its development phase and is listed on the JSE. It currently offers more than 95 accredited programmes, ranging from higher certificates to doctorates, to approximately 35 000 students through mainly distance learning (±82% of students), but also contact learning (±18% of students) at 14 campuses.

Stadio will continue to develop and expand its product offering as part of its journey to ultimately reach in excess of 100 000 students. PSG Alpha is actively assisting Stadio management in achieving their stated objectives.

More information about Stadio is available at *www.stadio.co.za.*

Optimi (92,3%)

- *Simple and focused business model*
  - accessible learning solutions
- *High barriers to entry*
  - proprietary technology platforms and learning content
- *High growth potential*
  - demand for quality learning at affordable prices

Optimi provides accessible learning and support to learners and tutors using technology and centralised assistance to reduce the cost of and to improve the quality of education. Services are rendered to the following distinct segments:

Channel	Customers
Home (home and supplementary education)	More than 26 000 learners More than 2 700 facilitators
Classroom (classroom and extra-class teaching and learning solutions)	More than 1 600 schools More than 50 other learning institutions
Workplace (workplace and community education and training)	More than 200 businesses More than 100 000 learners
College (accredited qualifications and short courses)	More than 6 000 students

More information about Optimi is available at *www.optimi.co.za.*

Energy Partners (57,2%)

- *Simple and focused business model*
  - private energy utility
- *High barriers to entry*
  - capital intensive
  - skilled expertise
- *High growth potential*
  - size of the energy market
  - increasing attractiveness of renewable energy
  - pending deregulation given reliability concerns over South Africa's electricity supply

Energy Partners is a turnkey developer, owner and operator of energy-producing assets (which include solar, steam and refrigeration) with integrated construction and maintenance capabilities.

Although owning and operating the energy-producing assets are less profitable than selling the assets for cash in the short term, it is significantly more profitable over the long term and provides the business with valuable annuity income. Accordingly, Energy Partners' focus remains to significantly expand its current investment book.

More information about Energy Partners is available at *www.energypartners.co.za.*

Other investees

A complete list of PSG Alpha's investees is set out below:

Investment	Description	Interest (%) 2020	Interest (%) 2021
Carter	Redefine new car sales experience	76,0	**76,0**
CA&S	Route-to-market services for fast-moving consumer goods in southern Africa	47,7	**48,8**
Energy Partners	Private energy utility	54,1	**57,2**
Evergreen	Retirement lifestyle villages	50,0	**50,0**
Optimi	Innovative and accessible education solutions to schools, tutors, parents and learners	84,4	**92,3**
ProVest	Diversified mining services	42,3	**44,2**
SNC	Scalable, high-throughput nanofiber production	61,1	**61,1**
Spirit Capital	Investment holding company focused on leveraged transactions	49,3	**49,3**
Stadio	Private higher education	44,0	**43,2**
CSG	Diversified outsourced services (personnel, security, mining, cleaning and catering services)	12,4	**Sold**
Educartis	Education listing website with Africa focus	20,0	**Impaired**

DIPEO (49%)

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 most significant investments include shareholdings in Curro (3,6%), Stadio (3,3%), Kaap Agri (20%) and Energy Partners (16,6%). A portion of Dipeo's investment in Energy Partners remains subject to a BEE lock-in period.

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 listed investments, with a resultant negative impact on PSG's *SOTP value* through reducing its investment in Dipeo to zero and impairing PSG's pref investment in Dipeo to the extent required. During the year under review, PSG recognised an impairment reversal of R126m following mainly an increase in Kaap Agri's JSE-listed share price, with the accumulated impairment amounting to R781m as at 28 February 2021.

KEY STATISTICS

STOCK EXCHANGE PERFORMANCE

Year ended February	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Market price on the JSE (R)												
High for the year	**73,39[1]**	276,87	259,98	297,03	252,12	284,91	146,75	91,50	73,32	53,65	44,00	27,49
Low for the year	**37,79[1]**	185,36	204,71	194,89	172,00	134,19	88,00	58,80	44,70	37,99	22,15	13,02
Closing	**66,51**	186,60	259,78	217,50	251,43	173,69	136,81	89,02	61,26	47,00	43,20	22,05
Volume-weighted average	**49,97[1]**	232,68	226,69	241,11	200,79	202,95	109,87	71,31	60,76	46,19	32,74	21,00
Volume of shares traded ('000)	**264 568**	106 749	102 668	148 287	64 300	102 855	32 198	17 963	24 272	13 210	20 127	21 326
Value of shares traded (Rm)	**23 100**	24 838	23 274	35 753	12 911	20 875	3 538	1 281	1 475	610	659	448
Volume-traded/weighted-average shares (%)	**122,7**	48,9	47,3	68,8	30,0	50,0	16,7	9,8	13,3	7,6	12,0	12,3

TRACK RECORD

Year ended February	2021[2]	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Headline earnings (Rm)	**1 038**	2 583	2 194	1 956	2 145	1 370	1 574	1 012	875	567	512	431
HEPS (R)	**4,81**	11,84	10,11	9,08	10,01	6,66	8,19	5,53	4,80	3,26	3,07	2,49
Recurring earnings (Rm)	**n/a[3]**	2 794	2 357	2 142	1 985	1 620	1 142	821	715	536	404	359
Recurring EPS (R)	**n/a[3]**	12,81	10,86	9,94	9,27	7,88	5,94	4,49	3,92	3,09	2,42	2,07
Dividend per share (cents)												
Normal (cumulative: 3 162)	**164,0**	239,0	456,0	415,0	375,0	300,0	200,0	133,0	111,0	82,0	67,0	42,0
Special (cumulative: 470)												
Ordinary shareholders' equity (Rm)	**19 254**	19 083	18 115	17 143	15 900	13 634	9 999	6 862	5 990	4 760	3 585	2 947
Net asset value per share (R)	**91,76**	87,49	83,06	79,39	73,81	63,64	49,39	37,51	32,62	26,50	21,56	17,65
Total assets (Rm)	**21 438**	105 853	96 819	90 421	82 061	71 748	45 607	33 700	25 857	20 961	17 410	14 686
Sum-of-the-parts value (Rm)	**19 773**	60 320	67 958	55 510	52 397	40 383	33 395	18 040	13 844	10 315	8 018	4 572
Sum-of-the-parts value per share (R)	**94,24**	276,43	311,45	255,17	240,87	186,67	163,28	95,01	72,67	55,92	46,81	26,60
Market capitalisation (Rm)												
Gross of treasury shares	**14 883**	43 322	60 297	50 340	58 193	40 084	30 157	18 480	12 747	9 528	8 219	4 211
Net of treasury shares	**13 955**	40 699	56 658	46 967	54 166	37 211	27 694	16 284	11 250	8 442	7 182	3 682
Number of shares ('000)												
Issued	**223 778**	232 163	232 108	231 449	231 449	230 779	220 432	207 589	208 082	202 724	190 262	190 953
Treasury shares	**(13 954)**	(14 054)	(14 009)	(15 508)	(16 018)	(16 543)	(18 004)	(24 666)	(24 440)	(23 111)	(24 001)	(23 959)
Net	**209 824**	218 109	218 099	215 941	215 431	214 236	202 428	182 923	183 642	179 613	166 261	166 994
Weighted average	**215 659**	218 131	217 028	215 468	214 247	205 669	192 328	182 994	182 224	173 872	167 055	173 113

1 *Calculated for the period since the distribution pursuant to the unbundling of an effective 26,4% interest in Capitec during August 2020.*

2 *Reported amounts should be considered in light of PSG Group's change in status to that of an investment entity with effect from 1 March 2020 as detailed on page 18, as well as the aforementioned Capitec unbundling.*

3 *Pursuant to aforementioned change in status to that of an investment entity, PSG Group's performance is measured with reference to the fair value (i.e. sum-of-the-parts value) of its investment portfolio.*

KEY STATISTICS *(continued)*

STOCK EXCHANGE PERFORMANCE

Year ended February	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Market price on the JSE (R)														
High for the year	21,00	30,50	29,25	23,00	7,05	5,20	6,50	8,85	9,86	15,85	19,00	15,50	5,10	3,00
Low for the year	12,15	19,00	15,70	6,20	2,53	2,55	3,75	4,40	5,27	8,00	4,95	4,45	2,10	0,20
Closing	14,56	20,85	27,20	22,66	7,00	3,85	5,20	4,76	6,60	10,00	11,70	15,30	4,70	2,25
Volume-weighted average	16,92	27,14	22,57	10,60	4,28	4,60	5,12	6,75	6,85	11,14	11,72	9,66	4,01	0,78
Volume of shares traded ('000)	18 290	43 409	37 787	13 933	48 528	56 204	42 636	47 775	49 009	45 265	30 219	23 443	14 120	22 210
Value of shares traded (Rm)	309	1 178	853	148	208	258	218	322	336	504	354	227	57	17
Volume-traded/weighted-average shares (%)	10,9	26,5	30,1	13,7	45,1	50,3	35,5	38,5	36,8	33,1	31,7	32,2	35,7	101,8

TRACK RECORD

Year ended February	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Headline earnings (Rm)	110	483	651	358	97	85	85	175	200	165	82	35	10	3
HEPS (R)	0,65	2,95	5,19	3,52	0,90	0,76	0,71	1,41	1,50	1,21	0,86	0,47	0,26	0,14
Recurring earnings (Rm)	293	212												
Recurring EPS (R)	1,74	1,30												
Dividend per share (cents)														
Normal	57,0	112,5	90,0	67,5	45,0	30,0	20,0	50,0	45,0	36,0	25,0			
Special	200,0					70,0	200,0							
Ordinary shareholders' equity (Rm)	2 755	3 295	2 373	719	362	336	993	1 218	1 141	1 085	638	535	78	7
Net asset value per share (R)	16,40	19,48	15,85	7,04	3,56	3,20	8,28	10,15	8,99	7,78	6,69	6,17	1,47	0,34
Total assets (Rm)	14 127	14 206	5 501	1 833	2 794	2 384	2 594	4 477	3 416	3 474	2 543	1 258	233	25
Sum-of-the-parts value (Rm)	2 610	4 447												
Sum-of-the-parts value per share (R)	15,31	25,99												
Market capitalisation (Rm)														
Gross of treasury shares	2 760	3 953	4 621	2 701	834	443	624	571	838	1 395	1 117	1 325	249	49
Net of treasury shares	2 446	3 528	4 073	2 315	711	404	624	571	838	1 395	1 117	1 325	249	49
Number of shares ('000)														
Issued	189 579	189 579	169 885	119 195	119 195	115 000	120 000	120 000	126 900	139 500	95 445	86 611	52 930	21 818
Treasury shares	(21 559)	(20 386)	(20 133)	(17 015)	(17 619)	(10 000)								
Net	168 020	169 193	149 752	102 180	101 576	105 000	120 000	120 000	126 900	139 500	95 445	86 611	52 930	21 818
Weighted average	168 352	163 505	125 446	101 888	107 519	111 700	120 000	124 204	133 200	136 613	95 445	72 869	39 588	21 818

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. BACKGROUND

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, banking and food and related business, as well as early-stage investments in select growth sectors.

PSG Group remains committed to:

- Investing in companies that act responsibly in respect of environmental, social and governance matters.
- Exercising ethical and effective leadership to achieve the four governance outcomes: ethical culture, good performance, effective control and legitimacy, as advocated in the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™"). A detailed analysis of PSG Group's compliance with King IV™ is available at *www.psggroup.co.za*.

More than 83% of PSG Group's total assets comprise investees that are separately listed on exchanges and independently managed. These companies are similarly committed to act responsibly in respect of environmental, social and governance matters, and to report thereon to stakeholders in terms of King IV™. Whether listed or not, PSG Group expects all its underlying investees to act responsibly in respect of environmental, social and governance matters and our representatives on the respective companies' boards of directors and finance/audit and risk committees have been tasked to ensure same.

2. ENVIRONMENTAL

PSG Group believes in responsible investing and supports the notion of protecting our planet through, amongst other, combating climate change by reducing our environmental footprint, both at a PSG Group and investee level.

PSG GROUP

Since PSG Group is an investment holding company with limited operations, its head office comprises only 13 employees dedicated full-time to the day-to-day running of PSG Group and PSG Alpha, a 98,3%-held subsidiary which houses PSG Group's early-stage investments. PSG Group and its employees continuously aim to reduce their environmental footprint to promote sustainability through various means (as also embraced by many investees) such as to –

- Reduce air and ground travel to limit our carbon footprint by:
  - Making use of virtual electronic means for meetings (and not just owing to Covid-19 remote working arrangements).
  - Holding PSG Group's results presentations, investor presentations and other meetings by way of virtual electronic means, rather than in-person meetings.
- Reduce paper usage significantly through:
  - Utilising meeting portal software and other electronic means instead of printing out large hardcopy information packs.
  - No longer publishing PSG Group's financial results in the printed media, to the extent allowed by the JSE Listings Requirements.
  - Conducting internal communication electronically, including placing staff manuals and policy documents online.
- Conserve water and electricity through awareness initiatives and the installation of energy-efficient solutions, such as low-energy LED globes.
- Recycle waste and to dispose of electronic waste in a responsible manner.
- Limit the use of single-use plastic, such as bottled water.

INVESTEES

PSG Group believes in conducting its business in a responsible manner, with due regard for the potential impact thereof on the environment in which it operates and on society at large. All its investees are similarly committed.

With this notion in mind, PSG Group has intentionally not invested in businesses engaged in the production of harmful products or whose operations are detrimental to the environment, but has instead invested in companies providing financial services (PSG Konsult), education (Curro, Stadio and Optimi), banking (Capitec), sustainable energy (Energy Partners), retirement lifestyle villages (Evergreen), and food and related business offerings (via Zeder in Kaap Agri, Zaad, Capespan and Agrivision Africa) – all also making a positive contribution to society.

3. SOCIAL MATTERS

As a good corporate citizen with the best interest of our country and its people at heart, PSG Group contributes significantly to society. We thoroughly believe that an educated community will sustainably improve the long-term well-being of society. PSG Group, as an investment holding company, has therefore primarily directed its corporate social investment ("CSI") efforts at supporting education on various levels. PSG Group also subscribes to and support social upliftment through broad-based black economic empowerment ("B-BBEE"), having established, funded and invested in various B-BBEE initiatives throughout the years, through which significant value has been created for B-BBEE participants.

Below are some of the CSI initiatives undertaken by PSG Group and its investees. Although this is not a comprehensive list, it illustrates our dedication to making South Africa a better place.

PSG GROUP

A significant theme throughout the group is our contribution to all levels of education – from early-childhood development, all the way through to higher and adult education. We firmly believe in the multiplier effect that education brings, not only to the individual, but to society at large.

The PSG Group/Jannie Mouton Foundation Bursary/Loan Scheme at Stellenbosch University

We started this initiative in 2007, when PSG Group and Jannie Mouton each donated 100 000 PSG Group shares, currently worth approximately R62m in the aggregate (inclusive of the unbundled Capitec shares), to provide financial support to gifted disadvantaged students to study at Stellenbosch University. To date, 101 students have received financial support through this scheme with over R6,4m granted in bursaries and loans. Their fields of study include medicine, law, actuarial science, accounting and investment management.

Akkerdoppies

PSG Group and the PSG Group BEE Education Trust has provided this pre-primary school with ongoing financial support since its establishment in 2008. Akkerdoppies is committed to early-childhood development providing essential education and skills to children from the disadvantaged communities of Stellenbosch. The school has 160 children and employs 18 people. We remain committed to a long-term relationship with this initiative and appreciate their significant positive contribution to the community.

PSG Group BEE Education Trust

This trust owns unencumbered PSG Group and Capitec shares worth more than R784m in total. Dividends received from these shares are used to grant bursaries to black learners.

Ruta Sechaba Foundation

The foundation was established in 2016 and provides academic and sport scholarships to qualifying black learners at Curro and Curro-managed schools. PSG Group was the founder of both the PSG Group BEE Education Trust and Dipeo BEE Education Trust, being the initial donors to the foundation. The foundation is now open to all corporates and individuals who wish to contribute to education in South Africa in a structured manner.

Collectively, the PSG Group BEE Education Trust and Dipeo BEE Education Trust have to date contributed more than R45m to the foundation, with more than 140 beneficiaries having completed Grade 12 with our assistance. Some of these learners are from South Africa's poorest townships – we aim to give them an opportunity to graduate with a Grade 12 certificate from a high-quality educational institution. We are proud of the academic and sporting achievements of the 2020 beneficiaries –

- 20% of our Grade 12 learners passed with an A-average, while at least 70% of our Grade 12 learners passed with no less than one subject distinction; and
- One of our learners represented the Junior Bafana Bafana (under-17) soccer team at the 2020 Cosafa Cup.

Amicus Trust

The PSG Group BEE Education Trust continues to provide this initiative with financial support for its training and skill-based programmes in Stellenbosch, which include –

- Bergzicht Training, which provides frail care, childcare and hospitality training. 104 individuals completed their training during the past year, of whom approximately 75% was successfully placed in positions of employment.
- Stellemploy, which provides training in artisan skills, including plumbing, painting and carpentry. 93 individuals completed their training during the past year, of whom approximately 90% was successfully placed in positions of employment.
- Pinotage Youth Development Academy, which provides training in occupations related to the wine, fruit and related industries. 65 individuals completed their training during the past year, of whom approximately 78% was successfully placed in positions of employment.

INVESTEES

It is evident from the aforementioned that PSG Group makes a significant *direct* contribution to society. However, as an investment holding company, with our underlying investments also having various CSI initiatives, PSG Group also makes a substantial *indirect* contribution to society. Below, in no particular order and by no means exhaustive, are some of the CSI projects undertaken by our investees:

PSG Konsult

PSG Konsult invests in educational and social programmes that aim to further employment and economic empowerment. Below are some of their CSI projects:

- Adopt-a-School Project: a programme that supports and enhances the learning and teaching environment in disadvantaged schools, with the aim of addressing inequalities and inadequacies in rural areas. PSG Konsult has adopted four such schools with more than 2 300 learners in total. These schools are located near to the economic hubs, thereby enabling PSG Konsult employees to provide hands-on support.
- Childcare and children's homes are provided with monthly food parcels and funding.
- PSG Konsult has invested more than R27m in the ASISA Enterprise Development Fund since February 2015. This initiative invests in the sustainability of small and medium-sized enterprises ("SMEs") in South Africa. It also supports government's drive for job creation and economic growth.
- Graduate and bursary programme with 39 graduates enrolled and nine students supported through bursaries currently.

Curro

PSG Group has to date invested more than R3bn cash in Curro, the largest private school group in southern Africa. Curro plays an important part in educating the youth. Its business model assists government by carrying part of the significant capital burden of building new schools, while Curro's running costs to educate more than 60 000 learners save the country well over R1bn annually. Curro employs approximately 6 200 people.

Capespan

Capespan's initiatives are aimed at improving the quality of life of farmworkers and rural communities in the fruit production areas where the company operates. CSI initiatives are developed in partnership with local communities, local government and industry stakeholders. Initiatives integrate socio-economic, occupational health and education development activities based on the communities' needs. Below are some of their CSI initiatives:

- Misty Cliffs Farm: Capespan contributed to the construction of a day care and after-school facility comprising two classrooms, a kitchen, ablutions, portico and a fenced-in separate outdoor play area.
- Omdraai Valam Farm: Capespan extended the sports ground facilities to include a clubhouse suitable for staff meetings or training purposes, with a kitchenette for preparation of refreshments during events.
- Covid-19 relief:
  - Capespan made R0,1m available for food relief in the areas where they operate.
  - Capespan distributed more than 20 tonnes of apples to farmworker communities in the Durbanville area, as well as to informal settlement community feeding schemes in the Cape Town metropole impacted by the Covid-19 lockdown measures.

Kaap Agri

Kaap Agri's CSI projects focus on training and skills development in the agriculture sector. Below are some of their CSI initiatives:

- Kaap Agri Academy: has empowered emerging farmers and farmworkers through offering a learnership programme in mixed farming at NQF level 2. The academy also trains farmworkers in a range of regulatory short courses. Kaap Agri's investment in the academy during the past year was approximately R1m.
- Young Stars Programme: provides, in partnership with the TechnoGirl Trust (an initiative by the Department of Women, Children and People with Disabilities, and supported by the United Nations International Children's Emergency Fund ("UNICEF")), job shadowing opportunities, career guidance and mentorship to learners.
- Kaap Agri Bursary Programme: aims to use education to break the cycle of poverty for both learners and their families, with 43 secondary school learners and three university students having benefited from this programme during the past year. The investment in secondary and tertiary education amounted to R1,4m during the past year.
- Covid-19 relief:
  - In partnership with the Gift of the Givers foundation, 69 water storage tanks to the value of R0,2m were donated to assist the country during the Covid-19 pandemic. These tanks have a storage capacity of 138 000 litres and were distributed to informal settlements throughout areas such as Garies, Calvinia, Sutherland and Graaff-Reinet, as well as to Tygerberg Hospital in Cape Town.
  - Four of Kaap Agri's Agrimark stores partnered with the Goedgedacht Trust, a farm-based community support organisation in Malmesbury, to create a self-quarantine facility for people infected with the coronavirus. The centre has been able to accommodate up to 34 patients at a time.
  - Kaap Agri, in partnership with other agri businesses and industry organisations, assisted needy communities in the Swartland region. More than 52 tonnes of bread flour were donated to families in dire need and to relief and support organisations to assist those impacted by the Covid-19 pandemic.

Zaad

Zaad's CSI projects focus on the development of emerging agriculture, including the distribution of vegetable garden kits to under-privileged schools, sponsorship of seeds for the planting of maize in the Ncora region of the Eastern Cape, as well as the establishment of 29 micro agri-distribution depots in previously disadvantaged areas.

TLG

TLG's CSI projects focus on social and economic development through making donations to various initiatives described below:

- Bright Star Life Skills Training Project: is coordinated by Badisa Tygerberg and aimed to provide life skills training to foster children.
- TLG contributed approximately R1,3m to learnership initiative programmes, employees' training and development as well as bursaries towards tertiary education for children of employees of the TLG group.
- People Opposing Poverty in Society: distributed food parcels to impoverished communities of Gqeberha.
- Genesis Nutrition: distributed high-energy protein meals to the less fortunate children of Dalweide Primary School.
- Reach for a Dream Foundation: has for the past 30 years been fulfilling the dreams of children of all races, colour and creed who are faced with life threatening illnesses.

Optimi

Optimi provides accessible learning solutions to learners in any environment using a unique "GuidED Learning" model and ecosystem, empowering learners to realise their full potential. It focuses on education innovation that ultimately ensures quality and affordable learning at scale. Optimi currently serves approximately 1 500 schools, more than 25 000 home education and after-school learners (through more than 2 000 tutors), as well as more than 100 000 adult learners (directly or through approximately 500 corporate and government institutions).

The Optimi group has conducted several CSI initiatives in education over the past year, including:

- A project to offer 30 weekend tutoring sessions of two hours each for mathematics, physical science and accounting to Grade 10 girls at Bona Lesedi Secondary School in Mamelodi, through its B-BBEE investment partner Utolo Education Investments.
- Training offered to approximately 50 teachers at Bona Lesedi Secondary School.
- Donation of books to disadvantaged learners in Mpindweni in the Eastern Cape.
- Provision of free CAMI education licenses to various schools in the Phokeng area.
- Provision of free resources (content, software and online lessons) during the Covid-19 lockdown.
- Adoption of Bathabile Primary School in Olievenhoutbosch for Mandela Day, providing them with free books and resources, teacher training, and school infrastructure improvements.
- Matric for Madiba through Afrika Tikkun, sponsoring several adult learners to achieve Matric.

With our investment in Optimi, we look to further contribute to education in South Africa, while also creating business opportunities for entrepreneurs and educators who can embrace their passion for education while building a profitable business.

Energy Partners

Energy Partners continues to support the Pearl Project community development initiative in the Helderberg area. The initiative focuses on early-childhood development and has established three crèches that serve the local community. Energy Partners has supported the Pearl Project through donating renewable energy solar panels and battery back-up systems that allow for cost savings and a continuous supply of power. Energy Partners has also provided much needed financial support towards the construction of the Pearl Project early childhood development centre in Macassar.

Energy Partners further provides funding to Develop Dental, a registered non-profit organisation determined to eradicate oral diseases and reduce the prevalence of dental decay, the most common chronic disease world-wide, by increasing oral health awareness among children, youth and their families. Their focus is on empowering children and youth in under-resourced communities to make healthier choices concentrating on nutrition, health education and personal development.

Energy Partners' employees volunteer their time to support both these initiatives.

ProVest

The plight of the communities where ProVest operates increased during the Covid-19 crisis. ProVest stepped up its CSI initiatives in response thereto:

- Contributed food parcels to the Royal Bafokeng Platinum Food Bank to support indigent families.
- Donated food parcels to employees in the Eastern Limb, Limpopo to ease the burden due to a lack of income.
- Donated hand sanitizer stands to six community clinics and five traditional offices in Ga-Sekhukhune, Limpopo.
- Developed Pix-Animated videos to educate learners about Covid-19 safety protocols at school and at home. These videos were donated to schools in the Rustenburg and Steelpoort areas, and were personalised in terms of the school corporate colours and logos to make it more relatable to learners.
- Donated a self-heating industrial washing machine to the Ngwaabe Clinic to assist the frontline healthcare workers with their laundry at the facility.
- Sponsored branded clothing to Sekhukhune SAPS Women Network and Men for Change to ensure that participants are visible as they raise awareness on the spiralling incidents of gender-based violence.

Evergreen

Evergreen's focus has been and will continue to be the safety of its residents given the additional challenges stemming from the Covid-19 pandemic. Evergreen's residents and staff are always exceptionally willing to assist in any community improvement initiatives and have focused on:

- The knitting of jerseys and beanies for the Jabulani Day Care Centre. Wool donated by Evergreen to the residents of the village knitting group resulted in 125 jerseys with matching beanies being handed over to these children.
- Our Santa Shoe Box initiative resulted in 75 gift boxes filled with toiletries and Christmas treats and decorated by residents, being donated to under-privileged children.
- On Shoe the World Day, residents and staff donated old shoes to various institutions ranging from children's homes to retirement homes.

CA&S

The CA&S group operates in various geographical areas throughout southern Africa and its CSI initiatives are mainly focused on education, children and the elderly in the communities in which they operate. Below are some of the CSI projects that CA&S supports:

Botswana

- The Gamodubu Trust Fund manages an orphanage accommodating 60 disadvantaged children in Gamodubu Village. CA&S held a Covid-19 protocol-controlled Christmas party for the children and donated food, clothes, school shoes and some special toys to ensure the children have a memorable day.
- CA&S contributed cash, food items and sanitiser to the Botswana Covid-19 Disaster Fund to assist government's lockdown initiatives and the people of Botswana.

Namibia

- Fast-moving consumer goods were donated to the following worthy causes:
  - AZAR, an initiative aimed at supplying and distributing basic resources such as food, toiletries, basic medicine and warm blankets to those in need.
  - Ladies in Action, an organisation aimed at promoting empowerment through education, cultural exchange, relief and self-help projects.
  - Praise & Worship, an initiative reaching out to those in need within the rural areas of Namibia.
  - Tanidare Empowerment Centre, which reaches out to the elderly and HIV/AIDS positive people in Katutura, Windhoek, and also runs a soup kitchen feeding about 65 people twice a week.

South Africa

- The Potato Foundation aims to improve the lives of children by providing educational opportunities and facilitating feeding schemes. They have a pay-it-forward philosophy in that all beneficiaries of funds or donations must in turn give back to their community. They do this by volunteering at the Potato Foundation Soup Days and various other projects and initiatives.

Eswatini

- Through the #MakingADifference Campaign, CA&S in partnership with Premier Eswatini, distributed over 470 food hampers and 1 000 masks to those in need.
- The Luke Commission provides free, compassionate, comprehensive healthcare to the most isolated and underserved populations of Eswatini.

Stadio

The Stadio group services more than 30 000 students across a diverse range of more than 90 accredited programmes, ranging from undergraduate (higher certificates, diplomas and degrees) to postgraduate programmes (honours, masters and doctorates).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(continued)

Overall, the Stadio group spent R24m on bursaries, scholarships and discounts to students, and further engaged with students during Covid-19 to enter into various payment extensions, where necessary. Various other initiatives across the Stadio group, to name a few, include:

- Engagement with the Home of Hope for Girls through Milpark Education's Social Responsibility and Environmental Management module which is an integrated part of the curriculum and provides students with the opportunity to closely work with a charity organisation.
- AFDA's collaboration on plays, running workshops and broadcasting 'English in Action' through interactive radio to classrooms in underprivileged rural and peri-urban schools.
- Support of A-CARE-DEMICS initiative, being an outreach platform to schools and charities. It included knitting scarves, beanies, boot cuffs and gloves, as well as items for new-born babies at Tygerberg Hospital, and providing sanitary towels and sweets to Tygerberg Hospital Children's Trust and Alpha Primary School in Morning Star.
- Various support initiatives for staff through Milpark's longstanding staff enrichment programme in the School of Financial Planning and Insurance.
- Donations to various mental handicap associations, old age homes, orphanages, youth programmes and community development programmes.

4. LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

4.1 *The PSG Group board of directors ("Board")*

The Board comprises 10 directors of whom three serve in an executive capacity. Five of the remaining seven non-executive directors are independent. Details of PSG Group's directors are provided on pages 4 and 5 of this annual report. The Board is satisfied with its diversity from an age, gender, race and culture perspective, and that its composition contains the appropriate mix of knowledge, skills, experience and independence.

The Board operates in terms of a board-approved charter, the provisions of which have been complied with during the year under review.

There is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. The Board is satisfied that its current composition ensures such a balance of power and authority.

4.2 *Key roles and responsibilities of the Board*

The Board's key roles and responsibilities include, inter alia, the following:

- Promoting the interests of all stakeholders;
- Formulation and approval of strategy;
- Exercising effective control; and
- Ultimate accountability and responsibility for the performance and affairs of PSG Group.

The Board is the ultimate custodian of shareholder funds, with a responsibility to invest it wisely to deliver on PSG Group's stated objective of long-term value creation for shareholders.

4.3 *Chairman and lead independent director*

Mr ZL Combi fulfils the role of independent non-executive chairman and Mr PE Burton serves as lead independent director.

4.4 *Chief executive officer ("CEO")*

Mr PJ Mouton continues to serve as CEO and has been employed within the broader group for the past 17 years. His employment agreement is customary for positions of this nature, and his resignation notice period is three calendar months.

The Board continuously considers succession planning for the CEO role, as well as for other key executives, and is satisfied that sufficient plans are in place. The company is in a fortunate position to retain the services of Messrs WL Greeff (chief financial officer ("CFO")) and JA Holtzhausen (PSG Capital CEO) as executive directors alongside Mr PJ Mouton. They have a wealth of experience and have respectively served within the broader group for the past 19 and 23 years. Similarly, Messrs Greeff and Holtzhausen are supported by a dynamic team of long-serving and capable employees within their respective roles.

Mr PJ Mouton serves as representative on the boards of all PSG Group's core investees, including PSG Konsult, Curro and Zeder. He has no professional commitments other than his role as PSG Group CEO.

4.5 *Board meetings and attendance*

The Board met four times during the past year to consider standard matters. However, it met a further three times to deal with matters pertaining specifically to the Capitec unbundling. The attendance at the four meetings to consider standard matters is detailed in the table below:

Director	22 Apr 2020	16 Jul 2020	6 Aug 2020*	11 Aug 2020*	17 Aug 2020*	14 Oct 2020	23 Feb 2021
PE Burton	✓	✓	✓	✓	✓	✓	✓
ZL Combi (chairman)	✓	✓	✓	✓	✓	✓	✓
FJ Gouws	✓	✓	*A*	✓	*A*	✓	✓
WL Greeff	✓	✓	✓	✓	✓	✓	✓
AM Hlobo	✓	✓	✓	✓	✓	✓	✓
JA Holtzhausen	✓	✓	✓	✓	✓	✓	✓
B Mathews	✓	✓	✓	✓	✓	✓	✓
JJ Mouton	✓	✓	✓	✓	✓	✓	✓
PJ Mouton	✓	✓	✓	✓	✓	✓	✓
CA Otto	✓	✓	✓	✓	✓	✓	✓

* *Special board meeting pertaining to the Capitec unbundling*
✓ *Present*
A *Apology – however, the director provided the Board with his comments on the matters at hand prior to the meetings*

4.6 *Board performance and independence evaluations*

Both the effectiveness and ethical leadership of the Board are continuously considered and any areas of concern are addressed as and when they arise. The Board is assessed annually by the PSG Group Nomination Committee dealing with individual directors, including the chairman, the Board as a whole, as well as its various subcommittees. The Board is satisfied that it functions effectively.

The independence of non-executive directors and factors that could potentially impair it are evaluated on an ongoing basis. The Board is satisfied with the independence of all the non-executive directors classified as being independent, including Messrs ZL Combi, PE Burton and CA Otto, who have served on the Board for more than nine years. These individuals have a thorough understanding and valuable knowledge of PSG Group's business and associated risks, and always act in the best interest of all stakeholders.

4.7 *Broader diversity policy adopted by the Board*

PSG Group believes that diversity at board level helps the company to achieve its business goals by providing the Board with an improved understanding of the diversity of South Africa and its people, including the environment in which the group operates. A truly diverse board will include and make good use of differences in age, gender, race, culture, skills, field of knowledge, industry experience and other distinctions.

The PSG Group Nomination Committee will consider and agree on measurable targets for achieving broader diversity at board level, to the extent deemed necessary. In identifying suitable candidates for appointment to the Board, the nomination committee will consider individuals on merit measured against objective criteria and with due regard for the potential benefits of, inter alia, race and gender diversity.

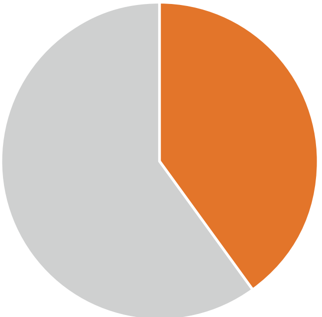
PSG Group's level of compliance against its voluntary targets is as set out in the table below:

Percentage of directors	**Actual**	**Target**
Black people	**40%**	**≥30%**
Female	**20%**	**≥10%**

The Board continues to make a concerted effort to transform from, inter alia, a race and gender perspective:

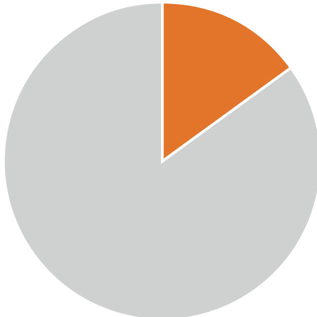
2021

Black people: 40%



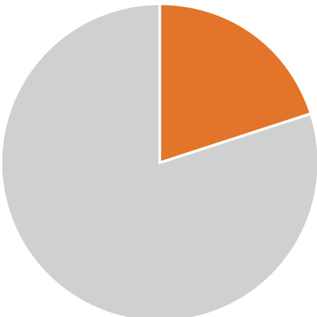
2016

Black people: 15%



2021

Female: 20%



2016

Female: 0%

4.8 *Board subcommittees*

The Board has appointed the following committees to assist it in the performance of its duties:

- Executive committee;
- Remuneration committee;
- Nomination committee;
- Audit and risk committee; and
- Social and ethics committee.

4.8.1 *Executive committee ("Exco")*

The Exco is chaired by Mr PJ Mouton (CEO) and further comprises Messrs WL Greeff (CFO) and JA Holtzhausen (executive director). Mr A Rossouw (as representative of PSG Corporate Services (Pty) Ltd ("PSGCS"), being the appointed company secretary to PSG Group) attends the Exco meetings as a permanent invitee, while non-executive directors are always welcome to attend.

The Exco meets every month, or more frequently if required, and:

- Is responsible for determining and implementing strategy, as approved by the Board;
- Acts as the PSG Group investment committee;
- Oversees the management of PSG Alpha;
- Acts as PSG Group treasurer – it monitors and manages the capital requirements, gearing and liquidity of PSG Group, and it allocates and invests its resources;
- Monitors the group's performance and provides strategic input and direction to the underlying companies;
- Facilitates good corporate governance throughout the group; and
- Assumes overall responsibility for the growth and performance of PSG Group.

The Board is satisfied that the authority associated with the day-to-day running of PSG Group is adequately delegated to the executive directors and their teams to ensure the effective management of PSG Group.

4.8.2 *Remuneration committee*

The remuneration committee's composition, duties, responsibilities and focus areas are comprehensively addressed in the Remuneration Report on page 44 of this annual report. Messrs PJ Mouton and WL Greeff are invitees to the remuneration committee meetings. However, they do not form part of the remuneration committee's formal decision-making process and merely attend to answer any potential questions.

The remuneration committee is satisfied that it operated in accordance with its Board-approved charter. Its focus areas for the ensuing year will include the ongoing evaluation and refinement of PSG Group's remuneration practices to help achieve the company's stated business objectives – always with due regard to ensure remuneration remains fair and responsible to both the employee and PSG Group shareholders.

4.8.3 *Nomination committee*

The nomination committee comprises three independent non-executive directors, namely Messrs CA Otto (chairman), ZL Combi and PE Burton. The nomination committee meets as and when required and is, among other functions, responsible for assisting the Board with the appointment of new directors by making appropriate recommendations, with due regard for, inter alia, race and gender diversity. The nomination committee is satisfied that it operated in terms of its board-approved charter during the past year.

4.8.4 *Audit and risk committee*

The audit and risk committee comprises four independent non-executive directors, namely Mr PE Burton (chairman), Ms AM Hlobo, Ms B Mathews and Mr CA Otto, who have served as members of the audit and risk committee for 14, two, four and nine years, respectively. The committee met three times during the past financial year on 21 April 2020, 13 October 2020 and 21 January 2021, as well as after financial year-end on 16 April 2021, with all members being present. The meeting on 21 January 2021 was specifically convened to consider the appointment of Deloitte as replacement external auditor to PricewaterhouseCoopers in terms of Mandatory Audit Firm Rotation, whose appointment is subject to PSG Group shareholder approval at the upcoming annual general meeting on 9 July 2021.

Messrs PJ Mouton, WL Greeff, select PSG Group finance employees and the external auditor are permanent invitees to the audit and risk committee meetings. However, they do not form part of the audit and risk committee's formal decision-making process.

The audit and risk committee is satisfied that it operated in terms of its board-approved charter during the past year. A report by the audit and risk committee containing details of how the committee discharged its duties and responsibilities in the past year is on page 72 of this annual report.

Apart from its normal duties and responsibilities, the audit and risk committee's areas of focus for the ensuing financial year will include engagement with the new external auditor, Deloitte, should their appointment be approved by PSG Group shareholders at the upcoming annual general meeting.

4.8.5 Social and ethics committee

The social and ethics committee comprises two independent non-executive directors and the CEO, being Messrs PE Burton (chairman), ZL Combi and PJ Mouton. The committee met once during the past year on 13 July 2020, with all members being present.

The social and ethics committee is responsible for monitoring the company's activities, with due regard for any relevant legislation, legal requirements and prevailing codes of best practice relating to matters, which include:

- Social and economic development;
- Good corporate citizenship;
- The environment, health and public safety;
- Client relationships; and
- Labour and employment.

The social and ethics committee is satisfied that it operated in terms of its board-approved charter during the past year. The committee is furthermore satisfied with the social and ethical aspects pertaining to PSG Group, as detailed above.

The social and ethics committee has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act, and there were no instances of material non-compliance to disclose.

4.9 Appointments to the Board

Executive directors are appointed by the Board with the assistance of the nomination committee for periods as the Board deems fit, and on such further terms as are set out in their letters of appointment.

Where appropriate, the CEOs and other executive directors of PSG Group's investees have entered into service contracts with those investees.

Newly-appointed board members are formally inducted through a programme comprising, inter alia, the reading of company-related material and one-on-one information sessions. All board members have an open invitation to attend further training courses as and when required.

PSG Group's memorandum of incorporation requires a minimum of one third of the non-executive directors of the company, including non-executive directors having served for three consecutive years without rotating, to retire by rotation and to offer themselves for re-election by shareholders at the annual general meeting of the company. In addition, the appointment by the Board of any new director should be confirmed by shareholders at the first annual general meeting following such appointment. Hence, in accordance with the company's memorandum of incorporation, Messrs FJ Gouws and CA Otto, as well as Ms AM Hlobo, who retire by rotation and offer themselves for re-election, will be available for re-election by shareholders at PSG Group's annual general meeting to be held on 9 July 2021.

4.10 Company secretary

PSGCS is the appointed company secretary to PSG Group. It acts as conduit between the Board and the company. The company secretary is responsible for Board administration, as well as for liaising with the Companies and Intellectual Property Commission and the JSE. Board members also have access to legal and other expertise when required in such capacity and at the cost of the company through the company secretary. The Board is satisfied with the availability of legal and other expertise on offer.

The company secretary maintains a professional relationship with Board members, giving direction on matters such as good corporate governance, if required. The Board, via the audit and risk committee, has reviewed, through discussion and assessment, the qualifications, experience and competence of the individuals employed by the company secretary, and concluded that it had performed all formalities and its duties timeously and in an appropriate manner. The Board is satisfied that an arm's-length relationship exists with the company secretary.

The certificate that the company secretary, herein represented by Mr A Rossouw, is required to issue in terms of section 88(2)(e) of the Companies Act of South Africa, is included on page 73 of this annual report.

4.11 Transformation

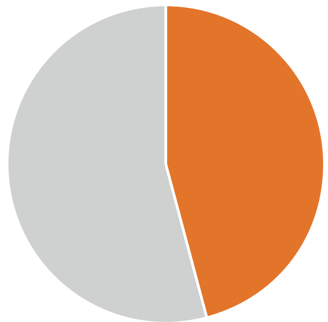
PSG Group is committed to creating and maintaining an environment that provides equal opportunities for all its employees, with a view to promote transformation. The company recognises that there are disparities in employment, occupation, income and opportunities within the labour market, with black people, women and people with disabilities historically being disadvantaged.

The 13 employees at head office responsible for the day-to-day management of PSG Group, its wholly-owned subsidiaries and PSG Alpha, are employed by PSGCS, a wholly-owned subsidiary. To promote transformation at head office level, PSGCS has previously established a transformation committee consisting of Messrs ZL Combi (chairman), PE Burton and WL Greeff, all being directors of PSG Group, with the majority being independent non-executives. The transformation committee met once during the past year on 13 January 2021 and all members were present. At such meeting, the committee again approved an employment equity plan for PSGCS to improve equity in the workplace containing, inter alia, five-year employment equity targets.

PSGCS continues to make a concerted effort to transform from both a race and gender perspective:

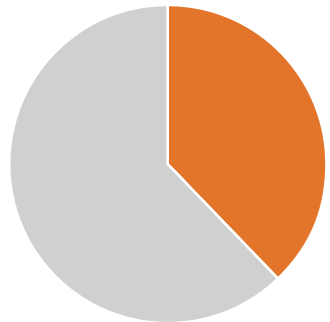
2021

Black people: 46%



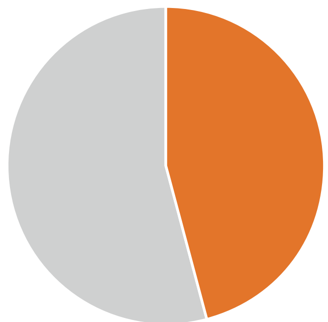
2016

Black people: 38%



2021

Female: 46%



2016

Female: 50%

4.12 Other policies

Apart from policies mentioned elsewhere in this report, such as the broader diversity policy, PSG Group previously adopted and continues to apply, inter alia, the following policies:

- Anti-money laundering policy;
- Dealing in securities policy;
- Price sensitive information policy; and
- Whistleblowing policy.

Such policies are available for information purposes from the company secretary.

4.13 Compliance with the Companies Act of South Africa and memorandum of incorporation

The PSG Group directors have confirmed that, to the best of their knowledge, PSG Group i) complied with the provisions of the Companies Act of South Africa, and ii) operated in accordance with its memorandum of incorporation, during the year under review.

4.14 Material risks

A description of all immediately identifiable material risks which are specific to PSG Group, its industry and/or its issued ordinary shares are available at *www.psggroup.co.za.*

5. STRATEGY, PERFORMANCE AND REPORTING TO STAKEHOLDERS

PSG Group has set out its strategy, as well as feedback on its performance there against, in the *Letter to Shareholders* on page 6 of this annual report.

PSG Group fully subscribes to the notion of honesty and transparency, which includes timely, clear, succinct and accurate reporting to all stakeholders. Such reporting includes the publication of PSG Group's bi-annual financial results and any other information considered appropriate and for the benefit of all stakeholders, be it voluntarily or as required by the JSE Listings Requirements.

6. GOVERNANCE MATTERS

6.1 Risk management and internal control

The Board acknowledges that it is accountable for PSG Group's process of risk management and systems of internal control. Each of PSG Group's investees similarly has its own board of directors responsible for the risk management and systems of internal control of that company and its business.

Certain of the group's investees, such as PSG Konsult, operate in highly regulated environments and accordingly risk management in those entities is performed by dedicated risk and compliance teams, as well as internal audit functions where appropriate.

The following risk management measures have been implemented at PSG Group and its investees:

- Detailed risk assessments, containing the identified risk(s) together with control(s) implemented to mitigate such risk(s), to the extent possible; and
- Risk control logs, containing details of the occurrence of risk events, together with management's response thereto and, where appropriate, the additional control(s) implemented to help prevent such events from re-occurring and/or reduce the impact thereof.

On the recommendation of the audit and risk committee, the Board has decided not to establish an internal audit function at PSG Group level given the nature and extent of its day-to-day activities as an investment holding company, its strong internal control environment and its limited staff complement comprising 13 employees. In addition, PSG Group's major investees have, where necessary, either established or outsourced their own internal audit functions.

The Board, on recommendation from the audit and risk committee, concluded that the systems of internal control and the risk management process at PSG Group level were effective for the financial year under review. The Board is satisfied that there were no material breakdown in controls at either PSG Group or its investees during the past year.

6.2 Technology and information governance

PSG Group's head office employs a dedicated information technology ("IT") manager responsible for IT governance, who reports to PSG Group's CFO. IT is essential to all PSG Group's investees, with IT governance continuously treated as a priority by all.

As IT does not play a significant role in the continuity of our business at a PSG Group head office level due to its nature and size, the risk associated therewith is somewhat limited. However, continued data security remains a key focus area for the IT manager.

6.3 Compliance function

PSG Group has not appointed a dedicated compliance officer as it has continuous access to the inhouse corporate finance advisory and legal expertise of PSG Capital. If required, PSG Group will obtain further independent advice from reputable third-party consultants.

As mentioned earlier, certain of the group's investees operate in highly-regulated environments and therefore have appointed dedicated compliance officers and established the necessary support structures.

6.4 Remuneration governance

Remuneration governance is comprehensively addressed in the *Remuneration Report* contained on page 44 of this annual report.

6.5 Assurance

PSG Group, being an investment holding company, does not require independent assurance in respect of any reports other than its annual financial statements. Such assurance is provided by PSG Group's external auditor, whose report is included on page 77 of this annual report.

7. STAKEHOLDER RELATIONSHIPS

PSG Group subscribes to the principles of objective, honest, accurate, transparent, timeous, balanced, relevant and understandable communication of financial and non-financial information to stakeholders at all times. PSG Group has individuals responsible for dealing with stakeholder queries.

PSG Group acknowledges the vital role and responsibility of regulators as stakeholders. Our relationships with them are maintained in a professional manner – always frank, open and respectful.

REPORT FROM THE REMUNERATION COMMITTEE

1. REMUNERATION WITHIN AN INVESTMENT HOLDING COMPANY

PSG Group Ltd ("PSG Group") is an investment holding company with more than 83% of its total assets represented by independently managed exchange-listed investments, each with its own remuneration committee and policy designed specifically for its business and the industry in which it operates.

An investment holding company is distinctly different from an operational company. It has limited day-to-day operations and its primary focus is to make and help grow investments that will procure long-term value creation for shareholders. The remuneration policy for such an investment holding company therefore needs to be conducive to driving long-term focus and decision-making in order to achieve the company's objectives. Accordingly, the primary responsibilities of the PSG Group Remuneration Committee ("PSG Group Remcom" or "Remcom" or "Committee") are to:

- Oversee the remuneration and incentives of PSG Group's executive directors and other key employees at head office to ensure it is fair and responsible toward such individuals as well as the company (i.e. shareholders and other stakeholders);
- Review PSG Group's non-executive directors' fees and make appropriate recommendations to shareholders for approval thereof; and
- Provide guidance to the remuneration committees of unlisted companies forming part of the broader PSG Group.

The PSG Group Remcom comprises three independent non-executive directors – KK Combi, Chris Otto and me as chairman. After comprehensive prior consultation with management, the Committee held one formal meeting during the past year on 12 February 2021, and all members were present.

2. PSG GROUP'S REMUNERATION PHILOSOPHY

PSG Group aims to align remuneration practices with its business strategies to deliver on its stated objective of long-term value creation for all shareholders through a combination of share price appreciation, cash dividends and other distributions, as circumstances may dictate.

Remuneration practices should always be fair and responsible to both the employee and the company (i.e. shareholders and other stakeholders), whilst continuously reporting thereon in a transparent manner.

PSG Group has provided its shareholders with superior returns over the past 25 years since establishment. Long-term value creation will always depend on, amongst other, PSG Group attracting and retaining the services of talented individuals. To do so, it is imperative that PSG Group's remuneration practices are appropriate and competitive.

PSG Group's three executive directors have each served in their respective current roles for at least 11 years. Over such period, PSG Group's *total return index ("TRI")* is 28,6% p.a. Shareholders have accordingly benefited significantly from the value created, while executive directors have been remunerated commensurately through both their shareholding and long-term incentives due to their interests being materially aligned with those of shareholders.

3. KEY FEATURES OF PSG GROUP'S REMUNERATION POLICY

The Remcom previously introduced an appropriate remuneration policy for PSG Group's head office employees (including PSG Group's executive directors) to help drive long-term focus and decision-making in order to ultimately deliver on PSG Group's stated objective of long-term value creation for shareholders.

PSG Group's most significant successes to date emanated from early-stage investing – Capitec and PSG Konsult are prime examples. As with any start-up business, it will likely take years to determine success, and it is accordingly imperative for management to maintain a long-term focus to help achieve this objective. It would be irrational to remunerate management based on meeting short-term operational targets or when making new investments while the ultimate success thereof is still unknown. PSG Group's remuneration policy has consequently been designed to suitably align the interests of its employees with those of shareholders – if PSG Group shareholders do well, the employees will do well, and importantly so, vice versa.

The table below lists some of the key features of PSG Group's remuneration policy and cross references to the relevant sections of the remuneration policy:

Key feature		Page
Short-term incentives ("STI")		
Benchmarking of base salaries	✓	53
Portion of base salary deferred for 12 months	✓	53
Subject to malus/clawback provisions	✓	53
No bonus payments to CEO, CFO and managers	✓	54
Long-term incentives ("LTI") (share options)		
Share options awarded at ruling market price – i.e. participants will only realise value if there is share price appreciation	✓	54
Vesting occurs over time	✓	55
Vesting subject to *financial* performance measures	✓	55
Vesting subject to *non-financial* personal key performance measures	✓	56
Award and vesting subject to minimum shareholding requirements for executive directors (including CEO and CFO), as well as other participants	✓	57
Subject to malus/clawback provisions	✓	57

4. VOTING AT THE PREVIOUS ANNUAL GENERAL MEETING ("AGM")

As prescribed by the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™") and required by the JSE Listings Requirements, PSG Group presented its remuneration policy and the implementation report thereon to shareholders for *non-binding advisory* votes at its previous AGM held on 17 July 2020. Shareholders representing 70,6% of the total votes exercisable were in attendance, whether in person, by proxy or authorised representative, and the results from their voting were:

Resolution	For	Against
Non-binding endorsement of remuneration policy	82,4%	17,6%
Non-binding endorsement of implementation report on the remuneration policy	93,0%	7,0%

5. CHANGES MADE TO PSG GROUP'S REMUNERATION POLICY DURING THE PAST YEAR

5.1 Share option strike price adjustments

On 31 August 2020, PSG Group undertook the most significant corporate action in its history by distributing 32 502 856 Capitec Bank Holdings Ltd ("Capitec") ordinary shares, representing approximately 28,1% of Capitec's total issued ordinary share capital, to PSG Group ordinary shareholders as a special dividend by way of a pro rata distribution *in specie*, in the ratio of 14 Capitec shares for every 100 PSG Group shares held ("Capitec Unbundling").

The PSG Group Ltd Supplementary Share Incentive Trust ("SIT") deed ("Trust Deed"), as previously approved by PSG Group shareholders and the JSE, entitles the Remcom to instruct the SIT's trustees to effect such adjustments to the strike prices of awarded but unexercised share options as the Remcom "shall consider fair and reasonable in the circumstances" to take account of, inter alia, special dividends (such as the Capitec Unbundling).

As a result, and in accordance with the JSE Listings Requirements, the Remcom appointed PricewaterhouseCoopers Corporate Finance (Pty) Ltd ("PwC"), the corporate advisory arm of PSG Group's external auditor, as independent expert to calculate the strike price adjustments that may be considered fair and reasonable in order to account for the Capitec Unbundling. Such strike price adjustments were calculated by applying option pricing models to each individual share option award tranche immediately before the Capitec Unbundling and then calculating immediately after the Capitec Unbundling the adjusted strike price necessary so as to ensure that the participant's share options have the same fair value before and after the Capitec Unbundling (i.e. the participant should be in the same position irrespective of the Capitec Unbundling having taken place). It is important to note that the SIT participants did not receive any Capitec shares pursuant to the Capitec Unbundling in respect of their unvested share options – hence the need to adjust the strike prices of such share options following the Capitec Unbundling.

The Remcom has reviewed PwC's recommendations and approved the strike price adjustments proposed by them. The Remcom also submitted a copy of PwC's report to the JSE during January 2021, as required by the Trust Deed and JSE Listings Requirements.

The strike price adjustments pursuant to the Capitec Unbundling are detailed in the table below:

		Share option strike price (R)	
Grant date	**Vesting date**	**Before**	**After**
29 February 2016	28 February 2021	178,29	21,39
28 February 2017	28 February 2021	237,31	39,47
28 February 2017	28 February 2022	237,31	28,68
28 February 2018	28 February 2021	236,13	39,11
28 February 2018	28 February 2022	236,13	28,37
28 February 2018	28 February 2023	236,13	19,50
28 February 2019	28 February 2021	250,56	42,91
28 February 2019	28 February 2022	250,56	32,11
28 February 2019	28 February 2023	250,56	23,05
28 February 2019	28 February 2024	250,56	14,73
28 February 2020	28 February 2022	213,71	22,27
28 February 2020	28 February 2023	213,71	13,65
28 February 2020	28 February 2024	213,71	5,56
28 February 2020	28 February 2025	213,71	(2,51)

5.2 Changes to LTI performance measures and linear vesting model

In terms of PSG Group's existing remuneration policy, the vesting of share options awarded from 28 February 2018 onwards are subject to, inter alia, meeting the following *financial* performance measures:

- The vesting of 50% of share options depends on PSG Group's *recurring earnings per share ("REPS")* growth outperforming a predefined "real growth"-benchmark, being calculated as South Africa's consumer price index inflation rate plus South Africa's gross domestic product growth rate plus an additional 3%, as measured over the five years immediately preceding such vesting date; and
- The vesting of 50% of share options depends on PSG Group's average *return on equity ("ROE")*, as measured over the five years immediately preceding such vesting date, exceeding PSG Group's average cost of equity over such period.

Important to note is that both the *REPS* growth and *ROE financial* performance measures are earnings-derived metrics.

The Capitec Unbundling has made the aforementioned *financial* performance measures impractical to use going forward for the following reasons:

- Capitec contributed approximately 70% to PSG Group's consolidated *recurring earnings* and constituted approximately 75% of PSG Group's total *SOTP* assets – occasionally, the investment in Capitec alone was even larger than PSG Group's market capitalisation. The adjustments needed following the Capitec Unbundling to derive at reasonable comparatives for purposes of calculating PSG Group's historic and future *financial* performance are highly complex and open to subjectivity; and
- PSG Group's required change in status to that of an *investment entity* for IFRS purposes with effect from 1 March 2020 (i.e. *REPS* no longer reported with investees no longer consolidated but accounted for at fair value instead, with *ROE* accordingly fluctuating depending on the market movements of the investments) mainly as a result of the Capitec Unbundling, has further necessitated a review of the aforementioned *financial* performance measures.

As such, with due consideration to the significant change in composition of PSG Group's investment portfolio following the Capitec Unbundling and the way in which the performance of the remaining investments is evaluated, and to ensure PSG Group's LTI is conducive to help drive long-term focus and decision-making in order to ultimately deliver on PSG Group's stated objective of long-term value creation for shareholders, the Remcom has investigated various alternative *financial* performance measures for the LTI. After careful deliberation and discussions with major shareholders, the Remcom determined it more appropriate that the vesting of share options awarded from 28 February 2018 onwards be subject to meeting the following *financial* performance measures instead:

- *TRI*
  The vesting of 40% of share options will be subject to PSG Group's *TRI* outperforming the average *TRI* of a peer group of JSE-listed companies that share similar traits to PSG Group and its investees (refer below), as measured over the five years immediately preceding such vesting date.
- *Head office costs*
  The vesting of 40% of share options will be subject to PSG Group's total head office operating and employment costs (net of fee and other income generated, but excluding underwriting and commitment fees earned) for the preceding financial year expressed as a percentage of PSG Group's *SOTP value* upon such vesting date, being less than the average *total expense ratio ("TER")* of South African flexible collective investment schemes (i.e. flexible funds).
- *Gearing*
  The vesting of 20% of share options will be subject to PSG Group's total *SOTP* debt (prudently including any perpetual preference share funding) being less than 20% of its total *SOTP* assets (i.e. a maximum gearing level of 20%) upon such vesting date.

It is furthermore important to note that these are fully-priced and not nil-paid share options. Accordingly, all such share options also have an inherent *financial* performance hurdle, being the strike price. Share options will therefore only have value if the share price is higher than the strike price on the date of exercise of such share options.

The group of peer companies the Remcom determined to be most comparable, as well as the rationale for selecting each constituent, are detailed in the table below –

Company	Rationale
Remgro Ltd	Investment holding company
Hosken Consolidated Investments Ltd	Investment holding company
Kap Industrial Holdings Ltd	Investment holding company
Long4Life Ltd	Investment holding company
Alexander Forbes Group Holdings Ltd	Financial services provider operating in a similar segment as PSG Konsult Ltd, which represents 35% of PSG Group's total *SOTP* assets
Advtech Ltd	Private education provider operating in a similar segment as Curro Holdings Ltd ("Curro"), which represents 17% of PSG Group's total *SOTP* assets
Hyprop Investments Ltd	SA-focused property company, with the likes of Curro and Evergreen Retirement Holdings (Pty) Ltd (collectively representing 21% of PSG Group's total *SOTP* assets) having a significant property underpin

- *TRI rationale*
  The Remcom considers the *TRI financial* performance hurdle to be an appropriate *financial* performance measure considering that investors in investment holding companies, such as PSG Group, are ultimately interested in the investment returns generated through a combination of share price appreciation, cash dividends and other distributions. PSG Group's *TRI* accordingly is a sensible metric to measure its *financial* performance, being derived from its share price performance and taking cognisance of distributions. Similarly, the most astute investor of all time Warren E. Buffett of Berkshire Hathaway, starts off his letter to shareholders annually by comparing Berkshire Hathaway's performance since establishment to that of the S&P500. However, with PSG Group and its investees virtually operating exclusively in South Africa, its *TRI* is not realistically comparable to that of an index such as the JSE All Share, which has a significant weighting in rand-hedge shares such as Naspers, Richemont and British American Tobacco whose earnings are dominated by offshore operations. Instead, PSG Group's *TRI* is measured against that of the aforementioned peer group of JSE-listed companies that not only share similar traits to PSG Group and its investees, but who operate mainly in South Africa.
- *Head office costs rationale*
  The total head office operating and employment costs *financial* performance hurdle places additional emphasis on management to conduct PSG Group's investment activities in a cost conscious manner. It is measured against the average *TER* of South African flexible funds to provide PSG Group shareholders with the necessary assurance that the cost to operate PSG Group as an investment holding company is effectively less than what the market charges investors otherwise.
- *Gearing rationale*
  One can generally improve a company's performance by introducing debt into the business, as long as it remains at a responsible level in order not to attract undue risk. PSG Group's maximum gearing *financial* performance hurdle helps to ensure that management does not incur excessive debt to grow the business with irresponsible levels of risk. In recent times, there has been a plethora of corporate collapses or near collapses in South Africa due to excessive gearing levels and accordingly, the Remcom views such a *financial* performance hurdle as a good safeguard there against.

Linear vesting in respect of TRI financial performance measure

Previously, the vesting of share options had a binary outcome dependant on whether the *REPS* growth and *ROE financial* performance measures had been met or not. However, having conducted extensive research, the Remcom observed a general move in the market from binary to linear vesting models and agrees that it is indeed a more equitable model to follow. For example, if the benchmark for the vesting of share options was 15% and the actual performance came in at 14,9%, it is unreasonable to expect that no share options should vest and, if so, it could well lead to a loss of talent which could have a negative impact on the future performance of PSG Group. Accordingly, the Remcom has resolved that those share options awarded from 28 February 2018 onwards which are subject to the *TRI financial* performance hurdle will vest in accordance with the following *linear* vesting model:

- No share options will vest if PSG Group's *TRI* is less than 80% of that of the peer group, as measured over the five years immediately preceding such vesting date; and
- Linear vesting will apply such that –
  - 30% of share options will vest if PSG Group's *TRI* is 80% of that of the peer group;
  - 100% of share options will vest if PSG Group's *TRI* is 120% of that of the peer group;

  as measured over the five years immediately preceding such vesting date.

5.3 Minimum shareholding requirements

The Remcom encourages management to hold shares in PSG Group to better align their interests with those of shareholders, and as a tangible demonstration of their commitment to PSG Group. Accordingly, both the award and vesting of share options of executive directors have previously been and continue to be subject to meeting a minimum shareholding requirement. However, in light of the Capitec Unbundling and the resultant significant reduction in PSG Group's ex-Capitec share price, the respective minimum shareholding requirements for the CEO and other executive directors (including the CFO) had to be revised downward from 500% to 300% and from 400% to 200% of their current base salaries, respectively.

During the past year, the Remcom for the first time also resolved to introduce a minimum shareholding requirement for all other participants of the LTI. With effect from 28 February 2022, the award and vesting of these participants' share options will be subject to the participant retaining at least 60% of all PSG Group shares delivered to him/her on or after 28 February 2021 by way of the exercise of share options on a net-equity-settled basis.

5.4 Base salaries of executive directors (including CEO and CFO)

Last year, the Remcom approved a 5% general salary increase for the financial year ended 28 February 2021. However, the executive directors and senior management voluntarily resolved to sacrifice their approved salary increase considering the business and economic uncertainty brought about by the Covid-19 pandemic.

Following the Capitec Unbundling in terms of which significant value of more than R12bn was unlocked for shareholders, PSG Group has a much smaller market capitalisation which certain stakeholders could argue warrants a reduction in executive pay. However, the Remcom believes it would be extremely unfair to penalise the executive directors for having initiated and concluded a major value-unlocking transaction for the benefit of all PSG Group shareholders, and that it might result in a loss of talent and/or discourage them from pursuing further value-unlocking initiatives if they are going to be penalised for it. Furthermore, it should be noted that while PSG Group's market capitalisation has decreased following the Capitec Unbundling, the executive directors' workload and responsibilities remain unchanged and it could well be argued that the expectation for them to identify and implement further value-unlocking initiatives has in fact increased.

However, with further consideration to the ongoing Covid-19 pandemic and its long-lasting damage to our economy, the executive directors have proposed to the Remcom to sacrifice any potential inflationary increases to their base salaries over the short term. After careful consideration, the Remcom accepted such proposal.

6. PSG GROUP'S SHARE PRICE DISCOUNT TO ITS SOTP VALUE PER SHARE

The PSG Group board receives regular queries as to the reason(s) for the sizeable discount at which PSG Group shares continue to trade to its *SOTP value* per share, as well as the board's plan to reduce/unlock such discount.

One can speculate regarding the reasons for such discount. However, despite the significant value-unlocking initiatives undertaken by the PSG Group board during the past year, most notably the Capitec Unbundling and PSG Group share buy-backs, the discount persists. It is thus determined by market forces and unfortunately outside the direct control of the PSG Group board. That said, the PSG Group board remains focused on pursuing value-unlocking initiatives to the extent possible.

When considering factors which may be contributing to the persisting discount, it should be noted that changes were recently introduced to Section 46 of the Income Tax Act whereby rollover tax relief provisions will no longer apply to future unbundling transactions to the extent of any distribution to so-called *disqualified persons*, which amongst other include any single retirement fund and foreign investor holding more than 5% of the issued share capital of the unbundling company. Accordingly, should PSG Group undertake unbundling transactions in future and to the extent that it has *disqualified persons* as shareholders at such time, it may result in capital gains tax (and potentially dividend withholding tax should a foreign investor hold more than 5% of its issued share capital) payable by PSG Group because of such *disqualified persons* – with the cost thereof effectively and unjustifiably being carried by all PSG Group shareholders, and not just by the *disqualified persons*.

7. FUTURE CONSIDERATIONS

As communicated in the previous two years' remuneration reports and considering further engagement with stakeholders, it is evident that numerous investors do not give due consideration to the embedded performance hurdle underlying share options awarded at a strike price equal to the ruling market price ("Fully Priced Share Options") as opposed to share options awarded at zero cost ("Nil Paid Share Options").

We understand the investor community's requirement for additional performance hurdles (both *financial* and *non-financial*) as vesting conditions to share options awarded to management. However, the simple reality is that management with Nil Paid Share Options will realise value irrespective of what the share price performance is as long as predetermined performance targets (if any) are met. In contrast, management with Fully Priced Share Options (as is the case with PSG Group) will not realise any value unless there is share price growth above the strike price at which such share options were awarded, irrespective of whether they have met their *financial* and *non-financial* performance targets. It is evident that Fully Priced Share Options align management's interests with those of shareholders – management will only benefit if the share price increases substantially, in which case shareholders would have benefited accordingly.

As an example – if a participant is issued Fully Priced Share Options at a strike price equal to the ruling market price of, say R60, the participant will only realise value should the share price increase to above R60 at exercise date. Nil Paid Share Options on the other hand will provide value to the participant even if the share price had declined to below R60 at vesting date. For this reason, the vesting conditions attaching Nil Paid Share Options should be considerably more stringent than those attaching Fully Priced Share Options.

In our opinion as Remcom, the main benefit of potentially awarding Nil Paid Share Options rather than Fully Priced Share Options, is that it eliminates the effect of short-term share price fluctuations insofar it relates to when exactly participants join the share incentive scheme and are awarded share options for the first time. As an example, employee A joins the company and is awarded Fully Priced Share Options at a strike price equal to the ruling market price of say R60. Two months later, employee B joins the company and is awarded Fully Priced Share Options at a strike price equal to the then ruling market price of say R50, following a short-term decline due to general market sentiment. It is clear that employee A is significantly disadvantaged compared to employee B. However, had Nil Paid Share Options been awarded, both employee A and B could have been awarded a fixed exposure amount of say R1m, effectively putting them in the same position, irrespective of when they joined the company.

Taking cognisance of aforementioned embedded performance hurdle underlying Fully Priced Share Options, the investor community should demand significantly more stringent performance hurdles as vesting conditions in the case of Nil Paid Share Options. Our analysis of LTI schemes at certain other companies suggest that this is currently not the case.

The Remcom believes that the vesting conditions of PSG Group's share incentive scheme are sufficiently stringent, also with due regard to the embedded performance hurdle underlying the Fully Priced Share Options issued to PSG Group management.

The Remcom will continuously assess potential alternatives to PSG Group's current LTI structure, but remains committed to Fully Priced Share Options for now.

8. VOTING AT UPCOMING AGM

Both PSG Group's remuneration policy and its implementation report thereon will again be presented to shareholders for separate *non-binding advisory* votes at PSG Group's upcoming AGM to be held on 9 July 2021. In the event that 25% or more of shareholders vote against either the remuneration policy or the implementation report thereon at the meeting, PSG Group will engage with such shareholders through dialogue, requesting written submissions or otherwise, in order to address their concerns, always with due regard to meeting PSG Group's stated business objectives while being fair and responsible toward both the employees and shareholders.

9. CEO VERSUS EMPLOYEE PAY

Given the nature of an investment holding company's operations, the vast majority of PSG Group's head office employees are highly skilled and trained individuals, which include chartered accountants, an engineer, and a mathematician. These individuals are remunerated accordingly and therefore the difference in the average annual base salary of an employee and that of PSG Group's CEO is relatively low when compared to operational companies in particular. The table below sets out the calculation hereof:

Annual base salary (STI)*	2021 R'000
CEO	12 383
Average pay for employees (excluding the CEO)	2 072
Times	**6,0**
CEO	12 383
Average pay for employees (excluding the CEO and CFO)	1 289
Times	**9,6**

* *Excluding all PSG Capital employees.*

10. DEVELOPMENT AND RETENTION OF TALENT

The development and retention of talent are of paramount importance to PSG Group, especially considering the small number of employees (only 13) employed at a head office level and the significance of employee continuity considering PSG Group's long-term value-creation objective.

In summary – the Committee believes that PSG Group's remuneration policy is ideal for an investment holding company with a long-term value-creation objective, is more stringent than that of most comparable companies in nature and size and is fair and responsible to both the individual and shareholders. The Committee accordingly urges shareholders to consider PSG Group's remuneration report in detail and in context, and to support the *non-binding advisory* votes on its remuneration policy and implementation report thereon at PSG Group's upcoming AGM. The Committee remains committed to ongoing consultation on an individual shareholder level and welcomes any constructive input from shareholders throughout the year.

PE Burton
Remuneration Committee Chairman

Stellenbosch
28 May 2021

REMUNERATION POLICY

1. PROVIDING CONTEXT TO PSG GROUP'S OPERATIONS AT HEAD OFFICE LEVEL

1.1 As at 28 February 2021, the total employees at head office level, including the three PSG Group executive directors, comprised 33 individuals (no longer including the Grayston Elliot tax advisory division pursuant to a management buy-out during the year under review). However, 20 of these individuals work in the PSG Capital corporate finance advisory division, with only the remaining 13 employees being dedicated full-time to the day-to-day running of PSG Group and PSG Alpha. These 13 individuals comprise the PSG Group CEO and CFO, four managers and seven support staff providing finance, information technology and general administrative support services. It is important to note that PSG Group makes use of PSG Capital's corporate finance and advisory services, thereby allowing PSG Group to have a small staff complement.

1.2 The PSG Capital corporate finance division provides professional services to PSG Group, its investees and to third parties. Considering the extensive services rendered to third parties, this division operates in terms of a revenue-sharing arrangement whereby the division is entitled to a percentage of fee income generated, while being responsible for carrying all its operating and employment costs. The remaining balance essentially constitutes a bonus pool available for distribution to such division's employees, serving as both an incentive and a retention mechanism with a percentage of such bonuses generally deferred and being subject to the employee remaining in this division's service. In the event that such balance is negative (i.e. should the division make a loss) at financial year-end, the division must first generate sufficient future profits to eliminate the loss before its employees become eligible for bonuses again.

1.3 Johan Holtzhausen, an executive director of PSG Group, is employed as CEO of the PSG Capital corporate finance division. His total remuneration and incentives are determined by the Remcom, similarly to that of PSG Group's CEO and CFO. PSG Group carries only 25% of his base salary p.a. for services rendered to PSG Group (including, but not limited to, his contribution as member of the PSG Group Executive Committee and the PSG Group Board), while the balance of his employment costs is borne by the PSG Capital corporate finance division – including any costs associated with his PSG Group share option awards, as well as any discretionary bonus as determined in accordance with their aforementioned revenue-sharing arrangement.

1.4 Accordingly, the PSG Group head office's operating and employment costs are limited to that of the aforementioned 13 employees and 25% of Johan Holtzhausen's base salary. For the year ended 28 February 2021, PSG Group's total head office operating and employment costs (net of fee and other income generated, but excluding underwriting and commitment fees earned) amounted to 0,36% (2020: 0,05%) of PSG Group's *SOTP value* as at the reporting date. Although this percentage has increased following a substantial decline in PSG Group's *SOTP value* pursuant to the Capitec Unbundling and lower fee income earned due to limited mergers and acquisitions activity, by comparison it remains significantly lower than the management fees (including performance fees) generally charged to investors in the local asset management industry. In the case of flexible funds for example, it is generally in excess of 1% p.a. In addition, PSG Group is arguably much more actively involved in the management and growing of its underlying investments compared to the local asset management industry.

2. COMPONENTS OF REMUNERATION

2.1 The remuneration of the aforementioned 13 PSG Group employees is reviewed annually by the Remcom, which seeks to ensure that balance is maintained between the respective remuneration components (i.e. short-term ("STI") versus long-term ("LTI"), and fixed versus variable), being:

Group	Number of employees	Focus	Strategic view	Remuneration component	Longest period of remuneration deferral
CEO and CFO	2	Formulate, drive and oversee implementation of strategy	Longest term	Base salary (STI) and share options (LTI)	Five years
Managers	4	Strategy implementation	Long term	Base salary (STI) and share options (LTI)	Five years
Other staff (group no. 1)	1	Operational	Short to long term	Base salary (STI), discretionary bonus (STI) and share options (LTI)	Five years
Other staff (group no. 2)	6	Support (administration)	Short term	Base salary and discretionary bonus (both STI)	One year
Total	**13**				

2.2 Total remuneration incorporates the following components:

Fixed remuneration

Base salary (STI)

2.2.1 Base salary is guaranteed annual pay on a cost-to-company basis. It is subject to annual review and adjustments are effective 1 March of each year, coinciding with the commencement of PSG Group's financial year. Benchmarking is performed to ensure that remuneration is market-related with reference to companies comparable in nature, business complexity and the level of responsibility that the individual assumes.

2.2.2 The payment of 30% of the CEO, CFO and managers' annual base salary is deferred for a period of 12 months, with such deferred payment being subject to:

2.2.2.1 The individual being in PSG Group's service 12 months later, thereby serving as a retention mechanism in addition to the share incentive scheme (LTI) detailed below; and

2.2.2.2 Malus/clawback provisions in the event of the wilful material misstatement of financial results or fraudulent activity for a further 12 months after payment of the 30% deferred portion to the individual. If triggered, such malus/clawback provisions would require that the total deferred salary amount received by the individual during the preceding 12 months be repaid to PSG Group; and

2.2.2.3 Meeting *non-financial* personal key performance objectives, with those of the CEO and CFO detailed below.

2.2.3 Benefits, forming part of total cost to company, are limited to:

2.2.3.1 Group life cover (providing death, disability and dread disease benefits);

2.2.3.2 Membership to a retirement fund; and

2.2.3.3 Membership to a medical aid scheme.

Variable remuneration

Discretionary bonuses (STI)

2.2.4 The CEO, CFO and managers do not qualify for discretionary bonuses.

2.2.5 Johan Holtzhausen, an executive director of PSG Group, remains eligible for a discretionary bonus exclusively in terms of PSG Capital's aforementioned revenue-sharing arrangement as its CEO.

2.2.6 PSG Group's operational and support staff remain eligible for discretionary bonuses, subject to meeting both company (i.e. *financial*) and personal (i.e. *non-financial*) performance objectives.

Share incentive scheme (LTI)

2.2.7 PSG Group shareholders adopted a share incentive scheme at PSG Group's AGM held on 19 June 2009, and subsequently approved amendments thereto at PSG Group's AGM held on 22 June 2018.

2.2.8 In terms of the share incentive scheme, PSG Group share options are awarded to PSG Group's executive directors (being the CEO, CFO and Johan Holtzhausen), managers and other qualifying employees with the primary objectives of retaining their services and to align their interests with those of shareholders.

2.2.9 A key feature of PSG Group's share incentive scheme is that participants will only benefit if there is long-term share price appreciation, driven largely by long-term growth in PSG Group's *SOTP value* per share. This should ultimately depend on sustained *recurring earnings* per share growth from PSG Group's underlying investee companies, management's ability to continuously invest in and help build new businesses with attractive long-term growth prospects, as well as to pursue value-unlocking initiatives when opportune. In line with shareholders, participants in the share incentive scheme will consequently share in the results of any good or bad business decisions.

2.2.10 Importantly, the share incentive scheme also ensures a rolling *long-term* focus for participants, considering the:

2.2.10.1 Annual vesting of share options in 25%-tranches on each of the 2nd, 3rd, 4th and 5th anniversary of the award date, subject to meeting the required *financial* performance measures of which PSG Group's *TRI financial* performance hurdle is measured over a rolling five-year period; and

2.2.10.2 Annual share option top-up awards, as detailed below.

Award

2.2.11 Share options are awarded annually at the discretion of the Remcom, but subject to:

2.2.11.1 The participant meeting his/her *non-financial* personal key performance measures; and

2.2.11.2 The participant meeting the minimum shareholding requirement; and

2.2.11.3 Malus/clawback provisions.

2.2.12 Such number of share options to be awarded is calculated using a mathematical formula based on the respective participant's base salary and a multiple (ranging between 1x and 10x depending on the participant's seniority and accordingly the level of responsibility assumed within the organisation) applied thereto. In calculating the annual share option top-up awards, the strike value of previously awarded but unvested share options are taken into account.

2.2.13 All share options are awarded at a strike price equal to PSG Group's 30-day volume weighted average traded share price immediately preceding such award date (i.e. awarded at the ruling market price), thereby creating an embedded performance hurdle whereby participants will only benefit from the share incentive scheme if there is long-term share price appreciation and thus value creation for all PSG Group shareholders.

Variable remuneration *(continued)*

Share incentive scheme (LTI) *(continued)*

Vesting

2.2.14 Share options vest over a five-year period in 25%-tranches on each of the 2nd, 3rd, 4th and 5th anniversary of the award date. The vesting of such 25% tranches in respect of share options awarded from 28 February 2018 onwards will occur as follows:

2.2.14.1 *40% of share options* will vest on a *linear basis* as detailed below, and be subject to the following conditions:

- The participant remaining in service; and
- The participant meeting his/her *non-financial* personal key performance measures; and
- PSG Group meeting its *TRI financial* performance measure in terms of which its *TRI*, as measured over the five years immediately preceding such vesting date (the *TRI* measurement is over a rolling five-year period due to the vesting of any PSG Group share option award occurring over such five-year period), must outperform the average *TRI* measured over the same period of a peer group of JSE-listed companies that share similar traits to PSG Group and its investees (refer page 47); and
- The participant meeting the minimum shareholding requirement; and
- Malus/clawback provisions.

2.2.14.2 *40% of share options* will vest as detailed below, and be subject to the following conditions:

- The participant remaining in service; and
- The participant meeting his/her *non-financial* personal key performance measures; and
- PSG Group meeting its head office costs *financial* performance measure whereby its total head office operating and employment costs (net of fee and other income generated, but excluding underwriting and commitment fees earned) for the preceding financial year expressed as a percentage of PSG Group's *SOTP value* upon such vesting date, needs to be less than the average *total expense ratio ("TER")* of South African flexible collective investment schemes (i.e. flexible funds); and
- The participant meeting the minimum shareholding requirement; and
- Malus/clawback provisions.

2.2.14.3 *20% of share options* will vest as detailed below, and be subject to the following conditions:

- The participant remaining in service; and
- The participant meeting his/her *non-financial* personal key performance measures; and
- PSG Group meeting its gearing *financial* performance measure whereby its total *SOTP* debt (prudently including any perpetual preference share funding) needs to be less than 20% of its total *SOTP* assets (i.e. a maximum gearing level of 20%) upon such vesting date; and
- The participant meeting the minimum shareholding requirement; and
- Malus/clawback provisions.

Variable remuneration *(continued)*

Share incentive scheme (LTI) *(continued)*

Vesting *(continued)*

2.2.15 Share options which are subject to the *TRI financial* performance measure (refer to paragraph 2.2.14.1 above) will vest in accordance with the following *linear* vesting model:

2.2.15.1 No share options will vest if PSG Group's *TRI* is less than 80% of that of the peer group; and

2.2.15.2 *Linear* vesting will apply such that –

- 30% of share options will vest if PSG Group's *TRI* is 80% of that of the peer group;
- 100% of share options will vest if PSG Group's *TRI* is 120% of that of the peer group;

with PSG Group and the respective peer group companies' *TRIs* measured over the five years immediately preceding such vesting date.

2.2.16 In the event of any major corporate action, the Remcom will duly re-evaluate the reasonability of the *financial* performance measures for purposes of the LTI.

Non-financial personal key performance measures

2.2.17 The table below sets out the various *non-financial* personal key performance measures forming part of the CEO and CFO roles (with some overlapping responsibilities), as well as the respective weightings of such *non-financial* personal key performance measures:

	Weighting (%)	
	CEO	**CFO**
Formulating strategy and providing strategic guidance and direction throughout the broader group, including problem-solving when needed	40	25
Assessing investment/divestment opportunities for PSG Group and its investees	20	5
Implementation of investment/divestment decisions taken by the PSG Group Executive Committee/Board	–	5
Ensuring that sound corporate governance is entrenched at PSG Group and its investees – including maintaining a strong internal financial control environment and appropriate risk management processes, as well as promoting BEE transformation throughout the group	10	20
Financial reporting and shareholder communication in a transparent, accurate, concise and timely manner	5	15
Maintaining investor relations in a professional and transparent fashion	10	5
Managing PSG Group's capital structure and resources in a responsible and effective manner, whilst enhancing shareholder returns	15	25
Total	**100**	**100**

Variable remuneration *(continued)*

Share incentive scheme (LTI) *(continued)*

Minimum shareholding requirements

2.2.18 The Remcom encourages management to hold shares in PSG Group to better align their interests with those of shareholders, and as a tangible demonstration of their commitment to PSG Group. Accordingly, both the award and vesting of share options are subject to meeting the following minimum shareholding requirements –

2.2.18.1 Executive directors: must hold PSG Group shares on such award/vesting date to the value of at least 300% (CEO) or 200% (other executive directors) of his/her current base salary.

2.2.18.2 Other participants: with effect from 28 February 2022, the award and vesting of such participants' share options will be subject to the participant retaining at least 60% of all PSG Group shares delivered to him/her on or after 28 February 2021 by way of the exercise of share options on a net-equity-settled basis.

2.2.19 In the case of a new executive director being appointed, the Remcom will allow sufficient time for such director to reach the required minimum shareholding level.

2.2.20 In the event of any major corporate action, the Remcom will duly re-evaluate the reasonability of the minimum shareholding requirement applicable to executive directors for the LTI.

Exercise of share options

2.2.21 Participants to the SIT have a 180-day period following vesting date in which to exercise share options. Such period may under certain circumstances be extended with the permission of the SIT trustees, for example when in a closed period.

2.2.22 Where malus/clawback provisions apply in the event of a participant being found guilty of the wilful material misstatement of financial results or other fraudulent activity, such participant will be liable to repay PSG Group the after-tax gain made pursuant to the vesting and exercise of his/her share options during such period of the transgression.

2.2.23 The SIT no longer provides loan funding to participants to assist them with the exercise of share options.

2.2.24 Should the participant not be able to exercise his/her share options on a cash basis (i.e. full settlement of the strike value plus any Section 8C income tax payable on the unrealised gain upon exercise of such share options), the share options will be settled on a "net-equity basis" (i.e. the participant's after-tax upside will be settled through the issue of fully paid-up PSG Group shares to the participant, and PSG Group will pay the related Section 8C income tax payable in cash to SARS on the participant's behalf).

2.2.25 As an alternative to issuing shares to settle its obligation to participants, PSG Group in its sole discretion has the option to settle such obligation in cash, provided that the participant will remain in compliance with the minimum shareholding requirement.

Termination of service

2.2.26 In the case of resignation, dismissal or early retirement of a participant (i.e. bad leaver), unvested share options are generally forfeited.

2.2.27 In the case of the death, permanent disability, compulsory retirement or retrenchment of a participant (i.e. good leaver), share options capable of being exercised within a period of 12 months thereafter, will generally continue to be exercisable provided it is exercised during such 12 months.

2.2.28 However, in the case of the termination of employment for any reason other than dismissal, the Remcom may in its absolute discretion permit the exercise of any unvested share options upon such additional terms and conditions as it may determine (e.g. as part of non-compete provisions in the case of early retirement of key management).

3. TERMINATION OF EMPLOYMENT BENEFITS

PSG Group employees are not entitled to any payments upon termination of their service, except for those provided for in law (e.g. accrued annual leave and retrenchment payments).

4. GENDER PAY PARITY

PSG Group fully subscribes to the equal pay for work of equal value philosophy, and consequently there is no pay differentiation on the basis of gender.

5. NON-EXECUTIVE DIRECTORS

The remuneration of non-executive directors is reviewed annually by the PSG Group Executive Committee and thereafter referred to the Remcom, which seeks to ensure that fees are market-related considering the nature of PSG Group's operations, for formal approval by shareholders. Changes to the fee structure are generally effective 1 March, subject to approval by shareholders at PSG Group's AGM held in June/July of each year. The annual fees payable to non-executive directors are, as in the past, fixed and not subject to the attendance of meetings. However, in the event of non-attendance on a regular basis, this will be reconsidered.

The proposed fee structure of PSG Group's non-executive directors for the financial year ending 28 February 2022, which will be presented to shareholders for approval at PSG Group's upcoming AGM on 9 July 2021, is set out in the table below (excluding value-added tax, to the extent applicable):

	Annual fee 2021 R	Annual fee 2022 R	*Change %*
PSG Group Board			
Chairman	650 000	**676 000**	*4,0*
Member	266 250	**276 900**	*4,0*
PSG Group Audit and Risk Committee			
Chairman	186 375	**193 830**	*4,0*
Member	159 750	**166 140**	*4,0*
PSG Group Remuneration Committee			
Chairman	79 875	**83 070**	*4,0*
Member	53 250	**55 380**	*4,0*
PSG Group Social and Ethics Committee			
Chairman	31 950	**33 230**	*4,0*
Member	21 300	**22 150**	*4,0*

PSG Group pays all reasonable travelling and accommodation expenses incurred by non-executive directors to fulfil their duties and responsibilities, including the attendance of board and committee meetings.

Apart from Mr FJ Gouws as CEO of PSG Konsult, PSG Group's non-executive directors do not have any employment contracts, nor receive any benefits associated with permanent employment. None of PSG Group's non-executive directors participate in PSG Group's share incentive scheme.

IMPLEMENTATION REPORT

The Remcom confirms that PSG Group has in all respects complied with its amended remuneration policy, containing certain changes to the LTI pursuant to the Capitec Unbundling detailed on page 45, for the year ended 28 February 2021.

All components of remuneration paid to PSG Group's executive and non-executive directors in accordance with PSG Group's remuneration policy are comprehensively disclosed and reported on herein.

1. EXECUTIVE DIRECTORS' REMUNERATION

The *non-financial* personal key performance measures for the PSG Group CEO and CFO are detailed in PSG Group's remuneration policy on page 52. The table below sets out such *non-financial* personal key performance measures, as well as the Remcom's assessment and rating of the performance of the CEO and CFO there against.

<table>
<tr><th rowspan="2">Non-financial personal
key performance measure and assessment</th><th colspan="2">Weighting (%)</th><th colspan="2">Rating (%)</th></tr>
<tr><th>CEO</th><th>CFO</th><th>CEO</th><th>CFO</th></tr>
<tr><td>Formulating strategy and providing strategic guidance and direction throughout the broader group, including problem-solving when needed

The Remcom is satisfied that PSG Group continues to be suitably guided by the CEO and CFO:
• PSG Group's ultimate objective remains continued shareholder wealth creation, driven through a relentless focus by management on sustained growth in the underlying investee companies.
• PSG Group's most significant successes have stemmed from early-stage investing whereby it built businesses alongside entrepreneurs from the development stage – this remains a key focus area.
• The CEO and CFO also continuously provide strategic guidance to PSG Group's core investee companies where needed and assist with problem solving when necessitated. This was also evident in the critically important role that the CEO and CFO played to proactively help identify and address the challenges brought about by the Covid-19 pandemic at both a PSG Group and investee company level during the past year.
• In line with PSG Group's strategic objective to unlock value for its shareholders when opportune, the CEO and CFO were instrumental in the decision to undertake the Capitec Unbundling during the year under review in terms of which significant value was unlocked for PSG Group shareholders, as detailed in the Letter to Shareholders (page 6).

For more detail, also refer to the Letter to Shareholders (page 6) regarding:
• Formulating strategy and providing guidance and direction as directors of PSG Group's listed investees; and
• Helping formulate strategy and providing guidance and direction to PSG Alpha's portfolio of early-stage investments.</td><td>40</td><td>25</td><td>100</td><td>100</td></tr>
</table>

***Non-financial* personal key performance measure and assessment**	**Weighting (%)**		**Rating (%)**	
	CEO	**CFO**	**CEO**	**CFO**
Assessing investment/divestment opportunities for PSG Group and its investees The Remcom is satisfied that the CEO and CFO suitably assessed investment/divestment opportunities (whether accepted or rejected) for PSG Group and its investees in accordance with its board-approved strategy. Furthermore, the CEO and CFO continue to identify, formulate and drive certain potential value-unlocking strategies. In this regard, the CEO and CFO were instrumental in the strategic decision to undertake the Capitec Unbundling during the year under review in terms of which significant value was unlocked for PSG Group shareholders.	20	5	100	100
Implementation of investment/divestment decisions taken by the PSG Group Executive Committee/Board The Remcom is satisfied with the implementation of investment and divestment decisions taken by the PSG Group Executive Committee/Board, and that such transactions were implemented appropriately – timely and in accordance with the relevant IFRS accounting principles and tax advice obtained. This includes the implementation of the Capitec Unbundling during the year under review.	–	5	–	100
Ensuring that sound corporate governance is entrenched at PSG Group and its investees – including maintaining a strong internal financial control environment and appropriate risk management processes, as well as promoting BEE transformation throughout the group The Remcom is satisfied that the CEO and CFO continue to play an integral part in the ongoing entrenchment of good corporate governance throughout the group, with details thereof reported throughout this annual report: • PSG Group remains committed to exercising ethical and effective leadership to achieve the four governance outcomes: ethical culture, good performance, effective control and legitimacy. • It is further evident from the way in which PSG Group conducts its business – in an open, honest and ethical manner. • This includes, but is not limited to, concerted efforts to promote BEE transformation within PSG Group and its investee companies, as well as at PSG Group board level. For more detail, refer to the *Environmental, Social and Governance Report* (page 30).	10	20	100	100
Financial reporting and shareholder communication in a transparent, accurate, concise and timely manner The Remcom is satisfied that PSG Group's ongoing financial reporting and shareholder communication are of the highest standard – always transparent, accurate, concise, relevant and timely. This is evident from: • All correspondence, be it internal or external. • This annual report and the numerous announcements made by way of SENS and newspaper publications, also being available on PSG Group's website.	5	15	100	100
Maintaining investor relations in a professional and transparent fashion The Remcom is satisfied that the CEO and CFO continue to maintain PSG Group's investor relations in a professional and transparent fashion: • PSG Group's interim and year-end results are formally presented to investors bi-annually. • Investors are provided with formal feedback at PSG Group's AGM. • Regular ad hoc meetings are held locally at the request of predominantly local and international institutional investors. For more detail, refer to PSG Group's website at *www.psggroup.co.za* containing the presentations made to investors.	10	5	100	100
Managing PSG Group's capital structure and resources in a responsible and effective manner, while enhancing shareholder returns The Remcom is satisfied that PSG Group's capital structure and resources continue to be managed in a responsible and effective manner: • Capital is always allocated with due regard to enhancing shareholder returns while managing the associated risk appropriately. • There is a relentless focus on effective cash flow management and planning on both a current and forward-looking basis to ensure a healthy liquidity position, which remains a key priority and entrenched in the PSG Group culture. • PSG Group has always had a conservative gearing policy and compliance with all gearing covenants, whether internally or externally imposed, remains non-negotiable. • In accordance with PSG Group's liquidity and gearing policies, and to allow for the Capitec Unbundling during the year under review, PSG Group early-settled its only remaining term debt comprising redeemable preference shares amounting to R1bn. Following the redemption, PSG Group's only ongoing funding obligation comprises the bi-annual preference dividend payable in respect of the perpetual (i.e. non-redeemable) preference shares issued by PSG Financial Services. In addition, in order to maintain a healthy liquidity position post the Capitec Unbundling, PSG Group retained 4,9m Capitec shares, of which 3,3m shares have subsequently been sold during the financial year ended 28 February 2021 for a cash consideration (net of costs and tax) of R2,9bn. • As detailed on page 47, the Remcom also introduced a maximum gearing *financial* performance measure as award and vesting condition to PSG Group's LTI following the Capitec Unbundling during the year under review. For more detail, refer to the *Letter to Shareholders* (page 6).	15	25	100	100
Weighted average rating (%)			**100**	**100**

1.1 *Total (single-figure) remuneration*

The table below provides information on the total ("single-figure" as contemplated in King IV™) remuneration of PSG Group's executive directors, which includes both STI and LTI:

Audited R'000	STI: Base salary: Approved	STI: Base salary: Deferred for 12 months[1]	STI: Base salary: Prior year deferral paid out[1]	STI: Base salary: Paid during the year[2]	STI: Discretionary performance-based bonus[3]	STI: Total short-term remuneration	LTI: Gains from exercise of share options	Total remuneration
For the year ended 28 Feb 2021								
WL Greeff	**10 695**	**(3 209)**	**3 414**	**10 900**		**10 900**	**518**	**11 418**
JA Holtzhausen	**10 695**	**(3 209)**	**3 414**	**10 900**		**10 900**	**532**	**11 432**
PJ Mouton	**12 383**	**(3 715)**	**3 952**	**12 620**		**12 620**	**674**	**13 294**
	33 773	**(10 133)**	**10 780**	**34 420**	**–**	**34 420**	**1 724**	**36 144**
For the year ended 29 Feb 2020								
WL Greeff	10 695	(3 209)	3 243	10 729		10 729	30 374	41 103
JA Holtzhausen	10 695	(3 209)	3 243	10 729	4 000	14 729	30 418	45 147
PJ Mouton	12 383	(3 715)	3 755	12 423		12 423	34 893	47 316
	33 773	(10 133)	10 241	33 881	4 000	37 881	95 685	133 566

1 *The 30% deferred portion of base salaries is increased by the South African Revenue Services' official interest rate to compensate for time value of money, and paid out 12 months later on a monthly basis during the ensuing year, subject to i) malus/clawback provisions, ii) the executive director remaining in PSG Group's service and iii) the executive director meeting non-financial personal key performance measures.*

2 *Includes all benefits.*

3 *The PSG Group CEO and CFO do not qualify for discretionary bonuses to help drive long-term focus and decision-making in order to ultimately deliver on PSG Group's stated objective of long-term value creation for shareholders. PSG Capital's CEO, also serving as an executive director of PSG Group, remains eligible for a discretionary performance-based bonus in terms of PSG Capital's revenue-sharing arrangement.*

1.1.1 *Base salary and discretionary performance bonuses*

Benchmarking

Benchmarking is performed to ensure that remuneration is market-related with reference to companies comparable in nature, business complexity and the level of responsibility that the individual assumes.

For this purpose, PwC's most recent *Practices and Remuneration Trends Report – Executive Directors* (published in August 2020) containing comprehensive independent market research on the remuneration of executive directors was, amongst other, consulted.

Having given due consideration to numerous factors, including benchmarking, the Remcom concluded that the PSG Group CEO and CFO's base salary is market-related and fair to both the individual and shareholders. *It is important to note that the CEO and CFO do not qualify for performance bonuses.* So when comparisons are made, the total STI packages of the peer group are taken into consideration.

The table below sets out the total of the PSG Group CEO and CFO's STI for each of the past five financial years compared to PSG Group's market capitalisation (net of treasury shares) as at year-end:

Reporting date	STI Rm	Market capitalisation as at year-end Rm	STI as percentage of market capitalisation as at year-end %
28 Feb 2017[1]	**19**	**54 166**	**0,03**
28 Feb 2018	**21**	**46 967**	**0,04**
28 Feb 2019	**22**	**56 684**	**0,04**
29 Feb 2020	**23**	**40 699**	**0,06**
28 Feb 2021	**23**	**13 955[2]**	**0,16**

1 *Only in 28 February 2017 did the CEO and CFO qualify and receive both a base salary and a discretionary bonus (i.e. prior to the implementation of PSG Group's current remuneration policy in terms of which PSG Group's CEO and CFO no longer qualify for discretionary bonuses).*

2 *Decrease in market capitalisation owing to the Capitec Unbundling (refer page 45). However, if PSG Group's market capitalisation is adjusted with the market value of the unbundled interest in Capitec at year-end, the percentage is 0,04%.*

Base salary increases

Base salary increases are determined with reference to the South African consumer price inflation rate and other generally accepted benchmarks, always with due regard to market-comparable remuneration. According to independent research, salary inflation generally equates to between 1% and 2% above consumer inflation.

Assuming salary inflation at 1% above South Africa's current consumer price inflation rate of approximately 3%, the Remcom has approved 4% as the general base salary increase for the financial year commencing 1 March 2021. However, with further consideration to the ongoing Covid-19 pandemic and its long-lasting damage to our economy, the executive directors have proposed to the Remcom to forfeit any potential inflationary increases to their base salaries over the short term (they also forfeited their increase in the previous financial year). After careful consideration, the Remcom accepted such proposal.

Discretionary bonuses

PSG Group's support staff remain eligible for discretionary bonuses, subject to meeting company and personal key performance measures. The total of such discretionary bonuses paid amounted to approximately R0,1m (2020: R0,7m) for the year ended 28 February 2021.

1.1.2 LTI

Share incentive scheme
The three executive directors have all served in their current capacity for at least 11 years and have accordingly participated in the share incentive scheme over this period.

Gains from exercise of share options
The significant prior year *gains from exercise of share options* included in the *total (single-figure) remuneration* table on page 62 should be considered in light of PSG Group's remuneration policy which has been designed to specifically align the interests of the executive directors with those of shareholders, together with their successful execution on PSG Group's stated objective of value creation for its shareholders. So, if shareholders do well, management will do well – and importantly so, vice versa.

The vast majority of *gains from exercise of share options* realised by executive directors during the prior year ended 29 February 2020 (included in the *total (single-figure) remuneration* table on page 62) related to the vesting of share options awarded on 28 February 2014, and was due to the increase in PSG Group's share price from R83,23 (30-day VWAP as at 28 February 2014) to R265,08 (closing share price on exercise date being 30 April 2019) – during which period other shareholders benefited commensurately, with the share price excluding dividend payments having increased by 26% p.a.

The information below illustrates that PSG Group has provided its shareholders with above-market returns over the past five years, despite obvious challenging trading conditions. PSG Group's success is in part owing to it attracting and retaining the services of talented individuals, which is only achievable if PSG Group's remuneration practices are appropriate and competitive.

When evaluating PSG Group's performance over the long term, we believe one should focus on the *TRI* as measurement tool. The *TRI* is calculated by taking cognisance of share price appreciation, dividends and other distributions. This is a sound measure of wealth creation and a reliable means of benchmarking different companies.

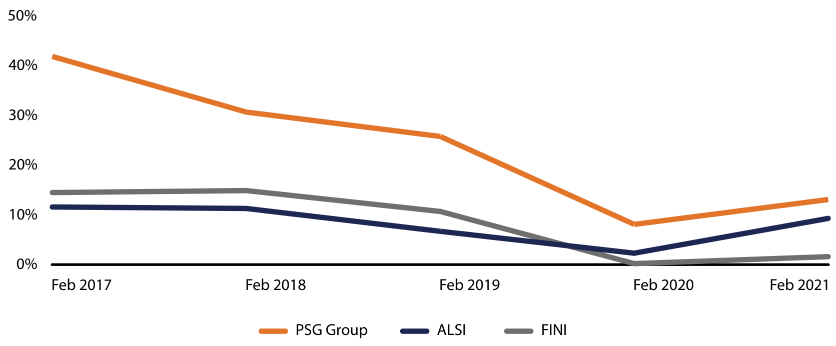
PSG Group's *compound annual growth rate ("CAGR")* of its *TRI* as at 28 February 2021 was 13,1% p.a. over the past five years, compared to the JSE All Share Index's ("ALSI") 9,3% p.a. and the JSE Financial Index's ("FINI") 1,6% p.a. Had you thus purchased R100 000 worth of PSG Group shares on 29 February 2016, and reinvested all your dividends, your investment would be worth around R185 000 as at 28 February 2021. The same investment with dividends reinvested in either the ALSI or FINI over the same period, would be worth R156 000 (15,7% lower) or R108 000 (41,6% lower), respectively.

Below table and graph compare PSG Group's rolling five-year *TRI* growth to that of the ALSI and FINI for each of the comparative periods, illustrating that PSG Group has consistently outperformed the market:

	Rolling five-year TRI growth[1]		
Reporting date	**PSG Group %**	**ALSI %**	**FINI %**
28 Feb 2017	**41,9**	**11,6**	**14,5**
28 Feb 2018	**30,7**	**11,3**	**14,9**
28 Feb 2019	**25,8**	**6,7**	**10,7**
29 Feb 2020	**8,1**	**2,3**	**0,2**
28 Feb 2021	**13,1**	**9,3**	**1,6**

[1] *Calculated based on independent Bloomberg data.*

Rolling five-year TRI performance graph



Financial performance measures
Pursuant to the Capitec Unbundling and as explained in the Report of the Remcom on page 44, the Remcom introduced new *financial* performance measures applicable to share options awarded on or after 28 February 2018. It is evident from the calculations below that all of the *financial* performance measures applicable to such share options had been met upon the vesting date of 28 February 2021, and that 100% of such share options had accordingly vested.

- *TRI – applicable to 40% of such share options*
  The table below sets out PSG Group's rolling five-year *TRI* performance against the average rolling five-year *TRI* performance of a peer group (as detailed on page 47), for the five-year period ended 28 February 2021 (i.e. the latest vesting date), as well as for comparative purposes the five-year periods ended 28 February 2017, 28 February 2018, 28 February 2019 and 29 February 2020. It is evident that PSG Group outperformed such new *financial* performance measure in each of the past five years:

	Rolling TRI performance measured over the preceding five years[1]	
Measurement date	**PSG Group %**	**Peer group %**
28 Feb 2017	**41,9**	**21,9**
28 Feb 2018	**30,7**	**16,6**
28 Feb 2019	**25,8**	**8,5**
29 Feb 2020	**8,1**	**(7,7)**
28 Feb 2021[2]	**13,1**	**6,3**

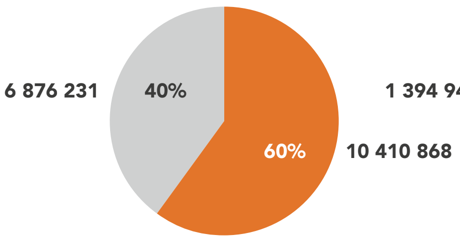
[1] *Calculated based on independent Bloomberg data.*
[2] *PSG Group's TRI was 208% of that of the peer group as at 28 Feb 2021. Accordingly, being more than the required 120% for 100% of share options subject to such financial performance measure to vest, 100% of such share options vested in terms of the linear vesting model.*

- *Head office costs – applicable to 40% of such share options*
  For the year ended 28 February 2021, PSG Group's total head office operating and employment costs (net of fee and other income generated, but excluding underwriting and commitment fees earned) amounted to 0,36% of PSG Group's *SOTP value* as at the reporting date, being less than the average *total expense ratio ("TER")* of South African flexible collective investment schemes (i.e. flexible funds) of 1,4%, and accordingly such *financial* performance measure had been met upon the vesting date.
- *Gearing – applicable to 20% of such share options*
  As at 28 February 2021, PSG Group's total *SOTP* debt (prudently including any perpetual preference share funding) amounted to 5,4% of its total *SOTP* assets, being well within the maximum allowable gearing level of 20%, and accordingly such *financial* performance measure had been met upon the vesting date.

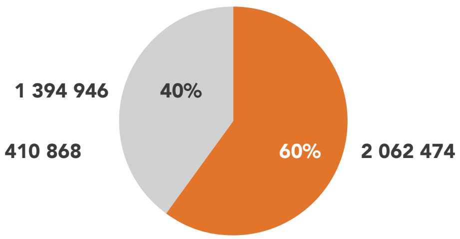
Extent of the share incentive scheme

PSG Group shareholders previously approved the maximum absolute number of PSG Group shares that may be utilised for purposes of the share incentive scheme (both in total and on a per individual basis). The charts below depict the number of shares already utilised for such purpose up to 28 February 2021, revised to only include shares actually delivered (for example, in the case of share options settled on a net-equity basis (being fully paid-up shares delivered to settle the SIT's obligation to participants net of the strike value and Section 8C tax paid), only such net number of shares delivered have been included), expressed as a percentage of the maximum number of shares that may be utilised for purposes hereof:

Maximum number of shares allowed in total:



Maximum number of shares allowed per individual:



Utilised (i.e. already exercised) | Not yet utilised

At 28 February 2021, the share incentive scheme had 25 participants, comprising the executive directors, managers and other qualifying head office employees (including employees forming part of the PSG Capital division – however, the IFRS 2 share-based payment expense associated with such share options are carried by the PSG Capital division, as explained on page 52).

At 28 February 2021, the total number of share options that had already been awarded but remained either unvested or unexercised amounted to 2 704 643, representing 1,3% of PSG Group's total number of shares in issue (net of treasury shares). However, assuming that all share options are settled on a net-equity basis, the dilution to PSG Group shareholders should be significantly less than aforementioned 1,3%.

Unvested or unexercised share option awards

The table below contains the unvested or unexercised share option awards of PSG Group's executive directors as at 28 February 2021:

Audited	Number of share options as at 29 Feb 2020	Number of share options during the year: Awarded	Number of share options during the year: Vested[1]	Market price per share on vesting date[2] R	Strike price per share option[2]: Before Capitec Unbundling R	Strike price per share option[2]: After Capitec Unbundling R	Date granted	Number of share options as at 28 Feb 2021	Gains from exercise of share options during the year R'000	Value of unvested share options as at 28 Feb 2021[3] R'000
WL Greeff	14 350		(14 350)	172,91	136,84		28/02/2015	**–**	**518**	
	27 435		(13 718)	172,91	178,29	21,39	29/02/2016	**13 717**		**627**
[4]	72 292		(18 073)	172,91	236,13	19,50 to 39,11	28/02/2018	**54 219**		**2 067**
[4]	185 877				250,56	14,73 to 42,91	28/02/2019	**185 877**		**7 234**
[4]	131 082				213,71	(2,51) to 22,27	28/02/2020	**131 082**		**7 521**
[4]		209 756				67,12	26/02/2021	**209 756**		
	431 036	209 756	(46 141)					**594 651**	**518**	
JA Holtzhausen	14 745		(14 745)	172,91	136,84		28/02/2015	**–**	**532**	
	26 440		(13 220)	172,91	178,29	21,39	29/02/2016	**13 220**		**605**
[4]	72 889		(18 222)	172,91	236,13	19,50 to 39,11	28/02/2018	**54 667**		**2 084**
[4]	185 807				250,56	14,73 to 42,91	28/02/2019	**185 807**		**7 232**
[4]	131 084				213,71	(2,51) to 22,27	28/02/2020	**131 084**		**7 521**
[4]		208 896				67,12	26/02/2021	**208 896**		
	430 965	208 896	(46 187)					**593 674**	**532**	
PJ Mouton	18 674		(18 674)	172,91	136,84		28/02/2015	**–**	**674**	
	41 997		(20 998)	172,91	178,29	21,39	29/02/2016	**20 999**		**960**
	63 152		(21 051)	172,91	237,31	28,68 to 39,47	28/02/2017	**42 101**		**1 391**
[4]	113 018		(28 255)	172,91	236,13	19,50 to 39,11	28/02/2018	**84 763**		**3 232**
[4]	227 700				250,56	14,73 to 42,91	28/02/2019	**227 700**		**8 862**
[4]	183 503				213,71	(2,51) to 22,27	28/02/2020	**183 503**		**10 529**
[4]		349 875				67,12	26/02/2021	**349 875**		
	648 044	349 875	(88 978)					**908 941**	**674**	
	1 510 045	768 527	(181 306)					**2 097 266**	**1 724**	

[1] *The executive directors have not yet elected to exercise their right in terms of the provisions of the share incentive scheme to exercise their share options that became exercisable on 28 February 2021. Such right will be exercised within the 180-day exercise window.*

[2] *Share options exercised during the period under review were exercised prior to the Capitec Unbundling taking effect. Pursuant to the Capitec Unbundling, shares options' strike prices were adjusted as detailed on page 45.*

[3] *Based on the 30-day volume weighted average PSG Group share price of R67,12 as at 28 February 2021.*

[4] *Vesting subject to additional requirements, including financial and non-financial performance measures.*

Loan funding – share incentive scheme

PSG Group's executive directors previously received loan funding in terms of the share incentive scheme. It should be noted that the Remcom previously decided that no new loan funding be granted for the foreseeable future for prudency purposes, while existing loan funding be phased out in accordance with the existing loan repayment terms.

PSG Group's executive directors settled their remaining loan funding in full during the year ended 28 February 2021. These loans accrued interest at the South African Revenue Service fringe benefit rate. PSG Group shares were pledged and ceded in security and needed to cover the related outstanding loans by at least 300% (2020: 300%) at all times.

The table below provides the outstanding loan balances and related security cover (i.e. value of PSG Group shares pledged and ceded as security for such loans expressed as a percentage of the loan balances outstanding) of the executive directors as at the respective reporting dates:

R'000	2021	2020
WL Greeff	–	4 013
JA Holtzhausen	–	13 397
PJ Mouton	–	–
Total loans	**–**	**17 410**
Security cover		
WL Greeff	–	2 325%
JA Holtzhausen	–	598%
PJ Mouton	–	–

All loan balances due by participants other than the executive directors were settled during the year ended 29 February 2020.

2. NON-EXECUTIVE DIRECTORS' REMUNERATION

The table below provides information on the total remuneration paid to PSG Group's non-executive directors, including fees paid by subsidiaries of PSG Group to non-executive directors for services rendered in either an executive or non-executive capacity:

Audited R'000 (excluding value-added tax, to the extent applicable)	Paid for services rendered to PSG Group	Paid for services rendered to subsidiaries					
	Fees	Fees	Base salary	Discretionary performance-based bonus	Gains from exercise of share options	Total	Total remuneration
For the year ended 28 Feb 2021							
PE Burton	**564**	702				**702**	**1 266**
ZL Combi	**725**	899				**899**	**1 624**
FJ Gouws[1,2]			5 537	23 211	3 202	**31 950**	**31 950**
AM Hlobo	**426**					**–**	**426**
B Mathews	**426**					**–**	**426**
JJ Mouton	**266**					**–**	**266**
CA Otto	**479**	747				**747**	**1 226**
	2 886	2 348	5 537	23 211	3 202	**34 298**	**37 184**
For the year ended 29 Feb 2020							
PE Burton	**564**	695				**695**	**1 259**
ZL Combi	**725**	1 000				**1 000**	**1 725**
FJ Gouws[1,2]			5 507	21 093	20 412	**47 012**	**47 012**
AM Hlobo	**426**					**–**	**426**
B Mathews	**426**					**–**	**426**
JJ Mouton	**266**					**–**	**266**
CA Otto	**479**	1 024				**1 024**	**1 503**
	2 886	2 719	5 507	21 093	20 412	**49 731**	**52 617**

[1] *Mr FJ Gouws is the CEO of PSG Konsult, a subsidiary. The total performance-based bonus earned on a PSG Konsult level was R24m (2020: R21,2m), of which the payment of 70% (2021: R16,8m; 2020: R14,9m) is unconditional, while the payment of 15% each (2021: R3,6m; 2020: R3,2m) is subject to malus/clawback provisions and conditional on the director remaining in service for one and two years, respectively.*

[2] *R266 250 (2020: R266 250) was paid to PSG Management Services (Pty) Ltd, a wholly-owned subsidiary of PSG Konsult, for Mr FJ Gouws's services as PSG Group non-executive director.*

Mr FJ Gouws, being the CEO of PSG Konsult and also a non-executive director of PSG Group, has been awarded PSG Konsult share options in terms of the PSG Konsult Group Share Incentive Trust. His share options are summarised below:

Audited	Number of share options as at 29 Feb 2020	Number of share options during the year: Awarded[1]	Number of share options during the year: Vested	Market price per share on vesting date R	Strike price per share option R	Date granted	Number of share options as at 28 Feb 2021	Gains from exercise of share options during the year R'000	Value of unvested share options as at 28 Feb 2021[2] R'000
FJ Gouws	223 795		(223 795)	7,90	7,27	01/04/2015	**–**	**141**	
	5 167 789		(2 583 895)	7,90	6,81	01/04/2016	**2 583 894**	**2 816**	**5 995**
	2 367 419		(789 140)	7,90	7,59	01/04/2017	**1 578 279**	**245**	**2 431**
	3 750 000		(937 500)	7,90	8,74	01/04/2018	**2 812 500**		**1 097**
	4 000 000				10,15	01/04/2019	**4 000 000**		**(4 080)**
		4 800 000			7,13	01/04/2020	**4 800 000**		**9 600**
	15 509 003	4 800 000	(4 534 330)				**15 774 673**	**3 202**	

[1] *On 28 April 2021, Mr FJ Gouws accepted a further 8,5m PSG Konsult share options at a strike price of R9,08 per share, being the 30-day volume weighted average PSG Konsult share price as at 31 March 2021.*

[2] *Based on the 30-day volume weighted average PSG Konsult share price of R9,13 as at 28 February 2021.*

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

These summary consolidated financial statements comprise a summary of the audited consolidated annual financial statements of PSG Group Ltd for the year ended 28 February 2021.

The consolidated annual financial statements, including these summary consolidated financial statements, were compiled under the supervision of the group CFO, Mr WL Greeff, CA(SA), and were audited by PSG Group Ltd's external auditor, PricewaterhouseCoopers Inc.

The consolidated annual financial statements, including the unmodified audit opinion, are available on PSG Group Ltd's website at *www.psggroup.co.za* or may be requested and obtained in person, at no charge, at the registered office of PSG Group Ltd during office hours.

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 28 February 2021

The PSG Group Audit and Risk Committee ("the Committee") is an independent statutory committee appointed by the board of directors in terms of section 94 of the Companies Act of South Africa. The Committee also acts as the statutory audit committee of public company wholly-owned subsidiaries that are legally required to have such a committee.

The Committee comprises four independent non-executive directors, namely Mr PE Burton (chairman), Ms AM Hlobo, Ms B Mathews and Mr CA Otto, who have served as members of the audit and risk committee for 14, two, four and nine years, respectively. The Committee met three times during the past financial year on 21 April 2020, 13 October 2020 and 21 January 2021, as well as after financial year-end on 19 April 2021, with all members being present.

The Committee operates in terms of a board-approved charter. It conducted its affairs in compliance with, and discharged its responsibilities in terms of, its charter for the year ended 28 February 2021.

The Committee performed the following duties in respect of the year under review:

- Satisfied itself that the external auditor is independent of PSG Group, as set out in section 94(8) of the Companies Act of South Africa, and suitable for reappointment for the year under review by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements;
- Ensured that the appointment of the external auditor complied with the Companies Act of South Africa;
- In consultation with management, agreed to the audit engagement letter terms, audit plan and budgeted audit fees for the 2021 financial year;
- Approved the nature and extent of non-audit services of the external auditor;
- Nominated for re-election at the 2020 annual general meeting, PricewaterhouseCoopers Inc. as the external audit firm for the 2021 financial year;
- In terms of paragraph 3.84(g)(ii) of the JSE Listings Requirements, satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that the system of internal financial control is effective and forms a basis for the preparation of reliable financial statements;
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that PSG Group be regarded as a going concern;
- Reviewed the formal policy and rationale for PSG Group's ordinary dividend proposed at interim and recommended it to the board of directors for approval;
- Reviewed the accounting policies, including the changes thereto pursuant to the change in PSG Group's status to that of an *investment entity*, and financial statements for the year ended 28 February 2021 and, based on the information provided to the Committee, considers that the company and group comply, in all material respects, with the JSE Listings Requirements; International Financial Reporting Standards ("IFRS"); the IFRIC interpretations; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; and the manner required by the Companies Act of South Africa;
- Satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that the group chief financial officer, as well as the group finance function, have the appropriate expertise and experience; and
- Undertook a tender process pursuant to the early-adoption of mandatory audit firm rotation, the result of which was the nomination of Deloitte & Touche as the external audit firm for the 2022 financial year for election at the upcoming annual general meeting.

PE Burton
Audit and Risk Committee Chairman

Stellenbosch
28 May 2021

COMPANY SECRETARY DECLARATION

for the year ended 28 February 2021

We declare that, to the best of our knowledge, the company has filed all such returns and notices as are required of a public company in terms of the Companies Act of South Africa, and that all such returns and notices are true, correct and up to date.

PSG Corporate Services (Pty) Ltd
Per A Rossouw
Company Secretary

Stellenbosch
28 May 2021

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2021

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the company and group. The external auditor is responsible for independently auditing and reporting on the fair presentation of the annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The annual financial statements are prepared in accordance with the JSE Ltd Listings Requirements; International Financial Reporting Standards ("IFRS"); the IFRIC interpretations; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; and the manner required by the Companies Act of South Africa.

These summary consolidated financial statements were derived from the consolidated annual financial statements and do not contain all the disclosures required by IFRS and the requirements of the Companies Act of South Africa. Reading these summary consolidated financial statements, therefore, is not a substitute for reading the consolidated annual financial statements of PSG Group Ltd.

The audit and risk committee of the company meets regularly with the external auditor, as well as senior management, to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The external auditor has unrestricted access to all records, assets and personnel as well as to the audit and risk committee.

The annual financial statements are prepared on the going concern basis, since the directors have every reason to believe that the company and group have adequate resources to continue for the foreseeable future.

The annual financial statements, including these summary consolidated financial statements set out on pages 75 to 76 and 78 to 97, were approved by the board of directors of PSG Group Ltd and are signed on its behalf by:

PJ Mouton
CEO

WL Greeff
CFO

Stellenbosch
28 May 2021

DIRECTORS' REPORT

for the year ended 28 February 2021

Nature of business

PSG Group Ltd, being an investment holding company, offers a broad range of goods and services through its various investees. These goods and services mainly comprise financial services (wealth management, stockbroking, asset management, insurance, investment services and banking), logistical services, food and related goods and services, advisory and private education services.

Operating results

The operating results and state of affairs of the group are set out in the attached summary consolidated income statement and summary consolidated statements of financial position, comprehensive income, changes in equity and cash flows, as well as the notes thereto. The group's status changed to that of an *investment entity* with effect from 1 March 2020 as detailed on page 78 and accordingly the prior year comparatives are not comparable to the current year figures. For the year under review, the group's *headline earnings* and earnings attributable to owners of the parent amounted to R1 038m (2020: R2 583m) and R29 994m (2020: R2 462m), respectively. The group's total profit (gross of non-controlling interests) for the year amounted to R30 101m (2020: R3 358m).

Stated capital

Movements in the number of ordinary shares in issue during the year under review were as follows:

	Number of shares	
	2021	2020
Shares in issue at beginning of the year, gross of treasury shares	**232 163 254**	232 108 050
Less: Treasury shares		
Held by a subsidiary (PSG Financial Services Ltd)	**(13 908 770)**	(13 908 770)
Held by a subsidiary (PSG Group Ltd Supplementary Share Incentive Trust)	**(45 000)**	
Held by related parties of management and acquired by way of loan funding advanced	**(100 000)**	(100 000)
Shares in issue at beginning of the year, net of treasury shares	**218 109 484**	218 099 280
Movement in treasury shares		
Shares issued in terms of the PSG Group Ltd Supplementary Share Incentive Trust to participants		55 204
Shares acquired by the PSG Group Ltd Supplementary Share Incentive Trust		(45 000)
Shares released following full settlement of loan funding previously advanced to related parties of management	**100 000**	
Shares repurchased using cash at an average price of R54,73 per share (including costs)	**(8 385 147)**	
Shares in issue at end of the year, net of treasury shares	**209 824 337**	218 109 484

Dividends

Details of dividends appear in the summary consolidated statement of changes in equity and note 2 to these summary consolidated financial statements.

Directors

Details of the company's directors at the date of this report appear on pages 4 and 5.

DIRECTORS' REPORT *(continued)*

for the year ended 28 February 2021

Directors' emoluments

Details of directors' emoluments appear in the *Remuneration Report* on pages 62 and 69.

Prescribed officers

The members of the PSG Group Ltd Executive Committee ("Exco") are regarded as being the prescribed officers of the company. The Exco comprises the PSG Group Ltd executive directors, being Messrs PJ Mouton (chief executive officer), WL Greeff (chief financial officer) and JA Holtzhausen (executive). Their remuneration is detailed in the *Remuneration Report* (page 44). The duties and responsibilities of the Exco are set out in the *Environmental, Social and Governance Report* (page 30).

Shareholding of directors

The shareholding of directors in the issued share capital of PSG Group Ltd as at 28 February 2021 was as follows:

	Beneficial		Non-beneficial	**Total shareholding 2021[5]**		Total shareholding 2020	
Audited	Direct	Indirect	Indirect	**Number**	**%**	Number	%
PE Burton		300 000		**300 000**	**0,1**	297 500	0,1
ZL Combi[1]	354 000			**354 000**	**0,2**	354 000	0,2
WL Greeff	8 124	1 047 497		**1 055 621**	**0,5**	1 055 621	0,5
AM Hlobo		1 500		**1 500**	**–**	300	–
JA Holtzhausen[2]	611 226	500 000	3 804	**1 115 030**	**0,5**	1 111 226	0,5
JJ Mouton[2,3]	200 000	1 583 667	498 600	**2 282 267**	**1,1**	1 989 850	0,9
PJ Mouton[2,3]	54 148	5 378 831	519 470	**5 952 449**	**2,8**	5 937 612	2,7
CA Otto[4]	200			**200**	**–**	3 324 667	1,5
Total	1 227 698	8 811 495	1 021 874	**11 061 067**	**5,2**	14 070 776	6,4

1 *At the previous reporting date, Mr ZL Combi's shareholding included 276 000 shares which were subject to a European scrip-settled collar as hedging instrument due to expire on 31 August 2020. On 10 July 2020, such hedging instrument was increased to 354 000 shares due to expire in equal portions on 5 July 2022 and 12 July 2022.*

2 *The shareholding of the immediate family members of Messrs JA Holtzhausen, JJ Mouton and PJ Mouton (i.e. wives and minor children held in own name or via trusts) have been included as non-beneficial indirect shareholding.*

3 *Messrs JJ Mouton and PJ Mouton are also trustees and discretionary beneficiaries of the JF Mouton Familietrust with an effective holding of 42 269 481 PSG Group ordinary shares, representing approximately 20,1% of PSG Group's issued share capital (net of treasury shares).*

4 *During the year under review, Mr CA Otto resigned as trustee and/or director of all entities holding the non-beneficial indirect shareholding previously reported. Accordingly, such entities' shareholding is no longer disclosed.*

5 *The shareholding of directors did not change between year-end and the date of approval of these annual financial statements, apart from Messrs JJ Mouton and PJ Mouton having acquired a further non-beneficial indirect interest in 9 600 and 11 605 shares, respectively. Furthermore, Messrs JJ Mouton and PJ Mouton have also acquired a further beneficial indirect interest in 4 000 and 38 717 shares, respectively, subsequent to year-end.*

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

to the shareholders of PSG Group Ltd

Opinion

The summary consolidated financial statements of PSG Group Ltd, set out on pages 78 to 94 and 96 to 97 of the PSG Group Ltd Annual Report 2021, which comprise the summary consolidated statement of financial position as at 28 February 2021, the summary consolidated income statement, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of PSG Group Ltd for the year ended 28 February 2021.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Ltd's ("JSE") requirements for summary financial statements, as set out in the introduction to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 28 May 2021. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in the introduction to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.
Director: B Deegan
Registered Auditor

Stellenbosch
28 May 2021

INTRODUCTION TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2021

Basis of presentation and accounting policies

These summary consolidated financial statements are prepared in accordance with the requirements of the Companies Act of South Africa and the requirements of the JSE Listings Requirements. The JSE Listings Requirements require 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 summary consolidated financial statements are in terms of IFRS; however, the accounting policies applied are materially different from those previously applied as detailed below.

In preparing these summary consolidated financial statements, the significant judgements made by management in applying the group's accounting policies related mainly to the fair value of unlisted investments as detailed in Annexure A.

<u>*Application of the investment entity exception in terms of IFRS 10 Consolidated Financial Statements*</u>

Change in investment entity status

An *investment entity* is typically an entity that i) obtains funds from one or more investors for the purpose of providing such investor(s) with investment management services, ii) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and iii) measures and evaluates the performance of substantially all of its investments on a fair value basis.

IFRS 10 lists typical characteristics of an *investment entity* as i) it has more than one investment, ii) it has more than one investor, iii) it has investors that are not related parties of the entity, and iv) it has ownership interests in the form of equity or similar interests. PSG Group Ltd ("PSG Group") strongly exhibits all of these characteristics.

During the year under review, PSG Group undertook the following major corporate actions, which significantly impacted the group's composition and focus areas:

- PSG Group, through Zeder Investments Ltd ("Zeder"), a subsidiary in terms of IFRS 10, disposed of its entire investment in Pioneer Food Group Ltd ("Pioneer Foods"), being the second largest associate of the group, for R6,4bn cash ("Pioneer Foods Disposal");
- PSG Group unbundled an effective 30,5m shares (or 26,4% of the 30,7% interest held) in Capitec Bank Holdings Ltd ("Capitec") ("Capitec Unbundling"), thereby retaining a 4,3% shareholding for liquidity purposes and to bolster PSG Group's balance sheet. Such unbundling unlocked significant value for PSG Group ordinary shareholders.
- PSG Group disposed of 3,3m Capitec shares (or 2,9% of the 4,3% Capitec interest retained) for R3,5bn cash.

PSG Group's investment in Capitec represented more than 65% of its total asset portfolio prior to aforementioned unbundling, whereas the investments in Pioneer Foods and Capitec contributed approximately 75% to PSG Group's consolidated *recurring earnings* (as explained in note 7) for the year ended 29 February 2020. Whilst PSG Group's focus on value creation for its shareholders has not changed, the aforementioned disposals and unbundling have necessitated PSG Group to reassess its *investment entity* status in terms of IFRS 10. The performance of its remaining investment portfolio is accordingly measured with reference to the fair value of such investments (i.e. *sum-of-the-parts ("SOTP") value*) rather than the consolidated profitability of PSG Group (i.e. *recurring earnings*) with effect from 1 March 2020 in PSG Group's strive to meet its objective of value creation through capital appreciation, investment income or both. Fair value (i.e. *SOTP value*) is ultimately dependent on a range of factors such as the investee's market rating, growth prospects, operational performance, profitability and marketability.

Accounting treatment for an investment entity

IFRS 10 contains special accounting requirements for an *investment entity*. Where an entity meets the definition of an *investment entity*, it does not consolidate its subsidiaries, but rather measures subsidiaries at fair value through profit or loss ("FVTPL"). However, an *investment entity* is still required to consolidate subsidiaries that provide services related to the *investment entity*'s investment activities (i.e. those wholly-owned subsidiaries comprising PSG Group's head office operations).

IFRS 10 requires a parent that becomes an *investment entity* to account for the change in its status prospectively from the date at which the change in status occurred. Having considered various factors, including the timelines and decision-making processes leading up to aforementioned disposals and unbundling, PSG Group's application of the *investment entity* exception is effective from 1 March 2020. Accordingly, on such date the group's existing subsidiaries (other than aforementioned wholly-owned head office subsidiaries providing investment-related services to PSG Group) were deemed to be disposed of and re-acquired at fair value, with the resultant *non-headline* gain or loss being recognised in the income statement. Such investments were subsequently measured at FVTPL for the entire year under review.

<u>*Discontinued operations*</u>

Pioneer Foods Disposal

As at 29 February 2020, PSG Group, through Zeder, a subsidiary in terms of IFRS10, classified its investment in Pioneer Foods, an associate, as a non-current asset held for sale and discontinued operation in its consolidated financial statements for the year ended 29 February 2020.

Capitec Unbundling

With effect from 1 March 2020, PSG Group classified the portion of its associate interest in Capitec being subject to unbundling as a non-current asset held for sale and discontinued operation. PSG Group simultaneously transferred its retained equity security interest in Capitec that would not be unbundled to investments at FVTPL and continued to measure it at FVTPL throughout the year under review. Profit or losses resulting from PSG Group's shareholding in Capitec forming part of the Capitec Unbundling were disclosed as a discontinued operation in PSG Group's consolidated income statement for both years presented, irrespective of such investment being equity accounted during the prior year.

Linked investment contracts, consolidated mutual funds and other client-related balances ("client-related balances")

The differentiation between own and client-related balances is with effect from 1 March 2020 no longer relevant as a result of the aforementioned change in status to that of an *investment entity*, with PSG Konsult Ltd ("PSG Konsult") having been deconsolidated and PSG Group's interest therein being accounted for since at FVTPL.

Prior to applying the *investment entity* exception, client-related balances resulted in assets and liabilities of equal value being recognised in the consolidated statement of financial position, although not directly related to PSG Group shareholders. These balances mainly stemmed from:

- PSG Life Ltd (an existing subsidiary of PSG Konsult) issuing linked investment contracts to clients in terms of which the value of policy benefits payable (included under "investment contract liabilities") was directly linked to the fair value of the supporting assets, with the group not being exposed to the financial risks associated with such assets and liabilities.
- The group consolidating mutual funds deemed to be controlled in terms of IFRS 10, with the group's own investments in such mutual funds having been derecognised and all the funds' underlying assets having been recognised. Third parties' funds invested in the respective mutual funds were recognised as a payable and included under "third-party liabilities arising on consolidation of mutual funds", with the group thus not being exposed to the financial risks associated with the assets and liabilities attributable to third parties.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 February 2021

	2021 Rm	2020 Own balances Rm	2020 Client-related balances Rm	2020 Total Rm
Assets				
Investments at FVTPL (note 1.1)	**18 885**			–
Property, plant and equipment	**55**	12 117		12 117
Right-of-use assets	**1**	1 107		1 107
Intangible assets		4 483		4 483
Investment in ordinary shares of associates		10 672		10 672
Investment in preference shares of/loans granted to associates		42		42
Investment in ordinary shares of joint ventures		986		986
Loans granted to joint ventures		35		35
Employee benefit assets		42		42
Unit-linked investments		682	49 722	50 404
Equity securities		411	2 209	2 620
Debt securities (note 1.3)	**715**	1 847	4 365	6 212
Deferred income tax assets	**12**	469		469
Biological assets		585		585
Investment in investment contracts			16	16
Loans and advances	**54**	330		330
Trade and other receivables	**70**	4 261	1 740	6 001
Derivative financial assets		1	23	24
Inventory		2 038		2 038
Current income tax assets		39		39
Reinsurance assets		134		134
Cash and cash equivalents	**1 646**	1 723	254	1 977
Assets held for sale		5 520		5 520
Total assets	**21 438**	47 524	58 329	105 853
Equity				
Ordinary shareholders' equity	**19 254**	19 083		19 083
Non-controlling interests	**1 556**	11 843		11 843
Total equity	**20 810**	30 926	–	30 926
Liabilities				
Insurance contracts		554		554
Investment contract liabilities			26 694	26 694
Third-party liabilities arising on consolidation of mutual funds			29 999	29 999
Deferred income tax liabilities	**488**	975		975
Borrowings		9 094		9 094
Lease liabilities	**1**	1 453		1 453
Derivative financial liabilities	**42**	87	30	117
Employee benefit liabilities	**25**	598		598
Trade and other payables	**36**	3 679	1 606	5 285
Loans payable[1]	**36**			–
Reinsurance liabilities		7		7
Current income tax liabilities		135		135
Liabilities held for sale		16		16
Total liabilities	**628**	16 598	58 329	74 927
Total equity and liabilities	**21 438**	47 524	58 329	105 853
SOTP value per share (R)[2]	**94,24**	276,43		
Net asset value per share (R)[2]	**91,76**	87,49		
Net tangible asset value per share (R)	**91,76**	66,94		

[1] *Balance as at 28 February 2021 includes loans payable to subsidiaries and head office-administered Black-Economic Empowerment Trusts not consolidated.*

[2] *Following the change in investment entity status, PSG Group's net asset value per share is now similar to its SOTP value per share, apart from, mainly, the difference in treatment of PSG Financial Services Ltd's ("PSGFS") JSE-listed cumulative, non-redeemable, non-participating preference shares.*

SUMMARY CONSOLIDATED INCOME STATEMENT

for the year ended 28 February 2021

	2021 Rm	2020[1] Own balances Rm	2020[1] Client-related balances Rm	2020[1] Total Rm
CONTINUING OPERATIONS				
Fair value losses on investments at FVTPL (note 1.1)	**(962)**			–
Investment income (note 1.1)	**2 054**	427	1 964	2 391
Revenue from sale of goods		13 502		13 502
Cost of goods sold		(11 339)		(11 339)
Gross profit from sale of goods	**–**	2 163	–	2 163
Revenue earned from commission, school, net insurance and other fee income[2]	**80**	10 936	(75)	10 861
Other income				
Gain upon deemed disposal and reacquisition of subsidiaries at fair value (note 1.1)	**3 945**			–
Changes in fair value of biological assets		225		225
Fair value (losses)/gains	**(6)**	3	(365)	(362)
Fair value adjustment to investment contract liabilities			(507)	(507)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds			(1 030)	(1 030)
Other operating income		314		314
	3 939	542	(1 902)	(1 360)
Expenses				
Insurance claims and loss adjustments, net of recoveries		(663)		(663)
Reversal of previously recognised impairment loss on debt securities (note 1.3)	**126**			–
Impairment loss on loans and advances	**(33)**			–
Marketing, administration, impairment losses and other expenses[2]	**(128)**	(11 576)	47	(11 529)
	(35)	(12 239)	47	(12 192)
Net income from associates and joint ventures				
Share of profits of associates and joint ventures		648		648
Loss on impairment of associates		(323)		(323)
Profit on sale/dilution of interest in associates (note 1.2)	**5 158**	130		130
	5 158	455	–	455
Profit before finance costs and taxation	**10 234**	2 284	34	2 318
Finance costs	**(138)**	(889)		(889)
Profit before taxation	**10 096**	1 395	34	1 429
Taxation[3]	**(1 083)**	(491)	(34)	(525)
Profit for the year from continuing operations	**9 013**	904	–	904

SUMMARY CONSOLIDATED INCOME STATEMENT *(continued)*

for the year ended 28 February 2021

	2021 Rm	2020[1] Own balances Rm	2020[1] Client-related balances Rm	2020[1] Total Rm
DISCONTINUED OPERATIONS				
Profit for the year from discontinued operations	**21 088**	2 454	–	2 454
Gain upon unbundling of Capitec interest at fair value (note 1.2)	**21 099**			–
Capitec Unbundling transaction costs	**(11)**			–
Share of profit of associate		1 923		1 923
Reversal of impairment of associate		617		617
Loss on dilution of interest in associate		(86)		(86)
Profit for the year	**30 101**	3 358	–	3 358
Attributable to:				
Owners of the parent	**29 994**	2 462		
Continuing operations	**8 906**	453		
Discontinued operations	**21 088**	2 009		
Non-controlling interests	**107**	896		
	30 101	3 358		

[1] *Re-presented for the discontinued operations as detailed in the introduction to these summary consolidated financial statements, as well as the reclassification detailed in note 8.*

[2] *Fee income and operating costs pertaining to the wholly-owned head office subsidiaries providing investment-related services to PSG Group.*

[3] *Comprises mainly the capital gains tax paid or provided for in respect of i) the aforementioned 2,9% Capitec interest sold and ii) the remaining 1,4% Capitec interest.*

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2021

	2021 Rm	2020[1] Rm
Profit for the year	**30 101**	3 358
Other comprehensive loss for the year, net of taxation	**–**	(432)
Items that may be subsequently reclassified to profit or loss		
Currency translation adjustments		(181)
Cash flow hedges		(13)
Share of other comprehensive losses and equity movements of associates		(238)
Total comprehensive income for the year	**30 101**	2 926
Attributable to:		
Owners of the parent	**29 994**	2 263
Continuing operations	**8 906**	752
Discontinued operations	**21 088**	1 511
Non-controlling interests	**107**	663
	30 101	2 926

[1] *Re-presented for the discontinued operations as detailed in the introduction to these summary consolidated financial statements.*

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2021

	2021 Rm	2020 Rm
Ordinary shareholders' equity at beginning of the year	**19 083**	18 012
Total comprehensive income	**29 994**	2 263
(Share buy-back)/issue of shares[1]	**(459)**	15
Share-based payment costs – employees	**33**	80
Treasury shares released/(acquired)	**7**	(11)
Transactions with non-controlling interests and other movements	**(4)**	(255)
Dividends paid	**(516)**	(1 021)
Capitec Unbundling (note 1.2)	**(28 884)**	
Ordinary shareholders' equity at end of the year	**19 254**	19 083
Non-controlling interests at beginning of the year	**11 843**	11 643
Total comprehensive income	**107**	663
Subsidiaries deconsolidated upon change in status to that of an investment entity	**(10 265)**	
Issue of shares		20
Share-based payment costs – employees		48
Subsidiaries acquired		66
Subsidiaries sold		(2)
Transactions with non-controlling interests		(142)
Dividends paid	**(129)**	(453)
Non-controlling interests at end of the year[2]	**1 556**	11 843
Total equity	**20 810**	30 926

[1] *During the year under review, PSG Group repurchased 8 385 147 shares at an average price of R54,73 per share (including costs).*

[2] *The non-controlling interests as at 28 February 2021 comprised the JSE-listed cumulative, non-redeemable, non-participating preference shares in issue by PSGFS, through which PSG Group undertakes all its investment activities.*

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2021

	2021 Rm	2020[1] Own balances Rm	2020[1] Client-related balances Rm	2020[1] Total Rm
Net cash flow from operating activities	**1 264**	2 198	74	2 272
Cash generated from/(utilised by) operations (note 3)	**12**	2 184	(1 922)	262
Interest received	**59**	352	1 360	1 712
Dividends received (notes 1.1 and 1.3)				
Continuing operations	**1 959**	223	643	866
Discontinued operations		762		762
Finance costs paid	**(157)**	(840)		(840)
Taxation paid	**(609)**	(483)	(7)	(490)
Net cash flow from investing activities	**1 868**	(1 461)	–	(1 461)
Cash and cash equivalents deconsolidated upon change in status to that of an investment entity	**(409)**			–
Additions to investments at FVTPL (note 1.1)	**(1 139)**			–
Disposals of investments at FVTPL (note 1.1)	**3 502**			–
Cash flow from subsidiaries acquired		(235)		(235)
Cash flow from subsidiaries sold		54		54
Acquisition of ordinary shares in associates and joint ventures		(515)		(515)
Acquisition of property, plant and equipment	**(1)**	(1 672)		(1 672)
Other investing activities	**(85)**	907		907
Net cash flow from financing activities	**(2 081)**	(800)	(100)	(900)
Dividends paid to:				
PSG Group shareholders	**(516)**	(1 021)		(1 021)
PSGFS perpetual preference shareholders and non-controlling interests	**(129)**	(453)		(453)
Borrowings drawn		3 165		3 165
Borrowings repaid	**(1 000)**	(2 057)	(100)	(2 157)
Other financing activities[2]	**(436)**	(434)		(434)
Net increase/(decrease) in cash and cash equivalents	**1 051**	(63)	(26)	(89)
Exchange losses on cash and cash equivalents		(21)		(21)
Cash and cash equivalents at beginning of the year	**595**	425	280	705
Cash and cash equivalents at end of the year	**1 646**	341	254	595

[1] *Re-presented for the discontinued operations as detailed in the introduction to these summary consolidated financial statements.*

[2] *Cash outflow during the year related mainly to PSG Group share repurchases as detailed in the summary consolidated statement of changes in equity.*

Reconciliation of investments at FVTPL from 1 Mar 2020 to 28 Feb 2021

	Carrying value 29 Feb 2020 Rm	Gain/(loss) upon deemed disposal and reacquisition of subsidiaries at fair value on 1 Mar 2020 Rm	Fair value[1] 1 Mar 2020 Rm	Transfer from investment in associate Rm	Fair value gains/(losses) Rm	Additions/(disposals)[2] Rm	Fair value[1] 28 Feb 2021 Rm	Investment (dividend) income[3] Rm
1. Investments								
1.1 Investments at FVTPL								
PSG Konsult	1 964	4 435	**6 399**		883		**7 282**	**186**
Curro	3 034	(430)	**2 604**		(69)	1 053	**3 588**	**23**
Capitec			**–**	6 416	(724)	(3 502)	**2 190**	
Zeder	3 517	(344)	**3 173**		(1 190)		**1 983**	**1 721**
PSG Alpha	3 111	507	**3 618**		138	86	**3 842**	
Other	223	(223)	**–**				**–**	
Total		3 945	**15 794**	6 416	(962)	(2 363)	**18 885**	**1 930**
Interest income on cash and cash equivalents and loans and advances, as well as preference share dividends accrued on debt securities								**124**
Total investment income								**2 054**

[1] *The investments in Capitec, PSG Konsult, Curro Holdings Ltd ("Curro") and Zeder are valued with reference to their JSE-listed closing share prices, while PSG Alpha Investments (Pty) Ltd's ("PSG Alpha") 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 approximately 3,3m Capitec shares during the year raised R3 502m in cash, while a further R1 053m and R86m cash was invested in Curro and PSG Alpha, respectively.*

[3] *The dividends received from PSG Konsult and Curro were paid in the normal course of business, while the dividend received from Zeder was a special dividend paid pursuant to the Pioneer Foods Disposal.*

Reconciliation of associate from 29 Feb 2020 to 28 Feb 2021

	Carrying value 29 Feb 2020 Rm	Gain upon remeasuring retained Capitec interest to fair value[1] Rm	Gain upon unbundling of Capitec interest at fair value Rm	Transfer to investments at FVTPL[1] Rm	Capitec unbundling at fair value[2] Rm	Carrying value 28 Feb 2021 Rm
1.2 Investment in associate (Capitec)						
Retained Capitec interest (continuing operations)	**1 258**	5 158		(6 416)		**–**
Unbundled Capitec interest (discontinued operations)	**7 785**		21 099		(28 884)	**–**
Total	**9 043**	5 158	21 099	(6 416)	(28 884)	**–**

[1] *This portion of the investment in associate representing the retained 4,9m Capitec shares not forming part of the Capitec Unbundling, and over which significant influence was lost, was transferred to investments at FVTPL at the ruling market price on 1 March 2020, being the date on which the unbundled Capitec interest was reclassified as a non-current asset held for sale.*

[2] *Representing 30,5m Capitec shares worth R28 884m at the ruling share price as at 30 July 2020, being the date on which PSG Group shareholder approval for the Capitec Unbundling was obtained, with the required approval of the Prudential Authority having been obtained prior to such date.*

1.3 Debt securities

Debt securities as at 28 February 2021 relate to PSG Group's investment in Dipeo Capital (RF) (Pty) Ltd ("Dipeo") cumulative, redeemable preference shares. Previously, such investment was eliminated upon consolidation of Dipeo (a subsidiary in terms of IFRS 10), with PSG Group accordingly sharing in the underlying assets of Dipeo. However, following the aforementioned change in status to that of an *investment entity*, Dipeo is no longer consolidated and PSG Group had to accordingly reinstate such debt securities and account therefore at amortised cost. Below is a reconciliation of movement in such debt securities balance for the year under review:

	2021 Rm
Reinstatement following change in status to that of an investment entity (i.e. opening balance net of previously recognised impairment loss)	**567**
Cash collected	**(29)**
Preference share dividends accrued[1]	**51**
Reversal of previously recognised impairment loss	**126**
Closing balance[2]	**715**

[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] *The carrying value of the debt securities is supported by Dipeo's investment in JSE-listed Curro (3,6%), Stadio Holdings Ltd ("Stadio") (3,3%) and Kaap Agri Ltd ("Kaap Agri") (20%), as well as in unlisted Energy Partners Holdings (Pty) Ltd ("Energy Partners") (16,6%), and accordingly the remaining carrying value is deemed fully recoverable (i.e. lifetime expected credit losses have been provided for).*

	2021 Continuing operations Rm	2021 Discontinued operations Rm	2021 Total Rm	2020[1] Continuing operations Rm	2020[1] Discontinued operations Rm	2020[1] Total Rm
2. Headline earnings and dividend per share						
Profit for the year attributable to owners of the parent	**8 906**	**21 088**	**29 994**	453	2 009	2 462
Non-headline items	**(7 868)**	**(21 088)**	**(28 956)**	338	(217)	121
Gross amounts	**(9 103)**	**(21 088)**	**(30 191)**	598	(503)	95
Gain upon deemed disposal and reacquisition of subsidiaries at fair value (note 1.1)	**(3 945)**		**(3 945)**			–
Net (profit)/loss on sale/dilution of interest in associates (note 1.2)	**(5 158)**		**(5 158)**	(130)	86	(44)
Loss on/(reversal of) impairment of associates			**–**	323	(617)	(294)
Gain upon unbundling of Capitec interest at fair value (note 1.2)		**(21 099)**	**(21 099)**			–
Capitec Unbundling transaction costs		**11**	**11**			–
Profit from subsidiaries sold			**–**	(58)		(58)
Fair value gain on step-up from associate to subsidiary			**–**	(4)		(4)
Net loss on sale/impairment of intangible assets (including goodwill)			**–**	294		294
Net loss on sale/impairment of property, plant and equipment			**–**	209		209
Loss on impairment of biological assets			**–**	2		2
Non-headline items of associates and joint ventures			**–**	(84)	28	(56)
Impairment of assets held for sale			**–**	46		46
Non-controlling interests			**–**	(309)	286	(23)
Taxation	**1 235**		**1 235**	49		49
Headline earnings	**1 038**	**–**	**1 038**	791	1 792	2 583

[1] *Re-presented for the discontinued operations as detailed in the introduction to these summary consolidated financial statements.*

2. Headline earnings and dividend per share *(continued)*

	2021	2020[1]
Earnings per share (R)		
Recurring	**N/a**	12,81
Headline	**4,81**	11,84
Continuing operations	**4,81**	3,66
Discontinued operations		8,18
Attributable	**139,08**	11,29
Continuing operations	**41,30**	2,13
Discontinued operations	**97,78**	9,16
Diluted headline	**4,56**	11,81
Continuing operations	**4,56**	3,65
Discontinued operations		8,16
Diluted attributable	**138,26**	11,26
Continuing operations	**40,89**	2,11
Discontinued operations	**97,37**	9,15
Dividend per share (R)	**1,64**	2,39
Interim	**1,64**	1,64
Final		0,75
Number of shares (m)		
In issue	**223,8**	232,2
In issue (net of treasury shares)	**209,8**	218,1
Weighted average	**215,7**	218,1
Diluted weighted average	**216,6**	218,2

[1] *Re-presented for the discontinued operations as detailed in the introduction to these summary consolidated financial statements.*

	2021 Rm	2020[1] Own balances Rm	2020[1] Client-related balances Rm	2020[1] Total Rm
3. Cash generated from/(utilised by) operations				
Profit before taxation	**10 096**	1 395	34	1 429
Share of profits of associates and joint ventures		(648)		(648)
Depreciation and amortisation	**3**	836		836
Investment income	**(2 054)**	(427)	(1 964)	(2 391)
Finance costs	**138**	889		889
Working capital changes and other non-cash items	**(30)**	269	8	277
Fair value losses on investments at FVTPL (note 1.1)	**962**			–
Gain upon deemed disposal and reacquisition of investments at fair value (note 1.1)	**(3 945)**			–
Profit on sale/dilution of interest in associates (note 1.2)	**(5 158)**	(130)		(130)
Cash generated from/(utilised by) operations	**12**	2 184	(1 922)	262

[1] *Re-presented for the discontinued operations as detailed in the introduction to these summary consolidated financial statements.*

4. Capital commitments and contingencies

PSG Group, as an *investment entity*, has no material capital commitments or contingencies.

5. Events subsequent to the reporting date

No material event has occurred between the reporting date and the date of approval of this annual report, except for the following:

- The group disposed of all of its remaining Capitec shares for R1 942m cash proceeds (net of costs and capital gains tax payable in due course).
- The board of PSGFS resolved to make an offer to repurchase and delist all the JSE-listed cumulative, non-redeemable, non-participating preference shares in issue by way of a scheme of arrangement for an aggregate cash consideration of R81 per share plus an amount equal to the preference dividend that would have been calculated on the preference share up to the scheme record date, equating to a total cash consideration of approximately R1,5bn. Subject to the required approvals being obtained, it is envisaged that the repurchase will be implemented during August 2021.

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 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. In light of the change in status to that of an *investment entity*, PSG Group's comparative financial risk disclosures have not been provided as it does not provide any information relevant to an understanding of PSG Group's financial risks during the year under review or as at the reporting date.

6. Financial instruments *(continued)*

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. The different levels in the hierarchy are defined below:

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

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).

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

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

28 February 2021	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Assets				
Investments at FVTPL	**17 002**		**1 883**	**18 885**
Liabilities				
Derivative financial liabilities		**42**		**42**

The following table presents changes in level 3 assets during the year under review:

	2021 Rm
Opening balance	**346**
Financial assets deconsolidated upon change in status to that of an investment entity	**(346)**
Financial assets recognised upon change in status to that of an investment entity	**1 860**
Additions	**86**
Unrealised fair value losses included in fair value losses on investments at FVTPL as per the summary consolidated income statement	**(63)**
Closing balance	**1 883**

Valuation techniques and main inputs used to determine fair value for assets are detailed in Annexure A. The fair value of derivative financial liabilities (being fixed-for-variable interest rate swaps) has been determined by discounting the future contractual cash flows using observable market-related interest rates.

6.3 Credit risk

Debt securities
Debt securities as at 28 February 2021 relate to PSG Group's investment in Dipeo preference shares, as detailed in note 1.3. 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% shareholder in Dipeo). However, PSG Group holds approximately 94% of Dipeo's total preference share exposure.

As noted in note 1.3, the carrying value of the debt securities is mostly supported by JSE-listed investments at their respective fair values. Such JSE-listed investments (i.e. level 1 fair value measurement) supports approximately 88,1% of the carrying value of the debt securities, with the remainder being supported by unlisted investments.

Cash and cash equivalents
PSG Group's cash and cash equivalents comprise current/call accounts and term deposits (with a maturity of 7 days or less) spread across two South African banks (both rated by Moody's as having short-term and long-term counterparty risk ratings of P-3 and Baa3, respectively).

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

for the year ended 28 February 2021

7. Segment report

The group has seven reportable segments, namely PSG Konsult, Curro, Capitec, 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 segments are detailed in the *Review of Operations* on page 16. All segments operate predominantly in South Africa. However, the group has exposure to operations outside of South Africa through, inter alia, Curro, PSG Alpha's investment in CA&S and through Zeder's investments in The Logistics Group, Capespan, Zaad and Agrivision Africa.

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 *SOTP value*, listed assets and liabilities are valued using quoted market prices, whereas unlisted assets and liabilities are valued internally using appropriate valuation methods. These values in the prior year will not necessarily correspond with the values per the summary consolidated statement of financial position since the latter were measured using the relevant accounting standards which included historical cost and the equity method of accounting.

Previously, to provide context to its consolidated income statement, the group presented consolidated *recurring earnings* which was calculated on a proportional basis, and included the proportional earnings of underlying investments, excluding marked-to-market adjustments and once-off items. The result was that investments in which PSG Group held less than 20% and which were generally not equity accountable in terms of accounting standards, were equity accounted for the purpose of calculating the consolidated *recurring earnings*. *Non-recurring earnings* included, inter alia, once-off gains and losses and marked-to-market fluctuations, as well as the resulting taxation charge on these items. However, following PSG Group's change in status to that of an *investment entity*, consolidated *recurring earnings* is no longer presented to or evaluated by the chief operating decision-maker (the PSG Group Executive Committee) and therefore it is no longer presented as part of PSG Group's segment report.

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

28 February 2021	Fair value gains/ (losses) on investments at FVTPL Rm	Investment (dividend) income Rm	Other income and expenses[1] Rm	Headline earnings[2] Rm	SOTP value Rm
PSG Konsult	883	186		1 069	7 282
Curro	(69)	23		(46)	3 588
Capitec	(724)		162	(562)	2 190
Zeder	(1 190)	1 721		531	1 983
PSG Alpha	138			138	3 842
Dipeo				–	
PSG Corporate			(48)	(48)	
Funding and other			(44)	(44)	888
Cash and cash equivalents					1 646
Preference share investments and net loans receivable					733
Other[3]					(359)
PSG Financial Services perpetual preference shares					(1 132)
Total	(962)	1 930	70	1 038	19 773
Non-headline items (note 2)				28 956	
Earnings attributable to non-controlling interests				107	
Taxation				1 083	
Profit before taxation				31 184	
Profit before taxation from continuing operations				10 096	
Profit for the year from discontinued operations				21 088	

[1] *Comprises all other line items in the summary consolidated income statement, including fee income, expenses, impairment losses, finance costs and taxation.*

[2] *As detailed in the introduction to the summary consolidated financial statements, pursuant to the change in status to that of an investment entity with effect from 1 March 2020, the accounting policies applied in the preparation of the summary consolidated financial statements are materially different from those previously applied. Accordingly, PSG Group's headline earnings for the year ended 28 February 2021 reflects its subsidiaries (other than those providing services related to PSG Group's investment activities) being accounted for at FVTPL, while in the prior year such subsidiaries were consolidated.*

[3] *Includes a capital gains tax provision on the retained Capitec interest.*

7. Segment report *(continued)*

29 February 2020	Revenue (own balances) Rm	Recurring earnings (segment profit)[1] Rm	Non-recurring earnings[1] Rm	Headline earnings[1] Rm	SOTP value Rm
PSG Konsult	4 954	389		389	6 399
Curro	2 980	117	23	140	2 604
Capitec		1 927		1 927	46 130
Zeder	7 543	246	(65)	181	3 173
PSG Alpha	9 245	270	(164)	106	3 618
Dipeo	18	(36)	(1)	(37)	
PSG Corporate	93	(29)		(29)	
Funding and other	32	(90)	(4)	(94)	(1 604)
Total	24 865	2 794	(211)	2 583	60 320
Revenue from contracts with customers					
Revenue from sale of goods	13 502				
Revenue earned from commission, school, net insurance and other fee income	10 936				
Investment income	427				
Non-headline items (note 2)				(121)	
Earnings attributable to non-controlling interests				896	
Taxation				525	
Profit before taxation				3 883	
Profit before taxation from continuing operations[2]				1 429	
Profit for the year from discontinued operations[2]				2 454	

[1] *Reported net of non-controlling interests.*
[2] *Re-presented for the discontinued operations as detailed in the introduction to these summary consolidated financial statements.*

8. Reclassification of prior year reported amounts

PSG Konsult reported a reclassification of prior year amounts owing to client-related balances to correct an error in terms of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Such correction had no impact on previously reported profitability, cash flows, assets, liabilities or equity; however, it had the following impact on the summary consolidated income statement for the year ended 29 February 2020:

	Own balances Rm	Client-related balances Rm	Total Rm
Previously reported			
Fair value (losses)/gains	3	(125)	(122)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds		(1 270)	(1 270)
	3	(1 395)	(1 392)
Now reported			
Fair value (losses)/gains	3	(365)	(362)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds		(1 030)	(1 030)
	3	(1 395)	(1 392)
Change			
Fair value (losses)/gains		(240)	(240)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds		240	240
	–	–	–

9. Ordinary shareholder analysis

Unaudited	Shareholders Number	%	Shares held Number	%
Range of shareholding				
1 – 500	**15 450**	**67,9**	**2 395 444**	**1,1**
501 – 1 000	**2 736**	**12,0**	**2 066 928**	**1,0**
1 001 – 5 000	**3 130**	**13,8**	**7 011 017**	**3,3**
5 001 – 10 000	**519**	**2,3**	**3 769 708**	**1,8**
10 001 – 50 000	**624**	**2,7**	**13 377 584**	**6,4**
50 001 – 100 000	**113**	**0,5**	**7 848 503**	**3,7**
100 001 – 500 000	**131**	**0,6**	**28 494 909**	**13,6**
500 001 – 1 000 000	**27**	**0,1**	**18 090 820**	**8,6**
Over 1 000 000	**29**	**0,1**	**126 769 424**	**60,5**
	22 759	**100,0**	**209 824 337**	**100,0**
Treasury shares				
Shares held by employee share scheme	**1**		**45 000**	
Shares held by PSG Financial Services (a wholly-owned subsidiary)	**1**		**13 908 770**	
	22 761		**223 778 107**	
Non-public and public shareholding				
Non-public (directors)[1]	**8**		**11 061 067**	**5,2**
Public	**22 751**	**100,0**	**198 763 270**	**94,8**
	22 759	**100,0**	**209 824 337**	**100,0**
Individual shareholders (excluding directors) holding 5% or more of shares in issue (net of treasury shares) as at 28 February 2021				
JF Mouton Familietrust and its subsidiaries (including effective interest held through a joint venture)			**42 269 481**	**20,1**
Public Investment Corporation (including Government Employees Pension Fund)			**25 032 667**	**11,9**
			67 302 148	**32,0**

[1] *Refer to the directors' report for further details of directors' holdings.*

ANNEXURE A: *SOTP VALUE*

as at 28 February 2021

Investment	2021 Share-holding	2021 Nr of shares held m	Industry	Listed/ unlisted	Classification at 28 Feb 2021	*SOTP value* 29 Feb 2020 Rm	*SOTP value* Movement Rm	*SOTP value* 28 Feb 2021 Rm	Portion	Valuation method	IFRS 13 fair value Categorisation	IFRS 13 fair value R/share
PSG Konsult	61,2%	810,1	Financial services	JSE-listed[1]	Subsidiary	6 399	**883**	**7 282**	35%	Closing JSE-listed share price	Level 1	8,99
Curro	60,0%	358,8	Private education	JSE-listed	Subsidiary	2 604	984	**3 588**	17%	Closing JSE-listed share price	Level 1	10,00
Additions (note 1.1)							(1 053)					
Fair value loss							**(69)**					
Capitec	1,4%	1,6	Banking	JSE-listed	Equity securities	46 130	(43 940)	**2 190**	10%	Closing JSE-listed share price	Level 1	1 338,75
Unbundled interest at fair value on 1 Mar 2020							39 714					
Disposals (note 1.1)							3 502					
Fair value loss on retained interest							**(724)**					
Zeder	48,6%	748,4	Investment holding (food and related business)	JSE-listed	Subsidiary	3 173	**(1 190)**	**1 983**	9%	Closing JSE-listed share price	Level 1	2,65
PSG Alpha	98,3%		Investment holding (early-stage investments)	Unlisted	Subsidiary	3 618		**3 842**	18%			
CA&S	48,8%		Route-to-market services for fast-moving consumer goods in Sub-Saharan Africa	Botswana Stock Exchange ("BSE")-listed[2]		1 130	(4)	**1 126**	6%	Closing BSE-listed share price converted from Botswana pula to South African rand at the spot exchange rate	Level 1	5,10
Evergreen	50,0%		Retirement lifestyle villages	Unlisted		975	(106)	**869**	4%	Net asset value, underpinned by investment property subjected to external valuation annually	Level 3	
Stadio	43,2%		Private higher education	JSE-listed		662	203	**865**	4%	Closing JSE-listed share price	Level 1	2,38
Energy Partners	57,2%		Private energy utility	Unlisted		118	187	**305**	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	
Optimi	92,3%		Innovative and accessible education solutions to schools, tutors, parents and learners	Unlisted		305	(9)	**296**	1%	13,7x price-earnings multiple	Level 3	
Other			Various	Unlisted		499	(53)	**446**	2%	Various	Level 3	
Sub-total						3 689		**3 907**				
Less: minority shareholding held by PSG Alpha management[3]						(71)	6	**(65)**				
Additions (note 1.1)							(86)					
Fair value gain							**138**					
Dipeo	49,0%											
Sub-total						61 924		**18 885**				
Other net assets						879		**2 020**	11%			
Cash and cash equivalents						187		**1 646**				
Preference share investments and net loans receivable						542		**733**				
Other[4]						150		**(359)**				
Total assets						**62 803**		**20 905**	100%			
Funding						(2 483)		**(1 132)**				
PSG Financial Services perpetual preference shares		17,4				(1 463)		**(1 132)**		Closing JSE-listed share price	Level 1	65,00
Redeemable preference shares[5]						(1 020)						
Total SOTP value						**60 320**		**19 773**				
SOTP value per share (R)						**276,43**		**94,24**				
Fair value losses on investments at FVTPL (note 1.1)							**(962)**					
Fair value loss from derivative financial instruments							(6)					
Net fair value losses reported in the income statement							**(968)**					

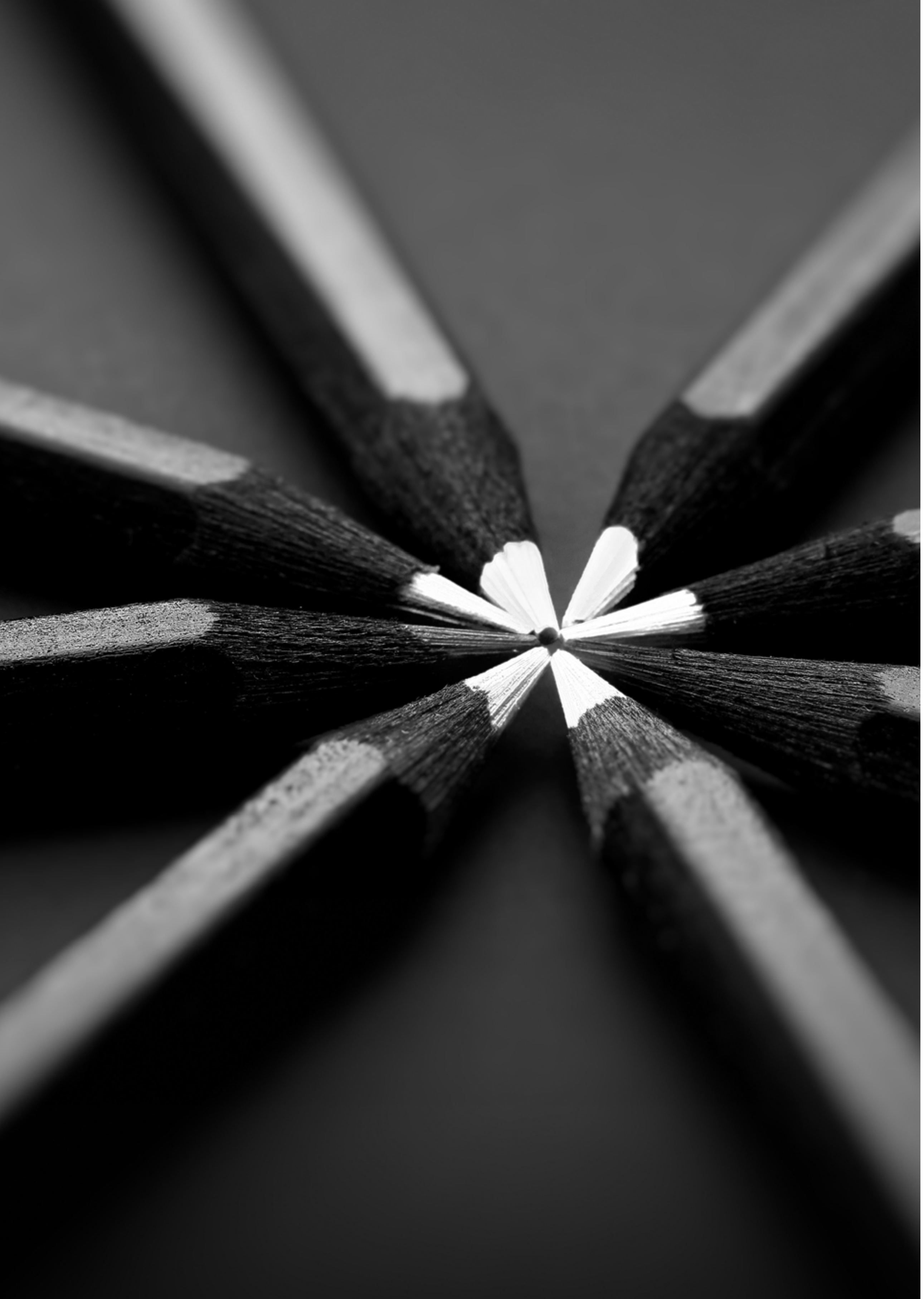
1 *Secondary listings on the Namibian Stock Exchange ("NSE") and Mauritian Stock Exchange ("MSE").*

2 *Secondary listing on the 4AX Exchange.*

3 *PSG Alpha management holds ±1,7% (2020: ±1,9%) in PSG Alpha.*

4 *The 28 Feb 2021 balance includes a capital gains tax provision (i.e. deferred income tax liability) in respect of the retained Capitec interest.*

5 *Redeemed in full during the year under review.*



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the annual general meeting of shareholders of PSG Group Ltd ("PSG Group" or "the Company") to be held at 10:00 on Friday, 9 July 2021 ("AGM").

As a result of the impact of the Covid-19 pandemic and the restrictions placed on public gatherings, the AGM will be conducted entirely by electronic communication as contemplated in section 63(2)(a) of the Companies Act, 2008 (Act No. 71 of 2008) ("Companies Act").

The date on which shareholders must be recorded as such in the share register maintained by the transfer secretary of the Company ("Share Register") for purposes of being entitled to receive this notice is Friday, 28 May 2021.

The date on which shareholders must be recorded in the Share Register for purposes of being entitled to attend and vote at the AGM is Friday, 2 July 2021, with the last day to trade being Tuesday, 29 June 2021.

Participation process

	Certificated shareholders & own-name dematerialised shareholders	Dematerialised shareholders (excluding own-name dematerialised shareholders)
Shareholders who wish to vote at, but not attend the AGM	• Complete the form of proxy attached to this notice of the AGM and email same, together with proof of identification (i.e. valid South African ("SA") identity document, SA driver's license or passport) and authority to do so (where acting in a representative capacity), to the transfer secretary, Computershare Investor Services (Pty) Ltd ("transfer secretary"), at *proxy@computershare.co.za* so as to be received by the transfer secretary by no later than 10:00 on Wednesday, 7 July 2021, provided that any form of proxy not delivered to the transfer secretary by this time and date may be emailed to the transfer secretary at any time before the appointed proxy exercises any shareholder rights at the AGM, subject to the transfer secretary verifying and registering the form of proxy and proof of identification before any shareholder rights are exercised.	• Provide your central securities depository participant ("CSDP") or broker with your voting instructions in terms of the custody agreement entered into between you and your CSDP or broker. • You should contact your CSDP or broker regarding the cut-off time for submitting your voting instructions to them. • If your CSDP or broker does not receive voting instructions from you, it will be obliged to vote in accordance with the instructions in the custody agreement.

	Certificated shareholders & own-name dematerialised shareholders	Dematerialised shareholders (excluding own-name dematerialised shareholders)
Shareholders who wish to attend and vote at the AGM	• Register online at *www.smartagm.co.za* by no later than 10:00 on Wednesday, 7 July 2021. Shareholders may still register online to participate in and/or vote electronically at the AGM after this date and time, provided, however, that for those shareholders to participate and/or vote electronically at the AGM, they must be verified and registered before the commencement of the AGM. • As part of the registration process you will be requested to upload proof of identification (i.e. valid SA identity document, SA driver's license or passport) and authority to do so (where acting in a representative capacity), as well as to provide details, such as your name, surname, email address and contact number. • Following successful registration, the transfer secretary will provide you with a meeting ID number, username and password in order to connect electronically to the AGM. • Participate in the AGM through the Lumi app or website by following the steps set out at *www.smartagm.co.za*. The Lumi app can be downloaded from the Apple App Store or Google Play Store.	• Request your CSDP or broker to provide you or your proxy with the necessary authority (i.e. letter of representation) in terms of the custody agreement entered into between you and your CSDP or broker. • Register online at *www.smartagm.co.za* by no later than 10:00 on Wednesday, 7 July 2021. Shareholders may still register online to participate in and/or vote electronically at the AGM after this date and time, provided, however, that for those shareholders to participate and/or vote electronically at the AGM, they must be verified and registered before the commencement of the AGM. • As part of the registration process you will be requested to upload your letter of representation and proof of identification (e.g. valid SA identity document, SA driver's license or passport), as well as to provide details, such as your name, surname, email address and contact number. • Following successful registration, the transfer secretary will provide you with a meeting ID number, username and password in order to connect electronically to the AGM. • Participate in the AGM through the Lumi app or website by following the steps set out at *www.smartagm.co.za*. The Lumi app can be downloaded from the Apple App Store or Google Play Store.

1. Each PSG Group shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the Company) to participate, speak and vote in their stead at the AGM.
2. Voting will take place by way of a poll and accordingly each shareholder will have one vote in respect of each share held.
3. The cost (e.g. mobile data consumption or internet connectivity) of electronic participation in the AGM will be carried by the participant.
4. The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company and its directors/employees/company secretary/transfer secretary/service providers/advisors against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company or its directors/employees/company secretary/transfer secretary/service providers/advisors, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the AGM.

Purpose of the AGM

The purpose of the AGM is to transact the business set out in the agenda below.

Agenda of the AGM

- Presentation of the audited annual financial statements of the Company, including the remuneration report and the reports of the directors and the audit and risk committee for the year ended 28 February 2021. The annual report, of which this notice forms part, contains the summary consolidated financial statements and the aforementioned reports. The audited annual financial statements, including the unmodified audit opinion, are available on PSG Group's website at *www.psggroup.co.za*, and electronic copies may be requested and obtained, at no charge, from the company secretary at *cosec@psggroup.co.za*.
- To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

Note:
For ordinary resolutions numbers 1 to 8 (inclusive) to be adopted, more than 50% of the voting rights exercised on the applicable ordinary resolution must be exercised in favour thereof. Should 25% or more of the votes exercised in respect of ordinary resolutions numbers 9 or 10 be against either resolution, or both resolutions, the Company will issue an invitation to those shareholders who voted against the applicable resolution to engage with the Company. For ordinary resolution number 11 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

1. Retirement and re-election of directors

1.1 Ordinary resolution number 1

"Resolved that Mr FJ Gouws, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr FJ (Francois) Gouws

Francois is a Chartered Accountant (SA). He joined Senekal, Mouton & Kitshoff as an investment and bank analyst, later becoming a partner in 1993. In 1995, he moved to UBS Investment Bank where he held various positions, ultimately serving as global co-head of equities and later co-managing the UBS Securities business until the end of 2011. Francois joined PSG Konsult in 2012 and was appointed CEO in July 2013.

1.2 Ordinary resolution number 2

"Resolved that Ms AM Hlobo, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible, offers herself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Ms AM (Modi) Hlobo

Modi is a Chartered Accountant (SA) and holds an MCom (Finance) degree. Modi has served as a director and audit and risk committee member of numerous public-sector and listed companies. She is currently a senior lecturer at the University of Johannesburg's School of Accounting.

1.3 Ordinary resolution number 3

"Resolved that Mr CA Otto, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr CA (Chris) Otto

Chris graduated BCom LLB from Stellenbosch University and is a founding director of PSG Group, Capitec Bank Holdings Ltd and Zeder Investments Ltd. He also serves on the boards of various other listed companies. Since his appointment as PSG Group director in 1995, he has attended all board meetings without fail.

The reason for ordinary resolutions numbers 1 to 3 (inclusive) is that the memorandum of incorporation of the Company, the JSE Ltd ("JSE") Listings Requirements and, to the extent applicable, the Companies Act, require that a component of the non-executive directors rotates at every annual general meeting of the Company and, being eligible, may offer themselves for re-election as directors.

2. Re-appointment of the members of the audit and risk committee of the Company

Note:
For avoidance of doubt, all references to the audit and risk committee of the Company refer to the audit committee as contemplated in the Companies Act.

2.1 Ordinary resolution number 4

"Resolved that Mr PE Burton, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company."

While Mr PE Burton has served on PSG Group's board for the past 20 years, the board is satisfied that he remains independent.

Summary curriculum vitae of Mr PE (Patrick) Burton

Patrick graduated with a BCom (Hons) Financial Management degree and postgraduate Diploma in Tax Law. He is a founding director of Siphumelele Investments, a black economic empowerment company, and currently serves on the boards of various companies as a non-executive director.

2.2 Ordinary resolution number 5

"Resolved that Ms AM Hlobo, subject to the approval of ordinary resolution number 2, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company."

A summary of Modi's curriculum vitae has been included in paragraph 1.2 above.

2.3 Ordinary resolution number 6

"Resolved that Ms B Mathews, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company."

Summary curriculum vitae of Ms B (Bridgitte) Mathews

Bridgitte is a Chartered Accountant (SA) and currently serves on the boards of various companies as a non-executive director. She has been a member of the African Women Chartered Accountants since 2007 and a member of the Institute of Directors in South Africa since 2011.

2.4 Ordinary resolution number 7

"Resolved that Mr CA Otto, subject to the approval of ordinary resolution number 3, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company."

While Chris has served on PSG Group's board for the past 25 years, the board is satisfied that he remains independent.

A summary of Chris's curriculum vitae has been included in paragraph 1.3 above.

The reason for ordinary resolutions numbers 4 to 7 (inclusive) is that the Company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of such company.

3. Appointment of auditor

Ordinary resolution number 8

"Resolved that Deloitte & Touche be and is hereby appointed as new auditor of the Company for the ensuing financial year or until the next annual general meeting of the Company, whichever is the later, with the designated auditor being Mr JHW de Kock, as registered auditor and partner in the firm, on the recommendation of the audit and risk committee of the Company."

The reason for ordinary resolution number 8 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed, as the case may be, at each annual general meeting of the Company, as required by the Companies Act and the JSE Listings Requirements.

4. Non-binding advisory vote on PSG Group's remuneration policy

Ordinary resolution number 9

"Resolved that the Company's remuneration policy, as set out on pages 52 to 58 of the annual report to which this notice of AGM is annexed, be and is hereby endorsed by way of a non-binding advisory vote."

The reason for ordinary resolution number 9 is that the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™") recommends, and the JSE Listings Requirements require, that the remuneration policy of a listed company be tabled for a non-binding advisory vote thereon by shareholders at each annual general meeting of such company. This enables shareholders to express their views on the remuneration policy adopted. The effect of ordinary resolution number 9, if passed, will be to endorse the Company's remuneration policy. Ordinary resolution number 9 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements.

5. Non-binding advisory vote on PSG Group's implementation report on its remuneration policy

Ordinary resolution number 10

"Resolved that the Company's implementation report on its remuneration policy, as set out on pages 59 to 70 of the annual report to which this notice of AGM is annexed, be and is hereby endorsed by way of a non-binding advisory vote."

The reason for ordinary resolution number 10 is that King IV™ recommends, and the JSE Listings Requirements require, that the implementation report on a listed company's remuneration policy be tabled for a non-binding advisory vote thereon by shareholders at each annual general meeting of such company. This enables shareholders to express their views on the implementation of a company's remuneration policy. The effect of ordinary resolution number 10, if passed, will be to endorse the Company's implementation report on its remuneration policy. Ordinary resolution number 10 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements.

Should 25% or more of the votes exercised in respect of ordinary resolution number 9 or ordinary resolution number 10 be against either resolution, or both resolutions, the Company will issue an invitation to those shareholders who voted against the applicable resolution to engage with the Company.

6. Amendments to the PSG Group Ltd Supplementary Share Incentive Trust deed

Ordinary resolution number 11

"Resolved that the existing trust deed ("SIT Deed") of the PSG Group Ltd Supplementary Share Incentive Trust ("SIT"), which contains the terms of and governs the Company's share incentive scheme, be amended as set out in Annexure A to this notice of AGM."

The reason for ordinary resolution number 11 is to obtain the approval of shareholders to amend the SIT Deed, such approval being required in terms of paragraph 14.2, read with paragraph 14.1, of Schedule 14 of the JSE Listings Requirements. The amendments are proposed in light of changes made to PSG Group's remuneration policy as a result of, inter alia, the Company's unbundling of an effective interest of 26,4% in Capitec Bank Holdings Ltd's issued share capital to PSG Group shareholders during the past financial year, and following further engagement with shareholders. The new remuneration policy is being presented to shareholders as ordinary resolution number 9 above for approval by way of a non-binding advisory vote and a copy of the policy appears on pages 52 to 58 of the annual report to which this notice of AGM is annexed.

The changes to the SIT Deed include:

- changing the financial performance measures applicable to the vesting of share options to the Company meeting a specified total return index growth hurdle, as well as specified head office costs and gearing hurdles;
- expanding the minimum shareholding requirements, which previously only applied to PSG Group executive directors, to also apply to other scheme participants; and
- incorporating the Company's malus/claw-back provisions in respect of share option awards and vestings.

The effect of ordinary resolution number 11, if passed, will be that the proposed amendments to the SIT Deed, as set out in Annexure A to this notice of AGM, are approved.

For this resolution to be adopted at least 75% of the shareholders present in person or by proxy and entitled to vote on this resolution at the AGM must cast their vote in favour of this resolution. In determining whether the requisite number of votes has been achieved to adopt this resolution, the votes attaching to any ordinary shares held by the SIT and the votes attaching to ordinary shares acquired in terms of the share incentive scheme and owned or controlled by persons who are existing participants in the share incentive scheme, and who may be impacted by this resolution, will not be taken into account. A copy of the current SIT Deed is available for inspection by shareholders at the Company's registered address.

- To consider and, if deemed fit, pass, with or without modification, the following special resolutions:

Note:
For special resolutions numbers 1 to 4 (inclusive) to be adopted, at least 75% of the voting rights exercised on the applicable special resolution must be exercised in favour thereof.

7. Remuneration of non-executive directors

Special resolution number 1

"Resolved, in terms of section 66(9) of the Companies Act, that the Company be and is hereby authorised to remunerate its non-executive directors for their services as directors, which include serving on various sub-committees, and to make payment of the amounts set out below (plus any value-added tax, to the extent applicable), provided that this authority will be valid until the next annual general meeting of the Company:

	Annual fee (excluding value-added tax) Feb 2022 R
PSG Group Board	
Chairman	**676 000**
Member	**276 900**
PSG Group Audit and Risk Committee	
Chairman	**193 830**
Member	**166 140**
PSG Group Remuneration Committee	
Chairman	**83 070**
Member	**55 380**
PSG Group Social and Ethics Committee	
Chairman	**33 230**
Member	**22 150**

The reason for special resolution number 1 is for the Company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1, if passed, is that the Company will be able to pay its non-executive directors for the services they render to the Company as directors without requiring further shareholder approval until the next annual general meeting of the Company.

8. Inter-company financial assistance

8.1 Special resolution number 2: Inter-company financial assistance

"Resolved, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board of the Company may deem fit to any company or corporation that is related or inter-related ("related" and "inter-related" will herein have the meanings attributed to such terms in section 2 of the Companies Act) to the Company, on the terms and conditions and for amounts that the board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company."

The reason for and effect, if passed, of special resolution number 2 is to grant the directors of the Company the authority, until the next annual general meeting of the Company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the Company. This means that the Company is, inter alia, authorised to grant loans to its subsidiaries and to guarantee the debt of its wholly-owned subsidiaries.

8.2 Special resolution number 3: Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the board of the Company may deem fit to any person, including any company or corporation that is related or inter-related to the Company ("related" and "inter-related" will herein have the meanings attributed to such terms in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or in any company or corporation that is related or inter-related to the Company, on the terms and conditions and for amounts that the board of the Company may determine for the purpose of, or in connection with the, subscription for any option, or any shares or other securities, issued or to be issued by the Company or by a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or of a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company."

The reason for and effect, if passed, of special resolution number 3 is to grant the directors the authority, until the next annual general meeting of the Company, to provide financial assistance to any person, including any company or corporation which is related or inter-related to the Company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation. This means that the Company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries. A typical example of where the Company may rely on this authority is where a wholly-owned subsidiary raises funds by issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its wholly-owned subsidiary to such third-party funder arising from the issue of the preference shares. As mentioned on page 68, loan funding is no longer provided to participants of the SIT.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the Company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in special resolutions numbers 2 and 3 above:

- the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company); and
- the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months.

In addition, the board will only approve the provision of any financial assistance contemplated in special resolutions numbers 2 and 3 above, where:

- the board is satisfied that the terms under which any financial assistance is proposed to be provided, are fair and reasonable to the Company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's memorandum of incorporation have been met.

9. Special resolution number 4: Share repurchases by PSG Group and its subsidiaries

"Resolved, as a special resolution, that the Company and its subsidiaries be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the Company and the JSE Listings Requirements, including, inter alia, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond 15 months from the date of this resolution;
- an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue on the date that this authority is granted, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares in issue acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the Company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the repurchase, that the Company and its wholly-owned subsidiaries ("the Group") have satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the Group;
- the general repurchase is authorised by the Company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the volume weighted average of the market price of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five-business-day period;
- the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf; and
- the Company may not effect a repurchase during any prohibited period, as defined in terms of the JSE Listings Requirements, unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third-party, as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements."

The reason for and effect, if passed, of special resolution number 4 is to grant the directors a general authority in terms of the Company's memorandum of incorporation and the JSE Listings Requirements for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company on the basis reflected in special resolution number 4. This authority will provide the board with the necessary flexibility to repurchase shares in the market, should a favourable opportunity arise and it be in the best interest of the Company to do so.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of any class of a company. For the avoidance of doubt, a pro rata repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

10. Other business

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the Company.

Information relating to the special resolutions

1. The directors of the Company or its subsidiaries will only utilise the general authority to repurchase shares of the Company as set out in special resolution number 4 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the Group would not be compromised as to the following:
   - the Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of the AGM and for a period of 12 months after the repurchase;
   - the consolidated assets of the Group (fairly valued) will at the time of the AGM and at the time of making such determination, and for a period of 12 months thereafter, be in excess of the consolidated liabilities of the Group (fairly valued);
   - the ordinary share capital and reserves of the Group after the repurchase will remain adequate for the purpose of the business of the Group for a period of 12 months after the AGM and after the date of the share repurchase; and
   - the working capital available to the Group after the repurchase will be sufficient for the Group's ordinary business purposes for a period of 12 months after the date of the notice of the AGM and for a period of 12 months after the date of the share repurchase.

   General information in respect of major shareholders, material changes since the 2021 financial year-end and the share capital of the Company is contained in the annual report of which this notice forms part, as well as the full set of annual financial statements, being available on PSG Group's website at *www.psggroup.co.za* or which may be requested and obtained, at no charge, from the company secretary at *cosec@psggroup.co.za*.
2. The directors, whose names appear on pages 4 and 5 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of AGM contains all information required by law and the JSE Listings Requirements.
3. Special resolutions numbers 1, 2, 3 and 4 are renewals of resolutions taken at the previous annual general meeting held on 17 July 2020.

By order of the board

PSG Corporate Services (Pty) Ltd
Per A Rossouw
Company Secretary

Stellenbosch
28 May 2021

ANNEXURE A

It is proposed that the PSG Group Ltd Supplementary Share Incentive Trust deed ("SIT Deed") be amended as follows:

By amending clause 1.1.22 of the SIT Deed to read as follows (new wording underlined and deleted wording struck through):

1.1.22 **"Minimum Shareholding~~" for Executive Directors~~"** means –

1.1.22.1 in respect of Executive Directors, such minimum number(s) of Shares, if any, required to be held by an Executive Director, for such Director to qualify for –

1.1.22.1.1 any award of Options occurring on or after 28 February 2018; and

1.1.22.1.2 the vesting of any Options awarded on or after 28 February 2018,

as may be determined by the Board in its sole discretion, from time to time; and

1.1.22.2 in respect of Participants other than Executive Directors, the minimum number(s) of Shares, if any, required to be held by such Participant, for such Participant to qualify for –

1.1.22.2.1 any award of Options occurring after 28 February 2021; and

1.1.22.2.2 the vesting of any Options awarded on or after 28 February 2021,

as may be determined by the Board in its sole discretion, from time to time;

By amending clause 1.1.28 of the SIT Deed to read as follows (new wording underlined and deleted wording struck through):

1.1.28 **"Performance Measures"** means such performance measures, if any, as may be determined by the Board in its sole discretion, from time to time, and which need to be met for any Options awarded to a Participant on or after 28 February 2018 to vest and/or for further Options to be awarded, which performance measures may include, but will not be limited to, any one or more of the following –

1.1.28.1 the Participant in question meeting personal key performance objectives;

1.1.28.2 the Company meeting a specified ~~recurring earnings~~ total return per Share ~~growth~~ hurdle; and/or

1.1.28.3 the Company meeting a specified ~~return on equity~~ head office cost, gearing and/or other financial performance hurdle;

By amending clause 18.1 of the SIT Deed to read as follows (new wording underlined and deleted wording struck through):

18.1 The Board may, from time to time, determine and set –

18.1.1 the Performance Measures which will apply to the awarding and/or vesting of Options awarded on or after 28 February 2018; and

18.1.2 the Minimum Shareholding ~~for Executive Directors~~ which will apply to the awarding and vesting of Options to Executive Directors and other Participants, where such Options are awarded (in the case of Executive Directors) on or after 28 February 2018 and (in the case of other Participants) on or after 28 February 2022.

By replacing all references in clause 18.2 of the SIT Deed to "Minimum Shareholding for Executive Directors" with "Minimum Shareholding"

By inserting the following new clause 18.8 in the SIT Deed:

18.8 The award and vesting of Options shall be subject to any malus and/or clawback policies of the Company in existence from time to time, to the extent that such policies apply to any awards or Participants, and the Board shall notify the Trustees of any such policies in writing.

By amending clause 20.1.3 of the SIT Deed to read as follows (deleted wording struck through):

20.1.3 may~~, in respect of Executive Directors,~~ be subject to the retaining of a Minimum Shareholding ~~for Executive Directors~~, as set out in the Resolution and written award referred to in clause 18.2, if applicable;

By amending clause 20.1.10 of the SIT Deed to read as follows (new wording underlined):

20.1.10 shall, pursuant to the exercise of an Option, in the sole discretion of the Board, be settled upon a Beneficiary –

20.1.10.1 by way of the delivery of Shares, subject to clauses 20.3 and 25.1; or

20.1.10.2 on a net equity basis in accordance with clause 25, by the Company making a cash payment to the Beneficiary, in lieu of Shares,

or by way a combination of such delivery of Shares and/or cash payment, it being recorded that, for purposes of International Financial Reporting Standard 2, irrespective of the manner in which the Options are settled, the foregoing shall be an equity-settled share-based payment transaction;

By amending clause 20.5.3 of the SIT Deed to read as follows (new wording underlined and deleted wording struck through):

20.5 An Option shall immediately lapse –

20.5.1 …

20.5.2 …

20.5.3 in relation to Options awarded on or after 28 February 2018 (in the case of Executive Directors) or on or after 28 February 2022 (in the case of other Participants), but subject to clauses 26.1 and 26.2, to the extent that any Executive Director or other Participant, as the case may be, ceases to hold the Minimum Shareholding ~~for Executive Directors~~ applicable to such Option (if any), unless the Board resolves otherwise in its sole discretion;

By inserting the following new clause 21.6 in the SIT Deed:

21.6 The vesting and exercise of Options shall be subject to any malus and/or clawback policies applicable in terms of clause 18.8.

By inserting the following new clause 27.4 in the SIT Deed:

27.4 It is recorded, for the avoidance of doubt, that, should an adjustment in accordance with this clause 27 result in the Strike Price of an Option being reduced to an amount below R0 (nil rand), as confirmed by the Auditors to the JSE in terms of clause 27.1, such negative amount shall be taken into account when the Option, once vested and exercised in terms of this Deed, is settled, in terms of clause 20.1.10, to the Participant through the delivery of Shares or by making a cash payment (on a net equity basis) in lieu of Shares or by a combination thereof.

FORM OF PROXY

PSG GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1970/008484/06)
JSE share code: PSG ISIN code: ZAE000013017
LEI code: 378900CD0BEE79F35A34
("PSG Group" or "the Company")

FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY

For use at the annual general meeting of ordinary shareholders of the Company to be held entirely by electronic means, at 10:00 on Friday, 9 July 2021 ("AGM").

I/We (full name in print) ______________________

of (address) ______________________

being the registered holder of ______________________ ordinary shares hereby appoint:

1. ______________________ or failing him/her,

2. ______________________ or failing him/her,

3. the chairman of the AGM,

as my/our proxy to attend, speak and vote on my/our behalf at the AGM for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions and special resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see notes):

		Number of shares		
		In favour	Against	Abstain
1.1	Ordinary resolution number 1: To re-elect Mr FJ Gouws as director			
1.2	Ordinary resolution number 2: To re-elect Ms AM Hlobo as director			
1.3	Ordinary resolution number 3: To re-elect Mr CA Otto as director			
2.1	Ordinary resolution number 4: To re-appoint Mr PE Burton as a member of the audit and risk committee			
2.2	Ordinary resolution number 5: To re-appoint Ms AM Hlobo as a member of the audit and risk committee			
2.3	Ordinary resolution number 6: To re-appoint Ms B Mathews as a member of the audit and risk committee			
2.4	Ordinary resolution number 7: To re-appoint Mr CA Otto as a member of the audit and risk committee			
3.	Ordinary resolution number 8: To appoint Deloitte & Touche as auditor			
4.	Ordinary resolution number 9: Non-binding endorsement of PSG Group's remuneration policy			
5.	Ordinary resolution number 10: Non-binding endorsement of PSG Group's implementation report on its remuneration policy			
6.	Ordinary resolution number 11: Amendments to the PSG Group Ltd Supplementary Share Incentive Trust deed			
7.	Special resolution number 1: Remuneration of non-executive directors			
8.1	Special resolution number 2: Inter-company financial assistance			
8.2	Special resolution number 3: Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company			
9.	Special resolution number 4: Share repurchases by PSG Group and its subsidiaries			

Please indicate your voting instruction by inserting the number of shares (or a cross should you wish to vote all of your shares) in the space provided.

Signed at ______________ on this __________ day of ______________ 2021.

Signature(s) ______________________

Assisted by (where applicable) (state capacity and full name) ______________________

Each PSG Group shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the Company) to participate, speak and vote in his/her stead at the AGM.

FORM OF PROXY *(continued)*

Notes

1. A PSG Group shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the AGM". The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A PSG Group shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided or by the insertion of a cross if all shares should be voted on behalf of that shareholder. Failure to comply with the above will be deemed to authorise the chairman of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she is solely entitled thereto, but, if more than one of such joint holders be present or represented at the AGM, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and emailed, together with proof of identification and authority to do so (where acting in a representative capacity), to the transfer secretary, Computershare Investor Services (Pty) Ltd, at *proxy@computershare.co.za* so as to be received by the transfer secretary no later than 10:00 on Wednesday, 7 July 2021, provided that any form of proxy not delivered to the transfer secretary by this time and date may be emailed to the transfer secretary at any time before the appointed proxy exercises any shareholder rights at the AGM, subject to the transfer secretary verifying and registering the form of proxy and proof of identification before any shareholder rights are exercised.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretary or waived by the chairman of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from connecting electronically to the AGM and speaking and voting by way of electronic means to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

ADMINISTRATION

Details of PSG Group Ltd
Registration number: 1970/008484/06
Share code: PSG
ISIN code: ZAE000013017
LEI code: 378900CD0BEE79F35A34

Company secretary and registered office
PSG Corporate Services (Pty) Ltd
Registration number: 1996/004840/07
First floor Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
PO Box 7403
Stellenbosch, 7599
Telephone: +27 21 887 9602
Email: *cosec@psggroup.co.za*

Transfer secretary
Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
Private Bag X9000
Saxonwold, 2132

Website address
www.psggroup.co.za

Principal banker

FirstRand Bank Ltd

Corporate advisor and sponsor
PSG Capital
First floor Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
PO Box 7403
Stellenbosch, 7599
and
Second floor, Building Three
11 Alice lane
Sandhurst
Sandton, 2196
PO Box 650957
Benmore, 2010

Independent sponsor
UBS South Africa (Pty) Ltd
64 Wierda Road East
Wierda Valley
Johannesburg, 2196
PO Box 652863
Benmore, 2010

Broker
PSG Online

Auditor
Financial year ended 28 February 2021
PricewaterhouseCoopers Inc
Financial year ending 28 February 2022, subject to shareholder approval
Deloitte & Touche

SHAREHOLDERS' DIARY

	2021
Financial year-end	28 February
Financial results announcement	20 April
Annual general meeting of PSG Group Ltd	9 July
Interim results reported for the six months ending 31 August 2021	14 October

www.psggroup.co.za