PSG GROUP LIMITED

ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2022

These annual financial statements were compiled under the supervision of the group CFO, Mr WL Greeff, CA(SA), and were audited by the group's external auditor, Deloitte & Touche. These annual financial statements should be read in conjunction with PSG Group Ltd's annual report, which will be available during the course of June 2022 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.

CHANGE IN INVESTMENT ENTITY STATUS

It is important to note that, with effect from 1 March 2020, PSG Group's status changed to that of an investment entity as defined in IFRS 10 *Consolidated Financial Statements* and detailed on page 20 of the accounting policies to these annual financial statements. Such change required PSG Group to cease consolidating its subsidiaries (other than those providing services related to PSG Group's investment activities) and to instead carry such subsidiary investments at fair value, with subsequent changes in fair value being recognised in profit or loss.

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GLOSSARY

- "Capitec"
  Capitec Bank Holdings Ltd, a JSE-listed bank, in which PSG Group held an associate interest of 30.7% as at 29 February 2020, with 26.4% of such interest having been unbundled during the year ended 28 February 2021, as detailed under "Capitec Unbundling" below. Capitec represented one of PSG Group's seven reportable segments.
- "Capitec Unbundling"
  With effect from 1 March 2020, PSG Group classified some 26.4% of its interest in Capitec as held for distribution, with such distribution ultimately being approved by PSG Group shareholders on 30 July 2020 and effected during August 2020. The 4.3% remaining interest in Capitec was classified as an equity security (investments at FVTPL) with effect from 1 March 2020. During the year ended 28 February 2021, PSG Group disposed of 2.9% in Capitec, while during the year ended 28 February 2022, PSG Group disposed of its remaining 1.4% interest in Capitec.
- "CA&S"
  CA Sales Holdings Ltd, a Botswana Stock Exchange- and Cape Town Stock Exchange-listed fast-moving consumer goods distributor, in which PSG Alpha holds an interest of 47.9% (2021: 48.8%). CA&S forms part of the PSG Alpha reportable segment.
- "Curro"
  Curro Holdings Ltd, a JSE-listed private basic education provider, in which PSG Group holds a subsidiary interest of 60% (2021: 60%) and Dipeo a further interest of 3.6% (2021: 3.6%). Curro represents one of PSG Group's seven reportable segments. Dipeo's interest in Curro forms part of the Dipeo reportable segment.
- "Dipeo"
  Dipeo Capital (RF) (Pty) Ltd, an unlisted black economic empowerment investment holding company, in which PSG Group holds an interest of 49% (2021: 49%). PSG Group is deemed to control Dipeo in terms of IFRS 10, in light of, inter alia, its shareholding and the extent of preference funding provided. Dipeo represents one of PSG Group's seven reportable segments.
- "Energy Partners"
  Energy Partners Holdings (Pty) Ltd, an unlisted manufacturer, owner and operator of energy-producing assets (including solar, steam and refrigeration), in which PSG Alpha and Dipeo hold interests of 56.7% (2021: 57.2%) and nil (2021: 16.6%), respectively. PSG Alpha's interest in Energy Partners forms part of the PSG Alpha reportable segment, whereas Dipeo's interest in Energy Partners forms part of the Dipeo reportable segment.
- "Evergreen"
  Evergreen Retirement Holdings (Pty) Ltd, an unlisted developer and operator of retirement lifestyle villages, in which PSG Alpha holds a joint venture interest of 50%. PSG Alpha's interest in Evergreen forms part of the PSG Alpha reportable segment.
- "JSE"
  JSE Ltd, a registered stock exchange in South Africa.
- "Optimi"
  Optimi Holdings (Pty) Ltd, an unlisted provider of innovative and accessible education solutions to schools, tutors, parents and learners, in which PSG Alpha holds an interest of 96% (2021: 92.3%). Optimi forms part of the PSG Alpha reportable segment.
- "PSG Alpha"
  PSG Alpha Investments (Pty) Ltd, an unlisted investment holding company focused on predominantly early-stage investments in select growth sectors, thus serving as incubator to find and help build the businesses of tomorrow. PSG Alpha is invested in nine businesses, including, inter alia, Stadio, CA&S, Evergreen, Optimi and Energy Partners. PSG Group holds a subsidiary interest of 98.3% (2021: 98.3%) in PSG Alpha. PSG Alpha represents one of PSG Group's seven reportable segments.
- "PSG Corporate"
  Represents the segment comprising PSG Group's wholly-owned subsidiaries, which offer management, administrative, advisory, treasury and corporate services related to PSG Group's investment activities. PSG Corporate represents one of PSG Group's seven reportable segments.
- "PSG Financial Services"
  PSG Financial Services Ltd is a wholly-owned subsidiary of PSG Group and holds the direct interests in PSG Konsult, Curro, Zeder, PSG Alpha, Dipeo, PSG Corporate and previously Capitec. During the year ended 28 February 2022, PSG Financial Services repurchased and delisted all its JSE-listed cumulative, non-redeemable (i.e. perpetual), non-participating preference shares.
- "PSG Group" or "the group" or "the company" or "the issuer"
  PSG Group Ltd (registration number: 1970/008484/06), a JSE-listed investment holding company, and its subsidiaries, as the context may require.
- "PSG Group Restructuring"
  An event subsequent to the reporting date of 28 February 2022, as detailed in note 25 to these annual financial statements.
- "PSG Konsult"
  PSG Konsult Ltd, a JSE-, Nambian Stock Exchange- and Mauritian Stock Exchange-listed financial services company, in which PSG Group holds a subsidiary interest of 61.5% (2021: 61.2%). PSG Konsult represents one of PSG Group's seven reportable segments.
- "Stadio"
  Stadio Holdings Ltd, a JSE-listed private higher education provider, in which PSG Alpha and Dipeo hold interests of 42.9% (2021: 43.2%) and 3.3% (2021: 3.3%), respectively. PSG Alpha's interest in Stadio forms part of the PSG Alpha reportable segment, whereas Dipeo's interest in Stadio forms part of the Dipeo reportable segment.
- "Zeder"
  Zeder Investments Ltd, a JSE-listed investment holding company focused on food and related businesses, in which PSG Group holds an interest of 48.6% (2021: 48.6%). PSG Group is deemed to control Zeder in terms of IFRS 10, in light of, inter alia, its shareholding, board representation and ongoing strategic input being provided by the PSG Group CEO and CFO. Zeder represents one of PSG Group's seven reportable segments.

  Zeder's investments as at 28 February 2022 comprised, inter alia, unlisted subsidiary Capespan Group Ltd ("Capespan"), a fruit marketing and farming business; unlisted subsidiary The Logistics Group (Pty) Ltd ("TLG") (sold during March 2022), a logistics business; unlisted subsidiary Zaad Holdings Ltd ("Zaad"), an agricultural seed production and distribution business; JSE-listed subsidiary Kaap Agri Ltd ("Kaap Agri") (unbundled during April 2022), a retail and agriculture business; and unlisted subsidiary Agrivision Africa ("Agrivision Africa"), a Zambia-based farming and milling business. During the year ended 28 February 2021, Zeder disposed of its interests in JSE-listed associate Pioneer Food Group Ltd ("Pioneer Foods"), a food and beverage producer and distributor, and JSE-listed associate Quantum Foods Holdings Ltd ("Quantum Foods"), a feed and poultry business.

REPORT OF THE AUDIT AND RISK COMMITTEE

For the year ended 28 February 2022

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 Committee for 15, three, five and 10 years, respectively. The Committee met twice during the past financial year on 16 April 2021 and 12 October 2021, as well as after the financial year-end under review on 19 April 2022, 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, such charter for the year ended 28 February 2022.

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 appointment 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 2022 financial year;
- Approved the nature and extent of non-audit services of the external auditor;
- Nominated Deloitte & Touche for election at the 2021 annual general meeting as the external audit firm for the 2022 financial year;
- 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 not declaring an ordinary dividend for the year under review;

- Reviewed the accounting policies, including the ongoing classification of PSG Group as an investment entity, and annual financial statements for the year ended 28 February 2022 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; and
- Satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that the group CFO, as well as the group finance function, have the appropriate expertise and experience.

PE Burton
PSG Group Audit and Risk Committee Chairman

Stellenbosch
25 May 2022

PSG GROUP LIMITED

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2022

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 Listings Requirements; 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.

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 set out on pages 5 to 8 and 16 to 45, were approved by the board of directors of PSG Group and are signed on its behalf by:

PJ Mouton
PSG Group CEO

WL Greeff
PSG Group CFO

Stellenbosch
25 May 2022

PSG GROUP LIMITED

CEO/CFO SIGN-OFF ON INTERNAL FINANCIAL CONTROL

for the year ended 28 February 2022

The directors, whose names are stated below, hereby confirm that –

(a) the annual financial statements set out on pages 5 to 8 and 16 to 45, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

PJ Mouton
PSG Group CEO

WL Greeff
PSG Group CFO

Stellenbosch
25 May 2022

PSG GROUP LIMITED

DECLARATION BY THE COMPANY SECRETARY

for the year ended 28 February 2022

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
PSG Group Company Secretary

Stellenbosch
25 May 2022

NATURE OF BUSINESS

PSG Group, 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 and investment services), logistical/distribution services, food and related goods and services, advisory and private education services.

OPERATING RESULTS

The operating results and state of affairs of the company and group are set out in the attached income statements and statements of financial position, changes in equity and cash flows, as well as the notes thereto. For the year under review, the group's headline earnings and earnings attributable to owners of the parent amounted to R7,409m (2021: R1,038m) and R7,409m (2021: R29,994m), respectively, while the group's total profit (gross of non-controlling interests) amounted to R7,409m (2021: R30,101m).

STATED CAPITAL

Details regarding authorised and issued share capital are set out in note 11 to these annual financial statements.

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

	Number of shares	
	2022	2021
Shares in issue at beginning of the year, gross of treasury shares	**223 778 107**	232 163 254
Less : Treasury shares		
Held by a subsidiary (PSG Financial Services)	**(13 908 770)**	(13 908 770)
Held by a subsidiary (PSG Group Ltd Supplementary Share Incentive Trust)	**(45 000)**	(45 000)
Held by related parties of management and acquired by way of loan funding advanced		(100 000)
Shares in issue at beginning of the year, net of treasury shares	**209 824 337**	**218 109 484**
Movement in treasury shares		
Shares acquired by the PSG Group Ltd Supplementary Share Incentive Trust	**(75 000)**	
Shares released in terms of the PSG Group Ltd Supplementary Share Incentive Trust to participants	**116 351**	
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 R74.78 (2021: R54.73) per share (including costs)	**(509 644)**	(8 385 147)
Shares in issue at end of the year, net of treasury shares	**209 356 044**	**209 824 337**

DIVIDENDS

Details of dividends appear in note 22 to these annual financial statements.

DIRECTORS

Details of the company's directors at the date of this report are set out below:

Executive

PJ Mouton (45) [1) 2)]
BCom (Mathematics)
PSG Group CEO
Appointed 16 February 2009

WL Greeff (52) [1)]
BCompt (Hons), CA(SA)
PSG Group CFO
Appointed 13 October 2008

JA Holtzhausen (51) [1)]
BIuris, LLB, HDip Tax
PSG Capital CEO
Appointed 13 May 2010

Non-executive

FJ Gouws (57)
BAcc, CA(SA)
PSG Konsult CEO
Appointed 25 February 2013

JJ Mouton (47)
BAcc (Hons), CA(SA), MPhil (Cantab)
Investment professional
Appointed 18 April 2005

Independent non-executive

PE Burton (69) [2) 3) 4) 5) 6)]
BCom (Hons), PG Dip Tax
Director of companies
Appointed 19 March 2001

ZL Combi (70) [2) 4) 5)]
Diploma in Public Relations
Director of companies and PSG Group Chairman
Appointed 14 July 2008

AM Hlobo (46) [3)]
BCompt (Hons), CA(SA), MCom (Finance)
Senior lecturer and director of companies
Appointed 11 April 2019

B Mathews (52) [3)]
BCom (Hons), CA(SA), HDip Tax
Consultant and director of companies
Appointed 3 May 2016

CA Otto (72) [3) 4) 5)]
BCom LLB
Director of companies
Appointed 25 November 1995

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*

DIRECTORS' EMOLUMENTS

PSG Group's comprehensive remuneration report is included in its annual report available during June 2022 at *www.psggroup.co.za.*

Executive directors

The table below provides information on the total remuneration of PSG Group's executive directors:

Audited R'000	Short-term remuneration: Base salary: Approved	Deferred for 12 months [1]	Prior year deferral paid out [1]	Paid during the year [2]	Discretionary performance-based bonus [3]	Total short-term remuneration	Long-term remuneration: Gains from exercise of share options	Total remuneration
For the year ended 28 Feb 2022								
WL Greeff	10 695	(3 209)	3 355	**10 841**		**10 841**	**3 246**	**14 087**
JA Holtzhausen	10 695	(3 209)	3 355	**10 841**	3 000	**13 841**	**3 223**	**17 064**
PJ Mouton	12 383	(3 715)	3 884	**12 552**		**12 552**	**5 318**	**17 870**
	33 773	(10 133)	10 594	**34 234**	3 000	**37 234**	**11 787**	**49 021**
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**

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, 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 objectives.*

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.*

Non-executive directors

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 to such subsidiaries 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: Fees	Paid for services rendered to subsidiaries: Fees	Base salary	Discretionary performance-based bonus	Gains from exercise of share options	Total	Total remuneration
For the year ended 28 Feb 2022							
PE Burton	**587**	729				**729**	**1 316**
ZL Combi	**754**	490				**490**	**1 244**
FJ Gouws [1) 2)]			5 714	29 186	17 548	**52 448**	**52 448**
AM Hlobo	**443**					**-**	**443**
B Mathews	**443**					**-**	**443**
JJ Mouton	**277**					**-**	**277**
CA Otto	**498**	785				**785**	**1 283**
	3 002	2 004	5 714	29 186	17 548	**54 452**	**57 454**
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**

1) *Mr FJ Gouws is the CEO of PSG Konsult, a subsidiary. The total performance-based bonus earned on a PSG Konsult level was R32m (2021: R24m; 2020: R21.2m), of which the payment of 70% (2022: R22.4m; 2021: R16.8m; 2020: R14.9m) is unconditional, while the payment of 15% each (2022: R4.8m; 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) *R276,900 (2021: 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.*

DIRECTORS' EMOLUMENTS (continued)

The table below provides information of PSG Group's executive directors' unvested share options, awarded in terms of the PSG Group Ltd Supplementary Share Incentive Trust:

Audited	Number of share options as at 28 Feb 2021	Number of share options during the year: Awarded [1)]	Number of share options during the year: Vested [2)]	Market price per share on vesting date R	Strike price per share option R	Date granted	**Number of share options as at 28 Feb 2022**	**Gains from exercise of share options during the year R'000**	**Value of unvested share options as at 28 Feb 2022 [3)] R'000**
WL Greeff	13 717		(13 717)	79.74		29/02/2016	-	800	
	54 219		(18 073)	79.74	19.50 to 28.37	28/02/2018	36 146	734	2 243
	185 877		(46 469)	79.74	14.73 to 32.11	28/02/2019	139 408	1 712	8 741
	131 082				(2.51) to 22.27	28/02/2020	131 082		9 996
	209 756				67.12	26/02/2021	209 756		3 960
	594 651	-	(78 259)				516 392	3 246	
JA Holtzhausen	13 220		(13 220)	79.74		29/02/2016	-	771	
	54 667		(18 222)	79.74	19.50 to 28.37	28/02/2018	36 445	740	2 262
	185 807		(46 452)	79.74	14.73 to 32.11	28/02/2019	139 355	1 712	8 738
	131 084				(2.51) to 22.27	28/02/2020	131 084		9 996
	208 896				67.12	26/02/2021	208 896		3 944
	593 674	-	(77 894)				515 780	3 223	
PJ Mouton	20 999		(20 999)	79.74		29/02/2016	-	1 225	
	42 101		(21 051)	79.74	28.68	28/02/2017	21 050	848	1 207
	84 763		(28 255)	79.74	19.50 to 28.37	28/02/2018	56 508	1 148	3 507
	227 700		(56 925)	79.74	14.73 to 32.11	28/02/2019	170 775	2 097	10 708
	183 503				(2.51) to 22.27	28/02/2020	183 503		13 993
	349 875				67.12	26/02/2021	349 875		6 606
	908 941	-	(127 230)				781 711	5 318	
	2 097 266	-	(283 383)				1 813 883	11 787	

1) *In light of the proposed PSG Group Restructuring, no share options were awarded on 28 February 2022.*

2) *In light of being in a closed period for trading in PSG Group shares/share options pursuant to the proposed PSG Group Restructuring, 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 2022.*

3) *Based on the 30-day volume weighted average PSG Group share price of R86.00 as at 28 February 2022.*

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. Such share options are set out in the table below:

Audited	Number of share options as at 28 Feb 2021	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 2022**	**Gains from exercise of share options during the year R'000**	**Value of unvested share options as at 28 Feb 2022 [2)] R'000**
FJ Gouws	2 583 894		(2 583 894)	11.20	6.81	01/04/2016	-	11 343	
	1 578 279		(789 140)	11.20	7.59	01/04/2017	789 139	2 849	4 853
	2 812 500		(937 500)	11.20	8.74	01/04/2018	1 875 000	2 306	9 375
	4 000 000		(1 000 000)	11.20	10.15	01/04/2019	3 000 000	1 050	10 770
	4 800 000				7.13	01/04/2020	4 800 000		31 728
		8 500 000			9.08	01/04/2021	8 500 000		39 610
	15 774 673	8 500 000	(5 310 534)				18 964 139	17 548	

1) *On 26 April 2022, Mr FJ Gouws accepted a further 5,250,000 PSG Konsult share options at a strike price of R12.71 per share, being the 30-day volume weighted average PSG Konsult share price as at 31 March 2022.*

2) *Based on the 30-day volume weighted average PSG Konsult share price of R13.74 as at 28 February 2022.*

PRESCRIBED OFFICERS

The members of the PSG Group Executive Committee ("Exco") are regarded as being the prescribed officers of the company. The Exco comprises the following PSG Group directors: Messrs PJ Mouton (CEO), WL Greeff (CFO) and JA Holtzhausen (executive). Their remuneration is detailed above. The duties and responsibilities of the Exco are set out in the environmental, social and governance section of the annual report available during June 2022 at *www.psggroup.co.za.*

SHAREHOLDING OF DIRECTORS

The shareholding of directors in the issued share capital of PSG Group as at 28 February 2022 was as follows:

	Beneficial		Non-beneficial	**Total shareholding 2022 [4)]**		Total shareholding 2021	
Audited	Direct	Indirect	Indirect	**Number**	**%**	Number	%
PE Burton		300 000		**300 000**	**0.1**	300 000	0.1
ZL Combi [1)]	354 000			**354 000**	**0.2**	354 000	0.2
WL Greeff	8 124	1 069 887		**1 078 011**	**0.5**	1 055 621	0.5
AM Hlobo		1 500		**1 500**	**-**	1 500	-
JA Holtzhausen [2)]	633 453	500 000	3 804	**1 137 257**	**0.5**	1 115 030	0.5
JJ Mouton [2) 3)]	200 000	1 587 667	508 200	**2 295 867**	**1.1**	2 282 267	1.1
PJ Mouton [2) 3)]	90 825	5 417 547	531 075	**6 039 447**	**2.9**	5 952 449	2.8
CA Otto	200			**200**	**-**	200	-
Total	1 286 602	8 876 601	1 043 079	**11 206 282**	**5.3**	11 061 067	5.2

1) *Mr ZL Combi's shareholding is fully hedged by way of a European scrip-settled collar 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 42,304,198 PSG Group ordinary shares, representing approximately 20.2% of PSG Group's issued share capital (net of treasury shares).*

4) *The shareholding of directors did not change between year-end and the date of approval of these annual financial statements.*

The aforementioned beneficial shareholding of directors served as security for debt facilities as detailed in the table below:

Director	**Type of debt facility**	**Redemption date**	**Amount of debt facility Rm [1)]**	**Amount owed against debt facility Rm [1)]**	**Number of PSG Group shares pledged as security**	**Value of PSG Group shares pledged as security [2)] Rm**
As at 28 February 2022						
WL Greeff	Third-party term loan	±3 years	20	-	400 000	33
JA Holtzhausen	Third-party term loan	< 1 year	30	5	281 700	23
PJ Mouton	Third-party term loan (1)	< 1 year	125	8 [4)]	4 458 164	365
	Third-party term loan (2) [3)]	< 1 year	20	5 [4)]	874 743	72
As at 28 February 2021						
WL Greeff	Third-party term loan	< 1 year	20	-	400 000	27
JA Holtzhausen	Third-party term loan	< 1 year	30	8	281 700	19
PJ Mouton	Third-party term loan (1)	< 1 year	125	-	4 458 164	297
	Third-party term loan (2) [3)]	< 1 year	20	7	833 560	55

1) *Amounts are approximate and may vary slightly.*

2) *Excluding the value of other security pledged, such as the Capitec shares unbundled by PSG Group during the prior year.*

3) *Mr PJ Mouton has a 50% interest in the entity with this debt facility and shareholding pledged as security.*

4) *Term loans have been settled in full since the reporting date.*

COMPANY SECRETARY

The registered and postal addresses of PSG Corporate Services (Pty) Ltd, being PSG Group's appointed company secretary, are set out below:

First Floor	PO Box 7403
Ou Kollege building	Stellenbosch
35 Kerk Street	7599
Stellenbosch	South Africa
7600	
South Africa	

AUDITOR

Subject to shareholder approval being obtained at the upcoming annual general meeting, Deloitte & Touche will continue to serve as external auditor of PSG Group.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Events subsequent to the reporting date are detailed in note 25 to the annual financial statements.

PO Box 578
Cape Town 8000
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of PSG Group Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of PSG Group Limited (the Group and Company) set out on pages 6 to 8, 16 to 40 and 42 to 45 which comprise the consolidated and separate statements of financial position as at 28 February 2022, and the consolidated and separate income statements, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of PSG Group Limited and its subsidiaries as at 28 February 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Valuation of unlisted investments	
The key audit matter relates to the consolidated and separate financial statements. Refer to the following notes and annexures to the consolidated and separate annual financial statements: • Note 11.2 of the accounting policies, • Note 1 to the consolidated financial statements; • Annexure A; and • Annexure D note 1 The Group holds unlisted investments, which are measured at fair value through profit or loss in accordance with IFRS 9: Financial Instruments. This is as a result of the Group being classified as an investment entity, in accordance with IFRS 10: Consolidated Financial Statements. The fair value of these unlisted investments at 28 February 2022 is R2.1 billion. The Group applies various methodologies to determine the fair value of the investments in accordance with IFRS 13: Fair Value Measurement. These are: • Earnings multiples which are applied to related recurring earnings. The multiple may include enterprise value (“EV”)/earnings before interest, tax, depreciation and amortisation (“EBITDA”) or price/earnings multiples; or • Market-related net asset value supported by third party valuations.	In evaluating the valuation of unlisted investments in portfolio companies, we assessed the reasonability of judgements, estimates and inputs used in the respective valuations. Our audit procedures included, amongst others, the following: • Tested the design, implementation and operating effectiveness of the key controls operating in the valuation process. This included assessing the approval by the Board of Directors and Audit and Risk Committee who consider the final valuations of unlisted investments and related inputs used in such valuations; • Engaged our valuation specialists who tested the principles, methodology and integrity of the models used for alignment with appropriate industry practise; • Assessed, tested and challenged management’s estimates and assumptions and considered relevant contradictory evidence in determining multiples used; • Agreed the EBITDA included in the calculations to audited financial information where possible, or to more recent management accounts which were discussed with the unlisted investment’s management where appropriate; • Performed an independent analysis of inputs used in the EV/EBITDA or price-earnings multiple determined for each unlisted investment. This included considering appropriate peer companies and recent comparable transactions relevant to the specific investments based on our own research. We benchmarked the

Key Audit Matter	How the matter was addressed in the audit
The key assumption applied in the determination of the enterprise value is the earnings multiple. This is derived from comparable listed companies, companies in the same industry and geography and, where possible, those with a similar business model and profile. These multiples are adjusted, to the extent deemed appropriate, for factors such as liquidity risk, marketability risk, growth potential, relative performance and minority discounts/controlling premiums. The resultant earnings multiples are applied to recurring EBITDA or earnings of each investment to determine the EV. Where management valued unlisted investments with reference to its net asset value, such net asset value was largely supported by independent third-party property valuations. We considered the fair value of the underlying unlisted investments in portfolio companies to be a matter of most significance to the current year audit due to: • The magnitude of the unlisted investments in portfolio companies in relation to the consolidated and separate financial statements; and • The degree of judgement and estimation applied in determining the fair value of the underlying unlisted investments in portfolio companies.	comparative peer EBITDA margins derived against independent third-party sources, and considered the reasonableness of sustainable earnings. This was a focus area given that the models are highly sensitive to the inputs and are judgemental in nature; • We independently considered any further adjustments made to multiples (such as discounts for minority/controlling stake and marketability); • Tested the mathematical accuracy and logic of the calculations; • Assessed the competency, independence, objectivity and capability of the independent third-party valuators who determine the market-related net asset value for certain investments; • Independently recalculated the fair value of the material properties; • Performed a sensitivity analysis considering the impact of changes to key inputs; and • Considered the appropriateness of the disclosures made. Based on the procedures above we found the fair values of unlisted investments determined by management to be reasonable and the underlying assumptions, estimations and uncertainties to be appropriately disclosed.

Key Audit Matter	How the matter was addressed in the audit
Reassessment for the classification of an investment entity in terms of IFRS 10	
As disclosed in the following notes and annexures to the consolidated and separate financial statements: • Note 2 of the accounting policies; • Note 1 to the consolidated and separate financial statements; • Annexure A; and	We assessed whether the Company meets the criteria of an investment entity, in terms of IFRS 10. Our procedures included the following: • Tested the Company's controls relating to the investment entity status, including assessing the design and

Key Audit Matter	How the matter was addressed in the audit
• Annexure D. With effect from 1 March 2020, the Company qualified as an Investment Entity in accordance with IFRS 10: Consolidated Financial Statements. From this date onwards the Company ceased to consolidate its subsidiaries (other than those subsidiaries that are not, themselves investment entities that provide investment related services to the Company's investment activities) and to instead measure its investments at fair value through profit or loss, with any resultant gain or loss recognised in fair value gains/losses on investments at fair value through profit or loss. An investment entity is typically an entity that: • Obtains funds from one or more investors for the purpose of providing such investor(s) with investment management services; • Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; • Measures and evaluates the performance of substantially all of its investments on a fair value basis; • Considered additional guidance including whether the entity has more than one investment, has more than one investor who are not related and has ownership interests in the form of equity or similar interests. IFRS 10 requires a parent to perform a reassessment of its investment entity status if facts and circumstances indicate that there are changes to one or more of the three elements that make up the definition of an investment entity, as described, or the typical characteristics of an investment entity, as described above.	implementation of key controls that monitored this key judgement; • Considered management's assessment of the criteria and their conclusion as to investment entity status; and • Performed an independent assessment on whether the Company meets the investment entity criteria. Criteria we specifically reviewed included: • Inspected evidence supporting that the Group undertakes investment related activities and identifies itself as an investment entity; • Inspected evidence that the Group monitors performance of the underlying investments on a fair value basis; and • Inspected evidence that the Board continuously considers possible exit strategies, continuously monitors the fair value of investments and their performance on a fair value basis and ensuring the tabling and discussion of the fair value of investments at each Board meeting. Considered additional guidance performing the following procedures,: • Verified that the Company holds more than one investment, being listed and unlisted entities; • Inspected the Company's share register to identify the number of shareholders and whether they are related; Confirmed the nature of the Company's investments in its investee companies; Considered the appropriateness of the disclosures made. Based on the procedures listed above we found it reasonable for the Company to be classified as an investment entity in terms of IFRS 10 and

Key Audit Matter	How the matter was addressed in the audit
The reassessment and classification to that of an investment entity classification in terms of IFRS 10 is considered a key audit matter for our year end audit due to the complexity involved in the determination of the status and classification as an investment entity; and the potential significance of the impact changes to this classification would have on the consolidated and separate financial statements of the Company.	deemed the relevant disclosure to be appropriate.

Other Matter

The consolidated and separate financial statements of the Group and Company for the year ended 28 February 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 28 May 2021.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "PSG Group Limited Annual Financial Statements for the year ended 28 February 2022", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of PSG Group Limited for one year.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche
Registered Auditor

Per: JHW de Kock
Partner
25 May 2022

The Ridge Building
6 Marina Road
Portswood District
V&A Waterfront
Cape Town
8000

PSG GROUP LIMITED

STATEMENT OF FINANCIAL POSITION
as at 28 February 2022

	Notes	GROUP 2022 Rm	2021 Rm
ASSETS			
Investments at FVTPL	1	**23 136**	18 885
Property, plant and equipment	2	**54**	55
Right-of-use assets	3	**1**	1
Loans and advances	4.1	**22**	54
Debt securities	5	**895**	715
Deferred income tax assets	6		12
Trade and other receivables	8	**50**	70
Cash and cash equivalents	10	**2 635**	1 646
Total assets		**26 793**	21 438
EQUITY			
Equity attributable to owners of the parent			
Stated capital	11	**6 651**	6 689
Treasury shares		**(104)**	(115)
Other reserves	12.1	**68**	67
Retained earnings		**20 075**	12 613
		26 690	19 254
Non-controlling interests	12.2		1 556
Total equity		**26 690**	20 810
LIABILITIES			
Deferred income tax liability	6	**13**	488
Lease liabilities	7	**1**	1
Derivative financial liabilities	9		42
Employee benefit liabilities	13	**34**	25
Trade and other payables	14	**22**	36
Loans payable	4.2	**33**	36
Total liabilities		**103**	628
Total equity and liabilities		**26 793**	21 438

PSG GROUP LIMITED

INCOME STATEMENT
for the year ended 28 February 2022

	Notes	GROUP 2022 Rm	2021 Rm
CONTINUING OPERATIONS			
Fair value gains/(losses) on investments at FVTPL	1	**6 734**	(962)
Investment income		**570**	2 054
Interest income calculated using the effective interest method	15	**115**	72
Dividend income	1 & 15	**455**	1 982
Revenue earned from corporate finance and other activities	16	**107**	80
Other income		**42**	3 939
Net gain upon deemed disposal and reacquisition of subsidiaries at fair value	1		3 945
Fair value gains/(losses)	17	**42**	(6)
Expenses		**103**	(35)
Reversal of previously recognised impairment loss on debt securities	5	**221**	126
Reversal of previously recognised impairment loss/(impairment loss recognised) on loans and advances	4.1	**9**	(33)
Operating expenses	18	**(127)**	(128)
Profit on deemed disposal and reacquisition of interest in associate (Capitec shares retained and subsequently sold)	1		5 158
Profit before finance costs and taxation		**7 556**	10 234
Finance costs	19	**(59)**	(138)
Profit before taxation		**7 497**	10 096
Taxation	20	**(88)**	(1 083)
Profit for the year from continuing operations		**7 409**	9 013
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations		**-**	21 088
Gain upon unbundling of Capitec interest at fair value	1		21 099
Capitec Unbundling transaction costs			(11)
Profit for the year		**7 409**	30 101
Attributable to:			
Owners of the parent		**7 409**	29 994
Continuing operations		**7 409**	8 906
Discontinued operations			21 088
Non-controlling interests	12.2		107
		7 409	30 101
Earnings per share (R)	21		
Attributable		**35.37**	139.08
Continuing operations		**35.37**	41.30
Discontinued operations			97.78
Diluted attributable		**34.30**	138.26
Continuing operations		**34.30**	40.89
Discontinued operations			97.37

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

PSG GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2022

GROUP	Stated capital Rm	Treasury shares Rm	Other reserves Rm	Retained earnings Rm	Non-controlling interests Rm	Total Rm
Balance at 1 March 2020	7 148	(122)	(212)	12 269	11 843	30 926
Total comprehensive income						
Profit for the year				29 994	107	30 101
Transactions with owners	(459)	7	279	(29 650)	(10 394)	(40 217)
Share buy-back [1]	(459)					(459)
Share-based payment costs - employees (note 11)			33			33
Treasury shares released		7				7
Subsidiaries deconsolidated upon change in status to that of an investment entity, transactions with non-controlling interests and transfer between reserves			246	(250)	(10 265)	(10 269)
Capitec Unbundling				(28 884)		(28 884)
Dividends paid (ordinary and perpetual pref)				(516)	(129)	(645)
Balance at 28 February 2021	6 689	(115)	67	12 613	1 556	20 810
Total comprehensive income						
Profit for the year				**7 409**		**7 409**
Transactions with owners	**(38)**	**11**	**1**	**53**	**(1 556)**	**(1 529)**
Share buy-back [1]	**(38)**					**(38)**
Share-based payment costs - employees (note 11)			**25**			**25**
Treasury shares released		**11**				**11**
Repurchase by PSG Financial Services of its perpetual preference shares (note 12.2) and transfer between reserves			**(24)**	**53**	**(1 506)**	**(1 477)**
Dividends paid (perpetual pref)					**(50)**	**(50)**
Balance at 28 February 2022	**6 651**	**(104)**	**68**	**20 075**	**-**	**26 690**

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

PSG GROUP LIMITED

STATEMENT OF CASH FLOWS
for the year ended 28 February 2022

	Notes	GROUP 2022 Rm	2021 Rm
Cash flows from operating activities			
Cash generated from operations	24.1	**35**	12
Interest received		**113**	59
Dividends received		**495**	1 959
Finance costs paid		**(57)**	(157)
Taxation paid	24.2	**(552)**	(609)
Net cash flow from operating activities		**34**	1 264
Cash flows from investing activities			
Cash and cash equivalents deconsolidated upon change in status to that of an investment entity			(409)
Additions to investments at FVTPL	1		(1 139)
Disposals of investments at FVTPL	1	**2 483**	3 502
Purchases of property, plant and equipment		**(1)**	(1)
Movement in loans and advances		**45**	(85)
Net cash flow from investing activities		**2 527**	1 868
Cash flows from financing activities			
Dividends paid to PSG Group shareholders			(516)
Dividends paid to PSG Financial Services perpetual preference shareholders		**(50)**	(129)
Repurchase by PSG Financial Services of its perpetual preference shares		**(1 460)**	
Borrowings repaid			(1 000)
Lease liabilities paid - principal portion	7	**(1)**	(1)
(Treasury shares acquired)/proceeds from delivery of treasury shares		**(6)**	11
Shares repurchased and cancelled		**(51)**	(446)
Movement in other financial liabilities		**(4)**	
Net cash flow from financing activities		**(1 572)**	(2 081)
Net increase in cash and cash equivalents		**989**	1 051
Cash and cash equivalents at beginning of the year		**1 646**	595
Cash and cash equivalents at end of the year	10	**2 635**	1 646

The principal accounting policies applied in the preparation of these standalone and consolidated financial statements are set out below.

1. BASIS OF PREPARATION

The standalone and consolidated financial statements of PSG Group have been prepared in accordance with the JSE Listings Requirements and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require financial statements to be prepared in accordance with the recognition and measurement requirements of 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.

The accounting policies applied in the preparation of the standalone and consolidated financial statements of PSG Group are in terms of IFRS and consistent with those previously applied.

2. APPLICATION OF THE INVESTMENT ENTITY EXCEPTION IN TERMS OF IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS

2.1 Prior year 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 strongly exhibits all of these characteristics.

During the year ended 28 February 2021, PSG Group undertook the following major corporate actions, which significantly impacted the group's composition and focus areas:

- PSG Group, through Zeder, a subsidiary in terms of IFRS 10, disposed of its entire investment in Pioneer Foods, being the second largest associate of the group, for R6.4bn cash ("Pioneer Foods Disposal");
- PSG Group disposed of 3.3m shares (or 2.9%) in Capitec, its largest associate and asset, for R3.5bn cash; and
- PSG Group unbundled 30.5m shares (or 26.4%) in Capitec. Such unbundling unlocked significant value for PSG Group ordinary shareholders.

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* 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 investment (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.

CRITICAL ACCOUNTING JUDGEMENT - PSG Group's classification as an investment entity
Management concluded that, with effect from 1 March 2020, PSG Group met the criteria to be classified as an investment entity. Management continuously reassesses such classification and continues to deem it appropriate.

2.2 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 measure 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 became effective from 1 March 2020. Accordingly, on such date the group's existing subsidiaries (other than aforementioned wholly-owned head office subsidiaries providing investment activities to PSG Group) were deemed to be disposed of and re-acquired at fair value, with the resultant R3.9bn gain being recognised as a non-headline item in the income statement. Such investments were subsequently measured at FVTPL for the entire years under review.

3. DISCONTINUED OPERATIONS

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 distribution 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 years 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 the prior year.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE EFFECTIVE FOR THE FIRST TIME IN 2022

4.1 New standards, interpretations and amendments adopted by the group during the year

No new standard, which is relevant to the group's operations, was adopted during the year.

4.2 New standards, interpretations and amendments not currently relevant to the group's operations

The following new amendments and interpretation had no impact on reported amounts or disclosures in the current or prior year:

- Amendments to IAS 39 and IFRS 4, 7, 9 and 16 - Interest Rate Benchmark Reform Phase 2 (effective 1 January 2021)
- Amendments to IFRS 16 Leases - Covid-19-Related Rent Concessions (effective 1 June 2020)

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

The following new standards, interpretations and amendments have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2022 or later periods and have not been early adopted by the group:

- Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework (effective 1 January 2022)
- IFRS 17 Insurance Contracts (effective 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (effective 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements - Disclosure of Accounting Policies (effective 1 January 2023)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use (effective 1 January 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract (effective 1 January 2022)
- Annual improvements to IFRSs 2018 - 2020 review cycle

Management has assessed the impact of these new standards, interpretations and amendments on the reported results of the company and group and do not foresee any significant impact.

6. CONSOLIDATION

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries that provide services related to PSG Group's investment activities are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Subsidiaries other than those rendering services related to PSG Group's investment activities are measured at FVTPL (similar to financial assets) as detailed in accounting policy note 11 below.

Inter-company transactions, balances and unrealised gains/losses on transactions between PSG Group and subsidiaries that provide services related to PSG Group's investment activities are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

CRITICAL ACCOUNTING JUDGEMENT - PSG Group's classification of Zeder and Dipeo as subsidiaries

Management concluded that the group controls both Zeder and Dipeo, entities in which it holds interests of less than 50% (refer page 1). Judgement is required in the assessment of whether the group has control over such entities in terms of the variability of returns from the group's involvement with such entities, the ability to use power to affect those returns and the significance of the group's investment in such entities.

PSG Group is deemed to control Zeder in terms of IFRS 10, in light of, inter alia, its shareholding, board representation and ongoing strategic input being provided by the PSG Group Exco. Critical to management's assessment that PSG Group controls Zeder was the fact that at recent Zeder shareholder meetings, PSG Group exercised in excess of 50% of the votes cast given its 48.6% shareholding in Zeder and the turnout at Zeder shareholder meetings being approximately 75%.

PSG Group is deemed to control Dipeo in terms of IFRS 10, in light of, inter alia, its shareholding and the extent of preference share funding provided.

7. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (refer Annexure B). The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Exco.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item of property, plant and equipment.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the period in which it is incurred.

Gains and losses on disposals of property, plant and equipment are determined by comparing the asset's proceeds with its carrying value and are included in profit or loss.

Depreciation is calculated on the straight-line method at rates considered appropriate to reduce carrying values to estimated residual values over the useful lives of the assets, as follows:

Buildings	57 years
Office equipment & paintings	5 - 10 years
Computer equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value exceeds its recoverable amount.

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Assets and liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets are initially recognised at cost, which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement of the lease and any initial indirect costs incurred by the lessee. Lease liabilities are initially measured on the present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of that option.

Lease payments to be made under reasonably certain extension options are included in the measurement of the liability. Lease payments associated with short-term leases or leases for which the underlying asset is of low value, are recognised as an expense on a straight-line basis over the lease term.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- Considers government bond rates and the entity's borrowing rate for similar financing arrangements; and
- Make specific adjustments thereto for the lease (e.g. term, geographical location, currency, security and other property-specific factors).

After the commencement date of the lease, the carrying amount of the lease liability increases to reflect interest on the lease liability, reduces by payments of principal and interest and is remeasured to reflect reassessments or lease modifications.

Right-of-use assets are subsequently carried at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term. Depreciation is calculated on the straight-line method and expensed in the income statement. The lease terms across the group does not exceed five years.

10. OFFSETTING FINANCIAL INSTRUMENTS

The group does not have any financial assets or financial liabilities that are currently subject to offsetting in accordance with IAS 32 – Financial instruments: Presentation.

11. FINANCIAL ASSETS

The group's financial assets consist of investments at FVTPL, debt securities, loans and advances, trade and other receivables, and cash and cash equivalents, as well as standalone loans to subsidiaries.

11.1 Classification

Financial assets are classified based on the business model and nature of cash flows associated with the instrument.

Financial assets at amortised cost

A debt instrument is classified in this category if it meets both of the following criteria and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise to cash flows, on specified dates, that are solely payments of principal and interest ("SPPI").

Financial assets at FVTPL

Financial assets not measured at amortised cost as described above are mandatorily measured at FVTPL.

11.2 Recognition and measurement of financial assets

Purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset. Financial assets not carried at FVTPL are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets carried at FVTPL are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets at FVTPL are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise. Interest and dividend income arising on financial assets at FVTPL is recognised in the income statement as part of investment income.

Where available, the group measures the fair value of an instrument using the quoted price in an active market for that instrument. The fair values of quoted investments are based on current prices at the close of business on the reporting date. If the market for a financial asset is not active, or if it is unquoted, the group establishes fair value by using valuation techniques as detailed in Annexure A. The group's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data.

The existence of published price quotations in an active market is the best evidence of fair value. The phrase "quoted in an active market" means that quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Readily available means that the pricing information is currently accessible and regularly available means that transactions occur with sufficient frequency to provide pricing information on an ongoing basis.

Financial assets classified as at amortised cost are measured at amortised cost using the effective interest rate method, less any impairment, with income recognised on an effective yield base.

11.3 Impairment of financial assets

The group assesses on a forward-looking basis (considering economic forecasts, general consensus regarding the strength of the industry in which the counterparty operates, etc.) the expected credit losses associated with its financial assets carried at amortised cost.

Expected credit losses are a probability-weighted estimate of credit losses and are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows receivable in accordance with the contract and the cash flows that the group expects to receive).

The impairment methodology applied depends on whether there has been a significant increase in credit risk. The group determines whether the credit risk on a financial asset has increased significantly by comparing this risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on the financial asset as at the date of initial recognition together with reasonable and supporting information that indicates a significant increase in credit risk since initial recognition.

If there is no indication that there has been a significant increase in a financial asset's credit risk since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit losses. However, if the credit risk on a financial asset has increased significantly since initial recognition, the loss allowances are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial asset, whereas 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised upon initial recognition of the receivables.

An impairment gain or loss is recognised in profit or loss for the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date.

The gross carrying amount of a financial asset is written off and reduced when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

11.4 Derecognition of financial assets

Financial assets are derecognised when the right to receive cash flows from the financial asset has expired or has been transferred, and the group has transferred substantially all risks and rewards of ownership. The group also derecognises a financial asset when the group retains the contractual rights of the assets but assumes a corresponding liability to transfer these contractual rights to another party and thereby transfers substantially all the risks and benefits associated with the asset.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held at call with banks and other short-term highly liquid investments with maturities of seven days or less.

13. STATED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where a consolidated subsidiary or PSG Group purchases its shares (i.e. treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to owners of the parent until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to owners of the parent, net of any directly attributable incremental transaction costs.

PSG Financial Services' perpetual preference shares (repurchased during the year)

Cumulative, non-redeemable, non-participating subsidiary preference shares, where the dividend declaration was subject to the discretion of the subsidiary's board, were classified as non-controlling interests.

14. FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities include lease liabilities, derivative financial liabilities, trade and other payables, loans payable, as well as standalone loans from subsidiaries.

All financial liabilities are initially recognised at fair value. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Financial liabilities at FVTPL (such as derivative financial liabilities) are subsequently measured at fair value, with any resultant gains and losses recognised in the income statement. The gain or loss recognised in the income statement incorporates any measurement gains or losses and interest expense on the financial liability.

Financial liabilities at amortised cost (such as trade and other payables and loans payable) are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in profit or loss over the period using the effective interest method.

Financial liabilities, or a portion thereof, are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and settlement amounts paid are included in the income statement.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

15. EMPLOYEE BENEFITS

15.1 Short-term benefits

Revenue-sharing arrangements and discretionary bonuses

The group recognises a liability and an expense where contractually obliged, or where there is a past practice that has created a constructive obligation.

Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to reporting date.

15.2 Share-based compensation

PSG Group's share-based compensation scheme is detailed in note 11. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed over the vesting period, which is between two and five years, is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

If the group cancels or settles a grant of equity instruments during the vesting period, the group accounts for the cancellation or settlement of the grant and recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The share-based payment costs are recognised in the income statement and a share-based payment reserve is recognised as part of equity and represents the fair value at grant date of the share options that will be delivered on vesting.

16. CONTINGENT ASSETS AND LIABILITIES

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These contingent assets are not recognised in the statement of financial position but are disclosed in the notes to the financial statements if the inflow of financial benefits is probable.

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position but disclosed in the notes to the financial statements.

17. DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's board of directors.

18. REVENUE RECOGNITION

18.1 Commission and other fee income (mainly corporate finance advisory services)

Revenue is recognised as services are rendered with reference to the completion of the specific transaction. In terms of IFRS 15, revenue is recognised either at a point in time or over time, depending on when the performance obligations are satisfied. Revenue recognition is determined on a transaction-by-transaction basis.

Revenue is recognised when the performance obligation has been satisfied, either at a ‘point in time’ or ‘over time’. This requires an assessment of the group's performance obligations and of when control is transferred to the customer. Where revenue is recognised over time, this is in general due to the group performing and the customer simultaneously receiving and consuming the benefits over the life of the contract as services are rendered. For each performance obligation over time, the group apply a revenue recognition method that faithfully depicts the group’s performance in transferring control of the service to the customer. If performance obligations in a contract do not meet the ‘over time’ criteria, the group recognises revenue at a 'point in time'.

Revenue is measured based on the consideration specified in contracts with customers, excluding amounts collected on behalf of third parties and including an assessment of any variable consideration dependent on the achievement of agreed key performance indicators. Such amounts are only included based on the expected value or most likely outcome method, and only to the extent that it is highly probable that no significant revenue reversal will occur. In assessing whether a significant reversal will occur, the group considers both the likelihood and the magnitude of the potential revenue reversal.

18.2 Investment income

Description	Recognition and measurement
Interest income	Recognised using the effective interest method and included in investment income in the income statement.
Dividend income	Recognised when the right to receive payment is established and included in investment income in the income statement.

19. TAXATION

19.1 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Furthermore, if the deferred income tax arises from temporary differences associated with investments in subsidiaries, branches, associates and interests in joint arrangements, and to the extent that the entity is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

19. TAXATION (continued)

19.1 Current and deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

CRITICAL ACCOUNTING JUDGEMENT - Recognition of deferred tax on subsidiary investments at FVTPL

Any potential capital gains tax on the disposal of subsidiary investments at FVTPL is ultimately dependent on the method of realisation (e.g. unbundling, outright sale) and to what extent such capital gains may be offset against available capital losses, with management expecting any capital gains tax payable upon realisation of the investment portfolio to be limited at present. Furthermore, PSG Group controls the timing of the reversal of the temporary differences pertaining to its subsidiary investments at FVTPL and at the reporting date there was no firm commmitment whereby the timing differences would reverse within the next 12 months.

19.2 Dividend withholding tax

Unless specifically otherwise required by tax legislation, dividend withholding tax is not levied on the company but on the beneficial owner of the share and accordingly does not require recognition in profit or loss. However, the group's share incentive trust (not being exempt from dividend withholding tax) may incur a dividend withholding tax expense on treasury shares held.

20. EARNINGS PER SHARE

20.1 Attributable earnings per share

Attributable earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of outstanding shares ("WANOS") during the year (net of treasury shares), with the WANOS comparative adjusted for bonus elements as provided for in IAS 33 Earnings per Share.

20.2 Diluted earnings per share

Diluted earnings per share is calculated on the same basis as attributable earnings per share, adjusted for the impact that the issue/release of potential ordinary shares on a holding company or investee level would have on earnings and WANOS.

20.3 Headline and diluted headline earnings per share

Headline and diluted headline earnings per share are calculated on the same basis set out above and in accordance with The South African Institute of Chartered Accountants (SAICA) Circular 1/2021.

1. INVESTMENTS AT FVTPL

For the year ended 28 February 2022	Fair value 1) 1 Mar 2021 Rm	Fair value gains Rm	Disposals 2) Rm	Fair value 1) 28 Feb 2022 Rm	Dividend income 3) (note 15) Rm
PSG Konsult	**7 282**	3 848		**11 130**	**215**
Curro	**3 588**	1 238		**4 826**	
Capitec	**2 190**	293	(2 483)	-	**14**
Zeder	**1 983**	689		**2 672**	**150**
PSG Alpha	**3 842**	666		**4 508**	
Total	**18 885**	6 734	(2 483)	**23 136**	**379**

For the year ended 28 February 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
PSG Konsult	1 964	4 435	**6 399**
Curro	3 034	(430)	**2 604**
Zeder	3 517	(344)	**3 173**
PSG Alpha	3 111	507	**3 618**
Other	223	(223)	-
Total	11 849	3 945	**15 794**

For the year ended 28 February 2021 (continued)	Fair value 1) 1 Mar 2020 Rm	Transfer from investment in associate 4) Rm	Fair value gains/(losses) Rm	Additions/ (disposals) 2) Rm	Fair value 1) 28 Feb 2021 Rm	Dividend income 3) (note 15) Rm
PSG Konsult	**6 399**		883		**7 282**	**186**
Curro	**2 604**		(69)	1 053	**3 588**	**23**
Capitec		6 416	(724)	(3 502)	**2 190**	
Zeder	**3 173**		(1 190)		**1 983**	**1 721**
PSG Alpha	**3 618**		138	86	**3 842**	
Total	**15 794**	6 416	(962)	(2 363)	**18 885**	**1 930**

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

2) The disposal of 1,635,979 (2021: 3,299,590) Capitec shares during the year raised R2,483m (2021: R3,502m) in cash (pre-tax), while a further R1,053m and R86m cash were invested during the prior year in Curro and PSG Alpha, respectively.

3) The dividends received from PSG Konsult, Curro and Capitec (prior to its disposal) were paid in the normal course of business, while the dividends received from Zeder were special dividends paid pursuant to the disposal of its interests in Pioneer Foods and Quantum Foods.

4) During the prior year, PSG Group's 4.3% interest retained in Capitec that did not form part of the Capitec Unbundling, with a carrying value of R1,258m and a fair value of R6,416m, was transferred from an associate investment to investments at FVTPL, resulting in a gain of R5,158m recognised in profit and loss from continuing operations. On the contrary, PSG Group's 26.4% interest in Capitec subject to unbundling, with a carrying value of R7,785m was reclassified as held for distribution with effect from 1 March 2020. Upon unbundling thereof, the fair value of such distribution amounted to R28,884m, thereby resulting in the recognition of a gain upon unbundling of R21,099m in profit or loss (non-headline) from discontinued operations.

FINANCIAL RISK DISCLOSURE - Market (price) risk

PSG Group is exposed to market (price) risk in light of fluctuations in equity prices. At the respective reporting dates, if the equity prices of the respective investments detailed above had been 20% higher/(lower) with all other variables held constant, profit for the year would have been higher/(lower) as set out below:

	2022		2021	
	20% increase	20% decrease	20% increase	20% decrease
PSG Konsult	2 226	(2 226)	1 456	(1 456)
Curro	965	(965)	718	(718)
Capitec			340	(340)
Zeder	534	(534)	397	(397)
PSG Alpha	902	(902)	768	(768)
Stadio	260	(260)	170	(170)
CA&S	208	(208)	221	(221)
Evergreen	194	(194)	171	(171)
Optimi	99	(99)	58	(58)
Energy Partners	75	(75)	60	(60)
Other	66	(66)	88	(88)
	4 627	(4 627)	3 679	(3 679)

	Land Rm	Buildings Rm	Vehicles, plant and machinery Rm	Office equipment & paintings Rm	Computer equipment Rm	Total Rm
2. PROPERTY, PLANT AND EQUIPMENT						
As at 28 February 2022						
Cost		**61**		**14**	**3**	**78**
Accumulated depreciation and impairment losses		**(16)**		**(6)**	**(2)**	**(24)**
Balance at end of the year	**-**	**45**	**-**	**8**	**1**	**54**
Reconciliation						
Balance at beginning of the year		**46**		**8**	**1**	**55**
Additions				**1**		**1**
Depreciation		**(1)**		**(1)**		**(2)**
Balance at end of the year	**-**	**45**	**-**	**8**	**1**	**54**
As at 28 February 2021						
Cost		61		13	3	77
Accumulated depreciation and impairment losses		(15)		(5)	(2)	(22)
Balance at end of the year	-	46	-	8	1	55
Reconciliation						
Balance at beginning of the year	1 699	8 706	1 286	145	281	12 117
Change in investment entity status	(1 699)	(8 659)	(1 286)	(137)	(280)	(12 061)
Additions					1	1
Depreciation		(1)			(1)	(2)
Balance at end of the year	-	46	-	8	1	55

Details of land and buildings are available at the registered offices of the relevant property-owning companies within the group.

	Land and buildings Rm	Vehicles, plant and machinery Rm	Office equipment Rm	Total Rm
3. RIGHT-OF-USE ASSETS				
As at 28 February 2022				
Cost	**3**			**3**
Accumulated depreciation and impairment losses	**(2)**			**(2)**
Balance at end of the year	**1**	**-**	**-**	**1**
Reconciliation				
Balance at beginning of the year	**1**			**1**
New lease entered into	**1**			**1**
Depreciation	**(1)**			**(1)**
Balance at end of the year	**1**	**-**	**-**	**1**
As at 28 February 2021				
Cost	3			3
Accumulated depreciation and impairment losses	(2)			(2)
Balance at end of the year	1	-	-	1
Reconciliation				
Balance at beginning of the year	1 010	92	5	1 107
Change in investment entity status	(1 008)	(92)	(5)	(1 105)
Depreciation	(1)			(1)
Balance at end of the year	1	-	-	1

The lease liabilities associated with the right-of-use assets are detailed in note 7.

As at 29 February 2020, the carrying value of right-of-use assets comprised mainly i) TLG's leased port facilities (R302m), ii) PSG Konsult's leased corporate and adviser offices (R248m), iii) Curro's leased school premises (R195m), iv) CA&S's leased offices, warehouses, equipment and vehicles to support its fast-moving consumer goods businesses (R103m), v) Stadio's leased offices and administration buildings to support its private higher education businesses (R92m) and vi) Capespan's lease of a grape farm in Namibia (R72m). All these balances were derecognised effective 1 March 2020 pursuant to the change in investment entity status.

		2022 Rm	2021 Rm
4.	**LOANS AND ADVANCES AND LOANS PAYABLE**		
4.1	**LOANS AND ADVANCES**		
	Secured loans	**22**	49
	Unsecured loans		5
		22	54
	Current		5
	Non-current	**22**	49

The loans and advances carry interest at Prime less 2% (2021: various rates ranging between 5% and 11%). At the prior reporting date, secured loans with a carrying value of R23m were reflected net of impairment losses of R33m, being classified as stage 2 under-performing. During the year under review, R9m of such impairment losses were reversed through profit or loss and the impaired loans and advances were settled/written off. The remaining loans and advances at the current and prior reporting dates were classified as stage 1 fully performing considering forward-looking information such as economic forecasts and general consensus regarding the strength of the industry in which the counterparty operates.

FINANCIAL RISK DISCLOSURE - Market (interest rate) and credit risk

The loans and advances do not expose the group to any significant amount of interest rate or credit risk.

4.2 LOANS PAYABLE

The balance comprises a loan payable to PSG Alpha (2021: mainly PSG Alpha and head office-administered Black-Economic Empowerment Trusts) not being consolidated. It is repayable on demand and carries interest at a rate equal to that of the PSG Money Market Fund.

5. DEBT SECURITIES

	FVTPL Rm	Measured at amortised cost Rm	Total Rm
Reconciliation			
Balance at 1 March 2020	6 212		6 212
Change in investment entity status	(6 212)	567	(5 645)
Redemptions (i.e. preference share dividends collected in cash)		(29)	(29)
Finance income		51	51
Reversal of previously recognised impairment loss [1]		126	126
Balance at 28 February 2021 (non-current)	-	715	715
Gross		1 496	1 496
Provision for impairment		(781)	(781)
Redemptions (i.e. preference share dividends collected in cash)		**(116)**	**(116)**
Finance income		**75**	**75**
Reversal of previously recognised impairment loss [1]		**221**	**221**
Balance at 28 February 2022 (current)	**-**	**895**	**895**
Gross		**1 520**	**1 520**
Provision for impairment		**(625)**	**(625)**

[1] *Pursuant to a recovery in the fair value of Dipeo's underlying investments as detailed below.*

2022

Debt securities relate to PSG Group's investment in Dipeo cumulative, redeemable, convertible preference shares.

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). The carrying value of the debt securities is supported by Dipeo's investment in JSE-listed Curro (3.6%), Stadio (3.3%) and Kaap Agri (20%), and accordingly the remaining carrying value is deemed fully recoverable.

2021

Debt securities relate to PSG Group's investment in Dipeo cumulative, redeemable, convertible 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 (but rather carried at fair value) and PSG Group had to accordingly reinstate such debt securities and account therefore at amortised cost.

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). The carrying value of the debt securities is supported by Dipeo's investment in JSE-listed Curro (3.6%), Stadio (3.3%) and Kaap Agri (20%), as well as in unlisted Energy Partners (16.6%), and accordingly the remaining carrying value is deemed fully recoverable.

5. DEBT SECURITIES (continued)

FINANCIAL RISK DISCLOSURE - Market (price and interest rate) risk

PSG Group's investment in Dipeo redeemable preference shares has been impaired to the extent deemed recoverable with regard to the value of Dipeo's underlying investments (as detailed above). It should be noted that Dipeo does not have any debt apart from its redeemable preference shares. In light of such impairment, a change in interest rates would not have affected PSG Group's post-tax profit for the year; however, a change in the value of Dipeo's underlying investments would have necessitated either a further impairment or a reversal of previously recognised impairments (i.e. it would have impacted PSG Group's post-tax profit for the year). Accordingly, at the reporting date, if the equity prices of Dipeo's underlying investments detailed above had been 20% higher/(lower) with all other variables held constant, post-tax profit for the year would have been R167m (2021: R111m) higher/(lower).

	2022 Rm	2021 Rm
6. DEFERRED INCOME TAX		
Deferred income tax assets - to be recovered within 12 months		12
Deferred income tax liabilities - to be settled within 12 months		(488)
Deferred income tax liabilities - to be settled after more than 12 months	**(13)**	
Net deferred income tax liability	**(13)**	(476)

The movements in the net deferred income tax liability were as follows:

	Provisions, contract liabilities, income received in advance Rm	**Tax losses Rm**	**Unrealised profits Rm**	**Wear & tear allowance i.r.o. PPE and intangible assets, as well as other differences Rm**	**Sub-total Rm**
Balance at 1 March 2020	179	360	(90)	(1 038)	(589)
Change in investment entity status	(179)	(360)	90	1 038	589
Charged to profit or loss			(476)		(476)
Balance at 28 February 2021	-	-	(476)	-	(476)
Credited to profit or loss			**463**		**463**
Balance at 28 February 2022	**-**	**-**	**(13)**	**-**	**(13)**

	Sub-total Rm	**Lease liabilities Rm**	**Right-of-use assets Rm**	**Total Rm**
Balance at 1 March 2020	(589)	269	(186)	(506)
Change in investment entity status	589	(269)	186	506
Charged to profit or loss	(476)			(476)
Balance at 28 February 2021	(476)	-	-	(476)
Charged to profit or loss	**463**			**463**
Balance at 28 February 2022	**(13)**	**-**	**-**	**(13)**

The deferred income tax assets and liabilities were calculated on all temporary differences (except for subsidiary investments as detailed in accounting policy note 19.1), under the liability method using a South African normal tax rate of 28% (2021: 28%) and a South African capital gains tax inclusion rate of 80% (2021: 80%).

The deferred tax liability at the prior reporting date of R488m related mainly to capital gains tax provided in respect of PSG Group's retained equity security interest in Capitec, an investment at FVTPL, which was sold during the year under review.

	2022 Rm	2021 Rm
7. LEASE LIABILITIES		
Balance at beginning of the year	**1**	1 453
Change in investment entity status		(1 451)
New leases entered into	**1**	
Payments - principal portion	**(1)**	(1)
Balance at end of the year (current)	**1**	1

As at 29 February 2020, the carrying value of lease liabilities comprised mainly aforementioned leases (refer note 3) of TLG (R435m), PSG Konsult (R305m), Curro (R195m), Stadio (R169m), Capespan (R139m) and CA&S (R99m). All these balances were derecognised effective 1 March 2020 pursuant to the change in investment entity status.

Lease liabilities are measured at the present value of the remaining lease payments. Extension and termination options are included in the measurement of the lease liability only if reasonably certain to be exercised. The group's weighted average incremental borrowing rate applied to lease liabilities during the year was prime less 1.5% (2021: prime less 1.5%).

The group's future lease payments as at the reporting date amounts to R1m (2021: R1m).

		2022 Rm	2021 Rm
8.	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	**47**	10
	Prepayments and sundry receivables	**3**	60
	Total (current)	**50**	70

Trade and other receivables include non-financial assets of R3m (2021: R2m).

FINANCIAL RISK DISCLOSURE - Credit risk

The trade and other receivables do not expose the group to any significant amount of credit risk as it comprises various immaterial balances.

		2022 Rm	2021 Rm
9.	**DERIVATIVE FINANCIAL LIABILITY**		
	Fixed-for-variable interest rate swap (current)		(42)

Derivatives are classified as financial assets and liabilities at fair value through profit or loss. The fair value of the interest rate swap (see below) was determined as the present value of the difference between the fixed and variable interest rate payments pursuant to such swap.

The pre-tax fair value adjustments on derivative financial instruments included in net fair value gains/(losses) per the income statement amounted to a gain of R42m (2021: loss of R6m).

FINANCIAL RISK DISCLOSURE - Market (interest rate) risk

The derivative financial liability as at 28 February 2021 related to an interest rate swap whereby the group had swapped until 31 August 2026 the floating interest rate (83.33% of prime) for a fixed interest rate (9.81% nacs) on R440m out of the R1.7bn nominal exposure under the perpetual preference shares in issue. Pursuant to the repurchase by PSG Financial Services of its perpetual preference shares (refer note 12.2), for which the interest rate swap served as economic hedge, the interest rate swap was terminated during the year under review.

At 28 February 2021, if interest rates had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year under review would have been R3m higher/lower.

		2022 Rm	2021 Rm
10.	**CASH AND CASH EQUIVALENTS**		
	Cash at bank	**17**	57
	Short-term liquid investments	**2 618**	1 589
		2 635	1 646

FINANCIAL RISK DISCLOSURE - Market (interest rate) risk

The cash at bank carries interest at rates linked to the prime rate, while the short-term liquid investments comprise fixed-term bank deposits not exceeding 7 days. While these fixed-term bank deposits carry fixed interest rates, as a result of the very short maturity periods, these rates are essentially variable when viewed over a longer term such as the full financial year.

At 28 February 2022, if interest rates had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year under review would have been R19m (2021: R12m) higher/lower.

FINANCIAL RISK DISCLOSURE - Credit risk

Cash and cash equivalents relate to deposits held with Absa Bank Ltd (2022: 59%; 2021: 48%) and FirstRand Bank Ltd (2022: 41%; 2021: 52%). These balances are measured at amortised cost, fully performing (i.e. stage 1) and, considering forward-looking information, deemed fully recoverable. Accordingly, no expected credit losses have been provided for.

Both ABSA Bank Ltd and FirstRand Bank Ltd have been rated by Fitch as having national short-term and long-term ratings of F1+(zaf) (2021: F1+(zaf)) and AA+(zaf) (2021: AA+(zaf)), respectively.

		2022 Rm	2021 Rm
11.	**STATED CAPITAL**		
	Authorised		
	400,000,000 (2021: 400,000,000) ordinary shares with no par value		
	Issued		
	Balance at beginning of the year	**6 689**	7 148
	Share buy-back	**(38)**	(459)
	Balance at end of the year	**6 651**	6 689
	Number of shares in issue ('000)		
	In issue (gross of treasury shares)	**223 268**	223 778
	Shares held by a subsidiary	**(13 909)**	(13 909)
	Shares held by share incentive trust	**(3)**	(45)
	In issue (net of treasury shares)	**209 356**	209 824

11. STATED CAPITAL (continued)

Unissued shares, limited to 5% of the company's number of shares in issue as at the previous annual general meeting held during July 2021, have been placed under the control of the directors until the next annual general meeting. The directors are authorised to buy back shares subject to certain limitations and the JSE Listings Requirements.

Share option scheme

PSG Group operates an equity-settled share incentive scheme by means of the PSG Group Ltd Supplementary Share Incentive Trust ("SIT"). In terms of the scheme, share options are granted to executive directors and other qualifying employees ("participants").

In terms of the aforementioned share option scheme, share options in respect of PSG Group ordinary shares are allocated to participants on grant date at the ruling 30-day share price. The settlement of the purchase consideration payable by the participant in terms of the share options granted occurs upon exercise.

The total equity-settled share-based payment charge recognised in the income statement amounted to R25m (2021: R33m). This charge was debited to the income statement and credited to other reserves (note 12.1).

The SIT currently holds 3,649 (2021: 45,000) PSG Group ordinary shares, with 2,063,070 (2021: 2,704,643) share options having been allocated that are unvested and/or unexercised with a total strike consideration of R82m (2021: R108m).

In terms of PSG Group shareholder approval previously obtained, the maximum number of PSG Group shares which may be utilised for purposes of the scheme is 17,287,099 shares, while the maximum number of shares that may be offered to any single participant is 3,457,420 shares. To date, 6,992,582 (2021: 6,876,231) shares have been utilised by way of the scheme and accordingly a further 10,294,517 (2021: 10,410,868) shares may be utilised in future by way of the scheme. To date, a maximum of 1,431,623 (2021: 1,394,946) shares have been obtained by a single participant of the scheme, with the maximum number of shares that may be obtained by such participant in future accordingly being 2,025,797 (2021: 2,062,474) shares.

PSG Group share options	Number **2022**	Number 2021
Number of share options allocated at beginning of the year	**2 704 643**	2 072 537
Number of share options cancelled during the year	**(255 793)**	(135 872)
Number of share options vested and exercised during the year	**(385 780)**	(302 602)
Number of share options allocated during the year		1 070 580
Number of share options allocated at end of the year	**2 063 070**	2 704 643

Outstanding PSG Group share options per tranche allocated:	**Number of share options**	Volatility %	Dividend yield %	Average risk-free rate %	Average fair value R
28 February 2017	**30 912**	27.7	1.6	7.4	64.23
28 February 2018	**145 897**	33.8	2.0	7.1	68.62
28 February 2019	**469 735**	25.4	2.0	7.3	62.20
28 February 2020	**503 252**	23.7	2.3	6.5	46.93
26 February 2021	**913 274**	35.0	-	5.1	21.73
	2 063 070				

The fair value of share options was calculated using a Black-Scholes valuation model. Volatility was calculated with reference to the one-year historic volatility; however, for the 26 February 2021 tranche a volatility of 35% was used, considered to be more representative of the then ruling and expected trading environment. Such 35% volatility was independently verified by PwC Corporate Finance (Pty) Ltd as independent expert, which they also used to calculate the necessary strike price adjustments to account for the Capitec Unbundling during the prior year, which accounted for the decrease in average fair value.

Vesting of share options occurs as follows:	%
2 years after grant date	25
3 years after grant date	25
4 years after grant date	25
5 years after grant date	25
	100

Analysis of unexercised PSG Group share options by financial year of maturity:	**2022** Weighted average strike price (R)	**2022** Number	2021 Weighted average strike price (R)	2021 Number
28 February 2022			32.35	792 899
28 February 2023	**33.88**	**969 909**	38.45	660 906
29 February 2024	**35.89**	**510 706**	36.86	575 486
28 February 2025	**42.38**	**354 129**	43.20	407 707
28 February 2026	**67.12**	**228 326**	67.12	267 645
		2 063 070		2 704 643

12.1 OTHER RESERVES

	Foreign currency translation Rm	Share-based payment Rm	Other Rm	Total Rm
Balance as at 1 March 2020	(200)	291	(303)	(212)
Change in investment entity status and transfer between reserves	200	(257)	303	246
Share-based payment costs - employees		33		33
Balance as at 28 February 2021	-	67	-	67
Transfer between reserves		**(24)**		**(24)**
Share-based payment costs - employees		**25**		**25**
Balance as at 28 February 2022	**-**	**68**	**-**	**68**

12.2 NON-CONTROLLING INTERESTS

The non-controlling interests as at the prior reporting date related solely to PSG Financial Services' cumulative, non-redeemable (i.e. perpetual), non-participating preference shares listed on the JSE, which were repurchased in full for R1.5bn cash during the year ended 28 February 2022.

	2022 Rm	2021 Rm
13. EMPLOYEE BENEFIT LIABILITIES		
Short-term benefits - deferred salary, bonus and leave pay accruals (current)	**34**	25
14. TRADE AND OTHER PAYABLES		
Trade and other payables (current) [1)]	**22**	36

[1)] *Includes non-financial liabilities of R12m (2021: R2m).*

	2022 Rm	2021 Rm
15. INVESTMENT INCOME		
Interest income		
Loans and advances	**4**	11
Cash and cash equivalents	**111**	61
	115	72
Dividend income		
Investments at FVTPL (note 1)	**379**	1 930
Debt securities (preference shares)	**76**	52
	455	1 982
	570	2 054
16. REVENUE EARNED FROM CORPORATE FINANCE AND OTHER ACTIVITIES		
Commission, advisory and other fees recognised over time	**107**	80
17. FAIR VALUE GAINS/(LOSSES)		
Fair value gains/(losses) on interest rate swap classified as a financial instrument at FVTPL	**42**	(6)
18. OPERATING EXPENSES		
Expenses by nature		
Depreciation	**3**	3
Property, plant and equipment (note 2)	**2**	2
Right-of-use assets (note 3)	**1**	1
Employee benefit expenses	**106**	106
Salaries and bonuses	**81**	73
Equity-settled share-based payment costs	**25**	33
Other expenses	**18**	19
Professional fees	**3**	4
Other operating costs	**15**	15
	127	128
Refer to the directors' report for details regarding directors' remuneration.		
19. FINANCE COSTS		
Redeemable preference shares		106
Unsecured loans	**2**	5
Derivative financial instrument (interest rate swap)	**57**	27
	59	138
20. TAXATION		
South African current taxation - current year	**551**	607
South African deferred taxation (note 6)	**(463)**	476
Total taxation	**88**	1 083
Reconciliation of effective rate of taxation (%)		
South African normal taxation rate	**28.0**	28.0
Adjusted for:		
Non-taxable and exempt income	**(26.8)**	(29.0)
Capital gains tax rate differential and deferred tax assets recognised on prior period capital losses	**(0.2)**	0.1
Non-deductible charges and deferred tax assets not recognised in respect of assessed losses	**0.2**	4.4
Effective rate of taxation	**1.2**	3.5

Non-taxable and exempt income relate mainly to the following items per the income statement: fair value gains/(losses) on investments at FVTPL and dividend income (2021: gain upon unbundling of Capitec interest at fair value, profit on deemed disposal and reacquisition of interest in associate (Capitec shares retained and subsequently sold), gain upon deemed disposal and reacquisition of subsidiaries at fair value and dividend income).

21. EARNINGS AND NET ASSET VALUE PER SHARE

	2022 Rm	2021 Rm
The calculations of earnings per share are based on the following:		
Profit attributable to owners of the parent	**7 409**	29 994
Continuing operations	**7 409**	8 906
Discontinued operations		21 088
Non-headline earnings (net of non-controlling interests and related tax effect):		
Continuing operations		
Gain upon deemed disposal and reacquisition of subsidiaries at fair value	**-**	(3 945)
Gross amount		(3 945)
Tax effect		
Profit on deemed disposal and reacquisition of interest in associate (Capitec shares retained and subsequently sold)	**-**	(3 923)
Gross amount		(5 158)
Tax effect		1 235
Discontinued operations		
Gain upon unbundling of Capitec interest at fair value		(21 099)
Capitec Unbundling transaction costs		11
Headline earnings	**7 409**	1 038
Continuing operations	**7 409**	1 038
Discontinued operations		

	2022 '000	2021 '000
The weighted average number of shares and diluted weighted average number of shares were calculated as follows:		
Number of shares at beginning of the year	**209 824**	218 109
Weighted number of shares repurchased and cancelled during the year	**(409)**	(2 535)
Weighted movement in treasury shares	**29**	85
Weighted number of shares at end of the year	**209 444**	215 659
Number of bonus element shares to be issued in terms of share-based payment arrangements	**1 018**	915
Diluted weighted number of shares at end of the year	**210 462**	216 574
Attributable earnings per share		
Earnings attributable to ordinary shareholders (Rm)	**7 409**	29 994
Continuing operations	**7 409**	8 906
Discontinued operations		21 088
Headline earnings (Rm)	**7 409**	1 038
Continuing operations	**7 409**	1 038
Discontinued operations		
Weighted average number of ordinary shares in issue	**209 444**	215 659
Attributable earnings per share (R)	**35.37**	139.08
Continuing operations	**35.37**	41.30
Discontinued operations		97.78
Headline earnings per share (continuing operations) (R)	**35.37**	4.81

Diluted earnings per share

Diluted earnings and diluted headline earnings per share are calculated using earnings and headline earnings adjusted for the effect of all potential dilutive ordinary shares throughout the group, as well as by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares at a group level (arising from the share-based payment arrangement set out in note 11). A calculation is performed to determine the number of shares that could have been transacted at fair value (determined using the annual volume weighted average JSE-listed share price of the company's shares) based on the monetary value of the share options granted to participants.

	2022 Rm	2021 Rm
21. EARNINGS AND NET ASSET VALUE PER SHARE (continued)		
Diluted earnings per share (continued)		
Diluted earnings attributable to ordinary shareholders	**7 219**	29 944
Continuing operations	**7 219**	8 856
Discontinued operations		21 088
Diluted headline earnings (continuing operations)	**7 219**	988
Diluted weighted average number of ordinary shares in issue ('000)	**210 462**	216 574
Diluted attributable earnings per share (R)	**34.30**	138.26
Continuing operations	**34.30**	40.89
Discontinued operations		97.37
Diluted headline earnings per share (continuing operations) (R)	**34.30**	4.56
Net asset value per share ("NAVPS") (R)	**127.49**	91.76
22. DIVIDEND PER SHARE		
Normal dividends		516

Interim: Rnil (2021: R1.64) per share

Final: Rnil (2021: Rnil) per share

Dividends are not accounted for until they have been declared by the company's board.

23. RELATED-PARTY TRANSACTIONS AND BALANCES

The members of the Exco are regarded as being the prescribed officers of the company. The Exco comprises Messrs PJ Mouton (CEO), WL Greeff (CFO) and JA Holtzhausen (executive), all being directors of PSG Group. The directors' report contains details of their shareholding and remuneration.

PSG Group and its subsidiaries enter into various transactions with members of the group. These transactions include a range of management, investment, administrative, advisory and corporate services in the normal course of business. Intergroup transactions between PSG Group and its consolidated subsidiaries (including transactions between consolidated subsidiaries) have been eliminated on consolidation. Below is a summary of the most significant related-party transactions and balances:

- PSG Group continues to provide strategic input to Zeder through its CEO and CFO serving on the Zeder board and executive committee, for which they receive no director fees. During the year under review, PSG Group earned a strategic input fee of R5m (2021: R6m) from Zeder for such services rendered. Such fees are included under revenue earned from corporate finance and other activities in the consolidated income statement.
- During the prior year, PSG Group supported Curro's successfully concluded rights issue and in the process earned commitment and underwriting fees of R23m. Such fee was included under revenue earned from corporate finance and other activities in the consolidated income statement.
- At the prior reporting date, the group held an investment of R1m in preference shares of a party related to a director of PSG Group (carrying a fixed dividend rate of 8.44%, with ample security pledged). Such preference share investment was included under loans and advances in the consolidated statement of financial position and collected in full during the year under review.

		2022 Rm	2021 Rm
24.	**NOTES TO THE STATEMENTS OF CASH FLOWS**		
24.1	**Cash generated from operations**		
	Profit before taxation	**7 497**	10 096
	Adjusted for:		
	Depreciation and amortisation	**3**	3
	Profit on deemed disposal and reacquisition of interest in associate (Capitec shares retained and subsequently sold)		(5 158)
	Interest income	**(115)**	(72)
	Dividend income	**(455)**	(1 982)
	Finance costs	**59**	138
	Fair value gains and losses	**(6 776)**	968
	Share-based payment costs	**25**	33
	Gain upon deemed disposal and reacquisition of subsidiaries at fair value		(3 945)
	Other non-cash items (mainly reversal of impairment charges as detailed in the income statement)	**(230)**	(99)
	Change in working capital	**27**	30
		35	12
24.2	**Taxation paid**		
	Charged to profit or loss	**(88)**	(1 083)
	Movement in deferred taxation	**(463)**	476
	Movement in net taxation asset	**(1)**	(2)
		(552)	(609)

25. EVENTS SUBSEQUENT TO THE REPORTING DATE

No material event has occurred between the reporting date and the date of approval of these consolidated financial statements, except for the following:

PSG Group Restructuring

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

- The unbundling of PSG Group's shareholding in JSE-listed PSG Konsult, Curro, Kaap Agri and CA&S, as well as 25.1% of the total issued shares in Stadio (collectively, the "Unbundlings");
- The repurchase of PSG Group shares from exiting PSG Group shareholders ("Specific Repurchase"), being PSG Group shareholders other than predominantly the executive management of PSG Group and PSG Alpha, the founders of PSG Group and their immediate family members, for a cash consideration of R23.00 per share, subject to potential adjustment should the tax circumstances of the Unbundlings change, in particular insofar as it relates to "disqualified person" PSG Group shareholders, as contemplated in the Income Tax Act, albeit that the cash consideration will be no less than R20.31 per share; and
- The delisting of PSG Group from the JSE.

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

Should the PSG Group Restructuring be successfully concluded, it is envisaged that it will be implemented around August 2022.

Dividends received

Subsequent to the reporting date, PSG Group received the following dividends:

- A special cash dividend of R692m from Zeder (pursuant to its disposal of TLG);
- A dividend in specie comprising 15,202,147 Kaap Agri shares unbundled from Zeder with a market value of R684m on the unbundling date; and
- An ordinary cash dividend of R178m from PSG Konsult.

Other

The global and South African economies and financial markets continue to be impacted by factors such as i) the outbreak of the COVID-19 pandemic and measures introduced to limit the spreading thereof, ii) the ongoing war in the Ukraine and iii) social unrest such as that experienced in South Africa during 2021. These factors have and may continue to have a devastating impact on economic activity and financial markets for some time to come. To the extent possible, management continues to monitor these factors and take appropriate action.

PSG GROUP LIMITED

ANNEXURE A - SOTP VALUE (audited)
as at 28 February 2022

Investment	2022 Shareholding	2022 Nr of shares held m	Industry	Listed/ unlisted	IFRS classification at 28 Feb 2022	SOTP value 2021 Rm	SOTP value Movement Rm	SOTP value 2022 Rm	Portion of *SOTP value*	Valuation method	IFRS 13 fair value Categorisation	IFRS 13 fair value R/share
PSG Konsult	61.5%	810.1	Financial services	JSE-listed [1]	Subsidiary	7 282	**3 848**	**11 130**	42%	Closing JSE-listed share price	Level 1	13.74
Curro	60.0%	358.8	Private education	JSE-listed	Subsidiary	3 588	**1 238**	**4 826**	18%	Closing JSE-listed share price	Level 1	13.45
Capitec			Banking	JSE-listed		2 190	(2 190)	-				
Disposals (note 1)							2 483					
Fair value gain							**293**					
Zeder	48.6%	748.4	Investment holding (food and related business)	JSE-listed	Subsidiary	1 983	**689**	**2 672**	10%	Closing JSE-listed share price	Level 1	3.57
PSG Alpha	98.3%		Investment holding (early-stage investments)	Unlisted	Subsidiary	3 842		**4 508**	17%			
Stadio	42.9%		Private higher education	JSE-listed		865	459	**1 324**	5%	Closing JSE-listed share price	Level 1	3.64
CA&S	47.9%		Route-to-market services for fast-moving consumer goods in Sub-Saharan Africa	Botswana Stock Exchange ("BSE")-listed [2]		1 126	(69)	**1 057**	4%	Closing BSE-listed share price converted from Botswana pula to South African rand at the ruling spot exchange rate	Level 1	4.79
Evergreen	50.0%		Retirement lifestyle villages	Unlisted		869	119	**988**	4%	Net asset value, underpinned by investment property subject to external valuation annually	Level 3	
Optimi	96.0%		Innovative and accessible education solutions to schools, tutors, parents and learners	Unlisted		296	206	**502**	2%	17.1x (2021: 13.7x) price-earnings multiple	Level 3	
Energy Partners	56.7%		Private energy utility	Unlisted		305	74	**379**	1%	6x and 10x multiples applied to annualised recurring EBITDA for the operations and investment businesses, respectively, plus cash and work-in-progress, less all debt	Level 3	
Other			Various	Unlisted		446	(109)	**337**	1%	Various	Level 3	
Sub-total						3 907		**4 587**				
Less: Minority shareholding held by PSG Alpha management [3]						(65)	(14)	**(79)**				
Fair value gain							**666**					
Dipeo	49.0%		BEE investment holding	Unlisted						SOTP value; however, liabilities exceed assets		
Sub-total						18 885		**23 136**				
Other net assets						2 020		**3 636**	13%			
Cash and cash equivalents						1 646		**2 635**				
Preference share investments and net loans receivable/payable						733		**884**				
Other [4]						(359)		**117**				
Total before funding						**20 905**		**26 772**				
PSG Financial Services perpetual preference share funding [5]						(1 132)						
Total SOTP value						**19 773**		**26 772**	**100%**			
SOTP value per share (R)						**94.24**		**127.88**				
Fair value gains from investments at FVTPL (note 1.1)							**6 734**					
Fair value gain from derivative financial instruments							42					
Total fair value gains included in the income statement							**6 776**					

[1] Secondary listings on the Namibian Stock Exchange and Mauritian Stock Exchange.

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

[3] PSG Alpha management holds ±1.7% in PSG Alpha.

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

[5] Repurchased in full during the year under review.

ANNEXURE B - SEGMENT REPORT (audited)

for the year ended 28 February 2022

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

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

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

For the year ended 28 February 2022	Fair value gains on investments at FVTPL Rm	Dividend income Rm	Other income, expenses and taxation [1] Rm	Headline earnings Rm	SOTP value Rm
PSG Konsult	3 848	215		4 063	11 130
Curro	1 238			1 238	4 826
Capitec	293	14	(59)	248	
Zeder	689	150		839	2 672
PSG Alpha	666			666	4 508
Dipeo				-	
PSG Corporate			(20)	(20)	
Funding and other			375	375	3 636
Cash and cash equivalents					2 635
Preference share investments and net loans payable					884
Other					117
Total	6 734	379	296	7 409	26 772
Taxation				88	
Profit before taxation				7 497	
SOTP value per share (R)					127.88

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

PSG GROUP LIMITED

ANNEXURE B - SEGMENT REPORT (audited)
for the year ended 28 February 2022

For the year ended 28 February 2021	Fair value gains/ (losses) on investments at FVTPL Rm	Dividend income Rm	Other income, expenses and taxation [1] Rm	Headline earnings 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 [2]					(359)
PSG Financial Services perpetual preference shares					(1 132)
Total	(962)	1 930	70	1 038	19 773
Non-headline items				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	
SOTP value per share (R)					94.24

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

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

PSG GROUP LIMITED

ANNEXURE C - ANALYSIS OF PSG GROUP ORDINARY SHARES (unaudited)
as at 28 February 2022

	Shareholders		Shares held	
	Number	**%**	**Number**	**%**
Range of shareholding				
1 - 1,000	**16 627**	**78.2**	**4 147 103**	**1.9**
1,001 - 10,000	**3 683**	**17.3**	**10 644 684**	**4.8**
10,001 - 100,000	**749**	**3.5**	**22 091 741**	**9.9**
100,001 - 1,000,000	**181**	**0.9**	**48 540 858**	**21.7**
Over 1,000,000	**27**	**0.1**	**123 931 658**	**55.5**
	21 267		**209 356 044**	
Treasury shares				
Shares held by PSG Financial Services (a wholly-owned subsidiary)	**1**		**13 908 770**	**6.2**
Shares held by employee share scheme	**1**		**3 649**	
Total	**21 269**	**100.0**	**223 268 463**	**100.0**
Non-public	**45**	**0.2**	**76 249 663**	**34.2**
Public	**21 224**	**99.8**	**147 018 800**	**65.8**

Individual shareholders holding 5% or more of total shares in issue as at 28 February 2022		
JF Mouton Familietrust and its subsidiaries (including effective interest held through a joint venture)	**42 304 198**	**18.9**
Government Employees Pension Fund	**26 972 362**	**12.1**
	69 276 560	**31.0**

Refer to the directors' report for details of directors' shareholdings.

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ANNEXURE D - SEPARATE STATEMENT OF FINANCIAL POSITION (audited)
as at 28 February 2022

	Notes	2022 Rm	2021 Rm
ASSETS			
Investment in subsidiary	1	**28 394**	21 350
Loan to subsidiary	2	**870**	876
Trade and other receivables			1
Total assets		**29 264**	22 227
EQUITY			
Stated capital	3	**6 598**	6 636
Retained earnings		**20 174**	13 137
Total equity		**26 772**	19 773
LIABILITIES			
Loan from subsidiary	2	**2 486**	2 435
Trade and other payables		**6**	19
Total liabilities		**2 492**	2 454
Total equity and liabilities		**29 264**	22 227

PSG GROUP LIMITED

ANNEXURE D - SEPARATE STATEMENT OF COMPREHENSIVE INCOME (audited)
for the year ended 28 February 2022

	Notes	2022 Rm	2021 Rm
Investment income	4		20 475
Fair value adjustment to investment in subsidiary	1	**7 044**	18 852
Gain upon unbundling of Capitec interest at fair value (discontinued operation)	5		4 079
Capitec Unbundling transaction costs (discontinued operation)	5		(11)
Administration costs		**(7)**	(7)
Profit before taxation		**7 037**	43 388
Taxation	6		
Profit and total comprehensive income for the year		**7 037**	43 388

PSG GROUP LIMITED

ANNEXURE D - SEPARATE STATEMENT OF CHANGES IN EQUITY (audited)
for the year ended 28 February 2022

	Stated capital Rm	Retained earnings Rm	Total Rm
Balance at 1 March 2020	7 095	1 031	8 126
Profit and total comprehensive income for the year		43 388	43 388
Share buy-back	(459)		(459)
Capitec Unbundling		(30 731)	(30 731)
Dividends paid		(551)	(551)
Balance at 28 February 2021	6 636	13 137	19 773
Profit and total comprehensive income for the year		**7 037**	**7 037**
Share buy-back	**(38)**		**(38)**
Balance at 28 February 2022	**6 598**	**20 174**	**26 772**

Refer to Annexure A for a breakdown of the company's net asset value.

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ANNEXURE D - SEPARATE STATEMENT OF CASH FLOWS (audited)
for the year ended 28 February 2022

	Notes	2022 Rm	2021 Rm
Cash flows from operating activities			
Cash utilised by operations	**7**	**(6)**	(7)
Cash flows from investing activities		**57**	1 004
Capitec Unbundling transaction costs (discontinued operation)	**5**		(11)
Movement in loans with indirect wholly-owned subsidiaries		**57**	1 015
Cash flows from financing activities		**(51)**	(997)
Dividends paid			(551)
Share buy-back		**(51)**	(446)
Net movement in cash and cash equivalents		**-**	-
Cash and cash equivalents at beginning of the year			
Cash and cash equivalents at end of the year		**-**	-

	2022 Rm	2021 Rm
1. INVESTMENT IN SUBSIDIARY		
Non-current		
PSG Financial Services	**28 394**	21 350
Opening balance	**21 350**	2 498
Fair value adjustment	**7 044**	18 852

As detailed in the company's consolidated financial statements, the company's status changed to that of an investment entity with effect from 1 March 2020 and it commenced accounting for its investee subsidiaries (i.e. all subsidiaries other than those rendering services related to the company's investment activities) at fair value. IAS27.11A requires an investment entity to similarly account for such investee subsidiaries at fair value in its separate financial statements and accordingly, with effect from 1 March 2020, the company commenced fair valuing its interest in its sole wholly-owned subsidiary, PSG Financial Services. PSG Financial Services' fair value is determined with reference to the SOTP value detailed in Annexure A and as reconciled therewith below:

	2022 Rm	2021 Rm
SOTP value per Annexure A	**26 772**	19 773
Less: loan to subsidiary reflected in PSG Group's separate annual financial statements but eliminated as intergroup for purposes of the SOTP value per Annexure A	**(870)**	(876)
Less: trade and other receivables at a PSG Group level included in the SOTP value per Annexure A and therefore excluded from the fair value of the investment in PSG Financial Services		(1)
Add: loan from subsidiary reflected in PSG Group's separate annual financial statements but eliminated as intergroup for purposes of the SOTP value per Annexure A	**2 486**	2 435
Add: trade and other payables at a PSG Group level included in the SOTP value per Annexure A and therefore excluded from the fair value of the investment in PSG Financial Services	**6**	19
Fair value of investment in PSG Financial Services	**28 394**	21 350

	2022 Rm	2021 Rm
2. LOANS TO/(FROM) SUBSIDIARIES		
Current		
Loan to a wholly-owned subsidiary of PSG Financial Services	**870**	876
Loan from a wholly-owned subsidiary of PSG Financial Services	**(2 486)**	(2 435)

These loans with wholly-owned subsidiaries are i) unsecured, interest-free and repayable on demand, and ii) fully performing and deemed recoverable (i.e. stage 1).

	2022 Rm	2021 Rm
3. STATED CAPITAL		
Authorised		
400,000,000 (2021: 400,000,000) ordinary shares with no par value		
Issued		
223,268,463 (2021: 223,778,107) ordinary shares with no par value	**6 598**	6 636
4. INVESTMENT INCOME		
Dividend income from PSG Financial Services		20 475

5. CAPITEC UNBUNDLING

During July 2020 in anticipation of the Capitec Unbundling, the company acquired approximately 32.5m Capitec shares from PSG Financial Services on loan account for R26,652m in terms of the intergroup rollover relief provisions contained in the Income Tax Act. Subsequently on 30 July 2020, the Capitec Unbundling was approved by PSG Group shareholders, with the required approval of the Prudential Authority having been obtained prior to such date, and accordingly the unbundling was accounted for at the then ruling market value of R30,731m, with the difference of R4,079m being credited to the income statement. The company incurred transactions costs of R11m in respect of the Capitec Unbundling.

6. TAXATION

In the prior year, the company accounted for current income tax on its only taxable income being interest income; however, both such interest income and tax accounted for and paid were less than R1m.

	2022 Rm	2021 Rm
7. CASH UTILISED BY OPERATIONS		
Profit before taxation	**7 037**	43 388
Investment income		(20 475)
Fair value adjustment to investment in subsidiary	**(7 044)**	(18 852)
Gain upon unbundling of Capitec interest at fair value (discontinued operation)		(4 079)
Capitec Unbundling transaction costs (discontinued operation)		11
Working capital movements	**1**	
	(6)	(7)

8. RELATED-PARTY TRANSACTIONS AND BALANCES

Related-party transactions and balances have been disclosed in notes 1, 2, 4 and 5.

Emoluments and/or fees paid to the company's directors in their capacity as directors of the company have been disclosed in the directors' report.

9. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The company's activities expose it to financial risks. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the company under policies approved by the directors.

The sensitivity analysis presented below is based on reasonable possible changes in market variables.

The investment in subsidiary is classified as a financial asset carried at FVTPL, while the loan to a subsidiary and trade and other receivables are classified as financial assets carried at amortised cost. The loan from a subsidiary and trade and other payables are classified as financial liabilities carried at amortised cost. The carrying amounts of financial instruments carried at amortised cost approximate their fair values.

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in equity prices, interest rates and foreign currency exchange rates. The company is not exposed to interest rate risk or foreign exchange risk.

Price risk

The company is exposed to price risk on its subsidiary measured at fair value.

At 28 February 2022, if the fair value of the company's sole subsidiary had been 20% higher/lower with all other variables held constant, post-tax profit for the year would have been R5,679m (2021: R4,270m) higher/lower.

Credit risk

Credit risk relating to the company's intergroup loan balances is managed at a group level.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient marketable securities, the availability of funding through an adequate amount of committed credit facilities (e.g. the intergroup loan receivable from a wholly-owned subsidiary with available cash resources) and the ability to close out market positions. All trade and other receivable/payable balances are current.

The Exco usually meets every month, during which a rolling 12-month cash flow forecast is reviewed as part of the controls in place to ensure appropriate liquidity risk management.

FAIR VALUE ESTIMATION

The fair value of the company's sole wholly-owned subsidiary is derived mainly from quoted closing prices at the reporting date (i.e. level 1 according to the fair value measurement hierarchy), and to a lesser extent internal valuations (i.e. level 3 according to the fair value measurement hierarchy), as detailed in Annexure A.

CAPITAL MANAGEMENT

PSG Group's capital management is determined by its board of directors.

PSG Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide attractive returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure. In order to manage the capital structure effectively, PSG Group may adjust the amount of dividends paid to shareholders, issue new shares, buy-back shares or increase/reduce borrowings.

During the prior year, the group repaid all of its term debt (redeemable preference shares). During the year under review, PSG Financial Services' JSE-listed cumulative, non-redeemable (i.e. perpetual), non-participating preference shares were repurchased in full and delisted from the JSE (refer note 12.2), and accordingly PSG Group has no funding obligations remaining.