PSG GROUP LIMITED

RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2021

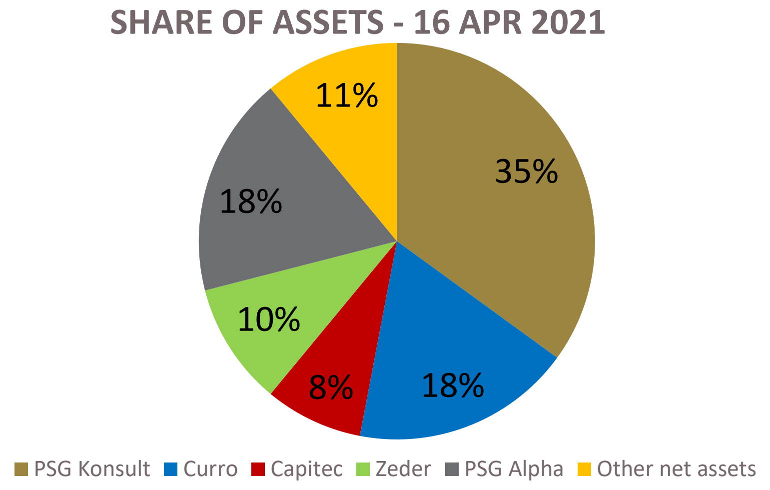
Piet Mouton

PSG Group CEO

PSG Group – SOTP value

Asset/(liability)	29 Feb 2020 Rm	28 Feb 2021 Rm	16 Apr 2021 Rm
PSG Konsult*	6 399	**7 282**	7 995
Curro*	2 604	**3 588**	4 051
Capitec*	46 130	**2 190**	1 897
Zeder*	3 173	**1 983**	2 327
PSG Alpha	3 618	**3 842**	4 014
CA&S**	1 130	**1 126**	1 069
Evergreen^	975	**869**	869
Stadio*	662	**865**	1 073
Energy Partners^	118	**305**	305
Optimi^	305	**296**	296
Other investments^	499	**446**	470
<u>Less</u>: Minority shareholding held by PSG Alpha management	(71)	**(65)**	(68)
Dipeo^			
Other net assets	879	**2 020**	2 385
Cash^^	187	**1 646**	1 886
Pref investments and loans receivable^^	542	**733**	749
Other^^ +	150	**(359)**	(250)
Total assets	62 803	**20 905**	22 669
Perpetual pref funding*	(1 463)	**(1 132)**	(1 186)
Other debt^^	(1 020)		
Total SOTP value	60 320	**19 773**	**21 483**
Shares in issue *(net of treasury shares)* (m)	218.2	**209.8**	209.8
SOTP value per share (R)	276.43	**94.24**	102.39
Share price (R)	186.60	**66.51**	70.25

1. PSG Alpha's main investee companies have been presented separately, with more information on each such investee's valuation available on our website.
2. PSG Group was trading at a 31% discount to its SOTP value as at 16 Apr 2021.
3. CGT has only been provided for on the retained Capitec interest, with the remaining CGT exposure pursuant to the change in tax legislation pertaining to unbundling transactions not deemed significant considering PSG Group's current shareholding structure and the tax base cost of its listed holdings.



** Listed on the Johannesburg Stock Exchange ** Listed on the Botswana Stock Exchange ^ Internal valuation ^^ Carrying value*

+ The 28 Feb 2021 and 16 Apr 2021 balances include a capital gains tax provision in respect of the retained Capitec interest.

<u>Note</u>: PSG Group's live SOTP containing further information is available at www.psggroup.co.za

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TODAY

Operating environment

- Covid-19
- Weak economy
- Political uncertainty
- Eskom
- Unreliable service delivery
- Ageing infrastructure
- Corruption
- Mounting red tap

PSG Group

- Smaller following Capitec unbundling
- Continues to trade at a significant discount to SOTP
- Investment holding company relevance?

Investee companies

- Significant effort to change the way in which they operated
- Most companies performed admirably all things considered
- All investees are well capitalized and focused on growth

Opportunity?

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PSG Group's objective remains unchanged:

"To create wealth for shareholders on a *per share* basis"

Grow the underlying businesses

Sell/unbundle investments when opportune
+
Other value-enhancing techniques

Pay dividends

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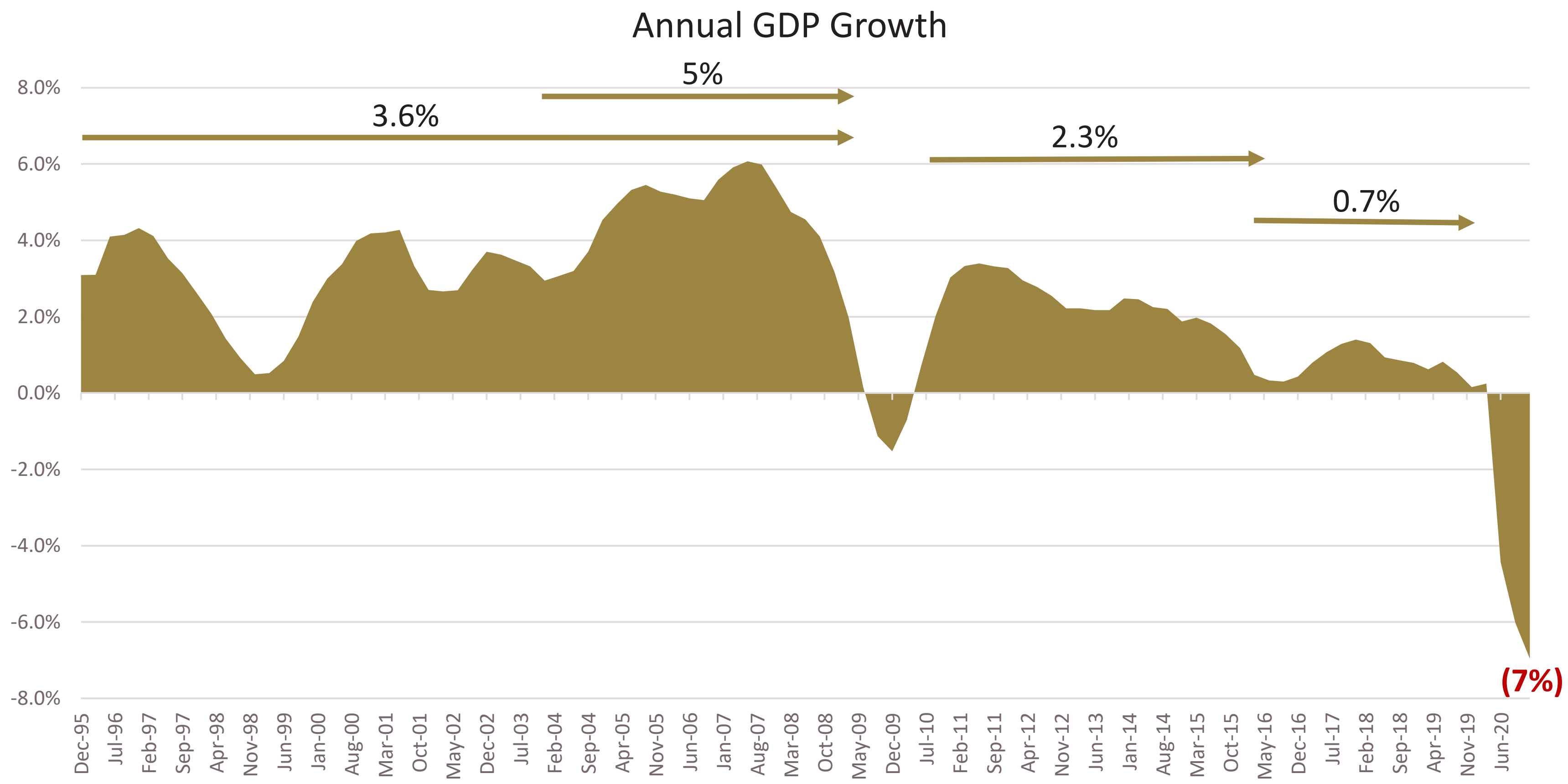
KEY TRANSACTIONS/EVENTS

- **Capitec unbundling**
  - Significant theoretical value unlock of R59 per PSG Group share or R12.9bn based on PSG Group's Feb 2020 SOTP value
- **Sold 3.3m Capitec shares at an average price of R1,061 per share during FY21**
- **Settled all remaining term debt comprising redeemable prefs of R1bn**
- **Zeder**
  - Sold Pioneer Foods (R6.4bn) and Quantum Foods (R308m)
  - Settled all debt obligations (R1.5bn)
  - Paid special dividend (R3.9bn) and about to pay a further 20cps (R307m)
  - Repurchased Zeder shares (R426m)
- **R459m of PSG Group shares repurchased at an average price of R54.73 per share**
- **Curro concluded a significant rights issue (R1.5bn)**
  - Curro shares in issue increased by ~45%
  - PSG Group invested R1.05bn at R8.07 per share whereby its stake increased by ~5% to ~60%
  - Cobus Loubser (CEO Moresport, previously CFO) appointed as Curro CFO
- **Change in status to that of an Investment Entity**
  - Performance of all investees based on fair value – valuation methodologies for unlisted investments have become very important

TOUGH OPERATING ENVIRONMENT



Source: Statistics South Africa and Bloomberg

- The economy has shrunk to a level last seen in 2013!
- Do our political leaders have the will to do what is needed to pull this country in the right direction?
- Covid-induced lockdowns and restrictions remain a major issue to economic recovery – a different approach is required
- It is clear that the operating environment has been very tough since the Global Financial Crisis – with the last 5 years having been extremely challenging to build businesses in SA

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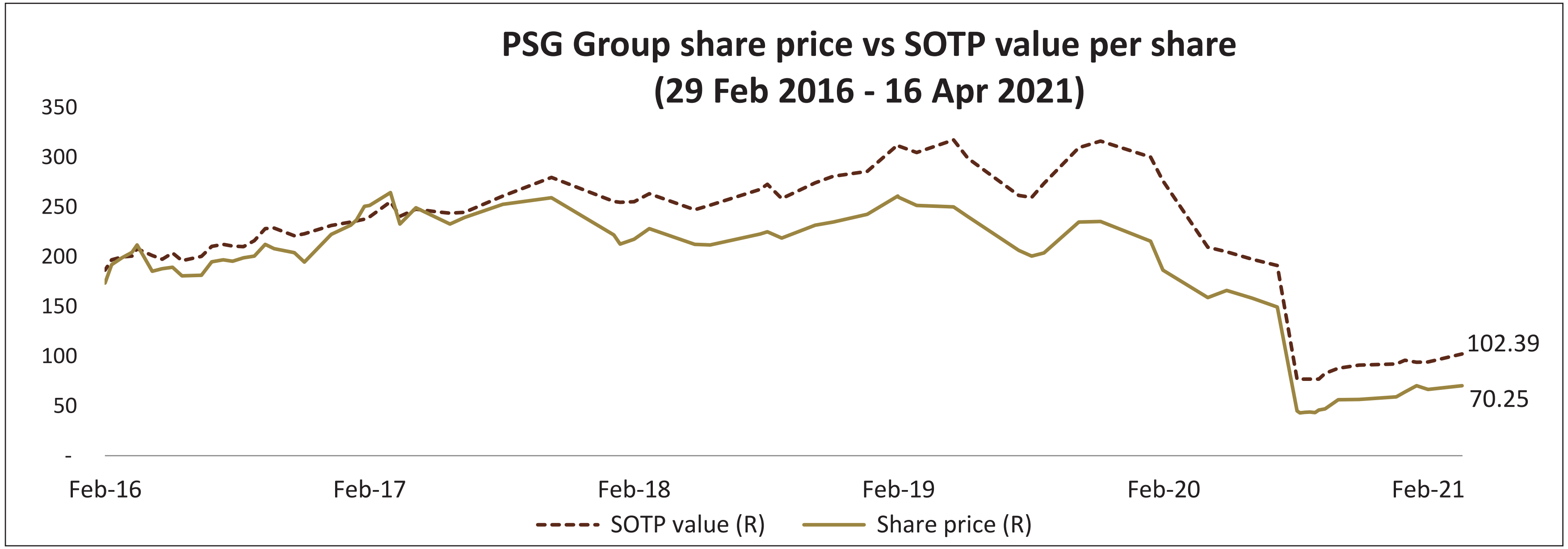
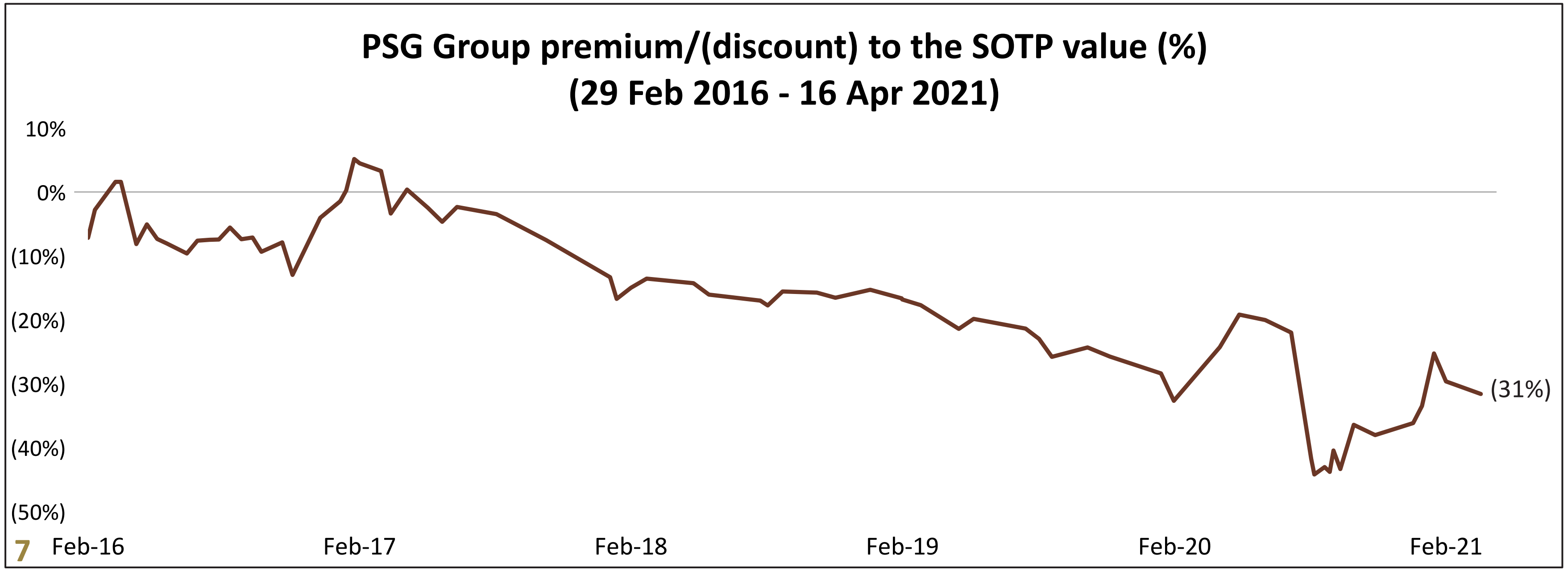
PSG Group share price vs SOTP value per share





Discount

Latest *discount* ~31%

12-month average *discount* ~34%

Liquidity (per annum)	
28 Feb 2021	126%
29 Feb 2020	49%
28 Feb 2019	47%
28 Feb 2018	69%
28 Feb 2017	30%
29 Feb 2016	50%

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Why are holding companies trading at such material discounts?

Permanent capital:

- PSG Group's strategy has always been to create shareholder wealth
  - We are not and have never been focused on the size of our group, but rather on *per share* wealth creation
- PSG Group is a long-term investor – not a permanent investor

Fee/cost structures:

- PSG Group management does not charge a fee to manage its underlying assets
- Our head office costs to manage PSG Group and PSG Alpha's investments (post Capitec unbundling):
  - Relative to SOTP ~0.36%
  - Relative to Market Capitalisation ~0.51%

Poor investment decisions by holding companies:

- Capitec was an exceptional investment
- By and large our investment portfolio (excluding Capitec) also outperformed the JSE All Share Index having delivered ~15% per annum since Feb 2010

Too many listed entry points:

- This is a legacy issue and will be very difficult to address in the short term

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Why are holding companies trading at such material discounts?

Change in tax legislation pertaining to unbundlings:

- Most investment holding companies used to argue that it was not necessary to raise a CGT liability as one could unbundle assets on a tax-neutral basis:
  - *On the proviso that the investment being unbundled needs to be listed*
  - It remains difficult to determine the CGT liability (if any) as it is dependent on the unbundling company's shareholding on the date of unbundling – currently, only the PIC's shareholding creates a potential issue for PSG Group

The tax trap:

		R
Capital invested		**100.00**
Investment via holding company		
Growth	50.0%	50.00
Less : CGT	22.4%	(11.20)
Sub-total		38.80
Less : DWT	20.0%	(7.76)
Growth (net of CGT and DWT)		**31.04**
Investment in own name		
Growth		50.00
Less : CGT	18.0%	(9.00)
Growth (net of CGT)		**41.00**
Improvement when invested in own name		**32.1%**

- Obviously a very simplistic way of looking at the issue
- Ignores the value-add provided by investment holding companies

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PSG FINANCIAL SERVICES (“PSL”) PERPETUAL PREFERENCE SHARES (“PSL PREFS”)

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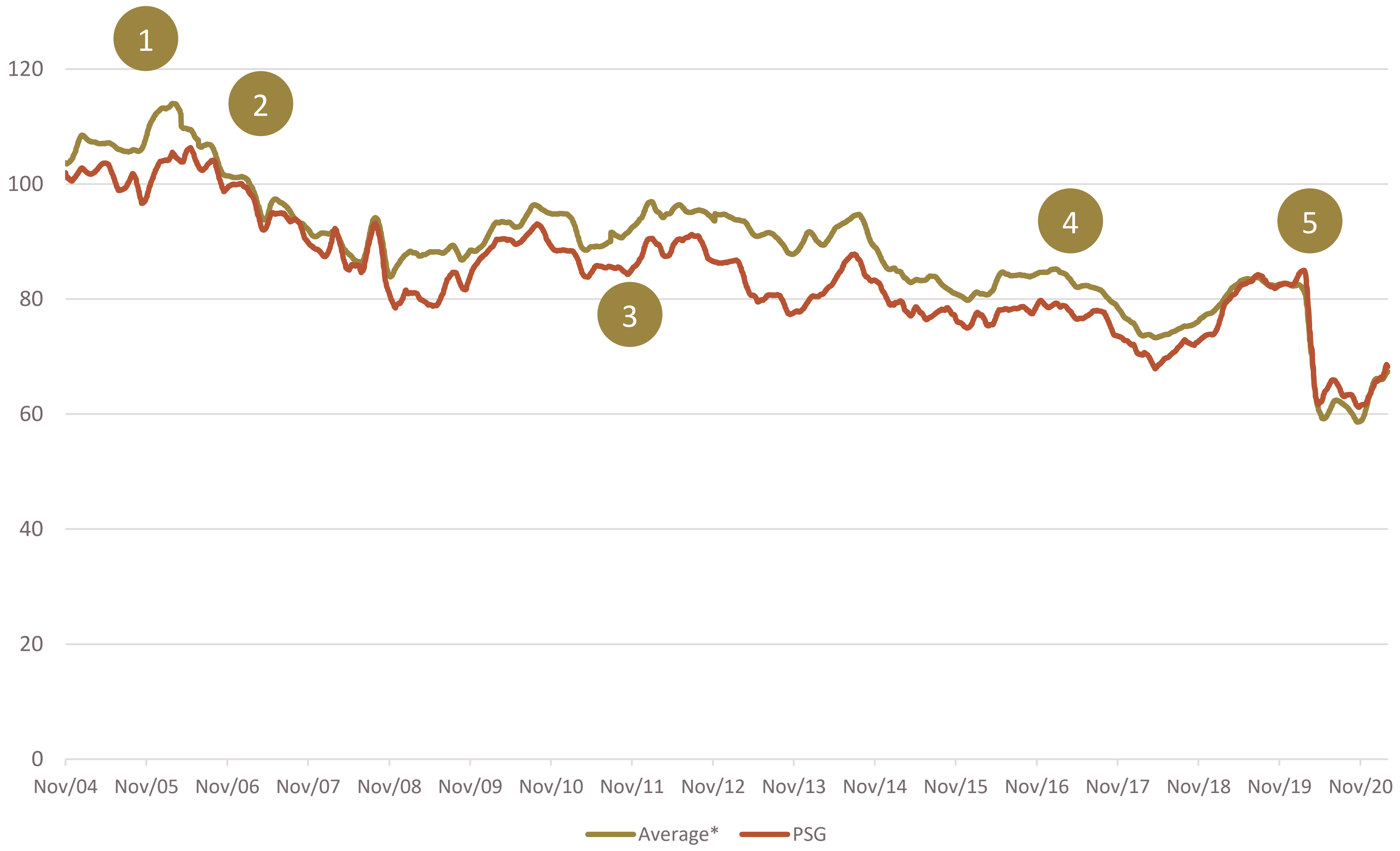
HISTORY OF PERPETUAL PREFS



1. From the outset, most of the listed perpetual prefs were trading at or above the R100 nominal value (or equivalent) per share
   - *To some extent the market might have misunderstood the product - viewing it as more of an equity than a debt instrument*
2. The Global Financial Crisis brought new insight and investors realised there was potential risk (credit, market, etc.) in perpetual prefs

** The average is based on the listed perpetual prefs of ABSA, FirstRand, Standard Bank, PSL, Invicta, Netcare, Sasfin and Discovery. The analysis is based on dirty pricing or actual pricing and thus the share prices would increase over time as dividends accumulate at the respective Prime-linked dividend rates and decrease once a dividend is declared and the share commences trading ex-dividend (for this analysis it is immaterial).*

For comparative purposes all the prefs were rebased to a nominal value of R100 per share, with ABSA being the only pref requiring adjustment as it has a nominal value of R1,000 per share. The R100 (or equivalent) is relevant as it is the value on which the pref dividend amount is calculated.

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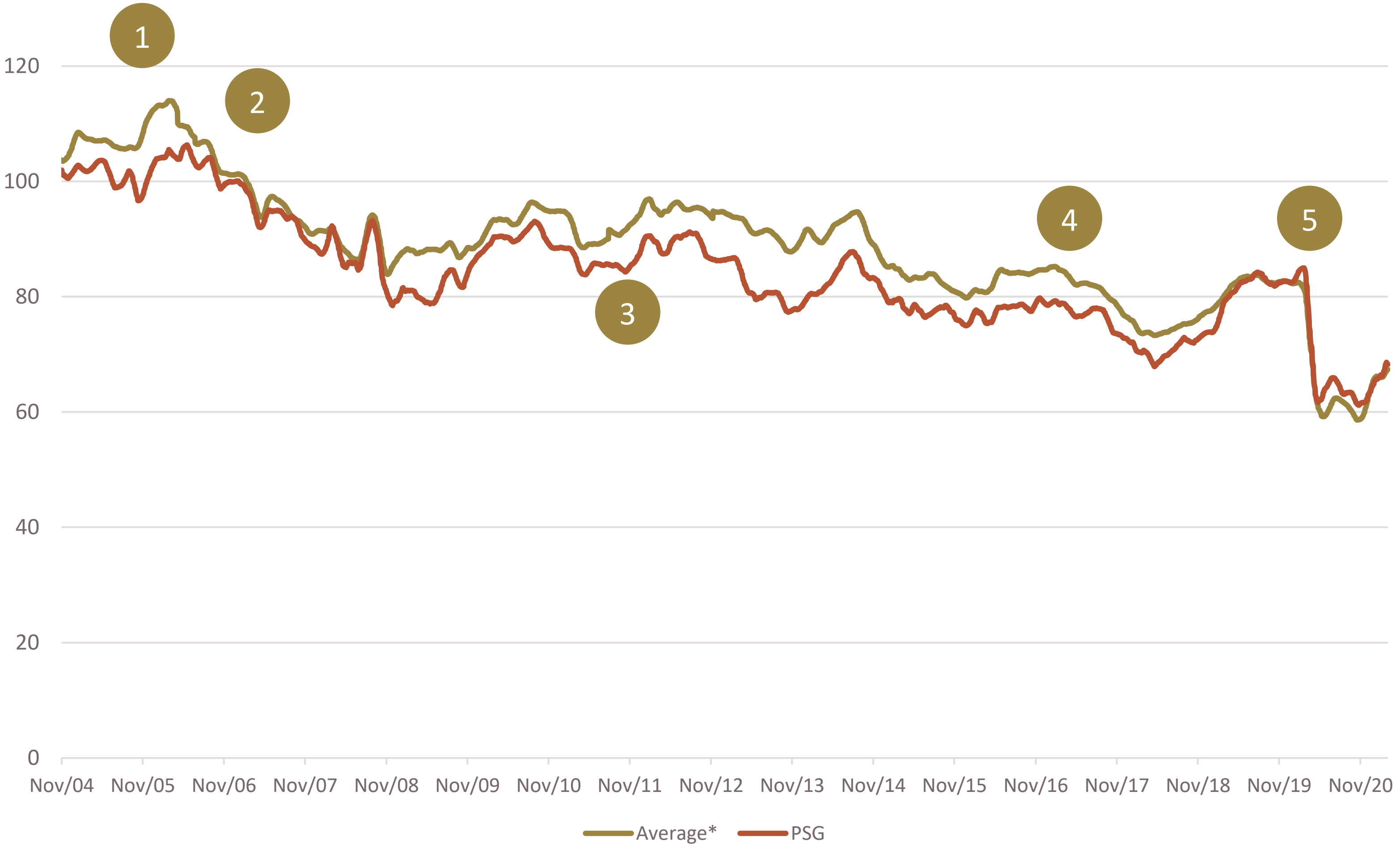
HISTORY OF PERPETUAL PREFS



3. With effect from 1 Apr 2012, the tax legislation changed from STC (10%) to dividend withholding tax ("DWT") (15%)
4. On 22 Feb 2017, DWT increased from 15% to 20%
5. Covid-19 caused a ~20% decline in most perpetual pref prices

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EFFECT OF THE CHANGE IN TAX LEGISLATION

		DWT		
	STC	15%	20%	Difference
Nominal value (R/share)	100.00	100.00	100.00	
PSL pref dividend rate	75%	83.33%	83.33%	
Prime interest rate (assumed)	10%	10%	10%	
Dividend (R/share)	7.50	8.33	8.33	
DWT rate		15%	20%	
Effective dividend (net of DWT) (R/share)		7.08	6.67	
Price to be in the same position (R/share)	100.00	94.44	88.89	11.11

- The effect of the change in tax legislation from STC (a 10% tax on the company declaring a dividend) to DWT has been very negative for holders of perpetual prefs
- Initially most of the issuers gave the perpetual pref shareholders the tax saving relief, i.e. the 10% STC saving for the company. For instance, the PSL pref dividend rate of 75% of Prime was increased to 83.33% of Prime
- Ignoring the perceived credit rating of perpetual prefs, holders of perpetual prefs are worse off by 11%

ARE PERPETUAL PREFS ("PPS") DEBT OR EQUITY FROM THE HOLDER'S PERSPECTIVE?

- Initially when PPS were issued many holders might have viewed the product as equity with a higher dividend payout ratio
- With the Global Financial Crisis, the market started to understand the product better and the prices dropped significantly, thereby increasing the yield. The market now understands that PPS rank behind senior debt, but ahead of equity. PPS holders are also not totally in control of the level of gearing which a company can introduce over and above the gearing pertaining to the PPS – which could add additional risk
- The reality is that the product is more like sub-debt/mezzanine debt and as a result, PPS simply provide a higher return

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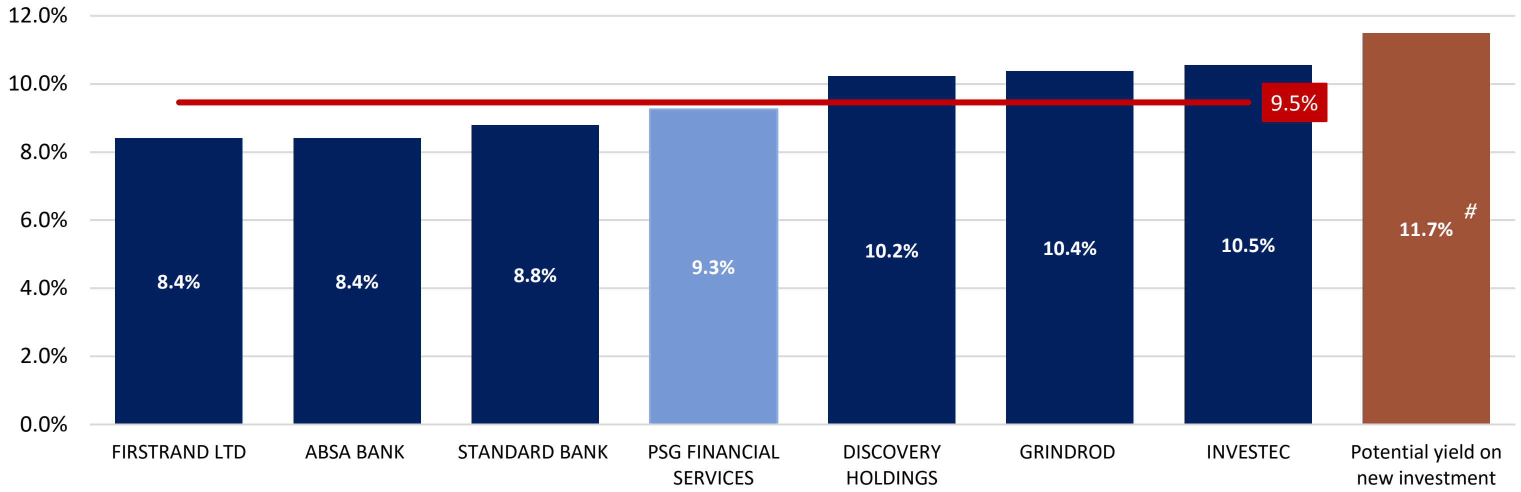
ARE PPS DEBT OR EQUITY FROM THE ISSUER'S PERSPECTIVE?

- One can argue it several ways, but ultimately it is sub-debt/mezzanine debt
- There is merely one advantage – if the company has a very bad year with severe cashflow constraints, it does not automatically put the company into default if it is unable to service the PPS dividend. This is a significant advantage, but only if the PPS issuer is very aggressively geared (including the PPS)
- PPS still rank ahead of equity on liquidation
- Any senior debt provider will look at the serviceability of such debt when granting funding. In other words, the debt provider will take the payment obligations in respect of the PPS into consideration when they provide senior debt

YIELDS AND RECENT MARKET PERFORMANCE

HISTORICAL GROSS YIELDS OF SELECT PEER PREFS LISTED ON THE JSE *vs* PSL PREFS



Note – the above analysis has been based on dirty share prices

Average of the peers

 # - (R81 x assumed average 9.5% yield) / R65.88 = 11.7%

PSL's historical yield is in line with the average yield of other listed perpetual prefs

If the PSL prefs are repurchased at R81 per share, the PSL pref shareholders can enhance their yield from the 9.3% currently achieved to c. 11.7%, by reinvesting in other prefs

RELATIVE DIRTY SHARE PRICE PERFORMANCE OF THE SELECT PEER PREFS *vs* PSL PREFS SINCE 1 JAN 2020

Company	FIRSTRAND LTD	ABSA BANK	STANDARD BANK	PSG FINANCIAL SERVICES	DISCOVERY HOLDINGS	GRINDROD	INVESTEC	Avg excluding PSL
Share price - 8 April 2021	R 66.55	R 615.00	R 69.00	R 66.50	R 77.00	R 66.80	R 63.50	
Share price change since 1 January 2020	-22%	-17%	-22%	-20%	-19%	-15%	-20%	-19%

PSL's relative pref share price performance since 1 Jan 2020 is in line with the average of the select peers

Investec announced on 17 Feb 2021 that it had repurchased 3.43% of its issued pref share capital in terms of a general authority to repurchase. No other recent SENS announcements were noted regarding the repurchase of prefs by the select peers.

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PROPOSED REPURCHASE AND DELISTING OF PSL PREFS THROUGH A SCHEME OF ARRANGEMENT

Offer Price:

- A clean offer price per PSL pref share of R81 (i.e. excl. any accrued pref dividend), payable in cash
- Represents a premium of ~23% to the clean price of R65.88 on 8 Apr 2021
- Irrevocables and letters of support representing ~40% of the PSL prefs in issue have already been obtained from PSL pref shareholders in support of the repurchase

Rationale:

- The group has surplus cash available
- The underlying businesses are well capitalized
- Share price of the PSL prefs not likely to increase from current levels for the foreseeable future
- This creates an opportunity for PSL pref shareholders to enhance their returns by reinvesting the cash received at a premium pursuant to the scheme of arrangement into other perpetual prefs with potentially better liquidity and credit ratings, should they wish to

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CURRO

PSG GROUP LIMITED

Recurring headline earnings per share decreased by 24%

CURRO

Covid-19 had a significant negative impact:

- Steep decline in pre-school learner numbers
- Ancillary revenue was down significantly and likely to remain under pressure
- Bad debts and fee discounts increased materially
- Fixed-cost business - negative impact on margin

Covid-19 positives:

- Curriculum: remote and online learning solutions deployed with specifically developed material and electronic delivery
  - Launched Curro Online
- Innovative digital marketing and branding campaigns
- Improved Grade 12 results in both IEB and NSC examinations
- R1.5bn rights issue concluded to bolster balance sheet/reduce debt given uncertainty and to have a war chest available for opportunities

2021 – the year ahead:

- Like-for-like organic learner growth of 12%
  - Despite terminating contracts with ±3,200 learners due to outstanding accounts in Jan 2021
  - Average learners per campus 870 vs 800
- Acquired St George's Preparatory in PE (300 learners) – *considering other acquisitions*
- Launched Curro Choice – offering a wider range of subjects through digital innovation

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PSG Konsult

PSG GROUP LIMITED

Recurring headline earnings per share increased by 10%

PSG Konsult

Wealth management:

- AUM: ↑ 20% to R233bn
- Net inflows of R14bn
- Advisers: ↑ 4 to 563
- Recurring headline earnings: ↑ 19% to R448m

Insure:

- Gross written premium: ↑ 1% to R6.8bn
- Advisers: ↓ 7 to 369
- Western National:
  - Underwriting margin increased from 13.6% to 15.3%
  - Shareholders' investment income: ↑ 85% to R52.8m
- Recurring headline earnings: ↑ 24% to R151m

Asset management:

- AUM: ↓ 4% to R35.3bn
- Net outflows of R5bn
- Recurring headline earnings: ↓ 28% to R105m

Share of recurring headline earnings

64%

21%

15%

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PSG GROUP LIMITED

ZEDER

INVESTMENTS LIMITED

FINANCIAL RESULTS

SOTP FY2021

The SOTP value per share decreased due to the payment of the R2.30 per share special dividend pursuant to the Pioneer Foods disposal, but upward valuations of most investee companies as a result of improved earnings performance.

	29-Feb-20			28-Feb-21		
Company	**Interest**	**Rm**	**Share of Assets**	**Interest**	**Rm**	**Share of Assets**
Pioneer Foods	*28.6%*	6,348	*54.2%*	-	-	-
Quantum Foods	*32.1%*	188	*1.6%*	-	-	-
Zaad	*95.7%*	2,034	*17.4%*	*97.0%*	2,010	*30.2%*
The Logistics Group	*98.6%*	1,028	*8.8%*	*98.5%*	1,325	*19.9%*
Capespan	*96.7%*	999	*8.5%*	*96.0%*	1,117	*16.8%*
Kaap Agri	*41.0%*	723	*6.2%*	*42.3%*	1,102	*16.5%*
Other		301	*2.6%*		232	*3.5%*
Cash & cash equivalents		83	*0.7%*		876	*13.1%*
TOTAL ASSETS		**11,704**			**6,662**	
Debt funding		(1,500)			-	
SOTP		**10,204**			**6,662**	
Number of shares in issue *(net of treasury) (million)*		1,710			1,538	
SOTP value per share (Rand)		**5.97**			**4.33**	

Note: *It should be noted that these valuations are not necessarily indicative of the values at which Zeder would consider selling any of its investments*

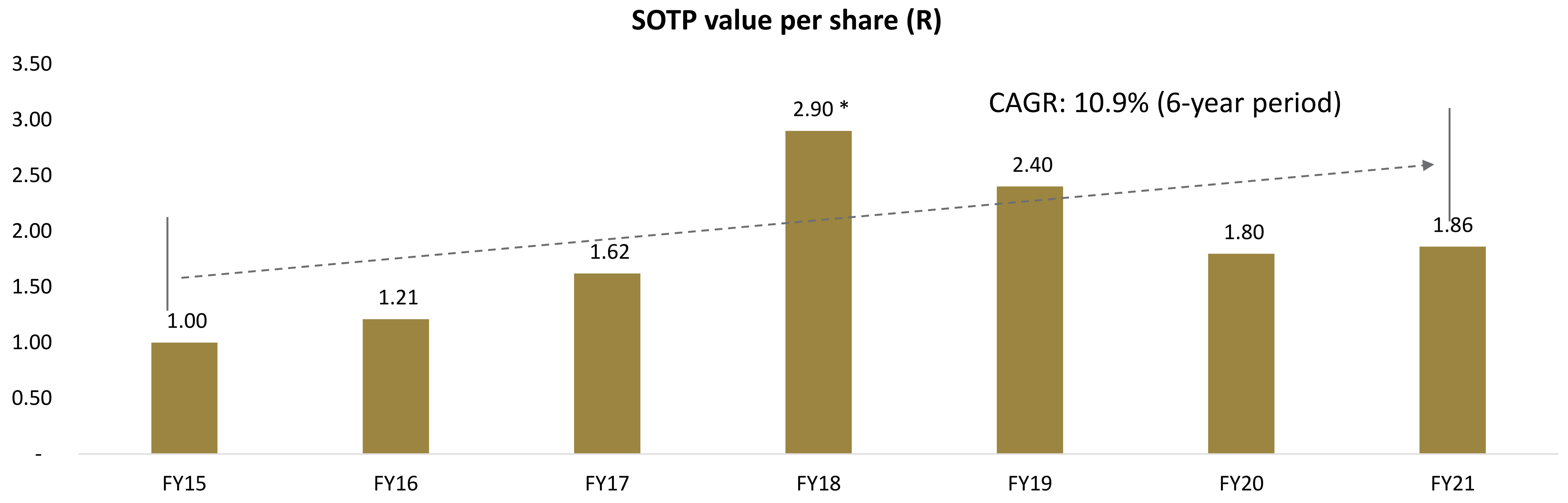
ZEDER INVESTMENTS LIMITED

PROSPECTS AND STRATEGY

- Grow and support existing portfolio
  - *Agricultural conditions remain favourable*
  - *Covid-19 implications and impact continuously being evaluated*
  - *Change in accounting status to Investment Entity which provides much more relevant valuation information*
- Strategic review
  - *Cautionary announcement released on SENS on 14 Apr 2021*
  - *Material change to the size and composition of the Zeder group (as a result of the Pioneer Foods and Quantum Foods disposals, as well as the special dividend paid)*
  - *Zeder board recently received third party approaches on various portfolio investments*
  - *Being evaluated and potential strategic shift towards additional value-unlocking opportunities*
  - *This strategy does not have a specific timeline and will be executed in an appropriate and responsible manner*
  - *As a result of approaches being evaluated, Zeder will not pursue share buy-backs at this time*
  - *Overall strategy remains to create value for shareholders*
  - *Zeder will communicate more detail to the market on progress made from time to time*

PSG
alpha

PSG Alpha - historical financial performance



** The FY18 and FY19 SOTP values were significantly impacted by the higher Stadio share price at the time. Post unbundling from Curro, investor sentiment drove Stadio's share price to R6.75 as at 28 Feb 2018. The price has normalised since.*

- SOTP value per share increased by 3.3% during the year under review, despite the effects of COVID-19 on the portfolio
- PSG Alpha's current SOTP value is R3.9bn
- PSG Alpha does not employ any gearing, nor are there any operating costs at its level seeing that it is carried by PSG Group

PSG Alpha – SOTP value

Investments	Shareholding %	SOTP value - 28 Feb 2021 100% of investee Rm	PSG Alpha interest Rm	Basis of valuation
CA&S	48.8%	2 306	1 126	Listed (BSE / 4AX)
Evergreen	50.0%	1 737	869	NAV (excluding deferred tax)
Stadio	43.2%	2 002	865	Listed (JSE)
Energy Partners	57.2%	534	305	EV/EBITDA valuation
Optimi	92.3%	321	296	PE valuation
Other investments			446	
Total SOTP value			**3 907**	

- PSG Alpha generally values its investments conservatively
- It should be noted that these valuations are not necessarily indicative of the values at which PSG Alpha would consider selling any of its investments

PSG
alpha

ca&s
group
Taking brands beyond borders

49%

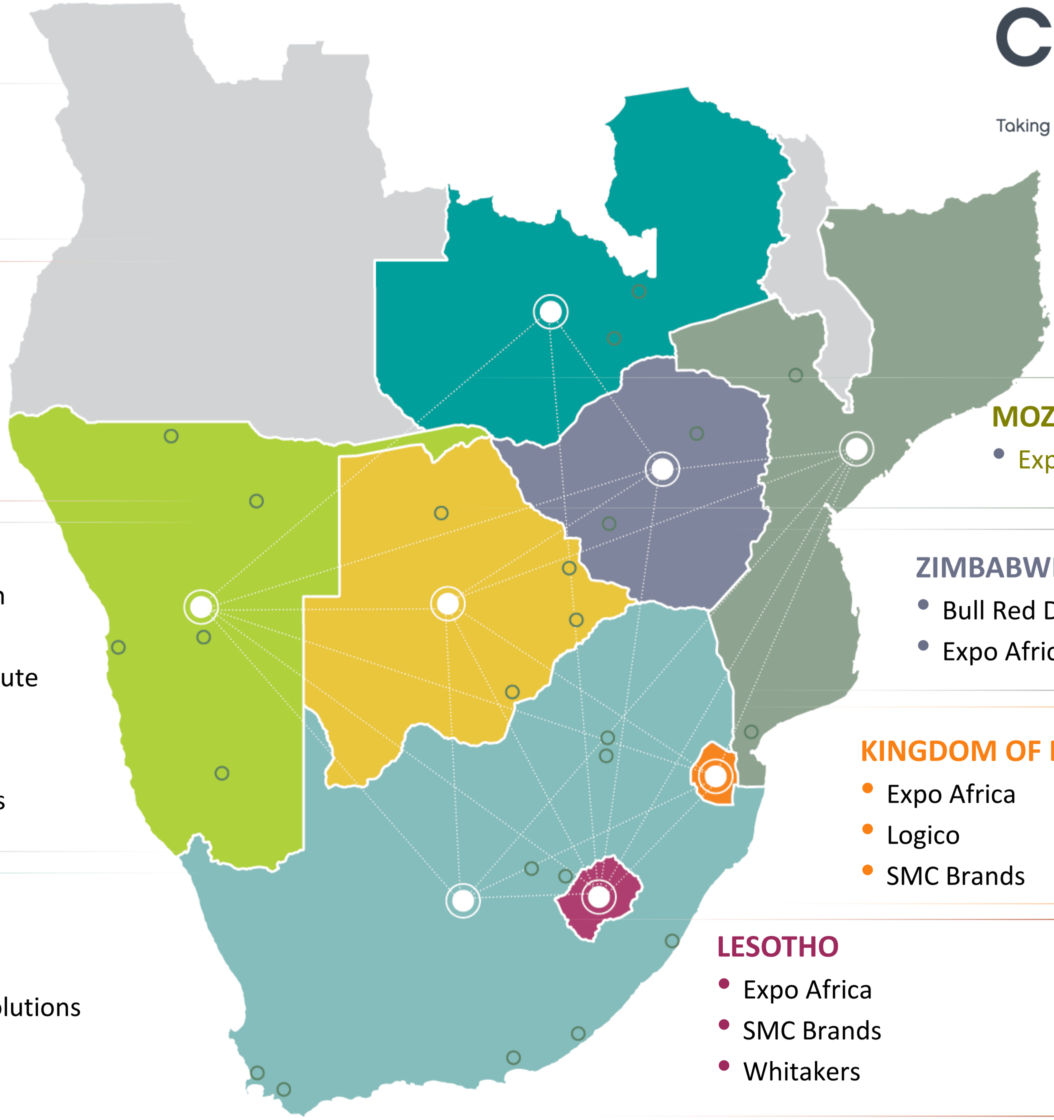
Business overview

- CA&S Group is the parent company of a **collection of FMCG businesses** that operate **across the southern Africa region**
- CA&S Group delivers various FMCG related **route-to-market services to blue chip manufacturers**. The service offering includes selling, merchandising, warehousing, distribution, shopper promotions, training and debtor administration
- **Listed** on the Botswana Stock Exchange (BSE) and 4AX in South Africa

Business model

- The CA&S businesses provide **various services to the principles** it represents. They earn a combination of service fees and commission
- Local knowledge, understanding and customer relationships combined with regional connectivity and shared collective expertise give CA&S Group a powerful **competitive advantage in the region**

ca&s group
Taking brands beyond borders



ZAMBIA
- Expo Africa
- Promexs

NAMIBIA
- Wutow
- Expo Africa
- PacknStack
- SMC Brands

BOTSWANA
- CA Sales & Distribution
- Expo Africa
- Kalahari Training Institute
- PEO Promotions
- SMC Brands
- Smithshine Enterprises

SOUTH AFRICA
- PacknStack
- Retail Development Solutions
- Expo Africa
- MACmobile

MOZAMBIQUE
- Expo Africa

ZIMBABWE
- Bull Red Distribution
- Expo Africa

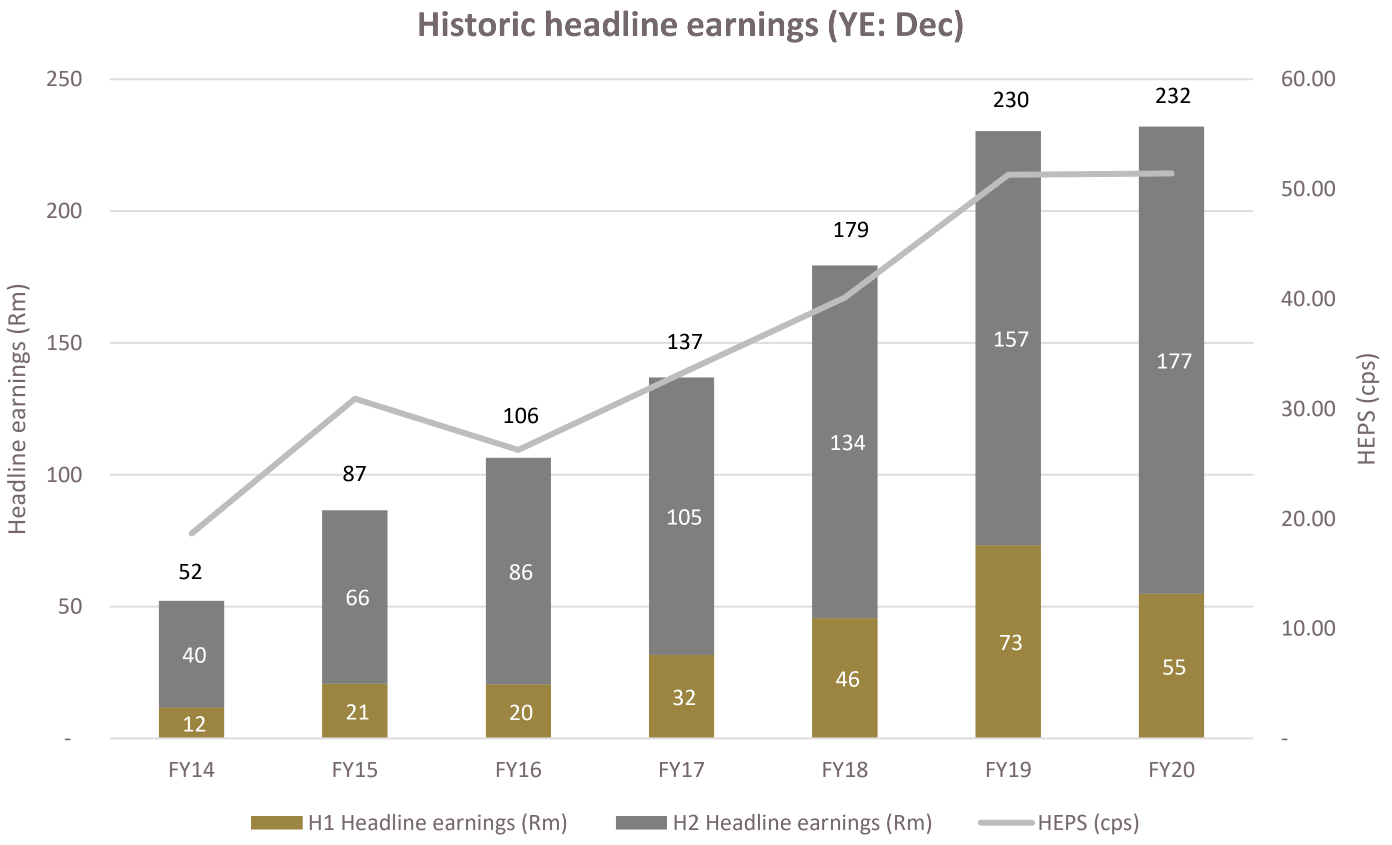
KINGDOM OF ESWATINI
- Expo Africa
- Logico
- SMC Brands

LESOTHO
- Expo Africa
- SMC Brands
- Whitakers

PSG alpha

Basis of valuation: Listed share price

- Valuation of CA&S for PSG Alpha's SOTP is based on the **closing share price in Pula on the Botswana Stock Exchange (BSE) translated to Rand at the ruling spot exchange rate**
- Such **closing share price** of R5.10 as at 28 Feb 2021 represented a 9.9x historic PE ratio based on CA&S's headline earnings of 51.43cps for its financial year ended 31 Dec 2020



FY20 (Dec Y/E) commentary:

- The business delivered satisfactory results, especially in the second half of the year which was less affected by Covid-19
- HEPS marginally increased by 0.2% to 51.43 cents for the year
- Organic revenue growth and cost savings were offset by reduced income from liquor sales (Covid-19 restrictions)

PSG
alpha

EVERGREEN
lifestyle

50%

Business overview

- Evergreen Lifestyle is an **integrated developer, owner and operator of retirement lifestyle villages**
- The **primary business goal** is to grow its portfolio of retirement units
- Evergreen Lifestyle aims to further entrench its position as the **leading retirement brand** in South Africa by providing a **superior lived experience** to its residents, supported by excellent healthcare
- Occupation of the units is sold on a **life right basis** (right of tenure) in exchange for an interest-free loan, while ownership of the properties remains with Evergreen Lifestyle

Business model

Income from investment property

- Fair value gains on new developments (units)
  - Normal property development margins realised on completion of new units
- Fair value gains on existing units
  - Ownership of the units remains with the developer under the life right model
  - Long-term property appreciation is linked to the general residential property sector

Other income and expenses

- General overhead and head office costs
- Net income/loss from village operations (levy income less expenses)
  - Villages initially make operational losses until they reach scale
- Net income or loss from healthcare services
  - Currently expenses exceed income, but expected to reverse with greater scale

Basis of valuation: NAV excluding deferred tax

Valuation detail

Historical financials (YE: Feb)	FY18	FY19	FY20	FY21	Comments
Unit overview[1]					
Units with life right agreements (#)	486	557	702	784	
Units not yet under life right agreements (#)	15	47	245	191	
Total units	**501**	**604**	**947**	**975**	
Assets	**Rm**	**Rm**	**Rm**	**Rm**	
Units with life right agreements	1 249	1 526	1 880	2 034	Valued at market value with reference to active sales of life rights[2]
Units not yet under life right agreements	29	127	657	410	Valued at market value with reference to active sales of life rights
Work in progress	483	607	333	374	Valued at cost
Vacant land	142	534	860	807	Valued at cost
Deferred tax asset	-	36	53	2	Carrying value
Net cash / working capital / PPE	19	257	41	270	Carrying value
Total assets	**1 922**	**3 088**	**3 823**	**3 898**	
Liabilities					
Life right loans	755	1 011	1 309	1 479	Carrying value[3]
Development facilities	78	347	460	504	Carrying value
Corporate overdraft facility	-	-	6	95	Carrying value
Deferred tax liability	109	145	192	87	Carrying value
Other / working capital	264	62	72	82	Carrying value
Total liabilities	**1 206**	**1 564**	**2 039**	**2 248**	
NAV	**715**	**1 523**	**1 784**	**1 650**	
Add back: Deferred tax liability[4]	109	145	192	87	
Total	**825**	**1 669**	**1 977**	**1 737**	
PSG Alpha valuation for SOTP purposes (50% interest)	**412**	**834**	**988**	**869**	

- Fair value losses on completed units of ~R150m were recognized in FY21 given sales values achieved (approximately 6% reduction on a value basis)
- This is due to the current weak residential property sector that influences prospective purchasers' ability to afford the product

Note 1: The unit overview includes 100% of the units at the Evergreen Val de Vie (a joint venture), while the NAV includes only the 50% economic interest in Evergreen Val de Vie.

Note 2: Independent valuer values all operational villages on 3-year rotational basis (i.e. each village valued at least once every three years).

Note 3: Loans are interest free and only repayable on resale of the unit to a new life right holder.

Note 4: The deferred tax liability relates mainly to fair value gains recognised on investment property; however, since the business intends to hold the units indefinitely, the deferred tax liability has been disregarded for valuation purposes.

Overview of current and future retirement villages

Province	Village	Feb-19	Feb-20	Feb-21	In construction	Land banked units	Total opportunities on owned land
Retirement units							
		Completed units (cumulative)					
Western Cape	Bergvliet	78	100	100	-	-	100
	Muizenberg	260	260	260	-	-	260
	Diep River	57	57	57	-	-	57
	Lake Michelle	31	31	31	-	110	141
	Noordhoek	46	150	150	96	24	270
	Val de Vie	2	111	139	60	409	608
	Sitari	-	-	-	-	370	370
	Somerset West	-	-	-	-	340	340
Gauteng	Broadacres	130	238	238	-	108	346
KZN	Umhlanga	-	-	-	-	640	640
	Hilton	-	-	-	-	900	900
	Zimbali	-	-	-	-	750	750
Eastern Cape	Westbrook	-	-	-	-	800	800
	Total	**604**	**947**	**975**	**156**	**4 451**	**5 582**

Care units (monthly fees apply)					
Western Cape	Muizenberg	32	32	32	-
Gauteng	Broadacres	32	32	32	-
	Total	**64**	**64**	**64**	**-**

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STADIO
HOLDINGS

43%

Business overview

Stadio Holdings is building a ‘credible private higher education’ business for 100,000+ students

- Vision: “To be a leading higher education provider, offering qualifications aligned with the needs of societies, students, and the world of work”

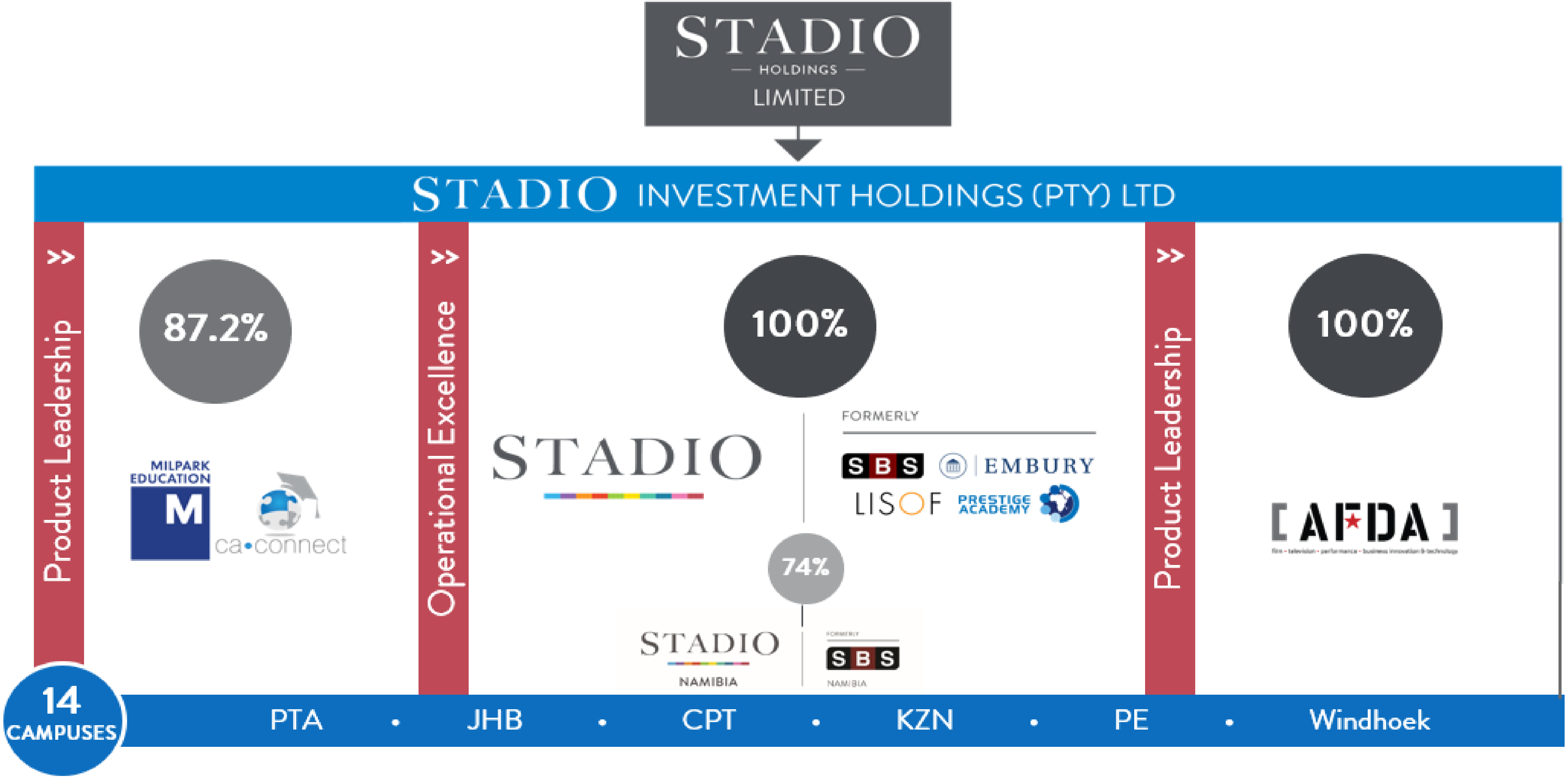
Through several acquisitions in 2017 to 2019, Stadio Holdings created a base to build from. Key metrics for the business include:

- ~35,000 students
- 95 accredited qualifications (35 in pipeline)
- 14 existing campuses, with the first mega multi-faculty campus under construction in Centurion
- 82% distance learning, 18% contact learning (on-campus) students – similar ratio expected in future
- Services school leavers, adults and corporates

Business model

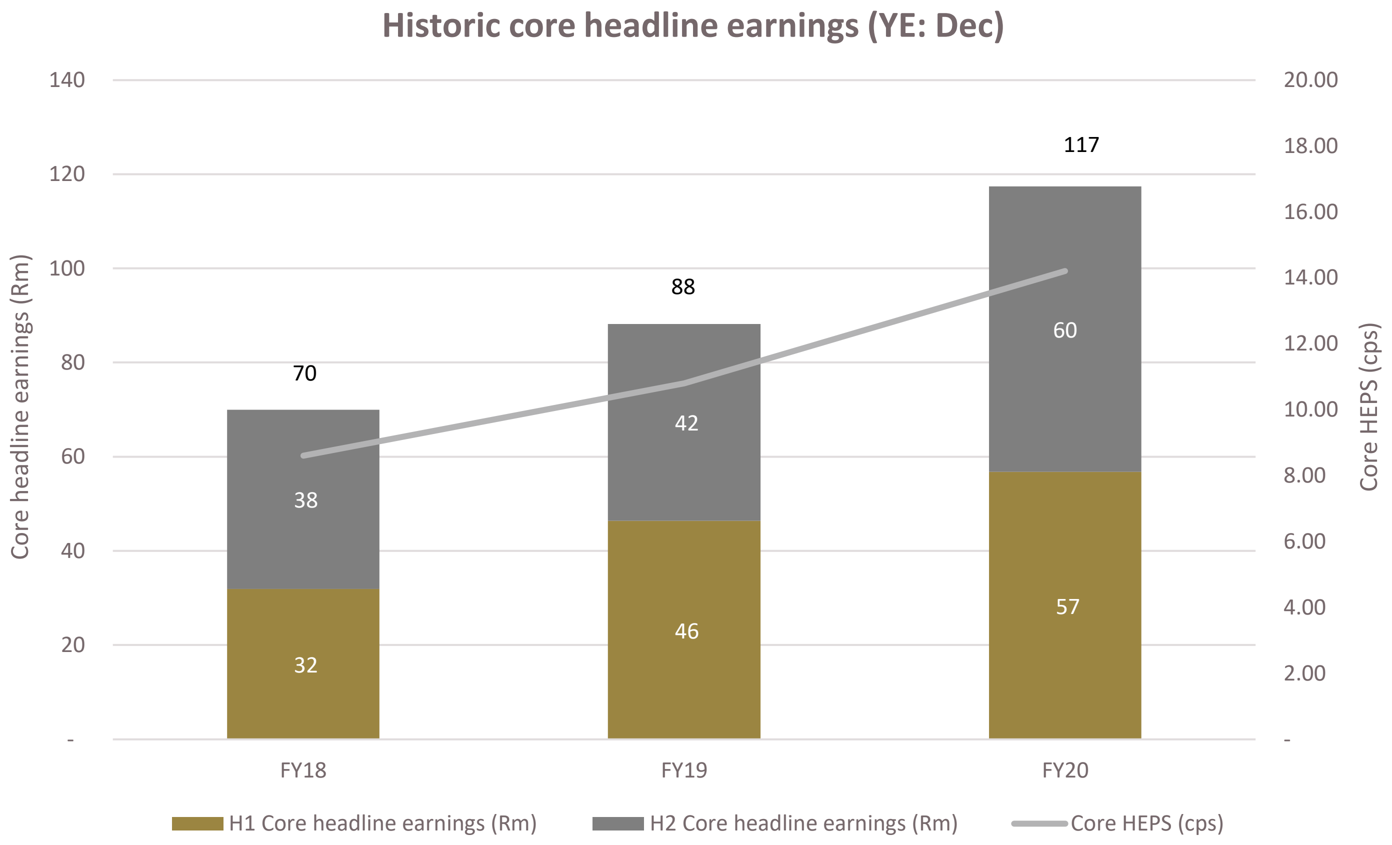
- Provides quality, relevant higher education to school leavers and adult learners
- Multi-mode (distance learning and face-to-face), multi-faculty (wide range of qualifications), multi-campus (across South Africa)
- Stadio Holdings to invest in:
  - Consolidation of one Stadio brand – have completed merger of four of the brands into one and will focus on aligning processes and structures to benefit from marketing, operational and regulatory efficiencies of operating as one
  - Greenfield multi-faculty campuses – 3,000 to 5,000 students capacity campus in progress in Centurion (land secured in Durbanville)
  - Distance learning logistics centre in Krugersdorp
  - New IT systems (CANVAS, CRM, ERP, SIMS)
  - Accredited qualifications in all modes of learning delivery (e.g. first online SAICA-accredited Post Graduate Diploma in Accounting, BA Law, Doctorates in Management and Policing, etc.)
  - Centre for lifelong learning (e.g. short courses and non-accredited courses)

3 Distinct Institutions



Basis of valuation: Listed share price

- Stadio Holdings has been **listed on the JSE** since Oct 2017
- Its 28 Feb 2021 **closing share price** of R2.38 represents a 16.8x historic PE ratio based on Stadio's FY20 core headline earnings of 14.2cps



(previously FutureLearn)

92%

Business overview

- The Optimi group provides **education products and services** across four divisions: Home, Workplace, Classroom and College. Together, these divisions service **over 200,000 learners per annum** with accessible, simple and affordable learning and teaching solutions

- Optimi's offerings include the SA market leader in home-schooling **Impaq (Optimi Home)**, leading adult education and training provider **Mediaworks (Optimi Workplace)**, leading provider of e-learning solutions **ITSI (Optimi Classroom)** and vocational distance education **CollegeSA (Optimi College)**

optimi home

Home education and supplementary learning.

- >26 000 learners
- >2 700 facilitators

optimi classroom

Classroom and extra-class teaching and learning solutions.

- >1 600 schools
- >50 other learning institutions

optimi college

Accredited qualifications and short courses.

- >6 000 students

optimi workplace

Workforce and community education and training.

- >350 organisations

Business model

- Optimi provides various education products and services, using their proprietary **GuidED™ learning model** as the foundation of its brand promise and offerings

- ***Optimi's GuidED™ learning model*** provides learners and facilitators with individualised guidance throughout their learning journey to achieve their learning goals:
    - **integrating five core elements needed for effective learning and facilitation**, namely guidance, content, application, engagement, and formal assessment
    - **based on the latest research** in the science of learning, including neuroscience, cognitive science, pedagogy, and psychology
    - **delivered using Optimi's technology ecosystem** that ensures an integrated and visible learning experience while enabling efficient and effective learning delivery
    - supported by Optimi's **centralised services that aim to lower the cost of learning through centralisation and automation**

Basis of valuation: PE multiple

- The **average PE multiple of three listed education companies** is used as a reference point and applied to Optimi's recurring earnings*
- The **average PE ratio of 13.7x** is considered fair considering Optimi's growth prospects and market leading positions

(YE: Dec) **Optimi PE valuation**	**FY17** **Rm**	**FY18** **Rm**	**FY19** **Rm**	**FY20** **Rm**
Optimi Group revenue including acquisitions (Rm)	119.0	211.5	357.4	389.4
Recurring earnings (Rm)	9.9	13.7	16.2	23.4
PE multiple (times)				**13.7**
Valuation (Rm)				**320.7**

* *Note that Curro has temporarily been excluded from such average given its current high PE multiple with its FY20 earnings having been significantly impacted by Covid-19*

ENERGY PARTNERS

POWERED BY RESULTS

PSG

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57%

Business overview

- Energy Partners is a **fully integrated private utility business** that sells solar energy, cooling and heating to commercial and industrial clients
- The primary business focus is to **grow the investment portfolio of energy assets**
- By owning the assets, Energy Partners secures **recurring income** and a greater share of the lifetime value of the assets

Divisions retained	Brief rationale
Solar	Large scope for photovoltaic solar plants (both as cash and PPA* projects) given the cost advantages compared to grid alternatives
Refrigeration	Significant potential to design, build, own and operate industrial and commercial refrigeration plants exists in South Africa where value can be unlocked through the funding model, exceptional design, execution and operation of assets
Steam	The potential exists to design, build, own and operate boilers in South Africa where we have offered clients savings through superior design, control and operations. Assets are typically large and attractive on a PPA model
Energy Intelligence Solutions	The support required to track asset performance and bill utilities is invaluable to our three divisions building assets, as well as to large corporates like Netcare and Pick n Pay

**Power Purchase Agreement, where Energy Partners owns the asset*

Business model and basis of valuation

The business model comprises two components:

1. **Operations business**
   - Constructs and sells energy installations to external customers or to the Energy Partners investment business*

     **Inter-company transactions occur on an arms-length basis*

2. **Investment business**
   - Owns energy-related assets with long-term off-take agreements with private sector clients

Basis of valuation – EV/EBITDA multiple:

- **The following EBITDA multiples are used to value the respective components of the business:**
  - Operations business - 6.0x
  - Investment business - 10.0x
- **The following adjustments are made in the interest of accuracy:**
  - The EBITDA from assets commissioned in the last 12 months is annualised (otherwise the debt would be overstated)
  - Available cash and the cost of work-in-progress assets are added to the valuation
  - All debt is deducted from the valuation
  - Inter-company transactions are not eliminated for valuation purposes (the two businesses are valued independently)
  - Loss-making operating divisions are valued at zero (these are expected to become profitable or will be closed otherwise)

Basis of valuation: EV/EBITDA multiple (continued)

Historical financials (YE: Jan) (Rm)	FY17	FY18	FY19	FY20	FY21	3yr CAGR
Cumulative commissioned energy assets (owned by EP)	52.3	99.7	158.9	252.6	344.8	51%
Work-in-progress energy assets	-	6.9	15.0	47.9	85.7	132%
Total capital value of energy assets	52.3	106.5	173.9	300.5	430.5	79%
EBITDA from Investments (last 12 months annualised)	7.2	16.6	28.5	35.3	49.8	44%
EBITDA from Continued Operations (rolling 12 months actual)	5.2	33.8	7.5	16.4	14.7	(24%)
Enterprise value					586.5	
Net cash / (debt)					(138.5)	
Add work-in-progress asset value					85.7	
Equity value as at 31 January 2021[1]					**533.7**	
No of issued shares (m)					**2.239**	
R/share valuation					**238.3**	
Average yield on assets	13.8%	16.7%	17.9%	14.0%	14.4%	

Note 1: Energy Partners adopted the valuation methodology in FY21

Other investments

Investment	%	Focus	Comments
SNC Stellenbosch Nanofiber Company	*61*	Nanofiber material science	• Established a joint venture in USA with Taiki International (Japanese cosmetics manufacturer) to produce and sell nanofiber-based cosmetic facial masks and related products • Developed and commercialised face masks using replaceable nanofiber inserts (Covid-19 related)
carter	*76*	Improve new car purchase experience	• Systems approach and digital marketing proving successful • Carter owns the #1 and #2 Renault dealerships in South Africa; looking for opportunity to add more brands through acquisition(s)
ProVest Group	*44*	Mining support services	• 51% black-owned mining services business • Specialises in structural support and outsourced mining services in the platinum mining industry • Looking to diversify geographically and into related commodities
Spirit Capital	*49*	LBO specialist	• Diversified portfolio of five investments

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PSG Group's underlying investees' websites

- Most of PSG Group's major underlying investees presented their results recently
- For more information, please visit the respective companies' websites:
  - PSG Konsult: www.psg.co.za
  - Curro: www.curro.co.za
  - Zeder: www.zeder.co.za
    - Kaap Agri: www.kaapagri.co.za
  - PSG Alpha investments:
    - CA&S: www.casholdings.co.za
    - Evergreen: www.evergreenlifestyle.co.za
    - Stadio: www.stadio.co.za
    - Optimi: www.optimi.co.za
    - Energy Partners: www.energypartners.co.za

Questions?

PSG GROUP LIMITED