

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 14 of this Circular apply throughout this Circular, including this cover page.

ACTION REQUIRED BY SHAREHOLDERS:

1. This entire Circular is important and should be read with particular attention to the section entitled "Action required by Shareholders", commencing on page 5.
2. If you are in any doubt as to what action to take in relation to this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.
3. If you have disposed of all your PSG Group Shares, please forward this Circular and the attached Form of Proxy (*grey*) to the purchaser of such PSG Group Shares or to the CSDP, Broker, banker, attorney, accountant or other agent through whom the disposal was effected.



PSG GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1970/008484/06)
Share code: PSG ISIN: ZAE00013017
LEI: 378900CDOBEE79F35A34
("PSG Group" or "the Company")

CIRCULAR TO SHAREHOLDERS

relating to:

the PSG Group Restructuring, comprising the following indivisible steps:

- the PSG Group Unbundling, in terms of which PSG Group will unbundle its shareholding in certain listed entities being PSG Konsult, Curro, Kaap Agri and CA&S and 25.1% of the total issued shares in Stadio to its Shareholders by way of a distribution *in specie pro rata* to their respective shareholdings in PSG Group, in terms of section 46 of the Companies Act and section 46 of the Income Tax Act, which is deemed to constitute the disposal of the greater part of the assets or undertaking of PSG Group in terms of section 112 of the Companies Act; and
- the PSG Group Scheme, in terms of which PSG Group will repurchase the Scheme Shares from the Exiting Shareholders, for the Scheme Consideration, to be implemented by way of a scheme of arrangement in terms of section 114 of the Companies Act between PSG Group and the Exiting Shareholders and as a specific authority to repurchase securities in terms of the JSE Listings Requirements;

requiring the approval of Exiting Shareholders in terms of sections 112 and 114 read with section 115 of the Companies Act; and

- the Delisting,

and incorporating:

- a report prepared by the Independent Expert in terms of sections 112 and 114 of the Companies Act (read with the provisions of regulation 90 and regulation 110 of the Companies Regulations), attached as **Annexure 1**;
- extracts of section 115 of the Companies Act dealing with the approval requirements for fundamental transactions and section 164 of the Companies Act dealing with Dissenting Shareholders' Appraisal Rights, attached as **Annexure 2**;
- a Notice of General Meeting;
- an electronic participation meeting guide;
- an Electronic Participation Form;
- a Form of Proxy (*grey*) for purposes of the General Meeting (only for use by Certificated Shareholders and Own-Name Dematerialised Shareholders); and
- a Form of Surrender (*yellow*) for the PSG Group Scheme (for use by Certificated Shareholders only).

**Transaction Advisor
and Sponsor**



PSG CAPITAL

**Legal Advisor as to
South African law**



CLIFFE DEKKER HOFMEYR

Independent Expert



Auditor and Independent Reporting Accountant



**Legal Advisor as to US
and UK law**



Independent Joint Sponsor



Date of issue: Friday, 8 July 2022

This Circular is available in English only. Copies may be obtained during normal business hours from the registered office of PSG Group and from the offices of PSG Capital, whose addresses are set out in the "Corporate information" section of this Circular, from Friday, 8 July 2022 until the date of the General Meeting (both days inclusive). A copy of this Circular will also be available on PSG Group's website (<http://www.psggroup.co.za>).

CORPORATE INFORMATION

Directors

ZL Combi** (Chairman)
PJ Mouton (Chief Executive Officer)
WL Greeff (Chief Financial Officer)
JA Holtzhausen (Executive Director)
FJ Gouws*
JJ Mouton*
PE Burton** (Lead Independent Director)
AM Hlobo**
B Mathews**
CA Otto**

* Non-executive Directors

** Independent non-executive Directors

Date and place of incorporation

26 June 1970
South Africa

Company Secretary and Registered Address

PSG Corporate Services Proprietary Limited
(registration number 1996/004840/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Independent Expert

BDO Corporate Finance Proprietary Limited
(registration number 1983/002903/07)
Wanderers Office Park
52 Corlett Drive
Illovo, 2196
(Private Bag X60500, Houghton, 2041)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(Private Bag X9000, Saxonwold, 2132)

Transaction Advisor and Sponsor

PSG Capital Proprietary Limited
(registration number 2006/015817/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

and at:

2nd Floor, Building 3
11 Alice Lane
Sandhurst
Sandton, 2196
(PO Box 650957, Benmore, 2010)

Legal Advisor as to South African law

Cliffe Dekker Hofmeyr Incorporated
(registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

Auditor and Independent Reporting Accountant

Deloitte & Touche
(practice number 902276)
The Ridge, 6 Marina Road,
Portwood District, V&A Waterfront
Cape Town, 8000
(PO Box 578, Cape Town, 8000)

Legal Advisor as to US and UK law

Goodwin Procter LLP
The New York Times Building
620 Eighth Avenue
New York, NY 10018
United States

Independent Sponsor

Tamela Holdings Proprietary Limited
(registration number 2008/011759/07)
Ground Floor, Golden Oak Building
Ballyoaks Office Park
35 Ballyclare Drive
Bryanston, 2021
(PO Box 379, Morningside, 2057)

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FORM OF PROXY (<i>grey</i>) for purposes of the General Meeting (only for use by Certificated Shareholders and Own-Name Dematerialised Shareholders)	Attached
FORM OF SURRENDER (<i>yellow</i>) for the PSG Group Scheme (for use by Certificated Shareholders only)	Attached

IMPORTANT LEGAL NOTICES

The definitions and interpretations commencing on page 14 of this Circular apply to this section and throughout this Circular.

GENERAL

This Circular does not constitute or form part of any offer or invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue, PSG Group Shares, Unbundled Shares, or any other securities in any jurisdictions in which, or to any person to whom, it would not be lawful to do so.

The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law. The distribution of the Unbundled Shares to Foreign Shareholders in terms of the PSG Group Unbundling may be affected by the laws of the relevant Foreign Shareholders' jurisdiction. The PSG Group Scheme contemplated in this Circular does not constitute an offer in the USA, including its territories and possessions, the Dominion of Canada, the Commonwealth of Australia, Japan or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. In this regard, Foreign Shareholders are referred to the further detail set out below.

APPLICABLE LAWS

The PSG Group Restructuring is proposed solely in terms of this Circular and this Circular sets out the terms and conditions on which the PSG Group Restructuring is to be implemented.

The PSG Group Restructuring involves the securities of companies registered in South Africa which are listed on the JSE and is governed by, and must be construed in accordance with, the laws of South Africa including its procedural laws and disclosure requirements.

This Circular has been prepared for purposes of complying with the applicable disclosure requirements of the Companies Act, the Companies Regulations and the JSE Listings Requirements, and the information disclosed may not be the same as that which would have been disclosed had this Circular been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.

Any Shareholder who is in doubt as to their position regarding the contents of this Circular, including, without limitation, their ability to receive the Unbundled Shares and/or participation in the PSG Group Scheme contemplated in this Circular, or their tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

SHAREHOLDER APPROVAL OF THE PSG GROUP RESTRUCTURING

The PSG Group Restructuring comprises the following indivisible steps:

- i. the PSG Group Unbundling, which is deemed to constitute a disposal in terms of section 112 of the Companies Act; and
- ii. the PSG Group Scheme, which will entail the repurchase of PSG Group Shares from the Exiting Shareholders by way of a scheme of arrangement in terms of section 114 of the Companies Act and as a specific authority to repurchase securities in terms of the JSE Listings Requirements,

requiring the approval of Exiting Shareholders in terms of sections 112 and 114 read with section 115 of the Companies Act at the General Meeting, at which meeting, for quorum purposes, at least three Shareholders must be present, and such Shareholders present, in person or by proxy, must be entitled to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised at the General Meeting; and
- iii. the Delisting, which will not require the approval of PSG Group Shareholders in order to be implemented.

POTENTIAL COURT APPROVAL

Shareholders are advised that, in accordance with section 115(3) of the Companies Act, PSG Group may, in certain circumstances, not proceed to implement the PSG Group Restructuring without the approval of the High Court, despite the fact that the PSG Group Restructuring Resolution set out in the Notice of General Meeting will have been duly adopted at the General Meeting.

In this regard, a copy of section 115 of the Companies Act, which details the circumstances under which court approval may be required for implementation of the PSG Group Restructuring, is set out in **Annexure 2** to this Circular.

NOTICE TO PSG GROUP SHAREHOLDERS

Pursuant to the PSG Group Restructuring, Shareholders recorded in the Register on the respective record dates, will participate in the PSG Group Restructuring. Until such time as a reader of this Circular becomes a Shareholder, this Circular is available to them for information purposes only.

TRP APPROVAL

Shareholders are advised that the PSG Group Unbundling is deemed to constitute a disposal in terms of section 112 of the Companies Act and the PSG Group Scheme constitutes a scheme of arrangement in terms of section 114 of the Companies Act, and as such, each of the PSG Group Unbundling and the PSG Group Scheme constitutes an “*affected transaction*” as defined in section 117(1)(c) of the Companies Act. Consequently, the PSG Group Unbundling and the PSG Group Scheme are regulated by the Companies Act and the Companies Regulations and require the approval of the TRP. The PSG Group Restructuring is accordingly subject to the condition that the TRP issues the compliance certificate required in terms of section 115(1)(b) of the Companies Act.

Shareholders should take note that the TRP does not consider the commercial advantages or disadvantages of an “*affected transaction*” when it approves such a transaction.

FOREIGN SHAREHOLDERS: GENERAL

No action has been taken by PSG Group to obtain any approval, authorisation or exemption to permit the distribution of the Unbundled Shares or undertake the PSG Group Scheme or the possession or distribution of this Circular (or any other publicity material relating to the Unbundled Shares or the Scheme Shares in terms of the PSG Group Unbundling or the PSG Group Scheme) in any jurisdictions other than South Africa.

The PSG Group Unbundling and the PSG Group Scheme are being conducted under the procedural requirements and disclosure standards of South Africa which may be different from those applicable in other jurisdictions. The legal implications of the PSG Group Unbundling and the PSG Group Scheme on persons resident or located in jurisdictions outside of South Africa may be affected by the laws of the relevant jurisdiction. Such persons should consult their professional advisors and inform themselves about any applicable legal requirements, which they are obligated to observe. It is the responsibility of any such persons wishing to participate in the PSG Group Unbundling and the PSG Group Scheme to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith. Neither PSG Group, its advisors nor any Unbundled Company are liable for any consequences to Foreign Shareholders in foreign jurisdictions should the PSG Group Restructuring be dealt with in a different manner in accordance with the laws of a foreign jurisdiction.

Foreign Shareholders should refer to and take into account the disclaimers set out in **Annexure 3** to this Circular in relation to those jurisdictions. PSG Group has been advised that Shareholders in these jurisdictions should be able to, subject to disclaimers, vote at the General Meeting.

Foreign Shareholders should nevertheless consult their own professional advisors and satisfy themselves as to the applicable legal requirements in their jurisdiction.

Notwithstanding the foregoing, any Unbundled Shares to which Foreign Excluded Shareholders are entitled on a proportionate basis and which have been unbundled to them, but are unable, as a result of applicable laws in their jurisdiction, to receive and/or hold such shares, will be held in trust by the Transfer Secretaries on their behalf after they have become the owners thereof subsequent to the PSG Group Unbundling, and aggregated and disposed of on the JSE by the Transfer Secretaries for the benefit of such Foreign Excluded Shareholders.

It is the responsibility of Dematerialised Shareholders to inform their CSDPs if they are Foreign Excluded Shareholders as the Unbundled Shares will still be unbundled proportionately to them. CSDPs will then be responsible for informing the Transfer Secretaries of all Dematerialised Shares held by them on behalf of Foreign Excluded Shareholders. It is the responsibility of Certificated Shareholders to inform the Transfer Secretaries if they are Foreign Excluded Shareholders.

Foreign Excluded Shareholders will, in respect of their shareholdings, receive the average cash value of the relevant Unbundled Shares (net of costs), based on the average price at which such Unbundled Shares owned by such Foreign Excluded Shareholders were sold. The average cash value (net of costs) will be calculated and the consideration due to Foreign Excluded Shareholders will be paid only once all these Unbundled Shares have been disposed of on the basis of the Unbundled Shares being disposed of on behalf of the Foreign Excluded Shareholders.

The PSG Group Scheme relates to the repurchase of PSG Group Shares, being shares of a South African company, being PSG Group. The PSG Group Scheme is subject to disclosure requirements under South African law that are different from those of foreign jurisdictions. Financial statements incorporated by reference in this Circular have been prepared in accordance with IFRS and additional South African accounting pronouncements that may not be comparable to the financial statements of foreign companies.

It may be difficult for you to enforce your rights and any claim you may have arising under foreign securities laws, since PSG Group is based in and resident in South Africa. You may not be able to sue PSG Group or its officers or directors in a foreign or South African court for violations of foreign securities laws. It may be difficult to compel PSG Group or a PSG Group Shareholder to subject itself to a foreign court's judgment.

Shareholders who are not residents of South Africa or whose registered addresses fall outside of South Africa should contact their CSDP or Broker if they are uncertain of the impact of the PSG Group Restructuring on them.

CERTAIN FORWARD-LOOKING STATEMENTS

This Circular contains statements about PSG Group that are, or may be, forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, expected profit or growth margins, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels, and other economic, fiscal and political factors.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. PSG Group cautions that forward-looking statements do not constitute any kind of guarantee of future performance. Actual results, financial and operating conditions, liquidity, capital maintenance and the developments within the relevant sectors in which PSG Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

Each of these forward-looking statements are based on estimates and assumptions, all of which, although PSG Group may believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to PSG Group, or not currently considered material) could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere, is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of PSG Group, or other matters to which such forward-looking statements relate, not to develop as expected may emerge from time to time and it is not possible to predict all of them.

Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. PSG Group has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

No forward-looking statements have been reviewed or reported on by the external auditor of PSG Group.

DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information provided in this Circular is provided as at the Last Practicable Date.

ACTION REQUIRED BY SHAREHOLDERS

This entire Circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the action required by Shareholders. If you are in any doubt as to what action to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all of your Shares in PSG Group, please forward this Circular and the attached Form of Proxy (*grey*) to the purchaser of such Shares or to the CSDP, Broker, banker, attorney, accountant or other agent through whom the disposal was effected.

1. GENERAL MEETING

Shareholders are invited to attend the General Meeting, convened in terms of the Notice of General Meeting, which will only be accessible through electronic participation, as permitted by the JSE Listings Requirements, the provisions of the Companies Act and PSG Group's MOI, at 10:00 on Wednesday, 10 August 2022 or at any other adjourned or postponed time determined in accordance with the provisions of the Companies Act and the JSE Listings Requirements, at which General Meeting Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the resolutions set out in the Notice of General Meeting.

Shareholders are to connect to the General Meeting utilising the details set out in the "*Electronic attendance and participation*" section below.

2. ELECTRONIC ATTENDANCE AND PARTICIPATION

2.1 Connecting to the General Meeting electronically

2.1.1 The General Meeting will be held at 10:00 on Wednesday, 10 August 2022. The Transfer Secretaries will host the General Meeting on an interactive electronic platform, in order to facilitate electronic participation and voting by Shareholders.

2.1.2 In order to attend the General Meeting and participate electronically thereat Shareholders must pre-register with the Transfer Secretaries by either:

2.1.2.1 registering online using the online registration portal at www.meetnow.global/za, by no later than Friday, 5 August 2022, for administrative purposes; or

2.1.2.2 making a written application (on the Electronic Participation Form) to so participate, by completing and delivering the Electronic Participation Form to the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the Shareholder), or sending it by email to proxy@computershare.co.za, so as to be received by the Transfer Secretaries by no later than Friday, 5 August 2022, for administrative purposes, in order for the Transfer Secretaries to arrange such participation for the Shareholder and for the Transfer Secretaries to provide the Shareholder with the details as to how to access the General Meeting by means of electronic participation. Shareholders may still register/apply to participate in and/or vote electronically at the General Meeting after this date, provided, however, that for those Shareholders to participate in and/or vote electronically at the General Meeting those Shareholders must be verified and registered (as required in terms of section 63(1) of the Companies Act) before the commencement of the General Meeting.

2.1.3 Shareholders will thereafter be required to connect to the General Meeting through www.meetnow.global/za and follow the relevant prompts. Shareholders are referred to the "Electronic Participation Meeting Guide" attached to the Notice of General Meeting for further instructions for electronic participation.

2.1.4 The Transfer Secretaries will, by no later than 10:00 on Monday, 8 August 2022, notify eligible Shareholders of the invitation code through which eligible Shareholders can participate electronically in and/or vote at the General Meeting.

- 2.1.5 In person registration of General Meeting participants will not be permitted.
- 2.1.6 Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of PSG Group and/or the Transfer Secretaries. None of PSG Group and/or the Transfer Secretaries can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent any such Shareholder from participating in and/or voting at the General Meeting.

2.2 **Electronic voting at the General Meeting**

- 2.2.1 Shareholders connecting to the General Meeting electronically will be able to participate in the General Meeting and to vote (or abstain from voting) on the resolutions set out in the Notice of General Meeting. Voting will be conducted by poll and Shareholders will be able to cast their vote electronically at the General Meeting.
- 2.2.2 Shareholders are also encouraged to submit any relevant questions to PSG Group's Company Secretary prior to the General Meeting, preferably by no later than 10:00 on Friday, 5 August 2022, at cosec@psggroup.co.za. These questions will be addressed at the General Meeting.

3. **DEMATERIALIZED SHAREHOLDERS WHO ARE NOT OWN-NAME DEMATERIALIZED SHAREHOLDERS**

3.1 **Voting at the General Meeting**

- 3.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.
- 3.1.2 If your Broker or CSDP has not contacted you, it is advisable for you to contact your Broker or CSDP and furnish them with your voting instructions.
- 3.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.
- 3.1.4 **You must not complete the attached Form of Proxy (grey).**

3.2 **Attendance and representation at the General Meeting**

- 3.2.1 In accordance with the custody agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:
 - 3.2.1.1 participate electronically, speak and vote at the General Meeting; or
 - 3.2.1.2 send a proxy to represent you at the General Meeting.
- 3.2.2 If you wish to electronically attend the General Meeting in person, your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to participate electronically, speak and vote at the General Meeting. In order to attend the General Meeting electronically you must pre-register with the Transfer Secretaries by following the procedure set out in paragraph 2 above and submit the letter of representation to the Transfer Secretaries, as follows:
 - 3.2.2.1 participants pre-registering to participate in the General Meeting using the online registration method, by uploading the letter of representation via the online registration portal; or
 - 3.2.2.2 participants pre-registering to participate in the General Meeting by submitting the written application (the form of which is attached to the Notice of General Meeting), by submitting the letter of representation by post or by e-mail, as the case may be.

You must also connect to the General Meeting electronically, as explained in paragraph 2 above.

3.3 **Surrender of Documents of Title**

You must not complete the Form of Surrender (*yellow*). The CSDP or Broker will automatically action the surrender of ownership title in accordance with the corporate action or after having received an election instruction.

3.4 Implementation of the PSG Group Unbundling

- 3.4.1 Under the PSG Group Unbundling, PSG Group Shareholders will receive the Unbundled Shares in Dematerialised form only. Accordingly, on the PSG Group Unbundling Completion Date you will have your accounts held at your CSDP or Broker updated to reflect the Unbundled Shares.
- 3.4.2 Where a PSG Group Shareholder's entitlement to the Unbundled Shares in terms of the PSG Group Unbundling, calculated in accordance with the respective Distribution Ratios, gives rise to a fraction of any Unbundled Shares, such fraction will be rounded down to the nearest whole number, resulting in allocations of whole Unbundled Shares and a cash payment in respect of the fraction to such PSG Group Shareholders being credited to such PSG Group Shareholder's account held at their CSDP or Broker and anticipated to take place on or about Monday, 12 September 2022. The remaining fractions of Unbundled Shares will be bundled subsequent to the PSG Group Unbundling and sold on the market for the benefit of the relevant PSG Group Shareholders to fund the cash payment referred to above.

3.5 Settlement of Scheme Consideration

If you are a Dematerialised Shareholder other than an Own-Name Dematerialised Shareholder who is, or is deemed (pursuant to paragraph 3.7.13 of this Circular) to be, a Scheme Participant that holds Scheme Shares, you will have your account held at your CSDP or Broker credited with the Scheme Consideration due to you and debited with the Scheme Shares that have been repurchased by PSG Group on the Scheme Implementation Date or, if you are a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 3.7.13 of this Circular, on the date set out in paragraph 3.7.13 of this Circular.

4. CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALIZED SHAREHOLDERS

4.1 Voting and attendance at the General Meeting

- 4.1.1 You may electronically attend the General Meeting (as explained in paragraph 2 above) and may vote (or abstain from voting) at the General Meeting. If you wish to attend the meeting electronically in person, you must pre-register with the Transfer Secretaries by following the procedure set out in paragraph 2 above. You must also connect to the General Meeting electronically, as explained in paragraph 2 above.
- 4.1.2 Alternatively, you may appoint a proxy to represent you electronically at the General Meeting by completing the attached Form of Proxy (*grey*) in accordance with the instructions contained therein and lodging it, posting it or sending it via e-mail to the Transfer Secretaries to be received by them, for administrative purposes, by no later than 10:00 on Friday, 5 August 2022, provided that any Form of Proxy (*grey*) not delivered to the Transfer Secretaries by this time may be emailed to the Transfer Secretaries (who will provide same to the chairman of the General Meeting) at any time before the appointed proxy exercises any Shareholder rights at the General Meeting. The details of the Transfer Secretaries are as set out below:

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(Private Bag X9000, Saxonwold, 2132)
Email: proxy@computershare.co.za

4.2 Surrender of Documents of Title (this applies only to Certificated Shareholders)

- 4.2.1 You are required to complete the attached Form of Surrender (*yellow*) in accordance with its instructions and return it, together with the Documents of Title representing all your Certificated Shares, to the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X3000, Saxonwold, 2132), to be received by it by no later than 12:00 on the Scheme Consideration Record Date.

- 4.2.2 Documents of Title held by Certificated Shareholders in respect of their PSG Group Shares will cease to be of any value, and shall not be good for delivery, from the Scheme Implementation Date, other than for surrender in terms of the PSG Group Scheme and/or the Appraisal Rights.
- 4.2.3 If you wish to surrender your Documents of Title in anticipation of the Scheme becoming Operative:
 - 4.2.3.1 you should complete the Form of Surrender (*yellow*) in accordance with its instructions and return it, together with your Documents of Title, to the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X3000, Saxonwold, 2132); and
 - 4.2.3.2 it should be noted that you will not be able to Dematerialise or deal in your PSG Group Shares between the date of surrender of your Documents of Title and the Scheme Implementation Date or, if the Scheme does not become Operative, the date on which your Documents of Title are returned to you pursuant to page 10 of this section of the Circular below.

4.3 Implementation of the PSG Group Unbundling

Dematerialised with Own-Name Dematerialised Shareholders

- 4.3.1 Under the PSG Group Unbundling, PSG Group Shareholders will receive the Unbundled Shares in Dematerialised form only. Accordingly, on the PSG Group Unbundling Completion Date you will have your accounts held at your CSDP or Broker updated to reflect the Unbundled Shares.
- 4.3.2 Where a PSG Group Shareholder's entitlement to the Unbundled Shares in terms of the PSG Group Unbundling, calculated in accordance with the respective Distribution Ratios, gives rise to a fraction of any Unbundled Shares, such fraction will be calculated in accordance with 3.4 and a cash payment in respect of the fraction to such PSG Group Shareholders will be credited to your account held at your CSDP or Broker. The remaining fractions of Unbundled Shares will be bundled subsequent to the PSG Group Unbundling and sold on the market for the benefit of the relevant PSG Group Shareholders to fund the cash payment referred to above, anticipated to take place on Monday, 12 September 2022.

Certificated Shareholders

- 4.3.3 Under the PSG Group Unbundling, PSG Group Shareholders will receive the Unbundled Shares in Dematerialised form only.
- 4.3.4 Accordingly, all Certificated Shareholders wishing to receive their Unbundled Shares must appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the Unbundled Shares on their behalf.
- 4.3.5 Should a Certificated Shareholder not appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the Unbundled Shares on its behalf, such PSG Group Shareholder will be issued with a statement of allocation, reflecting its Unbundled Shares, by the Transfer Secretaries. Such PSG Group Shareholders can thereafter instruct the Transfer Secretaries to transfer their Unbundled Shares, represented by the statement of allocation (non-tradeable), to their appointed CSDP or can instruct the Transfer Secretaries to issue them, at their own risk, with a share certificate(s) at any time following the PSG Group Unbundling.
- 4.3.6 Where a PSG Group Shareholder's entitlement to the Unbundled Shares in terms of the PSG Group Unbundling, calculated in accordance with the respective distribution ratios, gives rise to a fraction of any Unbundled Shares, such fraction will be rounded down to the nearest whole number, resulting in allocations of whole Unbundled Shares and a cash payment in respect of the fraction to such PSG Group Shareholders. The remaining fractions of Unbundled Shares will be bundled and sold on the market for the benefit of the relevant PSG Group Shareholders subsequent to the PSG Group Unbundling to fund the cash payment referred to above, anticipated to take place on Monday, 12 September 2022.

4.3.7 Certificated Shareholders whose bank account details are not held by the Transfer Secretaries, are requested to provide such details to the Transfer Secretaries to enable payment of the cash amount due for the aforementioned fractions of the Unbundled Shares. Should no details be on record, the funds will be held by the Company in trust until such time as the details have been provided and the cash fraction will thereafter be paid to the PSG Group Shareholder upon its request without interest, subject to the applicable laws of prescription.

4.4 Settlement of the Scheme Consideration

4.4.1 Certificated Shareholders

4.4.1.1 If the PSG Group Scheme becomes Operative and you have surrendered your Documents of Title and completed Form of Surrender (*yellow*) to the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X3000, Saxonwold, 2132), at or before 12:00 on the Scheme Consideration Record Date, you will receive the Scheme Consideration in cash by way of electronic funds transfer into your bank account recorded by Computershare or the bank account nominated by you in the Form of Surrender (*yellow*), as the case may be, on the Scheme Implementation Date.

4.4.1.2 If the Scheme becomes Operative and you surrender your Documents of Title and completed Form of Surrender (*yellow*) after 12:00 on the Scheme Consideration Record Date, the Scheme Consideration due to you will be held by Computershare in trust, and will be paid to you in cash by way of electronic funds transfer into your bank account recorded by Computershare or the bank account nominated by you in the Form of Surrender (*yellow*), as the case may be, within 5 Business Days of receipt of your Documents of Title and completed Form of Surrender (*yellow*), provided that should you:

4.4.1.2.1 be a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 3.7.13 of this Circular, you will still need to surrender your Documents of Title, together with a completed Form of Surrender (*yellow*), to Computershare and payment of the Scheme Consideration will only be made to you in cash by way of electronic funds transfer (on the date set out in paragraph 3.7.13 of this Circular) if your banking details are recorded with Computershare or you complete the relevant section on the Form of Surrender (*yellow*); or

4.4.1.2.2 fail to surrender your Documents of Title and completed Form of Surrender (*yellow*) to Computershare, or if your banking details are not recorded with Computershare and you have failed to provide your banking details in the completed Form of Surrender (*yellow*), the Scheme Consideration due to you will be held in trust by PSG Group (or its agent) on your behalf in accordance with the provisions of the MOI of PSG Group, subject to the applicable laws of prescription.

4.4.1.3 For the avoidance of doubt, no interest will accrue for the benefit of the Scheme Participants on the Scheme Consideration.

4.4.1.4 Documents of Title surrendered prior to 12:00 on the Scheme Consideration Record Date in anticipation of the Scheme becoming Operative will be held in trust by Computershare, at the risk of the relevant Certificated Shareholders, pending the PSG Group Scheme becoming Operative.

4.4.1.5 Should the PSG Group Scheme not become Operative, any Documents of Title surrendered and held by Computershare will thereafter be returned to you by Computershare, at your own risk, by registered post within 5 Business Days from the date of receipt of the Documents of Title or the date on which it becomes known that the PSG Group Scheme will not become Operative, whichever is the later.

4.4.2 Own-Name Dematerialised Shareholders

4.4.2.1 If you are an Own-Name Dematerialised Shareholder who is, or is deemed (pursuant to paragraph 3.7.13 of this Circular) to be, a Scheme Participant, you will have your account held at your CSDP or Broker credited with the Scheme Consideration due to you and debited with the PSG Group Shares you are transferring to PSG Group pursuant to the PSG Group Scheme on the Scheme Implementation Date or, if you are a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 3.7.13 of this Circular, on the date contemplated in paragraph 3.7.13 of this Circular.

4.4.2.2 **You must not complete the attached Form of Surrender (yellow).**

If you wish to Dematerialise your PSG Group Shares, please contact your CSDP or Broker. PSG Group Shareholders should note that it will take up to 10 Business Days to Dematerialise their PSG Group Shares through their CSDP or Broker. PSG Group Shareholders that do not have a CSDP or Broker can contact the Transfer Secretaries directly to Dematerialise their PSG Group Shares on 086 110 0634 (or +27 11 370 5000 if telephoning from outside South Africa) on every Business Day between 08:30 and 16:00.

No Dematerialisation or re-materialisation of PSG Group Shares may take place from the Business Day following the last date to trade in order to participate in the PSG Group Unbundling until the PSG Group Unbundling Record Date or between 21 September 2022 and the Scheme Consideration Record Date. You do not need to Dematerialise your PSG Group Shares to receive the Scheme Consideration.

If Documents of Title relating to any PSG Group Shares to be surrendered are lost or destroyed, Certificated Shareholders should nevertheless return the attached Form of Surrender (yellow) duly signed and completed to the Transfer Secretaries by hand to Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, or by post to (Private Bag X3000, Saxonwold, 2132), together with an indemnity form, which is obtainable from the Transfer Secretaries.

PSG Group may dispense with the requirement to surrender Documents of Title upon production of evidence satisfactory to PSG Group that the Documents of Title relating to the PSG Group Shares in question have been lost or destroyed and upon provision of a suitable indemnity on terms satisfactory to PSG Group.

PSG Group Shareholders are advised to consult their professional advisors about their personal tax positions regarding the PSG Group Restructuring.

5. IDENTIFICATION

5.1 In terms of section 63(1) of the Companies Act, all General Meeting participants will be required to provide identification reasonably satisfactory to the Transfer Secretaries as follows:

5.1.1 participants pre-registering to participate in the General Meeting using the online registration method, by uploading the relevant documentation via the online registration portal; or

5.1.2 participants pre-registering to participate in the General Meeting by submitting the written application (the form of which is attached to the Notice of General Meeting), by submitting the relevant documentation by post or by e-mail, as the case may be.

5.2 The Transfer Secretaries must be reasonably satisfied that the right of that person to attend, participate in and vote at the General Meeting as a Shareholder or a proxy or representative of a Shareholder, has been reasonably verified. Acceptable forms of identification include valid and original South African drivers' licences, green barcoded identity documents or barcoded identification smart cards issued by the South African Department of Home Affairs and valid passports.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 14 apply to this “*Salient dates and times*” section.

2022

Record date for Shareholders to be recorded in the Register in order to receive this Circular	Friday, 24 June
Circular incorporating the Notice of General Meeting and Form of Proxy (<i>grey</i>), distributed to Shareholders on	Friday, 8 July
Announcement of distribution of Circular and notice convening the General Meeting published on SENS on	Friday, 8 July
Announcement of distribution of Circular and notice convening the General Meeting published in the South African press on	Monday, 11 July
Last day to trade in PSG Group Shares in order to be recorded in the Register to vote at the General Meeting on	Tuesday, 26 July
Record date for a Shareholder to be registered in the Register in order to be eligible to attend and participate in the General Meeting and to vote thereat, by close of trade on	Friday, 29 July
For administrative purposes, Forms of Proxy (<i>grey</i>) in respect of the General Meeting to be lodged at the Transfer Secretaries by 10:00 on	Friday, 5 August
Forms of Proxy (<i>grey</i>) not lodged timeously with the Transfer Secretaries, for convenience, to be emailed to the Transfer Secretaries (who will provide same to the chairman of the General Meeting) before the proxy exercises the rights of the Shareholder at the General Meeting on	Wednesday, 10 August
Last day for Shareholders to give notice to PSG Group objecting, in terms of section 164(3) of the Companies Act, to the PSG Group Restructuring Resolution to be able to invoke Appraisal Rights by 10:00 on	Wednesday, 10 August
General Meeting held at 10:00 on	Wednesday, 10 August
Results of the General Meeting published on SENS on	Wednesday, 10 August
Results of the General Meeting published in the South African press on	Thursday, 11 August

If the PSG Group Restructuring is approved by Exiting Shareholders at the General Meeting:

Last date on which PSG Group Shareholders who voted against the PSG Group Restructuring Resolution may require PSG Group to seek court approval in terms of section 115(3)(a) of the Companies Act, but only if the PSG Group Restructuring Resolution was opposed by at least 15% of the voting rights exercised thereon	Wednesday, 17 August
Last date on which PSG Group Shareholders who voted against the PSG Group Restructuring Resolution may make application to the court in terms of section 115(3)(b) of the Companies Act for leave to apply for a review of the PSG Group Unbundling and/or the PSG Group Scheme, as the case may be	Wednesday, 24 August
Last date for PSG Group to send objecting PSG Group Shareholders notice of the adoption of the PSG Group Restructuring Resolution, in terms of section 164(4) of the Companies Act	Wednesday, 24 August

Assuming that all the PSG Group Restructuring Conditions are fulfilled or waived (to the extent legally permissible) and that neither court approvals nor the review of the PSG Group Restructuring is required:

PSG Group Unbundling

Finalisation announcement in respect of the PSG Group Unbundling published on SENS on	Thursday, 25 August
Finalisation announcement in respect of the PSG Group Unbundling published in the South African press on	Friday, 26 August
Last day to trade Shares in order to be recorded in the Register to participate in the PSG Group Unbundling on	Tuesday, 6 September
Shares trade <i>ex-right</i> to the Unbundled Shares	Wednesday, 7 September
Announcement in respect of the apportionment of base costs and the cash value of fractional entitlements in relation to the PSG Group Unbundling for taxation purposes by 11:00 on	Thursday, 8 September
PSG Group Unbundling Record Date	Friday, 9 September
Announcement in respect of the closing price after market closes	Friday, 9 September
PSG Group Unbundling Completion Date on which Shareholders will have their accounts at their CSDP or Broker updated to reflect the Unbundled Shares	Monday, 12 September
Payment of cash amount in respect of fractional entitlements (assuming timely receipt of completed Forms of Surrender (<i>yellow</i>)) expected to be on	Monday, 12 September

PSG Group Scheme

Announcement of final Scheme Consideration expected to be released on SENS on	Friday, 16 September
Scheme Last Day to Trade expected to be on	Tuesday, 20 September
Trading in Scheme Shares on the JSE expected to be suspended from commencement of trade on or about	Wednesday, 21 September
Scheme Consideration Record Date to be recorded in the Register in order to receive the Scheme Consideration expected to be on	Friday, 23 September
Scheme Implementation Date expected to be on	Monday, 26 September
Scheme Consideration payment to Dematerialised Shareholders expected to take place on	Monday, 26 September
Scheme Consideration payment to Certificated Shareholders (assuming timely surrender of Documents of Title and duly completed Forms of Surrender) expected to be on	Monday, 26 September
Termination of listing of Scheme Shares on the JSE expected to be at commencement of trade on or about	Tuesday, 27 September

Delisting

Termination of listing of remaining PSG Group Shares on the JSE expected to be at commencement of trade on or about	Tuesday, 27 September
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Notes:

1. The above dates and times are subject to amendment at the discretion of PSG Group, subject to the approval of the TRP and (where required) the JSE. Any such amendment will be published on SENS.
2. Shareholders should note that as transactions in PSG Group Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore, Shareholders who acquire PSG Group Shares after close of trade on Tuesday, 26 July 2022 will not be eligible to attend, participate in and vote at the General Meeting.
3. In terms of the PSG Group Unbundling, Shareholders will receive the Unbundled Shares in Dematerialised form only. Certificated Shareholders wishing to receive their Unbundled Shares in Dematerialised form and Shareholders wishing to materialise their Unbundled Shares following the implementation of the PSG Group Unbundling, are referred to page 10 of this Circular, which details the steps to be taken by them in this regard.
4. Completed Forms of Proxy (*grey*) and the authority (if any) under which they are signed must be (i) lodged with, posted or emailed to the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132), or proxy@computershare.co.za, to be received by them, for administrative purposes, by no later than 10:00 on Friday, 5 August 2022 or (ii) thereafter emailed to Computershare at the aforementioned email address (for the attention of the chairperson of the General Meeting) at any time before the proxy exercises any rights of the Shareholder at such General Meeting.
5. PSG Group Shareholders who wish to exercise their Appraisal Rights are referred to **Annexure 2** to this Circular for purposes of determining the relevant timing for the exercise of their Appraisal Rights.
6. PSG Group Shareholders who wish to exercise their right in terms of section 115(3) of the Companies Act, to require the approval of a court for the Scheme should refer to **Annexure 2** to this Circular which includes an extract of section 115 of the Companies Act. Should PSG Group Shareholders exercise their rights in terms of section 115(3) of the Companies Act, the dates and times set out above may change, in which case an updated timetable will be released on SENS.
7. Share certificates may not be Dematerialised or re-materialised between Wednesday, 7 September 2022 and Friday, 9 September 2022, and between Wednesday, 21 September and Friday, 23 September 2022, both days inclusive.
8. All times indicated above and elsewhere in this Circular are in South African Standard Time.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates otherwise, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the others, words and expressions denoting natural persons include juristic persons and associations of persons and the words and expressions in the first column have the meanings stated opposite them in the second column.

“Appraisal Rights”	the rights afforded to Shareholders in terms of section 164, read with section 115 of the Companies Act, as set out in Annexure 2 ;
“Authorised Dealer”	a person authorised by the Financial Surveillance Department to deal in foreign exchange;
“Board” or “Directors” or “PSG Group Board”	the board of directors of PSG Group from time to time, comprising, as at the Last Practicable Date, those persons whose names appear in the “ <i>Corporate Information</i> ” section of this Circular;
“BSE”	the Botswana Stock Exchange, as established by the Botswana Stock Exchange Act Cap 56:08;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day, other than a Saturday, Sunday or public holiday in South Africa;
“Capitec”	Capitec Bank Holdings Limited (registration number 1999/025903/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE;
“CA&S”	CA Sales Holdings Limited (registration number 2011/143100/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are currently listed on the BSE and the JSE;
“CA&S Shares”	ordinary shares with no par value in the issued share capital of CA&S;
“CA&S Unbundled Shares”	217,002,911 CA&S Shares, comprising approximately 47 percent of the total issued share capital of CA&S representing all of the shares held by PSG Group, that will be distributed by PSG Group to PSG Group Shareholders in terms of the PSG Group Unbundling;
“Certificated Shares” or “Certificated PSG Group Shares”	Shares which are not Dematerialised, title to which is represented by a share certificate or other Document of Title;
“Certificated Shareholders” or “Certificated PSG Group Shareholders”	PSG Group Shareholders who hold Certificated Shares;
“CGT”	capital gains tax as levied in terms of section 26A and the Eighth Schedule of the Income Tax Act;
“Circular”	this circular to Shareholders, including all annexures hereto, dated Friday, 8 July 2022;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Eswatini and Lesotho;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended from time to time;
“Companies Regulations”	the Companies Regulations, 2011, promulgated under the Companies Act, as amended from time to time;
“Competition Act”	the Competition Act, No. 89 of 1998, as amended from time to time;

“Competition Authorities”	the commission established pursuant to Chapter 4, Part A of the Competition Act or the tribunal established pursuant to Chapter 4, Part B of the Competition Act or the appeal court established pursuant to Chapter 4, Part C of the Competition Act or the Constitutional Court, as the case may;
“CSDP”	a central securities depository participant registered in terms of the Financial Markets Act with whom a beneficial holder of shares holds a Dematerialised share;
“CTSE”	the licensed exchange operated by the Cape Town Stock Exchange Proprietary Limited (registration number 2013/031754/07), a private company incorporated under the laws of South Africa and licensed as an exchange under the Financial Markets Act;
“Curro”	Curro Holdings Limited (registration number 1998/025801/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE;
“Curro Shares”	ordinary shares with no par value in the issued share capital of Curro;
“Curro Unbundled Shares”	380,191,455 Curro Shares, comprising approximately 63.6 percent of the total issued share capital of Curro representing all of the shares held by PSG Group, that will be distributed by PSG Group to PSG Group Shareholders in terms of the PSG Group Unbundling;
“Delisting”	the delisting of the PSG Group Shares from the JSE;
“Dematerialisation”	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of security holders maintained by a CSDP, and “ Dematerialised ” and “ Dematerialise ” shall bear corresponding meanings;
“Dematerialised Shares” or “PSG Group Dematerialised Shares”	PSG Group Shares which have been Dematerialised and incorporated into the Strate system and which are no longer evidenced by physical Documents of Title;
“Dematerialised Shareholders” or “PSG Group Dematerialised Shareholders”	PSG Group Shareholders who hold Dematerialised Shares;
“Detailed Cautionary Announcement”	the detailed cautionary announcement published by PSG Group on SENS, dated 1 March 2022;
“Dipeo”	Dipeo Capital (RF) Proprietary Limited (registration number 2014/154814/07), a private company incorporated under the laws of South Africa and in which, as at 28 February 2022, the Dipeo BEE Education Trust and PSG Group (via PSG Financial Services) held 51% and 49% of its ordinary shares, respectively, and 6.4% and 93.6% of its non-voting preference shares, respectively;
“Dipeo BEE Education Trust”	Dipeo BEE Education Trust (registration number IT3320/2011), a trust established under the laws of South Africa;
“Dissenting Shareholder”	a PSG Group Shareholder who validly exercises their Appraisal Rights (if any) by giving written notice to PSG Group objecting in advance to, and voting against, the PSG Group Restructuring Resolution at the General Meeting and by demanding, in terms of section 164(5) to 164(8) of the Companies Act, that PSG Group pays to them the fair value of their PSG Group Shares;

“Distribution Ratios”	<p>the following ratios in respect of the Unbundled Shares:</p> <ul style="list-style-type: none"> (i) the ratio of 3.86921 PSG Konsult Shares for every PSG Group Share held on the PSG Group Unbundling Record Date; (ii) the ratio of 1.81597 Curro Shares for every PSG Group Share held on the PSG Group Unbundling Record Date; (iii) the ratio of 0.12364 Kaap Agri Shares for every PSG Group Share held on the PSG Group Unbundling Record Date; (iv) the ratio of 1.03650 CA&S Shares for every PSG Group Share held on the PSG Group Unbundling Record Date; (v) the ratio of 1.02216 Stadio Shares for every PSG Group Share held on the PSG Group Unbundling Record Date, <p>to be distributed to Shareholders in terms of the PSG Group Unbundling, should the PSG Group Restructuring Conditions be fulfilled (or, where permissible, waived) and the PSG Group Restructuring be implemented;</p>
“Documents of Title”	share certificates, certified transfer deed, balance receipts or any other documents of title to Certificated Shares acceptable to PSG Group;
“DWT”	dividend withholding tax;
“Electronic Participation Form”	the electronic participation form attached to the Notice of General Meeting;
“Exchange Control Regulations”	the South African Exchange Control Regulations, promulgated in terms of the South African Currency and Exchanges Act, 1933 (Act No. 9 of 1933), as amended from time to time;
“Exiting Shareholders”	those PSG Group Shareholders that will dispose of their PSG Group Shares pursuant to the PSG Group Scheme, being all PSG Group Shareholders other than the Remaining Shareholders;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012, as amended from time to time;
“Financial Surveillance Department”	the Financial Surveillance Department of SARB;
“Firm Intention Announcement”	the firm intention announcement published by PSG Group on SENS, dated 25 April 2022;
“Foreign Excluded Shareholders”	any Foreign Shareholders to whom the distribution of the Unbundled Shares would or may infringe the laws of their jurisdiction, or would require PSG Group to comply with any governmental or other consent or any registration, filing or other formality with which PSG Group has not complied with;
“Foreign Shareholders”	PSG Group Shareholders that are registered in a jurisdiction outside of South Africa, or who are resident, domiciled or located in, or who are citizens of a jurisdiction other than South Africa;
“Form of Proxy”	for purposes of the General Meeting, the form of proxy (<i>grey</i>) for use only by Certificated Shareholders and Own-Name Dematerialised Shareholders, enclosed herewith;
“Form of Surrender”	a form of surrender (<i>yellow</i>) in respect of the PSG Group Scheme for use by Certificated PSG Group Shareholders only, enclosed herewith;
“General Meeting”	the general meeting of Shareholders to be held in electronic format only at 10:00 on Wednesday, 10 August 2022, convened in terms of the Notice of General Meeting, together with any reconvened general meeting held as a result of the adjournment or postponement of that general meeting;
“GEPPF”	Government Employees Pension Fund;

“IFRS”	International Financial Reporting Standards as published by the International Accounting Standards Board from time to time;
“Income Tax Act”	the Income Tax Act, No. 58 of 1962, as amended from time to time;
“Independent Board”	those independent non-executive directors of PSG Group who have been appointed as the independent board of the Company in respect of the PSG Group Restructuring, for purpose of the Companies Act and the Companies Regulations, comprising Mr PE Burton, Ms AM Hlobo and Ms B Mathews;
“Independent Expert”	BDO, further particulars of which appear in the “ <i>Corporate Information</i> ” section of the Circular;
“Independent Expert’s Report”	the fair and reasonable opinion of the Independent Expert on the PSG Group Restructuring, prepared in terms of sections 112 and 114 of the Companies Act (read with the provisions of regulation 90 and regulation 110 of the Companies Regulations), attached hereto as Annexure 1 ;
“Independent Reporting Accountant”	Deloitte & Touche (practice number 902276), further particulars of which appear in the “ <i>Corporate Information</i> ” section of the Circular, being the external auditor and independent reporting accountant of PSG Group;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa, and which is licensed as an exchange in terms of the Financial Markets Act;
“JSE Listings Requirements”	the Listings Requirements of the JSE;
“KaaP Agri”	KaaP Agri Limited (registration number 2011/113185/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE;
“KaaP Agri Shares”	ordinary shares with no par value in the issued share capital of KaaP Agri;
“KaaP Agri Unbundled Shares”	25,885,426 KaaP Agri Shares, comprising approximately 34.7 percent of the total issued share capital of KaaP Agri representing all of the shares held by PSG Group on the date of the PSG Group Unbundling, that will be distributed by PSG Group to PSG Group Shareholders in terms of the PSG Group Unbundling;
“Last Practicable Date”	the last practicable date before finalisation of this Circular, which date was Friday, 17 June 2022;
“MOI”	memorandum of incorporation;
“Notice of General Meeting”	the notice of the General Meeting of Shareholders, forming part of this Circular;
“Operative”	in relation to the PSG Group Scheme, means all PSG Group Restructuring Conditions are fulfilled or, where applicable, waived;
“Own-Name Dematerialised Shareholders”	Shareholders who hold Dematerialised Shares and are recorded by the CSDP in the sub-register kept by that CSDP in the name of such Shareholder;
“Person”	includes any individual, body corporate, trust, company, close corporation, governmental authority, corporate entity, unincorporated association or other entity, whether or not recognised under any law as having separate legal existence or personality and wherever incorporated, created or established;

“PSG Alpha”	PSG Alpha Investments Proprietary Limited (registration number 2009/022552/07), a private company incorporated under the laws of South Africa and a 98.3%-held subsidiary of PSG Group, with the remaining shares being held by associates of PSG Alpha management;
“PSG Capital”	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa, particulars of which appear in the “ <i>Corporate Information</i> ” section of this Circular, being the transaction advisor and sponsor to PSG Group;
“PSG Financial Services”	PSG Financial Services Limited (registration number 1919/000478/06), a public company registered and incorporated under the laws of South Africa and a wholly-owned Subsidiary of PSG Group;
“PSG Group” or “the Company”	PSG Group Limited (registration number 1970/008484/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE;
“PSG Group Restructuring”	collectively, the PSG Group Unbundling, the PSG Group Scheme and the Delisting;
“PSG Group Restructuring Conditions”	the conditions precedent to which the PSG Group Restructuring is subject, as set out in paragraph 3.3 of this Circular;
“PSG Group Restructuring Resolution”	the combined special resolution required to be passed in terms of sections 112, 114 and 115(2)(a) of the Companies Act, in relation to the PSG Group Unbundling and PSG Group Scheme, the full terms of which are set out in Special Resolution Number 1 in the Notice of General Meeting;
“PSG Group Scheme”	the repurchase by PSG Group of the ordinary shares held by the Exiting Shareholders comprising, approximately 65.4 percent of the issued ordinary shares in the share capital of PSG Group (net of treasury shares), by way of a scheme of arrangement in terms of section 114 of the Companies Act;
“PSG Group Shareholders” or “Shareholders”	registered holders of Shares;
“PSG Group Unbundling”	the unbundling and distribution <i>in specie</i> by PSG Group of the PSG Konsult Unbundled Shares, Curro Unbundled Shares, Kaap Agri Unbundled Shares, CA&S Unbundled Shares and Stadio Unbundled Shares to PSG Group Shareholders;
“PSG Group Unbundling Completion Date”	the date, which is anticipated to be Monday, 12 September 2022, on which the PSG Group Unbundling will be completed, and the Unbundled Shares will be distributed to the Shareholders, registered as such on the PSG Group Unbundling Record Date;
“PSG Group Unbundling Record Date”	the date on which a Shareholder must be registered in the Register in order to be eligible to participate in the PSG Group Unbundling, which is anticipated as being Friday, 9 September 2022;
“PSG Konsult”	PSG Konsult Limited (registration number 1993/003941/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE and which has secondary listings on the Namibian Stock Exchange and the Stock Exchange of Mauritius;
“PSG Konsult Shares”	ordinary shares with no par value in the issued share capital of PSG Konsult;

“PSG Konsult Unbundled Shares”	810 058 551 PSG Konsult Shares, comprising approximately 61.1 percent of the total issued share capital of PSG Konsult representing all of the shares held by PSG Group, that will be distributed by PSG Group to PSG Group Shareholders in terms of the PSG Group Unbundling;
“Register”	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
“Remaining Shareholders”	the holders of the Remaining Shareholding;
“Remaining Shareholding”	the shareholding in PSG Group of predominantly the executive management of PSG Group and PSG Alpha, the founders of PSG Group and their immediate family members and family trusts or related companies, the further details of which are set out in Annexure 9 ;
“Resolutions”	collectively, all resolutions set out in the Notice of General Meeting, including the PSG Group Restructuring Resolution and “Resolution” means any one of them as the context may require;
“SARB”	the South African Reserve Bank;
“SARS”	the South African Revenue Service;
“Scheme Consideration”	the cash consideration of R23.00 per Scheme Share, subject to a potential adjustment in terms of paragraph 3.14 of this Circular;
“Scheme Consideration Record Date”	the time and date on which a Shareholder must be registered in the Register in order to be eligible to receive the Scheme Consideration, being the first Friday following the Scheme Last Day to Trade which is expected to be at 17:00 on Friday, 23 September 2022 (or such other date and time as the JSE may direct);
“Scheme Implementation Date”	the date on which the PSG Group Scheme is to be implemented, being the Monday immediately following the Scheme Consideration Record Date (or such other date as the JSE may direct);
“Scheme Last Day to Trade”	the last day to trade in PSG Group Shares in order to participate in the PSG Group Scheme, being at the close of trading 3 trading days prior to the Scheme Consideration Record Date, which is expected to be at 17:00 on Tuesday, 20 September 2022 (or such other date and time as the JSE may direct);
“Scheme Participants”	all Exiting Shareholders who are recorded in the Register on the Scheme Consideration Record Date, being those Persons who are entitled to receive the Scheme Consideration;
“Scheme Shares”	the PSG Group Shares held by a Scheme Participant on the Scheme Consideration Record Date, being in aggregate 136,934,514 PSG Group Shares as at the Last Practicable Date;
“SENS”	the Stock Exchange News Service of the JSE;
“Shares” or “PSG Group Shares”	no par value ordinary shares in the Company’s issued share capital;
“South Africa”	the Republic of South Africa;
“Stadio”	Stadio Holdings Limited (registration number 2016/371398/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE;
“Stadio Shares”	ordinary shares with no par value in the issued share capital of Stadio;

“Stadio Unbundled Shares”	214 000 000 Stadio Shares, comprising approximately 25.1 percent of the total issued share capital of Stadio representing all of the shares held directly by PSG Group other than those held by PSG Group subsidiary companies (comprising 173,660,084 Stadio Shares, being 20.4% of the issued share capital of Stadio), that will be distributed by PSG Group to PSG Group Shareholders in terms of the PSG Group Unbundling;
“STT”	the securities transfer tax imposed in terms of the STT Act;
“STT Act”	the Securities Transfer Tax Act, No 25 of 2007, as amended;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, being a licensed central securities depository in terms of section 1 of the Financial Markets Act and the entity that manages the electronic custody, clearing and settlement environment for all share transactions concluded on the JSE and off-market, and in terms of which transactions in securities are settled and transfers of ownership in securities are recorded electronically;
“Subsidiary”	a “subsidiary” as defined in the Companies Act;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa, the particulars of which are set out in the “ <i>Corporate Information</i> ” section of this Circular, being the transfer secretaries of PSG Group;
“TRP”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
“Treasury Shares”	PSG Group Shares beneficially owned by the PSG Group Limited Supplementary Share Incentive Trust and PSG Financial Services, being 3,649 and 13,908,770 PSG Group Shares, respectively;
“Unbundled Companies”	collectively, CA&S, Curro, Kaap Agri, PSG Konsult and Stadio;
“Unbundled Shares”	collectively, the CA&S Unbundled Shares, Curro Unbundled Shares, Kaap Agri Unbundled Shares, PSG Konsult Unbundled Shares and the Stadio Unbundled Shares;
“UK”	the United Kingdom of Great Britain and Northern Ireland;
“US” or “USA”	the United States of America;
“US Securities Act”	the US Securities Act of 1933, as amended from time to time;
“Voting Record Date”	the time and date on which PSG Group Shareholders must be registered in the Register in order to be eligible to electronically attend, speak and vote at the General Meeting, being 17:00 on Friday, 29 July 2022;
“Wholly-Owned Subsidiary”	a “wholly owned subsidiary” as defined in the Companies Act;
“ZAR” or “Rand” or “R”	South African rand, the official currency of South Africa; and
“Zeder”	Zeder Investments Limited (registration number 2006/019240/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE.



PSG GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1970/008484/06)

Share code: PSG ISIN: ZAE000013017

LEI: 378900CD0BEE79F35A34

(“PSG Group” or “the Company”)

Directors:

ZL Combi** (Chairman)

PJ Mouton (Chief Executive Officer)

WL Greeff (Chief Financial Officer)

JA Holtzhausen (Executive Director)

FJ Gouws*

JJ Mouton*

PE Burton** (Lead Independent Director)

AM Hlobo**

B Mathews**

CA Otto**

* Non-executive Directors

** Independent non-executive Directors

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

1.1 Shareholders are referred to the Detailed Cautionary Announcement released by PSG Group on SENS on Tuesday, 1 March 2022, advising PSG Group Shareholders that the PSG Group Board (with the recusal of the directors who are Remaining Shareholders) had, in principle, resolved to investigate the unlocking of value for the benefit of PSG Group Shareholders, through the unbundling of the Unbundled Shares, and implementing the further steps set out therein, as well as the Firm Intention Announcement released by PSG Group on SENS on Monday, 25 April 2022, advising PSG Group Shareholders that, subject to the fulfilment (or where permissible, waiver) of the PSG Group Restructuring Conditions, PSG Group will as one indivisible arrangement:

1.1.1 implement the PSG Group Unbundling by unbundling:

1.1.1.1 the PSG Konsult Unbundled Shares, comprising approximately 61.1 percent of the total issued share capital of PSG Konsult, to PSG Group Shareholders by way of a *pro rata* distribution *in specie*, in the ratio of 3.86921 PSG Konsult Shares for every PSG Group Share held on the PSG Group Unbundling Record Date;

1.1.1.2 the Curro Unbundled Shares, comprising approximately 63.6 percent of the total issued share capital of Curro, to PSG Group Shareholders by way of a *pro rata* distribution *in specie*, in the ratio of 1.81597 Curro Shares for every PSG Group Share held on the PSG Group Unbundling Record Date;

- 1.1.1.3 the Kaap Agri Unbundled Shares, comprising approximately 34.7 percent of the total issued share capital of Kaap Agri, to PSG Group Shareholders by way of a *pro rata* distribution *in specie*, in the ratio of 0.12364 Kaap Agri Shares for every PSG Group Share held on the PSG Group Unbundling Record Date;
- 1.1.1.4 the CA&S Unbundled Shares, comprising approximately 47.0 percent of the total issued share capital of CA&S, to PSG Group Shareholders by way of a *pro rata* distribution *in specie*, in the ratio of 1.03650 CA&S Shares for every PSG Group Share held on the PSG Group Unbundling Record Date; and
- 1.1.1.5 the Stadio Unbundled Shares, being a portion of PSG Group's shareholding in that company, comprising approximately 25.1 percent of the total issued share capital of Stadio, to PSG Group Shareholders by way of a *pro rata* distribution *in specie*, in the ratio of 1.02216 Stadio Shares for every PSG Group Share held on the PSG Group Unbundling Record Date,

in terms of section 46 of the Companies Act and section 46 of the Income Tax Act, and deemed to amount to a disposal of the greater part of PSG Group's assets or undertaking in terms of section 112 of the Companies Act;

- 1.1.2 propose that, inter-conditionally with the PSG Group Unbundling, Exiting Shareholders dispose of their shareholding in PSG Group to PSG Group by way of a scheme of arrangement under section 114 of the Companies Act, in terms of the PSG Group Scheme, for the Scheme Consideration of R23.00 per PSG Group Share, subject to a potential adjustment in terms of paragraph 3.14 of this Circular, following which the Remaining Shareholders of PSG Group will be the only shareholders of PSG Group; and
 - 1.1.3 be delisted from the JSE following implementation of the PSG Group Unbundling and the PSG Group Scheme.
- 1.2 As all the Unbundled Shares will remain listed on the JSE, the PSG Group Unbundling will not require the approval of PSG Group Shareholders in terms of paragraph 5.85 of the JSE Listings Requirements. However, the PSG Group Unbundling is deemed to constitute the disposal of the greater part of the assets or undertaking of PSG Group in terms of section 112 of the Companies Act and therefore requires the approval of the TRP and the approval of PSG Group Shareholders by way of a special resolution, in terms of the provisions of section 115 of the Companies Act. As the PSG Group Unbundling is deemed to constitute a disposal in terms of section 112 of the Companies Act, it constitutes an "*affected transaction*" as defined in section 117(1)(c)(i) of the Companies Act.
- 1.3 The PSG Group Scheme will involve the repurchase of PSG Group Shares from the Scheme Participants by way of a scheme of arrangement requiring Shareholder approval in terms of sections 114 and 115 of the Companies Act and the Companies Regulations. As the PSG Group Scheme constitutes a scheme of arrangement in terms of section 114, it also constitutes an "*affected transaction*" as defined in section 117(1)(c)(iii) of the Companies Act. The PSG Group Scheme also constitutes a specific repurchase of securities in terms of the JSE Listings Requirements. Accordingly, PSG Group is required to comply with paragraph 5.69 of the JSE Listings Requirements. The JSE has provided an exemption to PSG Group for compliance with paragraph 5.69(b) of the JSE Listings Requirements, which requires approval by shareholders (save for shareholders and their associates who are participating in the repurchase). The JSE has provided the exemption as the voting requirements for a scheme of arrangement under the Companies Act differs from the voting requirement for a specific repurchase under the JSE Listings Requirements and including both would create an anomalous situation. Accordingly, the JSE has agreed to accept the PSG Group Restructuring Resolution, which is being proposed in terms of the Companies Act.
- 1.4 Both the PSG Group Unbundling and the PSG Group Scheme are regulated by the Companies Act and the Companies Regulations, and require the approval of the TRP.
- 1.5 Inasmuch as the Delisting will follow the successful implementation of the PSG Group Scheme, and as contemplated in paragraph 1.17(b) of the JSE Listings Requirements, the Delisting will not require approval of the PSG Group Shareholders in order to be implemented.
- 1.6 The Independent Expert has prepared the Independent Expert's Report in respect of the PSG Group Restructuring, which is annexed to the Circular as **Annexure 1**.

- 1.7 The purpose of this Circular is to:
- 1.7.1 provide PSG Group Shareholders with the relevant information relating to the PSG Group Restructuring to enable PSG Group Shareholders to make an informed decision in respect of the Resolutions set out in the Notice of General Meeting; and
 - 1.7.2 convene the General Meeting to consider and, if deemed fit, approve the PSG Group Restructuring Resolution authorising the PSG Group Unbundling and the PSG Group Scheme as one indivisible transaction.

2. RATIONALE FOR THE PSG GROUP RESTRUCTURING

- 2.1 PSG Group is an investment holding company consisting of underlying investments that operate across a diverse range of industries, which include financial services (PSG Konsult), education (Curro and Stadio), food and related businesses (Zeder and Kaap Agri), route-to-market services for fast-moving consumer goods in southern Africa (CA&S), as well as early-stage unlisted investments in select sectors.
- 2.2 As a JSE-listed investment holding company, the main objective of PSG Group remains to create wealth for PSG Group Shareholders on a per share basis. However, the share price of PSG Group has unfortunately been trading at a significant discount of approximately 30% to 40% to the value of its underlying investments (or the so-called *sum-of-the-parts value*) in recent years, despite significant value-unlock initiatives undertaken, such as PSG Group's unbundling of nearly its entire shareholding in Capitec during the financial year ended 28 February 2021, in terms of which approximately R21bn was unlocked for PSG Group Shareholders, based on Capitec's closing share price on the Last Practicable Date. The PSG Group Restructuring is accordingly a further initiative to unlock the aforementioned discount; however, should the PSG Group Restructuring not proceed, Shareholders must resign themselves thereto that PSG Group Shares will likely continue to trade at a significant discount to its *sum-of-the-parts value*.
- 2.3 Given the significant discount at which PSG Group has been trading to its *sum-of-the-parts value* in recent times, and having evaluated other measures, the PSG Group Board (with the recusal of the directors who are Remaining Shareholders) has investigated and decided as a final resort to pursue a value-unlock initiative by way of the PSG Group Restructuring. Details of the (*sum-at-the-parts value*) can be found under the investor relations/reports section of the PSG Group website (<https://psggroup.co.za/investor-relations/reports/>) under an annexure to the financial statements, published from time to time.
- 2.4 The PSG Group Restructuring will entail the unbundling by PSG Group of its JSE-listed investments in PSG Konsult, Curro, Kaap Agri, CA&S and 25.1% of the total issued shares in Stadio to PSG Group Shareholders and thereafter the repurchase for cash of all the PSG Group Shares held by Exiting Shareholders by way of a scheme of arrangement in terms of section 114 of the Companies Act. The Remaining Shareholders will then hold 100 percent of PSG Group, with its remaining assets comprising mainly its investments in Zeder and PSG Alpha (the latter which holds predominantly early-stage investments and a remaining shareholding in Stadio). PSG Group will retain 20.4% of Stadio and 48.6% of Zeder following the PSG Group Restructuring. The Remaining Shareholders, comprising management, the founders and their immediate families, decided to remain invested in PSG Group considering its undertaking to the management of the early-stage investments in particular to support their businesses strategically and with capital, if needed.
- 2.5 The relevant steps to give effect to the PSG Group Restructuring as described in this Circular are indivisible. Ultimately, it will result in the delisting of PSG Group from the JSE, allowing the Remaining Shareholders to focus on the remaining investments, most notably the early-stage investments that require further capital, management oversight and strategic input, further details of which are set out in paragraph 4.2 below. The PSG Group Restructuring will accordingly ease the Company's administrative and regulatory compliance obligations, whilst at the same time unlocking significant value for Shareholders.
- 2.6 The PSG Group investments forming part of the PSG Group Unbundling are mainly established businesses with strong balance sheets and no immediate requirement for additional capital and which no longer require an anchor shareholder. Furthermore, they have exceptional management teams and experienced boards of directors. This allows the PSG Group Board to propose the PSG Group Restructuring.

- 2.7 The reason why the entire indirect shareholding of PSG Group in Stadio will not be unbundled, is that PSG Group is of the view that it can still add value and support the business operations of Stadio, even though Stadio has grown substantially and consolidated its businesses over the last few years. This will be to the benefit of Stadio and will therefore also benefit Exiting Shareholders. In order to achieve this goal, PSG Group needs to retain a significant enough shareholding in Stadio following the PSG Group Restructuring, being in aggregate approximately 20.4%.
- 2.8 Should the PSG Group Restructuring proceed and subject to the cash requirements of PSG Group's ongoing operations, PSG Group may be required to draw on facilities to settle the Scheme Consideration and all implementation costs pertaining to the PSG Group Restructuring, considering that PSG Group's existing cash resources will largely be depleted by the repurchase in terms of the PSG Group Scheme.
- 2.9 The Board (including the Independent Board, but with the recusal of the directors who are Remaining Shareholders) believes that the PSG Group Restructuring is in the best interest of Exiting Shareholders and should unlock significant value as the total anticipated value of R115.59 per share pursuant to the PSG Group Restructuring (based on the 28 February 2022 share prices as reflected in paragraph 3.2.1 below, being the business day immediately prior to the publication of PSG Group's Detailed Cautionary Announcement regarding the proposed PSG Group Restructuring on 1 March 2022) represented a 41.3% premium to the ruling PSG Group share price at that date. Such anticipated value would also significantly exceed the value that Exiting Shareholders would otherwise receive should PSG Group have disposed of all its investments at the 28 February 2022 market values, net of all taxes payable. The Board has considered the terms of the PSG Group Restructuring and confirms that the provisions of Section 4 and 48 of the Companies Act have been complied with and:
- 2.9.1 the Company and the group will be able in the ordinary course of business to pay their debts for a period of 12 months after the date of the approval of this Circular;
- 2.9.2 the assets of Company and the group will be in excess of the liabilities of the Company and its group of companies for a period of 12 months after the date of the approval of this Circular. For this purpose, the assets and liabilities have been recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Companies Act;
- 2.9.3 the share capital and reserves of the Company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of this Circular; and
- 2.9.4 the working capital of Company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of this Circular; and
- 2.10 The Board confirms that it has passed a resolution authorising the repurchase in terms of the PSG Group Scheme, the Company and the group have passed the solvency and liquidity tests contemplated in section 4 of the Companies Act, and since the tests were performed, there have been no material changes to the financial position of Company nor the group.

3. TERMS AND MECHANICS OF THE PSG GROUP RESTRUCTURING

3.1 Overview of the implementation of the PSG Group Restructuring

- 3.1.1 PSG Group will, subject to the fulfilment (or, where permissible, waiver) of the PSG Group Restructuring Conditions, unbundle the Unbundled Shares to PSG Group Shareholders, by way of a *pro rata* distribution *in specie* in terms of section 46 of the Companies Act and section 46 of the Income Tax Act.
- 3.1.2 The PSG Group Unbundling will be implemented in the Distribution Ratios, based on the number of PSG Group Shares held by PSG Group Shareholders on the PSG Group Unbundling Record Date.
- 3.1.3 Inter-conditionally with the PSG Group Unbundling, the PSG Group Scheme will be implemented.
- 3.1.4 Thereafter, following the implementation of both the PSG Group Unbundling and the PSG Group Scheme, PSG Group will be delisted from the JSE.

3.1.5 **Annexure 10** of this Circular includes diagrams of PSG Group and its group of companies before and after the implementation of the PSG Group Restructuring.

3.2 Anticipated Value Unlock

3.2.1 The table below illustrates the anticipated value of R115.59 per Share to be unlocked for Existing Shareholders by way of the PSG Group Restructuring, calculated as at Monday, 28 February 2022 being the date immediately prior to publication of the Detailed Cautionary Announcement on Tuesday, 1 March 2022, with such anticipated value representing a 41.3% premium compared to PSG Group's closing share price as at Monday, 28 February 2022. The total anticipated value at R115.59 per Share is calculated using the respective Distribution Ratios per Share multiplied by the closing share prices of the Unbundled Shares as at the close of business on Monday, 28 February 2022, totalling R92.59 per Share, plus the Scheme Consideration of R23 per Share. The anticipated value of R101.29 and PSG Group Share price of R87.38 have also been presented as at the Last Practicable Date:

	Distribution Ratio for every Share held	Closing share price as at 28 February 2022 R	Indicative value per Share as at 28 February 2022 R	Closing share price as at Last Practicable Date R	Indicative value per Share as at Last Practicable Date R
PSG Konsult*	3.86921	13.74	53.16	12.46	48.21
Curro*	1.81597	13.45	24.42	9.10	16.53
Kaap Agri*	0.12364	51.20	6.33	42.00	5.19
CA&S**	1.03650	4.79	4.96	4.74	4.91
Stadio*	1.02216	3.64	3.72	3.38	3.45
Value of Unbundled Shares received pursuant to the PSG Group Unbundling			92.59		78.29
Cash consideration received pursuant to the PSG Group Scheme			23.00		23.00
Total anticipated value			115.59		101.29
PSG Group closing share price			81.83		87.38
Premium to PSG Group closing share price			41.3%		

* Listed on the JSE.

** Currently listed on both the BSE and the JSE. The closing share prices presented in the table above are the closing share prices on the BSE on 28 February 2022 and the Last Practicable Date, respectively, converted from Botswana pula into South African rand at the ruling exchange rate on those dates, being 1 Botswana pula = 1.31128 South African rand and 1 Botswana pula = 1.29734 South African rand, respectively.

3.3 PSG Group Restructuring Conditions

3.3.1 The PSG Group Restructuring is to take place on a composite and indivisible basis and all of the conditions pertaining to each step need to be fulfilled (or where applicable, waived), otherwise the PSG Group Restructuring will not go ahead. This relates specifically to the PSG Group Unbundling, the PSG Group Scheme and the Delisting.

- 3.3.2 The PSG Group Restructuring will be subject to the fulfilment (or where applicable, waiver) of the following PSG Group Restructuring Conditions:
- 3.3.2.1 by no later than Monday, 15 August 2022, the requisite majority of PSG Group Shareholders passing the PSG Group Restructuring Resolution in terms of the Companies Act and Companies Regulations;
 - 3.3.2.2 by no later than Wednesday, 31 August 2022, to the extent that the provisions of section 115(2)(c) read together with section 115(3) of the Companies Act become applicable:
 - 3.3.2.2.1 the special resolution to approve the PSG Group Restructuring, being approved by the court unconditionally or, if subject to conditions, PSG Group confirms in writing that the conditions are acceptable to it;
 - 3.3.2.2.2 the special resolution to approve the PSG Group Restructuring not being set aside by the court; or
 - 3.3.2.2.3 PSG Group not treating the aforesaid special resolution to approve the PSG Group Restructuring as a nullity in terms of section 115(5)(b) of the Companies Act;
 - 3.3.2.3 within the period prescribed by section 164(7) of the Companies Act, no valid demands (relating to Appraisal Rights) have been received by PSG Group from any PSG Group Shareholder in terms of that section read together with section 115(8) of the Companies Act, in relation to the PSG Group Unbundling and the PSG Group Scheme, or, if such a demand has been duly delivered, PSG Group has waived this condition on or before Friday, 23 September 2022;
 - 3.3.2.4 by no later than the first Business Day following fulfilment (or, where applicable, waiver) of the last outstanding PSG Group Restructuring Condition (other than the condition contained in this paragraph 3.3.2.4), the TRP issues a compliance certificate in accordance with section 119(4)(b) of the Companies Act in respect of the PSG Group Unbundling and the PSG Group Scheme;
 - 3.3.2.5 by no later than Wednesday, 31 August 2022, to the extent required, the approvals, consents and/or rulings necessary to implement the PSG Group Restructuring be obtained from the JSE and the Competition Authorities, either unconditionally or on terms acceptable to PSG Group;
 - 3.3.2.6 by no later than the date of the General Meeting, a binding public ruling is obtained from SARS dealing with the PSG Group Unbundling on terms and conditions acceptable to PSG Group;
 - 3.3.2.7 to the extent applicable, by no later than Wednesday, 31 August 2022, the Remaining Shareholders in writing waive the requirement for a mandatory offer in terms of section 123(4) of the Companies Act, pursuant to the PSG Group Scheme, and the TRP grants the required exemption in respect of this requirement;
 - 3.3.2.8 by the date 10 (ten) Business Days following the General Meeting, *disqualified person* PSG Group Shareholders do not hold more than an additional 10% (in other words, not more than 22.9% in aggregate) of PSG Group Shares in issue (with PSG Group's *disqualified person* shareholding (as defined in **Annexure 4**) referred to in paragraph 3.14 as at 28 February 2022 and at the Last Practicable Date being approximately 12.9%, comprising the GEPPF); and
 - 3.3.2.9 by no later than Wednesday, 31 August 2022, the PSG Group internal restructure steps have become unconditional and are implemented in accordance with their terms.
- 3.3.3 The PSG Group Restructuring Conditions in:
- 3.3.3.1 paragraphs 3.3.2.3, 3.3.2.6 and 3.3.2.8 have been inserted for the benefit of PSG Group, which will be entitled, in its sole discretion, to waive fulfilment of such conditions precedent, in whole or in part; while

3.3.3.2 the remainder of the PSG Group Restructuring Conditions cannot be waived.

3.3.4 PSG Group may, at any time, extend the date for fulfilment of the PSG Group Restructuring Conditions.

3.4 Fractional Entitlements in respect of the PSG Group Unbundling

3.4.1 Where a PSG Group Shareholder's entitlement to the Unbundled Shares in terms of the PSG Group Unbundling, calculated in accordance with the respective Distribution Ratios, gives rise to a fraction of any Unbundled Shares, such fraction will be rounded down to the nearest whole number, resulting in allocations of whole Unbundled Shares and a cash payment in respect of the fraction to such PSG Group Shareholders. The remaining fractions of Unbundled Shares will not be transferred to Shareholders, but rather be bundled together and sold on the market at the risk and for the benefit of the relevant PSG Group Shareholders subsequent to the PSG Group Unbundling to fund the cash payment referred to above. The Company will temporarily fund any deficit in the available cash payment amount referred to above.

3.4.2 Shareholders will be paid the cash proceeds (less tax and costs) associated with the realization of the fractional entitlements on the following basis. In accordance with the JSE Listings Requirements, the weighted average traded price for the Unbundled Shares on the last day to trade in PSG Group Shares in order to be recorded in the Register to participate in the PSG Group Unbundling (expected to be Tuesday, 6 September 2022), plus one Business Day, less 10%, will be used to calculate the cash value for the respective fractions of the Unbundled Shares to be paid to the applicable PSG Group Shareholders.

3.4.3 Certificated Shareholders whose bank account details are not held by the Transfer Secretaries, are requested to provide such details to the Transfer Secretaries to enable payment of the cash amount due for the aforementioned fractions of the Unbundled Shares. Should no details be on record, the funds will be held by the Company in trust in terms of the provisions of the MOI of PSG Group until such time as the details have been provided and the cash fraction will thereafter be paid to the PSG Group Shareholder upon its request without interest, subject to the applicable laws of prescription. PSG Group will pay the cash proceeds to Shareholders that hold their PSG Group Shares in uncertificated form to the relevant nominee or CSDP account concerned. The amount that will be paid to Shareholders will be announced on SENS on Thursday, 8 September 2022.

3.5 The implementation of the internal restructuring

3.5.1 PSG Group is undertaking a series of internal restructuring steps to reorganise its shareholding in certain investees in preparation for and to facilitate implementation of the PSG Group Unbundling. As a result, all Unbundled Shares previously held via investees, will be held by PSG Group itself, so as to enable the Company to distribute these shares to Shareholders in terms of the PSG Group Unbundling. The internal restructuring in aggregate amounts to 1% of the market capitalisation of PSG Group and, accordingly, falls below the categorisation thresholds of Section 9 of the JSE Listings Requirements and does not involve any related parties in terms of Section 10.1 of the JSE Listings Requirements, meaning that no Shareholder approval will be required for the internal restructuring.

3.5.2 The internal restructuring has been accounted for in the *pro forma* financial information in **Annexure 7**, with further details appearing in the notes thereto, including in particular notes 6, 7 and 8 of the *pro forma* consolidated statement of financial position as at 28 February 2022.

3.6 The implementation of the PSG Group Unbundling

3.6.1 Under the PSG Group Unbundling, PSG Group Shareholders will receive the Unbundled Shares in Dematerialised form only.

3.6.2 Accordingly, all Certificated Shareholders wishing to receive their Unbundled Shares must appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the Unbundled Shares on their behalf.

- 3.6.3 Should a Certificated Shareholder not appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the Unbundled Shares on its behalf, such PSG Group Shareholder will be issued with a statement of allocation, reflecting its Unbundled Shares, by the Transfer Secretaries. Such PSG Group Shareholders can thereafter instruct the Transfer Secretaries to transfer their Unbundled Shares, represented by the statement of allocation, to their appointed CSDP or can instruct the Transfer Secretaries to issue them, at their own risk, with a share certificate(s) at any time following the PSG Group Unbundling.
- 3.6.4 If a PSG Group Shareholder is in any doubt as to what action to take in respect of the PSG Group Unbundling, such PSG Group Shareholder should consult its Broker, CSDP, banker, attorney or other professional advisor.
- 3.6.5 The PSG Group Unbundling is subject to the PSG Group Restructuring Conditions set out above.

3.7 Implementation of the PSG Group Scheme

- 3.7.1 The PSG Group Scheme will be proposed by the PSG Group Board between PSG Group and the Exiting Shareholders.
- 3.7.2 The Exiting Shareholders shall receive the cash Scheme Consideration of R23.00 per PSG Group Share repurchased from the relevant PSG Group Shareholder by PSG Group, subject to a potential adjustment in terms of paragraph 3.14 below.
- 3.7.3 The PSG Group Scheme is subject to the PSG Group Restructuring Conditions set out above. In addition, given that the PSG Group Scheme involves the repurchase of PSG Group Shares, the PSG Group Board is required to comply with the requirements of section 48 of the Companies Act, including, *inter alia*, considering and applying the solvency and liquidity tests as contemplated in section 4, as read with section 48 of the Companies Act.
- 3.7.4 If the PSG Group Scheme becomes Operative:
 - 3.7.4.1 the Scheme Participants (whether they voted in favour of the PSG Group Restructuring or not, or abstained or refrained from voting) shall be deemed to have disposed of and transferred their Scheme Shares (including all rights, interests and benefits attaching thereto), free of encumbrances, to PSG Group on and with effect from the Scheme Implementation Date;
 - 3.7.4.2 PSG Group shall repurchase and/or be deemed to have repurchased, free of encumbrances, all of the Scheme Shares on and with effect from the Scheme Implementation Date;
 - 3.7.4.3 the disposal and transfer by each Scheme Participant of the Scheme Shares held by such Scheme Participant to PSG Group and the repurchase of these Scheme Shares by PSG Group pursuant to the provisions of the PSG Group Scheme, shall be affected on the Scheme Implementation Date;
 - 3.7.4.4 each Scheme Participant shall be deemed to have disposed of and transferred to PSG Group, on the Scheme Implementation Date, all of the Scheme Shares held by such Scheme Participant, without any further act or instrument being required; and
 - 3.7.4.5 Scheme Participants shall be entitled to receive the Scheme Consideration, subject to the provisions of this Circular.
- 3.7.5 Each Scheme Participant irrevocably and unconditionally authorises and empowers PSG Group in *rem suam* (that is, irrevocably for PSG Group's advantage), as principal, with power of substitution, to cause the Scheme Shares held by such Scheme Participant to be disposed of and transferred to PSG Group on or at any time after the Scheme Implementation Date, and to do all such things and take all such steps (including the signing of any transfer form) as PSG Group in its discretion considers necessary in order to effect that transfer.

- 3.7.6 PSG Group will, on or before the Scheme Implementation Date, transfer or cause to be transferred to the Transfer Secretary, as agent for and on behalf of PSG Group, a cash amount in ZAR equal to the total Scheme Consideration to which Scheme Participants are entitled. As agent for and behalf of PSG Group, Computershare will, once it has received same, discharge the Scheme Consideration due to Scheme Participants in terms of the PSG Group Scheme. Scheme Participants will be entitled to receive the Scheme Consideration from Computershare only.
- 3.7.7 The Scheme Consideration shall be settled, in full, in accordance with the terms of the PSG Group Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which PSG Group may otherwise be, or claim to be, entitled against any Scheme Participant.
- 3.7.8 The effect of the PSG Group Scheme, *inter alia*, will be that PSG Group will, with effect from the Scheme Implementation Date, repurchase all the Scheme Shares (including all rights, interests and benefits attaching thereto) free of encumbrances or other limitations such that free and clear transfer of ownership takes place, after which the Scheme Shares will be delisted from the JSE.
- 3.7.9 PSG Group agrees that, upon the PSG Group Scheme becoming Operative, PSG Group will give effect to the terms and conditions of the PSG Group Scheme and will take all actions and sign all necessary documents to give effect to and implement the PSG Group Scheme.
- 3.7.10 PSG Group Shareholders are referred to the section entitled "*Action required by Shareholders*", commencing on page 5 of the Circular, for further information regarding the steps to be taken by PSG Group Shareholders in relation to the settlement of the Scheme Consideration.
- 3.7.11 Each Scheme Participant is deemed, on and with effect from the Scheme Implementation Date, to have warranted and undertaken in favour of PSG Group that (i) the relevant Scheme Shares are not subject to a pledge or otherwise encumbered, or (ii) if subject to any such pledge or encumbrance, such Scheme Shares shall be released from such pledge or other encumbrance immediately on payment and discharge of the Scheme Consideration. In this regard such Scheme Participants irrevocably authorise and appoint PSG Group, in *rem suam* (that is, irrevocably for PSG Group's advantage), with full power of substitution, to act as agent in the name, place and stead of such Scheme Participants in doing all things and signing all documents in ensuring that the relevant Scheme Shares are released from any pledge or encumbrance, including the removal of any endorsements to that effect present in the Register.
- 3.7.12 Settlement of the Scheme Consideration to which a Scheme Participant is entitled, should the PSG Group Scheme become Operative, will be implemented in full in accordance with the terms of the PSG Group Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which PSG Group may otherwise be, or claim to be, entitled against such Scheme Participant.

Dissenting Shareholders

- 3.7.13 Any Dissenting Shareholder that withdraws its demand made in terms of sections 164(5) to 164(8) of the Companies Act, either voluntarily or pursuant to an order of court, or that allows an offer in terms of section 164(11) of the Companies Act to lapse without exercising its rights in terms of section 164(14) of the Companies Act, shall, if that Dissenting Shareholder withdrew its demand or allowed the offer to lapse:
- 3.7.13.1 on or prior to the Scheme Consideration Record Date, be deemed to be a Scheme Participant, be deemed to have disposed of and transferred all their PSG Group Shares and be subject to the provisions of the PSG Group Scheme; and

3.7.13.2 after the Scheme Consideration Record Date, be deemed to have been a Scheme Participant, be deemed to have disposed of and transferred all their PSG Group Shares and be subject to the provisions of the PSG Group Scheme, provided that settlement of the Scheme Consideration due to such Dissenting Shareholder, and the transfer of such Dissenting Shareholder's PSG Group Shares to PSG Group under the PSG Group Scheme, shall take place on the latest of (i) the Scheme Implementation Date, (ii) the date which is 5 Business Days after that Dissenting Shareholder so withdrew its demand or allowed the offer to lapse, as the case may be, and (iii) if that PSG Group Shareholder is a Certificated Shareholder, the date which is 5 Business Days after that Dissenting Shareholder shall have surrendered its Documents of Title and submitted a completed Form of Surrender (*yellow*) to the Transfer Secretaries, provided that its banking details are recorded with the Transfer Secretaries and if not, it has provided its banking details in the completed Form of Surrender (*yellow*).

3.7.14 The wording of section 164 of the Companies Act (which sets out the Appraisal Rights) is included in **Annexure 2** to this Circular.

3.8 Cash Confirmation

In accordance with regulation 111(4) and regulation 111(5) of the Companies Regulations, PSG Group has provided an irrevocable bank guarantee, issued by ABSA Bank Limited to the TRP, which confirms that PSG Group will have sufficient cash resources in terms of regulation 111 of the Companies Regulations to satisfy payment of the maximum possible consideration in respect of the PSG Group Scheme.

3.9 Concert Parties

3.9.1 The Remaining Shareholders may be deemed to be concert parties with PSG Group for purposes of the PSG Group Restructuring, as each of the Remaining Shareholders has in principle agreed to remain PSG Group Shareholders following the implementation of the PSG Group Restructuring.

3.9.2 The Remaining Shareholders hold, in aggregate, approximately 34.6% of the total number of issued PSG Group Shares (net of treasury shares).

3.9.3 The Remaining Shareholders will be excluded from voting on the PSG Group Restructuring Resolution. The PSG Group Restructuring Resolution has been accepted by the JSE, on the basis set out in paragraph 1.3 above.

3.10 Delisting of the PSG Group Shares

Should the PSG Group Unbundling and the PSG Group Scheme be implemented, the listing of the PSG Group Shares on the Main Board of the JSE will subsequently be terminated.

3.11 Shareholders' Appraisal Rights

Shareholders are advised that if there are any objections to the PSG Group Unbundling and the PSG Group Scheme as stipulated in paragraph 3.3.2.3, the PSG Group Restructuring may fail. Shareholders are referred to section 164 of the Companies Act, as set out in **Annexure 2** of this Circular.

3.12 Governing law and jurisdiction

3.12.1 The PSG Group Restructuring will be governed by, and construed in accordance with, the laws of South Africa.

3.12.2 Each Shareholder shall be deemed to have irrevocably submitted to the exclusive jurisdiction of the courts of South Africa in relation to matters arising out of or in connection with the PSG Group Restructuring.

3.13 Tax considerations in relation to the PSG Group Restructuring and Foreign Shareholders

3.13.1 PSG Group Shareholders are advised to consult their own tax advisors regarding the tax consequences of the PSG Group Restructuring.

3.13.2 A summary of the South African tax consequences of the PSG Group Unbundling and the PSG Group Scheme is contained in **Annexure 4**. Foreign Shareholders should establish separately what the tax consequences of the PSG Group Restructuring are in their respective tax jurisdictions.

3.14 Potential adjustment to Scheme Consideration

3.14.1 The Scheme Consideration of R23.00 per Scheme Share may be reduced as per the table below. In terms of the relevant tax legislation dealing with unbundling transactions as set out in section 46 of the Income Tax Act, and particularly insofar it pertains to unbundling distributions made to *disqualified person* shareholders, an unbundling company such as PSG Group has no certainty regarding its potential tax exposure in respect of CGT payable as a result of distributions to such *disqualified person* shareholders, unless there is a mechanism in place to regulate same and to provide certainty regarding the cash requirements to implement a proposed transaction such as the PSG Group Restructuring. The reason is that an unbundling company is liable to pay CGT and potentially also DWT in respect of assets distributed to *disqualified person* shareholders. Following below is the mechanism to be utilised to regulate such exposure.

3.14.2 As at 28 February 2022 and the Last Practicable Date, the GEPF, being a *disqualified person* Shareholder, held approximately 12.9% in the issued share capital of PSG Group (net of treasury shares), with the CGT payable (whilst no DWT is payable) pursuant thereto having been taken into consideration to determine the Scheme Consideration of R23.00 per Scheme Share. The more CGT payable, the less cash will be available for the Scheme Consideration. The calculation of the CGT liability of PSG Group is thus based on a *disqualified person* shareholder percentage of 12.9% of the value of the Unbundled Shares. PSG Group's anticipated tax liability in respect of the PSG Group Unbundling, and accordingly the indivisible Scheme Consideration, has been based on the aforesaid.

3.14.3 The final tax liability will only be determinable on the record date of the PSG Group Unbundling, once certainty regarding the extent of the *disqualified person* shareholding in PSG Group at such time and the related tax liability is obtained. If there is no change, for example, in the *disqualified person* shareholding in PSG Group, the Scheme Consideration will remain unchanged at R23.00 per Scheme Share. However, PSG Group has no control over, *inter alia*, the extent of such *disqualified person* shareholding. Accordingly, should PSG Group's tax liability increase due to changes as per the above, the Scheme Consideration will be adjusted as set out below for illustrative purposes:

Increase in GEPF *disqualified person* shareholding

Shareholding	Adjusted Scheme Consideration¹⁾
	R
13.9%	22.89
14.9%	22.78
15.9%	22.65
16.9%	22.51
17.9%	22.37
18.9%	22.24
19.9%	22.10
20.9%	21.97
21.9%	21.83
22.9%	21.70

Further disqualified person Shareholders

Shareholding	Adjusted Scheme Consideration ^{1) 2)} R
5%	21.68
6%	21.41
7%	21.13
8%	20.86
9%	20.58
10%	20.31

¹⁾ The GEPF and further disqualified person shareholder scenarios detailed in the tables above were run independently from one another and any combination of such increases in disqualified person shareholdings would be even more detrimental.

²⁾ Including the effect of DWT payable which assumes that the further disqualified person Shareholder(s) (i.e. other than the GEPF) is a foreign shareholder that qualifies for a reduced DWT rate of say 15% (applicable to the US).

3.14.4 Please note that, in the unlikely event of an adjustment to the PSG Group Scheme Consideration occurring, such reduction will not result in the cash consideration reducing to below R20.31 per Share and that this value is therefore the minimum amount that Exiting Shareholders will receive in terms of the PSG Group Scheme, upon it becoming unconditional and being implemented. PSG Group Shareholders will be updated on the state of affairs prior to the General Meeting via SENS.

4. BUSINESS, STRATEGY AND PROSPECTS OF PSG GROUP AFTER THE PSG GROUP RESTRUCTURING

4.1 Following the PSG Group Restructuring, PSG Group will continue to operate, albeit as an unlisted investment holding company, focusing on its remaining assets comprising mainly its investments in Zeder and PSG Alpha (the latter which holds predominantly early-stage investments and a remaining shareholding in Stadio), as well as making further investments as and when opportune.

4.2 PSG Group's remaining unlisted investments will include the following:

4.2.1 PSG Corporate Services Proprietary Limited ("PSG Corporate Services") and PSG Capital

PSG Capital provides a complete range of corporate finance and advisory services, and is a JSE-registered sponsor, designated advisor as well as a registered debt sponsor. PSG Corporate Services provides investment management and corporate support services to PSG Group.

4.2.2 PSG Alpha

PSG Alpha focuses on early-stage investments, and post the PSG Group Unbundling its unlisted portfolio will comprise, *inter alia*:

4.2.2.1 Optimi Holdings Proprietary Limited ("Optimi")

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

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

More information about Optimi is available at <https://optimi.co.za/>.

4.2.2.2 **MyMostAwesome Proprietary Limited (t/a Carter) (“Carter”)**

Carter is a digital platform for the purchase of new vehicles and their business model enables customers to: (i) view and request quotes for a vehicle; (ii) apply for finance; and (iii) finally take delivery of the new vehicle. More information about Carter is available at <https://www.heyccarter.co.za/>.

4.2.2.3 **Energy Partners Holdings Proprietary Limited (“Energy Partners”)**

Energy Partners is a turnkey developer, owner and operator of energy-producing assets (which include solar, steam and refrigeration) with integrated construction and maintenance capabilities. More information about Energy Partners is available at <https://energypartners.co.za/>.

4.2.2.4 **Evergreen Retirement Holdings Proprietary Limited (“Evergreen”)**

Evergreen develops, owns, and operates retirement lifestyle villages on a life-right model. More information about Evergreen is available at <https://www.evergreenlifestyle.co.za/>.

4.2.2.5 **Provest Group Proprietary Limited (“Provest”)**

Provest provides diversified mining services.

More information about Provest is available at <https://www.provestgroup.co.za/>.

5. FINANCIAL INFORMATION

5.1 Consolidated historical financial information of PSG Group

5.1.1 The consolidated historical financial information of PSG Group for the financial years ended 29 February 2020, 28 February 2021 and 28 February 2022 are annexed hereto as **Annexure 6**.

5.1.2 Copies of the aforementioned consolidated historical financial information of PSG Group will also be available for inspection by Shareholders during normal business hours at the registered office of PSG Group and at the offices of PSG Capital from Friday, 8 July 2022 until the date of the General Meeting (both days inclusive).

5.2 Pro forma financial information of PSG Group

5.2.1 The *pro forma* financial information of PSG Group is set out in **Annexure 7**. The *pro forma* consolidated statement of financial position and the *pro forma* consolidated income statement of PSG Group have been prepared for illustrative purposes only to show the *pro forma* financial effects of the PSG Group Restructuring, as required in terms of the Companies Regulations. Due to the nature of the *pro forma* financial information, the *pro forma* consolidated statement of financial position and the *pro forma* consolidated income statement may not fairly present PSG Group's financial position or results of operations after the PSG Group Restructuring has been implemented.

5.2.2 The *pro forma* financial information is presented in a manner that is consistent with the ruling accounting policies of PSG Group, IFRS and the basis on which the audited consolidated financial information for the year ended 28 February 2022 has been prepared. The *pro forma* financial information has been prepared in accordance with the Companies Regulations and the JSE Listings Requirements and in compliance with the SAICA Guide on *pro forma* Financial Information. The *pro forma* consolidated statement of financial position and the *pro forma* consolidated income statement as set out in **Annexure 7** should be read in conjunction with the report of the Independent Reporting Accountants which is included as **Annexure 8** to this Circular.

5.2.3 The Board of PSG Group is responsible for the preparation of the *pro forma* financial information.

5.2.4 It has been assumed for purposes of the *pro forma* financial information that the PSG Group Restructuring took place with effect from 1 March 2021 for purposes of the *pro forma* consolidated income statement and on 28 February 2022 for purposes of the *pro forma* consolidated statement of financial position.

6. EXCHANGE CONTROL REGULATIONS

- 6.1 PSG Group has applied for and received the requisite exchange control approval from the Financial Surveillance Department for the PSG Group Restructuring.
- 6.2 Shareholders who are not resident in, or whose registered addresses are outside the Common Monetary Area, will need to comply with the Exchange Control Regulations as summarised in **Annexure 5** to this Circular.
- 6.3 If Shareholders are in any doubt as to what action to take, they should consult their professional advisors.

7. FURTHER INFORMATION RELATING TO PSG GROUP

7.1 Share capital

- 7.1.1 As at the Last Practicable Date, the authorised and issued Share capital of PSG Group was as follows:

	Number of Shares	Rm
Authorised		
Ordinary Shares with no par value	400 000 000	
Issued		
Stated capital – ordinary Shares with no par value	223 268 463	6 651
Treasury Shares held by the PSG Group Limited Supplementary Share Incentive Trust	3 649	
Treasury Shares held by PSG Financial Services	13 908 770	

- 7.1.2 Following the PSG Group Restructuring, the authorised and issued Share capital of PSG Group will be as follows:

	Number of Shares	Rm
Authorised		
Ordinary Shares with no par value	400 000 000	
Issued		
Stated capital – ordinary Shares with no par value	72 425 179*	3 390
Treasury Shares held by the PSG Group Limited Supplementary Share Incentive Trust	3 649	

* Please refer to paragraph 8.1.2 below for further details of previously awarded, but unvested, share options. It is anticipated that the share options will be cash settled by no later than Friday, 23 September 2022 and therefore no additional shares will be issued.

7.2 Major Shareholders and interests

As far as the Directors are aware, as at the Last Practicable Date, the following persons are the direct or indirect beneficial owners of 5% or more of the total PSG Group Shares in issue:

Shareholder	Number of Shares	Percentage of total issued Share capital
JF Mouton Familietrust and its subsidiaries (including effective interest held through a joint venture)	42 304 198	18.9%
GEPP	26 972 362	12.1%
Total	69 276 560	31.0%

8. INFORMATION RELATING TO DIRECTORS

8.1 Directors' interests in the issued Shares of PSG Group

8.1.1 The table below sets out the direct and indirect interests of the Directors (and their associates) in PSG Group's issued Shares, as at the Last Practicable Date:

Director	Direct beneficial	Indirect beneficial	Indirect non-beneficial	Total	Percentage of issued Shares
ZL Combi ¹⁾	354 000			354 000	0.2%
PJ Mouton ^{2) 3)}	90 825	5 417 547	531 075	6 039 447	2.7%
WL Greeff	8 124	1 069 887		1 078 011	0.5%
JA Holtzhausen ²⁾	633 453	500 000	3 804	1 137 257	0.5%
FJ Gouws				–	–
JJ Mouton ^{2) 3)}	200 000	1 587 667	508 200	2 295 867	1.0%
PE Burton		300 000		300 000	0.1%
AM Hlobo		1 500		1 500	–
B Mathews				–	–
CA Otto	200			200	–
Total	1 286 602	8 876 601	1 043 079	11 206 282	5.0%

Notes:

- 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 18.9% of PSG Group's issued share capital.
- ⁴⁾ No Directors have resigned in the last 18 months.

8.1.2 The table below sets out Share options previously awarded to the executive Directors in terms of the share incentive scheme operated through the PSG Group Limited Supplementary Share Incentive Trust, and which remain unexercised as at the Last Practicable Date:

Director	Share options previously awarded and unexercised
PJ Mouton	781 711
WL Greeff	516 392
JA Holtzhausen	515 780
Total	1 813 883

In terms of clause 28 of the trust deed of the PSG Group Limited Supplementary Share Incentive Trust, all previously awarded, but unvested, share options will become exercisable immediately prior to implementation of the PSG Group Scheme, (i.e. following the PSG Group Unbundling), which is expected to be on Friday, 23 September 2022.

- 8.1.3 There have been no dealings in respect of beneficial interests in or, holdings of, PSG Group Shares by Directors or Remaining Shareholders over the six-month period commencing prior to the Firm Intention Announcement and continuing until the Last Practicable Date, other than as set out in the table below:

Director or Remaining Shareholder	Date	Nature of transaction	Number of Shares/options	Price per share (R)
Ladbroke Opportunities (Pty) Ltd	13 December 2021	Purchase	9 000	84.36
Ladbroke Opportunities (Pty) Ltd	14 December 2021	Purchase	20 000	85.39
Ladbroke Opportunities (Pty) Ltd	26 January 2022	Purchase	10 000	84.66
Ladbroke Opportunities (Pty) Ltd	23 March 2022	Purchase	20 000	94.66
Ladbroke Opportunities (Pty) Ltd	30 March 2022	Purchase	10 000	95.02
Jannie Mouton Stigting	24 May 2022	Disposal	40 000	90.95
Jannie Mouton Stigting	25 May 2022	Disposal	40 000	91.01
Jannie Mouton Stigting	26 May 2022	Disposal	40 000	90.03
Jannie Mouton Stigting	27 May 2022	Disposal	40 000	90.51
Jannie Mouton Stigting	30 May 2022	Disposal	40 000	92.80
Jannie Mouton Stigting	31 May 2022	Disposal	40 000	92.99
Jannie Mouton Stigting	1 June 2022	Disposal	40 000	91.33
Jannie Mouton Stigting	2 June 2022	Disposal	40 000	90.91

- 8.1.4 It is the intention of the Directors holding a beneficial interest in PSG Group Shares who are not Remaining Shareholders to vote in favour of the PSG Group Restructuring Resolution to be proposed at the General Meeting.

8.2 Service contracts

- 8.2.1 The executive Directors have concluded service contracts with terms and conditions that are market-related and appropriate for their positions in PSG Group.
- 8.2.2 No service contracts have been concluded between PSG Group and the non-executive Directors.
- 8.2.3 No service contracts contemplated in regulation 106(7)(f) of the Companies Regulations have been entered into or amended within six months before the date of this Circular.

8.3 Remuneration of the Board

- 8.3.1 Following the PSG Group Restructuring, the PSG Group Board will be reconstituted in light of the Company's continued operation as an unlisted investment holding company.

- 8.3.2 Shareholders will be requested to approve, at the General Meeting, the payment of a market-related fee to the i) members of the Independent Board for the services rendered in respect of the PSG Group Restructuring and ii) the non-executive Directors for their services rendered as members of the PSG Group Board and its various subcommittees up to the date of implementation of the PSG Group Restructuring. The respective fees to be approved are as follows:

INDEPENDENT BOARD MEMBER	PROPOSED ONCE-OFF FEE (excluding value added tax, if applicable)
PE Burton	R200 000
AM Hlobo	R140 000
B Mathews	R140 000
PROPOSED FEES FOR THE YEAR ENDING 28 FEBRUARY 2023 (excluding value added tax, if applicable) (payable on a pro rata basis for the period of services rendered during the year ending 28 February 2023)	
NON-EXECUTIVE DIRECTOR	
PSG Group Board	
Chairman	R716 560
Member	R293 510
PSG Group Audit and Risk Committee	
Chairman	R205 460
Member	R176 110
PSG Group Remuneration Committee	
Chairman	R88 050
Member	R58 700
PSG Group Social and Ethics Committee	
Chairman	R35 220
Member	R23 480

9. GENERAL MEETING

- 9.1 The General Meeting of Shareholders will be held electronically at 10:00 on Wednesday, 10 August 2022, to consider and, if deemed fit, to pass, with or without modification, the requisite resolutions required to give effect to the PSG Group Restructuring, as contained in the Notice of General Meeting.
- 9.2 Details of the action required by Shareholders are set out in the “*Action required by Shareholders*” section of this Circular.

10. THE VIEWS OF THE INDEPENDENT BOARD IN RELATION TO THE PSG GROUP RESTRUCTURING

- 10.1 In accordance with the Companies Regulations, the Board has appointed the Independent Board comprised of independent non-executive Directors of PSG Group. The Independent Board has appointed the Independent Expert to prepare a report on the PSG Group Unbundling and the PSG Group Scheme.
- 10.2 The Independent Expert has determined that the PSG Group Restructuring is fair and reasonable to Shareholders of PSG Group, for the reasons and on the basis set out in the Independent Expert’s Report. The JSE has agreed to accept the Independent Expert’s Report which has been prepared in accordance with the Companies Regulations, given that the PSG Group Restructuring is an indivisible, inter-conditional transaction.
- 10.3 The Independent Board, after due consideration of the Independent Expert’s Report, has determined that it will place reliance on the valuations performed by the Independent Expert for purposes of reaching its own opinion regarding the PSG Group Unbundling and the PSG Group Scheme, as contemplated in regulation 110(3)(b) of the Companies Regulations. The Independent Board has formed a view of the fair value range of the Unbundled Shares and the Scheme Shares, which accords with the range contained in the Independent Expert’s Report, in considering its opinion and recommendation.

- 10.4 The Independent Board is not aware of any factors which are difficult to quantify or are unquantifiable (as contemplated in regulation 110(6) of the Companies Regulation) and has not taken any such factors into account, in forming its opinion.
- 10.5 The Independent Board, taking into account the Independent Expert's Report in relation to the PSG Group Restructuring, has considered the terms and conditions of the PSG Group Restructuring, and the members of the Independent Board are unanimously of the opinion that the terms and conditions thereof are fair and reasonable to Exiting Shareholders and, accordingly, recommend that Exiting Shareholders vote in favour of the resolution to be proposed at the General Meeting relating to the approval of the PSG Group Restructuring.
- 10.6 As at the Last Practicable Date, the Independent Board has not received any offers, as defined in section 117(1)(f) of the Companies Act.
- 10.7 The members of the Independent Board, in their personal capacities, who hold PSG Group Shares, intend to vote any such PSG Group Shares beneficially owned by them in favour of the resolutions to be proposed at the General Meeting.

11. **RESPONSIBILITY STATEMENT OF THE INDEPENDENT BOARD AND THE BOARD IN TERMS OF THE COMPANIES REGULATIONS AND THE JSE LISTINGS REQUIREMENTS**

- 11.1 The Independent Board individually and collectively accepts full responsibility for the accuracy of the information contained in this Circular. In addition, the Independent Board certifies that to the best of its knowledge and belief, the information contained in this Circular solely pertaining to the Company is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein or which would make any statement false or misleading, and that all reasonable enquiries to ascertain such information have been made and the Circular contains all information required by law and the JSE Listings Requirements.
- 11.2 The PSG Group Board (excluding the members of the Independent Board) individually and collectively accepts full responsibility for the accuracy of the information contained in this Circular. In addition, the Board (excluding the members of the Independent Board) certifies that to the best of its knowledge and belief, the information contained in this Circular solely pertaining to the Company is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein or which would make any statement false or misleading, and that all reasonable enquiries to ascertain such information have been made and the Circular contains all information required by law and the JSE Listings Requirements.

12. **MATERIAL RISKS**

A list of risk factors has been included in **Annexure 11**.

13. **MATERIAL CHANGES**

The Directors are not aware of any material changes in the financial or trading position of PSG Group or its Subsidiaries subsequent to the latest published annual financial statements for the year ended 28 February 2022, other than the changes noted in this Circular.

14. **EXPENSES**

- 14.1 There have been no preliminary expenses relating to the PSG Group Restructuring incurred by PSG Group in the three years immediately preceding the date of this Circular, save as set out below:

Item	Provider	R
Legal and tax advisory fees	Cliffe Dekker Hofmeyr Inc	590 050
Tax advisory fees	Grayston Elliot (Pty) Ltd	93 190
Printing, publication, distribution and advertising expenses	Ince	80 915
Total		781 405

14.2 The estimated expenses of PSG Group in relation to the PSG Group Restructuring, including the fees payable to professional advisors, exclusive of value-added tax, are as follows:

Item	Provider	R
Transaction Advisor fee	PSG Capital	15 000 000
Independent Joint Sponsor fee	Tamela	115 000
Legal fees (South African counsel)	Cliffe Dekker Hofmeyr Inc	2 900 000
Legal fees (Foreign counsel)	Goodwin Procter LLP	400 000
Independent Expert fee	BDO	800 000
Printing, publication, distribution and advertising expenses	Ince	320 000
JSE documentation and ruling fees	JSE	55 000
Independent Auditor for PSG Group and Independent Reporting Accountant	Deloitte & Touche	180 000
Competition submission fees	Competition Commission	550 000
TRP Fees	TRP	570 000
Bank Guarantee	ABSA Bank Limited	2 290 000
Transfer Secretaries	Computershare	100 000
Strate	Strate	25 000
Contingency	Other	200 000
Total		23 505 000

14.3 It should be noted that the aforementioned fees would largely be payable irrespective of wherever the PSG Group Restructuring is implemented.

14.4 The PSG Group Remuneration Committee resolved that, in the event that the PSG Group Restructuring is implemented, the three executive PSG Group Directors be retrenched as the relevant positions and their continued executive involvement would no longer be required given the restructured business operations of PSG Group. The PSG Remuneration Committee accordingly resolved that an aggregate of R90 million be paid to the executive directors in respect of retrenchment packages, with this also having been approved by the PSG Group Board (with the recusal of the three Directors in circumstances where they accepted this arrangement).

15. ADVISORS' CONSENTS

Each of the advisors, whose name appears in the "*Corporate Information*" section of this Circular, has consented in writing to act in the capacities stated and to the inclusion of its name and, where applicable, to the inclusion of its reports in this Circular in the form and context in which they appear and has not withdrawn its consent prior to the publication of this Circular.

16. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at the registered office of PSG Group and at the offices of PSG Capital from Friday, 8 July 2022, until the date of the General Meeting (both days inclusive):

16.1 the MOI of PSG Group;

16.2 the published audited consolidated annual financial statements of PSG Group for the preceding three financial years ended 29 February 2020, 28 February 2021 and 28 February 2022;

16.3 the Independent Expert's Report, as reproduced in **Annexure 1**;

16.4 the written consents from each of the advisors referred to in paragraph 15;

16.5 the approval letter issued by the TRP in respect of the Circular;

16.6 the independent reporting accountant's report on the *pro forma* financial information as reproduced at **Annexure 8**; and

16.7 a copy of this Circular and all annexures hereto.

SIGNED ON WEDNESDAY, 6 JULY 2022 BY PE BURTON ON BEHALF OF THE INDEPENDENT BOARD OF PSG GROUP, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY THE MEMBERS OF THE INDEPENDENT BOARD



PE BURTON

Chairman of the Independent Board

SIGNED ON WEDNESDAY, 6 JULY 2022 BY ZL COMBI ON BEHALF OF THE PSG GROUP BOARD, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY THE MEMBERS OF THE BOARD



ZL COMBI

INDEPENDENT EXPERT'S REPORT



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The Independent Board
PSG Group Limited
1st Floor, Ou Kollege,
35 Kerk Street
Stellenbosch, 7600

30 June 2022

Dear Sirs/Mesdames

INDEPENDENT EXPERT REPORT IN RESPECT OF THE PROPOSED PSG GROUP RESTRUCTURING IN TERMS OF WHICH, AS ONE INDIVISIBLE ARRANGEMENT, PSG GROUP WILL IMPLEMENT THE PSG GROUP UNBUNDLING AND THE PSG GROUP SCHEME FOLLOWED BY THE SUBSEQUENT DELISTING OF PSG GROUP

Introduction

In terms of the cautionary announcement published by PSG Group Limited ("PSG Group" or "Company") on the Securities Exchange News Service of the JSE Limited ("JSE") ("SENS") on Tuesday, 1 March 2022 ("Cautionary") and firm intention announcement published by PSG Group on SENS on Monday, 25 April 2022 ("FIA"), the Company advised holders of no par value ordinary shares in the Company's issued share capital ("PSG Group Share") ("PSG Group Shareholders") that the board of directors of PSG Group has resolved to, *inter alia*, as one indivisible arrangement:

- implement the unbundling to PSG Group Shareholders, *pro rata* to their shareholding in PSG Group, by way of a distribution *in specie*, of:
 - 810 058 551 ordinary shares with no par value in the issued share capital of PSG Konsult Limited ("PSG Konsult") ("PSG Konsult Shares"), comprising approximately 61.1 percent of the total issued share capital of PSG Konsult, in the ratio of 3.86921 PSG Konsult Shares for every PSG Group Share held ("PSG Konsult Unbundled Shares");
 - 380 191 455 ordinary shares with no par value in the issued share capital of Curro Holdings Limited ("Curro") ("Curro Shares"), comprising approximately 63.6 percent of the total issued share capital of Curro, in the ratio of 1.81597 Curro Shares for every PSG Group Share held ("Curro Unbundled Shares");
 - 25 885 426 ordinary shares with no par value in the issued share capital of Kaap Agri Limited ("Kaap Agri") ("Kaap Agri Shares"), comprising approximately 34.7 percent of the total issued share capital of Kaap Agri, in the ratio of 0.12364 Kaap Agri Shares for every PSG Group Share held ("Kaap Agri Unbundled Shares");
 - 217 002 911 ordinary shares with no par value in the issued share capital of CA Sales Holdings Limited ("CA&S") ("CA&S Shares"), comprising approximately 47 percent of the total issued share capital of CA&S, in the ratio of 1.03650 CA&S Shares for every PSG Group Share held ("CA&S Unbundled Shares"); and
 - 214 000 000 ordinary shares with no par value in the issued share capital of Stadio Holdings Limited ("Stadio") ("Stadio Shares"), comprising approximately 25.1 percent of the total issued share capital of Stadio, in the ratio of 1.02216 Stadio Shares for every PSG Group Share held ("Stadio Unbundled Shares"),

(collectively, the PSG Konsult Unbundled Shares, the Curro Unbundled Shares, the Kaap Agri Unbundled Shares, the CA&S Unbundled Shares and the Stadio Unbundled Shares are the "Unbundled Shares"), (the "PSG Group Unbundling"),

in terms of section 46 of the Companies Act, No. 71 of 2008, as amended (“Companies Act”) and section 46 of the Income Tax Act, No. 58 of 1962, as amended (“Income Tax Act”) and amounting to a disposal of the greater part of PSG Group’s assets or undertaking in terms of section 112 of the Companies Act;

- implement a number of internal restructuring steps to facilitate the PSG Group Unbundling (“Internal Restructuring”);
- propose that, inter-conditionally with the PSG Group Unbundling, all PSG Group Shareholders other than the executive management of PSG Group and PSG Alpha, the founders of PSG Group and their immediate family members (“Remaining Shareholders”) (“Exiting Shareholders”), holding approximately 65.4 percent of PSG Group Shares in issue, dispose of their PSG Group Shares by way of a scheme of arrangement in terms of section 114 of the Companies Act, in terms of which PSG Group will repurchase all shares held by Exiting Shareholders (“Scheme Participants”) (“Scheme Shares”) for a cash consideration of R23.00 per Scheme Share, subject to a potential adjustment as detailed further below (“Scheme Consideration”), following which the Remaining Shareholders of PSG Group will be the only shareholders of PSG Group (“PSG Group Scheme”); and
- affect the delisting of PSG Group Shares from the JSE following the successful implementation of the PSG Group Unbundling, the PSG Group Scheme and the internal restructuring step of PSG Group (the “PSG Group Delisting”)

(the Internal Restructuring, the PSG Group Unbundling, the PSG Group Scheme and the Delisting are together the “PSG Group Restructuring”).

The PSG Group Unbundling will qualify as an unbundling transaction for purposes of section 46 of the Income Tax Act and will result in rollover relief being provided to PSG Group and PSG Group Shareholders.

PSG Group will incur capital gains tax in respect of the PSG Group Unbundling to *disqualified person* PSG Group Shareholders, as defined in the Income Tax Act and dividend withholding tax in the case of *disqualified person* non-South African resident PSG Group Shareholders, if any. The potential adjustment to the PSG Group Scheme Consideration (“Adjusted PSG Group Scheme Consideration”) to account for *disqualified person* PSG Group Shareholders and *disqualified person* non-South African resident PSG Group Shareholders is detailed further in paragraph 3.14 of the PSG Group Circular (defined below).

The authorised and issued share capital of PSG Group as at 17 June 2022, being the last practicable date prior to the finalisation of the circular to PSG Group Shareholders in respect of the PSG Group Restructuring (the “PSG Group Circular”) (“Last Practicable Date”) is set out below, which represents PSG Group’s securities affected by the PSG Group Restructuring:

PSG Group Ordinary Shares

Authorised share capital

400 000 000 PSG Group Shares

Issued share capital

223 778 107 PSG Group Shares

Less: 14 418 414 shares held by PSG Financial Services Limited (“PSG Financial Services”) as treasury shares

Less: 3 649 shares held by the PSG Group Limited Supplementary Share Incentive Trust as treasury shares

The material interests of the directors of PSG Group are set out in paragraph 8.1 of the PSG Group Circular and the effect of the PSG Group Restructuring on those interests and persons are set out in this section of the PSG Group Circular, of which we agree with. The financial effects of the PSG Group Restructuring are set out in paragraph 5.2.1 and **Annexure 7** of the PSG Group Circular. Extracts of sections 115 and 164 of the Companies Act are set out in **Annexure 2** of the PSG Group Circular and are incorporated herein by reference for purposes of section 114(3)(g) of the Companies Act.

Independent expert report required in terms of the Companies Act

The PSG Group Unbundling constitutes the disposal of a greater part of the assets or undertaking of the Company in terms of section 112 of the Companies Act and is an “affected transaction” as defined in section 117(1)(c)(i) of the Companies Act, which is subject to the provisions of the Companies Act and Companies Regulations, 2011 (the “Companies Regulations”) and will be regulated by the Takeover Regulation Panel (“TRP”).

The PSG Group Scheme will be implemented via a scheme of arrangement in terms of section 114 of the Companies Act and is an “affected transaction” as defined in section 117(1)(c)(iii) of the Companies Act, which will be implemented in accordance with the Companies Act and the Companies Regulations and will be regulated by the TRP.

As PSG Group Unbundling and PSG Group Scheme are inter-conditional and consequently the PSG Group Restructuring has been treated as a single indivisible transaction for the purposes of this report.

In terms of regulation 90(1)(a) and regulation 110 of the Companies Regulations (as read with section 112, 114 and section 115 of the Companies Act), the independent board of directors constituted for the purpose of the PSG Group Restructuring (“Independent Board”) is required to obtain appropriate independent expert advice as to how the PSG Group Restructuring affects Exiting Shareholders and whether the PSG Group Restructuring is fair and reasonable insofar as PSG Group Shareholders are concerned (the “Fair and Reasonable Opinion” or “Independent Expert Report”).

BDO Corporate Finance Proprietary Limited (“BDO Corporate Finance”) has been appointed as the independent expert by the Independent Board to assess the terms and conditions of the PSG Group Restructuring as required in terms of regulations 90 and 110 of the Companies Regulations. The Independent Expert Report is provided to the Independent Board for the sole purpose of assisting the Independent Board in forming and expressing an opinion on the PSG Group Restructuring for the benefit of Exiting Shareholders.

Responsibility

Compliance with the Companies Act and the Companies Regulations is the responsibility of the Independent Board. Our responsibility is to report to the Independent Board on whether the PSG Group Restructuring is fair and reasonable to Exiting Shareholders.

Definition of the terms “fair” and “reasonable” applicable in the context of the PSG Group Restructuring

The “fairness” of a transaction is primarily based on quantitative issues. A transaction will generally be considered to be fair to a company’s shareholders if the benefits received, as a result of the transaction, are equal to or greater than the value given up.

An offer may generally be considered to be fair to shareholders if the offer consideration is equal to or greater than the fair value of an offer share, or unfair if the offer consideration is less than the fair value of an offer share. Furthermore, in terms of regulation 110(8) of the Companies Regulations, an offer with a consideration per offeree regulated company security within the fair-value range is generally considered to be fair.

The assessment of reasonableness of an offer is generally based on qualitative considerations surrounding the offer. Hence, even though the consideration to be paid in respect of an offer may be lower than the market price, the offer may be considered reasonable after considering other significant qualitative factors. In terms of regulation 110(9) of the Companies Regulations, an offer is generally said to be reasonable if the offer consideration is greater than the trading price of an offer share as at the time of announcement of the offer consideration, or at some other more appropriate identifiable time.

The PSG Group Restructuring will be considered fair and reasonable to an Exiting Shareholder if:

- the fair value attributable to an Exiting Shareholder following the implementation of the PSG Group Restructuring, i.e. the aggregate fair value of the Unbundled Shares and Scheme Consideration (together the “PSG Group Restructuring Consideration”), is equal to or exceeds the fair value attributable to an Exiting Shareholder before implementation of the PSG Group Restructuring, i.e. the fair value of a PSG Group Share; and
- the fair value of the PSG Group Restructuring Consideration exceeds the trading price per PSG Group Share at the time of announcement of the PSG Group Restructuring,

respectively.

Details and sources of information

In arriving at our opinions, we have relied upon the following principal sources of information:

- the terms and conditions of the PSG Group Restructuring, as set out in the PSG Group Circular;
- PSG Group group structure including details of shares held and attributable shareholding in each investment;
- financial information of PSG Group comprising:
 - annual integrated reports and audited annual financial statements for the years ended February 2019, 2020, 2021 and 2022;
 - base cost of each underlying investment;
- financial information of listed investments, i.e. PSG Konsult, Kaap Agri, and Zeder comprising:
 - annual integrated reports and audited annual financial statements for the years ended February 2019, 2020, 2021 and 2022;
- financial information of Curro comprising:
 - annual integrated reports and audited annual financial statements for the years ended December 2019, 2020 and 2021;
- financial information of PSG Alpha Investment (Pty) Ltd (“PSG Alpha”) comprising:
 - base cost of each underlying investment including listed and unlisted investments;
 - financial information of CA&S and Stadio comprising:
 - annual integrated reports and audited annual financial statements for the years ended December 2019, 2020, and 2021;
 - financial information of unlisted investments, namely; MyMostAwesome Proprietary Limited trading as Carter (“Carter”), Energy Partners Holdings Proprietary Limited (“Energy Partners”), Evergreen Retirement Holdings Group (“Evergreen”), Optimi Holdings Proprietary Limited (“Optimi”), Provest Group Proprietary Limited (“Provest”), Stellenbosch Nanofibre Company Proprietary Limited (“SNC”) and Spirit Capital Proprietary Limited (“Spirit Capital”) comprising:
 - Audited annual financial statements for Energy Partners and Evergreen for their respective financial years ended 2020, 2021 and 2022;
 - Signed sale of shares agreement for Carter dated 19 October 2019; and
 - Management accounts for Optimi, Provest, SNC and Spirit Capital for their respective financial years ended 2020, 2021 and 2022;
- the rationale for the PSG Group Restructuring, as set out in the PSG Group Circular and based on discussions with executive management of PSG Group and its professional advisors;
- discussions with executive management of PSG Group and its professional advisors regarding the historical and forecast financial information of PSG Group and its investments;
- discussions with executive management of PSG Group and its professional advisors on prevailing market, economic, legal and other conditions which may affect underlying value; and
- publicly available information relating to PSG Group and its investments that we deemed to be relevant, including company announcements and media articles.

The information above was secured from:

- directors and management of PSG Group and its professional advisors; and
- third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing PSG Group.

Procedures

In arriving at our opinion, we have undertaken the following procedures and taken into account the following factors:

- reviewed the terms and conditions of the PSG Group Restructuring, as set out in the PSG Group Circular;
- reviewed the audited and unaudited financial information related to PSG Group and its underlying investments;
- held discussions with the executive management of PSG Group and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- reviewed and obtained an understanding as to the maintainable earnings of PSG Group's listed investments based on publicly available information. This review included an assessment of the recent historical performance to date as well as macro-economic and sector-specific data;
- reviewed and obtained an understanding from executive management of PSG Group as to the maintainable earnings of PSG Group's unlisted investments. This review included an assessment of the recent historical performance to date as well as macro-economic and sector-specific data;
- determined the fair value of each of PSG Group's listed and unlisted investments by applying appropriate generally accepted valuation approaches and methods in use in the market from time to time;
- aggregated the fair values of each of PSG Group's listed and unlisted investments, its head office and administration function, as well as adjusting for financial assets and financial liabilities to determine a sum-of-the-parts ("SOTP") valuation of PSG Group;
- applied appropriate discounts in our valuations; performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience and knowledge of the Investment Management industry generally;
- assessed the long-term potential of the PSG Group and its underlying investments;
- evaluated the relative risks associated with PSG Group and its investments in the industries in which it/they operate;
- reviewed certain publicly available information relating to PSG Group and its investments and sectors that we deemed to be relevant, including company announcements and media articles, including available analyst coverage;
- where relevant, representations made by executive management of PSG Group were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industries in which PSG Group and its investments operate, and to analyse external factors that could influence the businesses of PSG Group and its investments; and
- held discussions with the executive management of PSG Group as to their strategy and the rationale for the PSG Group Restructuring and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions and trends in the Investment Management sector.

Assumptions

We arrived at our opinion based on the following assumptions that:

- all agreements that are to be entered into in terms of the PSG Group Restructuring will be legally enforceable;
- the PSG Group Restructuring will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives of PSG Group or its professional advisors; and
- reliance can be placed on the financial information of PSG Group.

Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by determining the extent to which representations from management were confirmed by documentary evidence as well as our understanding of PSG Group and its investments and the economic environment in which these businesses operate.

Limiting conditions

This Fair and Reasonable Opinion is provided to the Independent Board in connection with and for the purposes of the PSG Group Restructuring. The Fair and Reasonable Opinion does not purport to cater for each individual Exiting Shareholder's perspective, but rather that of the general body of PSG Group Shareholders.

Individual Exiting Shareholder's decisions regarding the PSG Group Restructuring may be influenced by such Exiting Shareholder's particular circumstances and accordingly individual Existing Shareholders should consult an independent adviser if in any doubt as to the merits or otherwise of the PSG Group Restructuring.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinions, whether in writing or obtained in discussion with executive management of PSG Group, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

We have also assumed that the PSG Group Restructuring will have the legal consequences described in discussions with, and materials furnished to us by executive management and advisors of PSG Group, and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect our opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

Independence, competence and fees

We confirm that neither we nor any person related to us (as contemplated in the Companies Act) have a direct or indirect interest in PSG Group Shares or the PSG Group Restructuring, nor have had within the immediately preceding two years, any relationship as contemplated in section 114(2)(b) of the Companies Act, and specifically declare, as required by regulations 90(6)(i) and 90(3)(a) of the Companies Regulations, that we are independent in relation to the PSG Group Restructuring and will reasonably be perceived to be independent taking into account other existing relationships and appointments. We also confirm that we have the necessary competence to provide the Fair and Reasonable Opinions and meet the criteria set out in section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our total professional fees of R800,000 are not contingent upon the success of the PSG Group Restructuring. Our fees are not payable in PSG Group Shares.

Valuation approach and results

We performed a SOTP valuation of a PSG Group Share, as at 31 May 2022, being the last practicable date for the purposes of the valuation, based on an aggregation of:

- Listed investments – the valuation of listed investments has been determined using a capitalisation of maintainable earnings approach for all investments with the exception of PSG Konsult and Zeder which were valued using a price to book approach and SOTP approach respectively. Where the attributable shareholding held by PSG Group exceeds 50%, these investments were valued on a control basis. Where the PSG Group has significant influence, we performed a valuation on a control basis and applied an appropriate discount to the control value;
- Unlisted investments – the valuation of unlisted investments has been determined using primarily the capitalisation of maintainable earnings methodology. Where the unlisted investment comprises an investment holdings company, i.e. PSG Alpha, Dipeo Capital (RF) Pty Ltd ("Dipeo") and Spirit Capital, a SOTP approach has been applied;
- PSG Group's head office and administration function – budgeted corporate costs amount to R28.2 million per annum for FY23 and an appropriate multiple has been applied to value PSG Group's head office and administration function;
- Other financial assets and financial liabilities were valued based on their carrying values;
- Share based payments liability – the liability has been determined based on the proportion of options that have vested as at the date of the valuation; and
- A deferred tax liability in respect of capital gains taxes ("CGT").

An appropriate discount was applied to the attributable interest in PSG Alpha and Zeder as well to a PSG Group Share after considering, *inter alia*:

- transaction costs required to realise the portfolio (especially given the various sizeable and controlling stakes);
- the difficulty to dispose of significant holdings at current market values in the event that shares are sold off market, also considering that such a large overhang in the market would result in significantly depressed share prices;
- the time it would take to complete disposals;
- the complex structuring requirements of such transactions; and
- risk inherent to successfully completing such disposals.

We note that Dipeo holds listed investments and has preference shares outstanding held by PSG Financial Services and The Dipeo BEE Education Trust. The fair value of the preference shares held by PSG Financial Services and The Dipeo BEE Education Trust has been limited to the fair value of the underlying investments held by Dipeo.

The valuation of a PSG Group Share has been based upon the SOTP of PSG Group's attributable interest in each of its investments as detailed below:

Description	Nature of investment	Description	Valuation approach
PSG Group investments			
PSG Konsult	810 058 551 PSG Konsult Shares (61.1% held)	Listed shares	Price to book
Curro	358 776 958 Curro Shares (60.0% held)	Listed shares	EBITDA multiple
Kaap Agri	748 354 891 Kaap Agri Shares (21.5% held)	Listed shares	EBITDA multiple
Zeder	358 776 958 Zeder Shares (48.6% held)	Listed shares	SOTP
PSG Alpha	98.3% shareholding	Holding company	SOTP
Dipeo	49.0% shareholding	Holding company	SOTP
PSG Alpha investments			
Stadio	363 637 068 Stadio Share (42.8% held)	Listed shares	EBITDA multiple
CA&S	220 825 060 CA&S Shares (47.9% held)	Listed shares	EBITDA multiple
Evergreen	50.0% shareholding	Private company	Net asset value
Optimi	96.0% shareholding	Private company	EBITDA multiple
Energy Partners	56.7% shareholding	Private company	EBITDA multiple
Spirit Capital	50.0% shareholding	Private company	SOTP
Provest	42.4% shareholding	Private company	PE multiple
Carter	73.0% shareholding	Private company	Post money valuation
SNC	45.1% shareholding	Private company	Fully impaired
Dipeo investments			
Kaap Agri	14 177 937 Kaap Agri Shares (20.0% held)	Listed shares	EBITDA multiple
Curro	21 414 497 Curro Shares (3.6% held)	Listed shares	EBITDA multiple
Stadio	27 792 274 Stadio Shares (3.3% held)	Listed shares	EBITDA multiple
Other financial assets			
Cash and cash equivalents	Bank balances net of overdraft	Financial assets	Carrying value
Preference shares	Loan receivable	Financial assets	Carrying value
Net loans receivable	Loan receivable	Financial assets	Carrying value
Trade receivables	Other assets	Financial assets	Carrying value

The valuations were performed taking cognisance of risk and other market and industry factors affecting PSG Group and its investments.

Unbundled Shares

The Unbundled Shares have been valued on a minority marketable basis by applying appropriate discounts to the control value utilised in the valuation of a PSG Group Share.

Valuation results

In undertaking the valuation exercise above, we have determined:

- a valuation range of R97.16 to R109.11 per PSG Group Share, with a most likely value of R102.95 per PSG Group Share;
- a valuation range of R11.28 to R13.00 per PSG Konsult Share, with a most likely value of R12.14 per PSG Konsult Share on a minority marketable basis;
- a valuation range of R9.62 to R10.63 per Curro Share, with a most likely value of R10.13 per Curro Share on a minority marketable basis;
- a valuation range of R43.52 to R47.13 per Kaap Agri Share, with a most likely value of R45.32 per Kaap Agri Share on a minority marketable basis;
- a valuation range of R4.37 to R4.83 per CA&S Share, with a most likely value of R4.60 per CA&S Share on a minority marketable basis; and
- a valuation range of R3.17 to R3.51 per Stadio Share, with a most likely value of R3.34 per Stadio Share on a minority marketable basis.

Per equivalent PSG Group Share, based on the *pro rata* distribution *in specie* and assuming no increase in *disqualified person* PSG Group Shareholders as detailed in paragraph 3.14 of the PSG Group Circular, we have determined the fair value range for the Adjusted PSG Group Restructuring Consideration as follows:

PSG Group Restructuring Consideration	Low range	Most likely	High range
Unbundled Shares	R74.28	R78.84	R84.02
PSG Konsult	R43.66	R46.67	R50.30
Curro	R17.47	R18.39	R19.31
Kaap Agri	R5.38	R5.60	R5.83
CA&S	R4.52	R4.76	R5.00
Stadio	R3.24	R3.41	R3.58
PSG Group Scheme Consideration	R23.00	R23.00	R23.00
PSG Group Restructuring Consideration	R97.28	R101.84	R107.02

Per equivalent PSG Group Share, based on the *pro rata* distribution *in specie* and assuming an increase in the shareholding held by *disqualified person* PSG Group Shareholders, other than the Government Employees Pension Fund, to 10% as detailed in paragraph 3.13 of the PSG Group Circular, we have determined the fair value range for the PSG Group Restructuring Consideration as follows:

Adjusted PSG Group Restructuring Consideration	Low range	Most likely	High range
Unbundled Shares	74.28	78.84	84.02
PSG Konsult	43.66	46.67	50.30
Curro	17.47	18.39	19.31
Kaap Agri	5.38	5.60	5.83
CA&S	4.52	4.76	5.00
Stadio	3.24	3.41	3.58
Adjusted PSG Group Scheme Consideration	20.31	20.31	20.31
Adjusted PSG Group Restructuring Consideration	94.59	99.15	104.33

Approach to reasonableness of the PSG Group Restructuring

The PSG Group Restructuring Consideration (assuming no increase in *disqualified person* PSG Group Shareholders) represents a premium of:

- 24.5% to the closing price of R81.82 per PSG Group Share on the 28 February 2022, the last trading date prior to the publication of the Cautionary (the "Pre-cautionary date");
- 18.3% to the VWAP of R86.08 per PSG Group Share for the 30-day period ended on 28 February 2022, the Pre-cautionary date; and
- 17.0% to the VWAP of R87.03 per PSG Group Share for the 60-day period ended on 28 February 2022, the Pre-cautionary date.

The Adjusted PSG Group Restructuring Consideration (assuming an increase in the shareholding held by *disqualified person* PSG Group Shareholders, other than the Government Employees Pension Fund, to 10%) represents a premium of:

- 21.2% to the closing price of R81.82 per PSG Group Share on the 28 February 2022, the Pre-cautionary date;
- 15.2% to the VWAP of R86.08 per PSG Group Share for the 30-day period ended on 28 February 2022, the Pre-cautionary date; and
- 13.9% to the VWAP of R87.03 per PSG Group Share for the 60-day period ended on 28 February 2022, the Pre-cautionary date.

In opining on the reasonableness of the PSG Group Restructuring we have also considered the rationale for the PSG Group Restructuring.

Opinion

The PSG Group Restructuring will result in the expropriation of Scheme Shares from Exiting Shareholders in exchange for the PSG Group Restructuring Consideration. The most likely values for the PSG Group Restructuring Consideration and Adjusted PSG Group Restructuring Consideration exceed the lower end of the fair value range for a PSG Group Share. The rationale for the PSG Group Restructuring is set out in paragraph 2 of the PSG Group Circular.

BDO Corporate Finance has considered the terms and conditions of the PSG Group Restructuring and, based on and subject to the conditions set out herein, is of the opinion that the PSG Group Restructuring is fair to Exiting Shareholders.

Based on qualitative factors, we are of the opinion that the PSG Group Restructuring is reasonable to Exiting Shareholders.

We are not aware of any factors that are difficult to quantify or are unquantifiable in forming our opinion in respect of the PSG Group Restructuring.

Our opinion is necessarily based upon the information available to us up to the Last Practicable Date, including in respect of the financial, market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals and consents required in connection with the PSG Group Restructuring will be timeously fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Consent

We hereby consent to the inclusion of this Fair and Reasonable Opinion, in whole or in part, and references thereto in the PSG Group Circular and any other announcement or document pertaining to the PSG Group Restructuring, in the form and context in which they appear.

Yours faithfully

BDO Corporate Finance Proprietary Limited

Nick Lazanakis

Director

52 Corlett Drive

Illovo

2196

EXTRACTS OF SECTION 115 AND SECTION 164 OF THE COMPANIES ACT

“Section 115: Required approval for transactions contemplated in Part A

- (1) *Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:*
- (a) *the disposal, amalgamation or merger, or scheme of arrangement:*
 - (i) *has been approved in terms of this section; or*
 - (ii) *is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and*
 - (b) *to the extent that Parts B and C of this Chapter and the Takeover Regulations, apply to a company that proposes to:*
 - (i) *dispose of all or the greater part of its assets or undertaking;*
 - (ii) *amalgamate or merge with another company; or*
 - (iii) *implement a scheme of arrangement,*
- the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).*
- (2) *A proposed transaction contemplated in subsection (1) must be approved:*
- (a) *by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and*
 - (b) *by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:*
 - (i) *the holding company is a company or an external company;*
 - (ii) *the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and*
 - (iii) *having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and*
 - (c) *by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).*
- (3) *Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:*
- (a) *the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or*
 - (b) *the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).*
- (4) *For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:*

- (a) *required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or*
 - (b) *required to be voted in support of a resolution, or actually voted in support of the resolution.*
- (4A) *In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).*
- (5) *If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:*
- (a) *within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or*
 - (b) *treat the resolution as a nullity.*
- (6) *On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:*
- (a) *is acting in good faith;*
 - (b) *appears prepared and able to sustain the proceedings; and*
 - (c) *has alleged facts which, if proved, would support an order in terms of subsection (7).*
- (7) *On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:*
- (a) *the resolution is manifestly unfair to any class of holders of the company's securities; or*
 - (b) *the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.*
- (8) *The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:*
- (a) *notified the company in advance of the intention to oppose a special resolution contemplated in this section; and*
 - (b) *was present at the meeting and voted against that special resolution.*
- (9) *If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:*
- (a) *the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;*
 - (b) *the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;*
 - (c) *the transfer of shares from one person to another;*
 - (d) *the dissolution, without winding-up, of a company, as contemplated in the transaction;*
 - (e) *incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or*
 - (f) *any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.*

Section 164: Dissenting shareholders appraisal rights

- (1) *This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.*
- (2) *If a company has given notice to shareholders of a meeting to consider adopting a resolution to:*
- (a) *amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or*
 - (b) *enter into a transaction contemplated in section 112, 113, or 114, that notice must include a statement informing shareholders of their rights under this section.*

- (3) *At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.*
- (4) *Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:*
 - (a) *gave the company a written notice of objection in terms of subsection (3); and*
 - (b) *has neither:*
 - (i) *withdrawn that notice; or*
 - (ii) *voted in support of the resolution.*
- (5) *A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:*
 - (a) *the shareholder:*
 - (i) *sent the company a notice of objection, subject to subsection (6); and*
 - (ii) *in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;*
 - (b) *the company has adopted the resolution contemplated in subsection (2); and*
 - (c) *the shareholder:*
 - (i) *voted against that resolution; and*
 - (ii) *has complied with all of the procedural requirements of this section.*
- (6) *The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.*
- (7) *A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:*
 - (a) *20 business days after receiving a notice under subsection (4); or*
 - (b) *if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.*
- (8) *A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:*
 - (a) *the shareholder's name and address;*
 - (b) *the number and class of shares in respect of which the shareholder seeks payment; and*
 - (c) *a demand for payment of the fair value of those shares.*
- (9) *A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:*
 - (a) *the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);*
 - (b) *the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or*
 - (c) *the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.*
- (10) *If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.*
- (11) *Within five business days after the later of:*
 - (a) *the day on which the action approved by the resolution is effective;*
 - (b) *the last day for the receipt of demands in terms of subsection (7)(a); or*
 - (c) *the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.*

- (12) *Every offer made under subsection (11):*
- (a) *in respect of shares of the same class or series must be on the same terms; and*
 - (b) *lapses if it has not been accepted within 30 business days after it was made.*
- (13) *If a shareholder accepts an offer made under subsection (12):*
- (a) *the shareholder must either in the case of:*
 - (i) *shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or*
 - (ii) *uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and*
 - (b) *the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:*
 - (i) *tendered the share certificates; or*
 - (ii) *directed the transfer to the company of uncertificated shares.*
- (14) *A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:*
- (a) *failed to make an offer under subsection (11); or*
 - (b) *made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.*
- (15) *On an application to the court under subsection (14):*
- (a) *all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;*
 - (b) *the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and*
 - (c) *the court:*
 - (i) *may determine whether any other person is a dissenting shareholder who should be joined as a party;*
 - (ii) *must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);*
 - (iii) *in its discretion may:*
 - (aa) *appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or*
 - (bb) *allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;*
 - (iv) *may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and*
 - (v) *must make an order requiring:*
 - (aa) *the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and*
 - (bb) *the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.*

- (15A) *At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:*
- (a) *that shareholder must comply with the requirements of subsection 13(a); and*
 - (b) *the company must comply with the requirements of subsection 13(b).*
- (16) *The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.*
- (17) *If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:*
- (a) *the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and*
 - (b) *the court may make an order that:*
 - (i) *is just and equitable, having regard to the financial circumstances of the company; and*
 - (ii) *ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.*
- (18) *If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.*
- (19) *For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:*
- (a) *the provisions of that section; or*
 - (b) *the application by the company of the solvency and liquidity test set out in section 4.*
- (20) *Except to the extent:*
- (a) *expressly provided in this section; or*
 - (b) *that the Panel rules otherwise in a particular case,*
- a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."*

INFORMATION FOR FOREIGN SHAREHOLDERS

The definitions and interpretations commencing on page 14 of this Circular apply to this section and throughout this Circular.

DISTRIBUTIONS TO FOREIGN SHAREHOLDERS

The distribution of Unbundled Shares to Foreign Shareholders, in terms of the PSG Group Unbundling, may be affected by the laws of such Foreign Shareholders' relevant jurisdiction. Those Foreign Shareholders should consult their professional advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

This section sets out some of the restrictions applicable to Shareholders who have registered addresses outside South Africa, who are nationals, citizens or residents of countries other than South Africa, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside South Africa or who hold ordinary shares for the account or benefit of any such Foreign Shareholder.

It is the responsibility of any Foreign Shareholder (including, without limitation, nominees, agents and trustees for such persons) receiving this Circular and wishing to take up their entitlement to the Unbundled Shares to satisfy themselves as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. Foreign Shareholders are obliged to observe the applicable legal requirements of their relevant jurisdictions.

Accordingly, Persons (including, without limitation, nominees, agents and trustees) receiving a copy of this Circular should not distribute or send the same to any person in, or citizen or resident of, or otherwise into any jurisdiction where to do so would or might contravene local securities laws or regulations. Any Person who does distribute this Circular into any such territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this annexure.

A Foreign Excluded Shareholder includes any Foreign Shareholder who is unable to receive any of the Unbundled Shares to be distributed to him because of the laws of the jurisdiction of that Shareholder, or any Foreign Shareholder that PSG Group is not permitted to distribute any of the Unbundled Shares to because of the laws of the jurisdiction of that Shareholder. Notwithstanding the foregoing, any Unbundled Shares to which Foreign Excluded Shareholders are entitled on a proportionate basis and which have been unbundled to them, but are unable, as result of applicable law in their jurisdiction, to receive and/or hold, will be held in trust by the Transfer Secretaries on their behalf after they have become the owners thereof after the Unbundling on their behalf, aggregated and disposed of on the JSE by the Transfer Secretaries for the benefit of such Foreign Excluded Shareholders.

It is the responsibility of Dematerialised Shareholders to inform their CSDPs if they are Foreign Excluded Shareholders as the Unbundled Shares will still be unbundled proportionately to them. CSDPs will then be responsible for informing the Transfer Secretaries of all Dematerialised Shares held by them on behalf of Foreign Excluded Shareholders. It is the responsibility of Certificated Shareholders to inform the Transfer Secretaries if they are Foreign Excluded Shareholders.

Foreign Excluded Shareholders will, in respect of their shareholdings, receive the average cash value of the relevant Unbundled Share(s) (net of costs) at which the relevant Unbundled Shares subsequent to the PSG Group Unbundling owned by them were sold. Accordingly, Foreign Excluded Shareholders will, in respect of their Unbundled Shares, receive the average consideration per Unbundled Shares (net of transaction and currency conversion costs) received by the Transfer Secretaries pursuant to the sale process as set out in the preceding paragraph. The average consideration per Unbundled Share due to each Foreign Excluded Shareholder will only be paid once all such Unbundled Shares have been disposed of on the basis of the Unbundled Shares being disposed of on behalf of the Foreign Excluded Shareholders.

Insofar as the Scheme Consideration is concerned that is payable in terms of the PSG Group Scheme, those amounts will be paid in South African Rands to the relevant CSDP or Broker and each Shareholder will have to instruct the CSDP or Broker how to deal with those proceeds.

NOTICE TO FOREIGN SHAREHOLDERS LOCATED IN THE US

This Circular is not an offer of securities for sale in the US. The Unbundled Shares and the PSG Group Shares have not been and will not be registered under the US Securities Act, or with any regulatory authority of any state or other jurisdiction in the US and may not be offered, sold, exercised, transferred or delivered, directly or indirectly, in or into the US at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state and other securities laws of the US.

The Unbundled Shares and the PSG Group Shares have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the US. The Company does not intend to take any action to facilitate a market in the Unbundled Shares or the PSG Group Shares in the US. Consequently, it is unlikely that an active trading market in the US will develop for the Unbundled Shares or the PSG Group Shares.

The Unbundled Shares and the PSG Group Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other regulatory authority in the US, nor have any of the foregoing authorities passed comment on, or endorsed the merit of the PSG Group Restructuring or the accuracy or the adequacy of this Circular or the information contained herein. Any representation to the contrary is a criminal offence in the US.

NOTICE TO FOREIGN SHAREHOLDERS LOCATED IN THE EUROPEAN ECONOMIC AREA (“EEA”) AND THE UK

This Circular is not a prospectus, for the purposes of the Prospectus Regulation (EU) 2017/1129 or Regulation (EU) No 2017/1129 as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 as amended, on the basis that the Unbundled Shares and the PSG Group Shares are not being admitted to trading on a regulated market situated or operating within the EEA or the UK, nor is there an offer to the public in respect of the Unbundled Shares or the PSG Group Shares in any member state of the EEA or in the UK. Accordingly, any person making or intending to make any offer for the Unbundled Shares, or the PSG Group Shares should only do so in circumstances in which no obligation arises for PSG Group or the issuers of the Unbundled Shares to produce a prospectus for such offer. The Company has not authorised the making of any offer for the Unbundled Shares or the PSG Group Shares through any financial intermediary.

TAXATION CONSIDERATIONS FOR THE PSG GROUP RESTRUCTURING

The definitions and interpretations commencing on page 14 of this Circular apply to this section and throughout this Circular.

The summary of the tax considerations pertaining to the PSG Group Restructuring is based on the current laws that are applicable as at the date of this Circular and is subject to potential changes that may be made to such legislation subsequently, which could be retrospective. The summary below is a general guide and is not intended to constitute a complete analysis of the tax consequences of the PSG Group Restructuring provisions in terms of South African tax law. It is not intended to be, nor should it be considered as legal or tax advice. PSG Group, the Unbundled Companies and their advisors cannot be held responsible for the tax consequences of the PSG Group Restructuring and therefore Shareholders are advised to consult their own tax advisors in this regard.

PSG GROUP UNBUNDLING

The PSG Group Unbundling will result in PSG Group disposing of all of the Unbundled Shares to the Shareholders. However, it is not expected that such disposal will be subject to income tax or CGT as it will qualify as an unbundling transaction as envisaged in section 46 of the Income Tax Act. This section provides for rollover relief and an equitable allocation of tax from an income tax, CGT, and DWT perspective.

In the context of section 46 of the Income Tax Act an unbundling transaction is described as a transaction in terms of which all of the Unbundled Shares in the Unbundled Companies, which are South African residents, that are held directly by PSG Group, which is a South African resident, are all distributed by PSG Group to the Shareholders of PSG Group in accordance with the effective interest of those Shareholders in the shares of PSG Group, provided that the Unbundled Shares so distributed constitute more than 25 percent of the equity shares of the Unbundled Companies.

A Shareholder will be deemed to have acquired the Unbundled Shares as:

- trading stock, if the shares in PSG Group are held as trading stock; and
- as capital assets if the shares in PSG Group are held as capital assets.

Any expenditure allocated to the Unbundled Shares must be deemed to have been incurred on the date upon which the expenditure was incurred in respect of the shares in PSG Group.

The shares that are distributed by PSG Group in terms of an unbundling transaction must be disregarded in determining any liability for DWT for PSG Group. Equally, Shareholders of PSG Group do not need to reduce their base cost of PSG Group Shares by the amount of the market value of the Unbundled Shares, which would have been the case should they have been dealing with a return of capital.

Rather, specific provisions apply in terms of section 46 of the Income Tax Act. Section 46(3)(a) indicates that, if a Shareholder acquires Unbundled Shares, such Shareholder must allocate a portion of the expenditure and any market value attributable to those equity shares held in PSG Group to the Unbundled Shares and reduce the expenditure and any market value attributable to the PSG Group Shares by the amount so allocated to the Unbundled Shares in terms of a specified formula. Such formula entails that the proportional amount of the expenditure and market value to be allocated to the Unbundled Shares must be determined in accordance with the ratio that the market value of the Unbundled Shares as at the end of the day after the distribution, bears to the sum of the market value, as at the end of that day, of the Unbundling Shares and of the Unbundled Shares. SARS has indicated in Binding General Ruling 29 that the reference to "*as at the end of the day after the distribution*" means the last day to trade plus 1. PSG Group has obtained confirmation from SARS that it can unbundle the shares in more than one company at the same time.

In order to determine the expenditure in relation to Unbundled Shares one should use the following formula –

- shares held as trading stock, the amount taken into account prior to the unbundling in respect of the shares in PSG Group for the purposes of sections 11(a) or 22(1) or (2);
- shares held as capital assets, the expenditure incurred prior to the unbundling transaction in respect of the PSG Group Shares that is allowable in terms of paragraph 20 of the Eighth Schedule to the Income Tax Act, essentially the base cost of the PSG Group Shares; and
- to the extent that any shares are distributed to a so-called “*disqualified person*”, the same ratio as the number of equity shares held by a Shareholder that acquires Unbundled Shares in terms of the PSG Group Unbundling bears to the number of all the issued shares in PSG Group immediately before the PSG Group Unbundling.

The exact allocation methodology, apportionment ratios and the way in which base cost should be determined, will be communicated to PSG Group Shareholders subsequently.

PSG Group will incur CGT and/or DWT in the case of any shares distributed to a “*disqualified person*”. Subject to the shares that are distributed to a “*disqualified person*”, PSG Group must disregard the distribution of Unbundled Shares for purposes of determining its taxable income or assessed loss for the year of assessment that the PSG Group unbundling takes place.

DISQUALIFIED PERSONS

To the extent that PSG Group makes any distribution in terms of the PSG Group to a “*disqualified person*”, PSG Group will be subject to CGT and/or DWT in respect of those shares that are unbundled. It is noted that PSG Group holds all of the Unbundled Shares on capital account and that it will thus be subject to CGT and not income tax on the disposal of any unbundled shares to a *disqualified person*.

Section 46(7) of the Income Tax Act provides that the rollover relief afforded in terms of section 46 does not apply in respect of an equity share that is distributed by PSG Group to any Shareholder that:

- is a *disqualified person*; and
- holds at least 5 percent of the equity shares in PSG Group immediately before the PSG Group Unbundling.

A “*disqualified person*” is defined as:

- a person that is not a resident of South Africa;
- the Government of South Africa in the national, provincial or local sphere;
- a public benefit organisation that has been approved by SARS;
- a recreational club as defined in section 30A of the Income Tax Act that has been approved by SARS;
- a rehabilitation trust;
- a pension fund, pension preservation fund, provident fund, provident preservation fund or retirement annuity fund or any other fund defined in section 10(1)(d) of the Income Tax Act; and
- certain institutions, bodies or boards that amongst others conduct scientific, technical and industrial research and are exempt in terms of sections 10(1)(cA) or (t) of the Income Tax Act.

As at the date hereof the GEPP is the only *disqualified person* holding approximately 12.9 percent in the net issued share capital of PSG Group. Given the fact that the market value of the Unbundled Shares exceeds the base cost thereof to PSG Group, PSG Group will realise a capital gain on the difference between the market value of the Unbundled Shares and such base cost. For all practical purposes PSG Group will thus be liable for CGT calculated as the difference between the market value of the Unbundled Shares less the base cost thereof multiplied by 12.9 percent (as at the date of this Circular). This taxable capital gain will be included in PSG Group's taxable income at an inclusion rate of 80 percent and thus results in estimated tax in PSG Group's hands.

The amount of CGT for which PSG Group is liable in respect of distributions to “*disqualified persons*”, will result in amongst others the base cost of the Unbundled Shares being increased by the tax payable by PSG Group in the same ratio as the number of equity shares held by a Shareholder in PSG Group that acquires Unbundled Shares bears to the number of all the equity issued shares in PSG Group immediately before the PSG Group Unbundling transaction.

The relevant limitation of expenditure in respect of shares held in an unbundling transaction only applies to shares that are acquired by way of an unbundling.

PSG Group will advise PSG Group Shareholders of the specified ratio at which the expenditure or base cost, as the case may be, must be allocated between the PSG Group Shares and the Unbundled Shares by way of an announcement expected to be published on SENS. The allocated expenditure or base cost, as the case may be, must be used in the determination of any profits or losses or capital gains or losses, as the case may be, derived on any future disposals of the PSG Group Shares and/or the Unbundled Shares.

Except for Unbundled Shares distributed to a “*disqualified person*”, the distribution of the Unbundled Shares to PSG Group Shareholders will be exempt from the payment of any STT.

PSG GROUP SCHEME

Insofar as the PSG Group Scheme is concerned, it is anticipated that the specific repurchase will not be funded by PSG Group from contributed tax capital or be treated as a return of share capital, resulting in it being treated as a dividend. In this context, a dividend will be subject to DWT unless there is a specific exemption that applies to, *inter alia*, resident companies of South Africa. However, the exemption will only apply if the relevant declaration and undertaking have been given by the exempt entity concerned beforehand. It is also possible that non-resident PSG Group Shareholders would be able to enjoy an exemption or a reduction in the rate of DWT depending on the application of the relevant tax treaty concluded between South Africa and their country of residence, provided that the relevant declaration and undertaking have been provided beforehand to PSG Group. STT will be payable in respect of the repurchase of the Scheme Shares at the rate of 0.25 percent, which will be funded by PSG Group.

PSG Group Shareholders who are non-resident for tax purposes in South Africa are advised to consult their own professional tax advisors regarding the tax treatment of the PSG Group Unbundling and the PSG Group Scheme in their respective jurisdictions, having regard to the tax laws in their jurisdiction and any applicable tax treaties between South Africa and their country of residence.

NON-RESIDENT SHAREHOLDERS

PSG Group Shareholders that are not resident for South African tax purposes should consult their own professional tax advisors pertaining to the tax consequences of the PSG Group Restructuring, having regard to the tax laws in their jurisdiction and the application of any tax treaties concluded between South Africa and their country of residence.

In particular, the PSG Group Restructuring, including the PSG Group Unbundling and the PSG Group Scheme, may create a tax liability for non-resident shareholders in certain jurisdictions or give rise to other unanticipated tax consequences. PSG Group has not established these consequences and each non-resident shareholder should thus consult its own tax advisor pertaining to the tax consequences of the PSG Group Restructuring.

EXCHANGE CONTROL CONSIDERATIONS FOR THE PSG GROUP RESTRUCTURING

The definitions and interpretations commencing on page 14 of this Circular apply to this section and throughout this Circular.

The summary of the exchange control provisions pertaining to the PSG Group Restructuring is based on the current laws that are applicable as at the date of this Circular and is subject to potential changes that may be made to such legislation subsequently, which could be retrospective. The summary does not constitute any advice and it intended as a general guideline only. It is not intended to be a comprehensive statement of the applicable exchange control provisions that may be applicable to the PSG Group Restructuring. PSG Group, the Unbundled Companies and their advisors cannot be held responsible for the exchange control consequences of the PSG Group Restructuring to a specific Shareholder. Shareholders that are uncertain how to deal with any exchange control related matters should contact their own professional advisors without delay. However, Unbundled Shares are not freely transferrable from the CMA (defined below) and must be dealt with in terms of the Exchange Control Regulations.

EXCHANGE CONTROL

The Exchange Control Regulations provide for restrictions on the exportation of capital from the Common Monetary Area (the “CMA”). The CMA consists of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and eSwatini. Transactions between residents of the countries comprising the CMA and foreigners are subject to Exchange Control Regulations provisions, which are administered by the Financial Surveillance Department of the SARB.

Various reforms have been made to the Exchange Control Regulations with a view to relax the rules pertaining to foreign investments. A considerable degree of flexibility is built into the system and the SARB has substantial discretionary powers in approving or rejecting a specific application that has been submitted through an Authorised Dealer in foreign exchange appointed by the SARB. The relaxations of the provisions of the Exchange Control Regulations are contained in the Currency and Exchanges Manual for Authorised Dealers. As provided for in the Exchange Control Regulations, the SARB has also delegated to Authorised Dealers the power to approve certain transactions, without the SARB's prior approval.

It was announced in the 2020 South African Budget that the Exchange Control Regulations will be replaced by a new capital flow management framework and regulations. Previously a distinction was made between residents, non-residents and emigrants. These concepts were described as follows:

- a resident means any person, being a natural person or a legal entity, who has taken up permanent residence, is domiciled or registered in South Africa;
- a non-resident means a person, being a natural person or a legal entity, whose normal place of residence, domicile or registration is outside the CMA; and
- an emigrant means a South African resident who has left South Africa to take up permanent residence or has been granted permanent residence in a country outside the CMA.

It should be appreciated that a South African resident will only be regarded as an emigrant if he/she has formally recorded the emigration with the SARB in respect of the provisions that applied up to 28 February 2021. Shareholders that are not clear under which category they fall, should approach their relevant Authorised Dealer to request confirmation and the treatment of the events comprising the PSG Group Restructuring.

The concept of “emigration” as recognised by SARB is being phased out with effect from 1 March 2021. Exchange Control Circular 6/2021 dated 26 February 2021 and 8/2021 dated 21 May 2021 set out the changes in relation to emigrants with effect from 1 March 2021. Instead of the formal concept of “emigration” being recognised, it has now been substituted with a verification process by the SARB. From 1 March 2021, natural person residents and natural person emigrants are treated identically. The process of blocking an emigrant's remaining assets fell away and is treated as normal fund transfers in line with any other foreign capital allowance transfer. Authorised Dealers can now allow the transfer of assets of an emigrant abroad, provided the natural person has ceased to be a resident of South Africa, has obtained a tax compliance status confirmation from SARS and is tax compliant upon verification of such confirmation. To ensure a smooth transition from the previous framework to the new framework, natural persons that applied to emigrate under the previous framework by obtaining an MP336(b) form that was attested to by an Authorised Dealer on or

before 28 February 2021, will be dealt with under the previous framework should their emigration applications have been approved on or before 28 February 2021. PSG Group Shareholders should consult their relevant Authorised Dealer should they be unsure of their status or the way in which they need to deal with the Unbundled Shares or the proceeds from the PSG Group Scheme.

Ability on the part of residents to receive Unbundled Shares

Securities control with regard to natural persons will continue to apply until discussions with various stakeholders have been finalised. There are no restrictions on the part of residents to receive their Unbundled Shares.

Ability of non-residents to receive Unbundled Shares – dematerialised shares

With reference to non-residents, generally in the case of Dematerialised shares, the Unbundled Shares will be credited directly to the share account of the relevant CSDP or Broker controlling their portfolios and an appropriate electronic entry will be made in the relevant register reflecting a “non-resident” endorsement. A similar process applies to Unbundled Shares held by emigrants as these shares will be credited to the emigrant’s share account of the relevant CSDP or Broker controlling their remaining portfolios and a similar electronic entry will be made in the relevant register reflecting a “non-resident” endorsement (which may be held to the order of the Authorised Dealer concerned under whose auspices the person’s remaining assets are held, should it be relevant in the case of emigrants). In the case of emigrants whose assets are controlled by an Authorised Dealer through a so-called blocked account or otherwise, notifications by emigrants must be made through such Authorised Dealer and the Unbundled Shares will be forwarded to such Authorised Dealer.

Certificated Shares held by non-residents

In the case of Certificated Shares held by non-residents, the Unbundled Shares will be endorsed “non-resident”. In the case of emigrants, the share certificates will equally be endorsed “non-resident” (to be deposited with the Authorised Dealer under whose auspices the remaining assets are held in appropriate cases in the case of an emigrant or where the PSG Group Shares have been restrictively endorsed, it being noted that it would be up to the relevant PSG Group Shareholder to notify the Authorised Dealer). In the case of emigrants whose assets are controlled by an Authorised Dealer through a so-called blocked account or otherwise, notifications by emigrants must be made through such Authorised Dealer and the Unbundled Shares will be forwarded to such Authorised Dealer.

Generally, the CSDP or the Broker will ensure that all requirements of the Exchange Control Regulations will be adhered to in respect of their clients, whether the shares are held in dematerialised or certificated format.

Payment of cash proceeds

Payment of cash proceeds in respect of fractional entitlements and the cash proceeds of the PSG Group Restructuring will be made into the account of the relevant CSDP or Broker as the case may be. These amounts are generally freely transferrable from South Africa, subject to being converted to a foreign currency and paid for the credit of a non-resident Rand account. In the case of emigrants whose assets are controlled by an Authorised Dealer, those proceeds will be forwarded to the Authorised Dealer concerned to be dealt with in terms of the current restrictions that apply to such emigrant, if applicable.

General

PSG Group Shareholders who are not resident in, or whose registered addresses are outside the Common Monetary Area, will need to comply with the Exchange Control Regulations as set out above in relation to those jurisdictions.

If PSG Group Shareholders are in any doubt as to what action to take, they should consult their professional advisors.

**THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF PSG GROUP
FOR THE FINANCIAL YEARS ENDED 29 FEBRUARY 2020, 28 FEBRUARY 2021 AND
28 FEBRUARY 2022**



PSG GROUP LIMITED

ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2021

These annual financial statements were compiled under the supervision of the group chief financial officer, Mr WL Greeff, CA(SA), and were audited by the group's external auditor, PricewaterhouseCoopers Inc. These annual financial statements should be read in conjunction with PSG Group Ltd's annual report, which will be available on or about 8 June 2021 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 21 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. IFRS do not allow for such changes to be applied retrospectively and accordingly PSG Group's annual financial statements for the financial year ended 28 February 2021 have been prepared on a materially different basis compared to those of previous years.

In light of the aforementioned change and year-on-year financial information thus not being comparable, the notes containing comparative financial information which are not expected to be repeated in future years have been separately disclosed in Annexures D to I as detailed below.

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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 under review as detailed under Capitec Unbundling below. Capitec represents 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 the distribution being effected during August 2020. The 4.3% remaining interest in Capitec was classified as an equity security with effect from 1 March 2020. During the year under review, PSG Group disposed of 2.9% in Capitec and accordingly its remaining interest in Capitec was 1.4% as at 28 February 2021.
- "CA&S" (previously "CA Sales")
CA Sales Holdings Ltd, a Botswana Stock Exchange-listed fast-moving consumer goods distributor, in which PSG Alpha holds an interest of 48.8% (2020: 47.7%). CA Sales forms part of the PSG Alpha reportable segment, being its largest investment.
- "Curro"
Curro Holdings Ltd, a JSE-listed private basic education provider, in which PSG Group holds a subsidiary interest of 60% (2020: 55.4%) and Dipeo a further interest of 3.6% (2020: 5.2%). Curro represents one of PSG Group's seven reportable segments.
- "Dipeo"
Dipeo Capital (RF) (Pty) Ltd, an unlisted black economic empowerment investment holding company, in which PSG Group holds an interest of 49% (2020: 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 57.2% (2020: 54.1%) and 16.6% (2020: 15.7%), respectively. PSG Alpha's interest in Energy Partners forms part of the PSG Alpha reportable segment, being its fourth largest investment.
- "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, being its second largest investment.
- "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 92.3% (2020: 84.8%). Optimi forms part of the PSG Alpha reportable segment, being its fifth largest investment.
- "PSG Alpha"
PSG Alpha Investments (Pty) Ltd, an unlisted investment holding company focused on 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 CA&S, Evergreen, Stadio, Energy Partners and Optimi. PSG Group holds a subsidiary interest of 98.3% (2020: 98.1%) 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, Capitec, Zeder, PSG Alpha, Dipeo and PSG Corporate. PSG Financial Services' cumulative, non-redeemable (i.e. perpetual), non-participating preference shares are listed on the JSE. Subsequent to year-end, the board of PSG Financial Services resolved to make an offer to repurchase and delist all the JSE-listed cumulative, non-redeemable, non-participating preference shares in issue by way of a scheme of arrangement for an aggregate cash consideration of R81 per share plus an amount equal to the preference dividend that would have been calculated on the preference share up to the scheme record date, equating to a total cash consideration of approximately R1.5bn. Subject to the required approvals being obtained, it is envisaged that the repurchase will be implemented during August 2021.
- "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 Konsult"
PSG Konsult Ltd, a JSE-listed financial services company, in which PSG Group holds a subsidiary interest of 61.2% (2020: 60.5%). 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 43.2% (2020: 44%) and 3.3% (2020: 3.4%), respectively. PSG Alpha's interest in Stadio forms part of the PSG Alpha reportable segment, being its third largest investment.
- "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% (2020: 43.8%). 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 Executive Committee. Zeder represents one of PSG Group's seven reportable segments.

Zeder is invested in, inter alia, unlisted subsidiary Capespan Group Ltd ("Capespan"), a fruit marketing and farming business; unlisted subsidiary The Logistics Group (Pty) Ltd ("TLG"), a logistics business unbundled from Capespan during January 2019; unlisted subsidiary Zaad Holdings Ltd ("Zaad"), an agricultural seed production and distribution business; JSE-listed subsidiary Kaap Agri Ltd ("Kaap Agri"), a retail and agriculture business; and unlisted subsidiary Agrivision Africa ("Agrivision Africa"), a Zambia-based farming and milling business. During the year under review, 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 2021

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

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

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

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

- Satisfied itself that the external auditor is independent of PSG Group, as set out in section 94(8) of the Companies Act of South Africa, and suitable for reappointment for the year under review by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements;
- Ensured that the appointment of the external auditor complied with the Companies Act of South Africa;
- In consultation with management, agreed to the audit engagement letter terms, audit plan and budgeted audit fees for the 2021 financial year;
- Approved the nature and extent of non-audit services of the external auditor;
- Nominated for re-election at the 2020 annual general meeting, PricewaterhouseCoopers Inc. as the external audit firm for the 2021 financial year;
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that the system of internal financial control is effective and forms a basis for the preparation of reliable financial statements;
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that PSG Group be regarded as a going concern;
- Reviewed the formal policy and rationale for PSG Group’s ordinary dividend proposed at interim and recommended it to the board of directors for approval;
- Reviewed the accounting policies, including the changes thereto pursuant to the change in PSG Group’s status to that of an investment entity, and financial statements for the year ended

28 February 2021 and, based on the information provided to the Committee, considers that the company and group comply, in all material respects, with the JSE Listings Requirements; International Financial Reporting Standards ("IFRS"); the IFRIC interpretations; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; and the manner required by the Companies Act of South Africa;

- Satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that the group chief financial officer, as well as the group finance function, have the appropriate expertise and experience; and
- Undertook a tender process pursuant to the early-adoption of mandatory audit firm rotation, the result of which was the nomination of Deloitte & Touche as the external audit firm for the 2022 financial year for election at the upcoming annual general meeting.



PE Burton

PSG Group Audit and Risk Committee Chairman

Stellenbosch

28 May 2021

PSG GROUP LIMITED

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2021

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the company and group. The external auditor is responsible for independently auditing and reporting on the fair presentation of the annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The annual financial statements are prepared in accordance with the JSE 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.

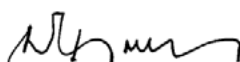
The annual financial statements are prepared on the going concern basis, since the directors have every reason to believe that the company and group have adequate resources to continue for the foreseeable future.

The annual financial statements set out on pages 5 to 8 and 16 to 113, were approved by the board of directors of PSG Group and are signed on its behalf by:



PJ Mouton
PSG Group CEO

Stellenbosch
28 May 2021



WL Greeff
PSG Group CFO

PSG GROUP LIMITED

CEO/CFO SIGN-OFF ON INTERNAL FINANCIAL CONTROL

for the year ended 28 February 2021

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 113, 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

Stellenbosch
28 May 2021



WL Greeff
PSG Group CFO

PSG GROUP LIMITED

DECLARATION BY THE COMPANY SECRETARY

for the year ended 28 February 2021

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



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

Stellenbosch
28 May 2021

PSG GROUP LIMITED
DIRECTORS' REPORT
for the year ended 28 February 2021

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, investment services and banking), logistical services, food and related goods and services, advisory and private education services.

OPERATING RESULTS

The operating results and state of affairs of the company and group are set out in the attached income statements and statements of financial position, comprehensive income, changes in equity and cash flows, as well as the notes thereto. The group's status changed to that of an investment entity with effect from 1 March 2020 as detailed on page 21 and accordingly the prior year comparatives are not comparable to the current year figures as detailed in the index to these annual financial statements. For the year under review, the group's headline earnings and earnings attributable to owners of the parent amounted to R1,038m (2020: R2,583m) and R29,994m (2020: R2,462m), respectively. The group's total profit (gross of non-controlling interests) for the year amounted to R30,101m (2020: R3,358m).

STATED CAPITAL

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

DIVIDENDS

Details of dividends appear in note 24 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 (44) ^{1) 2)}
BCom (Mathematics)
PSG Group CEO
Appointed 16 February 2009

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

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

Non-executive

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

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

Independent non-executive

PE Burton (68) ^{2) 3) 4) 5) 6)}
BCom (Hons), PG Dip Tax
Director of companies
Appointed 19 March 2001

ZL Combi (69) ^{2) 4) 5)}
Diploma in Public Relations
Director of companies and PSG Group Chairman
Appointed 14 July 2008

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

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

CA Otto (71) ^{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 on or about 8 June 2021 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					Total short-term remuneration	Long-term remuneration	
	Base salary		Prior year deferral paid out ¹⁾	Paid during the year ²⁾	Discretionary performance- based bonus ³⁾		Gains from exercise of share options	Total remuneration
	Approved	Deferred for 12 months ¹⁾						
For the year ended 28 Feb 2021								
WL Greeff	10 695	(3 209)	3 414	10 900		10 900	518	11 418
JA Holtzhausen	10 695	(3 209)	3 414	10 900		10 900	532	11 432
PJ Mouton	12 383	(3 715)	3 952	12 620		12 620	674	13 294
	33 773	(10 133)	10 780	34 420	-	34 420	1 724	36 144
For the year ended 29 Feb 2020								
WL Greeff	10 695	(3 209)	3 243	10 729		10 729	30 374	41 103
JA Holtzhausen	10 695	(3 209)	3 243	10 729	4 000	14 729	30 418	45 147
PJ Mouton	12 383	(3 715)	3 755	12 423		12 423	34 893	47 316
	33 773	(10 133)	10 241	33 881	4 000	37 881	95 685	133 566

¹⁾ The 30% deferred portion of base salaries is increased by the South African Revenue Services' official interest rate to compensate for time value of money, and paid out 12 months later on a monthly basis during the ensuing year, subject to i) malus/clawback provisions, ii) the executive director remaining in PSG Group's service and iii) the executive director meeting non-financial personal key performance 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				Total	Total remuneration
		Fees	Base salary	Discretionary performance- based bonus	Gains from exercise of share options		
For the year ended 28 Feb 2021							
PE Burton	564	702				702	1 266
ZL Combi	725	899				899	1 624
FJ Gouws ¹⁾²⁾			5 537	23 211	3 202	31 950	31 950
AM Hlobo	426					-	426
B Mathews	426					-	426
JJ Mouton	266					-	266
CA Otto	479	747				747	1 226
	2 886	2 348	5 537	23 211	3 202	34 298	37 184
For the year ended 29 Feb 2020							
PE Burton	564	695				695	1 259
ZL Combi	725	1 000				1 000	1 725
FJ Gouws ¹⁾²⁾			5 507	21 093	20 412	47 012	47 012
AM Hlobo	426					-	426
B Mathews	426					-	426
JJ Mouton	266					-	266
CA Otto	479	1 024				1 024	1 503
	2 886	2 719	5 507	21 093	20 412	49 731	52 617

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

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

PSG GROUP LIMITED
DIRECTORS' REPORT
for the year ended 28 February 2021

DIRECTORS' EMOLUMENTS (continued)

The table below provides information on 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 29 Feb 2020	Number of share options during the year		Market price per share on vesting date R	Strike price per share option ²⁾		Date granted	Number of share options as at 28 Feb 2021	Gains from exercise of share options during the year R'000	Value of unvested share options as at 28 Feb 2021 ³⁾ R'000
		Awarded	Vested ¹⁾		Before Capitec Unbundling R	After Capitec Unbundling R				
WL Greeff	14 350		(14 350)	172.91	136.84		28/02/2015	-	518	
	27 435		(13 718)	172.91	178.29	21.39	29/02/2016	13 717		627
	72 292		(18 073)	172.91	236.13	19.50 - 39.11	28/02/2018	54 219		2 067
	185 877				250.56	14.73 - 42.91	28/02/2019	185 877		7 234
	131 082				213.71	(2.51) - 22.27	28/02/2020	131 082		7 521
		209 756				67.12	26/02/2021	209 756		
	431 036	209 756	(46 141)					594 651	518	
JA Holtzhausen	14 745		(14 745)	172.91	136.84		28/02/2015	-	532	
	26 440		(13 220)	172.91	178.29	21.39	29/02/2016	13 220		605
	72 889		(18 222)	172.91	236.13	19.50 - 39.11	28/02/2018	54 667		2 084
	185 807				250.56	14.73 - 42.91	28/02/2019	185 807		7 232
	131 084				213.71	(2.51) - 22.27	28/02/2020	131 084		7 521
		208 896				67.12	26/02/2021	208 896		
	430 965	208 896	(46 187)					593 674	532	
PJ Mouton	18 674		(18 674)	172.91	136.84		28/02/2015	-	674	
	41 997		(20 998)	172.91	178.29	21.39	29/02/2016	20 999		960
	63 152		(21 051)	172.91	237.31	28.68 - 39.47	28/02/2017	42 101		1 391
	113 018		(28 255)	172.91	236.13	19.50 - 39.11	28/02/2018	84 763		3 232
	227 700				250.56	14.73 - 42.91	28/02/2019	227 700		8 862
183 503				213.71	(2.51) - 22.27	28/02/2020	183 503		10 529	
		349 875				67.12	26/02/2021	349 875		
	648 044	349 875	(88 978)					908 941	674	
	1 510 045	768 527	(181 306)					2 097 266	1 724	

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

²⁾ Share options exercised during the period under review were exercised prior to the Capitec Unbundling taking effect. Pursuant to the Capitec Unbundling, shares options' strike prices were adjusted as detailed in note 11.

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

Mr FJ Gouws, being the chief executive officer 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 29 Feb 2020	Number of share options during the year		Market price per share on vesting date R	Strike price per share option R	Date granted	Number of share options as at 28 Feb 2021	Gains from exercise of share options during the year R'000	Value of unvested share options as at 28 Feb 2021 ²⁾ R'000
		Awarded ¹⁾	Vested						
FJ Gouws	223 795		(223 795)	7.90	7.27	01/04/2015	-	141	
	5 167 789		(2 583 895)	7.90	6.81	01/04/2016	2 583 894	2 816	5 995
	2 367 419		(789 140)	7.90	7.59	01/04/2017	1 578 279	245	2 431
	3 750 000		(937 500)	7.90	8.74	01/04/2018	2 812 500		1 097
	4 000 000				10.15	01/04/2019	4 000 000		(4 080)
		4 800 000			7.13	01/04/2020	4 800 000		9 600
	15 509 003	4 800 000	(4 534 330)				15 774 673	3 202	

¹⁾ On 28 April 2021, Mr FJ Gouws accepted a further 8.5m PSG Konsult share options at a strike price of R9.08 per share, being the 30-day volume weighted average PSG Konsult share price as at 31 March 2021.

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

PSG GROUP LIMITED
DIRECTORS' REPORT
for the year ended 28 February 2021

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 (chief executive officer), WL Greeff (chief financial officer) 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 on or about 8 June 2021 at www.psggroup.co.za.

SHAREHOLDING OF DIRECTORS

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

Audited	Beneficial		Non-beneficial	Total shareholding 2021 ⁵⁾		Total shareholding 2020	
	Direct	Indirect	Indirect	Number	%	Number	%
PE Burton		300 000		300 000	0.1	297 500	0.1
ZL Combi ¹⁾	354 000			354 000	0.2	354 000	0.2
WL Greeff	8 124	1 047 497		1 055 621	0.5	1 055 621	0.5
AM Hlobo		1 500		1 500	-	300	-
JA Holtzhausen ²⁾	611 226	500 000	3 804	1 115 030	0.5	1 111 226	0.5
JJ Mouton ^{2) 3)}	200 000	1 583 667	498 600	2 282 267	1.1	1 989 850	0.9
PJ Mouton ^{2) 3)}	54 148	5 378 831	519 470	5 952 449	2.8	5 937 612	2.7
CA Otto ⁴⁾	200			200	-	3 324 667	1.5
Total	1 227 698	8 811 495	1 021 874	11 061 067	5.2	14 070 776	6.4

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

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

³⁾ Messrs JJ Mouton and PJ Mouton are also trustees and discretionary beneficiaries of the JF Mouton Familietrust with an effective holding of 42,269,481 PSG Group ordinary shares, representing approximately 20.1% of PSG Group's issued share capital (net of treasury shares).

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

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

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 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
As at 29 February 2020						
WL Greeff	Third-party term loan	Dec-21	20	-	400 000	75
	PSG Group SIT loan	Feb-22	n/a	4	500 000	93
JA Holtzhausen	Third-party term loan	< 1 year	20	20	221 700	41
	PSG Group SIT loan	Feb-23	n/a	13	429 526	80
PJ Mouton	Third-party term loan (1)	< 1 year	125	94	3 200 000	597
	Third-party term loan (2) ³⁾	< 1 year	20	6	833 560	156

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 year under review.

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

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

PricewaterhouseCoopers continues to serve as the external auditor of PSG Group until the upcoming annual general meeting scheduled for 9 July 2021. Subject to shareholder approval being obtained at such meeting and in light of the early adoption of mandatory audit firm rotation, Deloitte & Touche will be appointed as external auditor of PSG Group.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Events subsequent to the reporting date are detailed in note 28 to the annual financial statements.



Independent auditor's report

To the Shareholders of PSG Group Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

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 (the Company) and its subsidiaries (together the Group) as at 28 February 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

What we have audited

PSG Group Limited's consolidated and separate financial statements set out on pages 16 to 113 comprise:

- the consolidated and separate statements of financial position as at 28 February 2021;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies, excluding the section marked as "unaudited" in Annexure C.

Certain required disclosures have been presented elsewhere in the "PSG Group Limited Annual Financial Statements for the year ended 28 February 2021", rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

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P O Box 57, Stellenbosch, 7599
T: +27 (0) 21 815 3000, F: +27 (0) 21 815 3100, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.



Our audit approach

Overview

	<p>Overall group materiality</p> <p>R214 million, which represents 1% of total consolidated assets.</p>
	<p>Group audit scope</p> <p>Full scope audits were performed on three components which were considered to be financially significant or of which an identified financial statement line item or items were considered to be significant or an area of higher risk. The remainder of the components were considered to be non-significant, individually and in aggregate. We performed analytical procedures on these remaining non-significant components.</p>
	<p>Key audit matters</p> <ul style="list-style-type: none"> Accounting for the transition to investment entity classification in terms of IFRS; and Valuation of unlisted investments

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<i>Overall group materiality</i>	R214 million.
<i>How we determined it</i>	1% of total consolidated assets.
<i>Rationale for the materiality benchmark applied</i>	<i>We chose total consolidated assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group is measured. The use of an asset-based benchmark was used in light of the volatility arising in profitability, which is largely an effect of revaluation movements on underlying investments that are measured at fair value through profit or loss. We chose 1% which is within the range of quantitative materiality thresholds that we consider to be appropriate.</i>



How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

For purposes of our group audit scope, the Group comprises the Company, six wholly-owned subsidiaries that provide investment related services to the Company and a share incentive trust (each considered a component).

Our scoping included two components, which were considered to be either a financially significant component (based on the component’s contribution to total consolidated assets), a component of which an identified financial statement line item or items were considered to be significant or an area of higher risk, or components which were financially significant in aggregate with other components. Full scope audits were performed on three components which were considered to be financially significant or of which an identified financial statement line item or items were considered to be significant or an area of higher risk. The remainder of the components were considered to be non-significant, individually and in aggregate. We performed analytical procedures on these remaining non-significant components.

The above, together with additional procedures performed at the group level, including substantive procedures over the consolidation process, provided us with sufficient and appropriate audit evidence to form an opinion on the consolidated financial statements as a whole.

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 our audit addressed the key audit matter
<p>Accounting for the transition to investment entity classification in terms of IFRS</p> <p><i>This key audit matter applies to both the consolidated and separate financial statements.</i></p> <p><i>Refer to the following sections of the consolidated and separate financial statements for disclosures as it relates to this key audit matter:</i></p> <ul style="list-style-type: none"> ● <i>Notes 2 of the Accounting Policies,</i> ● <i>Note 1 to the consolidated and separate financial statements, and</i> ● <i>Annexure A.</i> <p>With effect from 1 March 2020, the Company transitioned to an investment entity in terms of IFRS 10: <i>Consolidated financial statements</i> (“IFRS 10”). From this date, the Company ceased to consolidate its subsidiaries (other than those subsidiaries that are not, themselves, investment entities that provide services related to the Company’s investment activities) and to instead carry such investments at fair value, with subsequent changes in fair value being recognised in profit and loss.</p> <p>An investment entity is typically an entity that</p> <p>i) obtains funds from one or more investors for the purpose of providing such investor(s) with investment management services;</p>	<p>Making use of our accounting expertise, we assessed whether the Company meets the criteria of an investment entity, in terms of IFRS 10, by performing the following procedures:</p> <ul style="list-style-type: none"> ● We obtained management’s assessment and agreed their fact pattern to the criteria as included in IFRS 10, noting no material exceptions; ● We inspected the Company’s share register, to evaluate the number and identity of the Company’s shareholders and whether they are related; ● We inspected market communication for evidence that the Company identifies itself as an investment entity that monitors performance of the underlying investments on a fair value basis; and ● We inspected the Board of Directors’ minutes for the tabling and discussion of the fair value of the investments at each Board of Directors’ meeting. <p>We obtained the journals for the transition to investment entity, effective 1 March 2020 and performed the following:</p> <ul style="list-style-type: none"> ● Agreed the 1 March 2020 opening balances of the underlying investments to the audited balances as at 29 February 2020; ● Inspected the journals to deconsolidate the underlying investments and assessed whether all related balances were completely and accurately deconsolidated;



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.

During the year, the Company undertook disposals of its entire investment in Pioneer Food Group Limited and 2.9% of its investment in Capitec Bank Holdings Limited ('Capitec'), as well as unbundled 26.4% of its shares in Capitec. This necessitated the Group to reassess its investment entity status. The performance of the Group's investment portfolio is measured with reference to the fair value of such investment (i.e. sum-of-the-parts ("SOTP") value), rather than the consolidated profitability of the Group (i.e. recurring earnings) with effect from 1 March 2020 in the Group's strive to meet its objective of value creation through capital appreciation, investment income or both.

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. On such date the Group's existing subsidiaries (other than subsidiaries that are not, themselves investment entities that provide services related to the Company's investment activities)) 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 consolidated and separate income statements. These investments were subsequently measured at fair value through profit and loss for the entire year under review.

The transition to investment entity classification in terms of IFRS is deemed to be a matter of most significance to our year end audit due to the following:

- Complexity involved in the determination of the classification as an investment entity; and
- The significance of the impact of the transition on the financial statements of the Company and the Group.

- Agreed the fair value of each investment as at 1 March 2020 to the audited SOTP as at 29 February 2020;
- Inspected the Group structure and assessed based on our understanding of the nature of the entities to determine which entities should be carried at fair value and which entities should be consolidated. We noted no material inconsistencies; and
- We recalculated the net gain upon deemed disposal and reacquisition of investments on 1 March 2020. We noted no material differences to management's calculations.



Valuation of unlisted investments

This key audit matter applies to the consolidated financial statements only.

Refer to the following sections of the consolidated and separate financial statements for disclosures as it relates to this key audit matter:

- *Note 11.2 of the Accounting Policies,*
- *Note 1 to the consolidated financial statements, and*
- *Annexure A.*

The Group holds a number of unlisted investments, which are measured at fair value through profit or loss in accordance with IFRS 9: Financial Instruments. This is as directed by the requirements of an investment entity, in terms of IFRS 10. The fair value of these unlisted investments as at 28 February 2021 is R1 851 million.

The fair values of the unlisted investments, as determined by management and approved by the Board of Directors, are determined by applying valuation methodologies, as required by IFRS 13: *Fair value*, which encompass the net asset value of the investment or price-to-earnings and EBITDA multiples, as indicated in Annexure A to the consolidated financial statements.

We considered the fair value of the underlying unlisted investments to be a matter of most significance to the current year audit due to:

- the magnitude of the unlisted investments in relation to the consolidated financial statements; and
- the degree of judgement and estimation applied in determining the fair value of the underlying unlisted investments.

In our assessment of the Group's determination of the fair value of unlisted investments, we assessed the reasonableness of the assumptions and inputs used in the respective valuations. Our audit procedures included, amongst others, the following:

- We evaluated the design and implementation of key controls over the Group's investment valuation process;
- We assessed whether the final valuations of unlisted portfolio companies, and related inputs used in their determination were appropriately approved by the Board of Directors, through our attendance of the Group Audit and Risk Committee meetings and the PSG Alpha Investments Proprietary Limited Finance and Risk Committee meetings. The valuations were appropriately approved;
- Making use of our valuation expertise we obtained an understanding of the methodologies applied by management, as indicated in Annexure A to the consolidated financial statements and compared it to appropriate industry guidance. We noted no inconsistencies in this regard;
- We assessed the reasonableness of the key inputs into the valuation by performing a sensitivity analysis which took into account the extent that the inputs would need to change for it to have a material impact on the fair value of unlisted investments. Based on the results of our assessment we accepted managements inputs;
- We tested the mathematical accuracy of the underlying valuation calculations and noted no material exceptions;
- Making use of our valuation expertise, we performed an independent assessment of the inputs used in the EBITDA multiple determined for the Energy Partners Proprietary Limited (Energy Partners) valuation, which includes comparative peer EBITDA multiples derived from independent third-party sources. We focused on this area since the outputs of these valuation models are sensitive to changes in inputs, which are inherently judgmental in nature. Based on our work performed, we accepted the inputs used.
- We obtained the audited annualised EBITDA results of Energy Partners in order to evaluate the values used. No material differences were noted.
- For the fair value of Evergreen Retirement Holdings Proprietary Limited, which is determined through the use of the net asset value, we obtained the audited financial statements of the underlying company and agreed the fair value of the investment to the audited net asset value of the company. We noted no material differences.

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 2021" and the document titled "PSG Group Limited Annual Report 2021", which includes the Directors' Report, the Report of the audit and risk committee and the Declaration by the company secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the 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 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 identified above 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, 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 IFRS 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 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 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 PricewaterhouseCoopers Inc. has been the auditor of PSG Group Limited for 25 years.

A handwritten signature in black ink that reads "PricewaterhouseCoopers Inc." in a cursive script.

PricewaterhouseCoopers Inc.
Director: B Deegan
Registered Auditor
Cape Town, South Africa
28 May 2021

PSG GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

as at 28 February 2021

		GROUP	
	Notes	2021 Rm	2020 Rm
ASSETS			
Investments at FVTPL	1	18 885	
Property, plant and equipment	2	55	12 117
Intangible assets	F1		4 483
Right-of-use assets	3	1	1 107
Investment in ordinary shares of associates	F2.1		10 672
Investment in preference shares of/loans granted to associates	F2.1		42
Investment in ordinary shares of joint ventures	F2.2		986
Loans granted to joint ventures	F2.2		35
Employee benefit assets	15		42
Unit-linked investments	F3		50 404
Equity securities	F4		2 620
Debt securities	5	715	6 212
Deferred income tax assets	6	12	469
Biological assets	F5		585
Investment in investment contracts	F6		16
Loans and advances	7.1	54	330
Trade and other receivables	8	70	6 001
Derivative financial assets	9		24
Inventory	F7		2 038
Current income tax assets			39
Reinsurance assets	F8		134
Cash and cash equivalents	10	1 646	1 977
Assets held for sale	F11		5 520
Total assets		21 438	105 853
EQUITY			
Equity attributable to owners of the parent			
Stated capital	11	6 689	7 148
Treasury shares		(115)	(122)
Other reserves	12	67	(212)
Retained earnings		12 613	12 269
		19 254	19 083
Non-controlling interests	13	1 556	11 843
Total equity		20 810	30 926
LIABILITIES			
Insurance contracts	F9		554
Third-party liabilities arising on consolidation of mutual funds	F10.1		29 999
Investment contract liabilities	F10.2		26 694
Deferred income tax liabilities	6	488	975
Borrowings	14		9 094
Lease liabilities	4	1	1 453
Derivative financial liabilities	9	42	117
Employee benefit liabilities	15	25	598
Trade and other payables	16	36	5 285
Loans payable	7.2	36	
Reinsurance liabilities	F8		7
Current income tax liabilities			135
Liabilities held for sale	F11		16
Total liabilities		628	74 927
Total equity and liabilities		21 438	105 853

PSG GROUP LIMITED
INCOME STATEMENT
for the year ended 28 February 2021

	Notes	GROUP	
		2021 Rm	2020 ¹⁾ Rm
CONTINUING OPERATIONS			
Fair value losses on investments at FVTPL	1	(962)	
Interest income	18	72	1 720
Interest income calculated using the effective interest rate		72	273
Interest income on FVTPL financial instruments			1 447
Dividend income	1 & 18	1 982	671
Investment income		2 054	2 391
Revenue from sale of goods	F12		13 502
Cost of goods sold	F13		(11 339)
Gross profit from sale of goods		-	2 163
Revenue earned from commission, school, net insurance and other fee income	17	80	10 861
Other income			
Gain upon deemed disposal and reacquisition of subsidiaries at fair value	1	3 945	
Changes in fair value of biological assets	F5		225
Fair value gains and losses	19	(6)	(362)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds	F10.1		(1 030)
Fair value adjustment to investment contract liabilities	F10.2		(507)
Other operating income	F14		314
		3 939	(1 360)
Expenses			
Insurance claims and loss adjustments, net of recoveries	F15		(663)
Reversal of previously recognised impairment loss on debt securities	5	126	
Impairment loss on loans and advances	7.1	(33)	
Marketing, administration, impairment losses and other expenses	20	(128)	(11 529)
		(35)	(12 192)
Net income from associates and joint ventures			
Share of profits of associates and joint ventures	F2.1 & F2.2		648
Loss on impairment of associates	F2.1		(323)
Profit on sale/dilution of interest in associates	F11	5 158	130
		5 158	455
Profit before finance costs and taxation		10 234	2 318
Finance costs	21	(138)	(889)
Profit before taxation		10 096	1 429
Taxation	22	(1 083)	(525)
Profit for the year from continuing operations		9 013	904
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations		21 088	2 454
Gain upon unbundling of Capitec interest at fair value	F11	21 099	
Capitec Unbundling transaction costs	F11	(11)	
Share of profit of associate	F2.1		1 923
Reversal of impairment of associate	F2.1		617
Loss on dilution of interest in associate	F2.1		(86)
Profit for the year		30 101	3 358
Attributable to:			
Owners of the parent		29 994	2 462
Continuing operations		8 906	453
Discontinued operations		21 088	2 009
Non-controlling interests		107	896
		30 101	3 358
Earnings per share (R)	23		
Basic		139.08	11.29
Diluted		138.26	11.26

¹⁾ Re-presented for the discontinued operation detailed in note F11, as well as the reclassification detailed in note 29.

PSG GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 28 February 2021

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

¹⁾ Re-presented for the discontinued operation detailed in note F11.

PSG GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2021

GROUP	Stated capital Rm	Treasury shares Rm	Other reserves Rm	Retained earnings Rm	Non- controlling interests Rm	Total Rm
Balance at 1 March 2019	7 133	(111)	7	11 086	11 776	29 891
Adjustment due to initial application of IFRS 16 (note F17)				(103)	(133)	(236)
Total comprehensive (loss)/income	-	-	(199)	2 462	663	2 926
Profit for the year				2 462	896	3 358
Other comprehensive loss			(199)		(233)	(432)
Transactions with owners	15	(11)	(20)	(1 176)	(463)	(1 655)
Issue of shares	15				20	35
Share-based payment costs - employees			80		48	128
Treasury shares acquired		(11)				(11)
Subsidiary acquired (note F19.1)					66	66
Subsidiary sold (note F19.2)					(2)	(2)
Transactions with non-controlling interests and transfers between reserves (note F18)			(100)	(155)	(142)	(397)
Dividends paid				(1 021)	(453)	(1 474)
Balance at 29 February 2020	7 148	(122)	(212)	12 269	11 843	30 926
Total comprehensive income				29 994	107	30 101
Profit for the year				29 994	107	30 101
Transactions with owners	(459)	7	279	(29 650)	(10 394)	(40 217)
Shares buy-back ¹⁾	(459)					(459)
Share-based payment costs - employees			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 transfers between reserves			246	(250)	(10 265)	(10 269)
Capitec Unbundling				(28 884)		(28 884)
Dividends paid				(516)	(129)	(645)
Balance at 28 February 2021	6 689	(115)	67	12 613	1 556	20 810

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

PSG GROUP LIMITED

STATEMENT OF CASH FLOWS

for the year ended 28 February 2021

	Notes	GROUP	
		2021 Rm	2020 ¹⁾ Rm
Cash flows from operating activities			
Cash generated from operations	27.1	12	262
Interest received		59	1 712
Dividends received		1 959	1 628
Continuing operations	1 & 5	1 959	866
Discontinued operations	F11		762
Finance costs paid		(157)	(840)
Taxation paid	27.2	(609)	(490)
<i>Net cash flow from operating activities</i>		1 264	2 272
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	3 502	
Businesses/subsidiaries acquired	F19.1		(235)
Subsidiaries sold	F19.2		54
Acquisition of associates and joint ventures			(515)
Proceeds from sale of associates			796
Net advance of loans and preference share funding to associates and joint ventures			(39)
Purchases of intangible assets (including books of business)			(261)
Proceeds from sale of intangible assets (including books of business)			11
Purchases of property, plant and equipment		(1)	(1 672)
Proceeds from sale of property, plant and equipment			45
Movement in other financial assets		(85)	355
<i>Net cash flow from investing activities</i>		1 868	(1 461)
Cash flows from financing activities			
Dividends paid to PSG Group shareholders		(516)	(1 021)
Dividends paid to PSG Financial Services perpetual preference shareholders (2020: PSG Financial Services perpetual preference shareholders and other non-controlling interests)		(129)	(453)
Capital contributions by non-controlling interests			32
Acquired from non-controlling interests			(358)
Acquired by non-controlling interests			93
Borrowings drawn	14		3 165
Borrowings repaid	14	(1 000)	(2 157)
Lease liabilities paid - principal portion	4	(1)	(190)
Proceeds from delivery of treasury shares/(treasury shares acquired)		11	(11)
Shares repurchased and cancelled		(446)	
<i>Net cash flow from financing activities</i>		(2 081)	(900)
Net increase/(decrease) in cash and cash equivalents		1 051	(89)
Exchange losses on cash and cash equivalents			(21)
Cash and cash equivalents at beginning of the year		595	705
Cash and cash equivalents at end of the year	27.3	1 646	595

¹⁾ Re-presented for the discontinued operation detailed in note F11.

PSG GROUP LIMITED

ACCOUNTING POLICIES

for the year ended 28 February 2021

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; however, the accounting policies applied are materially different from those previously applied as detailed below.

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

2.1 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 under review, 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 ("Capitec Unbundling"). 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 meets the criteria to be classified as an investment entity.

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 is effective from 1 March 2020. Accordingly, on such date the group's existing subsidiaries (other than aforementioned wholly-owned head office subsidiaries providing investment 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 year under review.

3. DISCONTINUED OPERATIONS

3.1 Pioneer Foods Disposal

As at 29 February 2020, PSG Group, through Zeder, a subsidiary in terms of IFRS 10, classified its investment in Pioneer Foods, an associate, as a non-current asset held for sale and discontinued operation in its consolidated financial statements (refer note F11). Accordingly, PSG Group's consolidated income statement for the year ended 29 February 2020 previously presented the contribution from the investment in Pioneer Foods as a discontinued operation.

PSG GROUP LIMITED

ACCOUNTING POLICIES

for the year ended 28 February 2021

3. DISCONTINUED OPERATIONS (continued)

3.2 Capitec Unbundling

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

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE EFFECTIVE FOR THE FIRST TIME IN 2021

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

The following new standard, which is relevant to the group's operations, was adopted during the year:

- IAS 1 Presentation of Financial Statements - Definition of Material (effective 1 January 2020)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material (effective 1 January 2020)

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 IFRS 3 Business Combinations - Definition of a Business (effective 1 January 2020)
- Amendments to IAS 39 and IFRS 7 and 9 - Interest Rate Benchmark Reform (effective 1 January 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 2021 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)
- Amendments to IFRS 16 Leases - Covid-19-Related Rent Concessions (effective 1 June 2020)
- 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)
- Amendments to IAS 39 and IFRS 4, 7, 9 and 16 - Interest Rate Benchmark Reform Phase 2 (effective 1 January 2021)
- 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 pages 1 and 106). 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.

6. CONSOLIDATION (continued)**CRITICAL ACCOUNTING JUDGEMENT - PSG Group's classification of Zeder and Dipeo as subsidiaries (continued)**

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 Executive Committee. 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.

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.

7. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (refer Annexures B and I). 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	50 - 57 years
Office equipment	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 in the group, 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 fair value through profit or loss:

- The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- 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 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 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 three months 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

Cumulative, non-redeemable, non-participating subsidiary preference shares, where the dividend declaration is subject to the discretion of the subsidiary's board, are 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; any difference between the proceeds (net of transaction costs) and the redemption value is 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 is recognised either when the performance obligation has been satisfied ('point in time') or when control of the goods or service is transferred to the customer ('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. 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.

Deferred income tax is not provided on temporary differences arising on investments in subsidiaries where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 it is not foreseen that the timing differences will reverse within the next 12 months.

19.2 Dividend withholding tax

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 Basic earnings per share

Basic 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 basic 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.

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	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
1. INVESTMENTS AT FVTPL			
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

	Fair value ¹⁾ 1 Mar 2020 Rm	Transfer from investment in associate (note F11) Rm	Fair value gains/(losses) Rm	Additions/ (disposals) ²⁾ Rm	Fair value ¹⁾ 28 Feb 2021 Rm	Dividend income ³⁾ (note 18) 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 approximately 3.3m Capitec shares during the year raised R3,502m in cash, while a further R1,053m and R86m cash was invested in Curro and PSG Alpha, respectively.

³⁾ The dividends received from PSG Konsult and Curro were paid in the normal course of business, while the dividend received from Zeder was a special dividend paid pursuant to the disposal of its interest in Pioneer Foods.

FINANCIAL RISK DISCLOSURE - Market (price) risk		
PSG Group is exposed to market (price) risk in light of fluctuations in equity prices. At 28 February 2021, if the equity prices of the respective investments detailed above had been 20% higher/(lower) with all other variables held constant, post-tax profit for the year would have been higher/(lower) as set out below:		
	20% increase	20% decrease
PSG Konsult	1 456	(1 456)
Curro	718	(718)
Capitec	340	(340)
Zeder	397	(397)
PSG Alpha	768	(768)
CA&S	221	(221)
Evergreen	171	(171)
Stadio	170	(170)
Energy Partners	60	(60)
Optimi	58	(58)
Other	88	(88)
	3 679	(3 679)

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	Land Rm	Buildings Rm	Vehicles, plant and machinery Rm	Office equipment Rm	Computer equipment Rm	Total Rm
2. PROPERTY, PLANT AND EQUIPMENT						
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
As at 29 February 2020						
Cost	1 816	9 153	2 533	303	724	14 529
Accumulated depreciation and impairment losses	(117)	(447)	(1 247)	(158)	(443)	(2 412)
Balance at end of the year	1 699	8 706	1 286	145	281	12 117
Reconciliation						
Balance at beginning of the year	1 656	7 954	1 149	107	230	11 096
Additions	195	865	422	74	143	1 699
Disposals	(8)	(18)	(14)	(1)	(3)	(44)
Depreciation	(4)	(67)	(227)	(38)	(87)	(423)
Impairments	(106)	(81)	(32)			(219)
Transfer to assets held for sale	(48)	(26)	(13)		(1)	(88)
Exchange differences	(4)	(3)	(14)	2	(2)	(21)
Subsidiaries acquired	21	95	19	1	1	137
Subsidiaries sold	(3)	(13)	(4)			(20)
Balance at end of the year	1 699	8 706	1 286	145	281	12 117

The prior year additions included borrowing costs of R66m capitalised at a rate of 9.1%. Depreciation was accounted for on land held under leasehold rights.

The prior year impairments related mainly to i) Agrivision Africa's milling and farming operations (R101m) and ii) two Curro schools with lower than expected learner growth and a piece of vacant land subsequently reclassified as held for sale (R104m), and were mainly as a result of the general challenging trading conditions.

Details of land and buildings are available at the registered offices of the relevant property-owning companies within the group. Some items of property, plant and equipment, most notably certain of Curro's land and buildings, served as security for borrowings (note 14).

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	Land and buildings Rm	Vehicles, plant and machinery Rm	Office equipment Rm	Total Rm
3. RIGHT-OF-USE ASSETS				
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
As at 29 February 2020				
Cost	1 203	163	6	1 372
Accumulated depreciation and impairment losses	(193)	(71)	(1)	(265)
Balance at end of the year	1 010	92	5	1 107
Reconciliation				
Balance at beginning of the year	956	80	4	1 040
New leases entered into	210	68	1	279
Depreciation	(177)	(44)	(1)	(222)
Other movements	15	(12)	1	4
Subsidiaries acquired	6			6
Balance at end of the year	1 010	92	5	1 107

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 Sales' 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.

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	2021 Rm	2020 Rm
4. LEASE LIABILITIES		
Balance at beginning of the year	1 453	1 325
Change in investment entity status	(1 451)	
New leases entered into		294
Payments - principal portion	(1)	(190)
Payments - finance cost		(138)
Finance cost (note 21)		148
Other movements		3
Subsidiaries acquired		11
Balance at end of the year	1	1 453
Current	1	231
Non-current		1 222

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 Sales (R99m). Refer to note 3 for the nature of the group's leasing activities. 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, as assessed by the respective group entity's management. The group's weighted average incremental borrowing rate applied to lease liabilities during the year was prime less 1.5% (2020: ranged between 9.6% and 11.8%). To determine the incremental borrowing rate, the group considers government bond rates and the particular 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).

The group's future lease payments as at end February 2021, all due within the next year, amounts to R1m.

	2021 Rm	2020 Rm
5. DEBT SECURITIES		
<i>Own balances</i>	715	1 847
Unlisted but quoted		1 847
Unquoted	715	
<i>Consolidated mutual funds (note F10.1)</i>	-	3 994
Listed		867
Unlisted but quoted		3 127
<i>Investments linked to investment contracts - unlisted but quoted (note F10.2)</i>		371
	715	6 212

5. DEBT SECURITIES (continued)

	Measured at amortised		Total Rm
	FVTPL Rm	cost Rm	
Reconciliation			
Balance at 1 March 2019	6 196	67	6 263
Additions	11 487		11 487
Maturity/disposals	(12 326)	(69)	(12 395)
Fair value net gains	855		855
Finance income		2	2
Balance at 29 February 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		126	126
Balance at 28 February 2021	-	715	715
		2021 Rm	2020 Rm
Current			4 666
Non-current		715	1 546
		715	6 212

2021

Debt securities relate to PSG Group's investment in Dipeo cumulative, redeemable preference shares. Previously, such investment was eliminated upon consolidation of Dipeo (a subsidiary in terms of IFRS 10), with PSG Group accordingly sharing in the underlying assets of Dipeo. However, following the aforementioned change in status to that of an investment entity, Dipeo is no longer consolidated (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.

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 ended 28 February 2021; 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 then ended). Accordingly, at 28 February 2021, 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 R111m higher/(lower).

2020

Debt securities at the prior reporting date related mainly to those held by the PSG Money Market Fund, as consolidated by PSG Konsult, with a business model whose objective is closely aligned to both collecting contractual cash flows (i.e. principal and interest) and potentially disposing of such financial assets (i.e. to fund redemptions by third parties), and therefore the debt securities were classified as at FVTPL.

	2021 Rm	2020 Rm
6. DEFERRED INCOME TAX		
Deferred income tax assets	12	469
To be recovered within 12 months	12	147
To be recovered after 12 months		322
Deferred income tax liabilities	(488)	(975)
To be settled within 12 months	(488)	(24)
To be settled after 12 months		(951)
Net deferred income tax liability	(476)	(506)

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 2019	144	333	(141)	(996)	(660)
Adoption of IFRS 16				(6)	(6)
Credited/(charged) to profit or loss	39	72	62	(22)	151
Credited/(charged) to other comprehensive income/loss	4			(3)	1
Other movements	(10)	(43)	(10)	23	(40)
Subsidiaries acquired	1		(1)	(34)	(34)
Subsidiaries sold	1	(2)			(1)
Balance at 29 February 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)

	Sub-total Rm	Lease liabilities Rm	Right-of-use assets Rm	Total Rm
Balance at 1 March 2019		(660)		(660)
Adoption of IFRS 16		(6)	162	(98)
Credited/(charged) to profit or loss		151	96	(83)
Credited to other comprehensive income/loss		1		1
Other movements		(40)	8	(4)
Subsidiaries acquired		(34)	3	(1)
Subsidiaries sold		(1)		(1)
Balance at 29 February 2020		(589)	269	(186)
Change in investment entity status		589	(269)	186
Charged to profit or loss		(476)		(476)
Balance at 28 February 2021		(476)	-	-

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% (2020: 28%) and a South African capital gains tax inclusion rate of 80% (2020: 80%). Where temporary differences arose in jurisdictions other than South Africa, the tax rates relevant to those jurisdictions were applied.

The deferred tax liability 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.

Deferred tax credited/charged to other comprehensive income/loss in the prior year related mainly to foreign currency translation adjustments.

The recoverability of prior year deferred tax assets in respect of tax losses was assessed by the respective subsidiaries' management, taking cognisance of board-approved budgets and growth plans, and found adequately supported given the expected taxable income to be generated in future.

	2021 Rm	2020 Rm
7. LOANS AND ADVANCES AND LOANS PAYABLE		
7.1 LOANS AND ADVANCES		
Secured loans	49	276
Unsecured loans	5	54
	54	330
Current	5	125
Non-current	49	205

2021

Loans and advances relate mainly to subsidiaries and head office-administrated Black-Economic Empowerment Trusts not consolidated. The loans and advances carry interest at various rates ranging between 5% and 11%, with R23m of the secured loans (reflected net of an impairment loss of R33m accounted for during the year under review) being classified as stage 2 under-performing, while the remainder has been classified as stage 1 fully performing.

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.

2020

All loans and advances related to own balances (refer page 73).

At the prior reporting date, secured loans comprised mainly loans to PSG Konsult financial advisors, the related-party preference share investment detailed in note 26, as well as share incentive scheme loans across the broader group. Secured loans and advances were thus mainly secured by cession and pledges over i) the income streams of PSG Konsult financial advisors and ii) ordinary shares in PSG Group, PSG Konsult, Curro, PSG Alpha (and its subsidiaries) and Zeder (and its subsidiaries). At the prior reporting date, unsecured loans comprised mainly loans to PSG Konsult financial advisors.

Loans carried interest at various rates of up to a maximum of 16% and were repayable over various periods not exceeding seven years. Further financial risk management disclosures are set out in note F20.

Loss allowances for loans and advances are measured under the general expected credit loss impairment model according to the categories detailed below:

Category	Description
Stage 1	These are loans which are up-to-date with no indication of a significant increase in credit risk as well as loans which are fully secured.
Stage 2	These are loans which have had a significant increase in credit risk, but are not credit impaired. A significant increase in credit risk may result from instances such as: <ul style="list-style-type: none"> the PSG Konsult financial advisors' books of business not performing as expected; or the counterparty has missed payments.
Stage 3	These are loans which have been assessed to be credit impaired as a result of instances such as: <ul style="list-style-type: none"> the PSG Konsult financial advisors no longer being employed by the group; or legal proceedings have been instituted to try and recover the loan.
Write-off	Loans are written off when there is no reasonable expectation of further recovery.

Loans and advances and the related loss allowances can be analysed as follows applying the aforementioned categories:

	Stage 1 (fully performing) Rm	Stage 2 (under- performing) Rm	Stage 3 (non- performing) Rm	Total Rm
As at 29 February 2020				
Gross carrying value	329	3	94	426
Loss allowances	(1)	(2)	(93)	(96)
Opening balance	(1)	(1)	(13)	(15)
Charged to profit or loss		(2)	(80)	(82)
Amounts written off		1		1
Net carrying value	328	1	1	330

7.2 LOANS PAYABLE

These balances comprise loans payable to subsidiaries and head office-administered Black-Economic Empowerment Trusts not consolidated. Such loans are repayable on demand and carry interest at a rate equal to that of the PSG Money Market Fund.

	2021 Rm	2020 Rm
8. TRADE AND OTHER RECEIVABLES		
Trade receivables ¹⁾	10	3 564
Broker- and clearing accounts ²⁾		1 626
Contract assets from contracts with customers ³⁾		50
Prepayments and sundry receivables	60	761
	70	6 001
Own balances	70	4 261
Client balances		1 669
Consolidated mutual funds (note F10.1)		71
	70	6 001
Current	70	5 997
Non-current		4

¹⁾ Included in the prior year were insurance receivables due from contract holders and agents, brokers, reinsurers and intermediaries of Rnil (2020: R112m), which were accounted for according to IFRS 4.

²⁾ PSG Securities Ltd's ("PSG Online"), a subsidiary of PSG Konsult, broker- and clearing accounts of Rnil (2020: R1.6bn) representing amounts owing by the JSE for trades in the last few days before year-end. These balances fluctuate on a daily basis depending on the activity in the markets. The control account for the settlement of these transactions is included under trade and other payables (refer note 16), with the settlement to the clients taking place within three days after the transaction date. All such balances have subsequently been settled accordingly.

³⁾ Related to reimbursive costs incurred by Energy Partners, a subsidiary of PSG Alpha, to fulfil contracts with customers in the ordinary course of its business of constructing energy-related assets.

Trade and other receivables include non-financial assets of R2m (2020: R454m).

2021

FINANCIAL RISK DISCLOSURE - Credit risk

The trade and other receivables do not expose the group to any significant amount of credit risk.

2020

For trade and other receivables, the group applied the simplified approach to provide for expected credit losses, which required lifetime expected credit losses to be provided for. To measure the expected credit losses, trade receivables had been grouped based on shared credit risk characteristics and the days past due. The expected loss rates were based on historical default rates over the expected life. The historical loss rates were adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The historical default rates had been assessed generally using a 12 to 24-month period. Forward-looking estimates included the economic outlook of the country in which the customer resides. Each subsidiary's board of directors is responsible for managing the respective entity's credit risk, including setting credit granting criteria and write-off policies.

Other receivables were assessed based on individual characteristics such as the relevant counterparty and payment history with such counterparty, in order to determine the credit risk and lifetime expected credit losses. There were no significant expected credit losses recognised in respect of other receivables.

The table below sets out the group's trade receivables and the average expected loss rate applied to each ageing category:

	Current Rm	Past due				Total Rm
		0 - 30 days Rm	31 - 60 days Rm	61 - 90 days Rm	> 90 days Rm	
As at 29 February 2020						
Gross carrying value	2 558	367	136	163	581	3 805
Loss allowance	(20)	(18)	(15)	(29)	(159)	(241)
Opening balance						(111)
Charged to profit or loss						(141)
Amounts written off						37
Subsidiaries acquired						(31)
Other movements						5
Net carrying value	2 538	349	121	134	422	3 564
Expected loss rate	0.8%	4.9%	11.0%	17.8%	27.4%	6.3%

8. TRADE AND OTHER RECEIVABLES (continued)

The group's prior year net trade receivables past due of R1,026m related mainly to CA Sales (R365m), Zaad (R350m) and Curro (R134m), with collection history, collateral held and forward-looking information indicating that these amounts were recoverable.

The historical loss rates of CA Sales had been assessed using a 24-month period. Historical loss rates were adjusted for forward-looking estimates based on the economic outlook of the country in which the customer resides. A significant depreciation of the local currency as well as civil unrest increased the risk of defaults on customer accounts. CA Sales generally considered trade receivables to be in default when payment terms had been exceeded by more than 60 days without reason or arrangements made to extend the payment terms and considered trade receivables to be credit impaired when payment terms had been exceeded by more than 180 days with no communication received from the debtor. Credit-impaired trade receivables were written off. Trade receivables outstanding for 90 days were not seen as credit impaired as it was normal practice to extend credit to certain customers at those terms.

Zaad determined historical loss rates based on the payment profile of historical sales using an average period of 12 months. The historical loss rate was then adjusted to reflect the potential impact on future expected credit losses per aging category for factors that were specific to the customers and general economic conditions, such as the local and export market throughout sub-Saharan Africa, weather conditions (drought), foreign currency fluctuations, the availability of natural resources (water and electricity) and global competition. Average credit terms ranged between 30 to 180 days and accounts were in default if not settled within the allocated credit terms. Zaad considered trade receivables to be credit impaired when a deterioration in the ability to adhere to credit terms occurs and the prospect of recovery is in doubt. Credit-impaired trade receivables were written off when there was information indicating that the counterparty was in severe financial difficulty and there was no realistic prospect of recovery.

Curro determined historical loss rates based on the payment profiles of sales over the past 12 months and the corresponding historical credit losses experienced within such period. Considering the nature of the business, Curro had identified GDP and inflation to be the most relevant factors affecting the ability of the customers to settle the receivables and accordingly adjusted the historical loss rates based on expected changes in these factors. Normal payment terms require fees to be settled within 30 days from date of invoice; however, credit periods may vary based on special payment agreements reached with parents of learners. Curro had rebutted the presumption that there was a significant increase in credit risk when payment terms had been exceeded by more than 30 days. Based on historic information, there was a significant increase in credit risk when collections deteriorate, the period of indebtedness lengthened and the debtor was no longer an active client of the business. Trade receivables were written off when there was no reasonable expectation of recovery. Indicators that there was no reasonable expectation of recovery include failure to make payments for a period of greater than 24 months.

	2021 Rm	2020 Rm
9. DERIVATIVE FINANCIAL INSTRUMENTS		
Derivative financial assets		
Current		24
Derivative financial liabilities	(42)	(117)
Current	(42)	(73)
Non-current		(44)
Net derivative financial liability	(42)	(93)
Analysis of net derivative financial liability		
Fixed-for-variable interest rate swaps	(42)	(63)
Written put options extended to non-controlling interests		(23)
Other		(7)
	(42)	(93)
Own balances	(42)	(86)
Assets		1
Liabilities	(42)	(87)
Client-related balances	-	(7)
Assets		23
Liabilities		(30)
	(42)	(93)

Derivatives are classified as financial assets and liabilities at fair value through profit or loss. The fair value of interest rate swaps was determined as the difference between the floating leg and the fixed leg of the swap. The fair value of the fixed leg is the present value of fixed interest payments discounted at the risk-free rate plus a margin. The floating leg was valued by discounting projected floating leg payments using a risk-free rate plus a margin. The fair value of the written put options extended to non-controlling interests was calculated as the contractual put exercise price, discounted at a market-related interest rate.

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9. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The fair value adjustments on derivative financial instruments included in net fair value losses/gains on financial assets and financial liabilities at FVTPL (note 19) amounted to a loss of R6m (2020: R13m).

FINANCIAL RISK DISCLOSURE - Market (interest rate) risk

The derivative financial liability as at 28 February 2021 relates to an interest rate swap arrangement 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.

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.

	2021 Rm	2020 Rm
10. CASH AND CASH EQUIVALENTS		
Cash at bank	57	1 424
Short-term liquid investments	1 589	553
	1 646	1 977
Own balances	1 646	1 723
Client-related balances		254
	1 646	1 977

2021**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 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 R12m higher/lower.

FINANCIAL RISK DISCLOSURE - Credit risk

Cash and cash equivalents relate to deposits held with FirstRand Bank Ltd (52%) and Absa Bank Ltd (48%). 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.

FirstRand Bank Ltd and ABSA Bank Ltd have been rated by Moody's as having a short-term deposit rating of NP (2020: P-3) and long-term deposit rating of Ba2 (2020: Baa3).

2020

The average interest rate on cash and cash equivalents (using the average of the opening and closing balances) was 9%.

Cash and cash equivalents relate mainly to deposits held with FirstRand Bank Ltd, Absa Bank Ltd, Standard Bank of South Africa Ltd and Nedbank Ltd. Cash and cash equivalents 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.

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for the year ended 28 February 2021

	2021 Rm	2020 Rm
11. STATED CAPITAL		
Authorised		
400,000,000 (2020: 400,000,000) ordinary shares with no par value		
Issued		
Balance at beginning of the year	7 148	7 133
Share (buy-back)/issue	(459)	15
Balance at end of the year	6 689	7 148
Number of shares in issue ('000)		
In issue (gross of treasury shares)	223 778	232 163
Shares held by subsidiaries or consolidated in terms of non-recourse loan funding advanced	(13 909)	(14 009)
Shares held by share incentive trust	(45)	(45)
In issue (net of treasury shares)	209 824	218 109

Unissued shares, limited to 5% of the company's number of shares in issue as at 17 July 2020, 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 schemes

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 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 respective market prices. 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 R33m (2020: R128m). This charge, net of the related tax effect, was debited to the income statement and credited to other reserves (note 12) (2020: credited to other reserves (note 12) and non-controlling interests (refer statement of changes in equity), respectively).

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

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

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

Grant date	Vesting date	Before (R)	After (R)
28 February 2016	28 February 2021	178.29	21.39
28 February 2017	28 February 2021	237.31	39.47
28 February 2017	28 February 2022	237.31	28.68
28 February 2018	28 February 2021	236.13	39.11
28 February 2018	28 February 2022	236.13	28.37
28 February 2018	28 February 2023	236.13	19.50
28 February 2019	28 February 2021	250.56	42.91
28 February 2019	28 February 2022	250.56	32.11
28 February 2019	28 February 2023	250.56	23.05
28 February 2019	28 February 2024	250.56	14.73
28 February 2020	28 February 2022	213.71	22.27
28 February 2020	28 February 2023	213.71	13.65
28 February 2020	28 February 2024	213.71	5.56
28 February 2020	28 February 2025	213.71	(2.51)

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11. STATED CAPITAL (continued)

The SIT currently holds 45,000 (2020: 45,000) PSG Group ordinary shares, with 2,704,643 (2020: 2,072,537) share options having been allocated that are unvested and/or unexercised with a total strike consideration of R108m after having been adjusted to account for the Capitec Unbundling (2020: R469m).

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, 6,876,231 (2020: 6,876,231) shares have been exercised by way of the scheme and accordingly a further 10,410,868 (2020: 10,410,868) shares may be exercised in future by way of the scheme. To date, a maximum of 1,394,946 (2020: 1,394,946) shares have been exercised by a single participant of the scheme, with the maximum number of shares that may be exercised by such participant in future accordingly being 2,062,474 shares (2020: 2,062,474).

PSG Group shares	Number	
	2021	2020
Number of share options allocated at beginning of the year	2 072 537	2 256 402
Number of share options cancelled during the year	(135 872)	(13 038)
Number of share options vested during the year	(302 602)	(775 359)
Number of share options allocated during the year	1 070 580	604 532
Number of share options allocated at end of the year	2 704 643	2 072 537

Outstanding PSG Group share options per tranche allocated:	Number of shares	Volatility %	Dividend yield %	Average	Average
				risk-free rate %	fair value R
28 February 2016	63 759	40.3	2.0	8.2	60.90
28 February 2017	82 091	27.7	1.6	7.4	64.23
28 February 2018	256 847	33.8	2.0	7.1	68.62
28 February 2019	671 124	25.4	2.0	7.3	62.20
28 February 2020	560 242	23.7	2.3	6.5	46.93
26 February 2021	1 070 580	35.0	-	5.1	21.73
	2 704 643				

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 being more representative of the current 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.

Vesting of shares 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 outstanding PSG Group share options by financial year of maturity:	2021		2020	
	Weighted average strike price (R)	Number	Weighted average strike price (R)	Number
28 February 2021			215.13	695 436
28 February 2022	32.35	792 899	234.50	470 069
28 February 2023	38.45	660 906	234.21	426 633
29 February 2024	36.86	575 486	233.65	329 266
28 February 2025	43.20	407 707	213.71	151 133
28 February 2026	67.12	267 645		
		2 704 643		2 072 537

12. OTHER RESERVES

	Foreign currency translation Rm	Share-based payment Rm	Other ¹⁾ Rm	Total Rm
Balance as at 1 March 2019	(145)	278	(126)	7
Currency translation adjustments	(59)			(59)
Cash flow hedges			(7)	(7)
Share of other comprehensive losses and equity movements of associates			(133)	(133)
Share-based payment costs - employees		80		80
Transactions with non-controlling interests and transfers between reserves	4	(67)	(37)	(100)
Balance as at 29 February 2020	(200)	291	(303)	(212)
Change in investment entity status and transfers between reserves	200	(257)	303	246
Share-based payment costs - employees		33		33
Balance as at 29 February 2020	-	67	-	67

¹⁾ Related mainly to the group's share of other comprehensive losses suffered by associates.

13. NON-CONTROLLING INTERESTS

Cumulative, non-redeemable, non-participating preference shares of PSG Financial Services
Other

	2021 Rm	2020 Rm
Cumulative, non-redeemable, non-participating preference shares of PSG Financial Services	1 556	1 578
Other		10 265
	1 556	11 843

The authorised and issued PSG Financial Services preference share capital are as follows:

Authorised

30,000,000 (2020: 30,000,000) cumulative, non-redeemable, non-participating preference shares with no par value.

Issued

17,415,770 (2020: 17,415,770) cumulative, non-redeemable, non-participating preference shares with no par value.

The discretionary preference dividend is calculated on a daily basis at 83.33% (2020: 83.33%) of prime on the nominal value of R100 per share and is payable in two semi-annual instalments. Arrear preference dividends accrue interest at prime. All preference dividends have been paid up to date.

Please refer to note 28 for details of the planned repurchase of PSG Financial Services' cumulative, non-redeemable, non-participating preference shares.

14. BORROWINGS

Non-current

Redeemable preference share capital
Unsecured loans
Secured loans

Current

Bank overdrafts
Redeemable preference share capital and accumulated dividends
Unsecured loans
Secured loans

Total borrowings

Own balances
Client-related balances

	-	5 753
Redeemable preference share capital		1 036
Unsecured loans		277
Secured loans		4 440
	-	3 341
Bank overdrafts		1 382
Redeemable preference share capital and accumulated dividends		1 519
Unsecured loans		87
Secured loans		353
Total borrowings	-	9 094
Own balances		9 094
Client-related balances		
	-	9 094

14. BORROWINGS (continued)**At a PSG Group head office level**

The only borrowings at a PSG Group head office level related to redeemable preference shares issued by a wholly-owned subsidiary of PSG Group to third-party funders. As at the prior reporting date, preference share capital and accumulated preference share dividends payable amounted to R1bn and R19m, respectively. These redeemable preference shares carried a fixed dividend rate of 7.8% nominal annual compounded monthly, being serviced during May and November of each year, with the preference share capital repayable during April 2021 (R180m), April 2022 (R170m) and April 2023 (R650m). As security for the aforementioned borrowings, a PSG Group wholly-owned subsidiary ceded and pledged ordinary shares in Capitec (4.7m), PSG Konsult (160m), Zeder (450m) and Curro (48m), with a further negative pledge over additional ordinary shares in Capitec (3.3m), PSG Konsult (88m), Zeder (130m) and Curro (26m). During the year under review, the aforementioned redeemable preference share borrowings were settled in full, and the aforementioned security released from such cession and pledge.

PSG Group maintains a strict policy not to provide any guarantee or surety in respect of investee companies' borrowings, unless wholly-owned and managed at a head office level. Accordingly, none of the borrowings of Capitec, PSG Konsult, Curro, Zeder, PSG Alpha, Dipeo or any of their respective underlying investments have any recourse to PSG Group.

At an investee level

At the prior reporting date, other redeemable preference shares related mainly those issued by a wholly-owned subsidiary of Zeder (R1.5bn) which carried fixed dividend rates ranging between 7.7% and 8.1% nominal annual compounded monthly. The redeemable preference shares were secured through the pledge of JSE-listed shares held by a wholly-owned subsidiary of Zeder to the value of R7bn.

Secured loans at the prior reporting date related mainly to the following:

- Curro's rand-denominated borrowings of R3.7bn;
- Agrivision Africa, Capespan, TLG and Zaad's rand-denominated borrowings of R0.2bn and United States dollar-denominated borrowings of R0.4bn; and
- PSG Alpha subsidiaries' mainly rand-denominated borrowings of R0.5bn.

The most significant security pledged towards the secured loans included the majority of Curro's land and buildings, with a total carrying value at group level at the prior reporting date of R9bn.

Bank overdrafts at the prior reporting date related mainly to Agrivision Africa, Capespan and Zaad's rand-denominated overdrafts of R0.9bn, United States dollar-denominated overdrafts of R0.1bn and Euro-denominated overdrafts of R0.2bn.

The aforementioned borrowings were repayable to various counterparties carrying effective interest rates of up to 16.8%.

Those borrowings which impact the group's cash flows from financing activities can be summarised as follows:

Reconciliation of liabilities arising from financing activities	2021					Closing carrying value Rm
	Opening carrying value Rm	Financing cash flows per statement of cash flows		Change in investment entity status Rm	Closing carrying value Rm	
		Increase in borrowings Rm	Borrowings repaid Rm			
Redeemable preference shares	2 555		(1 000)	(1 555)	-	
Unsecured loans	364			(364)	-	
Secured loans	4 793			(4 793)	-	
	7 712	-	(1 000)	(6 712)	-	
Bank overdrafts	1 382			(1 382)	-	
Total borrowings	9 094			(8 094)	-	

Reconciliation of liabilities arising from financing activities	2020					Closing carrying value Rm	
	Opening carrying value Rm	Financing cash flows per statement of cash flows		Subsidiaries acquired Rm	Other movements ¹⁾ Rm		Closing carrying value Rm
		Increase in borrowings Rm	Borrowings repaid Rm				
Redeemable preference shares	2 519	30			6	2 555	
Unsecured loans	361	348	(425)	90	(10)	364	
Secured loans	3 770	2 787	(1 732)	9	(41)	4 793	
	6 650	3 165	(2 157)	99	(45)	7 712	
Bank overdrafts	1 127					1 382	
Total borrowings	7 777					9 094	

¹⁾ The prior year movements comprised mainly finance leases transferred to right-of-use assets, foreign currency exchange movements and accrued and unpaid finance costs.

15. EMPLOYEE BENEFIT ASSETS/(LIABILITIES)

Assets and liabilities relating to the group's employee benefits can be summarised as follows:

	2021	2020		
	Liabilities Rm	Assets Rm	Liabilities Rm	Net Rm
Short-term benefits	(25)		(499)	(499)
Post-employment benefits		42	(99)	(57)
	(25)	42	(598)	(556)

Short-term benefits

These benefits comprise mainly bonus and leave pay accruals.

Post-employment benefits*Medical benefits*

At the prior reporting date, the group, through Capespan and TLG, provided for defined-benefit medical aid benefits in respect of a limited number of retired employees (including their dependants) who retired from International Harbour Services (Pty) Ltd, Outspan International Ltd and Unifruco Ltd prior to 1999. To qualify for the scheme they had to be permanently employed, be a member of the company's designated scheme at retirement and remain resident in South Africa until their retirement. The obligation was quantified by an independent actuary.

Retirement benefits

At the prior reporting date, the group, through Capespan, operated a number of externally funded defined-benefit pension schemes across various countries (most notably the United Kingdom, continental Europe and South Africa). The schemes are set up under trusts and the assets of the schemes are therefore held separately from those of the group.

Actuarial valuations were carried out by independent actuaries for the various pension schemes using the projected unit credit method.

	2021			2020		
	Medical benefits Rm	Retirement benefits Rm	Total Rm	Medical benefits Rm	Retirement benefits Rm	Total Rm
The respective employee defined-benefit plan deficits can be analysed as follows:						
Fair value of plan assets			-		42	42
Present value of funded obligations			-	(19)	(80)	(99)
	-	-	-	(19)	(38)	(57)
Balance at beginning of the year	(19)	(38)	(57)	(24)	(36)	(60)
Change in investment entity status	19	38	57			-
Interest expense			-	(2)	(9)	(11)
Return on plan assets			-		9	9
Gains/(losses) from changes in financial and demographic assumptions			-	5	(9)	(4)
Employer contributions			-	2	1	3
Past service costs			-		4	4
Exchange differences			-		2	2
Balance at end of the year	-	-	-	(19)	(38)	(57)

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	2020	
	Medical benefits %	Retirement benefits %
15. EMPLOYEE BENEFIT ASSETS/(LIABILITIES) (continued)		
Principal actuarial assumptions used include:		
Discount rates	8.5 - 8.6	0.5 - 1.9
Future medical costs increases	4.8 - 10.0	-
Future salary increases	-	-
Inflation rates	-	2.0 - 2.5

Reasonable changes at the prior reporting date on one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations as follows:

	Change	2020 Impact of	
		Increase Rm	Decrease Rm
Medical benefits			
Discount rates	0.5%	1	(1)
Future medical costs increases	1.0%	1	(1)
Mortality rates	1 year	1	(1)

	Change	2020 Impact of	
		Increase Rm	Decrease Rm
Retirement benefits			
Discount rates	0.1%	(24)	22
Future salary increases	0.5%	4	(3)
Inflation rates	0.5%	(10)	12
Mortality rates	1 year	(21)	21

At the prior reporting date, provision had been made for early disability retirements. No account was taken of surpluses which may arise in the fund as the group did not consider itself entitled to the benefits.

	2021 Rm	2020 Rm
16. TRADE AND OTHER PAYABLES		
Trade payables ^{1) 2)}	36	3 150
Broker- and clearing accounts (note 8)		1 526
Margin accounts		28
Contract liabilities from contracts with customers		401
Subsidiary/associate purchase consideration payable		180
	36	5 285
Own balances	36	3 679
Client balances		1 577
Consolidated mutual funds		29
	36	5 285
Current	36	5 230
Non-current		55

¹⁾ Includes non-financial liabilities of R2m (2020: R188m).

²⁾ Trade payables in the prior year related mainly to the business operations of CA Sales (R1bn), Zaad (R0.8bn), PSG Konsult (R0.5bn), Curro (R0.2bn) and Capespan (R0.2bn).

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	2021 Rm	2020 Rm
16. TRADE AND OTHER PAYABLES (continued)		
Reconciliation of contract liabilities from contracts with customers:		
Balance at beginning of the year	401	391
Change in investment entity status	(401)	
Cash received in advance during the year		493
Revenue recognised in respect of performance obligations satisfied during the year		(487)
Other movements		4
Balance at end of the year	-	401

At the prior reporting date, contract liabilities from contracts with customers related to amounts received in advance for services provided over time in the normal course of business. The group's contract liabilities from contracts with customers mainly related to tuition fees, registration and enrolment fees for educational services provided by Curro and Stadio. Revenue was recognised in the income statement in the accounting period in which the related services were rendered.

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	2021 Rm	2020 Rm
17. REVENUE EARNED FROM COMMISSION, SCHOOL, NET INSURANCE AND OTHER FEE INCOME		
Commission and advisory fees		4 668
Financial services - PSG Konsult ¹⁾		2 412
Merchandising services - CA&S		1 081
Logistical services - TLG		937
Other	80	238
Management and performance fees		
Financial services - PSG Konsult		1 135
School, tuition and other education-related fees		3 961
Private basic education services - Curro		2 944
Private higher education services - Stadio		808
Other		209
Net insurance premiums		1 097
Gross premiums - PSG Konsult		1 553
Reinsurance written premiums paid - PSG Konsult		(456)
	80	10 861
Revenue recognised at a point in time ²⁾		1 256
Revenue recognised over time	80	9 605

¹⁾ Financial services commission and advisory fees include dealing, structuring and brokerage fee income of Rnil (2020: R385m).

²⁾ Revenue recognised at a point in time related mainly to logistical and other services.

Please refer to accounting policy notes 18 and D22 for details regarding performance obligations of the contracts with customers giving rise to the revenue detailed above. Furthermore, such contracts do not contain significant warranties, payment terms, or obligations for returns, refunds and other similar obligations.

	2021 Rm	2020 Rm
18. INVESTMENT INCOME		
Interest income		
Loans and advances	11	91
Trade and other receivables		32
Debt securities		535
Unit-linked investments		893
Cash and cash equivalents	61	169
	72	1 720
Dividend income		
Investments at FVTPL (note 1)	1 930	
Equity securities at FVTPL		74
Debt securities (preference shares)	52	6
Unit-linked investments at FVTPL		591
	1 982	671
	2 054	2 391
19. FAIR VALUE GAINS AND LOSSES		
Foreign exchange gains		107
Foreign exchange losses		(106)
Net fair value losses on financial instruments at FVTPL	(6)	(441)
Fair value adjustment on step-up from associate and joint venture to subsidiary		4
Fair value loss on assets held for sale		(52)
Gain from accounting for hyperinflationary foreign operations		126
	(6)	(362)

The gain from accounting for hyperinflationary foreign operations related to two Zimbabwe-based entities forming part of the Zaad group, which commenced the application of hyperinflationary accounting during the prior year.

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	2021 Rm	2020 Rm
20. MARKETING, ADMINISTRATION, IMPAIRMENT LOSSES AND OTHER EXPENSES		
Expenses by nature		
Depreciation	3	664
Property, plant and equipment (note 2)	2	423
Right-of-use assets (note 3)	1	222
Biological assets - bearer plants (note F5)		19
Amortisation of intangible assets (note F1)		172
Lease expenses	-	97
Lease expense in respect of low-value items		21
Lease expense in respect of short-term leases		76
Auditors' remuneration	-	57
Audit services		
Current year		48
Prior year		3
Tax services		2
Other services		4
Employee benefit expenses	106	5 348
Salaries, wages and allowances	73	5 220
Equity-settled share-based payment costs	33	128
Impairment of intangible assets (note F1)		294
Loss allowances on financial assets		322
Impairment of property, plant and equipment (note 2)		219
Loss on sale of property, plant and equipment		4
Impairment of biological assets (note F5)		2
Other expenses	19	2 785
Management and administration fees		75
Marketing	1	162
Professional fees	4	142
Other operating costs	14	2 406
Commissions paid		1 565
	128	11 529
<i>Refer to the directors' report for details regarding directors' remuneration.</i>		
21. FINANCE COSTS		
Bank overdrafts		111
Redeemable preference shares	106	206
Secured loans		345
Unsecured loans	5	56
Derivative financial instruments	27	23
Lease liabilities (note 4)		148
	138	889

PSG GROUP LIMITED

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for the year ended 28 February 2021

	2021 Rm	2020 Rm
22. TAXATION		
South African current taxation		539
Current year	607	527
Prior year		12
South African deferred taxation	476	(147)
Foreign current taxation - current year		146
Foreign deferred taxation		(17)
Dividend withholding taxation - current year		4
Total taxation	1 083	525
Reconciliation of effective rate of taxation (%)		
South African normal taxation rate	28.0	28.0
Adjusted for:		
Non-taxable and exempt income	(29.0)	(9.2)
Capital gains tax rate differential and deferred tax assets recognised on prior period capital losses	0.1	(1.1)
Non-deductible charges and deferred tax assets not recognised in respect of assessed losses	4.4	14.4
Share of profits of associates and joint ventures		(17.8)
Foreign tax rate differential		(1.1)
Prior year adjustments		0.2
Dividend withholding taxation - current year		0.1
Effective rate of taxation	3.5	13.5

2021

Non-taxable and exempt income relate mainly to the following items per the income statement: gain upon unbundling of Capitec interest at fair value, profit on sale/dilution of interest in associates, gain upon deemed disposal and reacquisition of subsidiaries at fair value and dividend income.

2020

Non-taxable income related mainly to dividend income and a reversal of impairment of associate (note F2.1), while non-deductible charges related mainly to impairment charges, share-based payment costs and preference share funding costs (i.e. preference dividends). The foreign tax rate differential related mainly to earnings generated by subsidiaries of Zeder across various tax jurisdictions.

PSG GROUP LIMITED

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for the year ended 28 February 2021

	2021 Rm	2020 Rm
23. EARNINGS AND NET ASSET VALUE PER SHARE		
The calculations of earnings per share are based on the following:		
Profit attributable to owners of the parent	29 994	2 462
Continuing operations	8 906	453
Discontinued operations	21 088	2 009
Non-headline earnings (net of non-controlling interests and related tax effect):		
<i>Continuing operations</i>		
Gain upon deemed disposal and reacquisition of subsidiaries at fair value	(3 945)	-
Gross amount	(3 945)	
Tax effect		
Net profit on sale/dilution of interest in associates	(3 923)	(49)
Gross amount	(5 158)	(130)
Tax effect	1 235	81
Profit on sale of subsidiaries	-	(25)
Gross amount		(58)
Non-controlling interests		33
Loss on impairment of associates	-	142
Gross amount		323
Non-controlling interests		(181)
Net loss on sale/impairment of intangible assets (including goodwill)	-	227
Gross amount		294
Non-controlling interests		(65)
Tax effect		(2)
Net loss on sale/impairment of property, plant and equipment	-	77
Gross amount		209
Non-controlling interests		(102)
Tax effect		(30)
Loss on impairment of biological assets	-	1
Gross amount		2
Non-controlling interests		(1)
Non-headline items of associates and joint ventures	-	(78)
Gross amount		(84)
Non-controlling interests		6
Fair value gain on step-up from associate and joint venture to subsidiary	-	(2)
Gross amount		(4)
Non-controlling interests		2
Impairment of assets held for sale	-	45
Gross amount		46
Non-controlling interests		(1)
Subtotal carried forward	22 126	2 800

PSG GROUP LIMITED

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for the year ended 28 February 2021

	2021 Rm	2020 Rm
23. EARNINGS AND NET ASSET VALUE PER SHARE (continued)		
Subtotal carried over	22 126	2 800
<i>Discontinued operations</i>		
Gain upon unbundling of Capitec interest at fair value	(21 099)	
Capitec Unbundling transaction costs	11	
(Reversal of)/loss on impairment of associate	-	(272)
Gross amount		(617)
Non-controlling interests		345
Loss on dilution of interest in associate	-	38
Gross amount		86
Non-controlling interests		(48)
Non-headline items of associate	-	17
Gross amount		28
Non-controlling interests		(11)
Headline earnings	1 038	2 583
Continuing operations	1 038	791
Discontinued operations		1 792

The non-headline items of associates and joint ventures in the prior year related mainly to fair value gains recognised on investment property.

	2021 '000	2020 '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	218 109	218 099
Weighted number of shares repurchased and cancelled during the year	(2 535)	
Weighted number of shares issued during the year		46
Weighted movement in treasury shares	85	(14)
Weighted number of shares at end of the year	215 659	218 131
Number of bonus element shares to be issued in terms of share-based payment arrangements	915	111
Diluted weighted number of shares at end of the year	216 574	218 242
Basic earnings per share		
Earnings attributable to ordinary shareholders (Rm)	29 994	2 462
Continuing operations	8 906	453
Discontinued operations	21 088	2 009
Headline earnings (Rm)	1 038	2 583
Continuing operations	1 038	791
Discontinued operations		1 792
Weighted average number of ordinary shares in issue	215 659	218 131
Attributable earnings per share (R)	139.08	11.29
Continuing operations	41.30	2.13
Discontinued operations	97.78	9.16
Headline earnings per share (R)	4.81	11.84
Continuing operations	4.81	3.66
Discontinued operations		8.18

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 dilutive potential ordinary shares throughout the group, as well as by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares at a group level (arising from the share-based payment arrangements 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.

PSG GROUP LIMITED

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for the year ended 28 February 2021

	2021 Rm	2020 Rm
23. EARNINGS AND NET ASSET VALUE PER SHARE (continued)		
Diluted earnings per share (continued)		
Diluted earnings attributable to ordinary shareholders	29 944	2 458
Continuing operations	8 856	461
Discontinued operations	21 088	1 997
Diluted headline earnings	988	2 578
Continuing operations	988	798
Discontinued operations		1 780
Diluted weighted average number of ordinary shares in issue ('000)	216 574	218 242
Diluted attributable earnings per share (R)	138.26	11.26
Continuing operations	40.89	2.11
Discontinued operations	97.37	9.15
Diluted headline earnings per share (R)	4.56	11.81
Continuing operations	4.56	3.65
Discontinued operations		8.16
Net asset value per share ("NAVPS") (R)	91.76	87.49
PSG Group adopted NAVPS as the applicable criteria for trading statement purposes.		
Net tangible asset value per share (R)	91.76	66.94
24. DIVIDEND PER SHARE		
Normal dividends	516	1 021
Interim: R1.64 (2020: R1.64) per share		
Final: Rnil (2020: R0.75) per share		
Dividends are not accounted for until they have been declared by the company's board.		

25. BORROWING POWERS

In terms of the company's memorandum of incorporation, borrowing powers are unlimited. Details of actual borrowings are disclosed in note 14.

The group's short and long-term undrawn borrowing facilities at the reporting date amounted to approximately Rnil (2020: R0.8bn) and approximately Rnil (2020: R1.5bn), respectively.

26. RELATED-PARTY TRANSACTIONS AND BALANCES

PSG Group and its subsidiaries enter into various financial services 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 subsidiaries (including transactions between subsidiaries), to the extent necessary, have been eliminated on consolidation. Below is a summary of the most significant related-party transactions and balances.

Directors and prescribed officers

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

	2021 Rm	2020 Rm
Outstanding loans advanced in terms of the PSG Group Ltd Supplementary Share Incentive Trust (note 11) to directors in order to exercise share options *	-	17
WL Greeff		4
JA Holtzhausen		13
Investment in preference shares of a party related to a director of PSG Group **	1	28
	1	45

* These loans carried interest at SARS' official interest rate and were early-settled in full during the year under review.

26. RELATED-PARTY TRANSACTIONS AND BALANCES (continued)**Directors and prescribed officers (continued)**

*** This balance relates to an investment in preference shares issued by a related party of Mr FJ Gouws, a non-executive director of the company. The transaction was accounted for as a straightforward funding arrangement, with the carrying value of R1m (2020: R28m) included under loans and advances per the consolidated statement of financial position. The preference share funding carries a fixed dividend rate of 8.44% (2020: 8.44%) and PSG Konsult ordinary shares with a market value of R247m (2020: R245m) as at 28 February 2021 served as security. Upon redemption of the preference share funding, should the market value of the security be less than the redemption amount, the counterparty has an option to put aforementioned security to the group at an amount equal to the redemption value. However, the exercise of such a put option by the counterparty seems extremely unlikely given that the security value exceeded the associated debt by R246m (2020: R217m), which also represented a security cover ratio in excess of 200 times (2020: a security cover ratio of 8.8 times). Accordingly, the market value of the PSG Konsult ordinary shares serving as security would have to decline by approximately 100% (2020: 89%) before it would become advantageous for the counterparty to exercise the put option. The repayment date of the remaining outstanding capital and accrued preference share dividends was extended during the prior year from April 2020 to April 2023. During the past year, a further R27m was collected by the group on account of this preference share investment. In light of, inter alia, the extent of aforementioned security, the put option carries an insignificant fair value, which has not been accounted for. This preference share investment was collected in full subsequent to year-end.*

Investment in debt securities of an associate

Mutual funds consolidated by the group at the prior reporting date were invested in Capitec debt securities of approximately R105m.

	2021 Rm	2020 Rm
27. NOTES TO THE STATEMENTS OF CASH FLOWS		
27.1 Cash generated from operations		
Profit before taxation ¹⁾	10 096	1 429
Adjusted for:		
Share of profits of associates and joint ventures ¹⁾		(648)
Depreciation and amortisation	3	836
Changes in fair value of biological assets		(225)
Net profit on sale/dilution of interest in associates	(5 158)	(130)
Interest income	(72)	(1 720)
Dividend income	(1 982)	(671)
Finance costs	138	889
Fair value gains and losses	968	1 973
Share-based payment costs	33	128
Gain upon deemed disposal and reacquisition of investments at fair value	(3 945)	
Other non-cash items (related mainly to (reversal of impairment charges)/impairment charges as detailed in the income statement)	(99)	983
	(18)	2 844
Change in working capital	30	(198)
Change in insurance contracts		12
Change in other financial instruments		(2 181)
Additions to biological assets		(215)
	12	262
¹⁾ Re-presented for the discontinued operation detailed in note F11.		
27.2 Taxation paid		
Charged to profit or loss	(1 083)	(525)
Movement in deferred taxation	476	(164)
Movement in net taxation asset	(2)	199
	(609)	(490)
27.3 Cash and equivalents at end of the year for purposes of the statement of cash flows		
Cash and cash equivalents (note 10)	1 646	1 977
Bank overdrafts (note 14)		(1 382)
	1 646	595

28. 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:

- The group disposed of all of its remaining Capitec shares for R1,942m cash proceeds (net of costs and capital gains tax payable in due course).

- The board of PSG Financial Services resolved to make an offer to repurchase and delist all the JSE-listed cumulative, non-redeemable, non-participating preference shares in issue by way of a scheme of arrangement for an aggregate cash consideration of R81 per share plus an amount equal to the preference dividend that would have been calculated on the preference share up to the scheme record date, equating to a total cash consideration of approximately R1.5bn. Subject to the required approvals being obtained, it is envisaged that the repurchase will be implemented during August 2021.

29. RECLASSIFICATION OF PRIOR YEAR REPORTED AMOUNTS

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

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

PSG GROUP LIMITED
ANNEXURE A - SOTP VALUE
as at 28 February 2021

Investment	2021		SOTP value		Classification at 28 Feb 2021	Listed/unlisted ¹⁾	Industry	Nr of shares held m	Shareholding	28 Feb 2021		Portion	Valuation method	IFRS 13 fair value	
	Shareholding	Nr of shares held m	29 Feb 2020 Rm	Movement Rm						28 Feb 2021 Rm	Categorisation			R/share	
PSG Konsult	61.2%	810.1	6 399	883	Subsidiary	JSE-listed ¹⁾	Financial services			7 282	35%	Closing JSE-listed share price	Level 1	8.99	
Curro	60.0%	358.8	2 604	984 (1 053)	Subsidiary	JSE-listed	Private education			3 588	17%	Closing JSE-listed share price	Level 1	10.00	
Fair value loss				(69)											
Capitec	1.4%	1.6	46 130	(43 940)	Equity securities	JSE-listed	Banking			2 190	10%	Closing JSE-listed share price	Level 1	1 338.75	
Unbonded interest at fair value on 1 Mar 2020				39 714											
Disposals (note 1)				3 502											
Fair value loss on retained interest				(724)											
Zeder	48.6%	748.4	3 173	(1 190)	Subsidiary	JSE-listed	Investment holding (food and related business)			1 983	9%	Closing JSE-listed share price	Level 1	2.65	
PSG Alpha	98.3%		3 618		Subsidiary	Unlisted	Investment holding (early-stage investments)			3 842	18%				
C&S	48.8%		1 130	(4)	Botswana Stock Exchange ("BSE")-listed ²⁾	Unlisted	Route-to-market services for fast-moving consumer goods in sub-Saharan Africa			1 126	6%	Closing BSE-listed share price converted from Botswana pula to south African rand at the spot exchange rate	Level 1	5.10	
Evergreen	50.0%		975	(106)	Unlisted	Unlisted	Retirement lifestyle villages			869	4%	Net asset value, underpinned by investment property subjected to external valuation annually	Level 3		
Stedro Energy Partners	43.2% 57.2%		662 118	203 187	JSE-listed Unlisted	JSE-listed Unlisted	Private higher education Private energy utility			865 305	4% 1%	Closing JSE-listed share price 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 1 Level 3	2.38	
Optimi	92.3%		305	(9)	Unlisted	Unlisted	Innovative and accessible education solutions to schools, tutors, parents and learners			296	1%	13.7x price-earnings multiple	Level 3		
Other			499	(53)	Unlisted	Unlisted	Various			446	2%	Various	Level 3		
Sub-total			3 689	(71)						3 907					
Less: minority shareholding held by PSG Alpha management ³⁾			(71)							(65)					
Additions (note 1)				(86)											
Fair value gain				138											
Dipeco	49.0%														
Sub-total			61 924							18 885					
Other net assets			879							2 020	11%				
Cash and cash equivalents			187							1 646					
Preferences share investments and net loans receivable			342							733					
Other ⁴⁾			150							(859)					
Total assets			62 803							20 905	100%				
Funding			(2 483)							(1 132)					
PSG Financial Services perpetual preference shares								17.4		(1 132)					
Redeemable preference shares ³⁾															
Total SOTP value			60 320							19 773					
SOTP value per share (R)			276.43							94.24					
PSG Financial Services perpetual preference shares															65.00
Redeemable preference shares ³⁾															

Fair value losses on investments at FVTPL (note 1)
Fair value loss from derivative financial instruments

Net fair value losses reported in the income statement

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

²⁾ Secondary listing on the 4AX Exchange.

³⁾ PSG Alpha management holds ±1.7% (2020: ±1.9%) in PSG Alpha.

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

⁵⁾ Redeemed in full during the year under review.

PSG GROUP LIMITED

ANNEXURE B - SEGMENT REPORT

for the year ended 28 February 2021

The group has seven reportable segments, namely PSG Konsult, Curro, Capitec, Zeder, PSG Alpha, Dipeo and PSG Corporate. Apart from PSG Corporate, these segments represent the major investments of the group. The products and services offered by the respective segments are detailed in the 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, Curro, PSG Alpha's investment in CA&S and through Zeder's investments in The Logistics Group, Capespan, Zaad and Agrivision Africa.

SOTP value remains a key tool used to measure PSG Group's performance pursuant to its objective of shareholder value creation through, inter alia, capital appreciation. In determining *SOTP value*, listed assets and liabilities are valued using quoted market prices, whereas unlisted assets and liabilities are valued internally using appropriate valuation methods. These values in the prior year (Annexure I) will not necessarily correspond with the values per the consolidated statement of financial position since the latter were measured using the relevant accounting standards which included historical cost and the equity method of accounting.

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

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

	Fair value gains/ (losses) on investments at FVTPL	Investment (dividend) income	Other income and expenses ¹⁾	Headline earnings ²⁾	SOTP value
For the year ended 28 February 2021	Rm	Rm	Rm	Rm	Rm
PSG Konsult	883	186		1 069	7 282
Curro	(69)	23		(46)	3 588
Capitec	(724)		162	(562)	2 190
Zeder	(1 190)	1 721		531	1 983
PSG Alpha	138			138	3 842
Dipeo				-	
PSG Corporate			(48)	(48)	
Funding and other			(44)	(44)	888
Cash and cash equivalents					1 646
Preference share investments and net loans receivable					733
Other ³⁾					(359)
PSG Financial Services perpetual preference shares					(1 132)
Total	(962)	1 930	70	1 038	19 773
Non-headline items				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	
<i>SOTP value</i> per share (R)					94.24

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

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

³⁾ Includes a capital gains tax provision on the retained Capitec interest.

PSG GROUP LIMITED

ANNEXURE C - SHARE ANALYSIS OF PSG GROUP ORDINARY SHARES

as at 28 February 2021

Unaudited	Shareholders		Shares held	
	Number	%	Number	%
Range of shareholding				
1 - 500	15 450	67.9	2 395 444	1.1
501 - 1,000	2 736	12.0	2 066 928	1.0
1,001 - 5,000	3 130	13.8	7 011 017	3.3
5,001 - 10,000	519	2.3	3 769 708	1.8
10,001 - 50,000	624	2.7	13 377 584	6.4
50,001 - 100,000	113	0.5	7 848 503	3.7
100,001 - 500,000	131	0.6	28 494 909	13.6
500,001 - 1,000,000	27	0.1	18 090 820	8.6
Over 1,000,000	29	0.1	126 769 424	60.5
	22 759	100.0	209 824 337	100.0
Treasury shares				
Shares held by employee share scheme	1		45 000	
Shares held by PSG Financial Services (a wholly-owned subsidiary)	1		13 908 770	
	22 761		223 778 107	
Non-public and public shareholding				
Non-public (directors) ¹⁾	8		11 061 067	5.2
Public	22 751	100.0	198 763 270	94.8
	22 759	100.0	209 824 337	100.0
Individual shareholders (excluding directors) holding 5% or more of shares in issue (net of treasury shares) as at 28 February 2021				
JF Mouton Familietrust and its subsidiaries (including effective interest held through a joint venture)			42 269 481	20.1
Public Investment Corporation (including Government Employees Pension Fund)			25 032 667	11.9
			67 302 148	32.0

¹⁾ Refer to the directors' report for further details of directors' holdings.

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

D1. 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 financial statements have been prepared under the historical cost convention, as modified by i) financial assets and financial liabilities carried at amortised cost or fair value, ii) long-term insurance contract liabilities that are measured in terms of the financial soundness valuation ("FSV") method set out in SAP 104, iii) short-term insurance contract liabilities that are measured on the basis set out in APN 401, iv) employee defined benefit assets and liabilities, v) investments in associates and joint ventures being equity accounted and vi) adjusted for the effects of inflation where entities operate in hyperinflationary economies.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, assumptions and judgements. Areas of critical accounting estimates, assumptions and judgements are disclosed throughout these accounting policies.

D2. CONSOLIDATION

D2.1 Subsidiaries (including consolidated mutual funds)

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 are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the entity acquired and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed in the income statement as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, that is deemed to be an asset or liability, is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Investments in subsidiaries are accounted for at cost less impairment in the standalone financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment.

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Classification as subsidiaries

Management concluded that the group controls and therefore consolidates certain entities in which it holds an interest of less than 50%, most notably Zeder (refer pages 1 and 106). Judgement is required in the assessment of whether the group has control over these entities in terms of the variability of returns from the group's involvement in these entities, the ability to use power to affect those returns and the significance of the group's investment in these entities.

PSG Group consolidates Zeder in terms of IFRS 10, in light of its shareholding, board representation and ongoing strategic input being provided by the PSG Group Executive Committee. 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.

D2.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are similarly also recorded in equity.

D2. CONSOLIDATION (continued)

D2.3 Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

D2.4 Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are equity accounted. Under the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss, where appropriate.

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income and other equity movements are recognised in other comprehensive income, with a corresponding adjustment to the carrying value of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as an impairment loss in the income statement.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising on investments in associates are recognised in the income statement.

D2.5 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. PSG Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are equity accounted similarly to associates, as disclosed above.

D3. SEGMENT REPORTING

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

D4. FOREIGN CURRENCY TRANSLATION

D4.1 Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which those entities operate ("functional currency"). The standalone and consolidated financial statements are presented in South African rand, being the company's functional and presentation currency.

D4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses are presented in the income statement within fair value gains and losses.

D4.3 Group companies

The results and financial position of group entities that have a functional currency different from the presentation currency and which do not operate in a hyperinflationary economy, are translated into the presentation currency as follows:

- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the various transaction dates);
- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; and
- All resulting exchange differences are recognised in other comprehensive income.

The results and the financial position of the group entities which are accounted for as entities which operate in hyperinflationary economies and that have a functional currency that is different from the presentation currency of the group are translated into the presentation currency of its immediate parent at the exchange rates ruling at the reporting date.

D4. FOREIGN CURRENCY TRANSLATION (continued)**D4.3 Group companies (continued)**

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the relevant closing rate. Exchange differences arising are recognised in other comprehensive income.

Group entities with functional currencies other than the presentation currency, have mainly the following functional currencies:

Currency	2020	
	Average rand per foreign currency unit	Closing rand per foreign currency unit
Botswana pula	1.34	1.40
British pound sterling	18.62	20.04
Chinese yuan renminbi	2.10	2.24
Euro	16.21	17.19
Japanese yen	0.13	0.14
Mozambique new metical	0.23	0.24
United States dollar	14.57	15.59
Zambian kwacha	1.10	1.04

Exchange rates used are based on interbank bid rates.

D4.4 Hyperinflation

Various characteristics of the economic environment of each country are taken into account to assess whether an economy is hyperinflationary or not. These characteristics include, but are not limited to, the following:

- The general population prefer to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- Prices are quoted in a relatively stable foreign currency;
- Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
- Interest rates, wages and prices are linked to a price index; and
- The cumulative inflation rate over three years is approaching, or exceeds, 100%.

Zimbabwe is a hyper-inflationary economy for the first time for accounting periods ending after 1 July 2019. Inflation has increased significantly in Zimbabwe and cumulative inflation since October 2018 has exceeded 100%. IAS 29 requires financial statements of an entity whose functional currency is the currency of a hyper-inflationary country to be restated into the current purchasing power at the end of the reporting period. Accordingly, the results, cash flows and financial position, including comparative amounts, of certain of the group's subsidiaries in Zimbabwe, forming part of the Zaad group, have been expressed in terms of the measuring unit current at the reporting date.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. All items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

At the beginning of the first period of application, the components of owners' equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised in other comprehensive income. Restated retained earnings are derived from all other amounts in the restated statement of financial position.

At the end of the first period and in the subsequent periods, all components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

As the presentation currency of the group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current year. Differences between these comparative amounts and the hyperinflation adjusted equity opening balances are recognised in other comprehensive income.

The general price indices, as published by the Reserve Bank of Zimbabwe, were used in adjusting the historic cost local currency results and financial positions of the group's Zimbabwean subsidiaries. The general price index as at the end of the prior reporting period was 564. An adjustment factor for the prior reporting period of 5.73 was applied to restate the results of the Zimbabwean subsidiaries of the group. As at 29 February 2020, the cumulative three-year inflation rate was 831%.

Gains or losses on the net monetary position are recognised in profit or loss. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount. The impact of implementing IAS29 was an increase of R36m in the group's profit after tax for the prior year, which was treated as a *non-recurring* item.

D5. 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.

D5. PROPERTY, PLANT AND EQUIPMENT (continued)

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	25 - 99 years	Office equipment	3 - 10 years
Vehicles	4 - 5 years	Computer equipment	3 - 10 years
Plant and machinery	5 - 15 years		

Land is not depreciated, except for land held under leasehold rights, which is depreciated over the relevant leasehold term. 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.

D6. INTANGIBLE ASSETS**D6.1 Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary, joint venture or associate at the date of acquisition. Goodwill on the acquisition of a subsidiary is reported in the statement of financial position as an intangible asset. Goodwill on the acquisition of a joint venture or associate is included in the respective investment's carrying value. Goodwill is tested bi-annually for impairment, or whenever there is an impairment indicator, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The groups of cash-generating units are not larger than operating segments.

An excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary, joint venture or associate at the date of acquisition, fairly valued, exceed the cost of the acquisition. This excess arising on acquisition is recognised as a bargain purchase gain in profit or loss.

D6.2 Trademarks, patents and licences

Acquired trademarks, patents and licences are shown at cost less accumulated amortisation and impairment losses. Amortisation is generally calculated using the straight-line method over their estimated useful lives, which vary from two to 20 years and are reassessed annually. The carrying value of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

The group, through Curro and Stadio, have acquired education-related trademarks as part of business combinations and have classified same as having indefinite useful lives. These assets are not amortised, but subject to bi-annual impairment testing. The classifications as having indefinite useful lives are reassessed bi-annually.

D6.3 Customer lists

Acquired customer lists are shown at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over their estimated useful lives ranging between one and 20 years, which reflect the expected life of the customer lists acquired. The carrying value of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

D6.4 Other internally generated intangible assets

Costs associated with maintaining other internally generated intangible assets are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique items controlled by the group, are recognised as intangible assets when all of the following criteria are met:

- It is technically feasible to complete the item so that it will be available for use;
- Management intends to complete the item and use or sell it;
- There is an ability to use or sell the item;
- It can be demonstrated how the item will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the item are available; and
- The expenditure attributable to the item during its development can be reliably measured.

Directly attributable costs that are capitalised as part of such items include development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. These intangible assets are amortised using the straight-line method over their estimated useful lives, which range between two and 20 years.

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**Recognition of intangible assets**

With a business combination all identifiable assets are recognised at their respective fair values in the consolidated financial statements. The fair values of trademarks and customers lists acquired through business combinations are valued using discounted cash flow methodology (including the multi-period excess earnings and royalty relief methods) based on estimates, assumptions and judgements regarding future revenue growth, the weighted average cost of capital, operating costs and other economic factors affecting the value-in-use of these intangible assets. These assumptions reflect management's best estimates but are subject to inherent uncertainties, which may not be within management's control.

D7. 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 in the group, 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 typically range between two and 20 years (excluding renewal options), except for two of Curro's leased school premises containing extension options for various periods up to a maximum lease term of 93 years and for which it was assessed to be reasonably certain that these extension options would in due course be exercised.

D8. IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and intangible assets that have indefinite useful lives and are not subject to amortisation, or that are not yet available for use, are tested annually for impairment. Other assets (such as investments in associates and joint ventures) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. The recoverable amount, being the higher of fair value less costs to sell and value-in-use, is determined for any asset for which an indication of impairment is identified. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

For the purpose of assessing impairment, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely dependent on cash inflows of other assets or groups of assets (the cash-generating unit). An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised as an expense in profit or loss in the period in which they are identified. An impairment loss in respect of goodwill is not reversed. In respect of other assets, reversal of impairment losses is recognised in profit or loss in the period in which the reversal is identified, to the extent that the asset is not increased to a carrying value higher than it would have been had no impairment loss been recognised for the asset in prior years.

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**Impairment testing of goodwill**

The group tests bi-annually, or whenever there is an impairment indicator, whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on either fair value less cost to sell or value-in-use calculations, as set out in note F1. However, the impairment testing of goodwill is sensitive to any estimates, assumptions or judgements made regarding future revenue growth, the weighted average cost of capital, operating costs and other economic factors affecting either fair value less cost to sell or value-in-use calculations.

Impairment testing of investments in associates and joint ventures

Investments in associates and joint ventures are tested for impairment when indicators exist that the carrying value might exceed the recoverable amount, being the higher of fair value less cost to sell or value-in-use. An impairment loss is recognised for the amount by which the carrying value exceeds the investments' recoverable amount.

The directors are satisfied that the group's investment in associates and joint ventures are fairly stated following the recognition of the impairment losses detailed in note F2.1.

D9. 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.

D10. FINANCIAL ASSETS

The group's financial assets consist of unit-linked investments, equity securities, debt securities, investment in investment contracts, loans and advances (including those to associates and joint ventures, as well as standalone loans to subsidiaries), trade and other receivables, derivative financial assets, and cash and cash equivalents.

D10.1 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; and
- The contractual terms of the financial asset give rise to cash flows, on specified dates, that are SPPI.

Financial assets at fair value through other comprehensive income

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 achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise to cash flows, on specified dates, that are SPPI.

The company and group had no equity instruments that have been elected to be measured at fair value through other comprehensive income.

Financial assets at FVTPL

Financial assets not measured at amortised cost or fair value through other comprehensive income as described above are mandatorily measured at FVTPL. The group also designates certain financial assets (owing to client-related balances), that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

D10.2 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. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis refined to reflect the issuer's specific circumstances, premium/discount to net asset value and price-earnings techniques. 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.

It is not necessary for quoted prices to be obtained from regulated markets. Prices can be obtained from other sources, although the available information may vary. For example, some industry groups or pricing services publish price information about certain instruments, while little or no information may be available about prices of other instruments.

An entity is not generally required to perform an exhaustive search for price information, but should consider any information that is publicly available, or that can be obtained reasonably from brokers, industry groups, publications of regulatory agencies or similar sources, such as journals and websites. It should be noted that these prices may be indicative prices only. It should not be assumed that these prices reflect the price in an active market.

D10. FINANCIAL ASSETS (continued)**D10.2 Recognition and measurement of financial assets (continued)**

Sources from which prices can be obtained (to qualify as "quoted") include:

- Regulated exchange (e.g. JSE, BESA, SAFEX);
- Company secretary, transfer secretary or website;
- Brokers; and
- Daily newspapers and related sources (e.g. Business Day, Bloomberg).

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

D10.3 Impairment of financial assets

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments 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 instrument has increased significantly by comparing this risk of default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument 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 instrument'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 instrument 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 instrument, 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.

D10.4 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.

D11. 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 three months or less. Investments in money market funds are classified as cash equivalents, since these funds are held to meet short-term cash requirements, are highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in the statement of financial position.

D12. BIOLOGICAL ASSETS**D12.1 Agricultural produce**

Agricultural produce are measured on initial recognition and at the end of each reporting period at fair value less cost to sell. Changes in the measurement of fair value less cost to sell are included in profit or loss for the period in which they arise. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs and incremental selling costs, including auctioneers' fees and commission paid to brokers and dealers. All costs incurred in maintaining the assets are included in profit or loss for the period in which they arise. Refer note F5 for further details regarding the valuation of biological assets. Agricultural produce is transferred at the prevailing fair value less cost to sell value to inventory upon harvest.

D12.2 Bearer plants

Biological assets that meet the definition of bearer plants are measured at cost less accumulated depreciation and impairment losses. Bearer plants are measured at accumulated costs until maturity, similar to the accounting for a self-constructed item of property, plant and equipment.

Subsequent production and borrowing costs are included in the bearer plant's carrying value 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.

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. The useful life is determined in collaboration with the technical agricultural department, and is as follows:

Apples	36 years	Oranges and lemons	30 years
Pears	36 years	Grapes	18 years

D12. BIOLOGICAL ASSETS (continued)**D12.2 Bearer plants (continued)**

A distinction is made between non-bearing and partially-bearing bearer plants and when the transformation has been sustainably completed (i.e. full-bearing orchards/vineyards). In collaboration with the technical agricultural department, the bearer plants (i.e. orchards/vineyards) are deemed to be full bearing when they reach the following ages:

Apples	6 years	Oranges and lemons	7 years
Pears	6 years	Grapes	3 years

All costs relating to the development of an orchard/vineyard are capitalised to the respective orchard/block of vineyard planted. The establishment costs are allocated per orchard/block of vineyard based on establishment costs allocated per hectare.

Production costs, capital expenditure and borrowing costs are capitalised to the bearer plant until the plant has reached the age of full bearing. Income that is received related to the orchard/vineyard prior to it becoming full bearing is credited to the capitalised costs.

Depreciation in respect of orchards/vineyards is calculated from the date the orchard/vineyard reaches the state of full bearing and calculated by taking the cost per orchard/vineyard and dividing by the relevant remaining life.

All orchards/vineyards to be removed during a financial year will be deemed to be removed from the date the last crop was harvested from the orchard/vineyard. No depreciation will be charged from that date for the specific orchard that is to be removed. The value of the orchards/vineyards removed is the carrying value of the orchard/vineyard at the deemed date of removal.

D13. INVENTORY

Inventory is measured at the lower of cost and net realisable value. The cost of inventory is based on the weighted average principle, and includes expenditure incurred in acquiring the inventory, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

D14. NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying value is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying value and fair value less costs to sell.

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**Date of classifying investment in Pioneer Foods as an asset held for sale and discontinued operation in terms of IFRS 5 Non-Current Assets Classified as Held for Sale and Discontinued Operations**

As at 29 February 2020, the group, through Zeder, transferred its investment in Pioneer Foods (previously classified as an investment in associate) to assets held for sale (refer note F11). Furthermore, as a result of Pioneer Foods being a material associate and the group's second largest associate investment (refer Annexure H), it was regarded to be a separate major line of business for purposes of meeting the definition of a "discontinued operation". Accordingly, the results of Pioneer Foods are presented as a discontinued operation in the income statement and related notes, including the restatement of the comparative financial information. During the prior year under review, Pepsico made an offer to the Pioneer Foods ordinary shareholders (including Zeder) to acquire all issued ordinary shares in Pioneer Foods for a cash consideration of R110 per share. General meetings of Zeder and Pioneer Foods shareholders were held on 30 September 2019 and 15 October 2019, respectively, and the required shareholder approvals were obtained to proceed with the transaction. However, despite obtaining such shareholder approvals, the transaction remained subject to various other significant suspensive conditions. These significant and highly uncertain suspensive conditions included, inter alia, relevant material adverse change clauses (i.e. Pioneer Foods profit warranties measured at each month-end), minority shareholder approvals and various competition commission approvals in numerous jurisdictions. Out of the numerous competition commission approvals required, the most significant one was in respect of South Africa, where the approval of the South African Competition Commission and South African Competition Tribunal were critical for the transaction to be successfully concluded. During March 2020, the necessary approvals were obtained and all suspensive conditions were met and therefore Zeder, and the group, could only reclassify Pioneer Foods as a non-current asset held for sale in terms of IFRS 5 on 29 February 2020.

D15. 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 subsidiary purchases the holding company's shares (i.e. treasury shares), the consideration paid, including any directly attributable incremental costs, net of income taxes, 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 and the related income tax effects.

PSG Financial Services' perpetual preference shares

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

D16. INSURANCE AND INVESTMENT CONTRACTS – CLASSIFICATION

The group issues contracts that transfer insurance risk, financial risk or both.

A distinction is made between investment contract liabilities (which fall within the scope of IFRS 9) and insurance contracts (where the FSV method continues to apply, subject to certain requirements specified in IFRS 4 – Insurance Contracts). A contract is classified as insurance where the group accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (i.e. insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk exists where it is expected that, for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating, credit index or other variable provided, in the case of a non-financial variable, that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. These contracts are measured at the fair value of the corresponding financial assets. A subsidiary of the group, PSG Life Ltd, is a linked insurance company and issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets).

D17. INSURANCE CONTRACTS

Policyholder contracts that transfer significant insurance risk are classified as insurance contracts, and further divided into two categories, depending on the duration of or type of insurance risks; namely: short-term and long-term insurance contracts.

D17.1 Short-term insurance

Short-term insurance provides benefits under short-term policies, which include property, business interruption, transportation, motor, personal all risk, accident and health, professional indemnity, public liability, marine, employers' liability, group personal accident, natural disasters and miscellaneous. Short-term insurance contracts are further classified into the following categories:

- Personal insurance, consisting of insurance provided to individuals and their personal property; and
- Commercial insurance, providing cover on the assets and liabilities of business enterprises.

Recognition and measurement

i) Gross written premium

Gross premiums exclude value added tax and other foreign indirect taxes. Premiums are accounted for as income when the risk related to the insurance policy incepts and are spread over the risk period of the contract by using an unearned premium provision. This also includes premiums received in terms of reinsurance arrangements. All premiums are shown before deduction of commission payable to intermediaries.

ii) Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year and are charged to the income statement as incurred.

iii) Provision for unearned premium

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current year, which relate to risks that have not expired by the end of the financial year, are calculated on a time proportionate basis for even risk contracts and other bases that best represent the unearned risk profile for uneven risk contracts. The group has predominantly even risks contracts.

iv) Provision for unexpired risk

Provision is made for underwriting losses that may arise from unexpired risks when it is anticipated that unearned premiums will be insufficient to cover future claims, as well as claims-handling fees and related administrative costs. This liability adequacy test is performed annually to ensure the adequacy of short-term insurance liabilities.

D17. INSURANCE CONTRACTS (continued)**D17.1 Short-term insurance (continued)****Recognition and measurement (continued)***v) Provision for claims*

Provision is made on a prudent basis for the estimated final cost of all claims that have not been settled on the reporting date, less amounts already paid. Claims and loss adjustment expenses are charged to income as incurred, based on the estimated liability for compensation owed to the beneficiaries (contract holders or third parties damaged by the contract holders) of the insurance contracts. The claims provision include direct and indirect claims settlement costs and assessment charges and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the group. The group does not discount its claim provision for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions). The group's own assessors or external assessors individually assess claims.

vi) Provision for claims incurred but not reported

Provision is also made for claims arising from insured events that occurred before the close of the reporting period, but which had not been reported to the group by that date. The provision is based on a best estimate liability plus an adjustment for risk (where sufficient historical data is available).

vii) Deferred acquisition costs

Commissions that vary with and are related to securing new contracts and renewing existing contracts are deferred over the period in which the related premiums are earned, and recognised as a current asset. All other costs are recognised as expenses when incurred.

viii) Reinsurance contracts held

Contracts entered into by the group with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Income received from insurance contracts entered into by the group under which the contract holder is another insurer (inwards reinsurance) is included with premium income.

The benefits to which the group is entitled under its reinsurance contracts held are classified as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within receivables) on settled claims, as well as estimates (classified as reinsurance assets) that are calculated based on the gross outstanding claims and incurred but not reported provisions. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when incurred.

The reinsurer's share of unearned premiums represents the portion of the current year's outward reinsurance premiums that relate to risk periods covered by the related reinsurance contracts extending into the following year. The reinsurer's share of unearned premium is calculated using the 365th method.

Income from reinsurance contracts ceded, that varies with and is related to obtaining new reinsurance contracts and renewing existing reinsurance contracts, is deferred over the period of the related reinsurance contract and is recognised as a current liability.

The group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss.

ix) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, intermediaries and insurance contract holders and are included under receivables and trade and other payables.

If there is objective evidence that the insurance receivable is impaired, the group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss. A provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

x) Salvage reimbursements

Some insurance contracts permit the group to sell (usually damaged) property acquired in settling a claim (i.e. salvage). The group may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in determining the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

D17. INSURANCE CONTRACTS (continued)**D17.1 Short-term insurance (continued)****Short-term insurance liabilities**

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of the insurance company, principally in respect of the insurance liabilities of the company.

Insurance risks are unpredictable and the group recognises that it is not always possible to forecast, with absolute precision, future claims payable under existing insurance contracts. Over time, the group has developed a methodology that is aimed at establishing insurance provisions that have an above-average likelihood of being adequate to settle all its insurance obligations.

i) Unearned premiums

Unearned premiums represent the amount of income set aside by the group to cover the cost of claims that may arise during the unexpired period of risk of insurance policies in force at the reporting date.

The group raises provisions for unearned premiums on a basis that reflects the underlying risk profile of its insurance contracts. An unearned premium provision is created at the commencement of each insurance contract and is released as the risk covered by the contract expires. The group's insurance contracts have an even risk profile. Therefore, the unearned premium provision is released evenly over the period of insurance using a time proportion basis.

The provisions for unearned premiums are first determined on a gross level and thereafter the reinsurance impact is recognised. Deferred acquisition costs and reinsurance commission revenue are recognised on a basis that is consistent with the related provisions for unearned premiums.

ii) Unexpired risk provision

If the expected value of claims and expenses attributable to the unexpired periods of policies in force at the statement of financial position date exceeds the unearned premiums provision in relation to those policies, after deduction of any deferred commission expenses, management assesses the need for an unexpired risk provision (estimated future underwriting losses relating to unexpired risks).

The need for an unexpired risk provision is assessed on the basis of information available at the reporting date. Claims events occurring after the statement of financial position date in relation to the unexpired period of policies in force at that time are not taken into account in assessing the need for an unexpired risk provision.

Management will base the assessment on the expected outcome of those contracts, including the available evidence of claims experience on similar contracts in the past year, as adjusted for known differences, events not expected to recur, and the normal level of seasonal claims.

iii) Outstanding claims

Outstanding claims represent the company's estimate of the cost of settlement of claims that have occurred and were reported by the reporting date, but that have not yet been finally settled.

Claims provisions are determined based on previous claims experience, knowledge of events, the terms and conditions of the relevant policies and the interpretation of circumstances. Each notified claim is assessed on a separate case-by-case basis with due regard for the specific circumstances, information available from the insured and/or loss adjuster and past experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions. The group employs people experienced in claims handling and rigorously applies standardised policies and procedures to claims assessment.

The ultimate cost of reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Therefore, case estimates are reviewed regularly and updated when new information becomes available.

The provision for outstanding claims is initially estimated at a gross level. A separate calculation is carried out to estimate reinsurance recoveries. The calculation of reinsurance recoveries considers the type of risk underwritten, the year in which the loss claim occurred and under which reinsurance programme the recovery will be made, the size of the claim and whether the claim was an isolated incident or formed part of a catastrophe reinsurance claim.

iv) Claims incurred but not reported

Provisions need to be held for the eventual outcome of open claims that have occurred but have not been reported to the insurer by the reporting date.

The company utilises its own actuarial models to determine the appropriate amount of provision to hold, taking into account the nature, scale and complexity of the business. Each class of business is placed into homogeneous groups and modelled separately to determine the best estimate liability (probability-weighted mean) to be held, based on historic data and expert judgement. Where necessary, business of similar nature with insufficient claims detail is accounted for by extrapolating to the entire population in proportion to gross premium. The basic technique involves analysing the historical delay between loss events and the ultimate finalisation of these events to determine estimated development factors based on this historical pattern. The selected development factors are applied to cumulative internal claims data for each accident quarter that is not yet fully developed to produce an estimated ultimate claims cost per accident quarter.

D17. INSURANCE CONTRACTS (continued)

D17.1 Short-term insurance (continued)

Short-term insurance liabilities (continued)

iv) Claims incurred but not reported (continued)

The provision is modelled on a gross basis with a related reinsurance asset recognised based on a proportion of reinsurance purchased for each portfolio and business line. Prudence is maintained on the net provision by including a separate risk adjustment. To obtain this adjustment, a stochastic chain-ladder model is utilised to perform numerous simulations and, in doing so, obtain a distribution of the ultimate claims cost. The risk adjustment is determined as being the additional funds required so that the incurred but not reported provision will be sufficient at the 75th to 80th percentile of the ultimate cost distribution.

Where data is deemed not to be sufficient and the business is different in nature to the modelled groups, the company makes use of the minimum prescribed requirements provided by the applicable regulatory body.

D17.2 Long-term insurance

These contracts are valued in terms of the financial soundness valuation basis contained in SAP 104 issued by the Actuarial Society of South Africa and are reflected as insurance contract liabilities.

Liabilities are valued as the present value of future cash flows due to benefit payments and administration expenses that are directly related to the contract discounted at the rate of return at year-end on the assets backing the policyholder funds. Future cash flows are projected on a best estimate basis with an allowance for compulsory margins for adverse deviations as prescribed by SAP 104. Best estimate assumptions are required for future investment returns, expenses, persistency, mortality and other factors that may impact the financial position of the group. As per SAP 104, contractual premium increases are allowed for, but future voluntary premium increases are ignored.

In addition, certain discretionary margins are created to allow profits to emerge over the lifetime of the policy to reflect the small number of policies and associated volatility. Where the number of policies is small, the prescribed margins alone do not result in an acceptable probability of the total reserve being sufficient to meet all liabilities.

The financial soundness methodology includes allowance for liability adequacy testing to ensure that the carrying amount of technical provisions is sufficient in view of estimated future cash flows. Where a shortfall is identified an additional provision is made.

The group reflects premium income relating to insurance business on a gross basis together with the gross amount of any reinsurance premiums. All premiums are accounted for when they become due and payable.

The group shows the gross amount of policyholder benefit payments in respect of insurance contracts together with the gross reinsurance recoveries and accounts for such transactions when claims are intimated.

Claims on long-term insurance contracts, which include death, disability, maturity, surrender and annuity payments, are charged to income when notified of a claim based on the estimated liability for compensation owed to policyholders. Outstanding claims are recognised in insurance and other payables. Reinsurance recoveries are accounted for in the same period as the related claim.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

D18. 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 third-party liabilities arising on consolidation of mutual funds, investment contract liabilities, borrowings, lease liabilities, derivative financial liabilities and trade and other payables, 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 fair value through profit or loss 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, 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.

D18.1 Third-party liabilities arising on consolidation of mutual funds

Third-party financial liabilities on consolidation of mutual funds are effectively demand deposits of external investors' interests in consolidated mutual funds and are consequently measured at fair value, which is the quoted unit values as derived by the fund administrator with reference to the rules of each particular fund. Fair value gains or losses are recognised in profit or loss.

D18.2 Investment contract liabilities

All investment contract liabilities are designated on initial recognition at FVTPL. This designation significantly reduces a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value, since the assets held to back the investment contract liabilities are also measured at fair value.

D18.3 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective-interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as finance cost.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

D18.4 Derivative financial liabilities

Derivative financial liabilities are classified as financial liabilities at FVTPL.

D18.5 Trade and other payables

Trade and other payables are recognised initially at fair value, net of transaction costs incurred. Trade and other payables are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period using the effective-interest method.

D19. EMPLOYEE BENEFITS

D19.1 Short-term benefits

Profit sharing and bonus plans

The group recognises a liability and an expense for bonus plans and profit sharing, 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.

D19. EMPLOYEE BENEFITS (continued)

D19.2 Post-employment benefits

The group operates various post-employment schemes, including both defined benefit and contribution pension and medical schemes.

A defined contribution plan is a plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension/medical benefits that an employee will receive from retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligations. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

For defined contribution plans, the group pays contributions to publicly or privately administered insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

D19.3 Share-based compensation

Share-based compensation schemes are detailed in note 11. For the share incentive schemes, 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.

D20. CONTINGENT LIABILITIES

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.

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.

D21. 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.

D22. REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for goods sold and services rendered in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

D22. REVENUE RECOGNITION (continued)

D22.1 Revenue recognised in accordance with IFRS 15

Revenue type	Description	Recognition and measurement
Revenue from sale of goods	Revenue from sales of goods comprising mainly agricultural produce, fast-moving consumer goods, mining and construction goods, and utilities.	Sales are recognised when control of the products have transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the client and either the client has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.
Commission, school, net insurance and other fee income	Revenue from advisory and portfolio management activities (including commission and administration fees).	Commission is recognised as services are rendered. In terms of IFRS 15, these commissions are recognised either at a point in time or over time, depending on when the performance obligations are satisfied. Administration fees are recognised when the services are rendered, in accordance with the substance of the relevant agreements.
<ul style="list-style-type: none"> • Commission and advisory 	Revenue arising from dealing, structuring and brokerage fee income (including brokerage, custodian fees, settlement fees).	Revenue relating to dealing, structuring and stockbroking activities is recognised as services are rendered, by 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.
<ul style="list-style-type: none"> • Management fees and performance fees 	Revenue from management fees and performance fees.	Management fees on assets under management are recognised over the period for which the services are rendered, in accordance with the substance of the relevant agreements. Performance fees are earned, over and above management fees, on superior fund performance which exceeds specific agreed targets (typically market-related benchmarks) and are recognised when the performance obligation has been satisfied. Performance fees include variable consideration and therefore revenue is recognised only to the extent that it is highly probable that no significant revenue reversal will occur.
<ul style="list-style-type: none"> • School, tuition and other education-related fees 	Revenue from education-related services rendered (including registration, enrolment and tuition fees).	Registration, enrolment and tuition fees are recognised over the period that tuition is provided to learners/students in accordance with the relevant contract. Registration and enrolment fees are paid to grant access to or to provide a right to use a certain education institution. In some instances, registration and enrolment fees paid by customers are non-refundable. The existence of a non-refundable registration or enrolment fee indicates that the arrangement includes a renewal option for future services at a reduced price (customer renews the agreement without the payment of an additional registration or enrolment fee). By not requiring the customer to pay the registration or enrolment fee again at renewal, the group is effectively providing a discounted renewal rate to the customer.

D22. REVENUE RECOGNITION (continued)**D22.1 Revenue recognised in accordance with IFRS 15 (continued)**

Revenue is recognised either when the performance obligation has been satisfied ("point in time") or when control of the goods or service is transferred to the customer ("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.

D22.2 Investment income

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

D23. TAXATION**D23.1 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. 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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

D23.2 Dividend withholding tax

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 trusts (not being exempt from dividend withholding tax) may incur a dividend withholding tax expense on treasury shares held.

D24. EARNINGS PER SHARE**D24.1 Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the WANOS during the year, with the WANOS comparative adjusted for bonus elements as provided for in IAS 33 Earnings per Share.

PSG GROUP LIMITED

ANNEXURE D - ACCOUNTING POLICIES

for the year ended 28 February 2021

D24. EARNINGS PER SHARE (continued)

D24.2 Diluted earnings per share

Diluted earnings per share is calculated on the same basis as basic earnings per share, adjusted for the impact that the issue/release of potential ordinary shares on an associate, joint venture, subsidiary or holding company level would have on earnings and WANOS.

D24.3 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 1/2019.

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

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

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

The tables below separate the client-related balances from those balances attributable to ordinary shareholders of the group (i.e. own balances) as at the prior reporting date and for the year then ended. PSG Group shareholders were therefore effectively exposed only to the amounts set out in the shaded columns below:

	Own balances			Client-related balances (financial instruments)	Total
	Financial and insurance instruments	Non-financial instruments	Subtotal		
	Rm	Rm	Rm	Rm	Rm
ANALYSIS OF THE GROUP STATEMENT OF FINANCIAL POSITION					
As at 29 February 2020					
Assets					
Property, plant and equipment		12 117	12 117		12 117
Intangible assets		4 483	4 483		4 483
Right-of-use assets		1 107	1 107		1 107
Investment in ordinary shares of associates		10 672	10 672		10 672
Investment in preference shares of/loans granted to associates	42		42		42
Investment in ordinary shares of joint ventures		986	986		986
Loans granted to joint ventures	35		35		35
Employee benefit assets		42	42		42
Unit-linked investments	682		682	49 722	50 404
Equity securities	411		411	2 209	2 620
Debt securities	1 847		1 847	4 365	6 212
Deferred income tax assets		469	469		469
Biological assets		585	585		585
Investment in investment contracts			-	16	16
Loans and advances	330		330		330
Trade and other receivables	3 807	454	4 261	1 740	6 001
Derivative financial assets	1		1	23	24
Inventory		2 038	2 038		2 038
Current income tax assets		39	39		39
Reinsurance assets	134		134		134
Cash and cash equivalents	1 723		1 723	254	1 977
Assets held for sale	7	5 513	5 520		5 520
Total assets	9 019	38 505	47 524	58 329	105 853
Equity					
Equity attributable to owners of the parent		19 083	19 083		19 083
Non-controlling interests		11 843	11 843		11 843
Total equity	-	30 926	30 926	-	30 926
Liabilities					
Insurance contracts	554		554		554
Third-party liabilities arising on consolidation of mutual funds			-	29 999	29 999
Investment contract liabilities			-	26 694	26 694
Deferred income tax liabilities		975	975		975
Borrowings	9 094		9 094		9 094
Lease liabilities	1 453		1 453		1 453
Derivative financial liabilities	87		87	30	117
Employee benefit liabilities		598	598		598
Trade and other payables	3 095	584	3 679	1 606	5 285
Reinsurance liabilities	7		7		7
Current income tax liabilities		135	135		135
Liabilities held for sale	12	4	16		16
Total liabilities	14 302	2 296	16 598	58 329	74 927
Total equity and liabilities	14 302	33 222	47 524	58 329	105 853

PSG GROUP LIMITED

ANNEXURE E - EXPLANATORY NOTE ON IMPACT OF CLIENT-RELATED BALANCES

for the year ended 28 February 2021

	Own balances Rm	2020* Client-related balances Rm	Total Rm
ANALYSIS OF THE GROUP INCOME STATEMENT			
CONTINUING OPERATIONS			
Investment income	427	1 964	2 391
Revenue from sale of goods	13 502		13 502
Cost of goods sold	(11 339)		(11 339)
Gross profit from sale of goods	2 163	-	2 163
Revenue earned from commission, school, net insurance and other fee income	10 936	(75)	10 861
Fair value adjustments and other income			
Changes in fair value of biological assets	225		225
Fair value gains and losses	3	(365)	(362)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds		(1 030)	(1 030)
Fair value adjustment to investment contract liabilities		(507)	(507)
Other operating income	314		314
	542	(1 902)	(1 360)
Expenses			
Insurance claims and loss adjustments, net of recoveries	(663)		(663)
Marketing, administration, impairment losses and other expenses	(11 576)	47	(11 529)
	(12 239)	47	(12 192)
Net income from associates and joint ventures			
Share of profits of associates and joint ventures	648		648
Loss on impairment of associates	(323)		(323)
Net profit on sale/dilution of interest in associates	130		130
	455	-	455
Profit before finance costs and taxation			
	2 284	34	2 318
Finance costs	(889)		(889)
Profit before taxation			
	1 395	34	1 429
Taxation	(491)	(34)	(525)
Profit for the year from continuing operations			
	904	-	904
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations			
	2 454	-	2 454
Share of profit of associate	1 923		1 923
Reversal of impairment of associate	617		617
Loss on dilution of interest in associate	(86)		(86)
Profit for the year			
	3 358	-	3 358

* Re-presented for the discontinued operation detailed in note F11, as well as the reclassification detailed in note 29.

PSG GROUP LIMITED

ANNEXURE E - EXPLANATORY NOTE ON IMPACT OF CLIENT-RELATED BALANCES

for the year ended 28 February 2021

	2020		Total Rm
	Own balances Rm	Client-related balances Rm	
ANALYSIS OF THE GROUP STATEMENT OF CASH FLOWS			
Cash generated from/(utilised by) operations	2 184	(1 922)	262
Interest received	352	1 360	1 712
Dividends received	985	643	1 628
Finance costs paid	(840)		(840)
Taxation paid	(483)	(7)	(490)
Net cash flow from operating activities	2 198	74	2 272
Net cash flow from investing activities	(1 461)		(1 461)
Net cash flow from financing activities	(800)	(100)	(900)
Net decrease in cash and cash equivalents	(63)	(26)	(89)
Exchange losses on cash and cash equivalents	(21)		(21)
Cash and cash equivalents at beginning of the year	425	280	705
Cash and cash equivalents at end of the year	341	254	595

It is important to note that the treasury functions of PSG Group and each of its subsidiaries operate on a decentralised basis and thus independent from one another. All available cash held at a PSG Group-level was invested in the PSG Money Market Fund, while some of the available cash held at a subsidiary-level was also invested in the PSG Money Market Fund. Available cash held at a PSG Group-level and invested in the PSG Money Market Fund amounted to R186m at 29 February 2020.

As a result of the group's consolidation of the PSG Money Market Fund, the cash invested therein is derecognised and all of the fund's underlying highly-liquid debt securities are recognised on the consolidated statement of financial position. Third parties' cash invested in the PSG Money Market Fund is recognised as a payable and included under "third-party liabilities arising on consolidation of mutual funds".

The table below reconciles the cash and cash equivalents reported per the consolidated statement of financial position to that reported per the consolidated statement of cash flows. It furthermore also reconciles such balances to the liquid cash resources at both a PSG Group- and subsidiary-level.

	2020		Total Rm
	Own balances Rm	Client-related balances Rm	
Cash and cash equivalents (per the consolidated statement of financial position)	1 723	254	1 977
Bank overdrafts (included in "borrowings" per the consolidated statement of financial position)	(1 382)		(1 382)
Cash and cash equivalents (per the consolidated statement of cash flows - note 27.3)	341	254	595
Debt securities (per the consolidated statement of financial position)	1 847	4 365	6 212
Liquid cash resources	2 188	4 619	6 807
PSG Group-level (invested in the PSG Money Market Fund)	186		
Subsidiary-level cash and cash equivalents	3 384		
Subsidiary-level bank overdrafts	(1 382)		

	Customer lists Rm	Trademarks and other Rm	Goodwill Rm	Total Rm
F1. INTANGIBLE ASSETS				
Reconciliation - 2021				
Balance at beginning of the year	772	1 059	2 652	4 483
Change in investment entity status	(772)	(1 059)	(2 652)	(4 483)
Balance at end of the year	-	-	-	-
Reconciliation - 2020				
Balance at beginning of the year	817	966	2 758	4 541
Additions	35	239		274
Disposals	(8)	(26)		(34)
Amortisation	(69)	(103)		(172)
Impairments	(3)	(41)	(250)	(294)
Transfer to assets held for sale		(101)		(101)
Exchange differences	(1)	19	(8)	10
Subsidiaries acquired	1	106	154	261
Subsidiaries sold			(2)	(2)
Balance at end of the year	772	1 059	2 652	4 483
Cost	1 345	1 535	2 652	5 532
Accumulated amortisation and impairment losses	(573)	(476)		(1 049)

The prior year impairments related mainly to the PSG Alpha segment in respect of i) goodwill on Energy Partners and its various subsidiaries (R117m), ii) Optimi's goodwill on a subsidiary providing education solutions (R46m) and iii) CA Sales' goodwill on a Namibia-based operating subsidiary (R30m). Furthermore, the prior year impairments also included the impairment of Capespan computer software (R33m) and goodwill in respect of Curro on a PSG Group-level (R22m). All of the aforementioned entities were affected by the general challenging trading conditions.

Included in other intangible assets in the prior year were internally-generated intangible assets with a carrying value of approximately R753m, which comprised mainly plant and seed breeding rights and other product development costs.

Apart from goodwill, education-related trademarks/curriculum development costs held/incurred by Curro and Stadio amounting to R181m in aggregate in the prior year have been assessed as having an indefinite useful life. In reaching this conclusion, the respective entities' management gave specific consideration to the extensive period that comparable education facilities had existed for.

Customer lists

Individual customer lists with a carrying value in excess of R7m each, originating from various acquisitions, had the following carrying values and remaining amortisation periods:

Segment and customer list - 2020	Remaining amortisation period	Rm
Curro - Woodhill College	6 years	10
PSG Konsult		
Wealth advisor office	11 years	67
ABSA commercial and industrial insurance business	18 years and 3 months	63
Wealth advisor office	14 years	38
ABSA personal lines insurance business	18 years and 9 months	32
Wealth advisor office	14 years	28
Multinet Makelaars	6 years and 1 month	24
Wealth advisor office	16 years and 3 months	13
Diagonal Street Financial Services	10 years and 6 months	12
Wealth advisor office	13 years	11
Tlotlisa Securities	9 years and 2 months	11
Wealth advisor office	18 years	10
Short-Term Administration	6 years and 2 months	8
Multifund	10 years	9
Insurance Solutions	10 years	9
		345

F1. INTANGIBLE ASSETS (continued)**Trademarks and other**

Individual trademarks and other intangible assets with a carrying value in excess of R10m each, originating from various acquisitions, had the following carrying values:

Segment and intangible asset item - 2020	Remaining amortisation period	Rm
Curro		
Northern Academy trademark	Indefinite	12
Woodhill College trademark	Indefinite	14
Waterstone College trademark	Indefinite	13
Cooper College trademark	Indefinite	15
PSG Alpha		
Stadio		
Embury trademark	1 year and 11 months	16
AFDA trademark	Indefinite	20
SBS trademark	Indefinite	18
Milpark trademark	Indefinite	38
Optimi		
Media Works trademark	Indefinite	11
Zeder		
Zaad capitalised product development costs in respect of plant and seed breeding rights	3 - 20 years	500
		<u>657</u>

Goodwill allocation

Goodwill relates to the following reportable segments:

Curro	565
PSG Konsult	380
PSG Alpha	1 426
Zeder	281
	<u>2 652</u>

Goodwill impairment testing*Curro*

The recoverable amount of each cash generating-unit ("CGU"), which in most instances was represented by an individual school or campus, was determined with reference to value-in-use calculations. Key assumptions used for the value-in-use calculations were as follows:

	2020 %
Taxation rate	28.0
Growth rate	8.0
Terminal growth rate	8.0
Discount rate	13.3

Value-in-use calculations were performed based on five-year cash flow projections forming part of financial budgets approved by management. Cash flows were extrapolated into perpetuity using the aforementioned terminal growth rate, whilst taking cognisance of capacity constraints.

If the discount rate used in the value-in-use calculation for the CGUs had been 1% higher than management's estimate, the group would not have recognised additional goodwill impairment.

If the terminal growth rate used in the value-in-use calculation for the CGUs had been 1% lower than management's estimate, the group would not have recognised additional goodwill impairment.

PSG Konsult

The recoverable amounts of CGU's were determined based on the higher of fair value less cost to sell and value-in-use calculations. Price/earnings ratios used by management to determine fair value less cost to sell were determined with reference to similar listed companies, adjusted for entity specific considerations. The price/earnings ratios used at the prior reporting date varied between 5 and 7.5 times. Value-in-use calculations were performed based on five-year cash flow projections forming part of financial budgets approved by management. Cash flows were extrapolated into perpetuity using the below-mentioned terminal growth rate. Key assumptions used for the value-in-use calculations were as follows:

F1. INTANGIBLE ASSETS (continued)**Goodwill impairment testing (continued)***PSG Konsult (continued)*

	2020 %
Taxation rate	28.0
Growth rate	3.0
Terminal growth rate	3.0
Discount rate	18.2

PSG Konsult had considered and assessed reasonably possible changes in key assumptions and had not identified any instances that could cause the carrying amount of the CGUs to exceed the value-in-use. These sensitivities and other relevant factors were considered in management's determination that no intangible assets need to be impaired.

PSG Alpha

Goodwill forming part of this segment related mainly (some 88%) to Stadio's private higher education businesses (R749m) and CA Sales' businesses distributing fast-moving consumer goods throughout southern Africa (R499m). Key assumptions used for the value-in-use calculations, determined by management to be reasonable given the various entity-specific considerations, were as follows:

	Stadio 2020 %	CA Sales 2020 %
Taxation rate	28.0	22.0 - 32.0
Growth rate		
Tuition fees/revenue	3.0 - 7.0	5.2 - 13.5
Student numbers	6.0 - 18.0	
Operating expenses	7.0 - 19.0	5.1 - 12.7
Terminal growth rate	6.0	5.0 - 6.0
Discount rate	15.9	18.1 - 24.2

Value-in-use calculations were performed based on five-year cash flow projections forming part of financial budgets approved by management. Cash flows were extrapolated into perpetuity using the aforementioned terminal growth rates.

If the discount rate used in Stadio's value-in-use calculations for CGUs had been 1% higher or if the terminal growth rate had been 1% lower than management's estimate, the group would not have recognised additional goodwill impairment. Furthermore, if the tuition fee increases and student number growth rates used in the value-in-use calculations for the CGUs had been lower than management's estimate by 50%, the group would not have recognised additional goodwill impairment.

If the discount rate used in CA Sales' most notable value-in-use calculations for CGUs had been 0.5% higher or if the terminal growth rate had been 0.9% lower than management's estimate, the group would not have recognised additional goodwill impairment.

Zeder

The recoverable amounts of CGU's are determined based on the higher of fair value less cost to sell and value-in-use calculations. The fair value less cost to sell was determined based on either applying a price/earnings ratio or assessing net realisable value of the underlying assets (mostly agricultural land). Price/earnings ratios used by management were determined with reference to similar listed companies, adjusted for entity specific considerations. The price/earnings ratios applied ranged between 8 and 14 times, while the respective agricultural land was valued at between R104,454 and R118,485 per irrigated hectare. Key assumptions used for the value-in-use calculations were as follows:

	2020 %
Taxation rate	28.0
Growth rate	4.0 - 5.0
Terminal growth rate	1.0
Discount rate	15.4 - 17.5

Value-in-use calculations were performed based on five-year cash flow projections forming part of financial budgets approved by management. Cash flows were extrapolated into perpetuity using the aforementioned terminal growth rates.

Had the aforementioned price/earnings ratios been decreased by 10%, the additional amount of goodwill impaired would have amounted to approximately R30m. Had the aforementioned agricultural land valuations been decreased by 10%, no additional goodwill impairment would have been recognised. Furthermore, Zeder had considered and assessed reasonably possible changes in key assumptions underlying the value-in-use calculations which could cause the carrying amount of the CGUs to exceed the value-in-use, and none were identified.

Applicable to all segments

Performing aforementioned value-in-use calculations with pre-tax as opposed to post-tax discount rates and cash flows would not have necessitated any further impairment of goodwill.

	2020 Rm
F2.1 INVESTMENT IN ASSOCIATES	
Carrying value of ordinary share investments	10 672
Listed	9 954
Unlisted	718
Carrying value of loans	42
JWM Asia	30
The unsecured loan was interest free and repayable on demand.	
Other associates	12
Various unsecured loans carried interest at various rates of up to 9.8% and being repayable on various dates.	
	10 714

Unless otherwise stated, the investment in preference shares of/loans granted to associates, were almost entirely fully performing, with only an insignificant amount of expected credit losses being provided for.

	2021 Rm	2020 * Rm
Loans and preference shares		
Current		41
Non-current		1
		42
Reconciliation of ordinary share investments		
Balance at beginning of the year	10 672	14 578
Change in investment entity status	(1 629)	
Share of profits of associates		
Continuing operations		571
Discontinued operation (note F11)		1 923
(Impairment)/reversal of impairment of associates		
Continuing operations		(323)
Discontinued operation (note F11)		617
Dividends received		
Continuing operations		(780)
Discontinued operation (note F11)		(189)
Additions		433
Disposals		(669)
Net loss on dilution		
Continuing operations		(1)
Discontinued operation (note F11)		(86)
Subsidiaries acquired (note F19.1)		4
Transfer to subsidiaries at fair value (note F19.1)		(105)
Transfer from equity securities (refer "additions" below)		168
Transfer to equity securities (note F11)	(1 258)	
Transfer to assets held for sale (note F11)	(7 785)	(5 217)
Other movements		(252)
Balance at end of the year	-	10 672

* Re-presented for the discontinued operation detailed in note F11.

Refer Annexure H for further information regarding material associates.

F2.1 INVESTMENT IN ASSOCIATES (continued)**(Impairment)/reversal of impairment**

During the prior year, the group reversed R617m of the impairment charge previously recognised on Zeder's interest in Pioneer Foods (prior to being classified as held for sale, refer note F11) following a recovery in its JSE-listed share price. This was somewhat offset by an impairment of Zeder's interests in Kaap Agri and Quantum Foods following a decline in their respective JSE-listed share prices.

Additions

Significant additions during the prior year related mainly to Dipeo acquiring an interest of approximately 4% in each of Pioneer Foods and Quantum Foods (being existing associates of Zeder and therefore the group), when the associated ringfenced debt of R429m against such investments was settled upon the conclusion of the Pioneer Foods BEE Scheme. Dipeo's previous residual interest (i.e. net upside) in the Pioneer Foods BEE Scheme amounted to R168m and was reclassified from equity securities to associates at the time.

Disposals

Disposals during the prior year related mainly to Dipeo's aforementioned interests in Pioneer Foods and Quantum Foods being subsequently disposed of, as well as PSG Alpha's disposal of its 25% interest in Alaris Holdings Ltd, a global radio frequency technology group.

Other movements

Other movements during the prior year comprised mainly the group's share of associates' other comprehensive losses and equity movements.

F2.2 INVESTMENT IN JOINT VENTURES

	2021 Rm	2020 Rm
Balance at beginning of the year	986	855
Change in investment entity status	(986)	
Share of profits of joint ventures		77
Additions		82
Transfer to subsidiaries at fair value (note 19.1)		(35)
Other movements		7
Balance at end of the year	-	986
Loans (current)		35
	-	1 021

The additions during the prior year related mainly to PSG Alpha's maintaining its 50% interest in Evergreen.

Loans granted to joint ventures, being measured at amortised cost, were fully performing, with no expected credit losses being provided for.

F3. UNIT-LINKED INVESTMENTS

<i>Own balances</i>	682
Unlisted but quoted	656
Unquoted	26
<i>Consolidated mutual funds (note F10.1)</i>	
Unlisted but quoted	25 542
<i>Investments linked to investment contracts (note F10.2)</i>	24 180
Unlisted but quoted	23 907
Unquoted	273
	50 404

PSG GROUP LIMITED

ANNEXURE F - NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2021

	FVTPL Rm
F3. UNIT-LINKED INVESTMENTS (continued)	
Reconciliation	
Balance at 1 March 2019	46 495
Additions	17 525
Disposals	(14 810)
Fair value net gains and reinvestments	1 185
Exchange differences	9
Balance at 29 February 2020	50 404
Current	2 325
Non-current	48 079
Change in investment entity status	(50 404)
Balance at 28 February 2021	-
Fair value of the unit-linked investments (i.e. collective investment schemes invested in) was determined by reference to the underlying assets of the unit-linked investments, taking into account any relevant credit risk associated with the unit-linked investments.	
	2020 Rm
F4. EQUITY SECURITIES	
<i>Own balances</i>	411
Listed	372
Unlisted but quoted	2
Unquoted	37
<i>Consolidated mutual funds (note F10.1)</i>	
Listed	112
<i>Investments linked to investment contracts (note F10.2)</i>	2 097
Listed	2 088
Unquoted	9
	2 620
	FVTPL Rm
Reconciliation	
Balance at 1 March 2019	2 996
Additions	428
Disposals	(468)
Fair value net losses	(172)
Transfer to associates (note F2.1)	(168)
Subsidiaries sold	(1)
Other movements	5
Balance at 29 February 2020	2 620
Current	259
Non-current	2 361
Change in investment entity status	(2 620)
Balance at 28 February 2021	-

ANNEXURE F - NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2021

	2021			2020		
	Current (agricultural produce)	Non-current (bearer plants)	Total	Current (agricultural produce)	Non-current (bearer plants)	Total
	Rm	Rm	Rm	Rm	Rm	Rm
F5. BIOLOGICAL ASSETS						
Balance at beginning of the year	172	413	585	167	426	593
Change in investment entity status	(172)	(413)	(585)			-
Additions			-	175	40	215
Disposals			-		(7)	(7)
Changes in fair value of biological assets			-	225		225
Transfer of harvested produce to inventory			-	(389)		(389)
Depreciation			-		(19)	(19)
Impairments			-		(2)	(2)
Exchange differences			-	(2)		(2)
Subsidiaries sold			-	(4)	(25)	(29)
Balance at end of the year	-	-	-	172	413	585
Biological assets consisted of the following:						
Maize crops *				26		26
Soya crops *				33		33
Orchards **				53		53
Vineyards **				43		43
Other *				17		17
Orchards ***					246	246
Vineyards ***					167	167
				172	413	585

* These biological assets were valued at cost since an insignificant level of biological transformation has taken place since planting.

** These biological assets were carried at fair value, being determined based on expected fruit sales (free on board prices for export sales and net value for local sales), net of budgeted harvest, packing, storage and selling costs, as well as directly attributable overheads.

*** Consisted of citrus orchards, pome (apple and pear) orchards and grape vineyards, being carried at cost less accumulated depreciation and impairment losses.

The abovementioned fair value of agricultural produce had been calculated using unobservable inputs (level 3). Had the fair value of the agricultural produce been 10% higher/lower at the prior reporting date, the group's profit for the prior year would have been R12m higher/lower.

Biological assets comprised mainly plantings of apples and pears (563ha), grapes (287ha), citrus (278ha), soya (5,037ha) and maize (1,750ha).

	2020 Rm
F6. INVESTMENT IN INVESTMENT CONTRACTS	
FVTPL (current)	16
Fair value of the investment in investment contracts was determined by reference to the underlying assets' quoted prices. All of these investments were linked to investment contract liabilities (note F10.2).	
F7. INVENTORY	
Raw materials	155
Work-in-progress	104
Finished goods	1 779
	2 038

The cost of inventory recognised as an expense in the prior year and included in cost of goods sold (note F13) in the income statement amounted to R10.9bn.

	2021 Rm	2020 Rm
F8. REINSURANCE ASSETS AND LIABILITIES		
Reinsurance assets (current)		
Reinsurers' share of insurance liabilities	-	127
Balance at beginning of the year	127	103
Change in investment entity status	(127)	
Movement for the year		24
Deferred acquisition costs	-	7
Balance at beginning of the year	7	6
Change in investment entity status	(7)	
Movement for the year		1
	-	134
Amounts due at the prior reporting date from reinsurers in respect of claims already paid by the group on reinsured contracts, were included in trade receivables (refer note 8). All reinsurance assets were considered recoverable at the reporting dates.		
Reinsurance liabilities (current)		
Deferred reinsurance acquisition revenue	-	7
Balance at beginning of the year	7	5
Change in investment entity status	(7)	
Movement for the year		2
F9. INSURANCE CONTRACTS		
Long-term insurance (non-current)	-	19
Balance at beginning of the year	19	21
Change in investment entity status	(19)	
Liabilities released for payments on death, surrender and other terminations		(3)
Transfer to policyholder funds		1
Short-term insurance (current)	-	535
Balance at beginning of the year	535	522
Change in investment entity status	(535)	
Claims reported		
In respect of current year		1 077
In respect of prior year		(155)
Claims paid		(892)
Movement for the year		(17)
	-	554
F10.1 THIRD-PARTY LIABILITIES ARISING ON CONSOLIDATION OF MUTUAL FUNDS		
Balance at beginning of the year	29 999	26 715
Change in investment entity status	(29 999)	
Net capital contributions received from third parties		2 254
Fair value adjustment to third-party liabilities		1 030
Balance at end of the year (current)	-	29 999
Third-party liabilities arising on consolidation of mutual funds are represented by the following underlying investments:		
Unit-linked investments		25 542
Equity securities		112
Debt securities		3 994
Trade and other receivables		71
Cash and cash equivalents		309
Trade and other payables		(29)
		29 999

	2021 Rm	2020 Rm
F10.1 THIRD-PARTY LIABILITIES ARISING ON CONSOLIDATION OF MUTUAL FUNDS (continued)		
The group consolidated various mutual funds due to the group's investment therein and PSG Konsult's management of same (refer page 73). Third parties' funds invested in the consolidated mutual funds were included as a liability under "third-party liabilities arising on consolidation of mutual funds".		
F10.2 INVESTMENT CONTRACT LIABILITIES		
Carried at fair value		
Balance at beginning of the year	26 694	25 932
Change in investment entity status	(26 694)	
Investment contract receipts		3 454
Investment contract benefits paid		(2 909)
Commission and administration expenses		(290)
Fair value adjustments to investment contract liabilities		507
Balance at end of the year	-	26 694
Current		2 946
Non-current		23 748
Investment contracts are represented by the following underlying investments:		
Unit-linked investments		24 180
Equity securities		2 097
Debt securities		371
Investment in investment contracts		16
Cash and cash equivalents		30
		<u>26 694</u>

Investment contract liabilities relate to PSG Life Ltd clients' assets held under investment contracts, which are linked to a corresponding liability (refer page 73).

F11. ASSETS/LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS**2021**

With effect from 1 March 2020, PSG Group classified the portion of its associate interest (refer note F2.1) in Capitec being subject to unbundling as an asset held for sale and discontinued operation. PSG Group simultaneously transferred its retained equity security interest in Capitec that would not be unbundled to investments at FVTPL and continued to measure it at FVTPL throughout the year under review. Profit or losses resulting from PSG Group's shareholding in Capitec forming part of the Capitec Unbundling were disclosed as a discontinued operation in PSG Group's consolidated income statement for both years presented, irrespective of such investment being equity accounted during the prior year.

Below table provides a reconciliation of the Capitec associate interest during the year under review:

	Carrying value 29-Feb-20 (note F2.1) Rm	Gain upon remeasuring retained Capitec interest to fair value ¹⁾ Rm	Gain upon unbundling of Capitec interest at fair value Rm	Transfer to investments at FVTPL ¹⁾ (note 1) Rm	Capitec unbundling at fair value ²⁾ Rm	Carrying value 28-Feb-21 Rm
Investment in associate (Capitec)						
Retained Capitec interest (continuing operations)	1 258	5 158		(6 416)		-
Unbundled Capitec interest (discontinued operations)	7 785		21 099		(28 884)	-
Total	9 043	5 158	21 099	(6 416)	(28 884)	-

¹⁾ This portion of the investment in associate representing the retained 4.9m Capitec shares not forming part of the Capitec Unbundling, and over which significant influence was lost, was transferred to investments at FVTPL at the ruling market price on 1 March 2020, being the date on which the unbundled Capitec interest was reclassified as an asset held for sale.

²⁾ Representing 30.5m Capitec shares worth R28,884m at the ruling share price as at 30 July 2020, being the date on which PSG Group shareholder approval for the Capitec Unbundling was obtained, with the required approval of the Prudential Authority having been obtained prior to such date. Transaction costs of R11m were incurred in respect of the Capitec Unbundling.

2020*Asset held for sale and discontinued operation*

During the prior year, Pepsico made an offer to the Pioneer Foods ordinary shareholders (including Zeder) to acquire all issued ordinary shares in Pioneer Foods for a cash consideration of R110 per share. As at 29 February 2020, Zeder reclassified its investment in Pioneer Foods, an associate with a carrying value of R5.1bn, in accordance with IFRS 5 to an asset held for sale. During March 2020, the Competition Tribunal approved the transaction and all other suspensive conditions were met and Zeder's disposal of its interest in Pioneer Foods was implemented. Upon receipt of the R6.4bn cash proceeds pursuant to such disposal, Zeder declared a special dividend of R2.30 per share. PSG Group consequently received a special dividend from Zeder of R1.7bn on 28 April 2020.

Other assets/liabilities held for sale

The remaining portion of assets/liabilities held for sale relates to i) Capespan's investment in two associates (R108m), ii) various assets (mainly property, plant and equipment, intangible assets and inventory) (R311m) and liabilities (R16m) of Klein Karoo Saad Bemarking (Pty) Ltd, a subsidiary of Zaad, and iii) vacant land held by Curro (R43m), all of which were in the process of being sold.

ANNEXURE F - NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2021

	2020 Rm		
F12. REVENUE FROM SALE OF GOODS			
Agricultural produce/seed	6 547		
Fast-moving consumer goods	6 051		
Mining, construction and utility goods	501		
Other goods	403		
	<u>13 502</u>		
Revenue from sale of agricultural produce/seed emanated from Zeder (i.e. Capespan, Zaad and Agrivision), while revenue from the sale of i) fast-moving consumer goods (i.e. CA&S) and ii) mining, construction and utility goods (mainly Energy Partners) emanated from PSG Alpha.			
F13. COST OF GOODS SOLD			
Changes in finished goods	10 446		
Raw material and consumables used	411		
Other expenses	482		
	<u>11 339</u>		
Cost of goods sold relates to aforementioned agricultural produce/seed, fast-moving consumer goods, mining, construction and utility goods.			
F14. OTHER OPERATING INCOME			
Profit on sale/deconsolidation of subsidiaries (note F19.2)	58		
Profit on sale of property, plant and equipment	14		
Other	242		
	<u>314</u>		
F15. INSURANCE CLAIMS AND LOSS ADJUSTMENTS, NET OF RECOVERIES			
Short-term insurance contracts	659		
Long-term individual life insurance contracts - death, maturity, surrender and sick leave benefits and transfers to policyholder liabilities	4		
	<u>663</u>		
	Gross Rm Reinsurance Rm Net Rm		
2020			
Short-term insurance contracts	939	(280)	659
Claims paid	930	(280)	650
Movement in expected cost of outstanding claims	48	(17)	31
Salvages	(39)	17	(22)
Long-term individual life insurance contracts	4		4
	<u>943</u>	<u>(280)</u>	<u>663</u>

F16. FUTURE LEASE PAYMENTS AND CAPITAL COMMITMENTS AND OTHER CONTINGENT LIABILITIES**Lease payments***Lease payments - land and buildings*

Due within one year	365
Due within one to five years	1 234
Due after more than five years	37 864
	39 463

Lease payments - vehicles, office equipment and other

Due within one year	45
Due within one to five years	63
Due after more than five years	2
	110

Total

39 573

Capital commitments*Authorised but not yet contracted*

Property, plant and equipment	1 086
Intangible assets	101
Biological assets	43
	1 230

Contracted

Property, plant and equipment	459
Intangible assets	16
	475

Other contingent liabilities

The group did not have any other material contingent liabilities at the prior reporting date.

The group is subject to litigation in the normal course of its business. Appropriate provisions are made when losses are expected to materialise. There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the group is aware, which may have a material effect on the financial position of the group.

F17. ADOPTION OF IFRS 16 LEASES**Background**

IFRS 16 *Leases*, adopted by the group effective 1 March 2019, was a new standard which replaced IAS 17 *Leases*. The standard specifies how to recognise, measure and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise right-of-use assets and lease liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Amounts payable in terms of leases where the lease term is 12 months or less or the underlying asset has a low value, are expensed monthly on a straight-line basis. Lessors continue to classify leases as either operating or finance leases, with IFRS 16's approach to lessor accounting substantially unchanged from IAS 17.

Impacts on the financial statements on transition

The group elected to adopt IFRS 16 using the simplified approach, whereby comparative figures were not restated but instead ordinary shareholders' equity and non-controlling interests as at 1 March 2019 were adjusted accordingly. IFRS 16 allows on a lease-by-lease basis for the right-of-use asset to be measured on adoption at either an amount i) equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease as at 28 February 2019, or ii) as if IFRS 16 had always been applied but discounted using the incremental borrowing rate at 1 March 2019. As a result of adopting IFRS 16, the group recognised the following amounts in respect of leases previously classified as operating leases:

	Rm
Right-of-use assets	987
Lease liabilities	(1 283)
Deferred income tax assets/liabilities	58
Other assets and liabilities	2
Charge to total equity	(236)
Ordinary shareholders' equity	(103)
Non-controlling interests	(133)
The lease liabilities recognised upon transition can be reconciled as follow:	
Operating lease commitments reported as at 28 February 2019	2 010
<u>Add</u> : adjustments as a result of different treatment of extension and termination options ¹⁾	40 955
Operating lease commitments as at 1 March 2019	42 965
<u>Less</u> : short-term lease commitments	(18)
<u>Less</u> : low-value lease commitments	(38)
	42 909
<u>Less</u> : discounting effect using the incremental borrowing rate ²⁾	(41 626)
Lease liabilities recognised as at 1 March 2019	1 283

¹⁾ *Curro leases certain school premises. Rental agreements are typically concluded for an initial fixed period of 5 to 20 years with extension options. IFRS 16 requires, for purposes of determining both the lease term and lease payments, management to consider all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. In this regard, two of Curro's leased school premises contained extension options for various periods up to a maximum lease term of 93 years and management deemed it reasonably certain, given the impracticality of relocating a school, that these extension options would in due course be exercised. Accordingly, such lease payments (although Curro was not contractually obliged thereto at the time) had been included in determining the lease payments for purposes of the adoption of IFRS 16. Such lease payments (including in-substance fixed rate annual escalations) contributes significantly to the lease payments set out above and accordingly also the material discounting impact.*

²⁾ *The group's weighted average incremental borrowing rate applied to lease liabilities as at 1 March 2019 ranged between 10.2% and 11.8%.*

Practical expedients applied on transition

The group applied the following practical expedients on transition which are permitted under IFRS 16:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with a remaining lease term of less than 12 months;
- Accounted for all low-value assets on a straight-line basis over the lease term;
- Relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- Used a single discount rate for a portfolio of leases with reasonably similar characteristics;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- Applied the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 March 2019; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

F18. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The impact on equity attributable to owners of the parent resulting from transactions with non-controlling interests during the prior year, as disclosed in the statement of changes in equity, related mainly to losses made following the issue of shares to participants of various subsidiary share incentive schemes, as well as Stadio increasing its investment in Southern Business School (Pty) Ltd from 74% to 100%.

F19. NOTES TO THE STATEMENTS OF CASH FLOWS**F19.1 Businesses/subsidiaries acquired***GAP Chemicals (Pty) Ltd ("GAP")*

During September 2019, the group, through Zaad, being a subsidiary of Zeder, increased its interest in GAP from 49.7% to 100% for a cash consideration of R110m (of which R35m was deferred and remains outstanding). GAP is involved in the agricultural chemicals sector throughout Africa, offering complementary services to Zaad's existing operations and as a result goodwill of R89m arose in respect of expected synergies.

Farm-Ag International ("Farm-Ag")

During September 2019, the group, through Zaad, being a subsidiary of Zeder, increased its interest in Farm-Ag from 50% to 100% for a cash consideration of R31m (of which R16m was deferred and remains outstanding). Farm-Ag is involved in the agricultural chemicals sector throughout Africa, offering complementary services to Zaad's existing operations and as a result goodwill of R11m arose in respect of expected synergies.

The expected synergies associated with the aforementioned business combinations included, inter alia, broadening the Zaad group's product range, cross selling a wider range of chemical products to existing clients of the Zaad group and vice versa, with both acquirees having a strong footprint in Africa which would allow Zaad to expand into new markets, as well as improved utilisation of the Zaad group's existing distribution network.

The amounts of identifiable net assets of subsidiaries acquired, as well as goodwill and non-controlling interests recognised from business combinations during the prior year, can be summarised as follows:

2020	GAP Rm	Farm-Ag Rm	Other Rm	Total Rm
Recognised amounts of identifiable assets acquired and liabilities assumed				
Property, plant and equipment	46	67	24	137
Intangible assets	101		6	107
Right-of-use assets	6			6
Investment in ordinary shares of associates	4			4
Investment in preference shares of/loans granted to associates	1			1
Investment in ordinary shares of joint ventures		2		2
Deferred income tax assets	9	1		10
Trade and other receivables	353	205	5	563
Inventory	273	38		311
Current income tax assets	6			6
Cash and cash equivalents	4	55	5	64
Deferred income tax liabilities	(25)	(10)	(7)	(42)
Borrowings	(294)	(12)		(306)
Lease liabilities	(11)			(11)
Trade and other payables	(351)	(221)	(11)	(583)
Current income tax liabilities		(4)		(4)
Total identifiable net assets	122	121	22	265
Non-controlling interests		(66)		(66)
Derecognition of existing investment in associate/joint venture at fair value	(101)	(35)	(4)	(140)
Goodwill	89	11	54	154
Total consideration	110	31	72	213
Cash consideration paid	75	15	63	153
Deferred consideration	35	16	5	56
Contingent consideration			4	4
Total consideration	110	31	72	213
Cash consideration paid	(75)	(15)	(63)	(153)
Cash and cash equivalents acquired (incl. bank overdrafts included in "borrowings")	(142)	55	5	(82)
	(217)	40	(58)	(235)

Transaction costs relating to aforementioned business combinations were insignificant and expensed in the income statement.

The aforementioned business combinations' accounting have been finalised and do not contain any significant contingent consideration or indemnification asset arrangements. Non-controlling interests were measured with reference to their proportionate share of the identifiable net assets acquired.

Had the aforementioned business combinations been accounted for with effect from 1 March 2019, instead of their respective acquisition dates, the consolidated income statement would have reflected additional revenue and profit for the year ended 29 February 2020 of approximately R698m and Rnil, respectively.

Net receivables are included in the identifiable net assets acquired, which were all considered to be recoverable. The fair value of these receivables consequently approximated its carrying value.

F19. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)**F19.2 Subsidiaries sold****2020***Aggrigate Investments (Pty) Ltd ("Aggrigate")*

During August 2019, the group, through Capespan, being a subsidiary of Zeder, disposed of the entire shareholding in Aggrigate, a Northern Cape grape farming subsidiary, for proceeds of R36m.

Dormell Properties 485 (Pty) Ltd ("Dormell")

During September 2019, the group, through Capespan, being a subsidiary of Zeder, disposed of the entire shareholding in Dormell, a Northern Cape grape farming subsidiary, for proceeds of R17m.

The amounts of identifiable net assets of the subsidiaries sold can be summarised as follows:

2020	Aggrigate Rm	Dormell Rm	Other Rm	Total Rm
Recognised amounts of identifiable assets and liabilities derecognised				
Property, plant and equipment	(14)	(6)		(20)
Intangible assets			(2)	(2)
Equity securities	(1)			(1)
Biological assets	(18)	(11)		(29)
Loans and advances			(1)	(1)
Trade and other receivables	(1)		(2)	(3)
Inventory	(1)		(33)	(34)
Cash and cash equivalents			(1)	(1)
Deferred income tax liabilities/(assets)	1		(2)	(1)
Borrowings			93	93
Identifiable net assets derecognised	(34)	(17)	52	1
Non-controlling interests derecognised			2	2
Profit on disposal of subsidiaries	(2)		(56)	(58)
Cash consideration received	(36)	(17)	(2)	(55)
Cash consideration received	36	17	2	55
Cash and cash equivalents derecognised			(1)	(1)
Cash flow from businesses sold	36	17	1	54

F20. FINANCIAL RISK MANAGEMENT**Financial risk factors**

The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out as part of the day-to-day activities by each major entity within the group under policies approved by the respective boards of directors. Each major entity's board of directors provides principles for overall risk management, as well as policies covering specific areas such as the use of derivative financial instruments and investment of excess liquidity. Each entity identifies, evaluates and utilises hedging instruments and economic hedges, as appropriate, to hedge financial risks. The PSG Konsult Executive Committee, supported by various specialist and compliance committees, are responsible for risk management at its operational level. Furthermore, sections within PSG Konsult's business are regulated and therefore managed according to the relevant regulatory frameworks.

The largest portion of financial assets and liabilities emanate from the client-related balances set out on page 73.

At the prior reporting date, financial instruments were grouped into the following classes in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 Financial Instruments: Disclosures. The sensitivity analyses presented below were based on reasonable possible changes in market variables for equity prices, interest rates and foreign exchange rates for the group.

	2020 Rm
CLASSES OF FINANCIAL AND INSURANCE ASSETS	
Investment in preference shares of/loans granted to associates	42
Loans granted to joint ventures	35
Unlisted but quoted unit-linked investments - own balances	656
Unlisted but quoted unit-linked investments - consolidated mutual funds	25 542
Unlisted but quoted unit-linked investments - investments linked to investment contracts	23 907
Total unlisted but quoted unit-linked investments	50 105
Unquoted unit-linked investments - own balances	26
Unquoted unit-linked investments - investments linked to investment contracts	273
Total unquoted unit-linked investments	299
Total unit-linked investments	50 404
Listed equity securities - own balances	372
Listed equity securities - consolidated mutual funds	112
Listed equity securities - investments linked to investment contracts	2 088
Total listed equity securities	2 572
Unlisted but quoted equity securities - own balances	2
Unquoted equity securities - own balances	37
Unquoted equity securities - investments linked to investment contracts	9
Total unquoted equity securities	46
Total equity securities	2 620

F20. FINANCIAL RISK MANAGEMENT (continued)	
Financial risk factors (continued)	
CLASSES OF FINANCIAL AND INSURANCE ASSETS (continued)	
Listed debt securities - consolidated mutual funds	867
Unlisted but quoted debt securities - own balances	1 847
Unlisted but quoted debt securities - consolidated mutual funds	3 127
Unlisted but quoted debt securities - investments linked to investment contracts	371
Total unlisted but quoted debt securities	5 345
Total debt securities	6 212
Investment in investment contracts	16
Secured loans	276
Unsecured loans	54
Total loans and advances	330
Trade receivables	3 564
Broker and clearing houses	1 626
Contract assets from contracts with customers	50
Sundry receivables	307
Total trade and other receivables	5 547
Derivative financial assets	24
Reinsurance assets	134
Cash and cash equivalents	1 977
Assets held for sale	7
<i>Total financial and insurance assets</i>	<i>67 348</i>
CLASSES OF FINANCIAL AND INSURANCE LIABILITIES	
Insurance contracts	554
Third-party liabilities arising on consolidation of mutual funds	29 999
Investment contract liabilities	26 694
Bank overdrafts	1 382
Redeemable preference shares	2 555
Unsecured loans	364
Secured loans	4 793
Total borrowings	9 094
Lease liabilities	1 453
Loan from subsidiary	
Fixed-for-variable interest rate swaps	63
Exchange traded derivatives	31
Written put options to non-controlling interests	23
Total derivative financial liabilities	117
Trade payables and accruals	4 493
Margin accounts	28
Subsidiary/associated company purchase consideration payable	180
Total trade and other payables	4 701
Reinsurance liabilities	7
Liabilities held for sale	12
<i>Total financial and insurance liabilities</i>	<i>72 631</i>

F20. FINANCIAL RISK MANAGEMENT (continued)**Financial risk factors (continued)**

	FVTPL Rm	Measured at amortised cost ¹⁾ Rm	Insurance assets Rm	Total Rm
FINANCIAL AND INSURANCE ASSETS BY CATEGORY				
29 February 2020				
Investment in preference shares of/loans granted to associates		42		42
Loans granted to joint ventures		35		35
Unit-linked investments	50 404			50 404
Equity securities	2 620			2 620
Debt securities	6 212			6 212
Investment in investment contracts	16			16
Loans and advances		330		330
Trade and other receivables		5 435	112	5 547
Derivative financial assets	24			24
Reinsurance assets			134	134
Cash and cash equivalents		1 977		1 977
Assets held for sale	7			7
	59 283	7 819	246	67 348
FINANCIAL AND INSURANCE LIABILITIES BY CATEGORY				
29 February 2020				
Insurance contracts			554	554
Third-party liabilities arising on consolidation of mutual funds	29 999			29 999
Investment contract liabilities	26 694			26 694
Borrowings		9 094		9 094
Derivative financial liabilities	117			117
Trade and other payables	108	4 526	67	4 701
Reinsurance liabilities			7	7
	56 918	13 620	628	71 166

¹⁾ Carrying value approximated fair value.

F20. FINANCIAL RISK MANAGEMENT (continued)**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 interest rates, equity prices and foreign currency exchange rates.

Price risk

At the prior reporting date, the group was exposed to price risk mainly due to changes in the market values of its unit-linked investments, equity securities and debt securities held by the group and classified in the statement of financial position as at FVTPL.

The price risk of the vast majority of these instruments was carried by the policyholders of the linked investment contracts and the third-party mutual fund investors, respectively.

	Consolidated mutual funds Rm	Investments linked to investment contracts Rm	Own balances Rm	Total Rm
Sector composition of unit-linked investments - 2020				
Equity funds	9 977	6 146	9	16 132
Multi-asset funds	13 899	15 394	530	29 823
Interest-bearing investments	1 666	2 326	111	4 103
Other		314	32	346
	25 542	24 180	682	50 404

The table below summarises the sensitivity of the group's post-tax net profit for the prior year as a result of the potential movement in unit-linked investments' fair value. The analysis is based on the assumption that marked-to-market prices increase/decrease by 20% at the prior reporting date, with all other variables (e.g. effective tax rate) held constant.

	20% increase Rm	20% decrease Rm
2020		
Impact on post-tax profit	27	(27)

	Consolidated mutual funds Rm	Investments linked to investment contracts Rm	Own balances Rm	Total Rm
Sector composition of equity securities - 2020				
Banks, insurance and financial services	47	748	12	807
Healthcare		88	1	89
Industrial, retail, food & beverage and other sectors	44	479	386	909
Property and construction	14	343	6	363
Resources, chemicals and oil & gas	7	133	3	143
Technology, media and telecommunications		306	3	309
	112	2 097	411	2 620

The table below summarises the sensitivity of the group's post-tax net profit for the prior year as a result of the potential movement in equity securities' fair value. The analysis is based on the assumption that marked-to-market prices increase/decrease by 20% at the prior reporting date, with all other variables (e.g. effective tax rate) held constant.

	20% decrease Rm	20% decrease Rm
2020		
Impact on post-tax profit	64	(64)

	Consolidated mutual funds Rm	Investments linked to investment contracts Rm	Own balances Rm	Total Rm
Sector composition of debt securities - 2020				
Banks	2 923	273	1 783	4 979
Government	924	6	28	958
Other	147	92	36	275
	3 994	371	1 847	6 212

F20. FINANCIAL RISK MANAGEMENT (continued)**Financial risk factors (continued)****Market risk (continued)***Foreign currency risk*

At the prior reporting date, the group had certain investments in foreign operations, whose net assets were exposed to foreign currency translation risk. Management monitored this exposure and cover was used where appropriate. The group's foreign exchange exposure related mainly to i) PSG Konsult's access to global markets through foreign-domiciled funds (although mainly client-related balances and largely linked to policyholder and consolidated collective investment scheme investments), ii) CA&S with operations in various countries in southern Africa and iii) Zaad with operations in various countries in southern Africa, Europe and the Middle East.

The group's foreign operations' financial assets and liabilities denominated in foreign currency at the prior reporting date are analysed in the following table:

	British pound sterling Rm	United States dollar Rm	Euro Rm	Subtotal Rm	
At 29 February 2020					
Financial assets					
Unit-linked investments ¹⁾		8 812		8 812	
Equity securities ¹⁾	35	647	98	780	
Investment in investment contracts ¹⁾		3 636		3 636	
Loans and advances	2	2		4	
Trade and other receivables	13	434	64	511	
Cash and cash equivalents	45	95	42	182	
Financial liabilities					
Third-party liabilities arising on consolidation of mutual funds ¹⁾	(10)	(8 885)		(8 895)	
Investment contract liabilities ¹⁾	(26)	(4 262)	(98)	(4 386)	
Borrowings	(2)	(11)		(13)	
Lease liabilities		(3)		(3)	
Trade and other payables	(5)	(299)	(20)	(324)	
	52	166	86	304	
	Subtotal Rm	Botswana pula Rm	Mozambique new metical Rm	Other Rm	Total Rm
At 29 February 2020					
Financial assets					
Loans granted to joint ventures				12	12
Unit-linked investments ¹⁾	8 812				8 812
Equity securities ¹⁾	780			68	848
Investment in investment contracts ¹⁾	3 636				3 636
Loans and advances	4				4
Trade and other receivables	511	410	49	52	1 022
Reinsurance assets		16			16
Cash and cash equivalents	182	76	27	74	359
Financial liabilities					
Insurance contracts		(29)			(29)
Third-party liabilities arising on consolidation of mutual funds ¹⁾	(8 895)			(15)	(8 910)
Investment contract liabilities ¹⁾	(4 386)			(53)	(4 439)
Borrowings	(13)	(350)	(19)	(20)	(402)
Lease liabilities	(3)	(18)			(21)
Trade and other payables	(324)	(349)	(37)	(68)	(778)
	304	(244)	20	50	130

¹⁾ Related mainly to PSG Konsult's client-related balances (as explained above) and accordingly the group is not exposed to significant amounts of foreign currency risk.

F20. FINANCIAL RISK MANAGEMENT (continued)**Financial risk factors (continued)****Market risk (continued)***Foreign currency risk (continued)*

The table below shows the sensitivities to a 20% appreciation/depreciation in the South African rand exchange rate at the prior reporting date, with all other variables (e.g. effective tax rate) held constant.

2020	20% appreciation Rm	20% depreciation Rm
Translation of financial assets/liabilities from transaction to functional currency		
Impact on post-tax profit	(19)	19
United States dollar	(4)	4
Euro	(4)	4
Angolan kwanza	(14)	14
Chinese yuan renminbi	4	(4)
Other	(1)	1
Translation from functional to presentation currency		
Impact on post-tax profit	(77)	77
British pound sterling	(11)	11
United States dollar	(17)	17
Euro	(18)	18
Botswana pula	(29)	29
Mozambique new metical	6	(6)
Other	(8)	8
Impact on post-tax other comprehensive income (i.e. translation of foreign operations)	(208)	208
British pound sterling	9	(9)
United States dollar	(107)	107
Euro	(66)	66
Botswana pula	(64)	64
Mozambique new metical	18	(18)
Zambian kwacha	(1)	1
Other	3	(3)

The company had no exposure to foreign currency risk.

The group had entered into forward currency exchange contracts, which related to specific foreign commitments in respect of transactions. The details of such outstanding contracts at the prior reporting date were as follows:

2020	Foreign amount m	Average exchange rate	Rand value Rm
Exports			
British pound sterling	2	18.64	40
United States dollar	3	14.59	40
Euro	1	16.24	20
			<u>100</u>
Imports			
United States dollar	2	14.59	32
Euro	1	16.24	20
			<u>52</u>

F20. FINANCIAL RISK MANAGEMENT (continued)**Financial risk factors (continued)****Market risk (continued)***Cash flow and fair value interest rate risk (continued)*

At the prior reporting date, the group's interest rate risk arose from interest-bearing investments and receivables, long-term borrowings and variable rate preference shares issued to non-controlling interests. Borrowings issued at variable rates exposed the group to cash flow interest rate risk. Borrowings issued at fixed rates exposed the group to fair value interest rate risk.

The table below distinguishes between i) floating rate and ii) fixed rate and non-interest bearing financial assets and liabilities:

	2020 Rm
Loans to and preference share investments in associates and joint ventures	
Floating rate	11
Fixed rate and non-interest bearing	66
	<u>77</u>
Unit-linked investments	
Floating rate	112
Fixed rate and non-interest bearing	50 292
	<u>50 404</u>
Debt securities	
Floating rate	2 518
Fixed rate and non-interest bearing	3 694
	<u>6 212</u>
Loans and advances	
Floating rate	217
Fixed rate and non-interest bearing	113
	<u>330</u>
Trade and other receivables	
Floating rate	326
Fixed rate and non-interest bearing	5 221
	<u>5 547</u>
Cash and cash equivalents	
Floating rate	1 745
Fixed rate and non-interest bearing	232
	<u>1 977</u>
Third-party liabilities arising on consolidation of mutual funds	
Floating rate	(804)
Fixed rate and non-interest bearing	(29 195)
	<u>(29 999)</u>
Investment contract liabilities	
Floating rate	(31)
Fixed rate and non-interest bearing	(26 663)
	<u>(26 694)</u>
Borrowings	
Floating rate	(5 156)
Fixed rate and non-interest bearing	(3 938)
	<u>(9 094)</u>
Trade and other payables	
Floating rate	(52)
Fixed rate and non-interest bearing	(4 649)
	<u>(4 701)</u>
	<u><u>(3 717)</u></u>

F20. FINANCIAL RISK MANAGEMENT (continued)**Financial risk factors (continued)****Market risk (continued)***Cash flow and fair value interest rate risk (continued)*

	2020 Rm
Floating rate	(1 114)
Own balances	(1 206)
Client-related balances	92
Fixed rate and non-interest bearing	(2 603)
Own balances	(2 528)
Client-related balances	(75)
	<u>(3 717)</u>

The group managed its cash flow interest rate risk by monitoring interest rates on a regular basis. Consideration was given to hedging options which would be utilised if viable. PSG Financial Services' JSE-listed cumulative, non-redeemable, non-participating ("perpetual") preference shares were classified as non-controlling interests from an accounting perspective and therefore excluded from the table above and sensitivity analysis below. In order to mitigate the cash flow interest rate risk, management had deployed various hedging strategies, which included the following:

- It swapped the floating interest rate for a fixed interest rate on R1.2bn out of the R1.7bn nominal exposure under the perpetual preference shares in issue:
 - 75% of prime swapped for a fixed rate of 8.56% until 31 August 2020; and
 - 83.33% of prime swapped for a fixed rate of 9.81% until 31 August 2026.
- The group's redeemable preference share borrowings (note 14) carried fixed dividend rates. In addition, the group had significant preference share investments in and loans to group companies, as well as cash balances, as shown in the above table, with coupons linked to floating prime interest rates, thus creating a natural interest rate hedge.

Short-term insurance liabilities were not directly exposed to interest rate risk, as they were undiscounted and contractually non-interest-bearing.

The table below summarises the sensitivity of the group's post-tax net profit for the prior year to interest rate fluctuations. The analysis is based on the assumption that interest rates were 1% higher/lower for the full prior year, with all other variables (e.g. effective tax rate, interest carrying balances) held constant. The sensitivity analysis includes the effect of the interest rate hedge:

2020	1% increase Rm	1% decrease Rm
Impact on post-tax profit		
Floating rate financial assets and liabilities	(9)	9

F20. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Credit risk

The table below reflects the group's maximum exposure to credit risk (being carrying value) by class of asset at the prior reporting date:

2020	Carrying value	Collateral fair value
	Rm	Rm
Investment in preference shares of/loans granted to associates	42	
Loans granted to joint ventures	35	
Unit-linked investments	50 404	
Debt securities	6 212	
Investment in investment contracts	16	
Loans and advances	330	593
Trade and other receivables	5 547	320
Derivative financial assets	24	
Reinsurance assets	134	
Cash and cash equivalents	1 977	
	64 721	913
Own balances	8 601	
Client balances	56 120	

Investment in preference shares of/loans granted to associates and joint ventures

These instruments were impaired by reference to the net asset value of the debtor and/or discounted cash flow calculations. Impairments during the prior year in respect of investments in preference shares of/loans granted to associates are detailed in note F2.1.

Unit-linked investments

Client-related balances comprised 98.6% of these instruments and thus the relevant credit risk was carried by the respective policyholders and third-party mutual fund investors.

Debt securities

Client-related balances comprised 70.3% of these instruments and thus the relevant credit risk was carried by the respective policyholders and third-party mutual fund investors.

Investment in investment contracts

Client-related balances comprised 100% of these instruments and thus the relevant credit risk was carried by the policyholders of the linked investment contracts.

Loans and advances

In the case of loans and advances, management demanded collateral or other form of securitisation as they deemed fit. Collateral included mainly cession and pledges over i) ordinary shares in PSG Group, PSG Konsult, Curro and PSG Alpha; ii) property and iii) income streams of financial advisors affiliated to PSG Konsult.

Trade and other receivables

Expected loss allowances were recognised on trade and other receivables as detailed in note 8.

Derivative financial assets

Derivative counterparties were limited to high-credit-quality financial institutions, such as FirstRand Bank Ltd, Absa Bank Ltd, Standard Bank of South Africa Ltd and Nedbank Ltd.

Reinsurance assets

Collateral related to reinsurers' reserve deposits.

Reinsurance was used to manage short-term insurance risk. However, this did not discharge the group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the group remained liable for the payment to the policyholder. The group had some exposure to concentration risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that had acceptable credit ratings. The creditworthiness of reinsurers was considered annually by reviewing their financial strength prior to finalisation of any contract. The group's largest reinsurance counterparties as at the prior reporting date are disclosed in the table below:

	2020	
	Rm	%
African RE	62	49%
Santam RE	59	46%
Other	6	5%
	127	100%
Deferred acquisition costs	7	
Reinsurance assets	134	
Amounts due from reinsurers (included in trade and other receivables)		
African RE	11	38%
Santam RE	11	38%
Other	7	24%
	29	100%

F20. FINANCIAL RISK MANAGEMENT (continued)**Financial risk factors (continued)****Credit risk (continued)***Cash and cash equivalents*

Cash and cash equivalents' counterparties were limited to high-credit-quality financial institutions.

The credit quality of financial assets at the prior reporting date can be further assessed by reference to external credit ratings (Moody's ratings are used to the extent possible), historical information about counterparty default rates and forward-looking information, and are set out in the tables below:

	Investment in preference shares of/ loans to associated companies	Loans granted to joint ventures	Unit-linked investments	Debt securities	Investment in investment contracts	Loans and advances	Subtotal
2020	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Government stock				958			958
Aaa				22			22
Aa				2			2
Ba				41			41
P1				4 979			4 979
Unit-linked			50 404				50 404
Other rated				136			136
Other non-rated	42	35		74	16	330	497
	42	35	50 404	6 212	16	330	57 039

	Subtotal	Trade and other receivables	Derivative financial assets	Reinsurance assets	Cash and cash equivalents	Total
2020	Rm	Rm	Rm	Rm	Rm	Rm
Government stock	958					958
Aaa	22				64	86
Aa	2	119			7	128
A					3	3
Baa		37	1		658	696
Ba	41				46	87
B					1	1
P1	4 979				1 030	6 009
Unit-linked	50 404					50 404
Other rated	136	54		123	7	320
Other non-rated	497	5 337	23	11	161	6 029
	57 039	5 547	24	134	1 977	64 721

The credit risk associated with approximately 91.3% of unit-linked and other non-rated financial assets were assessed by reference to the investment mandates of linked policyholder investments and consolidated mutual funds, which specified what type of underlying investments could be purchased. The holders of these contracts bore the credit risk (as well as all other financial risks) arising from these assets.

Other non-rated assets consisted mainly of secured and unsecured loans to external parties (refer note 7.1 for details of the security provided), trade and other receivables and cash and cash equivalents. All trade and other receivables were generally payable within 30 to 90 days. The various group companies assessed all counterparties for creditworthiness before transacting, and monitored creditworthiness on a regular basis.

Trade and other receivables related mainly to PSG Online broker and clearing accounts and CA&S and Zaad's trade receivables. The counterparty to the PSG Online broker and clearing accounts was the JSE, with a corresponding control account balance included in trade and other payables (note 16).

F20. FINANCIAL RISK MANAGEMENT (continued)**Financial risk factors (continued)****Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, each entity aims to maintain flexibility in funding by keeping committed credit lines available. The group's undrawn borrowing facilities available at the end of the prior financial year are disclosed in note 25.

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. The various underlying subsidiaries are similarly committed to managing their cash flow requirements appropriately.

The table below analyses the group's financial liabilities at the prior reporting date into relevant maturity groupings based on the remaining period at the prior reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2020	Carrying value Rm	Less than 1 year Rm	Between 1 and 5 years Rm	Over 5 years Rm
Insurance contracts	554	537	17	
Third-party liabilities arising on consolidation of mutual funds *	29 999	29 999		
Investment contract liabilities **	26 694	2 946	23 748	
Borrowings	9 094	3 344	6 480	888
Lease liabilities	1 453	384	1 283	37 865
Derivative financial liabilities	117	56	109	22
Trade and other payables ***	4 701	4 676	38	
Reinsurance liabilities	7	7		
Liabilities held for sale	12	5	9	
	72 631	41 954	31 684	38 775

* *Third-party liabilities arising on consolidation of mutual funds were supported by the respective mutual funds' underlying assets. These funds represented demand liabilities of collective investment scheme interests not held by the group arising as a result of consolidation. Maturity analysis was not possible as it remains dependent on external unitholders' behaviour outside of the group's control.*

** *With regard to the linked investment policy business, the value of the investment contract liabilities was linked to the value of the underlying matching assets portfolio (note F10.2) and it was the group's policy to pay a policyholder only once the amount disinvested had been collected. Accordingly, the underlying assets' maturity profile should approximate that of the investment contracts. The investment contract liabilities listed in the table thus did not expose the group to liquidity risk. The investment policy and mandates took the expected liability cash flow into account. By limiting the cash flow mismatch the risk of premature realisation of assets or reinvestment of excess cash was mitigated. In addition, investment guidelines and limits were used to limit exposure to illiquid assets. With regard to the investment linked to guaranteed investment contracts, these products had very specific guaranteed repayment profiles. The expected liability outflows were matched by assets that provided the required cash flows as and when they become payable.*

*** *Included in trade and other payables was the settlement accounts for trades undertaken by clients in the last few days before year-end, with the settlement to the clients taking place within three days after the transaction date (note 16). The settlement control account was matched with current assets in the form of broker and clearing accounts receivable (note 8), which reduced the liquidity risk.*

F20. FINANCIAL RISK MANAGEMENT (continued)**Fair value estimation**

Financial instruments that were measured in the statement of financial position at fair value were classified by level of the following fair value measurement hierarchy:

Level 1

The fair value of financial instruments traded in active markets was based on quoted market prices at the prior reporting date. A market was regarded as active if quoted prices were 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. These instruments were included in level 1 and comprise primarily JSE-listed equity securities classified as at FVTPL.

Level 2

Financial instruments that traded in markets that were not considered to be active but were valued (using valuation techniques) based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs were classified within level 2. These include over-the-counter traded derivatives. Since level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. If all significant inputs in determining an instrument's fair value are observable, the instrument is included in level 2.

Unit-linked investments included in level 2 related to units held in collective investment schemes that were priced monthly. The prices were obtained from the respective Collective Investment Scheme management company and were based on quoted prices that were publicly available. Investments in investment contracts included in level 2 related to units held in investment contracts or market-linked insurance policies issued by a registered long-term insurer. These prices were obtained from the insurer of the particular investment contract. Debt securities included in level 2 related to JSE-listed instruments that were benchmarked against South African government bonds. The value was determined using a valuation model that used the observable input (i.e. yield of benchmark bond).

These unit-linked investments, investments in investment contracts and debt securities were mostly held to match investment contract liabilities, and as such any change in measurement would have resulted in a similar adjustment to investment contract liabilities. The group's overall profit or loss was therefore not sensitive to the inputs of the models applied to derive fair value.

Valuation techniques used in determining the fair value of financial assets and liabilities classified as level 2 included:

Instrument	Valuation technique	Main unobservable inputs
Unit-linked investments	Quoted exit price provided by the fund manager	Not applicable - daily prices publicly available
Equity securities	Valuation model that used market inputs	Price-earnings multiples publicly available
Debt securities	Valuation model that used market inputs	Bond interest rate curves, issuer credit ratings and liquidity spreads
Investment in investment contracts	Prices were obtained from the insurer of the particular investment contract	Not applicable - prices provided by registered long-term insurers
Derivative financial assets and liabilities	Exit price on recognised over-the-counter platforms	Not applicable
Third-party liabilities arising on consolidation of mutual funds	Quoted exit price provided by the fund manager	Not applicable - daily prices publicly available
Investment contract liabilities	Current unit price of underlying financial asset that was linked to the liability, multiplied by the number of units held	Not applicable

F20. FINANCIAL RISK MANAGEMENT (continued)**Fair value estimation (continued)***Level 3*

If one or more of the significant inputs was not based on observable market data, the instrument was included in level 3. Investments classified within level 3 had significant unobservable inputs, as they traded infrequently.

Unit-linked investments represented the largest portion of the level 3 financial assets and related to units held in hedge funds that were priced monthly. The prices were obtained from the asset managers of the particular hedge funds. These were held to match investment contract liabilities, and as such any change in measurement would have resulted in a similar adjustment to investment contract liabilities, which in turn represented the largest portion of level 3 financial liabilities.

Equity securities included in level 3 related to stock exchange rights and other rights owned. As these rights were unquoted, the valuation technique was based on the fact that the variability in the range of reasonable fair value estimates was not significant for this instrument and that the fair value of these rights was estimated to be equal to the guaranteed amount receivable for these rights, thus equalling the cost.

Other derivative liabilities included in level 3 related to put options held by non-controlling interests against the group. These fair values were calculated by applying the contractually agreed price/earnings multiple to the relevant subsidiary's board-approved budgeted profits and discounting it at a market-related interest rate.

Trade and other payables (consisted of purchase consideration payable) classified in level 3 had significant unobservable inputs, as the valuation technique used to determine the fair values took into account the probability, at the prior reporting date, that the acquiree would achieve the profit guarantee as stipulated in the respective sale of business agreement.

As explained above, the group's overall profit or loss would not be significantly affected by changes to the inputs used in determining the fair value of level 3 financial assets and liabilities.

The following financial instruments were measured at fair value:

2020	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Assets				
Unit-linked investments		50 104	300	50 404
Equity securities	2 572	2	46	2 620
Debt securities	867	5 345		6 212
Investment in investment contracts		16		16
Derivative financial assets		24		24
Assets held for sale	7			7
	3 446	55 491	346	59 283
Own balances	379	2 258	64	2 701
Client-related balances	3 067	53 233	282	56 582
	3 446	55 491	346	59 283
Liabilities				
Third-party liabilities arising on consolidation of mutual funds		29 999		29 999
Investment contract liabilities		26 412	282	26 694
Derivative financial liabilities		94	23	117
Trade and other payables			108	108
	-	56 505	413	56 918
Own balances		64	131	195
Client-related balances		56 441	282	56 723
	-	56 505	413	56 918

F20. FINANCIAL RISK MANAGEMENT (continued)**Fair value estimation (continued)**

The following tables present the changes in level 3 financial instruments during the prior reporting period:

	Unit-linked investments Rm	Equity securities Rm	Total Rm	
Assets				
Balance at 1 March 2019	455	31	486	
Additions	121	7	128	
Disposals	(306)	(6)	(312)	
Fair value adjustments	29	16	45	
Other movements	1	(2)	(1)	
Balance at 29 February 2020	300	46	346	
	Investment contract liabilities Rm	Derivative financial liabilities Rm	Trade and other payables Rm	Total Rm
Liabilities				
Balance at 1 March 2019	434	25	160	619
Investment contract receipts and additions	115	3	39	157
Investment contract benefits paid and settlements	(306)		(71)	(377)
Losses/(gains) recognised in profit or loss	39	(5)	(19)	15
Other movements			(1)	(1)
Balance at 29 February 2020	282	23	108	413

Insurance risk

The group's insurance risk emanated from PSG Life Ltd ("PSG Life") and Western Group Holdings Ltd ("Western"), both PSG Konsult subsidiaries. PSG Life exposed the group to longevity risk (risk of loss should annuitants live longer than expected) on an annuity book with 55 policies and a value of R17m. This annuity book was in process of being run-off. Western issued contracts that transferred insurance risk to the group, with the risk under any one insurance contract being the possibility that the insured event occurs and the resulting claim exceeding the insurance liability. By the very nature of an insurance contract, the materialisation of risk is random and therefore unpredictable.

F21. CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the group's 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 to reduce the cost of capital. In order to manage the capital structure effectively, the group may adjust the amount of dividends paid to shareholders, issue new shares, buy back shares or increase/reduce borrowings.

PSG Group's capital management is performed at a head office level, giving consideration to, inter alia, gearing levels calculated as a percentage of the group's equity and its *SOTP value*, as well as to the group's interest (including the PSG Financial Services perpetual preference dividend) cover ratio based on free cash flow. When funding is required management will consider PSG Group's capacity for debt, and the various forms of paper available for issue taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will accordingly consider issuing ordinary shares, perpetual preference shares, and short-, medium- or long-term borrowings with variable or fixed rates. Historically the group has fixed the majority of its interest-rate exposure. The directors have shareholder approval until the next annual general meeting to issue ordinary shares of up to 5% of the number of shares in issue (note 11).

2021

PSG Group repaid all of its term (redeemable preference share) debt during the year under review (note 14). Subsequent to year-end, PSG Group announced its intention to repurchase all of its perpetual preference shares in issue (note 28) and, if successfully concluded, PSG Group will have no further funding obligations.

2020

PSG Group's gearing ratio (calculated based on debt at a head-office level, including PSG Financial Services' perpetual preference shares at its JSE-listed market value) equated to 13% of its equity. Interest cover based on free cash flow and calculated at a PSG Group head-office level amounted to 3.1 times.

Certain subsidiaries have regulatory capital adequacy requirements as a result of the respective industries in which they operate. Details regarding the compliance to same are set out below:

PSG Konsult

PSG Konsult had a capital cover ratio of 191% based on the then latest insurance group return. During the prior year, PSG Konsult negotiated the early redemption of R100m notes issued under its Domestic Medium-Term Note Programme on 12 July 2019, using surplus cash. Following the aforementioned redemption, PSG Konsult had no remaining interest-bearing debt at the prior reporting date. PSG Konsult subsidiaries with regulatory capital adequacy requirements included:

- PSG Life

PSG Life is required to hold a minimum amount of capital in order to reduce the policyholders' exposure to the company's liquidity risk. The Prudential Authority regularly reviews compliance with these minimum capital requirements as the regulatory authority. PSG Life must maintain funds that will be sufficient to meet obligations in the event of substantial deviations from the main assumptions affecting the company's business. Capital adequacy requirements were covered 1.9 times at the prior reporting date. This ratio is determined in accordance with regulations and the guidelines issued by the Actuarial Society of South Africa.

- Western

Western is required to hold a minimum amount of capital in order to meet the requirements set by the various regulators of the jurisdictions in which they operate as short-term insurer, being South Africa, Namibia and Botswana. The entities within Western met their capital requirements as at the prior reporting date.

PSG GROUP LIMITED

ANNEXURE G - MATERIAL SUBSIDIARIES

for the year ended 28 February 2021

Set out below is an analysis of the group's most material subsidiaries as at the prior reporting date, insofar as it relates to gaining an understanding of the non-controlling interests' carrying value reported in the statement of financial position as at 29 February 2020:

Subsidiary - 2020	Country of incorporation ¹⁾	Nature of business	Interest held ²⁾ %	Carrying value of non-controlling interests Rm
PSG Financial Services ³⁾	South Africa	Investment holding	100.0	1 578
PSG Konsult	South Africa	Financial services	60.5	1 309
PSG Alpha	South Africa	Early-stage investing in select growth sectors	98.1	61
Zeder ⁴⁾	South Africa	Investment holding	43.8	4 481
Curro	South Africa	Private basic education	55.4	2 444
Other				1 970
Total				11 843

¹⁾ Principle place of business being the country of incorporation, unless otherwise stated.

²⁾ Representing voting interest held, being equal to economic interest held, apart from Zeder's economic interest held being 44.0% as at 29 February 2020.

³⁾ Non-controlling interest related to PSG Financial Services' JSE-listed cumulative, non-redeemable, non-participating preference shares (note 13).

⁴⁾ The group exercises control over Zeder through its shareholding, board representation and ongoing strategic input being provided by the Exco.

Subsidiary - 2020	Dividends paid			Profit/(loss) attributable to non-controlling interests Rm
	To non-controlling interests Rm	To the parent Rm	Total Rm	
PSG Financial Services	147		147	146
PSG Konsult	118	170	288	317
PSG Alpha	45		45	58
Zeder	123	82	205	357
Curro	20	29	49	64
Other			-	(46)
	453			896

Subsidiary - 2020	Assets ¹⁾			Liabilities ¹⁾		
	Non-current Rm	Current Rm	Total Rm	Non-current Rm	Current Rm	Total Rm
PSG Konsult	53 177	10 723	63 900	24 134	36 181	60 315
PSG Alpha	5 603	2 193	7 796	875	1 930	2 805
Zeder	4 815	9 332	14 147	1 580	4 249	5 829
Curro	10 000	572	10 572	4 458	623	5 081

Subsidiary - 2020	Profitability (100%) ¹⁾			
	Profit for the year Rm	Other comprehensive profit/(loss) Rm	Total comprehensive income for the year Rm	Revenue Rm
PSG Konsult	708	11	719	7 014
PSG Alpha	34	(9)	25	9 245
Zeder	599	(389)	210	7 543
Curro	161	(13)	148	2 980

¹⁾ The amounts set out in the tables above were the subsidiaries' consolidated amounts at their respective levels, after taking into account consolidation adjustments.

Restrictions

There were no significant statutory, contractual or regulatory restrictions on PSG Group's ability, apart from those disclosed in note F17 and subject to and with due consideration to the rights of non-controlling interests, to access or use the assets and settle the liabilities of the subsidiaries of the group, nor were there significant protective rights relating to non-controlling interests that could significantly restrict its ability to access or use the assets and settle the liabilities of the group.

PSG GROUP LIMITED

ANNEXURE H - MATERIAL ASSOCIATES AND JOINT VENTURES

for the year ended 28 February 2021

Set out below is an analysis of the group's most material associates and to what extent they contribute to the investment in associates carrying value reported in the statement of financial position as at the prior reporting date. None of the group's joint ventures are considered to be material to an understanding of the group's operations.

Associate	Country of incorporation ¹⁾	Nature of business	Voting rights %	2020	
				Carrying value Rm	Market value ²⁾ Rm
Capitec	South Africa	Banking	30.7	9 043	46 130
Pioneer Foods ³⁾	South Africa	Food and beverage producer	28.6		
Kaap Agri	South Africa	Retail and agriculture	43.2	723	723
Other				906	
Total				10 672	

¹⁾ Principle place of business is the country of incorporation.

²⁾ Based on JSE-listed closing share price.

³⁾ During the prior year, Pepsico made an offer to the Pioneer Foods ordinary shareholders (including Zeder) to acquire all issued ordinary shares in Pioneer Foods for a cash consideration of R110 per share. As at 29 February 2020, Zeder reclassified its investment in Pioneer Foods, an associate with a carrying value of R5.1bn, in accordance with IFRS 5 to an asset held for sale (note F11).

Associate - 2020	Assets			Liabilities		
	Non-current Rm	Current Rm	Total Rm	Non-current Rm	Current Rm	Total Rm
Capitec	50 396	84 172	134 568	19 262	89 726	108 988
Pioneer Foods ¹⁾	8 113	6 551	14 664	2 355	3 353	5 708
Kaap Agri ¹⁾	1 786	3 002	4 788	206	2 655	2 861
	Profitability (100%)					
				Other comprehensive income for the year	Total comprehensive income for the year	Revenue
Associate - 2020			Profit for the year Rm	Rm	Rm	Rm
Capitec			6 251	9	6 260	29 710
Pioneer Foods ¹⁾			916	8	924	22 273
Kaap Agri ¹⁾			281	2	283	8 452
			Profitability (group's interest)			
			Profit for the year Rm	Other comprehensive loss for the year ²⁾ Rm	Total comprehensive income for the year Rm	Dividends received Rm
Associate - 2020			Rm	Rm	Rm	Rm
Capitec			1 917	(50)	1 867	665
Pioneer Foods ¹⁾			272	(8)	264	189
Kaap Agri ¹⁾			119	(5)	114	37
Other			186	(175)	11	78
			2 494	(238)	2 256	969

¹⁾ Amounts were the most recently reported publicly available results as at end September 2019.

²⁾ Other comprehensive loss for the year include the group's share of associates' equity movements.

PSG GROUP LIMITED

ANNEXURE H - MATERIAL ASSOCIATES AND JOINT VENTURES

for the year ended 28 February 2021

2020	Reconciliation of assets and liabilities reported above to the group's carrying values for associates		
	Capitec Rm	Pioneer Foods Rm	Kaap Agri Rm
Total assets reported above	134 568	14 664	4 788
Total liabilities reported above	(108 988)	(5 708)	(2 861)
Net assets reported above	25 580	8 956	1 927
Non-controlling interests	(72)		(100)
Equity attributable to owners of the parent	25 508	8 956	1 827
Group's economic interest in the associate (%)	30.7	30.3	43.2
Group's interest in equity attributable to owners of the parent	7 831	2 711	789
Deemed goodwill and fair value adjustments included in associates' carrying value ¹⁾	1 212	2 340	(66)
Transferred to assets held for sale		(5 051)	
Associates' carrying value	9 043	-	723

¹⁾ Also include timing differences which emanated from lag period accounting adjustments in the case of Pioneer Foods and Kaap Agri.

PSG GROUP LIMITED

ANNEXURE I - SEGMENT REPORT

for the year ended 28 February 2021

At the prior reporting date, the group's classification into seven reportable segments, namely: Capitec, PSG Konsult, PSG Alpha, Zeder, Curro, Dipeo and PSG Corporate, remained unchanged and these segments represented 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 had exposure to operations outside South Africa through, inter alia, PSG Alpha's investment in CA&S, through Zeder's investments in TLG, Capespan, Zaad and Agrivision Africa, and through Curro.

PSG Group's *recurring earnings* was the sum of its effective interest in that of each of its underlying investments. The result was that investments in which PSG Group held less than 20% and were generally not equity accountable in terms of accounting standards, were equity accounted for the purpose of calculating consolidated *recurring earnings*. *Non-recurring earnings* included, inter alia, once-off gains and losses and marked-to-market fluctuations, as well as the resulting taxation charge on these items.

SOTP value is a key valuation tool used to measure PSG Group's performance. In determining *SOTP value*, listed assets and liabilities were valued using quoted market prices, whereas unlisted assets and liabilities were valued using appropriate internal valuation methods. These values would not necessarily correspond with the values per the consolidated statement of financial position since the latter were measured using the relevant accounting standards which included historical cost and the equity method of accounting.

Approximately 98% of PSG Group's *SOTP value* was calculated using listed share prices (i.e. level 1, if it was to be classified by level of fair value hierarchy according to IFRS 13), while the remaining 2% unlisted assets and liabilities were valued using appropriate internal valuation methods including EBITDA-multiples (for say Energy Partners) and with reference to external property valuations (for say Evergreen), with cash, loans receivable and unlisted debt being included at their respective IFRS carrying values.

The chief operating decision-maker (the Exco) evaluated the following information to assess the segments' performance:

	Revenue (own balances)	Recurring earnings (segment profit) ¹⁾	Non- recurring earnings ¹⁾	Headline earnings ¹⁾	SOTP value
	Rm	Rm	Rm	Rm	Rm
For the year ended 29 February 2020					
Capitec		1 927		1 927	46 130
PSG Konsult	4 954	389		389	6 399
PSG Alpha	9 245	270	(164)	106	3 618
Zeder	7 543	246	(65)	181	3 173
Curro	2 980	117	23	140	2 604
Dipeo	18	(36)	(1)	(37)	
PSG Corporate	93	(29)		(29)	
Funding and other	32	(90)	(4)	(94)	(1 604)
Total	24 865	2 794	(211)	2 583	60 320
Revenue from contracts with customers					
Revenue from sale of goods	13 502				
Revenue earned from commission, school, net insurance and other fee income	10 936				
Investment income	427				
Non-headline items				(121)	
Earnings attributable to non-controlling interests				896	
Taxation				525	
Profit before taxation				3 883	
Profit before taxation from continuing operations ²⁾				1 429	
Profit for the year from discontinued operations ²⁾				2 454	
<i>Recurring earnings</i> per share (R)		12.81			
<i>SOTP value</i> per share (R)					276.43

¹⁾ Reported net of non-controlling interests.

²⁾ Re-presented for the discontinued operations as detailed in note F11.

PSG GROUP LIMITED

ANNEXURE J - SEPARATE STATEMENT OF FINANCIAL POSITION

as at 28 February 2021

	Notes	2021 Rm	2020 Rm
ASSETS			
Investment in subsidiary	1	21 350	2 498
Loans to subsidiaries	2	876	7 109
Trade and other receivables		1	1
Total assets		22 227	9 608
EQUITY			
Stated capital	3	6 636	7 095
Retained earnings		13 137	1 031
Total equity		19 773	8 126
LIABILITIES			
Loan from subsidiary	2	2 435	1 476
Trade and other payables		19	6
Total liabilities		2 454	1 482
Total equity and liabilities		22 227	9 608

PSG GROUP LIMITED

ANNEXURE J - SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2021

	Notes	2021 Rm	2020 Rm
Investment income	4	20 475	1 201
Fair value adjustment to subsidiary	1	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)	(5)
Profit before taxation		43 388	1 196
Taxation	6		
Profit and total comprehensive income for the year		43 388	1 196

PSG GROUP LIMITED

ANNEXURE J - SEPARATE STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2021

	Stated capital Rm	Retained earnings Rm	Total Rm
Balance at 1 March 2019	7 080	922	8 002
Profit and total comprehensive income for the year		1 196	1 196
Shares issued	15		15
Dividends paid		(1 087)	(1 087)
Balance at 29 February 2020	7 095	1 031	8 126
Profit and total comprehensive income for the year		43 388	43 388
Shares repurchased	(459)		(459)
Capitec Unbundling		(30 731)	(30 731)
Dividends paid		(551)	(551)
Balance at 28 February 2021	6 636	13 137	19 773*

* Refer Annexure A.

PSG GROUP LIMITED

ANNEXURE J - SEPARATE STATEMENT OF CASH FLOWS
for the year ended 28 February 2021

	Notes	2021 Rm	2020 Rm
Cash flows from operating activities		(7)	1 196
Cash utilised by operations	7	(7)	(5)
Interest received	4		1
Dividends received	4		1 200
Cash flows from investing activities		1 004	(124)
Capitec Unbundling transaction costs (discontinued operation)	5	(11)	
Movement in loans with direct and indirect wholly-owned subsidiaries		1 015	(124)
Cash flows from financing activities		(997)	(1 072)
Dividends paid		(551)	(1 087)
Shares (repurchased)/issued		(446)	15
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year		-	-

PSG GROUP LIMITED

ANNEXURE J - NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2021

	2021 Rm	2020 Rm
1. INVESTMENT IN SUBSIDIARY		
Non-current		
PSG Financial Services	21 350	2 498
Opening balance	2 498	
Fair value adjustment	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:		
SOTP value per Annexure A	19 773	
<i>Less</i> : loans to subsidiaries reflected in PSG Group's separate annual financial statements but eliminated as intergroup for purposes of the SOTP value per Annexure A	(876)	
<i>Less</i> : 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)	
<i>Add</i> : 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	2 435	
<i>Add</i> : 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	19	
Fair value of investment in PSG Financial Services	21 350	
2. LOANS TO/(FROM) SUBSIDIARIES		
Current		
Loan to a wholly-owned subsidiary of PSG Financial Services (2020: loans to PSG Financial Services and a wholly-owned subsidiary of PSG Financial Services)	876	7 109
Loan from a wholly-owned subsidiary of PSG Financial Services	(2 435)	(1 476)
These loans are unsecured, interest-free and have no terms of repayment		
3. STATED CAPITAL		
Authorised		
400,000,000 (2020: 400,000,000) ordinary shares with no par value		
Issued		
223,778,107 (2020: 232,163,254) ordinary shares with no par value	6 636	7 095
4. INVESTMENT INCOME		
Interest income		1
Dividend income from PSG Financial Services	20 475	1 200
	20 475	1 201
5. CAPITEX UNBUNDLING		
During July 2020 in anticipation of the Capitec Unbundling, the company acquired 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		
The company accounted for current income tax on its only taxable income being interest income; however, such tax accounted for and paid was less than R1m.		

PSG GROUP LIMITED

ANNEXURE J - NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2021

	2021 Rm	2020 Rm
7. CASH UTILISED BY OPERATIONS		
Profit before taxation	43 388	1 196
Investment income	(20 475)	(1 201)
Fair value adjustment to subsidiary	(18 852)	
Gain upon unbundling of Capitec interest at fair value (discontinued operation)	(4 079)	
Capitec Unbundling transaction costs (discontinued operation)	11	
	(7)	(5)

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 loans to subsidiaries 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 as at the most recent reporting date.

At 28 February 2021, 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 R4,270m (2020: Rnil) 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. intergroup loans receivable from wholly-owned subsidiaries 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) as detailed in Annexure A.

CAPITAL MANAGEMENT

The capital management of the company is determined by its board of directors as further detailed on page 105.



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

Stellenbosch
25 May 2022



WL Greeff
PSG Group CFO

PSG GROUP LIMITED

CEO/CFO SIGN-OFF ON INTERNAL FINANCIAL CONTROL

for the year ended 28 February 2022

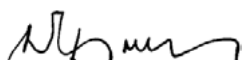
The directors, whose names are stated below, hereby confirm that –

- (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

Stellenbosch
25 May 2022



WL Greeff
PSG Group CFO

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
<u>Less</u> : 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) ³⁾
BCompt (Hons), CA(SA)
PSG Group CFO
Appointed 13 October 2008

JA Holtzhausen (51) ⁴⁾
BJuris, 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				Discretionary performance- based bonus ³⁾	Total short-term remuneration	Long-term remuneration	Total remuneration
	Base salary		Prior year deferral paid out ¹⁾	Paid during the year ²⁾			Gains from exercise of share options	
	Approved	Deferred for 12 months ¹⁾						
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	Paid for services rendered to subsidiaries				Total	Total remuneration	
		Fees	Fees	Base salary	Discretionary performance- based bonus			Gains from exercise of share options
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.

PSG GROUP LIMITED
DIRECTORS' REPORT
for the year ended 28 February 2022

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		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
		Awarded ¹⁾	Vested ²⁾						
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		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
		Awarded ¹⁾	Vested						
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	
	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:

Audited	Beneficial		Non-beneficial	Total shareholding 2022 ⁴⁾		Total shareholding 2021	
	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 JJ 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.

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.



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

Regional Leader: MN Alberts

A full list of partners and directors is available on request

* Partner and Registered Auditor

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

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

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	
<p>The key audit matter relates to the consolidated and separate financial statements.</p> <p>Refer to the following notes and annexures to the consolidated and separate annual financial statements:</p> <ul style="list-style-type: none"> • Note 11.2 of the accounting policies, • Note 1 to the consolidated financial statements; • Annexure A; and • Annexure D note 1 	<p>In evaluating the valuation of unlisted investments in portfolio companies, we assessed the reasonability of judgements, estimates and inputs used in the respective valuations.</p> <p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • 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;
<p>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.</p>	<ul style="list-style-type: none"> • Engaged our valuation specialists who tested the principles, methodology and integrity of the models used for alignment with appropriate industry practise;
<p>The fair value of these unlisted investments at 28 February 2022 is R2.1 billion.</p>	<ul style="list-style-type: none"> • Assessed, tested and challenged management’s estimates and assumptions and considered relevant contradictory evidence in determining multiples used;
<p>The Group applies various methodologies to determine the fair value of the investments in accordance with IFRS 13: Fair Value Measurement. These are:</p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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
<p>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.</p> <p>The resultant earnings multiples are applied to recurring EBITDA or earnings of each investment to determine the EV.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. 	<p>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;</p> <ul style="list-style-type: none"> • 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 valuers 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. <p>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.</p>

Key Audit Matter	How the matter was addressed in the audit
Reassessment for the classification of an investment entity in terms of IFRS 10	
<p>As disclosed in the following notes and annexures to the consolidated and separate financial statements:</p> <ul style="list-style-type: none"> • Note 2 of the accounting policies; • Note 1 to the consolidated and separate financial statements; • Annexure A; and 	<p>We assessed whether the Company meets the criteria of an investment entity, in terms of IFRS 10. Our procedures included the following:</p> <ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> Annexure D. <p>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.</p> <p>An investment entity is typically an entity that:</p> <ul style="list-style-type: none"> 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. <p>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.</p>	<p>implementation of key controls that monitored this key judgement;</p> <ul style="list-style-type: none"> 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. <p>Criteria we specifically reviewed included:</p> <ul style="list-style-type: none"> 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. <p>Considered additional guidance performing the following procedures,:</p> <ul style="list-style-type: none"> 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; <p>Confirmed the nature of the Company’s investments in its investee companies;</p> <p>Considered the appropriateness of the disclosures made.</p> <p>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</p>

Key Audit Matter	How the matter was addressed in the audit
<p>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.</p>	<p>deemed the relevant disclosure to be appropriate.</p>

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:

6D473497B2544EA...
Deloitte & Touche
Registered Auditor

Per: JHW de Kock

Partner

25 May 2022

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

PSG GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
as at 28 February 2022

		GROUP	
	Notes	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

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

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)
<i>Net cash flow from operating activities</i>		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)
<i>Net cash flow from investing activities</i>		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)	
<i>Net cash flow from financing activities</i>		(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 commitment 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⁾	Fair value	Disposals ²⁾	Fair value ¹⁾	Dividend
	1 Mar 2021	gains		28 Feb 2022	income ³⁾
	Rm	Rm	Rm	Rm	(note 15)
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	Gain/(loss) upon deemed disposal and reacquisition of subsidiaries at fair value on			Fair value ¹⁾
	Carrying value	1 Mar 2020		1 Mar 2020
	29 Feb 2020	Rm		Rm
PSG Konsult		1 964		4 435
Curro		3 034		(430)
Zeder		3 517		(344)
PSG Alpha		3 111		507
Other		223		(223)
Total		11 849		3 945

For the year ended 28 February 2021 (continued)	Fair value ¹⁾	Transfer from investment in associate ⁴⁾	Fair value	Additions/	Fair value ¹⁾	Dividend
	1 Mar 2020	Rm	gains/(losses)	(disposals) ²⁾	28 Feb 2021	income ³⁾
	Rm	Rm	Rm	Rm	Rm	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)

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	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).

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	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.		
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

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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	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		2021	
	Weighted average strike price (R)	Number	Weighted average strike price (R)	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

PSG GROUP LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2022

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).

PSG GROUP LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2022

	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
<i>Refer to the directors' report for details regarding directors' remuneration.</i>		
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).

PSG GROUP LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2022

	2022 Rm	2021 Rm
21. EARNINGS AND NET ASSET VALUE PER SHARE		
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):		
<i>Continuing operations</i>		
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
<i>Discontinued operations</i>		
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	2021
	'000	'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.

PSG GROUP LIMITED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2022

	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		Industry	Listed/ unlisted	IFRS classification at 28 Feb 2022	SOTP value		Portion of SOTP value	Valuation method	IFRS 13 fair value R/share
	Shareholding	Nr of shares held m				2021 Rm	2022 Rm			
PSG Konsult	61.5%	810.1	Financial services	JSE-listed ¹⁾	Subsidiary	7 282	3 848	42%	Closing JSE-listed share price	13.74
Curro	60.0%	358.8	Private education	JSE-listed	Subsidiary	3 588	1 238	18%	Closing JSE-listed share price	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	10%	Closing JSE-listed share price	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	5%	Closing JSE-listed share price	3.64
CABS	47.9%		Route-to-market services for fast-moving consumer goods in Sub-Saharan Africa	Botswana Stock Exchange ("BSE")-listed ²⁾		1 126	(69)	4%	Closing BSE-listed share price converted from Botswana pula to South African rand at the puling-soot exchange rate	4.79
Evergreen	50.0%		Retirement lifestyle villages	Unlisted		869	119	4%	Net asset value, underpinned by investment property subject to external valuation annually	
Optimi	96.0%		Innovative and accessible education solutions to schools, tutors, parents and learners	Unlisted		296	206	2%	17.1x (2021: 13.7x) price-earnings multiple	
Energy Partners	56.7%		Private energy utility	Unlisted		305	74	1%	6x and 10x multiples applied to annualised recurring EBITDA for the operations and investment businesses, respectively, plus cash and work-in- process, less all debt	
Other			Various	Unlisted		446	(109)	1%	Various	
Sub-total						3 907	4 587			
Less: Minority shareholding held by PSG Alpha management ³⁾						(65)	(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.

PSG GROUP LIMITED

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:

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

	Fair value gains/ (losses) on investments at FVTPL	Dividend income	Other income, expenses and taxation ¹⁾	Headline earnings	SOTP value
For the year ended 28 February 2021	Rm	Rm	Rm	Rm	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	
<i>SOTP value</i> 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.

PSG GROUP LIMITED

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.

PSG GROUP LIMITED

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		-	-

PSG GROUP LIMITED

ANNEXURE D - NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS (audited)
for the year ended 28 February 2022

	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:		
SOTP value per Annexure A	26 772	19 773
<i>Less</i> : 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)
<i>Less</i> : 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)
<i>Add</i> : 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
<i>Add</i> : 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
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).		
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.		

PSG GROUP LIMITED

ANNEXURE D - NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS (audited)
for the year ended 28 February 2022

	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.

PRO FORMA FINANCIAL INFORMATION OF PSG GROUP

The *pro forma* financial information of PSG Group is set out below. The *pro forma* consolidated statement of financial position and the *pro forma* consolidated income statement of PSG Group have been prepared for illustrative purposes only to show the *pro forma* financial effects of the PSG Group Restructuring, as required in terms of the Companies Regulations. Due to the nature of the *pro forma* financial information, the *pro forma* consolidated statement of financial position and the *pro forma* consolidated income statement may not fairly present PSG Group's financial position or results of operations after the PSG Group Restructuring have been implemented.

The *pro forma* financial information is presented in a manner that is consistent with the current accounting policies of PSG Group, IFRS and the basis on which the audited consolidated financial information for the year ended 28 February 2022 has been prepared. The *pro forma* financial information has been prepared in accordance with the Companies Regulations and the JSE Listings Requirements and in compliance with the SAICA Guide on *pro forma* Financial Information. The *pro forma* consolidated statement of financial position and the *pro forma* consolidated income statement as set out below should be read in conjunction with the report of the Independent Reporting Accountants which is included as **Annexure 8** to this Circular.

The Board of PSG Group is responsible for the preparation of the *pro forma* financial information.

It has been assumed for the purposes of the *pro forma* financial effects that the PSG Group Restructuring took place with effect from 1 March 2021 for purposes of the *pro forma* consolidated income statement and on 28 February 2022 for purposes of the *pro forma* consolidated statement of financial position.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022

	PSG Group ¹⁾ Rm	PSG Group Restructuring Rm	<i>Pro forma</i> after ²⁾ Rm
ASSETS			
Investments at fair value through profit or loss	23 136	(18 451)	4 685
PSG Konsult ³⁾	11 130	(11 130)	–
Curro ⁴⁾	4 826	(4 826)	–
Zeder ⁵⁾	2 672	(778)	1 894
PSG Alpha ⁶⁾	4 508	(1 818)	2 690
Stadio ⁷⁾		101	101
Property, plant and equipment	54		54
Right-of-use assets	1		1
Loans and advances	22		22
Debt securities ⁷⁾	895	(895)	–
Trade and other receivables	50		50
Cash and cash equivalents ^{8) 12)}	2 635	(3 502)	(867)
Total assets	26 793	(22 848)	3 945
EQUITY			
Equity attributable to owners of the parent			
Stated capital (net of treasury shares) ⁹⁾	6 547	(3 157)	3 390
Other reserves ¹⁰⁾	68	(68)	–
Retained earnings ¹¹⁾	20 075	(19 623)	452
Total equity	26 690	(22 848)	3 842
LIABILITIES			
Deferred income tax liability	13		13
Lease liabilities	1		1
Employee benefit liabilities	34		34
Trade and other payables	22		22
Loans payable	33		33
Total liabilities	103	–	103
Total equity and liabilities	26 793	(22 848)	3 945
Net asset and tangible asset value per share (R)	127.49		53.05

Notes and assumptions:

- ¹⁾ Extracted from the audited results of PSG Group for the year ended 28 February 2022.
- ²⁾ Represents the *pro forma* financial results after incorporating the adjustments for the PSG Group Restructuring as set out below and as if such adjustments had been effective as at 28 February 2022.
- ³⁾ Represents the unbundling by PSG Group of 810 058 551 PSG Konsult shares at the reporting date market value of R13.74 per share (R11 130m).
- ⁴⁾ Represents the unbundling by PSG Group of 358 776 958 Curro shares at the reporting date market value of R13.45 per share (R4 826m).
- ⁵⁾ Represents the receipt by PSG Group of 15 202 147 Kaap Agri shares (pursuant to Zeder's unbundling thereof) at the reporting date market value of R51.20 per share (R778m), and subsequent unbundling thereof by PSG Group.
- ⁶⁾ Represents i) the receipt by PSG Group (pursuant to PSG Alpha's unbundling thereof) of 217 002 911 CA&S shares at the reporting date market value of R4.79 per share (R1 039m) and ii) the receipt by PSG Group (pursuant to PSG Alpha's unbundling thereof) of 214 000 000 Stadio shares at the reporting date market value of R3.64 per share (R779m), with items i) and ii) subsequently unbundled by PSG Group.
- ⁷⁾ After negotiating and acquiring the Dipeo BEE Education Trust's interest in Dipeo, PSG Group's investment in Dipeo will be unwound in terms of which it will receive i) 21 414 497 Curro shares, ii) 10 683 279 Kaap Agri shares, iii) 27 792 274 Stadio shares at the reporting date market value of R3.64 per share (R101m) and iv) R112m cash. The Curro and Kaap Agri shares received forms part of the PSG Group Unbundling, whereas the Stadio shares received will be retained.

- ⁸⁾ Represents i) 136 934 514 PSG Group shares repurchased pursuant to the PSG Group Scheme at R23.00 per share for R3 149m cash, as well as R8m STT payable thereon (refer note 9) and ii) transaction and other restructuring costs (including capital gains tax payable on *disqualified person* shareholders) of R457m, net of iii) R112m cash received pursuant to the unwinding of PSG Group's investment in Dipeo (after negotiating and acquiring the Dipeo BEE Education Trust's interest in Dipeo) (refer note 7).
- ⁹⁾ Represents i) 136 934 514 PSG Group shares repurchased pursuant to the PSG Group Scheme at R23.00 per share for R3 149m cash and ii) STT thereon calculated at 0.25% (R8m). As at the reporting date and the Last Practicable Date, PSG Group's *disqualified person* shareholding was 12.9% and accordingly the PSG Group Scheme repurchase price is R23.00 per share for purposes hereof.
- ¹⁰⁾ Pursuant to the PSG Group Restructuring, PSG Group's awarded but unexercised share options will vest in accordance with the share incentive scheme rules as previously approved by PSG Group shareholders on 19 June 2009, 22 June 2018 and 9 July 2021, and accordingly the related R68m balance contained in other reserves, comprising the share-based payment reserve, will be transferred to retained earnings, with the assumed net-cash settlement of such awarded but unexercised share options included under the transaction and other restructuring costs reported in note 8.
- ¹¹⁾ The R19 623m adjustment represents the aggregate of the adjustments reported in notes 3 to 10 above.
- ¹²⁾ Subsequent to the reporting date and unrelated to the PSG Group Restructuring, PSG Group received a Zeder special dividend of R692m.

PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2022

	PSG Group ¹⁾ Rm	PSG Group Restructuring Rm	<i>Pro forma</i> after ²⁾ Rm
Fair value gains on investments at fair value through profit or loss³⁾	6 734	(5 515)	1 219
PSG Konsult ³⁾	3 848	(3 848)	–
Curro ³⁾	1 238	(1 238)	–
Capitec	293		293
Zeder ³⁾	689	(243)	446
PSG Alpha ³⁾	666	(186)	480
Investment income	570	(401)	169
Interest income calculated using the effective interest method ⁴⁾	115	(111)	4
Dividend income ^{5) 13)}	455	(290)	165
Revenue earned from corporate finance and other activities	107		107
Fair value gain	42		42
Expenses	103	(376)	(273)
Reversal of previously recognised impairment loss on debt securities ⁶⁾	221	(221)	–
Reversal of previously recognised impairment loss on loans and advances	9		9
Operating expenses ⁷⁾	(127)	(155)	(282)
Profit before finance costs and taxation	7 556	(6 292)	1 264
Finance costs ⁸⁾	(59)	(52)	(111)
Profit before taxation	7 497	(6 344)	1 153
Taxation ⁹⁾	(88)	31	(57)
Profit for the year attributable to owners of the parent	7 409	(6 313)	1 096
Number of shares (m)			
In issue (net of treasury shares) ¹⁰⁾	209.4	(136.9)	72.4
Weighted average ¹⁰⁾	209.4	(136.9)	72.5
Diluted weighted average ¹¹⁾	210.5	(138.0)	72.5
Earnings per share (R)			
Headline ¹²⁾	35.37		15.12
Attributable	35.37		15.12
Diluted headline ¹²⁾	34.30		14.82
Diluted attributable	34.30		14.82

Notes and assumptions:

- ¹⁾ Extracted from the audited results of PSG Group for the year ended 28 February 2022.
- ²⁾ Represents the *pro forma* financial results after incorporating the adjustments for the PSG Group Restructuring as set out below and as if such adjustments had been effective as at 1 March 2021. All adjustments, apart from the transaction and other restructuring costs detailed in note 7 below, are continuing in nature.
- ³⁾ Reversal of fair value gains of R5 515m in aggregate on investments at fair value through profit or loss pursuant to the PSG Group Unbundling.
- ⁴⁾ Interest income of R111m earned on surplus cash of R2 896m, at a weighted average rate of 3.8%, foregone pursuant to the significant cash outflow required by the PSG Group Restructuring.
- ⁵⁾ Dividend income foregone i) from unbundled PSG Konsult (R215m) and ii) pursuant to the unwinding of PSG Group's investment in Dipeo (R75m).
- ⁶⁾ Reversal of previously recognised impairment loss on debt securities foregone pursuant to the unwinding of PSG Group's investment in Dipeo.
- ⁷⁾ Transaction and other restructuring costs of R155m accounted for.
- ⁸⁾ Additional finance cost of R52m incurred at the weighted average prime interest rate (7.3% pre-tax) on the cash shortfall of R709m resulting from the PSG Group Restructuring.
- ⁹⁾ The R31m lower tax expense, calculated at a tax rate of 28%, reflects the lower interest income as a result of the significant cash outflow pursuant to the PSG Group Restructuring.
- ¹⁰⁾ The adjustment represents 136 934 514 PSG Group shares repurchased pursuant to the PSG Group Scheme.
- ¹¹⁾ The adjustment represents the i) 136 934 514 PSG Group shares repurchased pursuant to the PSG Group Scheme and ii) 1 017 986 dilutive potential ordinary shares no longer in effect pursuant to the PSG Group Restructuring whereby PSG Group's awarded but unexercised share options will vest in accordance with the share incentive scheme rules as previously approved by PSG Group shareholders on 19 June 2009, 22 June 2018 and 9 July 2021.
- ¹²⁾ As a result of there being no non-headline items included in PSG Group's attributable earnings, PSG Group's i) headline earnings per share is equal to its attributable earnings per share and ii) diluted headline earnings per share is equal to its diluted attributable earnings per share.
- ¹³⁾ Subsequent to the reporting date and unrelated to the PSG Group Restructuring, PSG Group received a Zeder special dividend of R692m.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF PSG GROUP

To the Directors
PSG Group Limited
2nd Floor, Ou Kollege
35 Kerk Street
Stellenbosch
7600

Dear Sirs/Madam

Report on the Assurance Engagement on the Compilation of *Pro Forma* Financial Information Included in a Circular

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of PSG Group Limited ("PSG" or the "Company") by the directors presented in the circular to shareholders to be dated on or about Wednesday, 6 July 2022 ("the Circular"). The *pro forma* financial information, as set out in paragraph 5.2 and **Annexure 7** of the Circular, consists of the *pro forma* consolidated statement of financial position of PSG as at 28 February 2022, the *pro forma* consolidated income statement for the year ended 28 February 2022 and related notes (the "*pro forma* financial information"). The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements and Regulation 106(7)(c)(ii) of the Companies Regulations, 2011 ("the Companies Regulations") and described in paragraph 5.2 and **Annexure 7** of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraphs 1 and 3 of the Circular, on the Company's financial position as at 28 February 2022, and the Company's financial performance for the year then ended, as if the corporate action or event had taken place at 1 March 2021 and for the period then ended. As part of this process, information about the Company's financial performance has been extracted by the directors from the Company's audited results for the year ended 28 February 2022 issued on 25 May 2022, on which an unmodified audit opinion was issued.

Directors' Responsibility for the Pro forma Financial Information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and the Companies Regulations and described in paragraph 5.2 and **Annexure 7** of the Circular.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements and the Companies Regulations based on our procedures performed.

Scope

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus*, which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements and the Companies Regulations.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 28 February 2022 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

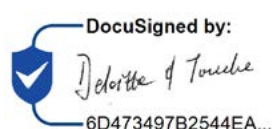
Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and the Companies Regulations and described in paragraph 5.2 and **Annexure 7** of the Circular.



Deloitte & Touche

Registered Auditor

Per JHW de Kock

Partner

30 June 2022

The Ridge, 6 Marina Road
Portwood District
V&A Waterfront
Cape Town, 8000
(PO Box 578, Cape Town, 8000)

REMAINING SHAREHOLDERS

No	Fullname	No of shares	Interest – before	Interest – after	No of shares	Classification	Classification
1	ALANA MELLET	220	0.0%	0.0%	220	Management and related persons	Public
2	ALESSANDRA MARICA LADBROOK	20 000	0.0%	0.0%	20 000	Directors and related persons	Public
3	AMELIE MARIA MOUTON	12 000	0.0%	0.0%	12 000	Directors and related persons	Non-public
4	AMELIE MOUTON TRUST	157 400	0.1%	0.2%	157 400	Directors and related persons	Non-public
5	ANDRIES MELLET	3 690	0.0%	0.0%	3 690	Management and related persons	Public
6	ANDRO ROSSOUW	16 487	0.0%	0.0%	16 487	Management and related persons	Public
7	CATHARINA MARI OTTO	20 000	0.0%	0.0%	20 000	Directors and related persons	Public
8	CATHARINA MOUTON	12 000	0.0%	0.0%	12 000	Directors and related persons	Non-public
9	CATHARINA MOUTON TRUST	157 400	0.1%	0.2%	157 400	Directors and related persons	Non-public
10	CHARITE MOUTON TRUST	1 910 470	0.9%	2.6%	1 910 470	Founders and related persons	Non-public
11	CHRIS ADRIAAN OTTO (JNR)	20 000	0.0%	0.0%	20 000	Directors and related persons	Public
12	CHRIS ADRIAAN OTTO (SNR)	200	0.0%	0.0%	200	Directors and related persons	Non-public
13	DALEIWAN INVESTMENTS (PTY) LTD	500 000	0.2%	0.7%	500 000	Directors and related persons	Non-public
14	DANA MOUTON TRUST	668 000	0.3%	0.9%	668 000	Directors and related persons	Non-public
15	DIDERIK JOHANN OTTO	178 900	0.1%	0.2%	178 900	Directors and related persons	Non-public
16	DIE FRANCOIS FOUCHE MOUTON TRUST	153 210	0.1%	0.2%	153 210	Directors and related persons	Non-public
17	ELIZABETH ANNA OTTO	20 000	0.0%	0.0%	20 000	Directors and related persons	Public
18	FAMILIE UYS TRUST	90 000	0.0%	0.1%	90 000	Founders and related persons	Non-public
19	FIVE WORDS CAPITAL (PTY) LTD	10 000	0.0%	0.0%	10 000	Directors and related persons	Non-public
20	GWB INVESTMENTS (PTY) (LTD)	500 000	0.2%	0.7%	500 000	Directors and related persons	Non-public

No	Fullname	No of shares	Interest – before	Interest – after	No of shares	Classification	Classification
21	JAN MOUTON BELEGGINGS (PTY) LTD	13 624 000	6.5%	18.8%	13 624 000	Founders and related persons	Non-public
22	JAN MOUTON TRUST	1 365 000	0.7%	1.9%	1 365 000	Directors and related persons	Non-public
23	JANNIE MOUTON STIGTING	10 466 583	5.0%	14.5%	10 466 583	Other	Public
24	JFM INVESTMENTS (PTY) LTD	600 000	0.3%	0.8%	600 000	Founders and related persons	Non-public
25	JOHANNES ANDRIES HOLTZHAUSEN	633 453	0.3%	0.9%	633 453	Directors and related persons	Non-public
26	JOHANNES FREDERICUS MOUTON (JNR)	12 000	0.0%	0.0%	12 000	Directors and related persons	Non-public
27	JOHANNES FREDERICUS MOUTON (SNR)	44 750	0.0%	0.1%	44 750	Founders and related persons	Non-public
28	JOHANNES JACOBUS MOUTON	200 000	0.1%	0.3%	200 000	Directors and related persons	Non-public
29	JOHANNES MOUTON TRUST	157 400	0.1%	0.2%	157 400	Directors and related persons	Non-public
30	JUAN MOUTON TRUST	153 210	0.1%	0.2%	153 210	Directors and related persons	Non-public
31	JUFRAPI INVESTMENTS (PTY) LTD	4 458 164	2.1%	6.2%	4 458 164	Directors and related persons	Non-public
32	KLIPBANK BELEGGINGS (PTY) LTD	1 473 433	0.7%	2.0%	1 473 433	Directors and related persons	Non-public
33	KOKTYLS BEE EMPLOYEE TRUST	170 000	0.1%	0.2%	170 000	Other	Public
34	MARIA CATHARINA OTTO	364	0.0%	0.0%	364	Directors and related persons	Non-public
35	ADMEL VENTURES (PTY) LTD	13 000	0.0%	0.0%	13 000	Management and related persons	Public
36	MERSET BELEGGINGS (PTY) LTD	95 000	0.0%	0.1%	95 000	Management and related persons	Public
37	MY FAVOURITE BELEGGINGS (PTY) LTD	13 760 481	6.6%	19.0%	13 760 481	Founders and related persons	Non-public
38	PETER D WIMSEY & ASSOCIATES (PTY) LTD	3 324 559	1.6%	4.6%	3 324 559	Directors and related persons	Non-public
39	PETRUS JOHANNES MOUTON	90 825	0.0%	0.1%	90 825	Directors and related persons	Non-public
40	PIET MOUTON BELEGGINGS (PTY) LTD	13 583 000	6.5%	18.8%	13 583 000	Founders and related persons	Non-public
41	PIETER MOUTON TRUST	153 210	0.1%	0.2%	153 210	Directors and related persons	Non-public
42	PINOT INVESTMENTS (PTY) LTD	569 887	0.3%	0.8%	569 887	Directors and related persons	Non-public
43	PSG GROUP BEE EDUCATION TRUST	2 515 055	1.2%	3.5%	2 515 055	Other	Non-public

No	Fullname	No of shares	Interest – before	Interest – after	No of shares	Classification	Classification
44	PSG GROUP LTD SUPPLEMENTARY SHARE INCENTIVE	3 649	0.0%	0.0%	3 649	Other	Non-public
45	STEPHANIE MOUTON	40 020	0.0%	0.1%	40 020	Directors and related persons	Non-public
46	STEPHANIE MOUTON TRUST	31 425	0.0%	0.0%	31 425	Directors and related persons	Non-public
47	TELFAIR TRUST	10 803	0.0%	0.0%	10 803	Management and related persons	Public
48	THE PERFECT PEARL TRUST	157 807	0.1%	0.2%	157 807	Founders and related persons	Public
49	WILLIAM ROBERT OTTO LADBROOK	20 000	0.0%	0.0%	20 000	Directors and related persons	Public
50	WYNAND LOUW GREEFF	8 124	0.0%	0.0%	8 124	Directors and related persons	Non-public
51	ZAR LADBROOK OPPORTUNITIES (PTY) LTD	240 000	0.1%	0.3%	240 000	Directors and related persons	Non-public
TOTAL - Remaining Shareholders – effective interests following the PSG Group Restructuring		72 425 179	34.6%	100.0%	72 425 179		
						Management and related persons	
						Founders and related persons	
						Directors and related persons	
						Other	
JF MOUTON FAMILIETRUST – effective interest		42 304 198	20.2%	58.4%			

DIAGRAMS OF PSG GROUP BEFORE AND AFTER THE PSG GROUP RESTRUCTURING

DIAGRAM BEFORE

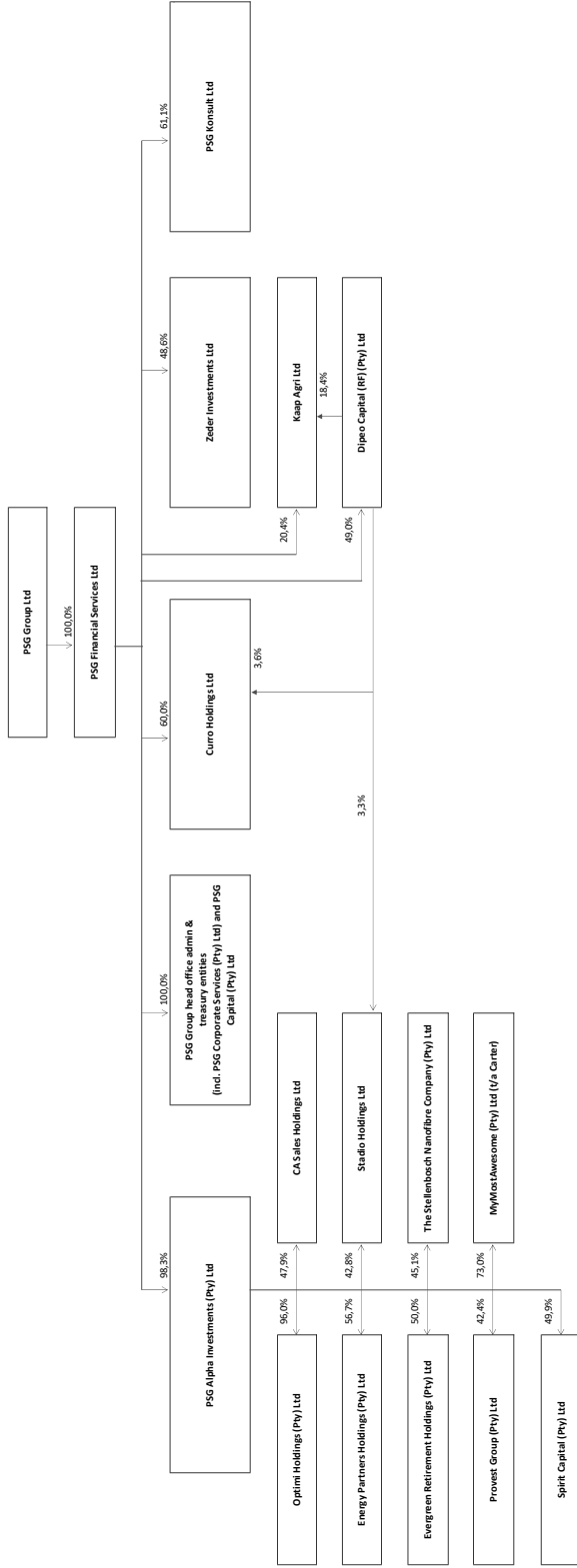
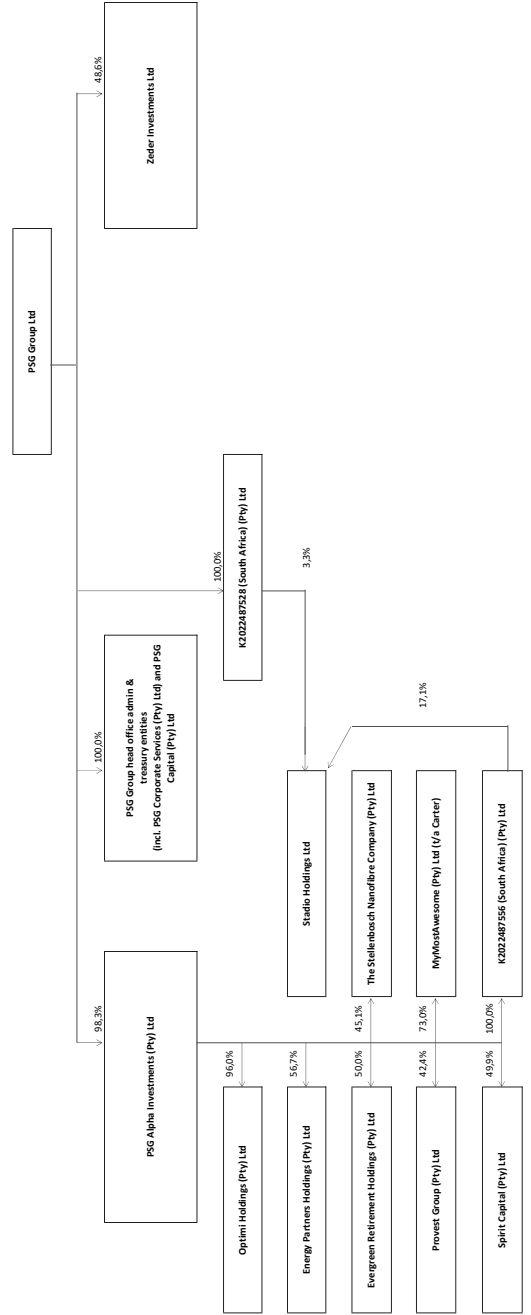


DIAGRAM AFTER



MATERIAL RISKS

The PSG Group Limited (“PSG Group”) Board of Directors (“PSG Group Board”) acknowledges that it is accountable for PSG Group’s process of risk management and systems of internal control. Each of PSG Group’s investees similarly has its own board of directors responsible for the risk management and systems of internal control of such company and its business.

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

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

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

On the recommendation of the PSG Group Audit and Risk Committee, the PSG Group Board has decided not to establish an internal audit function at a PSG Group level given the nature and extent of its day-to-day activities as an investment holding company, its strong internal control environment and its limited staff complement comprising 12 employees as at 28 February 2022. In addition, PSG Group’s investees have, where necessary, either established or outsourced their own internal audit functions.

The PSG Group Board, on the recommendation of the PSG Group Audit and Risk Committee, concluded that the systems of internal control and the risk management process at a PSG Group level were effective for the financial year ended 28 February 2022. The PSG Group Board is satisfied that there was no material breakdown in controls at either PSG Group or its investees during the past financial year.

Pursuant to paragraph 8.63(s) of the JSE Listings Requirements, a description of immediately identifiable material risks at a PSG Group level are set out below. The risk disclosure contained herein should be read together with PSG Group’s 2021 annual report and in particular, the *Letter to Shareholders, Review of Operations and Environmental, Social and Governance Report* contained therein.

Key risk	Risk description	Risk response
Onerous government-imposed lockdown restrictions in response to the COVID-19 pandemic	Extreme shock to an already fragile South African economy, thereby further hampering economic growth	Focused management team, clear long-term strategy, healthy liquidity, no gearing, etc.
Reputational risk	All other risks have an indirect impact on our reputation as a public company listed on the JSE	Open and honest communication, full disclosure, etc.
Investment and performance risk	Poor financial performance	Well diversified investment portfolio exhibiting attractive growth potential, constant monitoring of investees' performance, representation on investees' boards/audit committees to help determine and drive strategy and ensure good corporate governance, etc.
New investment and strategic risk	Undesirable investments, poor sector performance, insufficient remedial action taken in respect of poor performance, etc.	Well diversified investment portfolio, predefined limits for capital at risk, highly skilled investment team, due diligences on new investments, constant monitoring of investees' and sector performance, representation on investees' boards/audit committees to help determine and drive strategy and ensure good corporate governance, etc.
Accounting risk	Inaccurate accounting for significant transactions, inaccurate management information, etc.	Honest and hardworking finance team with appropriate skills and experience, budgetary control processes, technical accounting updates, ongoing communication with external auditor, continuous independent tax and legal advice obtained, etc.
Compliance risk	Inadvertent transgression of laws or regulations	Continuous independent tax and legal advice obtained, as well as continuous interaction with our corporate advisors and sponsors to ensure ongoing regulatory compliance, etc.
Information technology risk	Cyber-attacks, loss of data, business continuity, etc.	PSG Group's head office is not a live-system environment; however, strong security measures, continuous awareness training of personnel, regular scheduled data back-ups, off-site storage, etc.
Market risk (including funding risk)	Changes impacting adversely on market prices (interest rate, exchange rate, etc.), political instability, availability of funding, etc.	PSG Group does not take short-term positions, market conditions are monitored by management on an ongoing basis, no gearing, strict budgetary control processes (including cash flow forecasts), continuous monitoring of liquidity requirements, etc.
People risk	Loss of key management personnel	Appropriate long-term incentives offered to key management, create a dynamic working environment and culture, promote work/life balance, support personal goals, etc.



PSG GROUP LIMITED

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

NOTICE OF GENERAL MEETING

All terms defined in the circular to which this Notice of General Meeting is attached ("Circular"), shall bear the same meanings where used in this Notice of General Meeting.

NOTICE IS HEREBY GIVEN that a General Meeting of PSG Group Shareholders will be held and conducted entirely by electronic communication at 10:00 on Wednesday, 10 August 2022.

The purpose of the General Meeting is to consider and, if deemed fit, to approve, with or without modification, the resolutions set out in this Notice of General Meeting.

Note: For a special resolution to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on such resolution in terms of section 65(9) of the Companies Act and PSG Group's MOI.

SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE PSG GROUP RESTRUCTURING IN TERMS OF THE COMPANIES ACT

IT IS RESOLVED AS A SPECIAL RESOLUTION that the PSG Group Restructuring, comprising, as an indivisible transaction, (i) the PSG Group Unbundling, involving the distribution *in specie* of the Unbundled Shares to PSG Group Shareholders *pro rata* to their shareholdings in the Company; and (ii) the PSG Group Scheme, involving the repurchase by PSG Group of the Scheme Shares from the Exiting Shareholders for the Scheme Consideration, be and is hereby approved in terms of sections 112 and 114 read with section 115 of the Companies Act, on the terms and subject to the conditions set out in the Circular.

Reason for and effect of Special Resolution Number 1

The reason for Special Resolution Number 1 is set out in the Circular.

The effect of Special Resolution Number 1, if passed, will be to grant the necessary approval for both the PSG Group Unbundling in terms of section 112 read with section 115 of the Companies Act and the PSG Group Scheme in terms of section 114 read with section 115 of the Companies Act.

Additional information relating to Special Resolution Number 1 is set out in the Circular.

The Remaining Shareholders will be excluded from voting on this Special Resolution Number 1.

SPECIAL RESOLUTION NUMBER 2 – APPROVAL FOR THE PAYMENT OF FEES TO THE MEMBERS OF THE INDEPENDENT BOARD

IT IS RESOLVED AS A SPECIAL RESOLUTION that the Company be and is hereby authorised to pay the following fees to the members of the Independent Board for their services rendered as members of the Independent Board in relation to the PSG Group Restructuring:

MEMBER	PROPOSED ONCE-OFF FEE (excluding value added tax, if applicable)
PE Burton (chairman)	R200 000
AM Hlobo	R140 000
B Mathews	R140 000

Reason for and effect of Special Resolution Number 2

The reason for and, if passed, the effect of Special Resolution Number 2 is, and will be, to authorise the Company to pay the above proposed fees to the members of the Independent Board for their services rendered as members of the Independent Board in relation to the PSG Group Restructuring, in terms of section 66(9) of the Companies Act.

SPECIAL RESOLUTION NUMBER 3 – APPROVAL FOR THE REMUNERATION OF THE NON-EXECUTIVE DIRECTORS OF THE BOARD

IT IS RESOLVED AS A SPECIAL RESOLUTION that, subject to the Delisting being implemented, the Company be and is hereby authorised to remunerate its non-executive directors for their services as directors, which include serving on various sub-committees, and to make payment of the amounts set out below (plus any value-added tax, to the extent applicable), *pro rata* for the duration of their services in respect of the year ending 28 February 2023:

	PROPOSED FEES FOR THE YEAR ENDING 28 FEBRUARY 2023 (excluding value added tax, if applicable) (payable on a <i>pro rata</i> basis for the period of services rendered during the year ending 28 February 2023)
PSG Group Board	
Chairman	R716 560
Member	R293 510
PSG Group Audit and Risk Committee	
Chairman	R205 460
Member	R176 110
PSG Group Remuneration Committee	
Chairman	R88 050
Member	R58 700
PSG Group Social and Ethics Committee	
Chairman	R35 220
Member	R23 480

Reason for and effect of Special Resolution Number 3

The reason for Special Resolution Number 3 is for the Company to obtain the approval of the Shareholders by way of a special resolution for the payment of remuneration to its non-executive Directors in accordance with the requirements of section 66(9) of the Companies Act.

The effect of Special Resolution Number 3, if passed, is that the Company will be able to pay its non-executive Directors for the services they render to the Company as Directors in respect of the financial year ending 28 February 2023, without requiring further Shareholder approval.

RECORD DATES, VOTING AND PROXIES

The date on which Shareholders must have been recorded as such in the Register for purposes of being entitled to receive this notice is Friday, 24 June 2022.

The date on which Shareholders must be recorded in the Register for purposes of being entitled to participate electronically and vote at the General Meeting is Friday, 29 July 2022, with the last day to trade being Tuesday, 26 July 2022.

In terms of section 63(1) of the Companies Act, all General Meeting participants will be required to provide identification reasonably satisfactory to the Transfer Secretaries and must accordingly submit a copy of their identity document, passport or drivers' licence to the Transfer Secretaries before the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.

The Transfer Secretaries must be reasonably satisfied that the right of that person to participate in, speak and vote at the General Meeting as a Shareholder, as proxy or as a representative of a Shareholder, has been reasonably verified. Accepted forms of identification include original South African drivers' licences, green barcoded identity documents or barcoded identification smart cards issued by the South African Department of Home Affairs, as well as passports.

Shareholders entitled to participate electronically and vote at the General Meeting may appoint one or more proxies to participate, speak and vote thereat in their stead. A proxy needs not be a PSG Group Shareholder. A Form of Proxy (*grey*), which sets out the relevant instructions for its completion, is attached to this Circular for use by Certificated Shareholders or Own-Name Dematerialised Shareholders who wish to be represented at the General Meeting. Completion of a Form of Proxy (*grey*) will not preclude such Shareholder from participating electronically and voting (to the exclusion of that Shareholder's proxy) at the General Meeting.

The instrument appointing a proxy and the authority (if any) under which it is signed must reach the Transfer Secretaries, at the addresses given below, to be received by them preferably by no later than 17:00 on Friday, 5 August 2022, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be emailed to the Transfer Secretaries (who will provide same to the chairman of the General Meeting) at any time before the appointed proxy exercises any Shareholder rights at the General Meeting.

Dematerialised Shareholders, other than Own-Name Dematerialised Shareholders, who wish to participate electronically in the General Meeting, will need to request their CSDP or Broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such Shareholders and the CSDP or Broker.

Dematerialised Shareholders, other than Own-Name Dematerialised Shareholders, who are unable to participate in the General Meeting and who wish to be represented thereat, must provide their CSDP or Broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or Broker in the manner and time stipulated therein.

Shareholders participating electronically or represented by proxy or authorised representative shall on a poll have one vote in respect of each Share held.

APPRAISAL RIGHTS

Shareholders are hereby advised of their Appraisal Rights in terms of section 164 of the Companies Act. Their attention is drawn to the provisions of that section which are set out in **Annexure 2** to this Circular.

ELECTRONIC PARTICIPATION AT THE GENERAL MEETING

In order to attend the General Meeting and participate electronically thereat Shareholders must pre-register with the Transfer Secretaries by either:

- registering online using the online registration portal at www.meetnow.global/za, prior to the commencement of the General Meeting; or
- making a written application (on the Electronic Participation Form) to so participate, by delivering the Electronic Participation Form to the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the Shareholder), or sending it by email to proxy@computershare.co.za, so as to be received by the Transfer Secretaries by no later than 10:00 on Friday, 5 August 2022, in order for the Transfer Secretaries to arrange such participation for the Shareholder and for the Transfer Secretaries to provide the Shareholder with the details as to how to access the General Meeting by means of electronic participation. Shareholders may still register/apply to participate in and/or vote electronically at the General Meeting after this date, provided, however, that those Shareholders are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the General Meeting.

Shareholders will thereafter be required to connect to the General Meeting through www.meetnow.global/za and follow the relevant prompts. Shareholders are referred to the "*Electronic Participation Meeting Guide*" attached to this Notice of General Meeting for further instructions relating to the electronic participation.

The Transfer Secretaries will by no later than 10:00, Monday, 8 August 2022 notify eligible Shareholders of the username and password through which eligible Shareholders can participate electronically in and/or vote at the General Meeting.

In person registration of General Meeting participants will not be permitted.

Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of PSG Group and/or the Transfer Secretaries. None of PSG Group and/or the Transfer Secretaries can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent any such Shareholder from participating in and/or voting at the General Meeting.

Electronic voting at the General Meeting

Shareholders connecting to the General Meeting electronically will be able to participate in the General Meeting. Voting will be conducted by poll and Shareholders will be able to cast their vote electronically at the General Meeting.

Shareholders are also encouraged to submit any relevant questions to PSG Group's Company Secretary prior to the General Meeting, preferably by no later than 10:00 on Friday, 5 August 2022, at cosec@psgroup.co.za. These questions will be addressed at the General Meeting.

All eligible Shareholders will be entitled to participate electronically in the General Meeting and to vote (or abstain from voting) on the resolutions proposed at the General Meeting.

SIGNED ON WEDNESDAY, 6 JULY 2022 BY PE BURTON ON BEHALF OF THE INDEPENDENT BOARD OF PSG GROUP, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY MEMBERS OF THE INDEPENDENT BOARD



PE BURTON
Chairman of the Independent Board

Company Secretary

PSG Corporate Services Proprietary Limited
(registration number 1996/004840/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(Private Bag X9000, Saxonwold, 2132)

ELECTRONIC PARTICIPATION MEETING GUIDE



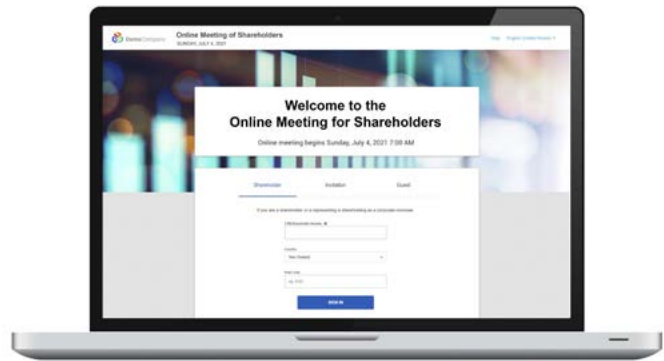
HOW TO PARTICIPATE IN VIRTUAL MEETINGS

Attending the meeting online

Our online meetings provide you with the opportunity to participate online using your smartphone, tablet or computer.

You will be able to view a live webcast of the meeting, ask questions and submit your votes in real time.

You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.



Visit <https://meetnow.global/za>



Access

Access the online meeting at <https://meetnow.global/za>, select the applicable meeting from the drop down option. Click 'JOIN MEETING NOW'.

If you are a shareholder:

Select 'Invitation' on the login screen and enter the applicable information as per your invitation. Accept the Terms and Conditions and click Continue.

If you are a guest:

Select 'Guest' on the login screen. As a guest, you will be prompted to complete all the relevant fields, including title, first name, last name and email address.

Please note, guests will not be able to vote at the meeting. Guests would not need to register and can join the meeting 30 minutes before the start by going to <https://meetnow.global/za>.

If you are a proxy holder:

You will receive an email invitation the day before the meeting to access the online meeting. Click on the link in the invitation to access the meeting.

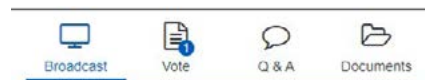


Contact

If you have any issues accessing the website please email proxy@computershare.co.za.



Navigation



When successfully authenticated, the home screen will be displayed. You can watch the webcast, vote, ask questions, and view meeting materials in the documents folder. The image highlighted blue indicates the page you have active.

The webcast will appear and begin automatically once the meeting has started.



Voting

Resolutions will be put forward once voting is declared open by the Chair. Once the voting has opened, the resolution and voting options will appear.

To vote, simply select your voting direction from the options shown on screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the green tick appears. To change your vote, select 'Change Your Vote'.



Q&A

Select the Q&A tab and type your question into the box at the bottom of the screen and press 'Send'.

ELECTRONIC PARTICIPATION FORM

Participation in the General Meeting via electronic communication: For use by PSG Group Shareholders who do not register to participate and/or vote at the General Meeting using the online portal.

Capitalised terms used in this Electronic Participation Form shall bear the meanings ascribed thereto in the Circular to which the Notice of General Meeting is attached.

1. **Shareholders or their duly appointed proxy(ies) that wish to participate in the General Meeting via electronic communication and who do not register using the online portal at www.meetnow.global/za (“Participants”), must apply to the Transfer Secretaries, by delivering this duly completed Electronic Participation Form to:**

- 1.1 Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the Participant), or by email to proxy@computershare.co.za so as to be received by Computershare by no later than 10:00 on Friday, 5 August 2022, for administrative reasons, in order for the Transfer Secretaries to arrange such participation for the Shareholder and for the Transfer Secretaries to provide the Shareholder with the details as to how to access the General Meeting by means of electronic participation.
- 1.2 Shareholders may still register/apply to participate in and/or vote electronically at the General Meeting after the aforementioned date, provided, however, that those Shareholders are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the General Meeting.

2. **Important notice**

- 2.1 The Transfer Secretaries shall, by no later than 10:00 on Monday, 8 August 2022, notify Participants that have delivered valid notices in the form of this Electronic Participation Form, by email of the relevant details through which Participants can participate electronically, subject to such Shareholders delivering this Electronic Participation Form by 10:00 on Friday, 5 August 2022.
- 2.2 The cut-off time to participate in the General Meeting via electronic communication will be 10:00 on Wednesday, 10 August 2022 provided that those Shareholders wishing to participate are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the General Meeting. No late registrations will be accommodated.

Electronic Participation Form		
Full name of Participant:		
ID number:		
Email address:		
Cell number:		
Telephone number:	(code):	(number):
Name of CSDP or broker (if PSG Group Shares are held in dematerialised format):		
Contact number of CSDP/broker:		
Contact person of CSDP/broker:		
Number of share certificate (if applicable):		
Signature:		
Date:		

Terms and conditions for participation in the General Meeting via electronic communication

1. The cost of electronic participation in the General Meeting is for the expense of the Participant and will be billed separately by the Participant's own service provider.
2. The Participant acknowledges that the electronic communication services are provided by a third parties and indemnifies PSG Group and/or the Transfer Secretaries against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against PSG Group and/or the Transfer Secretaries, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Participant via the electronic services to the General Meeting.
3. The application to participate in the General Meeting electronically will only be deemed successful if this Electronic Participation Form has been completed fully and signed by the Participant.

Participant's name

Signature

Date



PSG GROUP LIMITED

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

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

All terms defined in the Circular, to which this Form of Proxy is attached, shall bear the same meanings when used in this Form of Proxy.

I/We

(print names in full)

of (address)

being the registered holder of

ordinary Shares, hereby appoint

1. or failing him/her,

2. or failing him/her,

3. the chairman of the General Meeting,

as my/our proxy to attend, speak and vote for me/us at the General Meeting for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the Shares registered in my/our name(s), in accordance with the following instructions (see notes):

		Number of Shares		
		In favour of	Against	Abstain
1	Special Resolution Number 1 Approval of the PSG Group Restructuring			
2	Special Resolution Number 2 Approval of fees for Independent Board members			
3	Special Resolution Number 3 Approval of fees for Non-executive Board members			

Please indicate your voting instructions by inserting the number of Shares or a cross, should you wish to vote all of your Shares, in the spaces provided above.

Signed on this _____ day of _____ 2022

Signature(s)

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

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

Please read the notes on the reverse side hereof.

Notes:

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space(s) provided, with or without deleting "the chairman of the General Meeting". The person whose name appears first on the Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of Shares to be voted on behalf of that Shareholder in the appropriate box provided or by the insertion of a cross if all Shares should be voted on behalf of that Shareholder. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting, if he/she is the authorised proxy, to vote in favour of the resolutions at the General Meeting, or any other proxy to vote or to abstain from voting at the General Meeting as he/she deems fit, in respect of all the Shares concerned. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Shareholder or his/her proxy.
3. When there are joint registered holders of any Shares, any one of such persons may vote at the General Meeting in respect of such Shares as if he/she is solely entitled thereto, but, if more than one of such joint holders are present or represented at any General Meeting, that one of the said persons whose name stands first in the Register in respect of such Shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder, in whose name any Shares are registered, shall be deemed joint holders thereof.
4. Forms of Proxy must be completed and lodged at or posted to the Transfer Secretaries (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2132), or emailed to proxy@computershare.co.za so as to be received by the Transfer Secretaries by not later than 10:00 on Friday, 5 August 2022, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be emailed to the Transfer Secretaries (who will provide same to the chairman of the General Meeting), at any time before the appointed proxy exercises any Shareholder rights at the General Meeting.
5. Any alteration or correction made to this Form of Proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting.
7. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.



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FORM OF SURRENDER – FOR USE BY CERTIFICATED PSG GROUP SHAREHOLDERS ONLY

All terms defined in the Circular, to which this Form of Surrender is attached, shall bear the same meanings when used in this Form of Surrender.

This form should be read in conjunction with the Circular.

Instructions:

1. A separate Form of Surrender is required for each Certificated PSG Group Shareholder. Certificated PSG Group Shareholders must complete this Form of Surrender in **BLOCK CAPITALS**.
2. Part A must be completed by all Certificated PSG Group Shareholders who return this form which **relates to the surrender of Documents of Title**.
3. Part B must be completed by Certificated PSG Group Shareholders **who are emigrants from or non-residents of** the Common Monetary Area (see note 2).
4. Part C must be completed by all Certificated PSG Group Shareholders who wish to receive payment of the Scheme Consideration in a bank account other than that recorded with Computershare.

Please also read notes overleaf.

To: Computershare

Hand deliveries to:

Computershare Investor Services (Pty) Ltd

Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196

Postal deliveries to:

Computershare Investor Services (Pty) Ltd

Private Bag X3000, Saxonwold, 2132

Dear Sirs

PART A – SURRENDER OF DOCUMENTS OF TITLE

ALL CERTIFICATED PSG GROUP SHAREHOLDERS WHO RETURN THIS FORM MUST PLEASE COMPLETE PART A.

Certificated PSG Group Shareholders who wish to anticipate the PSG Group Scheme becoming Operative and expedite settlement of the Scheme Consideration, should complete Part A and return this form to Computershare together with their Document(s) of Title by no later 12:00 on the Scheme Consideration Record Date.

Should the PSG Group Scheme not become Operative, any Documents of Title surrendered to and held by Computershare will be returned to Certificated PSG Group Shareholders, at their own risk, by registered post to the address set out below or, if no address is provided below, to the Certificated PSG Group Shareholder's address recorded in the Register.

I/We hereby surrender the enclosed Documents of Title in respect of the Certificated PSG Group Shares held by me:

Surname or Name of corporate body

First names (in full)

Title

Identity number or registration number

Address in South Africa to which Documents of Title should be sent (if different from the address recorded in the Register) should the PSG Group Scheme not become Operative

Postal code

Country

Telephone number (home)

Telephone number (office)

Cellphone number

Email address

Share certificates and/or other Documents of Title surrendered

Share certificate number(s) and/or details of other Documents of Title	Number of PSG Group Shares represented by each share certificate and/or other Documents of Title

Signed at

on

2022

Duly authorised signature

Name and capacity of signatory

Signatory assisted by (if applicable)

Pursuant to the Financial Intelligence Centre Act, No 38 of 2001 (“**FICA**”), Computershare will only be able to record any change in address if the relevant FICA documentation as advised by Computershare is received from the PSG Group Shareholder. PSG Group Shareholders are required to contact Computershare directly on 086 1100 634 (or +27 11 370 5000) in order for Computershare to advise them of specific FICA documentation required.

PART B

1. **To be completed only by Certificated PSG Group Shareholders who are emigrants from the Common Monetary Area.**

The Scheme Consideration will be paid to the authorised dealer nominated below for its control, remission and credited to the emigrant’s blocked account, if applicable. Accordingly, a non-resident who is an emigrant must provide the following information:

Name and address of authorised dealer in South Africa or substitute instruction

Account number

Signature of authorised dealer

2. **To be completed only by all other non-resident Certificated PSG Group Shareholders who wish to provide a substitute instruction.**

The Scheme Consideration will be paid in SA Rand to the non-resident concerned to an account that accepts SA Rand payments, unless written instructions to the contrary are provided below:

Substitute instructions

3. **If Part B is not completed or incorrectly filled, the Scheme Consideration payable to emigrants and non-resident PSG Group Shareholders will be held in trust by PSG Group (or its agent, as appointed by PSG Group) for the benefit of the relevant PSG Group Shareholder in accordance with the provisions of the MOI of PSG Group subject to normal prescription periods. For the avoidance of doubt, no interest will accrue on any such funds held by PSG Group.**

PART C

To be completed in BLOCK LETTERS by Certificated PSG Group Shareholders whose banking details are not recorded with Computershare or who wish to receive payment of the Scheme Consideration and any cash payments in respect of fractional entitlements in a bank account other than that recorded with Computershare.

Name of account holder (no third-party accounts):	
Bank name:	
Account number:	
Sort Code:	
Signature of PSG Group Shareholder:	
Assisted by me (if applicable):	
(State full name and capacity):	
Date:	
Telephone: (Home) ()	Telephone: (Work) ()
Cellphone number:	

Pursuant to FICA, Computershare will only be able to record the bank details if the relevant FICA documentation as advised by Computershare is received from the PSG Group Shareholder. PSG Group Shareholders are required to contact Computershare directly on 086 1100 634 (or +27 11 370 5000) in order for Computershare to advise them of the specific FICA documentation required.

The above account must accept SA Rand payments.

