PSG GROUP LIMITED

REVIEWED RESULTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

HIGHLIGHTS

- **Sum-of-the-parts value of R102,39 per share as at 16 April 2021**

OVERVIEW

PSG Group Ltd ("PSG Group" or "PSG" or "the Company") is an investment holding company consisting of underlying investments that operate across a diverse range of industries, which include financial services, education, banking and food and related business, as well as early-stage investments in select growth sectors.

PSG's objective remains to create long-term wealth for its shareholders through capital appreciation, investment income or both, and accordingly the key benchmark used by PSG to measure performance is its *sum-of-the-parts ("SOTP") value* per share.

MAJOR CORPORATE ACTION

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

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

Potential corporate action

PSG Group shareholders are advised to take note of the announcement released on SENS on Tuesday, 20 April 2021 whereby the board of PSG Financial Services Ltd ("PSGFS") has resolved to make an offer to repurchase and delist all the JSE-listed cumulative, non-redeemable, non-participating preference shares in issue at a clean (i.e. excluding the accrued preference dividend) price of R81 per share, equating to a total cash consideration of R1,41bn, in terms of a scheme of arrangement. Subject to shareholder and regulatory approval, it is envisaged that the repurchase will be implemented in the next three months.

SOTP

The calculation of PSG's *SOTP value* requires limited subjectivity as more than 83% of the value is calculated using exchange-listed share prices, while other investments are included at internal valuations, of which more detail is available at *www.psggroup.co.za/sotp*. At 28 February 2021, the *SOTP value* per PSG share was R94,24, representing a decrease of 0,2% when compared to the R94,44 per share as at 29 February 2020 if the aforementioned unbundled Capitec shares are excluded from PSG's *SOTP value* at such date for comparative purposes. At 16 April 2021, the *SOTP value* per PSG share was R102,39.

Asset/(liability)	28 Feb 2019 Rm	29 Feb 2020 Rm	**28 Feb 2021 Rm**	**16 Apr 2021 Rm**	*Share of total*
PSG Konsult*	8 700	6 399	**7 282**	**7 995**	*35%*
Curro*	5 714	2 604	**3 588**	**4 051**	*17%*
Capitec*	46 351	46 130	**2 190**	**1 897**	*10%*
Zeder*	3 166	3 173	**1 983**	**2 327**	*9%*
PSG Alpha	4 712	3 618	**3 842**	**4 014**	*18%*
CA&S**	1 075	1 130	**1 126**	**1 069**	
Evergreen^	832	975	**869**	**869**	
Stadio*	1 277	662	**865**	**1 073**	
Energy Partners^	572	118	**305**	**305**	
Optimi^	447	305	**296**	**296**	
Other investments^	599	499	**446**	**470**	
<u>Less</u>: Minority shareholding held by PSG Alpha management	(90)	(71)	**(65)**	**(68)**	
Dipeo^					
Other net assets	1 702	879	**2 020**	**2 385**	*11%*
Cash^^	323	187	**1 646**	**1 886**	
Pref investments and loans receivable^^	1 297	542	**733**	**749**	
Other^^+	82	150	**(359)**	**(250)**	
Total assets	70 345	62 803	**20 905**	**22 669**	*100%*
Perpetual pref funding*	(1 367)	(1 463)	**(1 132)**	**(1 186)**	
Other debt^^	(1 020)	(1 020)			
Total SOTP value	67 958	60 320	**19 773**	**21 483**	
Shares in issue *(net of treasury shares)* (m)	218,2	218,2	**209,8**	**209,8**	
SOTP value per share (R)	311,45	276,43	**94,24**	**102,39**	
Share price (R)	259,78	186,60	**66,51**	**70,25**	

** Listed on the Johannesburg Stock Exchange ("JSE")   ** Listed on the Botswana Stock Exchange ("BSE")*
^ Internal valuation   ^^ Carrying value
+ The 28 Feb 2021 and 16 Apr 2021 balances include a capital gains tax provision in respect of the retained Capitec interest.
<u>Note</u>: PSG's live SOTP containing further information is available at www.psggroup.co.za

CHANGE IN INVESTMENT ENTITY STATUS AND EARNINGS

As reported in PSG's interim results announcement published on 15 October 2020, International Financial Reporting Standards ("IFRS") require that an entity reassess whether it is an Investment Entity if facts or circumstances indicate changes to one or more of the elements making up the definition of an Investment Entity or the typical characteristics of an Investment Entity.

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

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

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

PSG KONSULT (61,2%)

PSG Konsult is a financial services company focused on providing wealth management, asset management and insurance solutions to clients.

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

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

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

CURRO (60,0%)

Curro is the largest provider of private school education in southern Africa.

It reported a 24% decrease in *recurring headline earnings* per share for its year ended 31 December 2020.

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

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

CAPITEC (1,4%)

Capitec is a South African retail bank focused on delivering simplified and affordable banking solutions.

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

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

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

ZEDER (48,6%)

Zeder is an investor in the broad agribusiness industry.

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

Zeder is listed on the JSE and its comprehensive results are available at *www.zeder.co.za*. Shareholders are advised to take note of the cautionary announcement released by Zeder on SENS on 14 April 2021 regarding its strategic review.

PSG ALPHA (98,3%)

PSG Alpha serves as incubator to identify and help build the businesses of tomorrow. Its major investments as at 28 February 2021 included shareholdings in CA&S (FMCG distribution – 48,8%), Evergreen (developer and operator of retirement lifestyle villages – 50%), Stadio (private higher education – 43,2%), Energy Partners (manufacturer, owner and operator of energy assets – 57,2%) and Optimi (innovative and accessible education solutions to schools, tutors, parents and learners – 92,3%).

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

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

DIPEO (49%)

Dipeo, a BEE investment holding company, is 51%-owned by the Dipeo BEE Education Trust of which all beneficiaries are black individuals. The trust will use its share of any value created in Dipeo to fund black students' education.

Dipeo's most significant investments as at 28 February 2021 included shareholdings in Curro (3,6%), Stadio (3,3%), Kaap Agri (20%) and Energy Partners (16,6%). A portion of the investment in Energy Partners remains subject to a BEE lock-in period.

During the financial year ended 28 February 2019, Dipeo's *SOTP value* turned negative (i.e. liabilities exceeded assets) following a decline in the value of its listed investments, with a resultant negative impact on PSG's *SOTP value* through reducing its investment in Dipeo to zero and impairing PSG's pref investment in Dipeo to the extent required. During the year under review, PSG recognised an impairment reversal of R126m following mainly an increase in Kaap Agri's JSE-listed share price, with the accumulated impairment amounting to R781m as at 28 February 2021.

PROSPECTS

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

DIVIDEND

Following the aforementioned unbundling of Capitec, PSG's policy is to pay *ad hoc* dividends as and when circumstances allow. The directors have resolved to not declare an *ad hoc* final gross dividend for the year ended 28 February 2021.

On behalf of the board

KK Combi *Chairman*	**Piet Mouton** *Chief Executive Officer*	**Wynand Greeff** *Chief Financial Officer*

Stellenbosch
19 April 2021

PSG GROUP LTD: Registration number: 1970/008484/06;
JSE share code: PSG; ISIN code: ZAE000013017; LEI code: 378900CD0BEE79F35A34

DIRECTORS: ZL Combi (Chairman)^, PE Burton^^, FJ Gouws**, WL Greeff (CFO)*, AM Hlobo^, JA Holtzhausen*, B Mathews^, JJ Mouton**, PJ Mouton (CEO)*, CA Otto^
* *Executive* ** *Non-executive* ^ *Independent non-executive* ^^ *Lead independent*

COMPANY SECRETARY AND REGISTERED OFFICE: PSG Corporate Services (Pty) Ltd, First Floor Ou Kollege Building, 35 Kerk Street, Stellenbosch, 7600; PO Box 7403, Stellenbosch, 7599

TRANSFER SECRETARY: Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196; Private Bag X9000, Saxonwold, 2132

SPONSOR: PSG Capital (Pty) Ltd

INDEPENDENT JOINT SPONSOR: UBS South Africa (Pty) Ltd

AUDITOR: PricewaterhouseCoopers Inc

DATE OF ANNOUNCEMENT: 20 April 2021

INTRODUCTION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of presentation and accounting policies

These condensed consolidated financial statements are prepared in accordance with the requirements of the Companies Act of South Africa and the JSE Listings Requirements for preliminary reports. The JSE Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the preparation of these condensed consolidated financial statements are in terms of IFRS; however, the accounting policies applied are materially different from those previously applied as detailed below.

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

Application of the Investment Entity exception in terms of IFRS 10 Consolidated Financial Statements

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 unbundled an effective 30,5m shares (or 26,4% of the 30,7% interest held) in Capitec ("Capitec Unbundling"), thereby retaining a 4,3% shareholding for liquidity purposes and to bolster PSG Group's balance sheet. Such unbundling unlocked significant value for PSG Group ordinary shareholders.
- PSG Group disposed of 3,3m Capitec shares (or 2,9% of the 4,3% Capitec interest retained) for R3,5bn cash.

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

Accounting treatment for an Investment Entity

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

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

INTRODUCTION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Discontinued operations

Pioneer Foods Disposal

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

Capitec Unbundling

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

Preparation

These condensed consolidated financial statements were compiled under the supervision of the group chief financial officer, Mr WL Greeff, CA (SA), and were reviewed by PSG Group's external auditor, PricewaterhouseCoopers Inc, with a copy of their unmodified review conclusion attached hereto.

Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditor.

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

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

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

CONDENSED CONSOLIDATED INCOME STATEMENT

	Reviewed 2021 Rm	Audited 2020 [1] Own balances Rm	Audited 2020 [1] Client-related balances Rm	Audited 2020 [1] Total Rm
CONTINUING OPERATIONS				
Fair value losses on investments at FVTPL (note 1.1)	**(962)**			–
Investment income (note 1.1)	**2 054**	427	1 964	2 391
Revenue from sale of goods		13 502		13 502
Cost of goods sold		(11 339)		(11 339)
Gross profit from sale of goods	**–**	2 163	–	2 163
Revenue earned from commission, school, net insurance and other fee income [2]	**80**	10 936	(75)	10 861
Other income				
Gain upon deemed disposal and reacquisition of subsidiaries at fair value (note 1.1)	**3 945**			–
Changes in fair value of biological assets		225		225
Fair value (losses)/gains	**(6)**	3	(125)	(122)
Fair value adjustment to investment contract liabilities			(507)	(507)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds			(1 270)	(1 270)
Other operating income		314		314
	3 939	542	(1 902)	(1 360)
Expenses				
Insurance claims and loss adjustments, net of recoveries		(663)		(663)
Reversal of previously recognised impairment loss on debt securities (note 1.3)	**126**			–
Impairment loss on loans and advances	**(33)**			–
Marketing, administration, impairment losses and other expenses [2]	**(128)**	(11 576)	47	(11 529)
	(35)	(12 239)	47	(12 192)
Net income from associates and joint ventures				
Share of profits of associates and joint ventures		648		648
Loss on impairment of associates		(323)		(323)
Profit on sale/dilution of interest in associates (note 1.2)	**5 158**	130		130
	5 158	455	–	455
Profit before finance costs and taxation	**10 234**	2 284	34	2 318
Finance costs	**(138)**	(889)		(889)
Profit before taxation	**10 096**	1 395	34	1 429
Taxation [3]	**(1 083)**	(491)	(34)	(525)
Profit for the year from continuing operations	**9 013**	904	–	904
DISCONTINUED OPERATIONS				
Profit for the year from discontinued operations	**21 088**	2 454	–	2 454
Gain upon unbundling of Capitec interest at fair value (note 1.2)	**21 099**			–
Capitec Unbundling transaction costs	**(11)**			–
Share of profit of associate		1 923		1 923
Reversal of impairment of associate		617		617
Loss on dilution of interest in associate		(86)		(86)
Profit for the year	**30 101**	3 358	–	3 358
Attributable to:				
Owners of the parent	**29 994**	2 462		
Continuing operations	**8 906**	453		
Discontinued operations	**21 088**	2 009		
Non-controlling interests	**107**	896		
	30 101	3 358		

1) Re-presented for the discontinued operations as detailed in the introduction to these condensed consolidated financial statements, as well as the reclassification detailed in note 8.

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

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

[1] *Re-presented for the discontinued operations as detailed in the introduction to these condensed consolidated financial statements.*
[2] *Cash outflow during the year related mainly to PSG Group share repurchases as detailed in the condensed consolidated statement of changes in equity.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

[1] *The investments in Capitec, PSG Konsult, Curro 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 Pioneer Foods Disposal.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

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

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

1.3 Debt securities

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

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

1) *Preference share dividends are accounted for at the contractual rate of Prime plus 2% on the balance net of impairment losses (i.e. stage 2 under-performing financial asset).*

2) *The carrying value of the debt securities is supported by Dipeo's investment in JSE-listed Curro (3,6%), Stadio (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 (i.e. lifetime expected credit losses have been provided for).*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

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

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

4. Capital commitments and contingencies

PSG Group, as an Investment Entity, has no material capital commitments or contingencies.

5. Events subsequent to the reporting date

No material event has occurred between the reporting date and the date of approval of these condensed consolidated financial statements, except for the group having disposed of a further 282 071 Capitec shares for R399m cash proceeds.

PSG Group shareholders are advised to take note of the announcement released on SENS on Tuesday, 20 April 2021 whereby the board of PSGFS has resolved to make an offer to repurchase and delist all the JSE-listed cumulative, non-redeemable, non-participating preference shares in issue at a clean (i.e. excluding the accrued preference dividend) price of R81 per share, equating to a total cash consideration of R1,41bn, in terms of a scheme of arrangement. Subject to shareholder and regulatory approval, it is envisaged that the repurchase will be implemented in the next three months.

6. Financial instruments

6.1 Financial risk factors

PSG Group's activities as an Investment Entity expose it mainly to i) price risk in respect of its investments at FVTPL and ii) credit risk in respect of its debt securities and cash and cash equivalents.

Risk management continues to be carried out by each investee of PSG Group under policies approved by the respective boards of directors. In light of the change in status to that of an Investment Entity, PSG Group's comparative financial risk disclosures have not been provided as it does not provide any information relevant to an understanding of PSG Group's financial risks during the year under review or as at the reporting date.

6.2 Price risk

The information below analyses financial assets and liabilities, which are carried at fair value, by level of hierarchy as required by IFRS 13. The different levels in the hierarchy are defined below:

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

Level 2: input other than quoted prices included within level 1 that is observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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

6. Financial instruments *(continued)*

6.2 Price risk *(continued)*

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

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

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

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

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

6.3 Credit risk

Debt securities

Debt securities as at 28 February 2021 relate to PSG Group's investment in Dipeo preference shares, as detailed in note 1.3. Dipeo has no external borrowings or funding obligations apart from the preference shares held by PSG Group (also being a 49% ordinary shareholder in Dipeo) and the Dipeo BEE Education Trust (being the remaining 51% shareholder in Dipeo). However, PSG Group holds approximately 94% of Dipeo's total preference share exposure.

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

Cash and cash equivalents

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

7. Segment report

The group has seven reportable segments, namely PSG Konsult, Curro, Capitec, Zeder, PSG Alpha, Dipeo and PSG Corporate. Apart from PSG Corporate, these segments represent the major investments of the group. The products and services offered by the respective segments are detailed in the commentary section to this announcement. All segments operate predominantly in South Africa. However, the group has exposure to operations outside of South Africa through, inter alia, Curro, PSG Alpha's investment in CA&S and through Zeder's investments in The Logistics Group, Capespan, Zaad and Agrivision Africa.

SOTP value remains a key tool used to measure PSG Group's performance pursuant to its objective of shareholder value creation through, inter alia, capital appreciation. In determining *SOTP value*, listed assets and liabilities are valued using quoted market prices, whereas unlisted assets and liabilities are valued internally using appropriate valuation methods. These values in the prior year will not necessarily correspond with the values per the condensed 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:

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

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

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

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

7. Segment report *(continued)*

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

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

8. Reclassification of prior year reported amounts

PSG Konsult reported a reclassification of prior year amounts owing to client-related balances. Such reclassification had no impact on previously reported profitability, cash flows, assets, liabilities or equity; however, it had the following impact on the condensed 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
	–	–	–

ANNEXURE A: *SOTP VALUE*

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

[1] *Secondary listings on the Namibian Stock Exchange ("NSE") and Mauritian Stock Exchange ("MSE").*
[2] *Secondary listing on the 4AX Exchange.*
[3] *PSG Alpha management holds ±1,7% (2020: ±1,9%) in PSG Alpha.*
[4] *The 28 Feb 2021 balance includes a capital gains tax provision (i.e. deferred income tax liability) in respect of the retained Capitec interest.*
[5] *Redeemed in full during the year under review.*

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of PSG Group Limited

We have reviewed the condensed consolidated financial statements of PSG Group Limited, set out on pages 5 to 21 of the preliminary report, which comprise the condensed consolidated statement of financial position as at 28 February 2021 and the related condensed consolidated income statement and statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in the basis of presentation and accounting policies to the financial statements, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of PSG Group Limited for the year ended 28 February 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in the basis of presentation and accounting policies to the financial statements, and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: B Deegan
Registered Auditor
Cape Town
19 April 2021

www.psggroup.co.za