

PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021



PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (PROVISIONAL REPORT)

for the year ended 31 March 2021

INTRODUCTION

Shareholders are advised that the Company's Integrated Annual Report for the year ended 31 March 2021, including its Audited Consolidated Annual Financial Statements (2021 AFS) and notice of Annual General Meeting (AGM notice) will be published on or before Monday, 5 July 2021.

The AGM notice together with a summary of the 2021 AFS will be dispatched to shareholders on or before Monday, 5 July 2021.

AUDIT OPINION

This provisional report is not itself audited but is extracted from the 2021 AFS, which were audited by BDO South Africa Inc, who expressed an unmodified audit opinion and highlighted certain key audit matters in their report. A copy of the auditor's report is available at the following link:

<https://www.pbtgroup.co.za/investor-relations/#financial>

The directors take full responsibility for the preparation of this provisional report and confirm that the financial information herein has been correctly extracted from the underlying audited annual financial statements.

BUSINESS ACTIVITIES AND GROUP RESULTS

As a Group we are humbled by the success over the past financial year, amidst challenging circumstances. Despite the COVID-19 pandemic, the resilience of our business development teams, professionalism of our consultants and exceptional work ethic of our support staff resulted in a very pleasing set of results.

A highlight during the past financial year was the achievement of a Level 1 B-BBEE rating for both PBT Group as well as CyberPro (56%-held subsidiary). This positions us well in terms of the transformation goals we have set for the Company, with a view on growth, diversity and sustainability.

Our focus is now on becoming a majority black-owned company, which we believe will give us a further competitive advantage in the market.

Financial results highlights

Revenue increased by 17% to **R789.0 million** (2020: R672.5 million).

EBITDA increased by 35% to **R98.3 million** (2020: R72.8 million).

Profit after taxation for the period increased by 42% to **R65.3 million** (2020: R46.0 million).

Cash generated from operations decreased by 10% to **R92.1 million** (2020: R102.1 million).

Headline earnings increased by 49% to **R44.3 million** (2020: R29.7 million).

Normalised headline earnings increased by 47% to **R45.3 million** (2020: R30.9 million).

Earnings per share increased by 66% to **50.57 cents** per share (2020: 30.65 cents per share).

Headline earnings per share increased by 64% to **50.59 cents** per share (2020: 30.79 cents per share).

Normalised headline earnings per share* increased by 58% to **45.62 cents** per share (2020: 28.92 cents per share).

* Normalised headline earnings per share is calculated as follows:

- The numerator, being the headline earnings attributable to ordinary shareholders, is adjusted by including the preference dividend earned on the preference share investment in Spalding Investment 10 Proprietary Limited (Spalding) and eliminated on consolidation (refer to the explanation below in "Share-based payment transactions").
- The denominator, being the weighted average number of ordinary shares, is adjusted to include the weighted treasury shares held by Spalding.

PBT Group's financial performance was driven by:

- Organic revenue growth due to continued demand for PBT Group's services.
- PBT Group operating expenses being contained, resulting in profit margin expansion.
- PBT Group continuing to convert a large portion of its earnings to cash.

PBT Group, for the first time, is reporting a normalised earnings figure. This figure reverses the accounting effect of IFRS 2 Share-based Payments. The Board of Directors is of the view that this is a more accurate reflection of after-tax earnings per share.

Share-based payment transactions

During 2021 PBT Group funded Spalding Investments 10 Proprietary Limited (Spalding), a B-BBEE and staff-owned company, by subscribing for preference shares to the value of R10.9 million in Spalding. As the only surety for this investment in preference shares is the underlying shares in PBT Group, this investment has been treated as treasury shares for accounting purposes instead of an investment. The preference dividend received by PBT Group has also been eliminated from the separate and consolidated statement of profit or loss and other comprehensive income.

On 1 July 2020 CyberPro entered into a B-BBEE transaction with a company called Ayson Proprietary Limited (Ayson). A preference share investment of R4.5 million was made for the purpose of purchasing a minority share in CyberPro. The surety for the repayment of these preference shares is the underlying CyberPro shares with no other recourse. It is therefore treated as a share-based payment transaction under IFRS 2 Share-based Payments and recognised as an adjustment to non-controlling interest.

Refer to note 9 Share-based payments for more details on the transactions above.

Purchase of further interest in CyberPro Consulting Proprietary Limited

PBT Group initially acquired 51% of CyberPro in 2012. Since then, CyberPro has grown exponentially and has become a material part of PBT Group. The Board was presented with an opportunity to increase its shareholding in CyberPro and performed a comprehensive analysis to determine whether the acquisition would be aligned with the interest of all stakeholders. Careful considerations were made and it was determined that the additional investment would be earnings accretive to PBT Group, that the price was reasonable and that the investment would not introduce any business integration risk to the Group. Furthermore, the original founders and key management of CyberPro would retain a significant 44% shareholding and are therefore committed to seeing the business continue to prosper. As a result, on 1 December 2020, PBT Group increased its shareholding in CyberPro from 51% to 56% for a total cash consideration of R11.5 million. The investment was funded from PBT Group's internal cash resources.

The Board of Directors believes that by implementing this transaction PBT Group has allocated capital at a high rate of return without introducing material additional risk to the Group.

Zuuse Limited

As at 31 March 2021 PBT Group, through its wholly owned subsidiary PBT Group International Besloten Vennootschap, owns 9 566 667 shares (5.86%) of Zuuse Limited (Zuuse). Zuuse is a leading global provider of construction payment management Software as a Service (SaaS) solutions to the global construction and building operations sector. Furthermore, it provides facilities management solutions and asset life cycle management solutions.

A transaction-based method has been used to value PBT Group's investment in Zuuse. The valuation was based on a referenced price of AUD1.00 per Zuuse share. A 10% profit share fee, which is payable on realisation to the promoters of PBT Group's investment in Zuuse, is also provided for in the valuation. Refer to note 5 Investments at Fair value and note 14 Fair value information for more information.

PBT Group considers its investment in Zuuse as non-core to its operations and not held for trading. The investment is therefore designated as at fair value through other comprehensive income.

For more information on Zuuse please visit www.zuuse.com.

Specific repurchase and general repurchase

During the financial year 988 545 shares were repurchased in accordance with the general authority to repurchase shares. In addition, 2 200 000 shares were repurchased in accordance with a specific authority granted at the Annual General Meeting held on 21 August 2020. All repurchased shares were subsequently cancelled and delisted. The average price per share repurchased under general authority was R1.84, whilst the average per share repurchased under specific authority was R2.60.

Going concern

PBT Group evaluated its business operations as at 31 March 2021 and also prepared cash flow forecasts for the next five years. These cash flow forecasts have been prepared based on historic financial performance and growth expectations for PBT Group and the South African economy. The cash flow forecasts included adjustments for the potential impact of COVID-19 on the business. The Group has a high tangible net asset value and has generated a significant profit for the 2021 financial year. PBT Group's highly skilled consultants were able to continue providing services remotely throughout the various stages of lockdown. Cash flow in the Group remains strong, mainly due to the Group's ability to collect timeous payments from its high-quality clients. All indications are that the business can continue as a going concern for the foreseeable future.

PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

REVIEW OF OPERATIONS

Upon reflection of the past financial period, the performance of PBT Group remains positive, despite the ongoing COVID-19 pandemic and the constant threat of its potential impact on the business. Our ability to adjust and realign in order to accommodate our clients, made this a fulfilling year, as our business development strategies survived a very difficult period. As most organisations have taken a downward spiral in profit, PBT Group recovered in a way that did not just equal the previous year's performance, but in certain business units exceeded expectations.

Client relationships, innovation and keeping to the basics of the PBT Group core competencies have enabled us to get through difficult times and to position ourselves for the demand awaiting the data industry. The quest for businesses to speed up their digitalisation strategies has increased the demand for data to the extent that it cannot only be serviced by the constant increase of the number of people allocated to projects and solutions. Technology by itself will not be the answer to the problem, but it is the execution approach supported by the enabling technology, that will allow for acceleration.

In previous reports we stated that we are working with key clients to build accelerators to address this conundrum. We do not refer to these accelerators as products, as it is merely a facility to accelerate client data solutions and projects, supplemented by PBT Group's core competencies of data specialisation and practices. Within our Innovation Centre new techniques and delivery methods are constantly being tested and deployed via our consultant and client base. Using data vault modelling is just an example, also underpinned by an agile approach to analysis, modelling, data engineering and implementation. These accelerators have matured substantially over the last 12 months, to the extent that it can soon be demonstrated and offered to a broader client base.

Whilst the accelerators were initially only focused on enablement for Microsoft Azure (Azure), Amazon Web Services (AWS) and Google Cloud Platform (GCP), it is also being extended to other cloud offerings entering the market. A further enhancement in progress is the ability to configure these accelerators to facilitate the integration with complementary software, deemed to be very popular in the market, such as Snowflake, Informatica and existing cloud utilities available in Azure, AWS and GCP. The accelerators are complementary to our existing professional services offering and will be applicable and available in all regional segments of the business, including South Africa, Europe, United Kingdom, Ireland and Australia. Training, which is well established within our organisation and remains a key focus

to support this enablement, is often extended to key clients. Strategic value-add, combined with constantly finding ways of improving data solutions and implementations – taking cost efficiency into consideration – remains the PBT Group motto.

As organisations continue with large-scale initiatives to migrate to the cloud, it is reconfirmed that PBT Group's core competency, data engineering, remains a key enabler for most data projects and solutions. Whether in cloud or on premise, the three components of most big data architectures remain to be the data lake, where most raw data resides, the traditional data warehouse (dimensional or third normal form) and the operational data store. Therefore, data must still be prepared and moved to be made available within any of these three main structures. Extract, transform and load, the essence of data engineering, will remain a demand in our industry for the foreseeable future. PBT Group is well positioned in all functional areas of this niche space to service the ever-demanding market.

PBT Group's ability to overcome South Africa's challenging economic environment during the past financial year exceeded our expectations, and the pipeline for the next financial year is looking solid and sound. The European region had a slow recovery as the third wave of the pandemic was much more severe than expected. However, the last quarter has shown very promising indications of an upward trend. Another positive aspect for our organisation is the fact that we were able to grow our client base during the financial period reported on, not only in South Africa, but also in Europe and Australia. We believe that we are well positioned for another prosperous year ahead.

GOVERNANCE

PBT Group remains committed to sound corporate governance principles, including integrity, transparency and accountability, and subscribes to the Code of Corporate Practices and Conduct as set out in King IV.

DISTRIBUTIONS

On Wednesday, 23 June 2021 the Board of Directors resolved to declare a final distribution of 22 cents per PBT Group ordinary share for the period ended 31 March 2021. The total distribution will equate to R21.8 million. Each shareholder will be able to elect to receive the distribution as either a dividend as defined by the Income Tax Act, Act 58 of 1962, or as a capital reduction distribution. If no election is made, the default option will be that a dividend will be paid to such shareholders. An Election Form (for use by certificated shareholders) included with the Notice of Annual General Meeting of PBT Group, which together with the Directors' Report, containing details of the distribution, will be distributed to shareholders on Monday, 5 July 2021.

The implications of the elections above are as follows:

- A gross dividend of 22 cents per PBT Group ordinary share from income reserves will be subject to dividend withholding tax at a rate of 20%. Consequently, a net final dividend of 17.6 cents per share will be distributed to those shareholders who are not exempt from paying dividend tax. In terms of dividend tax legislation, the dividend tax amount due will be withheld and paid over to the South African Revenue Service by a nominee company, stockbroker or Central Securities Depository Participant (CSDP) (collectively “regulated intermediary”) on behalf of the shareholders. However, all shareholders choosing this option should declare their status to their regulated intermediary, as they may qualify for a reduced dividend tax rate or exemption.
- A capital reduction distribution of 22 cents per PBT Group ordinary share is not subject to dividend withholding tax as the distribution is paid out of capital reserves. As the distribution will be regarded as a return of capital and may therefore have potential capital gains tax consequences, shareholders are advised to consult their tax advisers regarding the impact of the distribution.

As at the date of declaration of this distribution there were 99 100 000 PBT ordinary shares in issue. The Company’s income tax reference number is 9725148713.

In compliance with the Companies Act the Directors confirm and have resolved that the Company will satisfy the solvency and liquidity test immediately after the payment of the distribution.

In accordance with the provisions of Strate Proprietary Limited, the electronic settlement and custody system used by the JSE Limited, the relevant dates for the distribution are as follows:

Election period opens	Friday, 16 July 2021
Last day to trade “cum distribution”	Tuesday, 3 August 2021
First trading day “ex distribution”	Wednesday, 4 August 2021
Record date	Friday, 6 August 2021
Dividend/election period closes by 12:00 on	Friday, 6 August 2021
Payment date	Tuesday, 10 August 2021

No share certificates may be dematerialised or rematerialised between Wednesday, 4 August 2021 and Friday, 6 August 2021, both days inclusive. Only the shareholders recorded in the Company’s share register as at record date are entitled to receive the distribution declared.

Payments for certificated shareholders will be transferred electronically to their bank accounts on the payment date. Shareholders who hold dematerialised shares will have their accounts at their CSDP or stockbroker credited on Tuesday, 10 August 2021.

ACKNOWLEDGEMENTS

We would like to extend our heartfelt gratitude to our clients for their continuing support, our dedicated employees for their commitment and our Board of Directors for their valuable input and direction during the 2021 financial year.



Tony Taylor
Chairman



Elizna Read
Chief Executive officer

PROVISIONAL SUMMARISED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2021

Rand	Notes	GROUP	
		2021	2020
ASSETS			
Non-current assets			
Plant and equipment		2 936 399	3 224 012
Right-of-use assets		16 748 620	18 145 257
Goodwill	2	135 668 135	135 666 420
Intangible assets		247 950	214 470
Loans receivable	4	7 495 723	6 772 850
Investments at fair value	5	93 532 292	44 774 653
Deferred tax		3 726 600	2 518 870
		260 355 719	211 316 532
Current assets			
Loans receivable	4	1 751 000	1 354 994
Trade and other receivables		115 888 024	102 908 261
Current tax receivable		99 417	753 287
Cash and cash equivalents		62 437 668	66 799 706
		180 176 109	171 816 248
Total assets		440 531 828	383 132 780
EQUITY AND LIABILITIES			
Equity			
<i>Equity attributable to equity holders of parent</i>			
Share capital	6	498 402 315	503 830 445
Treasury shares	7	(27 355 000)	(20 110 716)
Capital distribution reserve	8	(516 922 283)	(507 891 687)
Share-based payment reserve	9	835 210	295 723
Foreign currency translation reserve		8 747 463	12 767 031
Equity revaluation reserve		65 449 199	13 578 185
Retained income/(Accumulated loss)		294 731 602	276 024 222
		323 888 506	278 493 203
Non-controlling interest	3	14 188 404	19 394 722
Total equity		338 076 910	297 887 925
LIABILITIES			
Non-current liabilities			
Borrowings	10	805 048	–
Lease liabilities		12 755 709	14 201 166
Deferred tax		218 553	149 851
		13 779 310	14 351 017
Current liabilities			
Trade and other payables		69 594 793	62 295 591
Borrowings	10	9 000 000	–
Lease liabilities		6 045 366	5 346 423
Current tax payable		3 871 476	3 158 737
Bank overdraft		163 973	93 087
		88 675 608	70 893 838
Total liabilities		102 454 918	85 244 855
Total equity and liabilities		440 531 828	383 132 780

PROVISIONAL SUMMARISED AUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2021

Rand	Notes	GROUP	
		2021	2020
Revenue	11	788 957 456	672 504 313
Cost of sales		(597 067 232)	(505 203 208)
Gross profit		191 890 224	167 301 105
Other operating income		3 232 954	1 134 341
Other operating (losses)/gains		(24 630)	159 593
Movement in credit loss allowances		(762 422)	(1 015 921)
Foreign exchange gains/(losses)		765 940	(289 398)
Other operating expenses		(96 802 918)	(94 480 942)
Earnings before interest, taxation, depreciation and amortisation		98 299 148	72 808 778
Depreciation: Plant and equipment		(1 382 237)	(1 741 233)
Depreciation: Right-of-use assets		(6 439 193)	(5 592 270)
Amortisation: Intangible assets		(85 431)	(369 269)
Operating profit		90 392 287	65 106 006
Investment income		2 168 155	2 868 442
Finance costs: Borrowings		(491 949)	–
Finance costs: Lease liabilities		(1 740 027)	(1 941 618)
Finance costs		(121 805)	(43 801)
Profit before taxation		90 206 661	65 989 029
Taxation		(24 939 067)	(19 984 988)
Profit for the year		65 267 594	46 004 041
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on valuation of investments in equity instruments		51 871 014	13 107 822
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		(4 019 568)	7 787 141
Other comprehensive income for the year net of taxation		47 851 446	20 894 963
Total comprehensive income for the year		113 119 040	66 899 004
Profit attributable to:			
Owners of the parent		44 249 835	29 608 521
Non-controlling interest		21 017 759	16 395 520
		65 267 594	46 004 041
Total comprehensive income attributable to:			
Owners of the parent		92 101 281	50 503 484
Non-controlling interest		21 017 759	16 395 520
		113 119 040	66 899 004
Earnings per share (cents)			
Basic earnings per share	18	50.57	30.65
Diluted basic earnings per share	18	47.78	30.65

The presentation of the statement of profit or loss and other comprehensive income has been improved in the current year in order to disaggregate certain line items that management believes will provide the users of the financial statements with a more simplified understanding of the financial performance of the Group.

PROVISIONAL SUMMARISED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2021

Rand	Share capital	Treasury shares	Capital distribution reserve	Share-based payment reserve
GROUP				
Balance at 1 April 2019	3 490 921	–	–	32 147
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Share-based payment	–	–	–	263 576
Shares repurchased	(2 499 907)	–	–	–
Capital distribution	–	–	(11 731 761)	–
Reallocation of capital distributions	496 159 926	–	(496 159 926)	–
Treasury shares purchased	–	(1 855 151)	–	–
Shares repurchased – tender offer	(11 576 060)	–	–	–
Reallocation to treasury shares	18 255 565	(18 255 565)	–	–
Purchase of additional shares in subsidiary	–	–	–	–
Dividends	–	–	–	–
Total contributions by and distributions to owners of Group recognised directly in equity	500 339 524	(20 110 716)	(507 891 687)	263 576
Balance at 1 April 2020	503 830 445	(20 110 716)	(507 891 687)	295 723
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Share-based payment	–	–	–	539 487
Specific repurchase from subsidiary	(3 610 716)	3 610 716	–	–
Purchase of additional shares in subsidiary	–	–	–	–
Shares repurchased	(1 817 414)	–	–	–
Changes in ownership – without loss of control	–	–	–	–
Share-based payment shares included as treasury shares	–	(10 855 000)	–	–
Share-based payment advance in subsidiary	–	–	–	–
Distributions	–	–	(9 030 596)	–
Total contributions by and distributions to owners of Group recognised directly in equity	(5 428 130)	(7 244 284)	(9 030 596)	539 487
Balance at 31 March 2021	498 402 315	(27 355 000)	(516 922 283)	835 210
Notes	6	7	8	9

Foreign currency translation reserve	Equity revaluation reserve	Total reserves	Retained income	Total attributable to equity holders of the Group	Non- controlling interest	Total equity
4 979 890	470 363	5 482 400	247 810 902	256 784 223	13 854 001	270 638 224
–	–	–	29 608 521	29 608 521	16 395 520	46 004 041
7 787 141	13 107 822	20 894 963	–	20 894 963	–	20 894 963
7 787 141	13 107 822	20 894 963	29 608 521	50 503 484	16 395 520	66 899 004
–	–	263 576	–	263 576	–	263 576
–	–	–	–	(2 499 907)	–	(2 499 907)
–	–	(11 731 761)	–	(11 731 761)	–	(11 731 761)
–	–	(496 159 926)	–	–	–	–
–	–	(1 855 151)	–	(1 855 151)	–	(1 855 151)
–	–	–	–	(11 576 060)	–	(11 576 060)
–	–	(18 255 565)	–	–	–	–
–	–	–	(1 395 201)	(1 395 201)	1 395 201	–
–	–	–	–	–	(12 250 000)	(12 250 000)
–	–	(527 738 827)	(1 395 201)	(28 794 504)	(10 854 799)	(39 649 303)
12 767 031	13 578 185	(501 361 464)	276 024 222	278 493 203	19 394 722	297 887 925
–	–	–	44 249 835	44 249 835	21 017 759	65 267 594
(4 019 568)	51 871 014	47 851 446	–	47 851 446	–	47 851 446
(4 019 568)	51 871 014	47 851 446	44 249 835	92 101 281	21 017 759	113 119 040
–	–	539 487	–	539 487	–	539 487
–	–	3 610 716	–	–	–	–
–	–	–	(9 068 488)	(9 068 488)	(2 431 512)	(11 500 000)
–	–	–	–	(1 817 414)	–	(1 817 414)
–	–	–	254 335	254 335	(131 588)	122 747
–	–	(10 855 000)	–	(10 855 000)	–	(10 855 000)
–	–	–	–	–	(4 500 000)	(4 500 000)
–	–	(9 030 596)	(16 728 302)	(25 758 898)	(19 160 977)	(44 919 875)
–	–	(15 735 393)	(25 542 455)	(46 705 978)	(26 224 077)	(72 930 055)
8 747 463	65 449 199	(469 245 411)	294 731 602	323 888 506	14 188 404	338 076 910

PROVISIONAL SUMMARISED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2021

Rand	Notes	GROUP	
		2021	2020
Cash flows from operating activities			
Cash generated from operations	12	92 091 421	102 136 030
Interest income		1 820 328	2 360 028
Finance costs		(2 351 226)	(1 982 703)
Tax (paid)/refunded		(24 717 545)	(20 882 659)
Net cash from operating activities		66 842 978	81 630 696
Cash flows from investing activities			
Purchase of plant and equipment		(1 134 096)	(894 904)
Sale of plant and equipment		–	1 771
Purchase of other intangible assets		–	(339 491)
Purchase of investments at fair value		–	(10 000 000)
Sale of investments at fair value		–	10 345 398
Proceeds from loans receivable		1 232 634	1 102 500
Advances of loans receivable		(1 920 000)	(2 262 039)
Acquisition of subsidiary, net of cash acquired		122 999	–
Net cash from investing activities		(1 698 463)	(2 046 765)
Cash flows from financing activities			
Share repurchased	6	(1 817 414)	(4 355 058)
Capital distribution		(9 030 597)	(11 731 761)
Dividends paid		(16 728 302)	–
Dividend paid to non-controlling interests		(18 358 484)	(12 250 000)
Shares repurchased – tender offer		–	(11 576 060)
Share-based payment advance – Spalding Investments 10 Proprietary Limited	9	(10 855 000)	–
Share-based payment advance – Ayson Proprietary Limited	9	(4 500 000)	–
Payment on lease liabilities		(5 775 539)	(4 453 751)
Proceeds from borrowings	10	15 000 000	–
Repayment of borrowings	10	(6 000 000)	–
Acquisition of additional shares in existing subsidiary		(11 500 000)	–
Net cash from financing activities		(69 565 335)	(44 366 630)
Total cash movement for the year		(4 420 820)	35 217 301
Cash at the beginning of the year		66 706 620	31 473 180
Effect of exchange rate movement on cash balances		(12 105)	16 138
Total cash at the end of the year		62 273 695	66 706 619

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021

1. STATEMENT OF COMPLIANCE

1.1 Basis of preparation

The provisional summarised consolidated annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these provisional summarised consolidated annual financial statements and the Companies Act, Act 71 of 2008 of South Africa, as amended and contains the information as required by IAS 34 Interim Financial Reporting.

These provisional summarised consolidated annual financial statements comply with the requirements of 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 JSE Listings Requirements.

The provisional summarised consolidated annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the Group's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of the provisional summarised consolidated annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Preference share investment in Spalding Investments 10 Proprietary Limited and Ayson Proprietary Limited – B-BBEE and staff companies

The accounting of the preference share investment in Spalding Investments 10 Proprietary Limited, taking into account the terms of the shareholders' agreement and the preference share agreement, required judgement

and resulted in a conclusion that the transaction value is treated as the grant of an option and should be presented as treasury shares. A similar judgement was required for the preference share investment by CyberPro Consulting Proprietary Limited in Ayson Proprietary Limited. Refer to note 9 Share-based payments.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

This historical credit loss rates for trade receivables and loans receivable have been very low. Management has made the judgement taking into account forward-looking indicators.

Fair value estimation

Investments of the Group are either measured at fair value or disclosure is made of their fair values.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the fair value hierarchy):

- Level 1: Quoted prices in active markets for identical items (unadjusted).
- Level 2: Observable direct or indirect inputs other than Level 1 inputs.
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

There is great uncertainty about the valuation of the investment in Zuuse Limited. PBT has a minority interest and Zuuse Limited is not listed. A transaction-based valuation method is used to value PBT Group's investment in Zuuse Limited. Judgement was also required in changing the valuation method for Zuuse from an earnings-multiple method to a transaction-based method. There is still great uncertainty over the actual fair value as the market transactions are not frequent and the entity is unlisted.

Observable market data is used as inputs to the extent that it is available.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 5 Investments at fair value and note 14 Fair value information.

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

Impairment testing – goodwill

The recoverable amount of the cash-generating units has been determined based on a value-in-use calculation. Key assumptions are applied to determine the recoverable amount of the cash-generating units, using the value-in-use calculation relating to sales growth rates, working capital requirements and capital expenditure.

The following assumptions were utilised:

Pre-tax discount rate: 21.04% (2020: 21.92%)

Terminal growth rate: 5.00% (2020: 5.00%)

Number of years: 5 years (2020: 4 years)

No reasonable possible change is expected in a key assumption used in the value-in-use calculation that would change the value-in-use to be lower than the carrying value of goodwill.

Taxation

Estimates are required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable

that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

The deferred tax assets (arising mainly from assessed losses) in two subsidiaries of the Group were not recognised in either the current or prior year as management does not expect that there will be future taxable income in either of these entities.

IFRIC 23 Uncertainty Over Income Tax Treatments

An estimation is made in terms of IFRIC 23 Uncertainty Over Income Tax Treatments on any amounts where there is uncertainty about the value of the specific tax item. PBT estimated an amount to be included in the current financial statements for a penalty imposed on one of the subsidiary companies. A range of possible outcomes were considered. The estimation was based on the most likely amount of the outcome. In such a circumstance an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 Income Taxes based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

2. GOODWILL

Rand	2021			2020		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
GROUP						
Goodwill	285 574 135	(149 906 000)	135 668 135	285 572 420	(149 906 000)	135 666 420

Reconciliation of goodwill

Rand	2021			2020		
	Opening balance	Addition through business combination	Total	Opening balance	Impairment loss	Total
GROUP						
Goodwill	135 666 420	1 715	135 668 135	135 666 420	–	135 666 420

On 1 June 2020 PBT Australia Proprietary Limited acquired 100% control of All Claims Proprietary Limited for a purchase price of R0.1 million, which gave rise to goodwill of R0.002 million being recognised. Refer to note 3.

The remaining goodwill on the statement of financial position arose from the reverse acquisition of PBT Group Limited by the Prescient Holdings Group of companies (Prescient Holdings) effective 1 September 2012. According to IFRS 3 Business Combinations, PBT Group Limited was treated as the accounting acquiree and goodwill on the PBT Group of companies arose as a result. For the 2012 goodwill calculation and allocation, the PBT Group of companies was seen as a separate cash-generating unit (CGU).

Impairment testing

In terms of IFRS the Group performs an annual impairment test on goodwill based on CGUs. As the PBT Group of companies are still seen as a separate CGU, the recoverable amount of PBT to which goodwill is allocated has been determined based on the value-in-use (VIU) calculation. The VIU is calculated by discounting the projected cash flows of PBT Group (discounted cash flow (DCF) approach) for a five-year period as approved by management. The 2021 financial year goodwill figure has not been impaired as the recoverable amount was considerably higher than the goodwill figure even after taking into account the possible effect of the COVID-19 pandemic. For this reason the key assumptions would have to change considerably in order for the carrying amount to exceed the recoverable amount. The effect of the COVID-19 pandemic was taken into account. Refer to note 15 Going concern for more information.

The following key assumptions were used for the VIU calculations:

Growth rates

Growth rate assumptions are based on management's view of the growth prospects per operating entity in the Group, taking into account factors such as the economic environment and the industry in which PBT Group operates.

Discount rates

The discount rate, being the weighted average cost of capital (WACC) is calculated using a capital asset pricing model (CAPM) approach and included a small share premium of 5.40%. The pre-tax discount rate used in the VIU figures is 21.04% (2020: 21.92%).

Terminal growth rates

A terminal growth rate of 5% (2020: 5%) has been used.

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

3. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the Group, either directly or indirectly, through subsidiaries.

	Number of ordinary shares held		% holding	
	2021	2020	2021	2020
GROUP COMPANIES				
All Claims Proprietary Limited	70	20	70	20
BI-Blue Consulting Proprietary Limited	1 000	1 000	100	100
CyberPro Consulting Proprietary Limited	56	51	56	51
Halliard International (BVI) Limited	1 000	1 000	100	100
PBT Group (Australia) Proprietary Limited	11 000	11 000	100	100
PBT Group (South Africa) Proprietary Limited	100	100	100	100
PBT Group (UK) Limited	100	100	100	100
PBT Group Europe Besloten Vennootschap	1 000	1 000	100	100
PBT Group International Besloten Vennootschap	1 000	1 000	100	100
PBT Innovation Proprietary Limited (previously PBT Infosight Proprietary Limited)	100	100	100	100
PBT Insurance Technologies Proprietary Limited	5 500 000	5 500 000	100	100
PBT Consulting Proprietary Limited (previously PBT Technology Services (MEA) Proprietary Limited)	100	100	100	100
PBT Technology Services Proprietary Limited	100	100	100	100
PBT Technology Services Ireland Limited	100	100	100	100
Stricklands Tetra Cape Proprietary Limited	100	100	100	100
Technique Business Intelligence Software Proprietary Limited	1 000	1 000	100	100

Changes during the year

PBT Group (Australia) Proprietary Limited

PBT Group (Australia) Proprietary Limited (PBT Australia) held an immaterial interest in All Claims Proprietary Limited (All Claims). Refer to note 5. On 1 June 2020 PBT Australia acquired 100% control of All Claims for a purchase price of R0.1 million which gave rise to goodwill of R0.002 million being recognised. All Claims is not considered a material subsidiary by management and as such no disclosure in terms of IFRS 3 Business Combinations has been provided. During August 2020 All Claims issued new shares to external shareholders which resulted in a dilution of PBT Group's shareholding. This dilution caused a change in ownership without a loss in control. As at 31 March 2021 PBT Group held a 70% shareholding in All Claims. Accordingly, All Claims is consolidated on a Group level and the investment, as previously recognised, is eliminated.

CyberPro Consulting Proprietary Limited

On 23 November 2020 PBT Group (South Africa) Proprietary Limited acquired a further 5% interest in CyberPro Consulting Proprietary Limited, an existing subsidiary of the Company, for a purchase price of R11.5 million. This purchase increased the Company's total percentage shareholding from 51% to 56%. This transaction did not result in a change in control and therefore the transaction was recognised in equity.

The schedule below shows the effect on the equity attributable to owners of the parent of any change in its ownership interest in a subsidiary that does not result in a loss of control:

Rand	Non-controlling interest			Total
	Retained income	CyberPro Consulting Proprietary Limited	All Claims Proprietary Limited	
GROUP				
Purchase of additional shares in subsidiary	(9 068 488)	(2 431 512)	–	(11 500 000)
Changes in ownership – without loss of control	254 335	–	(131 588)	122 747
	(8 814 153)	(2 431 512)	(131 588)	(11 377 253)

3. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Subsidiaries with material non-controlling interests

In terms of IFRS 12 Disclosure of interests in Other Entities paragraph 12 the following information need to be disclosed for a material subsidiary with non-controlling interests material to the Group:

CyberPro Consulting Proprietary Limited

CyberPro Consulting Proprietary Limited (CyberPro) is a material subsidiary with non-controlling interests material to the Group. CyberPro's principal place of business is in Gauteng and the Western Cape. PBT holds a direct 56% (2020: 51%) share in the company. Due to the impact of the Ayson preference share agreement (explained further below), the effective shareholding in the company is 57.52%.

On 1 July 2020 CyberPro entered into a preference share agreement to the value of R4.5 million with Ayson Proprietary Limited, a B-BBEE company, which used the proceeds to purchase 2.65% interest in the ordinary shares in CyberPro from a non-controlling shareholder. As the only security for the preference share investment is the underlying CyberPro shares, with no recourse, the transaction is treated as the issue of an option to the B-BBEE company and the preference share investment is not recognised as an asset but instead as an adjustment to share capital in CyberPro and an adjustment to non-controlling interest (NCI) in the PBT Group financial statements. As these NCI shares are treated as unissued in CyberPro, this has resulted in an effective increase in the Group's shareholding from 56% (2020: 51%) to 57.52%. A share-based payment expense of R0.13 million was recognised during the period in respect of this arrangement. Refer to note 17 Share-based payments for more information on the transaction.

Summarised financial information of non-controlling interest

Rand	CyberPro Consulting Proprietary Limited	
	2021	2020
STATEMENT OF FINANCIAL POSITION		
Non-current assets	3 015 531	2 615 741
Current assets	66 655 015	63 850 398
Total assets	69 670 546	66 466 139
Non-current liabilities	2 253 516	2 034 472
Current liabilities	27 957 930	24 850 500
Total liabilities	30 211 446	26 884 972
Total net assets	39 459 100	39 581 167
Carrying amount of non-controlling interest	14 327 636	19 394 722
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Revenue	376 632 290	281 178 922
Operating profit	63 146 675	44 118 797
Profit before tax	63 676 033	44 481 823
Tax expense	(17 598 548)	(10 913 283)
Profit for the year	46 077 485	33 568 540
Total comprehensive income	46 077 485	33 568 540
Profit allocated to non-controlling interest	21 025 403	16 395 520
STATEMENT OF CASH FLOWS		
Cash flows from operating activities	48 847 935	36 314 558
Cash flows from investing activities	(1 128 772)	(1 090 166)
Cash flows from financing activities	(46 174 585)	(25 356 297)
Net increase in cash and cash equivalents	1 544 578	9 868 095
Dividend paid to non-controlling interest	19 160 977	12 250 000

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

4. LOANS RECEIVABLE

Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:

Rand	GROUP	
	2021	2020
PBT Insurance Technologies Employees	5 095 973	5 115 320
The unsecured loan bears interest at prime and has no fixed terms of repayment. No capital repayments are required in the next 12 months.		
Enterprise and supplier development loans	4 150 750	3 012 524
The unsecured loans bear no interest. Current loans to the value of R1.8 million are repayable within one year. The non-current loan of R2.4 million has no fixed term of repayment and no capital repayments are required in the next 12 months.		
	9 246 723	8 127 844
Split between non-current and current portions		
Non-current assets	7 495 723	6 772 850
Current assets	1 751 000	1 354 994
	9 246 723	8 127 844
Exposure to credit risk		
Reconciliation of loss allowances		
The following table shows the movement in the loss allowances for loans receivable.		
Opening balance	641 676	177 764
(Decrease)/increase in provision for expected credit loss allowance	(110 952)	463 912
Closing balance	530 724	641 676

The loans as stated above are all in stage 1 as we do not believe that there has been a significant increase in credit risk since initial recognition. The possible effect of COVID-19 had been taken into account and adjustments have been made to the expected credit loss allowance value. There have been no significant changes to management's judgement on the loss rates applied to loans receivable within the Group, as the possible impacts of COVID-19 on these loans are still considered prevalent.

Refer to note 15 Going concern for more information on the effect that COVID-19 had on the 2021 financial year.

5. INVESTMENTS AT FAIR VALUE

Investments held by the Group which are measured at fair value are as follows:

Rand	GROUP	
	2021	2020
Equity investments at fair value through profit or loss	–	118 726
Equity investments at fair value through other comprehensive income	93 532 292	44 655 927
	93 532 292	44 774 653
Fair value through profit or loss		
All Claims Proprietary Limited	–	118 726
Equity investments at fair value through other comprehensive income		
Zuuse Limited	93 532 292	44 655 927
	93 532 292	44 774 653
Split between non-current and current portions		
Non-current assets	93 532 292	44 774 653

Fair value information

Refer to note 14 Fair value information for details of valuation policies and processes.

Investments at fair value through profit or loss

All Claims Proprietary Limited

PBT Group (Australia) Proprietary Limited (PBT Australia) held an immaterial interest in All Claims Proprietary Limited (All Claims). On 1 June 2020 PBT Australia acquired 100% control of All Claims for a purchase price of R0.1 million which gave rise to goodwill of R0.002 million being recognised. All Claims is not considered a material subsidiary by management. During August 2020 All Claims issued new shares to external shareholders which resulted in a dilution of PBT Group's shareholding. This dilution caused a change in ownership without a loss in control. As at 31 March 2021 PBT Group held a 70% shareholding in All Claims. Accordingly, All Claims is consolidated on a Group level and the investment, as previously recognised, is eliminated. Refer to note 3.

Equity instruments at fair value through other comprehensive income

Zuuse Limited

As at 31 March 2021 PBT Group, through its wholly owned subsidiary, PBT Group International BV, owns 9 566 667 shares (5.86%) of Zuuse Limited (Zuuse). Zuuse is a leading global provider of construction payment management Software as a Service (SaaS) solutions to the global construction and building operations sector. Furthermore, it provides facilities management solutions and asset life cycle management solutions. For more information please visit www.zuuse.com

During September 2020 Zuuse issued 2.85 million shares (2% of issued shares) to an existing Zuuse investor at AUD1.00 per share. In November 2020 IFM Investors Proprietary Limited (IFM), an Australian asset management firm, made a significant minority investment in the issued share capital of Zuuse via a combination of newly issued convertible preference shares at AUD1.00 per share and the acquisition of existing issued shares.

PBT's minority shareholding after the implementation of the two transactions mentioned above, has diluted from 8.0% to 5.86%.

PBT Group did not invest any additional capital into the investment in Zuuse. The increased value of Zuuse is solely due to the revaluation of the investment as at 31 March 2021.

PBT Group considers its investment in Zuuse as non-core to its operations and not held for trading. The investment is therefore designated as at fair value through other comprehensive income. No dividends were received relating to this investment in the current or prior periods.

Refer to note 15 Going concern for more information on the effect that COVID-19 had on the 2021 financial year.

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

6. SHARE CAPITAL

	GROUP	
	2021	2020
Number of shares		
Authorised		
200 000 000 ordinary shares of no par value	–	–
Reconciliation of number of shares in issue		
Shares in issue as at the beginning of the year	102 288 545	136 418 749
Repurchase of shares	(3 188 545)	(34 130 204)
Repurchase of shares	(988 545)	(28 745 990)
Tender offer shares repurchased	–	(5 384 214)
Specific repurchase of shares from subsidiary	(2 200 000)	–
Shares in issue at the end of the year	99 100 000	102 288 545
<i>Less:</i>		
Treasury shares held by a wholly owned subsidiary of the Group	–	(2 200 000)
Opening balance	(2 200 000)	(1 300 418)
Repurchased during the current year	–	(899 582)
Specific repurchase of shares from subsidiary	2 200 000	–
Shares held by B-BBEE and staff company (Spalding Investments 10 Proprietary Limited) treated as treasury shares	(14 000 000)	(10 373 282)
Number of shares as at date of the report	85 100 000	89 715 263

100 900 000 unissued ordinary shares are under the control of the Directors in terms of a resolution of members passed at the last Annual General Meeting. This authority remains in force until the next Annual General Meeting.

	GROUP	
	2021	2020
Rand		
Issued		
Ordinary shares of no par value	498 402 316	503 830 455
Issued share capital reconciliation		
As previously published	503 830 445	3 490 921
Reallocation to treasury shares (refer to note 7)	–	18 255 565
Reallocation of prior capital distributions (refer to note 8)	–	496 159 925
Repurchase of shares	(5 428 130)	(2 499 906)
Shares repurchased – tender offer	–	(11 576 060)
Issued as at date of the report	498 402 315	503 830 445

During the period 988 545 shares were repurchased in accordance with the general authority to repurchase shares as well as 2 200 000 shares in accordance with a specific authority granted at the Annual General Meeting held on 21 August 2020 and subsequently cancelled and delisted. The average purchase price per share for the general authority was R1.84 per share and the specific repurchase was at R2.60 per share.

During the 2020 financial year it was decided to account for all capital distributions through a separate reserve called the capital distribution reserve. All future capital distributions will be accounted for directly in this reserve and prior capital distributions were transferred to the reserve in the 2020 financial year for consistency. The reason for accounting for capital distributions directly in a separate reserve is to better reflect the value of the share capital. All capital distributions since the last reverse listing in 2012 was included in the transfer to the reserve.

7. TREASURY SHARES

Treasury shares represent shares held by a subsidiary within the Group. Included in treasury shares are shares held by a B-BBEE and staff company, Spalding Investments 10 Proprietary Limited. Refer to note 9.

Rand	GROUP	
	2021	2020
Opening balance	20 110 716	–
Reallocation of treasury shares	–	18 255 565
Treasury shares purchased	10 855 000	1 855 151
Specific repurchase of treasury shares held by a wholly owned subsidiary (shares delisted and cancelled)	(3 610 716)	–
Closing balance	27 355 000	20 110 716
Reconciliation of number of treasury shares during the period		
Treasury shares movement during the period		
Opening balance	12 573 282	11 673 700
Treasury shares purchased by a subsidiary in the Group	–	899 582
Specific repurchase of shares by the Company from a subsidiary	(2 200 000)	–
Shares acquired by B-BBEE and staff company (Spalding Investments 10 Proprietary Limited) treated as treasury shares	3 626 718	–
	14 000 000	12 573 282
8. CAPITAL DISTRIBUTION RESERVE		
Opening balance	507 891 687	–
Capital distribution during the financial year	9 030 596	11 731 762
Reallocation of prior capital distributions from share capital – 2018	–	26 206 633
Reallocation of prior capital distributions from share capital – 2017	–	469 953 292
	516 922 283	507 891 687

Refer to note 6 Share capital for the explanation and the reconciliation between share capital and the capital distribution reserve.

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

9. SHARE-BASED PAYMENTS

The PBT Group entered into three share-based payment transactions during the period. Each transaction is separately explained below.

Spalding Investments 10 Proprietary Limited

Two of the three transactions were with Spalding Investments 10 Proprietary Limited:

30 September 2020

On 30 September 2020 PBT Group Limited entered into a second preference share agreement with Spalding Investments 10 Proprietary Limited (Spalding or the B-BBEE and staff company), PBT Group's B-BBEE and staff company, to include additional PBT staff members. A preference share investment of R7 million was made for the purpose of purchasing shares in PBT Group Limited. The owners of Spalding are employees of the PBT Group. The additional staff members are required to remain employed within the Group for a period of five and a half years in accordance with the shareholders' agreement. The following are the key terms of the preference share agreement:

- The preference dividends are calculated in arrears at a rate of 72% of the prime lending rate.
- Any preference dividends not paid out on a six-monthly basis will be accumulated and accrued for repayment at a later date, the latest date being the redemption date.
- The preference shares are redeemable in three tranches, being:
 - the first 33.33% three and a half years years after issue date (February 2024);
 - the next 33.33% four and a half years after issue date (February 2025); and
 - the final 33.33% five and a half years after issue date (February 2026), including any rolled up or unpaid preference dividends.
- The dividends that Spalding will receive from its investment in PBT Group Limited will be utilised to repay the preference dividends and part capital if the dividends received are in excess of the preference dividends payable.

As the only security for the repayment of the preference share investment is the underlying PBT Group shares, with no other recourse, the transaction is treated as a share-based payment transaction under IFRS 2 and the preference share investment is accounted for as treasury shares. The vesting period is five and a half years, with the only vesting condition being that the individual remains an employee of the Group over the period.

The fair value of the share-based payment award has been calculated using share option valuation techniques on the following basis:

	Number of shares	Vesting date	Strike price	Fair value at grant date
Tranche 1	858 906	Feb 2024	Variable	44.3 cents
Tranche 2	858 906	Feb 2025	Variable	49.7 cents
Tranche 3	858 906	Feb 2026	Variable	49.8 cents
Total	2 576 718			47.9 cents*

* Weighted average.

The strike price has been defined as the redemption price of the preference shares with adjustments made for compounded interest payments on the preference shares, reduced by expected future PBT dividend payments in accordance with the terms of the agreement.

No options have vested or been exercised as the transaction was implemented on 30 September 2020 and the first tranche only vests in February 2024. The weighted average fair value of each option granted during the year was 47.9 cents.

	2021
Equity settled	
Option pricing model used	Black-Scholes
Share price at date of grant	(cents) 271
Contractual life	(days) 1 246 – 1 977
Volatility relative to comparator index	28.49%
Risk-free interest rate:	
3.5-year maturity	5.36%
4.5-year maturity	5.92%
5.5-year maturity	6.44%
Dividend growth rate relative to comparator index	6.00%

The implied volatility was calculated on the stock price movement of PBT Group Limited. However, numerous anomalous events occurred that distorted the percentage and reverted to comparable companies to calculate the volume weighted average volatility.

9. SHARE-BASED PAYMENTS (CONTINUED)

31 March 2021

On 31 March 2021 PBT Group Limited entered into a third preference share agreement with Spalding Investments 10 Proprietary Limited (Spalding or the B-BBEE and staff company), PBT Group's B-BBEE and staff company, to include additional PBT staff members. A preference share investment of R3.855 million was made for the purpose of purchasing shares in PBT Group Limited. The owners of Spalding are employees of the PBT Group. The additional staff members are required to remain employed within the Group for a period of 4 years and 11 months in accordance with the shareholders' agreement. The following are the key terms of the preference share agreement:

- The preference dividends are calculated in arrears at a rate of 72% of the prime lending rate.
- Any preference dividends not paid out on a six-monthly basis will be accumulated and accrued for repayment at a later date, the latest date being the redemption date.
- The preference shares are redeemable in three tranches, being:
 - the first 33.33% three years after issue date (March 2024);
 - the next 33.33% four years after issue date (February 2025); and
 - the final 33.33% five years after issue date (February 2026), including any rolled up or unpaid preference dividends.
- The dividends that Spalding will receive from its investment in PBT Group Limited will be utilised to repay the preference dividends and part capital if the dividends received are in excess of the preference dividends payable.

As the only security for the repayment of the preference share investment is the underlying PBT Group shares, with no other recourse, the transaction is treated as a share-based payment transaction under IFRS 2 and the preference share investment is accounted for as treasury shares. The vesting period is five years, with the only vesting condition being that the individual remains an employee of the Group over the period.

The fair value of the share-based payment award has been calculated using share option valuation techniques on the following basis:

	Number of shares	Vesting date	Strike price	Fair value at grant date
Tranche 1	350 000	Mar 2024	Variable	78.3 cents
Tranche 2	350 000	Feb 2025	Variable	90.6 cents
Tranche 3	350 000	Feb 2026	Variable	102.2 cents
Total	1 050 000			90.37 cents*

* Weighted average.

The strike price has been defined as the redemption price of the preference shares with adjustments made for compounded interest payments on the preference shares, reduced by expected future PBT dividend payments in accordance with the terms of the agreement.

No options have vested or been exercised as the transaction was implemented on 31 March 2021 and the first tranche only vests in March 2024. The weighted average fair value of each option granted during the year was 90.37 cents.

	2021
Equity settled	
Option pricing model used	Black-Scholes
Share price at date of grant	(cents) 388
Contractual life	(days) 1 096 - 1 795
Volatility relative to comparator index	28.49%
Risk-free interest rate:	
3-year maturity	5.92%
4-year maturity	6.70%
5-year maturity	7.50%
Dividend growth rate relative to comparator index	6.00%

The implied volatility was calculated on the stock price movement of PBT Group Limited. However, numerous anomalous events occurred that distorted the percentage and reverted to comparable companies to calculate the volume weighted average volatility.

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

9. SHARE-BASED PAYMENTS (CONTINUED)

CyberPro Consulting Proprietary Limited

On 1 July 2020 CyberPro Consulting Proprietary Limited (CyberPro), a subsidiary within PBT Group, entered into a preference share agreement with a B-BBEE company called Ayson Proprietary Limited (Ayson). A preference share investment of R4.5 million was made for the purpose of purchasing a minority share in CyberPro. The owner of Ayson is an employee of CyberPro and is required to remain employed by CyberPro for a period of seven years in accordance with the shareholders' agreement. The following are the key terms of the preference share agreement:

- The preference dividends are calculated in arrears at a rate of 72% of the prime lending rate.
- Any preference dividends not paid out on a six-monthly basis will be accumulated and accrued for repayment at a later date, the latest date being the redemption date.
- The preference shares are redeemable in three tranches, being:
 - the first 33.33% five years after issue date (June 2025);
 - the next 33.33% six years after issue date (June 2026); and
 - the final 33.33% seven years after issue date (June 2027), including any rolled up or unpaid preference dividends.
- The dividends that Ayson will receive from its investment in CyberPro will be utilised to repay the preference dividends and part capital if the dividends received are in excess of the preference dividends payable.

As the only security for the repayment of the preference share investment is the underlying CyberPro shares with no other recourse, the transaction is treated as a share-based payment transaction under IFRS 2 and the preference share investment is treated as the issue of an option to the B-BBEE party and is not recognised as an asset but instead as an adjustment to non-controlling interest. The vesting period is seven years, with the only vesting condition being that the individual remains an employee of CyberPro over the period.

The fair value of the share-based payment award has been calculated using share option valuation techniques on the following basis:

	Percentage shareholding	Vesting date	Strike price	Fair value at grant date
Tranche 1	0.882%	June 2025	Variable	R303 034
Tranche 2	0.882%	June 2026	Variable	R386 523
Tranche 3	0.882%	June 2027	Variable	R513 738
Total	2.650%			R401 098*

* Weighted average.

The strike price has been defined as the redemption price of the preference shares with adjustments made for compounded interest payments on the preference shares, reduced by expected future CyberPro dividend payments in accordance with the terms of the agreement.

No options have vested or been exercised as the transaction was implemented on 1 July 2020 and the first tranche only vests in June 2025. The weighted average fair value of each option granted during the year was R401 098.

			2021
Equity settled			
Option pricing model used			Black-Scholes
Share price at date of grant	(Rand)		1 700 000
Contractual life	(days)		1 826 – 2 556
Volatility relative to comparator index			28.49%
Risk-free interest rate:			
5-year maturity			5.36%
6-year maturity			5.92%
7-year maturity			6.44%
Dividend growth rate relative to comparator index			6.00%

Total share-based expense included in operating expenses

Rand	2021	2020
Equity settled	539 487	263 576

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous periods.

10. BORROWINGS

Rand	GROUP	
	2021	2020
Held at amortised cost		
<i>Southchester Investment Managers Proprietary Limited</i>	9 000 000	–
The loan is secured and bears interest at three-month JIBAR plus 3.75%. The loan is repayable in monthly instalments of R1 500 000 plus interest. On 12 May 2021 the loan together with accrued interest was fully repaid. Interest payable on this borrowing is considered insignificant and is reflected under trade and other payables.		
<i>Ayson Proprietary Limited</i>	805 048	–
The loan is repayable in full together with interest accrued by 1 July 2023. Interest is accrued at a rate of 72% of the South African prime lending rate calculated daily and capitalised monthly.		
	9 805 048	–
Split between non-current and current portions		
Non-current liabilities	805 048	–
Current liabilities	9 000 000	–
	9 805 048	–
Reconciliation of borrowings		
Opening balance	–	–
<i>Cash movements:</i>		
Proceeds from borrowings	15 000 000	–
Repayment of borrowings	(6 000 000)	–
Interest paid	(491 949)	–
<i>Non-cash movements:</i>		
Interest accrued	494 504	–
Loan raised during the year*	802 493	–
	9 805 048	–

* A portion of the dividend declared by CyperPro Consulting Proprietary Limited (CyberPro) to its shareholder Ayson Proprietary Limited (Ayson) has been retained by CyberPro and converted to borrowings. This is a non-cash movement.

As per the preference share agreement between Ayson and CyberPro (refer to note 9 Share-based payments), all dividends received by Ayson are required to be utilised to repay preference dividends and preference shares to CyberPro until the full outstanding preference share amount is redeemed. The preference shares are only redeemable after three years and therefore any excess cash above the preference dividends payable by Ayson is loaned back to CyberPro, which adds additional security for the payment of the outstanding amount.

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

11. REVENUE

Rand	GROUP	
	2021	2020
Revenue from contracts with customers		
Sale of goods	6 049 231	4 895 623
Rendering of services	782 908 225	667 608 690
	788 957 456	672 504 313
Disaggregation of revenue from contracts with customers		
The Group has disaggregated revenue into various categories as shown below which is intended to:		
<ul style="list-style-type: none"> • depict the nature, amount and timing of revenue; and • enable users to understand the various types of counterparties that the Group provides services to. 		
Contract type		
Fixed price contracts	71 519 578	103 439 150
Projects	5 286 629	4 509 169
Software licences	6 049 231	4 895 623
Time and material	691 800 369	542 763 055
Usage-based licences	14 301 649	16 897 316
	788 957 456	672 504 313
Contract counterparties		
Energy	3 138 928	46 445 564
Financial services	597 044 596	457 405 962
Information technology	25 017 971	33 244 865
Medical	58 034 647	34 250 522
Retail	41 745 544	41 607 174
Services	12 151 336	8 172 249
Telecommunications	51 824 434	51 377 977
	788 957 456	672 504 313
Timing of revenue recognition		
<i>At a point in time</i>		
Sale of goods	6 049 231	4 895 623
<i>Over time</i>		
Rendering of services	782 908 225	667 608 690
Total revenue from contracts with customers	788 957 456	672 504 313

12. CASH GENERATED FROM OPERATIONS

Rand	GROUP	
	2021	2020
Profit before taxation	90 206 661	65 989 029
Adjustments for		
Depreciation and amortisation	7 906 861	7 702 772
Losses on disposals of plant and equipment	24 630	173 635
(Gains)/losses on foreign exchange	(765 940)	289 398
Dividends received	–	–
Interest income	(2 168 155)	(2 868 442)
Finance costs	2 353 781	1 985 419
Fair value gains	–	(333 228)
Net impairments and movements in credit loss allowances	762 422	1 015 921
Income and expenses through loans with Group companies	–	–
Share-based payment expense	539 487	263 576
Net modification to lease terms	(4 883)	(52 787)
Translation of foreign currency items	(1 407 538)	3 944 772
Changes in working capital		
Trade and other receivables	(12 667 810)	7 703 018
Trade and other payables	7 311 905	16 322 947
	92 091 421	102 136 030

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

13. RELATED PARTIES

Relationships

Subsidiaries

All Claims Proprietary Limited
BI-Blue Consulting Proprietary Limited
CyberPro Consulting Proprietary Limited
Halliard International (BVI) Limited
PBT Group (South Africa) Proprietary Limited
PBT Group (UK) Limited
PBT Group Europe Besloten Vennootschap
PBT Group International Besloten Vennootschap
PBT Innovation Proprietary Limited (previously PBT Infosight Proprietary Limited)
PBT Insurance Technologies Proprietary Limited
PBT Consulting Proprietary Limited (previously PBT Technology Services (MEA) Proprietary Limited)
PBT Technology Services Ireland Limited
PBT Technology Services Proprietary Limited
Stricklands Tetra Cape Proprietary Limited
Technique Business Intelligence Software Proprietary Limited

Company owned solely by employees

Ayson Proprietary Limited
Spalding Investments 10 Proprietary Limited

Members of key management

JC du Toit
MN Engelbrecht
NJ Viljoen
W Viljoen
M Visser
HB Vosloo
H Woest

13. RELATED PARTIES (CONTINUED)

Rand	GROUP	
	2021	2020
Related party balances		
<i>Loan accounts – owing (to)/by related parties</i>		
Ayson Proprietary Limited	(805 048)	–
PBT Group (South Africa) Proprietary Limited	–	–
PBT Group International Besloten Vennootschap	–	–
JC du Toit	494 187	460 018
MN Engelbrecht	334 774	348 218
NJ Viljoen	494 187	460 018
W Viljoen	2 566 351	2 587 706
M Visser	442 155	460 018
HB Vosloo	357 944	390 994
H Woest	457 850	460 018
<i>Amounts included in treasury shares regarding related parties</i>		
Spalding Investments 10 Proprietary Limited	27 355 000	16 500 000
<i>Amounts included in share-based payment reserve regarding related parties</i>		
Ayson Proprietary Limited	131 427	–
Spalding Investments 10 Proprietary Limited	703 783	295 723
Related party transactions		
<i>Administration fees received from related parties</i>		
PBT Insurance Technologies Proprietary Limited	–	–
PBT Technology Services Proprietary Limited	–	–
Technique Business Intelligence Software Proprietary Limited	–	–
<i>Interest (paid)/received from related parties</i>		
Ayson Proprietary Limited	(2 555)	–
JC du Toit	34 169	43 675
MN Engelbrecht	24 558	34 222
NJ Viljoen	34 169	43 675
W Viljoen	158 004	225 408
M Visser	31 930	43 675
HB Vosloo	27 431	42 809
H Woest	32 832	43 675
Share-based payment expense		
Ayson Proprietary Limited	131 427	–
Spalding Investments 10 Proprietary Limited	408 060	263 576
Compensation to Directors and other key management		
Short-term employee benefits	38 684 106	34 680 356

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

14. FAIR VALUE INFORMATION

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

- Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Exposure in Rand	Notes	GROUP	
		2021	2020
Levels of fair value measurements			
Level 2			
Recurring fair value measurements			
Equity investments at fair value through other comprehensive income			
Zuuse Limited		93 532 292	–
Level 3			
Recurring fair value measurements			
Equity investments at fair value through other comprehensive income			
Zuuse Limited	5	–	44 655 927
Financial assets at fair value through profit or loss			
All Claims Proprietary Limited	5	–	118 726
Total		–	44 774 653

Valuation techniques:

Financial assets recognised at fair value through profit or loss

All Claims Proprietary Limited

For the investment classified as an asset held at fair value through profit or loss, the net asset value is considered management's best judgement to be the fair value of the investment.

During the period PBT Group, through its wholly owned subsidiary PBT Group (Australia) Proprietary Limited, increased its investment in All Claims Proprietary Limited (All Claims). As at 31 March 2021 PBT Group has a 70% shareholding in All Claims. Accordingly, All Claims is consolidated on a Group level and the investment, as previously recognised, is eliminated. Refer to note 3.

Equity instruments at fair value through other comprehensive income

Zuuse Limited

During September 2020 Zuuse issued 2.85 million shares (2% of issued shares) to an existing Zuuse investor at AUD1.00 per share. In November 2020 IFM Investors Proprietary Limited (IFM), an Australian asset management firm, made a significant minority investment in the issued share capital of Zuuse via a combination of newly issued convertible preference shares at AUD1.00 per share and the acquisition of existing issued shares.

In determining the fair value of its investment in Zuuse as at 31 March 2021, PBT Group referenced a price of AUD1.00 per Zuuse share and provided for a 10% profit share fee, payable on realisation, to the promoters of PBT Group's investment in Zuuse.

In prior periods the "revenue multiple" method was used to determine the fair value of PBT Group's investment in Zuuse. This revenue multiple method included a size, minority and marketability discount, details of which can be found in the 31 March 2020 Integrated Report. As a result of the two recent transactions, being the transaction in September 2020 and the November 2020 transaction mentioned above, PBT Group is of the view that referencing the price per Zuuse share (of AUD1.00) and providing for a profit share fee, best reflects the fair value of its investment in Zuuse as at 31 March 2021. As these recent transactions are both regarding minority interests, management no longer deemed it necessary to provide for a size, minority or marketability discount. Going forward, a transaction-based method will be used to value PBT Group's investment in Zuuse. As the inputs used in the valuation of the investment in Zuuse have changed from "unobservable inputs" to "inputs other than quoted prices that are observable", the fair value category for this investment has changed from Level 3 to Level 2 during the 2021 financial year.

14. FAIR VALUE INFORMATION (CONTINUED)

	GROUP	
	2021	2020
Valuation based on the revenue multiple method for prior periods		
Revenue multiple (before application of discounts)	N/A	6.5
Size discount	N/A	15.0%
Minority and marketability discount	N/A	30.0%

Reconciliation of assets measured at Level 3

Rand	Fair value through other comprehensive income	Fair value through profit or loss	Total
Fair value reconciliation			
Opening balance as at 1 April 2019	26 744 186	124 729	26 868 915
Gains or losses for the period recognised in profit or loss*	–	(12 170)	(12 170)
Gains or losses for the period recognised in other comprehensive income#			
– Fair value gain	13 107 822	6 167	13 113 989
– Foreign exchange revaluation gain	4 803 918	–	4 803 918
Closing balance as at 31 March 2020	44 655 927	118 726	44 774 653
Opening balance as at 1 April 2020	44 655 927	118 726	44 774 653
Gains or losses for the period recognised in profit or loss*	–	–	–
Gains or losses for the period recognised in other comprehensive income#			
– Fair value gain	61 344 838	–	61 344 838
– Foreign exchange revaluation loss	(12 468 472)	–	(12 468 472)
Transferred to investments in subsidiaries (refer to note 3)	–	(118 726)	(118 726)
Transferred to Level 2	(93 532 292)	–	(93 532 292)
Closing balance as at 31 March 2021	–	–	–

* Gains and losses recognised in profit or loss are included in other operating gains on the statement of comprehensive income.

Gains and losses recognised in other comprehensive income are included in gains on valuation of investments in equity instruments and exchange differences on translation of foreign operations on the statement of comprehensive income.

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

15. GOING CONCERN

Despite initial uncertainty regarding the possible effects of COVID-19 on the business, we are pleased to report that PBT Group continues to be in a sound financial and operational position.

PBT Group has analysed and evaluated its business operations as at 31 March 2021 as well as cash flow forecasts for the next five years. These cash flow forecasts have been prepared based on historic cash trends and conservative adjustments were made for the potential impacts of COVID-19 on the business. The Group has a high tangible net asset value and has generated a significant profit for the 2021 financial year. All indications are that the business has the ability to continue as a going concern for the foreseeable future.

PBT Group's highly skilled consultants were able to continue providing services remotely throughout the various stages of lockdown. Cash flow in the Group remains strong, mainly due to the Group's ability to collect payments from high-quality clients.

During the first half of the financial year PBT Group secured funding in preparation for any effects that COVID-19 might have on the business. The full amount was repaid post year-end.

The Directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the provisional summarised consolidated annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Group is in a sound financial position and that they have access to sufficient liquidity to meet future cash requirements. The Directors are not aware of any new material changes that may adversely impact the Group. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

16. EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any matter or circumstance arising after the reporting period up to the date of this report, not otherwise dealt with below.

Distribution declaration

On Wednesday, 23 June 2021 the Board of Directors resolved to declare a final distribution of 22 cents per PBT ordinary share for the period ended 31 March 2021. The total distribution will equate to R21.8 million. Each shareholder will be able to elect to receive the distribution as either a dividend as defined by the Income Tax Act, Act 58 of 1962 or as a capital reduction distribution. If no election is made, the default option will be that a dividend will be paid to such shareholders. An election form (for use by certificated shareholders) is included with the Notice of Annual General Meeting of PBT Group and together with the Directors' Report, containing details of the distribution, will be distributed to shareholders on Monday, 5 July 2021.

The implications of the elections above are as follows:

- A gross dividend of 22 cents per PBT ordinary share from income reserves will be subject to dividend withholding tax at a rate of 20%. Consequently, a net final dividend of 17.6 cents per share will be distributed to those shareholders who are not exempt from paying dividend tax. In terms of dividend tax legislation, the dividend tax amount due will be withheld and paid over to the South African Revenue Service by a nominee company, stockbroker or Central Securities Depository Participant (CSDP) (collectively "regulated intermediary") on behalf of the shareholders. However, all shareholders choosing this option should declare their status to their regulated intermediary, as they may qualify for a reduced dividend tax rate or exemption.
- A capital reduction distribution of 22 cents per PBT ordinary share is not subject to dividend withholding tax as the distribution is paid out of capital reserves. As the distribution will be regarded as a return of capital and may therefore have potential capital gains tax consequences, shareholders are advised to consult their tax advisers regarding the impact of the distribution.

B-BBEE ownership

PBT Group is exploring new ways to maximise shareholder value by further improving its B-BBEE credentials and becoming a majority black-owned company, which will give the Company a further competitive advantage in the market.

17. COMPARATIVE FIGURES

Certain prior-period comparative figures have been reclassified for consistency with the current-year presentation of the provisional summarised consolidated annual financial statements. These reclassifications had no effect on the reported results of operations.

The effects of the reclassifications are as follows:

Rand	Adjustments	31 March 2020 As originally presented	Reclassifi- cation	31 March 2020 As restated
GROUP				
Statement of financial position				
Non-current assets				
Loans receivable	(a)	7 294 734	(521 884)	6 772 850
Current assets				
Cash and cash equivalents	(a)	66 277 822	521 884	66 799 706
Current liabilities				
Accrued expenses	(b)	11 848 081	(119 260)	11 728 821
Accrued cost of sales	(b)	–	217 741	217 741
Accrual for overtime	(b)	3 689 368	(98 481)	3 590 887
Statement of cash flows				
Cash at the beginning of the year	(a)	30 979 929	493 251	31 473 180
Cash generated from operations	(a)	102 124 509	28 633	102 153 142
Statement of comprehensive income				
Other operating expenses	(c)	102 166 602	17 112	102 183 714
Taxation	(c)	20 002 100	(17 112)	19 984 988

(a) The loan receivable of R0.5 million was previously presented under loans receivable and has now been reclassified and presented under cash and cash equivalents. The amount, which relates to a bank guarantee for an office lease in PBT Group (Australia) Proprietary Limited, is kept in a separate bank account and will remain as such until the guarantee expires.

The balance as at 31 March 2019 relating to the bank guarantee was included in the cash at the beginning of the year on the cash flow statement for the year ended 31 March 2020.

The non-cash movement in the bank guarantee during the year ended 31 March 2020 was as a result of the foreign exchange translation of PBT Group (Australia) Proprietary Limited and caused an adjustment to cash generated from operations.

(b) Insignificant amounts were reclassified within trade and other payables in order to provide a better representation of what accrued expenses consists of.

(c) An insignificant amount relating to securities transfer tax was reclassified from taxation expense to other operating expenses.

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

18. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Cents	GROUP	
	2021	2020
Basic earnings per share	50.57	30.65
Diluted earnings per share	47.78	30.65
Net asset value per share	3.27	2.72
Basic earnings per share		
The calculation of basic earnings per share was based on the following:		
Profit attributable to ordinary shareholders (Rand)	44 249 835	29 608 521
Weighted average number of ordinary shares outstanding (Number of shares)	87 509 609	96 616 230
Diluted basic earnings per share		
The calculation of diluted basic earnings per share was based on the following:		
Profit attributable to ordinary shareholders (Rand)	44 249 835	29 608 521
Diluted weighted average number of shares (Number of shares)	92 607 285	96 616 230
Weighted average number of ordinary shares outstanding (Number of shares)	87 509 609	96 616 230
Dilutive effect of options due to the IFRS 2 treatment of the preference share investment (refer to note 9) (Number of shares)	5 097 675	–
Options are dilutive when they would result in the issue of ordinary shares for less than the average market price of ordinary shares during the period. The amount of the dilution is the average market price of ordinary shares during the period minus the issue price. The transactions as mentioned in note 9 Share-based payments are treated as options for accounting purposes. A calculation has therefore been performed to determine what the dilutive effect of these options are on EPS.		
Net asset value per share		
The calculation of net asset value per share is based on the following:		
Total equity attributable to ordinary shareholders (Rand)	323 888 506	278 493 203
Ordinary shares in issue at year-end (Number of shares)	99 100 000	102 288 545
Weighted average number of ordinary shares		
Opening balance	96 616 230	124 186 760
Effect of treasury shares held	–	(17 538 244)
Effect of shares repurchased, delisted and cancelled	(6 877 504)	–
Effect of specific repurchase	(820 993)	–
Shares held by B-BBEE company included as treasury shares	(1 408 124)	(10 032 286)
	87 509 609	96 616 230

18. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE (CONTINUED)

Headline earnings and diluted headline earnings per share

Reconciliation of earnings and headline earnings per share

Rand	GROUP			
	2021		2020	
	Gross	Net	Gross	Net
Profit attributable to equity holders of the parent		44 249 835		29 608 521
Losses on disposal of assets	24 630	17 733	173 635	125 017
Impairments of assets	–	–	13 886	9 998
Headline earnings		44 267 568		29 743 536

Cents	GROUP	
	2021	2020
Headline earnings and diluted headline earnings per share		
Headline earnings per share	50.59	30.79
Diluted headline earnings per share	47.80	30.79
Distributions		
Interim capital reduction distribution	16.00	12.00
Final distribution	22.00	11.00

Headline earnings per share has been calculated in accordance with Circular 01/2019 issued by the South African Institute of Chartered Accountants.

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

19. SEGMENT REPORT

The reportable segments for the current financial year are according geographical areas, namely South Africa, Australia and Europe.

- South Africa includes consulting and implementation of data, information management software and healthcare administration services in the Republic of South Africa.
- Australia includes consulting and implementation of data, information management software and healthcare administration services in Australia.
- Europe includes consulting and implementation of data and information management software in Europe.

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses such as goodwill impairments and the effects of share-based payments.

Rand	South Africa		Australia	
	2021	2020	2021	2020
Revenues from external customers	706 107 295	594 000 286	55 867 959	50 668 278
Other income	2 050 980	65 858	1 178 778	–
Interest revenue	2 131 522	2 734 977	34 326	75 630
Cost of sales	(527 286 168)	(440 539 872)	(47 020 342)	(42 936 552)
Depreciation and amortisation	(5 757 418)	(6 335 650)	(750 467)	(486 540)
Operating expenses*	(83 419 793)	(74 840 550)	(5 143 063)	(4 509 966)
Interest expense	(2 051 270)	(1 726 988)	(103 097)	(86 983)
Income tax expense*	(24 096 490)	(18 070 843)	(1 017 200)	(845 393)
Profit/(loss) for the year	67 678 658	55 287 217	3 046 895	1 878 474
Segment assets**	160 817 032	138 241 299	34 637 034	31 209 602
Intangible assets	129 040	214 470	118 911	–
Total assets	160 946 071	138 455 769	34 755 945	31 209 602
Segment liabilities	(88 394 379)	(63 510 944)	(9 147 567)	(9 225 931)

* An insignificant amount was reclassified between the operating expenses and income tax expense line items for year ended 31 March 2020. Refer to note 17.

** Goodwill is not managed as part of segment assets and has therefore been excluded.

Europe		Other		Total	
2021	2020	2021	2020	2021	2020
26 982 202	27 835 749	–	–	788 957 456	672 504 313
190	–	3 005	1 068 483	3 232 954	1 134 341
–	–	2 307	57 835	2 168 155	2 868 442
(22 760 722)	(20 749 700)	–	(977 084)	(597 067 232)	(505 203 208)
(1 398 976)	(880 583)	–	–	(7 906 861)	(7 702 772)
(5 450 257)	(8 095 841)	(2 250 317)	(6 771 010)	(96 263 430)	(94 217 366)
(199 415)	(169 475)	–	(1 973)	(2 353 781)	(1 985 419)
67 660	(90 823)	106 962	(977 929)	(24 939 068)	(19 984 988)
(2 759 317)	(2 150 672)	(2 138 043)	(7 601 677)	65 828 192	47 413 342
109 022 513	25 678 285	139 164	52 122 704	304 615 742	247 251 890
–	–	–	–	247 951	214 470
109 022 513	25 678 285	139 164	52 122 704	304 863 693	247 466 360
(2 079 750)	(4 225 386)	(2 833 222)	(8 282 593)	(102 454 918)	(85 244 854)

NOTES TO THE PROVISIONAL SUMMARISED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

19. SEGMENT REPORT (CONTINUED)

Rand	2021	2020
Reconciliation of reportable segment revenue		
Total consolidated income for reportable segments	788 957 456	672 504 313
Reconciliation of profit before taxation		
Total consolidated profit before taxation for reportable segments	90 767 260	67 398 330
Less share-based payment expense	(539 487)	(263 576)
Add other operating (losses)/gains	(24 630)	159 593
Add gains/(losses) on exchange differences	765 940	(289 398)
Less movement in credit loss allowances	(762 422)	(1 015 921)
Consolidated profit before taxation	90 206 661	65 989 029
Reconciliation of assets		
Total assets for reportable segments	304 724 529	195 343 656
Goodwill	135 668 135	135 666 420
Assets for other segments	139 164	52 122 704
Consolidated total assets	440 531 828	383 132 780
Reconciliation of liabilities		
Total liabilities for reportable segments	(99 621 696)	(76 962 262)
Liabilities for other segments	(2 833 222)	(8 282 593)
Consolidated total liabilities	(102 454 918)	(85 244 855)

Information about customers

Included in revenue from external customers is revenue from one customer (2020: one customer) which represents 10% or more of the total revenue from external customers:

	2021		2020	
	%	Rand	%	Rand
Customer A	–	–	11.21	75 358 674
Customer B	10.16	80 137 119	–	–

Revenue from customer A and customer B was derived in the South Africa reportable segment.

GENERAL INFORMATION

Country of incorporation	South Africa
Nature of business and principal activities	Information management and data analytics services
Directors	Tony Taylor (Independent Non-Executive Chairman) Elizna Read (Chief Executive Officer) Bianca Pieters (Chief Financial Officer) Cheree Dyers (Independent Non-Executive Director) Herman Steyn (Non-Executive Director) Arthur Winkler (Independent Non-Executive Director)
Audit and Risk Committee	Arthur Winkler (Chairman) Cheree Dyers Tony Taylor
Remuneration and Nomination Committee	Cheree Dyers (Chairman) Herman Steyn Tony Taylor Arthur Winkler
Social and Ethics Committee	Cheree Dyers (Chairman) Elizna Read Tony Taylor
Company Secretary	Anastassia Sousa PBT House, 2 Mews Close, Waterford Mews, Century City, 7441, South Africa
Registered office	PBT House, 2 Mews Close, Waterford Mews, Century City, 7441, South Africa
Postal address	PO Box 276, Century City, 7446, South Africa
Registration number	1936/008278/06
Auditors	BDO South Africa Incorporated
Sponsor	Sasfin Capital (a Member of the Sasfin Group)
Transfer Secretaries	JSE Investor Services Proprietary Limited PO Box 4844, Johannesburg, 2000, South Africa 13th Floor, 19 Ameshoff Street, Braamfontein, 2001, South Africa
JSE share code	PBG
ISIN	ZAE000256319
Website	www.pbtgroup.co.za

Cape Town
30 June 2021



www.pbtgroup.co.za

