

INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023
AND DISTRIBUTION DECLARATION

INTRODUCTION

PBT Group is a pre-eminent data, analytics and software engineering consultancy delivering enterprise-scale solutions and services for mainly blue-chip, JSE Top 40 clients in South Africa, with a growing presence in Europe and the United Kingdom.

Technological integration is a key enabler in providing clients with custom-made solutions or services in support of their organisational objectives. As a technology agnostic consultancy, PBT Group is best positioned to optimise clients' operations without allowing product or technology to limit their options.

HIGHLIGHTS

Continuing operations

- Organic revenue growth of 7.6% to R547.4 million.
- Gross profit growth of 3.6% to R132.0 million.
- EBITDA growth of 2.6% to R66.1 million.
- Normalised headline earnings decreased by 4.8% to R32.8 million, with normalised headline earnings per share down 4.3% to 31.4 cents.
- Profit after tax increased by 9.9% to R47.9 million with profit attributable to the owners increasing by 0.8% to R29.7 million.

- Our software development division, in which we own a 58% stake, outperformed our wholly-owned subsidiaries. As a result, non-controlling interests increased, leading to lower attributable earnings.
- The business remains sound and continues to generate healthy cash flows.
- The Board of Directors (Board) has declared an interim ordinary distribution of 26 cents per share, a 4.0% increase from the prior period.
- Despite a challenging economic environment, the demand for our services remains strong and we are optimistic about our longer-term future as a focused professional services business.

Key financial results

		For the six months ended 30 September	Year-on-year change	
		2023	2022	%
CONTINUING OPERATIONS				
Revenue	R million	547.4	508.8	7.6%
Earnings before interest, taxation, depreciation and amortisation	R million	66.1	64.4	2.6%
Operating profit	R million	62.9	61.4	2.5%
Profit before taxation	R million	65.6	60.8	7.8%
Profit for the year	R million	47.9	43.6	9.9%
Profit attributable to owners of the parent	R million	29.7	29.5	0.8%
Cash generated from operations	R million	63.6	28.3	125.0%
Earnings per share	cents	28.9	35.5	(18.6%)
Headline earnings per share*	cents	28.9	35.5	(18.6%)
Normalised headline earnings**	R million	32.8	34.5	(4.8%)
Normalised headline earnings per share	cents	31.4	32.8	(4.3%)
Interim ordinary distribution declared	cents	26.0	25.0	4.0%
GROUP				
Revenue	R million	564.2	536.5	5.2%
Earnings before interest, taxation, depreciation and amortisation	R million	62.6	65.2	(4.0%)
Operating profit	R million	59.3	61.8	(4.0%)
Profit before taxation	R million	62.0	61.2	1.1%
Profit for the year	R million	45.5	43.8	3.8%
Profit attributable to owners of the parent	R million	27.3	29.7	(8.0%)
Cash generated from operations	R million	63.6	28.3	125.0%
Earnings per share	cents	26.6	35.8	(25.8%)
Headline earnings per share	cents	25.7	35.8	(28.0%)
Normalised headline earnings**	R million	29.6	34.7	(14.8%)
Normalised headline earnings per share	cents	28.3	33.0	(14.3%)
Interim ordinary distribution declared	cents	26.0	25.0	4.0%

* Weighted average number of ordinary shares (WANOS) increased by 19.8 million shares (23.9%) when compared to the prior period, due to shares held by PBT Group's largest BEE shareholder being classified as issued during the period following the sale of the vendor funding instruments at the end of the 2023 financial year. The 19.8 million shares had previously been classified as treasury shares in terms of IFRS 2 Share-based Payments. The Company had already included these issued shares in WANOS in the normalised headline earnings per share figures reported in the previous period, and the Board is of the view that the movement in normalised earnings per share is a more accurate reflection of the Company's performance for the period.

** PBT Group is reporting normalised headline earnings and normalised headline earnings per share figures. These figures reverse the accounting effect of IFRS 2 Share-based Payments. The Board is of the view that this is a more accurate reflection of the Company's after-tax earnings and after-tax earnings per share.

DISCONTINUED OPERATIONS

During the past 18 months, PBT Group (Australia) Proprietary Limited (PBT Australia), a wholly-owned subsidiary within the Group, underperformed compared to the rest of the Group. PBT Australia formed part of the Australian segment and as at 31 March 2023 contributed 5% to Group revenue and reported an EBITDA loss of R3.5 million.

Despite the PBT Australia team focusing on aligning with the core Group offering, being data engineering, the team found it very difficult to enter the data market. Opportunities earmarked since the beginning of 2023 have not materialised, including the cancellation by the client of a sizeable tender during the closing stages of the tender process.

After careful consideration, PBT Group management has resolved to dispose of PBT Australia to its local management effective 30 September 2023. PBT Group will continue to focus on growing its profitable international operations in the attractive Europe and United Kingdom markets. PBT Australia has served the Group well since establishing a local presence in 2005. Amongst other success stories, PBT Group's investment in Payapps, the disposal of which enabled the Company to return R156.9 million to shareholders in May 2023, was a direct result of its activities in Australia.

Please refer to note 8 in the Interim Financial Statements for the six months ended 30 September 2023 (Interim Report) for further information on the discontinued operations.

DISTRIBUTION DECLARATION

The Company's distribution policy is to consider an interim and a final distribution in respect of each financial year. At its discretion, the Board may consider a special or ad hoc distribution, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the Board may also elect not to pay distributions.

On Friday, 24 November 2023, the Board resolved to declare a capital reduction distribution of 13.00 cents per PBT ordinary share and a dividend distribution of 13.00 cents per PBT ordinary share for the six months ended 30 September 2023 (collectively "the Distribution"). The total Distribution of 26 cents per share will equate to R27.2 million.

The implications of the Distribution for shareholders are as follows:

- The gross dividend of 13.00 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 10.40 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 should declare their status to their regulated intermediary, as they may qualify for a reduced dividend tax rate or exemption.
- The capital reduction distribution of 13.00 cents per PBT ordinary share is not subject to dividend withholding tax as it is paid out of capital reserves. As the capital reduction 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 capital reduction distribution.

As at the date of declaration of the Distribution there were 104 569 717 PBT ordinary shares in issue. The Company's income tax reference number is 9725148713.

In compliance with the Companies Act, the Board confirms and has 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:

Last day to trade "cum Distribution"	Tuesday, 19 December 2023
First trading day "ex Distribution"	Wednesday, 20 December 2023
Record date	Friday, 22 December 2023
Payment date	Wednesday, 27 December 2023

No share certificates may be dematerialised or rematerialised between Wednesday, 20 December 2023 and Friday, 22 December 2023, 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 Wednesday, 27 December 2023.

By order of the Board

Tony Taylor
Non-Executive Chairman

Elizna Read
Chief Executive Officer

Cape Town
1 December 2023

PBT GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1936/008278/06)
JSE share code: PBG
ISIN: ZAE000256319

Registered office
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Century City, 7441

Sponsor
Questco Corporate Advisory Proprietary Limited

This short-form announcement is the responsibility of the Board, is extracted from the Interim Report and is therefore a summary of the financial information in the Interim Report that does not contain full or complete details of the Company's interim financial results.

Any investment decision by investors and/or shareholders should be based on consideration of the full Interim Report, which has been published in accordance with paragraph 3.46A of the JSE Limited Listings Requirements as follows:

Company's website: <https://www.pbtgroup.co.za/investor-relations>

JSE website: <https://senspdf.jse.co.za/documents/2023/ISE/ISSE/PBGE/PBG0923.pdf>

Electronic copies of the Interim Report can be requested from the Company Secretary at no charge via e-mail at the following address: anastassia.sousa@pbtgroup.co.za and are also available for inspection at the Company's registered office (by appointment) during office hours.