



Additional Information

for the six months ended 30 September 2022



Disclaimer and forward-looking statements

The views expressed here may contain information derived from publicly available sources that have not been independently verified.

The discussion and analysis of the results contained in this presentation have been based on the unaudited Alexander Forbes Group Holdings Limited (the group or Alexforbes) condensed consolidated interim results. The group's results include the condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows and condensed consolidated statement of changes in equity. These results are prepared in accordance with and containing the information required by IAS 34 Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

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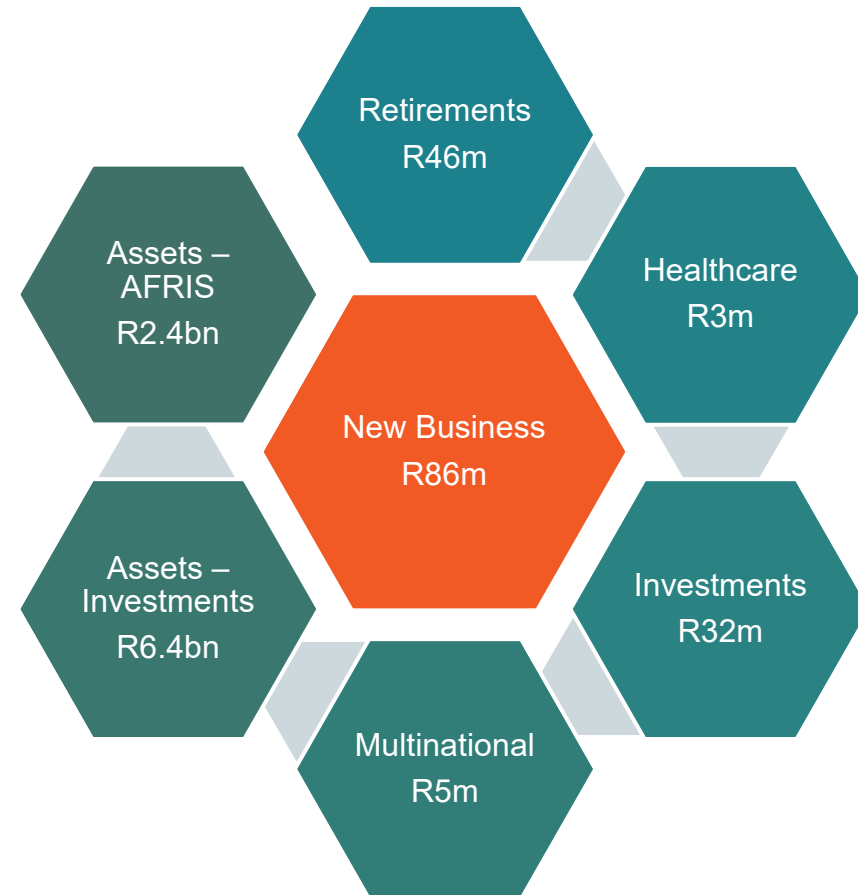
Key performance indicators



New business¹ wins year to October 2021

Management efforts to win new business and improve top line growth have been effective

Total estimated annual revenue
c. **R86 million**



Operating income – by type and by driver

for the six months ended 30 September

	Retirement consulting		Healthcare consulting		Investments		Individual consulting		Multinational		Group Total	
R million	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
By type												
Consulting and advise fees	101	91	38	24	13	-	180	171	67	60	399	346
Administration fees	302	285	-	-	-	-	1	-	63	59	366	344
Commission	48	45	136	125	-	-	-	-	6	5	190	175
Investment management fees	-	-	-	-	703	689	-	-	11	11	714	700
Technology services fees	17	-	-	-	-	-	-	-	-	-	17	-
Total	468	421	174	149	716	689	181	171	147	135	1 686	1 565
By driver												
Asset based	-	-	-	-	716	689	181	171	11	11	908	871
Payroll expense	302	285	-	-	-	-	-	-	63	59	365	344
Members	86	82	36	22	-	-	-	-	66	59	188	163
Adhoc fees	15	9	2	2	-	-	-	-	1	1	18	12
Commission	48	45	136	125	-	-	-	-	6	5	190	175
Technology services fees	17	-	-	-	-	-	-	-	-	-	17	-
Total	468	421	174	149	716	689	181	171	147	135	1 686	1 565

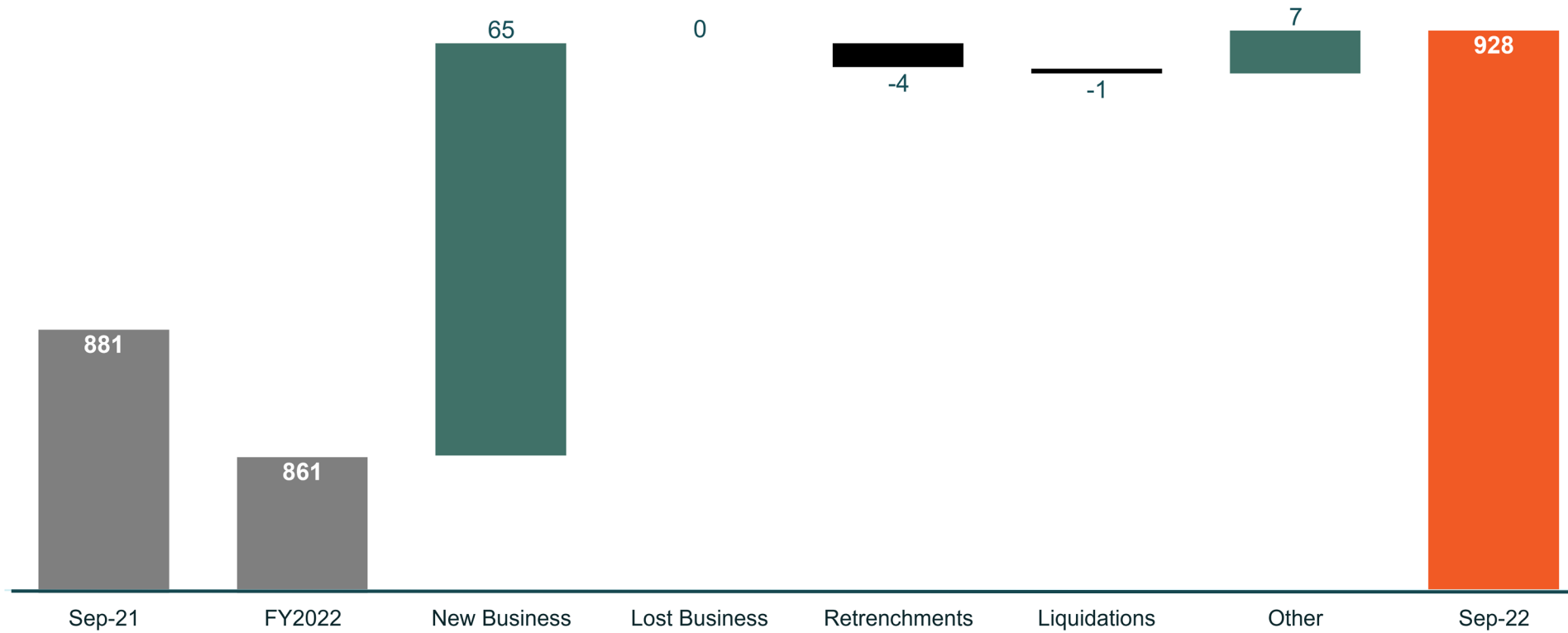
Key performance indicators

for the six months ended 30 September

	Unit	2018	2019	2020	2021	2022
Retirement consulting						
Number of umbrella fund corporate clients		1 483	1 629	1 682	1 704	1 746
Number of umbrella fund active members		357 864	367 570	367 406	350 794	355 230
Umbrella fund closing assets under management	R bn	79.8	83.1	87.1	102	103
Total number of active members (standalone and umbrella funds)		944 030	926 677	895 595	880 636	927 976
Healthcare consulting						
Number of healthcare corporate clients		534	537	529	533	533
Number of healthcare active member records		209 775	215 432	214 143	227 773	241 689
Investments						
Closing total assets	R bn	371.1	343.6	353.4	422.9	412.4
Average total assets	R bn	369.2	344.5	346.8	411.9	425.2
Institutional closing assets	R bn	305.7	276.8	285	343.9	336.1
Institutional average assets	R bn	305.4	278.3	279	335	346.8
Retail closing assets	R bn	65.4	66.8	68.4	79.0	76.3
Retail average assets	R bn	63.8	66.2	67.8	76.9	78.4
Institutional blended net margin – <i>on average assets</i>	bps	28.6	30.6	30.1	27.6	27.8
Individual clients						
Number of FPC clients	'000	53	48	47	56	57
Closing assets under advice FPC	R bn	71.1	72.2	73.0	83.0	82.8
AFRIS closing total assets	R bn	1.4	4.6	7.8	12.1	15.3
AFRIS number of clients		-	155	171	182	224
AFRIS number of members		-	2 084	3 637	5 591	7 644
Preservation rate	%	55	53	51	56	55
Net retention rate	%	23	22	24	25	24
Multinational						
Number of multinational consulting clients		-	31	61	71	89
Closing assets under management (AF Investments Namibia)	R bn	3.6	3.5	3.4	4.4	4.3
Members under administration (Namibia and Botswana)		108 235	108 799	108 464	115 740	111 826

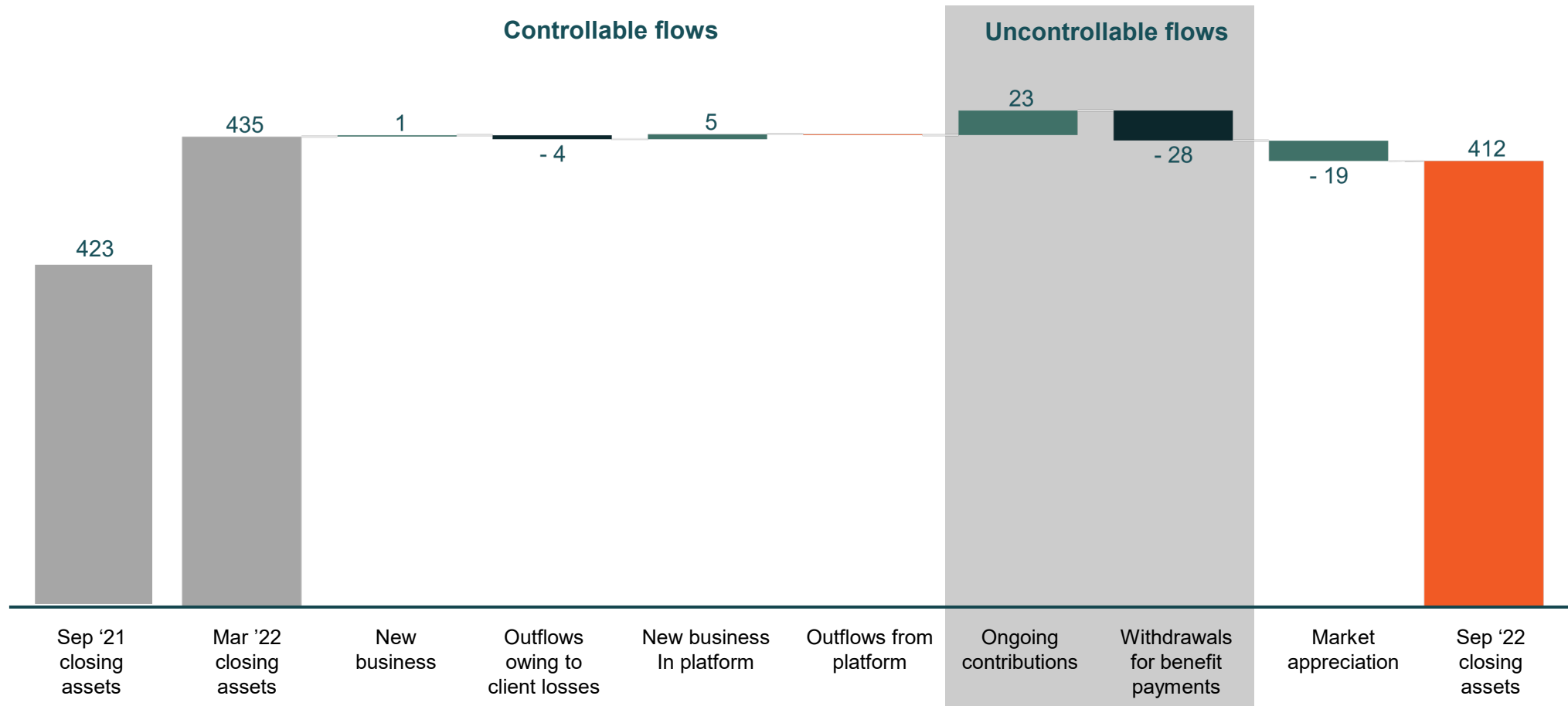
Active members – up 8% since March 2022

Movement in actual number of active members ('000s)



● Total assets – down 5% since March 2022

Movement in total assets (Rbn)





Financial review



Explanation of adjustments to normalised

The group's segmental results are reflected to include the normalised results which is the basis upon which management manages the group and reflects the economic substance of the group's performance. The adjustments between the IFRS summary consolidated income statement and the normalised results are as follows:

Amortisation of intangible assets arising from the 2007 private equity business combination

Non-trading and capital items include the ongoing accounting amortisation of these intangible assets. The capitalisation of these intangible assets, including goodwill, resulted from the required accounting treatment at the time of the private equity acquisition of the group in 2007. The amortisation will continue over the expected useful lives established at the time of the transaction. The accounting for amortisation has no impact on the cash flows of the group.

Professional indemnity insurance cell-captive results

The profits and losses of the facility are a result of the premiums paid, claims experienced and the changes made to the provision for expected future claims. The recorded profits and losses of the cell-captive facility should trend to zero over the longer term. The annual premiums paid for this insurance are included in the operating expenses of each segment. The group is required to consolidate the financial results of the cell-captive amounting to a loss of R33 million for the period ended 30 September 2022 (2021: R19 million profit) which are recorded in the non-trading and capital items.

Accounting for property lease

IFRS 16 requires an on-balance sheet recognition and measurement model for lessees which includes the recognition of right-of-use assets as well as lease liabilities resulting in depreciation and finance costs being recognised in the income statement. These costs replace rental expenses which were recognised on a straight-line basis under the previous leases standard, IAS 17. In order to ensure comparability and to again reflect the true premises cost, adjustments amounting to R55 million (2021: R49 million) have been applied to profit before non-trading and capital items in addition to finance costs of R24 million (2021: R30 million) resulting in a net adjustment of R31 million (2021: R19 million) to profit before tax.

Reported loss arising from accounting for policyholder investment in treasury shares

In terms of IFRS, as presently constituted, any Alexander Forbes shares acquired by underlying asset managers (under a discretionary mandate) and held by the group's multi-manager investment subsidiary for policyholders (the shares) are required to be accounted for in Alexander Forbes's consolidated financial statements as treasury shares. As a result, any fair value gains or losses made on the shares, which are economically matched to the policyholder liabilities, are recognised in the group's income statement.

Investment income and taxation payable on behalf of policyholders

The group's tax expense includes both deferred and income taxation payable on behalf of policyholders within the AF investments insurance licensed entity. The recognition of the recovery of this tax expense is included in the group's investment income. The normalised results exclude the policyholder tax expense and the related investment income which directly off-set this tax expense.

Normalised income statement

for the six months ended 30 September

R million	Normalised 2022	Normalised 2021	% change
Operating income net of direct expenses	1 686	1 565	8
Other income	26	18	44
Operating expenses	(1 413)	(1 243)	14
Operating profit before non-trading and capital items	299	340	(12)
Non-trading and capital items	(21)	(8)	(163)
Operating profit	278	332	(10)
Net investment income (excluding policyholder investment income)	55	37	49
Profit before taxation	333	369	(10)
Income tax expense	(112)	(135)	(17)
Profit from continuing operations	221	234	(6)
Loss from discontinued operations	(25)	(79)	(68)
Profit for the period	196	155	26
Attributable to non-controlling interest	(5)	(2)	150
Profit attributable to owners of the company	191	153	25
Adjusting items			
Normalised headline adjusting items	-	2	<(100)
Normalised headline profit attributable to owners of the company	191	155	23
Normalised number of shares	1 230	1 267	(3)
Weighted average number of shares in issue (net of treasury shares)	1 230	1 267	(3)
Shares held by policyholders classified as treasury shares	1	4	(75)
Normalised number of shares in issue	1 231	1 271	(3)
Normalised earnings per share (cents)	15.5	12.0	29
Normalised headline earnings per share (cents)	15.5	12.2	27

Balance sheet reconciliation adjusting for policyholder and insurance-related balances

At 30 September

R million	2022 IFRS	Adj. linked investment policyholders	Adj. Insurance related balances	2022 Corporate	2021 Corporate
Assets under management	345 081	(345 081)	-	-	-
Property, equipment and computer software	629	-	-	629	614
Goodwill & intangible assets	1 587	-	-	1 587	1 553
Financial assets and associates	347	-	-	347	671
Deferred tax asset	169	-	-	169	189
Insurance receivables	330	-	(330)	-	-
Trade and other receivables	530	-	-	530	323
Cash & cash equivalents	2 689	-	-	2 689	2 367
Assets classified as held for sale	31	-	-	31	1 024
Total assets	351 393	(345 081)	(330)	5 982	6 741
Liabilities under management	(345 085)	345 085	-	-	-
Borrowings	(133)	-	-	(133)	(27)
Employee benefits	(148)	-	-	(148)	(155)
Deferred tax liabilities	(71)	28	-	(43)	(47)
Lease liabilities	(498)	-	-	(498)	(620)
Provisions and deferred income	(229)	-	-	(229)	(332)
Insurance payables	(433)	-	433	-	-
Trade and other payables	(683)	33	-	(650)	(478)
Liabilities associated with assets held for sale	(12)	-	-	(12)	(1 000)
Total liabilities	(347 292)	345 146	433	(1 713)	(2 659)
Total equity	4 101	65	103	4 269	4 082

Analysis of cash balances

At 30 September

R million	Sep 2022	Sep 2022	Total	Sep 2021	Mar 2022
	Cont. Ops	Disc. Ops		Total operations	Total operations
Cash and cash equivalents	2 687	32	2 719	2 404	2 762
Cash held on behalf of policyholders	(103)	-	(103)	(295)	(145)
Cash held in cell captive insurance facilities	(194)	-	(194)	(261)	(240)
Restricted cash (EM, AM fees & Tax prov.)	(294)	-	(294)	(345)	(334)
Net current liabilities	(267)	-	(267)	(249)	(382)
Available cash before regulatory capital	1 829	32	1 861	1 254	1 661
Cash held for regulatory capital, liquidity and solvency requirements	(1 240)	(32)	(1 272)	(743)	(1 087)
Alexander Forbes group SCR	(1 347)	(32)	(1 379)	(1 600)	(1 529)
Cover ratio at 20%	(269)	-	(269)	(314)	(300)
Other assets backing regulatory capital	376	-	376	1 139	742
Additional surplus cover ratio held in cash	-	-	-	32	-
Available cash resources	589	-	589	511	574

Regulatory capital (SAM Standard Formulae)

R million	September 2022			March 2022			% Change in Regulatory Surplus (%)
	Own Funds	Solvency Capital Requirement (SCR)	Regulatory Surplus	Own Funds	Solvency Capital Requirement (SCR)	Regulatory Surplus	
Holding company	342	137	205	879	362	517	(60)
Regulated insurer	1 418	848	570	1 519	846	673	(15)
FAIS & 13B regulated entity	463	226	237	285	217	68	>100
Other regulated financial entity	155	81	74	142	84	58	28
Unregulated entity	207	87	120	12	20	(8)	>(100)
Total group	2 585	1 379	1 206	2 837	1 529	1 308	(8)



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