

# Additional information

for the twelve months ended  
31 March 2023





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# Key performance indicators



# Operating income<sup>1</sup> | By type and by driver

for the twelve months ended 31 March

	Retirement consulting		Healthcare consulting		Investments		Individual consulting		Multinational		Group Total	
R million	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>By type</b>												
Consulting and advice fees	168	182	78	56	28	27	364	351	152	133	790	749
Administration fees	656	580	3	3	-	-	5	4	120	119	784	706
Commission	93	87	275	250	-	-	-	-	14	11	382	348
Investment management fees	-	-	-	-	1 440	1 397	-	-	21	21	1 461	1 418
Technology services fees	61	-	-	-	-	-	-	-	-	-	61	-
<b>Total</b>	<b>978</b>	<b>849</b>	<b>356</b>	<b>309</b>	<b>1 468</b>	<b>1 424</b>	<b>369</b>	<b>355</b>	<b>307</b>	<b>284</b>	<b>3 478</b>	<b>3 221</b>
<b>By driver</b>												
Asset based	-	-	-	-	1 468	1 424	369	355	21	21	1 858	1 800
Payroll expense	656	613	-	-	-	-	-	-	120	119	776	732
Members	141	130	74	53	-	-	-	-	147	130	362	313
Adhoc fees	27	20	7	6	-	-	-	-	5	3	39	29
Commission	93	87	275	250	-	-	-	-	14	11	382	348
Technology services fees	61	-	-	-	-	-	-	-	-	-	61	-
<b>Total</b>	<b>978</b>	<b>849</b>	<b>356</b>	<b>309</b>	<b>1 468</b>	<b>1 424</b>	<b>369</b>	<b>355</b>	<b>307</b>	<b>284</b>	<b>3 478</b>	<b>3 221</b>

1. Operating income net of direct expenses

# Key performance indicators

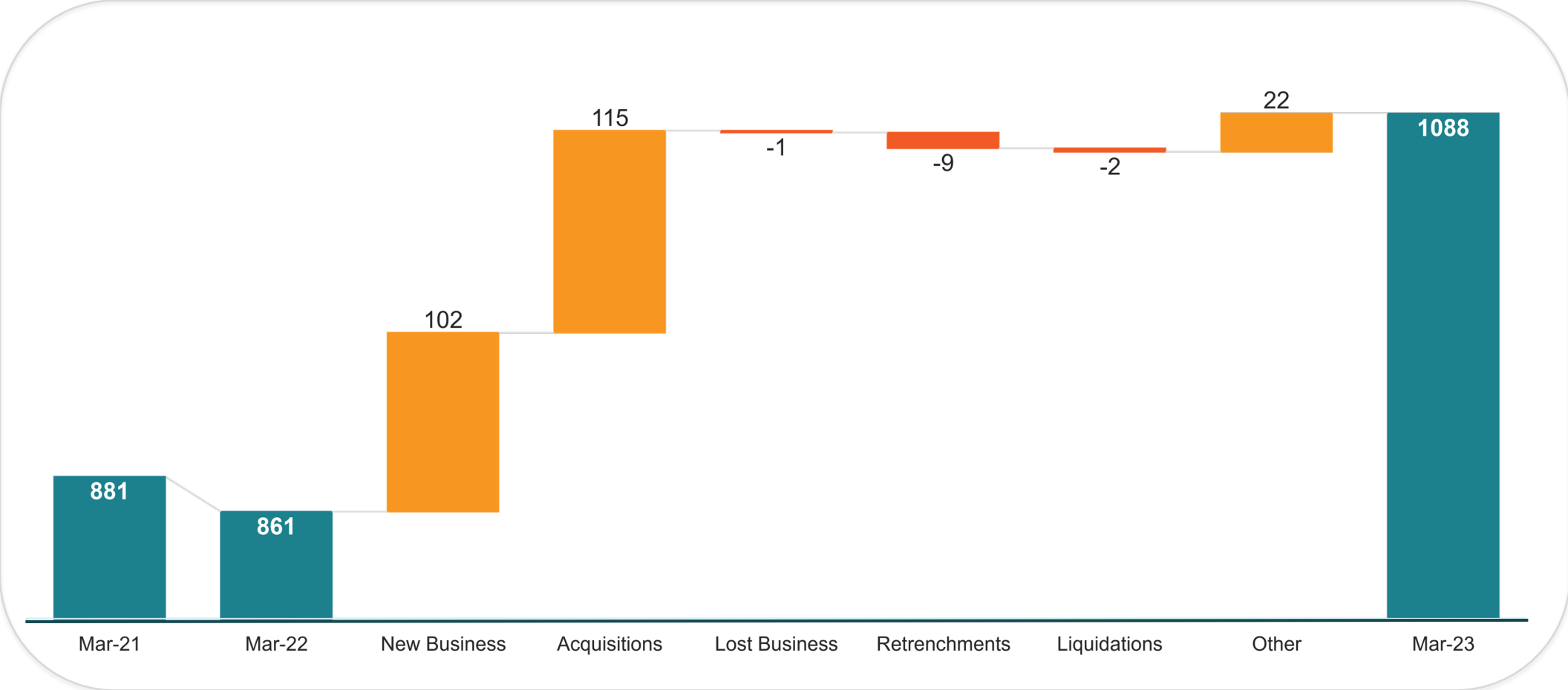
for the twelve months ended 31 March

	Unit	2019	2020	2021	2022	2023
<b>Retirement consulting</b>						
Number of umbrella fund corporate clients		1 520	1 689	1 668	1 714	1 824
Number of umbrella fund active members	'000	361	373	346	345	397
Umbrella fund closing assets under management	R bn	81.4	75.8	96.3	108.0	116.0
Total number of active members (standalone and umbrella funds)		938 533	914 440	864 087	861 219	1 088 050
<b>Healthcare consulting</b>						
Number of healthcare corporate clients		531	532	530	538	514
Number of healthcare active member records		218 306	217 450	223 983	247 701	241 642
<b>Investments</b>						
Closing total assets	R bn	342.0	310.3	401.0	434.7	453.5
Institutional closing assets	R bn	276.1	248.5	325.7	353.6	369.7
Retail closing assets	R bn	65.9	61.9	75.2	81.1	83.8
Average total assets	R bn	355.3	344.2	362.2	423.2	435.6
Institutional average assets	R bn	291.7	277.6	292.2	344.3	355.3
Retail average assets	R bn	63.6	66.6	69.9	79.0	80.4
Institutional blended net margin – <i>on average assets</i>	bps	29.5	30.6	29.4	27.7	27.9
<b>Individual clients</b>						
Number of FPC clients		57 520	56 939	55 341	56 273	57 905
Closing assets under advisement	R bn	71.7	66.7	79.6	86.5	90.1
AFRIS number of clients		113	163	177	206	228
AFRIS number of members		1 300	2 879	4 716	6 970	8 525
AFRIS closing total assets	R bn	3.0	5.9	10.2	14.4	18.1
Preservation rate	%	55	53	49	56	52
Net retention rate	%	24	23	23	27	26
<b>Multinational</b>						
Number of multinational consulting clients		31	51	64	79	95
Closing assets under management (AF Investments Namibia)	R bn	3.6	3.2	4.3	4.4	4.8
Members under administration (Namibia and Botswana)		108 943	106 790	110 951	116 249	115 198



# Active members | up 26% since March 2022

Movement in actual number of active members (000)





# 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 R31 million for year ended 31 March 2023 (2022: R22 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 lease standard, IAS 17. In order to ensure comparability and to again reflect the true premises cost, adjustments amounting to R100 million (2022: R102 million) have been effected to profit before non-trading and capital items in addition to finance costs of R38 million (2022: R55 million). A further adjustment of R80 million was made relating to the gain on lease modification, resulting in a net adjustment of R142 million (2022: R47 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 twelve months ended 31 March

R million	Normalised 2023 Reviewed	Normalised 2022 Audited	% change
<b>Operating income net of direct expenses</b>	<b>3 478</b>	<b>3 221</b>	<b>8</b>
Other income	60	39	54
Operating expenses	(2 932)	(2 642)	11
<b>Operating profit before non-trading and capital items</b>	<b>606</b>	<b>618</b>	<b>(2)</b>
Non-trading and capital items	(39)	(29)	35
<b>Operating profit</b>	<b>567</b>	<b>589</b>	<b>(4)</b>
Net investment income (excluding policyholder investment income)	129	93	39
<b>Profit before taxation</b>	<b>696</b>	<b>682</b>	<b>2</b>
Income tax expense	(202)	(210)	(4)
<b>Profit from continuing operations</b>	<b>494</b>	<b>472</b>	<b>5</b>
Profit from discontinued operations	161	29	>100
<b>Profit for the year</b>	<b>655</b>	<b>501</b>	<b>31</b>
Attributable to non-controlling interest	(10)	(12)	(17)
<b>Profit attributable to owners of the company</b>	<b>645</b>	<b>489</b>	<b>32</b>
Normalised headline adjusting items	(116)	(76)	53
<b>Normalised headline profit attributable to owners of the company</b>	<b>529</b>	<b>413</b>	<b>28</b>
<b>Normalised number of shares</b>			
<b>Weighted average number of shares in issue (net of treasury shares)</b>	<b>1 232</b>	<b>1 259</b>	<b>(2)</b>
Shares held by policyholders classified as treasury shares	1	4	(75)
<b>Normalised number of shares in issue</b>	<b>1 233</b>	<b>1 263</b>	<b>(2)</b>
Normalised earnings per share (cents)	52.3	38.8	35
Normalised headline earnings per share (cents)	42.9	32.7	31

# Balance sheet reconciliation adjusting for policyholder and insurance-related balances

At 31 March

R million	2023 IFRS	Adj. linked investment policyholders	Adj. Insurance related balances	2023 Corporate	2022 Corporate
Assets under management	379 584	(379 584)		-	-
Property, equipment and computer software	597			597	637
Goodwill & intangible assets	1 689			1 689	1 521
Financial assets and associates	696			696	522
Deferred tax asset	159			159	187
Insurance receivables	116		(116)	-	-
Trade and other receivables	476			476	334
Cash & cash equivalents	2 818		(75)	2 743	2 587
Assets classified as held for sale	-			-	37
<b>Total assets</b>	<b>386 135</b>	<b>(379 584)</b>	<b>(191)</b>	<b>6 360</b>	<b>5 825</b>
Liabilities under management	(379 588)	379 588		-	-
Borrowings	(227)			(227)	(26)
Employee benefits	(143)			(143)	(136)
Deferred tax liabilities	(87)	47		(40)	(36)
Lease liabilities	(336)			(336)	(581)
Provisions and deferred income	(216)			(216)	(199)
Insurance payables	(191)		(191)	-	-
Trade and other payables	(868)	25		(843)	(666)
Liabilities associated with assets held for sale	-			-	(12)
<b>Total liabilities</b>	<b>(381 656)</b>	<b>379 660</b>	<b>191</b>	<b>(1 805)</b>	<b>(1 656)</b>
<b>Total equity</b>	<b>4 479</b>	<b>76</b>	<b>-</b>	<b>4 555</b>	<b>4 169</b>

# FY2023 Capital, available cash and return on equity

	2023	2022	% change	2021
Average equity <sup>1</sup> (R million)	4 450	4 372	▲ 2	4 711
Average tangible NAV <sup>2</sup> (R million)	2 910	2 997	▼ (3)	3 185
Own funds (R million)	2 944	2 837	▲ 4	2 792
Solvency capital requirement (SCR)	1 428	1 529	▼ (7)	1 353
Regulatory surplus (R million)	1 516	1 308	▲ 16	1 439
Available cash as at 31 March 2023 (R million)	933	574	▲ 63	232
Return on equity <sup>3</sup> (%)	14.5	11.2	▲ 3.3	3.8
Return on tangible NAV (%)	22.2	16.3	▲ 5.9	5.6

1. The average equity excludes policyholder treasury shares that are held for benefit of policyholders and shares purchased in terms of share schemes (the voting rights attached to these treasury shares are not Alexforbes rights)
2. Average tangible net asset value excluding intangible assets and the related deferred tax
3. RoE in FY2021 includes the ETV expense – excluding this expense RoE for FY2021: 9.1%

# Analysis of cash balances

At 31 March

R million	Mar 2023	Mar 2022
	Total operations	Total operations
Cash and cash equivalents	2 819	2 762
Cash held on behalf of policyholders	(76)	(145)
Cash held in cell captive insurance facilities	(54)	(240)
Restricted cash (EM, AM fees & Tax prov.)	(561)	(334)
Net current liabilities	(349)	(382)
Available cash before regulatory capital	1 779	1 661
Cash held for regulatory capital, liquidity and solvency requirements	(846)	(1 087)
Alexander Forbes group SCR	(1 428)	(1 529)
Cover ratio at 20%	(286)	(300)
Other assets backing regulatory capital	868	742
Additional surplus cover ratio held in cash	-	-
<b>Available cash resources</b>	<b>933</b>	<b>574</b>

# Regulatory capital (SAM Standard Formulae)

R million	March 2023			March 2022			% Change in Regulatory Surplus (%)
	Own Funds	Solvency Capital Requirement (SCR)	Regulatory Surplus	Own Funds	Solvency Capital Requirement (SCR)	Regulatory Surplus	
Holding company	360	188	<b>172</b>	879	362	<b>517</b>	(66.7)
Regulated insurer	1 387	836	<b>551</b>	1 519	846	<b>673</b>	(18.1)
FAIS & 13B regulated entity	871	235	<b>636</b>	285	217	<b>68</b>	>100
Other regulated financial entity	128	72	<b>56</b>	142	84	<b>58</b>	(3.4)
Unregulated entity	198	97	<b>101</b>	12	20	<b>(8)</b>	>(100)
<b>Total group</b>	<b>2 944</b>	<b>1 428</b>	<b>1 516</b>	<b>2 837</b>	<b>1 529</b>	<b>1 308</b>	<b>15.9</b>



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