Alexander Forbes
Group Holdings Limited

Annual results announcement and cash dividend declaration

for the year ended 31 March 2024

:alexforbes

insight · advice · impact

Highlights

Contents

Operating income up 12% to
R3 905 million

Organic growth
8%

Acquisitive growth
4%

Profit from operations
(before non-trading and capital items)
up 2% to
R801 million

Cost-to-income of
79.5%
(2023: 77.4%)

Cash generated from continuing operations of
R1 073 million

Regulatory surplus of
R1 949 million
The group cover ratio of 2.8 times is comfortably above the target solvency cover ratio of 1.2 times.

11% increase in the final dividend per share to
30 cents per share taking the **annual dividend to 50 cents per share, up 19%** year on year

Headline earnings per share from total operations up 29% to
61.5 cents per share

Special dividend of
60 cents per share
distributing a further
R778 million

Available cash of
R1 172 million

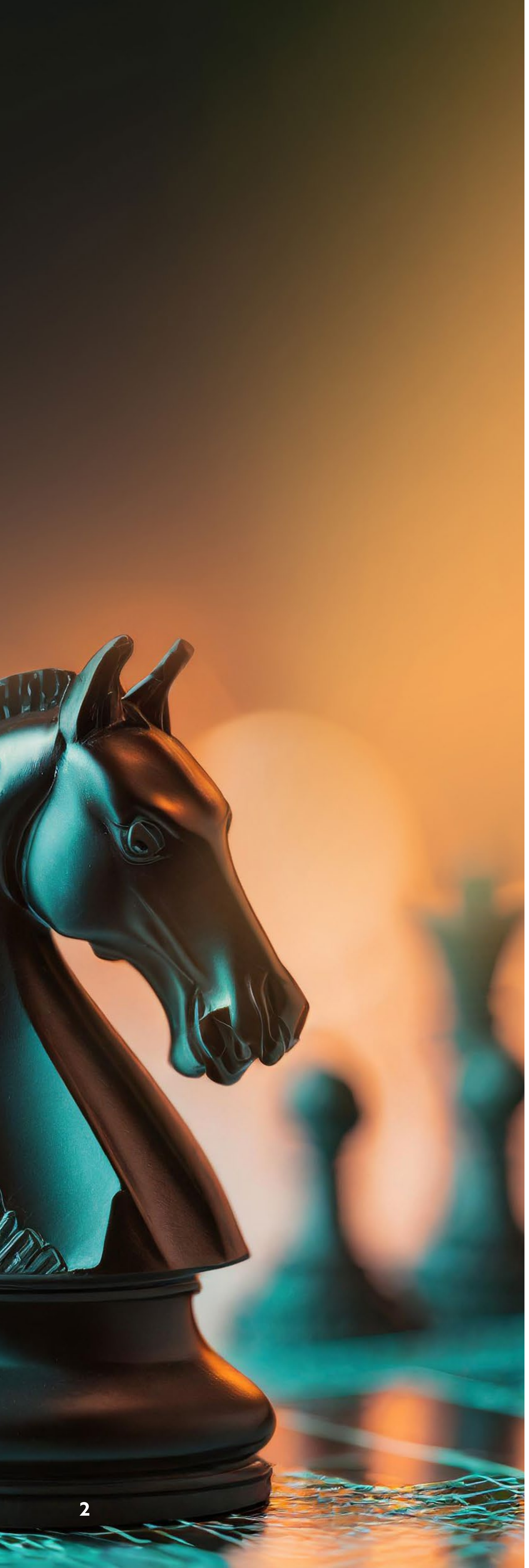
Total assets[1] up 16% from 31 March 2023
R525 billion

1 Total assets include assets under administration and assets under management.

Total members under administration and advised up 1% to
1.51 million

Chief executive officer,
Dawie de Villiers,
commented:

'We set out to transform our business and I am pleased with our disciplined execution, consistent delivery over time, capacity building and progress towards our ambition as a group. Alexforbes turns 90 in 2025 and I am looking forward to making the year ahead truly memorable as we continue to serve our purpose by making a positive impact for all stakeholders.'



Overview

Alexforbes reports solid financial performance delivering growth in line with the strategy of the group.

The group delivered strong revenue growth in an uncertain economic environment, reporting a 12% increase in operating income to R3 905 million in the current year. The growth in revenue is a result of the deliberate execution of our strategy, new business wins, the implementation of acquisitions and reflects positive market performance in the current year.

We are pleased with the integration and performance of the six businesses acquired over the past three years; most recently OUTvest and TSA Administration. In the current year these businesses added R243 million to operating income and contributed R67 million to profit from operations (before non-trading and capital items), notwithstanding an impairment of goodwill and associated intangible assets relating to EBS International.

Operating expenses of R3 183 million increased 16% year on year, with the increase in business-as-usual expenses in line with our previously announced plan to invest in capacity. The increase in operating expenses also includes the effect of the one-off lease adjustment from the prior year, reduced cost recovery from discontinued operations and an increase in expenses from acquisitions. We are pleased to have kept the cost-to-income ratio to 79.5%, and we are committed to drive its downward trajectory in the medium term.

Profit from operations (before non-trading and capital items) increased 2% year on year to R801 million. Cash generated from continuing operations remains strong at R1 073 million.

Headline earnings per share from total operations increased 29% to 61.5 cents per share. This increase is attributable to the financial performance of the discontinued operations in the current year.

The group balance sheet remains financially robust, supported by the sustained cash flow generated from continuing operations, with a sound regulatory surplus position of R1 949 million and available cash of R1 172 million. The group cover ratio of 2.8 times is comfortably above the target solvency cover ratio of 1.2 times.

A gross final dividend of 30 cents per share has been declared, up 11%, distributing a total of R389 million to shareholders. This brings the total annual dividend to 50 cents per share, up 19% year on year.

In addition, the board has declared a gross special dividend of 60 cents per share, distributing a further R778 million in available cash to shareholders and reducing the surplus capital position of the group.

As a business that is trusted across South Africa and beyond, the group's aim is to lead as a model of corporate citizenship. Our governance framework is informed by principles of ethical trade, transparency, accountability, and sustainability. We maintain the highest standards of corporate governance and ethical leadership to deliver confidence to our stakeholders.

Financial highlights

In millions of South African rands (unless otherwise stated)	2024/2023 % change	2024	2023	2022
Continuing operations				
Operating income[1]	12	**3 905**	3 478	3 221
Profit from operations (before non-trading and capital items)	2	**801**	786	720
Cost-to-income ratio[2] (percentage)	3	**79.5**	77.4	77.6
Profit for the year	5	**580**	553	478
Cash generated from operations	-	**1 073**	1 076	809
Basic earnings per share (cents)	4	**45.6**	44.0	37.0
Headline earnings per share (cents)	16	**52.9**	45.5	37.2
Discontinued operations				
Profit/(loss) from operations (before non-trading and capital items)	>100	**71**	25	(51)
Profit from discontinued operations	(30)	**112**	161	29
Total group				
Basic earnings per share (cents)	(4)	**54.7**	57.1	39.3
Headline earnings per share (cents)	29	**61.5**	47.7	33.2
Normalised headline earnings per share (cents)	31	**56.2**	42.9	32.7
Interim dividend per share (cents)	33	**20**	15	12
Final dividend per share (cents)	11	**30**	27	20
Annual dividend per share (cents)	19	**50**	42	32
Special dividend per share (cents)	na	**60**	-	-
Closing total assets[3] (in billions of South African rands)	16	**525**	454	435
Total members under administration and advised[4] (000)	1	**1 512**	1 503	1 281

1 *Operating income represents revenue net of direct expenses.*
2 *Cost-to-income ratio is calculated as a percentage of operating expenses (before non-trading and capital items) and adjusted for other income, over operating income.*
3 *Total assets include assets under administration and assets under management.*
4 *Includes total number of active members across standalone and umbrella funds, medical scheme membership and individual consulting clients.*

Financial review

Operating income

Year ended 31 March	2024	%	2023
Retirement consulting	**1 155**	18	978
Healthcare consulting	**363**	2	356
Investments	**1 625**	11	1 468
Individual consulting	**420**	14	369
Multinational consulting	**342**	11	307
Total	**3 905**	**12**	**3 478**

Retirement consulting

Operating income from retirement consulting surpassed R1 billion in the current year, up 18% to R1 155 million owing to organic and acquisitive growth, the latter attributable to the acquisition of TSA Administration in the first half of the year and the continued migration of consenting funds from the acquisition of Sanlam's standalone retirement fund administration business operations. These acquisitions have bolstered our position in the employee benefit administration arena, affirming our continued commitment to service both standalone and umbrella fund clients. Excluding these acquisitions, the retirement consulting business delivered 5% growth year on year, demonstrating credible growth in a mature and competitive market.

Our standalone administration business was successful in securing six mandates in the current year. We have seen continued demand for umbrella fund solutions as well as the conversion of standalone clients into umbrella funds.

Our institutional umbrella fund offering, which includes the Alexander Forbes Retirement Fund (AFRF) and Alexander Forbes Access (AF Access), reported a 16% increase in closing assets under management to R134 billion owing to positive market returns and positive net cash flows.

Our active membership base exceeds one million members at 1 094 402 members, up 1% year on year.

Fee income from our consulting and actuarial services grew by 17% owing to a combination of new business appointments and additional work done for existing clients.

The introduction of the two-pot legislation, effective 1 September 2024, marks a significant milestone in retirement reform, aiming to achieve long-term retirement savings while addressing members' immediate financial needs. Our teams have devoted considerable effort to establishing a comprehensive two-pot programme structure together with operational protocols and ensuring the administration system readiness for the effective date.

Healthcare consulting

Healthcare consulting delivered a 2% increase in operating income to R363 million comprising growth in:

- Medical aid broking income, which is up 2% with the increase in the medical aid cap commission partially offset by the loss of a key client in the first half of the year; and
- Health management solutions income which is up 4%.

Our health consulting business is positioned for continued growth and expansion, driven by a combination of organic initiatives and strategic partnerships. The rising demand for healthcare advisory services, bolstered by our strong market position and diversified service offerings, positions us favourably to seize emerging opportunities in the dynamic healthcare landscape.

Alexforbes reaffirms its commitment to the principles of universal healthcare, providing quality, affordable and accessible healthcare as a fundamental right for all citizens. Although the National Health Insurance (NHI) Bill, in its current form, lacks clarity in terms of how the NHI will be funded, as well as what prescribed services will be covered by NHI, Alexforbes stands behind the vision of equitable access for all to quality healthcare. Healthcare in the context of the implementation of NHI presents an opportunity to provide advice to employers.

Investments

Investments reported an 11% increase in operating income to R1 625 million. Assets under management and administration exceeded R500 billion in the year benefiting from the success of key strategic initiatives and underpinned by a significant increase in new business as well as positive market growth. The cumulative market return achieved across our portfolios was 11% for the year ending 31 March 2024. This compares to the annual return from the JSE all-share index of 1.6% over the same period.

Our portfolios remain well positioned, employing a diverse set of investment strategies to which we apply our multi-management approach for enhanced returns at reduced risk. The investment philosophy applied within our portfolios, including diversification and exposure to alternatives, has largely delivered much-needed capital protection over the period.

The institutional blended margin improved marginally to 28.4 bps (2023: 27.9 bps) owing to strategies implemented within the portfolios as well as conversion of some clients from platform to our multi-manager product offering. The retail blended margin continued to reduce in line with our strategy relating to product mix and making retail products available to our individual customers at institutional pricing.

Closing assets under management and administration (AuM and AuA) increased 16% year on year to R525 billion. Our product offering (AuM) grew at 8% while our platform administration offering (AuA) grew 55%.

Total closing assets are segregated as follows:

	31 March 2024			31 March 2023		
R billions	**Institutional**	**Retail**	**Total**	Institutional	Retail	Total
Assets under administration (AuA)	**98.6**	**6.7**	**105.3**	63.6	6.7	70.3
Assets under management (AuM)	**330.2**	**89.7**	**419.9**	306.1	77.1	383.2
Total AuA and AuM	**428.8**	**96.4**	**525.2**	**369.7**	**83.8**	**453.5**

Our flagship portfolio, Performer, has delivered consistent and competitive performance over time, resulting in improved long-term investment outcomes for clients. Performer closing AuM increased 12% year on year to R232 billion as at 31 March 2024, with positive net cash inflows reported in the year underpinned by positive return growth of 11.4% for the year. Performer consistently ranks in the first quartile of the Alexforbes Manager Watch Survey™ over a 5-year period and remains well positioned in these volatile markets to continue to achieve superior returns on a risk-adjusted basis.

New institutional business flows for the year amounted to R38.9 billion (including R34.2 billion in platform assets). The increase in new business flows coupled with lower client terminations resulted in a net positive cash flow position for the institutional business for the year under review.

Within our product offering, we continue to see inflows into our umbrella fund both from new business and client conversions from standalone administration. The significant increase in new business into our platform administration offering is attributable to two large client mandates won in the year and clients on-boarded from the Sanlam standalone retirement fund administration business operations acquisition that require unitisation administration services for their investments.

Ongoing inflows from active members of retirement funds grew 6% in line with wage increases of our members of institutional clients. This increase was partially offset by lower contributions from our platform clients for whom we provide regulatory reporting services as well as the timing of transitions in platform resulting in an overall growth in on-going inflows/transfers of 2% year on year. Withdrawals by members of institutional clients, however, have increased owing to a higher fund credit value being withdrawn resulting from the positive market growth over the rolling twelve month period to 31 March 2024.

A summary of the cash flows for the twelve months to 31 March 2024 is shown below.

	31 March 2024			31 March 2023		
R billions	**Institutional**	**Retail**	**Total**	Institutional	Retail	Total
Controllable (product)	**4.3**	**-**	**4.3**	(1.2)	-	(1.2)
New business	**6.5**	**-**	**6.5**	5.0	-	5.0
Outflows owing to client losses	**(2.2)**	**-**	**(2.2)**	(6.2)	-	(6.2)
Controllable (platform)	**31.8**	**-**	**31.8**	5.2	-	5.2
New business	**32.4**	**-**	**32.4**	5.9	-	5.9
Outflows owing to client losses	**(0.6)**	**-**	**(0.6)**	(0.7)	-	(0.7)
Uncontrollable	**(13.5)**	**0.1**	**(13.4)**	(9.5)	(1.4)	(10.9)
Ongoing inflows/transfers	**40.3**	**11.5**	**51.8**	39.7	8.1	47.8
Withdrawals for benefit payments	**(53.8)**	**(11.4)**	**(65.2)**	(49.2)	(9.5)	(58.7)
Net cash flows	**22.6**	**0.1**	**22.7**	**(5.5)**	**(1.4)**	**(6.9)**

Individual consulting

Operating income increased 14% to R420 million owing to new business asset inflows, asset retention and positive market growth in the current year.

New business assets increased 25% to R20.8 billion underpinned by a 22% increase in the number of new clients as well as asset retention from increased engagement with members of employer funds during their life stages, which include: joining, leaving or retiring. Closing assets under advisement increased 9% year on year to R98.6 billion.

Our individual advice efforts continue to result in an increase in the number of advised customers from within our retirement fund member base. Total retained assets, included in new business flows, increased 19% year on year to R7.5 billion.

Our strategy has remained unchanged, which is to provide best advice supported by our rapidly transforming member engagement suite. Our individualisation strategy has resulted in a net increase, in the current year, 26 advisors to serve more clients, a fourfold increase in the number of members engaged and the internal shift toward operating as a retail-oriented financial services provider.

In the current year, the business acquired OUTvest with the aim to drive efficiencies within our advisor base by enabling the streamlined provision of advice relating to discretionary goals-based investing, client onboarding and continued servicing. The platform and team acquired through this acquisition will unlock our ability to provide advice across our member base at scale.

Multinational consulting

Multinational consulting includes business operations where we have physical offices in areas outside South Africa (Botswana, Channel Islands, Namibia and Nigeria) and consulting advice provided outside South Africa through the multinational consulting offering. Our Botswana and Namibia businesses offer retirement administration as well as consulting services to both institutional and individual clients, while our Channel Island and Nigeria businesses offer advisory services focused mainly on wealth management and consulting in actuarial services respectively.

Operating income increased 11% year on year to R342 million comprising the following:

- Botswana delivered strong growth of 13% owing to the annualised impact of new business wins from the prior year, inflationary growth in administration and growth in trust and asset consulting.
- Namibia reported growth of 5% attributable to inflationary growth in administration and an increase in the multi-manager investment income earned by Alexforbes Investments Namibia.
- Our multinational consulting business continues to grow, reporting strong growth of 31% owing to client wins in our health and consulting solution offerings and high client retention.

Other income

Other income increased 32% to R79 million attributable to transitional services provided to the AFICA group that was sold in the prior year.

Operating expenses

Operating expenses increased 16% to R3 183 million. The increase in business-as-usual operating expenses (up 9%) is in line with our previously announced plan to invest in capacity as well as inflationary pressures that are prevalent in the current market environment.

In addition, the following items contributed to the increase in operating expenses during the year:

- The one-off adjustment to the prior year property cost as a result of the IFRS 16 treatment of the change to the Sandton head office lease. The impact of this accounting treatment on expenses amounts to R41 million, increasing the expense growth by 1.4%.
- The reduced cost recovery from discontinued operations of R54 million prior to the disposal, increasing the expense growth by 1.9%.
- The increase in expenses relating to businesses acquired during the year amounting to R85 million, increasing the expense growth by 3.0%. This increase in operating expenses has a corresponding increase in operating income with a positive impact on profits and operating margin.

The investment into our employee benefits administration capacity amounted to R60 million in the current year, largely relating to an increase in employees. This increased the growth in operating expenses by 2%. This investment improved capacity in the client-servicing call centre, claims department and new business on-boarding teams.

We also continued to make additional improvements in standardisation and automation with more technology modernisation on-the-go and in the pipeline. These investments will continue to allow for added scale to our business.

Personnel costs (63% of total operating expenses) increased 15% attributable to acquisitions, inflation and increased headcount.

Growth in technology costs were well-contained at 6% year on year.

As previously indicated, we remain focused on ensuring that we continue to make further investment in areas of our business that will unlock efficiencies and enable operational excellence to be achieved.

We will balance our need to invest with affordability constraints over time. There is a continued focus to manage cost growth to within our target of inflation plus 1% through structural changes and efficiencies.

Profit from operations (before non-trading and capital items)

Profit from operations (before non-trading and capital items) increased 2% year on year to R801 million. Excluding the one-off adjustment to the prior year property cost, the normalised profit from operations increased 9% year on year as reflected in the segmental report.

Items below profit from operations

Non-trading and capital items

Non-trading and capital items increased 15% to R114 million (2023: R99 million) owing to the goodwill written off and associated impairment of intangible assets relating to the EBS International business in the current year.

Goodwill at a group level arises from the 2007 private equity transaction, the acquisition of EBS International (EBS) in the prior year and in the current year, the acquisition of TSA Administration. In the current year the loss of a key contract within the EBS business resulted in lower-than-expected operating income and cash flow projections for the EBS cash generating unit. As such, the goodwill raised resulting from the acquisition of R33 million has been written off. In addition, associated customer contracts and software amounting to R18 million and R36 million respectively were also written off in the current year. The goodwill written-off and associated impairment of intangibles do not impact cash flows and is reversed from earnings per share in determining headline earnings per share.

The remainder of the non-trading and capital items include, among others, the recurring amortisation costs of intangible assets and professional costs relating to corporate transactions.

Investment income

Investment income increased 52% to R227 million (2023: R149 million) owing to higher interest rates earned from increased cash balances of the group.

In addition, an investment profit of R36 million (2023: R13 million) relating to individual policyholder investments is recorded in the consolidated income statement of the group. An equal tax expense is raised for this investment profit. The policyholder profit (and related tax expense) is excluded from our normalised earnings when assessing the group's own investment income.

Finance costs

Finance costs increased 28% to R74 million (2023: R58 million) owing to the increase in the interest paid on borrowings relating to the term loan facility.

In June 2022 Alexander Forbes Limited (AFL), a wholly owned subsidiary of the group, entered into a loan facility agreement with The Standard Bank of South Africa Limited (Standard Bank) to finance acquisitions. In addition, the group also has a term loan facility in Botswana and a senior debt facility in Namibia.

As at 31 March 2024 the amount outstanding under the facilities stood at R372 million. Refer to note 15.

Profit before and after tax

After non-trading and capital items, finance charges and the effect of the policyholder investments, the group reported an 11% increase in profit before taxation from continuing operations to R875 million (2023: R790 million).

The effective tax rate (excluding policyholder tax) of 30.9% is higher than the prior year due to the increase in non-deductible expenses and the impact of the impairment of goodwill and associated intangible assets.

Profit for the year from continuing operations increased 5% to R580 million (2023: R553 million).

Discontinued operations

The financial performance of the discontinued operations include:

- In the current year, the operating results reflect the close-out of insurance liabilities and assets relating to AF Life. The business has finalised, and where applicable, transferred certain policyholder claims and reinsurance arrangements to Sanlam, aligned with the sale transaction (as amended), subject to regulatory approval and released the remaining reserves in anticipation of deregistration.
- In the prior year, the result includes the profit on sale that the group recognised on the AFICA disposal (R153 million). The profit on sale is however excluded from the calculation headline earnings.

Headline earnings

Headline earnings from total operations increased 29% to R756 million (2023: R588 million). The weighted average number of shares in issue at 1 230 million remains in line with the prior year (2023: 1 232 million). Headline earnings per share increased 29% to 61.5 cents per share (2023: 47.7 cents per share).

Normalised segmental results

The group's normalised segmental results reflect the economic substance of the group's performance and the basis upon which management manages the group. This is shown in the group segmental income and profit analysis (including the adjustments between the normalised results and the IFRS summarised consolidated income statement).

Financial position

Our robust balance sheet, supported by surplus regulatory capital and available cash, continues to place Alexforbes in a strong financial position.

All regulated entities within the group comply with their current respective liquidity and regulatory capital requirements. On 28 June 2023 Alexforbes received confirmation from the Prudential Authority that the group would not be designated an Insurance Group. As such from 1 April 2023, each regulated entity within the group is required to comply with the capital requirements set out under the sectoral rules and/or legislation applicable to each regulated entity. The insurance entities within the group continue to maintain capital in line with the solvency capital requirements as per the Prudential Standards of the Insurance Act.

At 31 March 2024, the consolidated regulatory capital requirement of the group stood at R1 097 million, a decrease of 23% year on year. This decrease is due to the group not being required to hold capital as a designated insurance group post 1 April 2023. The group's regulatory surplus of R1 949 million results in a capital cover of 2.8 times is well above the group policy cover ratio of 1.2 times.

The group's debt to equity ratio is 8.2% at 31 March 2024, providing sufficient capacity for further leverage if required. Our cash flow generation remains strong, and we continue to maintain a high conversion of profit from operations to cash which supports our strong balance sheet. Cash flow from continuing operations remains strong at R1 073 million (2023: R1 076 million), with available cash up 26% to R1 172 million.

Final and special cash dividend declaration

Alexforbes's dividend policy is set at a target range of 1.0 to 1.5 times earnings cover. The dividend is set with reference to normalised headline earnings.

A final dividend declaration has been considered by the board, taking into account the group's current and projected regulatory position, the available cash in the group as well as the group's high cash generation.

The board has declared a gross final cash dividend of 30 cents per ordinary share (24 cents net of dividend withholding tax) for the year ended 31 March 2024 (2023: 27 cents per ordinary share). The board believes the surplus cash and capital position, after the payment of the final dividend, will still provide sufficient liquidity and capital strength.

In addition, the board has declared a gross special cash dividend of 60 cents per ordinary share (48 cents net of dividend withholding tax), thereby distributing the available cash to shareholders and reducing the surplus capital position of the group. The group's strong cash performance and its desire to improve capital efficiencies is the basis for the board's decision to declare this special dividend.

The special dividend is subject to approval by the Financial Surveillance Department of the South African Reserve Bank (SARB). A finalisation announcement confirming receipt of SARB approval will be released on the JSE Stock Exchange News Service (SENS) by no later than 9 July 2024.

Both dividends have been declared from income reserves.

A dividend withholding tax of 20% will apply to all shareholders who are not exempt from the dividend withholding tax, or who are entitled to a reduced rate in terms of the applicable double taxation agreement.

The issued number of shares at the date of declaration is 1 327 582 154. The tax reference number of Alexander Forbes Group Holdings Limited is 9404921158.

The directors have satisfied the solvency and liquidity test as required in terms of section 4(1) of the Companies Act 71 of 2008.

The salient dates for the final and special dividend will be as follows:

Declaration date	Monday 10 June 2024
Finalisation date for special dividend	Tuesday 9 July 2024
Last day of trade to receive a dividend	Tuesday 16 July 2024
Shares commence trading 'ex' dividend	Wednesday 17 July 2024
Record date	Friday 19 July 2024
Payment date	Monday 22 July 2024

Share certificates may not be dematerialised or rematerialised between Wednesday 17 July 2024 and Friday 19 July 2024, both days inclusive.

Prospects

Alexforbes has been reconfigured, is focused, and working well, which provides a solid foundation for organic growth and acquisitions. We continue to evaluate and assess acquisitive growth opportunities that would enhance our integrated advice-led value proposition and strengthen our core business lines.

The business is in a strong position to forge a greater connection with the people who we ultimately serve using our refreshed vision, purpose and overarching customer value proposition.

Implementation of the two-pot system

Alexforbes has been gearing itself towards the implementation of the two-pot system that directly impacts our administration system capabilities, digital suite and engagement with members at an unprecedented scale. We regard this as an opportunity to connect with, engage and educate members regarding their options and the long-term value of their retirement fund investments. In doing so, we believe that we can build relationships with members that will ultimately result in the opportunity to provide best advice.

Digital transformation

Alexforbes has implemented elements of our digital ecosystem over the past two years and has now reached the point where the integration of these platforms will unlock efficiencies, enhance our client experience and enable retail growth. OUTvest is a critical component of this ecosystem and the integration of this business and the adoption by our advisors will change the landscape of how we provide advice to our broader membership base.

Alexforbes as an investment destination

Our best advice model directly influences the structures, solutions and platforms available through Alexander Forbes Investments. Our opportunity is to create awareness of, access to and affiliation with our investment capabilities to institutional investors, retail clients and independent financial advisors (IFAs). We have campaigns planned to do so alongside portfolio innovation in the alternatives investments space. The launch of Investment Solutions by Alexforbes is our entrance into the growing discretionary fund management market.

Alexforbes Impact Advisory

We have launched the Alexforbes Impact Advisory to extend our expertise to deliver environmental, social and governance and sustainability-focused advice to retirement funds and corporates in South Africa. This service is facilitated through the Alexforbes Impact Centre of Excellence, comprised of sustainability specialists supported by strategic partners to provide clients with insights, practical advice and solutions. The offering includes access to the Alexforbes Impact Academy to provide related training to stakeholders.

Change in directorate

The following changes to the board (and their representation on subsidiary companies) were announced during the current year:

- Mr D (Kuseni) Dlamini was appointed as independent non-executive director and chair of the board, including chair of the nominations committee and member of the mergers and acquisitions and remuneration committees, effective 1 July 2023. Kuseni also serves as independent non-executive director and chair of the board of Alexander Forbes Investments Limited.
- Ms MK (Marinda) Dippenaar was appointed to the mergers and acquisitions committee, effective 4 September 2023.
- Mr RM (Bob) Head was appointed as independent non-executive director of the board of OUTvest Proprietary Limited effective, 12 February 2024.

Corporate governance

The company's application of the principles contained in the King IV Report on Corporate Governance™ for South Africa (King IV)[1] is disclosed in the FY2023 Integrated Annual Report available on the company's website. No material changes in application have occurred since the publication of that report. Disclosure for the current reporting period will be available no later than 31 July 2024.

On behalf of the board of directors

D Dlamini
Chair

DJ de Villiers
Chief executive officer

10 June 2024

1 *The Institute of Directors in South Africa NPC (IoDSA) owns all copyright and trademarks for King IV.*

Summary consolidated financial statements

Independent auditor's report on summary consolidated financial statements to the shareholders of Alexander Forbes Group Holdings Limited

Opinion

The summary consolidated financial statements of Alexander Forbes Group Holdings Limited, which comprise the summary consolidated statement of financial position as at 31 March 2024, the summary consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Alexander Forbes Group Holdings Limited for the year ended 31 March 2024.

In our opinion, the summary consolidated financial statements included on pages 14 to 43 are consistent, in all material respects, with the audited consolidated financial statements of Alexander Forbes Group Holdings Limited, in accordance with the requirements of the JSE Limited Listings Requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other Matter

We have not audited future financial performance and expectations by management included in the summary consolidated financial statements and accordingly do not express any opinion thereon.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Alexander Forbes Group Holdings Limited and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 10 June 2024. That report also includes the communication of a key audit matter as reported in the auditor's report on the audited consolidated financial statements. The key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period.

Directors' Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The Listings Requirements require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards as issued by the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also contain the information required by IAS 34, Interim Financial Reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing ISA 810 (Revised), Engagements to Report on Summary Financial Statements.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche
Registered Auditors
Per: MH Holme CA(SA), RA
Partner

10 June 2024

5 Magwa Crescent
Waterfall City
Waterfall
Johannesburg
2090
South Africa

Summary consolidated income statement

For the year ended 31 March 2024

Rm	Notes	2024	2023
Continuing operations			
Fee and commission revenue	2	**5 059**	4 487
Fee and commission expenses		**(1 154)**	(1 009)
Operating income net of direct expenses		**3 905**	**3 478**
Other income	3	**79**	60
Operating expenses		**(3 183)**	(2 752)
Profit from operations before non-trading and capital items		**801**	**786**
Non-trading and capital items	4	**(114)**	(99)
Operating profit		**687**	**687**
Investment income	5	**263**	162
Finance costs	6	**(74)**	(58)
Reported loss arising from accounting for policyholder investments as treasury shares		**(1)**	(1)
Profit before taxation		**875**	**790**
Income tax expense	7	**(295)**	(237)
Income tax expense relating to group profits		**(259)**	(224)
Income tax expense relating to policyholder investment returns		**(36)**	(13)
Profit for the year from continuing operations		**580**	**553**
Discontinued operations			
Profit from discontinued operations (net of tax)	8	**112**	161
Profit for the year		**692**	**714**
Profit attributable to:			
Owners of the company		**672**	704
Non-controlling interest		**20**	10
		692	**714**
Basic earnings per share (cents)	9	**54.7**	57.1
Diluted earnings per share (cents)	9	**52.3**	53.5

Summary consolidated statementof comprehensive income

For the year ended 31 March 2024

Rm	2024	2023
Profit for the year	**692**	714
Other comprehensive income		
Other comprehensive income for the year that may be reclassified to profit or loss[1]	**25**	**37**
Foreign currency translation differences – foreign operations	**25**	37
Other comprehensive income that will not be reclassified to profit or loss[1]	**10**	**34**
Remeasurement of post-employment benefit obligations	**10**	34
Total comprehensive income for the year	**727**	**785**
Total comprehensive income attributable to:		
Owners of the company	**707**	775
Non-controlling interest	**20**	10
Total comprehensive income for the year	**727**	**785**

1 *Net of related taxes.*

Summary consolidated statement of financial position
At 31 March 2024

Rm	Notes	2024	2023
Assets			
Financial assets held under multi-manager investment contracts	10	**416 989**	379 714
Goodwill		**1 435**	1 425
Intangible assets		**270**	264
Property and equipment		**543**	387
Purchased and developed computer software		**297**	210
Deferred tax assets		**119**	159
Financial assets	11	**758**	696
Reinsurance contract assets	13	**-**	116
Tax assets		**13**	27
Trade and other receivables	14	**397**	449
Cash and cash equivalents		**2 791**	2 818
Assets of disposal group classified as held for sale	8	**49**	-
Total assets		**423 661**	**386 265**
Equity and liabilities			
Owners of the company		**4 542**	4 455
Non-controlling interest		**48**	24
Total equity		**4 590**	**4 479**
Financial liabilities held under multi-manager investment contracts	10	**416 993**	379 718
Borrowings	15	**372**	227
Employee benefits		**143**	143
Deferred tax liabilities		**120**	87
Provisions		**185**	216
Lease liabilities		**339**	336
Insurance contract liabilities	16	**-**	191
Trade and other payables	17	**834**	848
Tax liabilities		**28**	20
Liabilities of disposal group classified as held for sale	8	**57**	-
Total liabilities		**419 071**	**381 786**
Total equity and liabilities		**423 661**	**386 265**

Summary consolidated statement of cash flows
For the year ended 31 March 2024

Rm	Notes	2024	2023
Cash flows from operating activities			
Cash generated from operations		**1 073**	1 076
Interest received		**164**	125
Interest paid		**(72)**	(56)
Net cash flows received from insurance and policyholder contracts		**21**	29
Net cash flows received from/(paid to) policyholder investment contracts		**830**	(159)
Taxation paid		**(238)**	(209)
Dividends paid		**(603)**	(449)
Dividend payments made to non-controlling interests		**(15)**	(9)
Cash inflow/(outflow) from operating activities – discontinued operations		**50**	(68)
Net cash inflow from operating activities		**1 210**	**280**
Cash flows from investing activities			
Purchase of financial assets		**(293)**	(442)
Proceeds from disposal of financial assets		**294**	274
Payments for capital expenditure incurred on property, equipment and computer software		**(221)**	(142)
Purchase of customer relationships		**(45)**	(98)
Acquisition of subsidiary (net of cash acquired)[1]	12	**(84)**	(94)
Proceeds from sale of subsidiaries and businesses – discontinued operations[2]		**31**	185
Cash outflow from investing activities – discontinued operations		**-**	(55)
Net cash outflow from investing activities		**(318)**	**(372)**
Cash flows from financing activities			
Repayment of borrowings		**(3)**	(3)
Borrowings raised		**146**	202
Payments of lease liabilities		**(160)**	(178)
Purchase of shares in terms of share buyback and share incentive schemes		**(107)**	(82)
Net proceeds from sale of treasury shares held by policyholder investments		**1**	8
Purchase of treasury shares held by policyholder investments		**(1)**	(1)
Disposal of treasury shares held by policyholder investments		**2**	9
Net cash outflow from financing activities		**(123)**	**(53)**
Increase/(decrease) in cash and cash equivalents		**769**	(145)
Cash and cash equivalents at the beginning of the year		**8 978**	9 073
Effects of exchange rate changes on cash and cash equivalents		**35**	50
Cash and cash equivalents at the end of the year		**9 782**	**8 978**
Analysed as follows:			
Cash and cash equivalents of continuing operations		**2 791**	2 818
Cash held under multi-manager investment contracts[3]		**6 991**	6 160
		9 782	**8 978**

1 Included in payment for acquisition of subsidiary (net of cash acquired) in the current year is the settlement of deferred consideration amounting to R14 million relating to the acquisition of EBS International Proprietary Limited.

2 Proceeds from sale of subsidiaries and businesses in the current year is attributable to the receipt of deferred consideration amounting to R25 million from the sale and transfer of AF Life insurance policies and R6 million contingent payment received from the sale of AF Insurance Namibia in the 2021 financial year.

3 This amount relates to cash and cash equivalents held for short-term commitments within the multi-manager investment portfolios.

Summary consolidated statement of changes in equity

For the year ended 31 March 2024

Rm	Share capital	Treasury shares	Other reserves	Accumulated loss[1]	Total equity holders' funds	Non-controlling interest	Total equity
At 31 March 2022	**6 097**	**(427)**	**232**	**(1 829)**	**4 073**	**33**	**4 106**
Total comprehensive income	–	–	37	738	775	10	785
Profit for the year	–	–	–	704	704	10	714
Other comprehensive income	–	–	37	34	71	–	71
Total transactions with owners of the company	(117)	105	68	(449)	(393)	(19)	(412)
Shares cancellation[2]	(117)	117	–	–	–	–	–
Shares purchased in terms of share buyback programme and share incentive schemes[3]	–	(82)	–	–	(82)	–	(82)
Settlement of share incentive schemes	–	62	(62)	–	–	–	–
Movement of treasury shares in policyholder assets	–	8	–	–	8	–	8
Dividends paid	–	–	–	(449)	(449)	(9)	(458)
Movement in share-based payment reserve	–	–	130	–	130	–	130
Other movements in non-controlling interest	–	–	–	–	–	(10)	(10)
At 31 March 2023	**5 980**	**(322)**	**337**	**(1 540)**	**4 455**	**24**	**4 479**
Total comprehensive income	**–**	**–**	**25**	**682**	**707**	**20**	**727**
Profit for the year	**–**	**–**	**–**	**672**	**672**	**20**	**692**
Other comprehensive income	**–**	**–**	**25**	**10**	**35**	**–**	**35**
Total transactions with owners of the company	**–**	**54**	**(71)**	**(603)**	**(620)**	**4**	**(616)**
Shares purchased in terms of share incentive schemes[4]	**–**	**(107)**	**–**	**–**	**(107)**	**–**	**(107)**
Settlement of share incentive schemes[5]	**–**	**160**	**(160)**	**–**	**–**	**–**	**–**
Movement of treasury shares in policyholder assets	**–**	**1**	**–**	**–**	**1**	**–**	**1**
Dividends paid	**–**	**–**	**–**	**(603)**	**(603)**	**(15)**	**(618)**
Movement in share-based payment reserve	**–**	**–**	**128**	**–**	**128**	**–**	**128**
Transactions with non-controlling interests[6]	**–**	**–**	**(39)**	**–**	**(39)**	**19**	**(20)**
At 31 March 2024	**5 980**	**(268)**	**291**	**(1 461)**	**4 542**	**48**	**4 590**

1 *The adoption of IFRS 17 was considered immaterial and accordingly opening balances have not been restated.*
2 *The group cancelled 26 501 838 shares which were withdrawn on the JSE on 23 September 2022.*
3 *The group purchased AFH shares to the value of R21 million, at an average price of R4.82 per share (4 251 514 shares), in a general buyback approved by shareholders. In addition, shares to the value of R61 million were purchased for share incentive schemes.*
4 *Shares to the value of R107 million were purchased for share incentive schemes.*
5 *The group settled shares amounting to R57 million relating to forfeitable share scheme. In addition, shares amounting to R103 million relating to the conditional share scheme were settled.*
6 *Transactions with non-controlling interest relate to the 40% non-controlling interest in TSA Administration, and include the 40% proportionate share of the net identifiable assets amounting to R19 million that were acquired, as well as an option reserve amounting to R39 million relating to put options granted. Refer to note 12.1.*

Summary consolidated segmental income and profit analysis

For the year ended 31 March 2024

	Retirement consulting		Healthcare consulting		Investments		Individual consulting		Multinational consulting		**Total consulting**		Solutions & Enablement (S&E)		Client Services & Business Optimisation (CSBO)		**Group total**	
Rm	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Continuing operations																		
Fee and commission revenue	1 215	1 026	367	356	2 429	2 169	674	594	374	342	5 059	4 487	–	–	–	–	5 059	4 487
Fee and commission expenses	(60)	(48)	(4)	–	(804)	(701)	(254)	(225)	(32)	(35)	(1 154)	(1 009)	–	–	–	–	(1 154)	(1 009)
Operating income net of direct expenses	1 155	978	363	356	1 625	1 468	420	369	342	307	3 905	3 478	–	–	–	–	3 905	3 478
Other income	–	1	–	38	–	–	–	–	1	3	1	42	–	–	78	18	79	60
Operating expenses	(1 136)	(944)	(289)	(327)	(1 121)	(1 066)	(378)	(336)	(321)	(295)	(3 245)	(2 968)	–	–	(78)	36	(3 323)	(2 932)
Operating expenses before recoveries	(383)	(285)	(138)	(167)	(168)	(134)	(212)	(177)	(268)	(245)	(1 169)	(1 008)	(181)	(184)	(1 973)	(1 794)	(3 323)	(2 986)
Recoveries from S&E	(5)	(12)	(20)	(22)	(139)	(134)	(12)	(11)	(5)	(5)	(181)	(184)	181	184	–	–	–	–
Recoveries from CSBO	(748)	(647)	(131)	(138)	(814)	(798)	(154)	(148)	(48)	(45)	(1 895)	(1 776)	–	–	1 895	1 776	–	–
Recoveries from discontinued operations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	54	–	54
Normalised profit from operations before non-trading and capital items	19	35	74	67	504	402	42	33	22	15	661	552	–	–	–	54	661	606
Normalised non-trading and capital items	(89)	(2)	–	–	–	–	–	–	4	(1)	(85)	(3)	–	–	(14)	(36)	(99)	(39)
Normalised operating (loss)/profit	(70)	33	74	67	504	402	42	33	26	14	576	549	–	–	(14)	18	562	567
Normalised investment income	4	1	–	2	2	1	8	5	2	3	16	12	–	–	211	137	227	149
Normalised finance cost	(18)	(3)	–	–	–	–	–	–	(3)	(3)	(21)	(6)	–	–	(17)	(14)	(38)	(20)
Normalised (loss)/profit before taxation	(84)	31	74	69	506	403	50	38	25	14	571	555	–	–	180	141	751	696
Normalised income tax expense	27	(9)	(23)	(20)	(158)	(117)	(16)	(11)	(8)	(4)	(178)	(161)	–	–	(57)	(41)	(235)	(202)
Normalised (loss)/profit for the year from continuing operations	(57)	22	51	49	348	286	34	27	17	10	393	394	–	–	123	100	516	494
Normalised profit from discontinued operations (net of tax)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	112	161	112	161
Normalised (loss)/profit for the year	(57)	22	51	49	348	286	34	27	17	10	393	394	–	–	235	261	628	655
Normalised adjustments	–	–	–	–	–	–	–	–	(12)	(1)	(12)	(1)	–	–	76	60	64	59
Accounting for property leases	–	–	–	–	–	–	–	–	(12)	(1)	(12)	(1)	–	–	116	143	104	142
Amortisation of intangible assets arising from the 2007 private equity business combination	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(15)	(29)	(15)	(29)
Professional indemnity insurance cell-captive result	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(31)	–	(31)
Reported profit arising from accounting for policyholder investments in treasury shares	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1)	(1)	(1)	(1)
Investment income on behalf of policyholders	–	–	–	–	–	–	–	–	–	–	–	–	–	–	36	13	36	13
Tax effects on normalised adjustments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(60)	(35)	(60)	(35)
(Loss)/profit for the year	(57)	22	51	49	348	286	34	27	5	9	381	393	–	–	311	321	692	714
Normalised basic earnings per share (cents)																	49.4	52.3
Normalised headline earnings per share (cents)																	56.2	42.9
Normalised weighted average number of shares in issue (millions)																	1 231	1 233

The segmental analysis on the previous pages reflects the operating structure under which management currently reports. Under the operating model, the business is segmented into three distinct platforms:

1. A client-facing team under the consulting platform. The consulting platform incorporates all client-facing business units and is arranged according to the advice needs of our clients.
2. A hub for innovative solutions and product enablement under the Solutions & Enablement (S&E) platform.
3. A joint platform for services, including fund administration, technology and shared services under the Client Services & Business Optimisation (CSBO) platform. The CSBO platform aims to embed operational excellence in administration, data quality and governance, automation and reporting to better service clients and to drive efficiencies to manage expenses.

The platforms are supported by the following enabling services: human capital and transformation, finance, risk and internal audit, governance, legal, compliance and sustainability and strategy and customer experience. These costs are allocated to the segmented business units above in our segmental reporting.

The group's reportable segments under IFRS 8 are defined as follows:

Consulting – this includes:

- **Retirement consulting –** includes actuarial consulting, fund administration, consulting to standalone retirement funds, fund administration and consulting to umbrella retirement funds and beneficiary funds. This also includes revenue earned from clients where we earn fees only for administration and binder services as well as technology services fees.
- **Healthcare consulting –** includes healthcare, actuarial, consulting and healthcare management solutions.
- **Investments –** includes both individual and institutional offerings of financial advice, administration and management of investments.
- **Individual consulting –** incorporates Financial Planning Consultants (FPC), AF Preservation Fund and Alexforbes Invest.
- **Multinational consulting –** comprises business operations where we have physical offices in areas outside South Africa (Botswana, Namibia, Nigeria and the Channel Islands) and consulting advice provided outside South Africa through the multinational consulting offering.

In terms of IFRS 8 Operating Segments, support functions would generally not be operating segments as the revenues earned and expenses incurred are only incidental to the entity's business. These activities only arise to support the main business units. The S&E and CSBO platforms, together with the enabling services functions, are not segments as defined; however, financial information relating to these platforms is regularly reviewed by management.

Solutions & Enablement (S&E)

This platform includes the research & best practice academy, product management and other enabling units, analytics and technical marketing. This platform connects the dots between advice and solutions, providing technical and business support so that our consultants can continue to be recognised as the best in the industry, manages the range of solutions in line with our leading-edge principles and connects future thinking with today, bringing innovative ideas to life through our innovation process. In doing so, it helps develop solutions that meet the needs of institutional clients and individual customers. The costs of this platform are allocated to the segmented business units, within the consulting platform, in our segmental reporting.

Client Services & Business Optimisation (CSBO)

This platform includes our administration operations, technology and shared services units. The costs of this platform are allocated to the segmented business units above in our segmental reporting.

Cost allocation methodology

Each reportable segment includes the direct operating expenses relating to the segment. The direct operating expenses for the S&E, CSBO platforms as well as for the enabling services functions are allocated to reportable segments using various allocation methods specific to the actual costs. Direct recoveries include:

- Cost for administration services for administering funds in the retirement consulting business.
- IT costs directly attributable to the segments, including software licence fees, hardware and depreciation. Part of these costs has been allocated based on headcount. A portion of these costs has been allocated under operating expenses in each segment, while the remainder has been recorded under recoveries from CSBO.
- S&E costs relate to product enablement, research and development. The allocation of these costs is based on the segment's contribution to operating profit after taking administration services costs, CSBO costs and enabling services costs into consideration.
- Other shared services functions include human capital, finance, premises and facilities management, compliance, internal audit, legal, strategy and customer experience and finance. These costs are allocated based on the segmental contribution to gross revenue and headcount.

Normalised segmental results

The group's segmental results include the normalised results which is the basis upon which management manages the group and reflect the economic substance of the group's performance. The adjustments between the IFRS summarised 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 reporting nil profit for the year ended 31 March 2024 (2023: loss of R31 million) which is recorded in 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 IAS 17. The group previously isolated and removed the accounting impact, under IAS 17, for property leases from the normalised results to afford a better comparison and to reflect the true premises cost over the long term. In order to ensure comparability and to again reflect the true premises cost, adjustments amounting to R128 million (2023: R100 million) have been effected to profit before non-trading and capital items in addition to finance costs of R36 million (2023: R38 million). A further adjustment of R12 million was made relating to the gain on lease modification, resulting in a net adjustment of R104 million (2023: R142 million) to profit before tax.

Reported profit or loss arising from accounting for policyholder investment in treasury shares

In terms of IFRS, any Alexforbes 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 Alexforbes'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.

Summary notes

For the year ended 31 March 2024

1. Basis of preparation

The Alexander Forbes Group Holdings Limited (Alexforbes or the group) summary consolidated financial statements for the year ended 31 March 2024 (the results) include the summary consolidated income statement, summary consolidated statement of other comprehensive income, summary consolidated statement of financial position, summary consolidated statement of cash flows, the summary consolidated statement of changes in equity and the notes to the summary consolidated financial statements.

The results are prepared in accordance with the requirements of the JSE Limited (JSE) Listings Requirements (Listings Requirements) and the requirements of the Companies Act No. 71 of 2008 of South Africa. The Listings Requirements require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and South African Institute of Chartered Accountants' (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, contain the information required by IAS 34 Interim Financial Reporting.

The group's results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. This report is presented in South African rand, which is the presentation currency of the group. All amounts are stated in millions of rand (Rm), unless indicated otherwise.

The results were compiled under the supervision of Mr BP Bydawell (Chief financial officer), CA(SA), CFA. The board of directors of Alexander Forbes Group Holdings Limited take full responsibility for the preparation of the results.

The accounting policies applied in the preparation of these results are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the group's previous audited consolidated annual financial statements, except for the adoption of new standards at the beginning of the 2024 financial year.

The adoption of new standards and amendments effective for annual reporting periods beginning 1 January 2023 do not have a material effect on the group's summary consolidated results. Refer to note 20.

The summary consolidated financial statements for the year ended 31 March 2024 have been audited by the group's external auditors, Deloitte & Touche, who expressed an unmodified opinion thereon. A copy of the auditor's opinion is included on page 13 of this annual results announcement (results announcement) and is available for inspection at the company's registered office, together with the results announcement.

The auditor's report does not necessarily report on all the information contained in this results announcement. Shareholders and investors are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement they should they should obtain a copy of the auditor's report together with the accompanying results from the company's registered office.

The results were made publicly available on 10 June 2024 on our website: **https://investors.alexforbes.com/financial-results**.

2. Fee and commission revenue

The group's operations and main revenue streams are those described in the accounting policies. The group's revenue is derived from contracts with customers involving the transfer of services at a point in time and over time. If the services rendered exceed the payment, a contract asset is recognised. If payments exceed the services rendered, a contract liability is recognised.

Disaggregation of revenue

	Retirement consulting		Healthcare consulting		Investments		Individual consulting		Multinational consulting		Group total	
Rm	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Revenue by type												
Consulting and advice fees	**230**	168	**81**	78	**41**	40	**651**	589	**171**	152	**1 174**	1 027
Administration fees	**802**	694	**3**	3	**–**	–	**23**	5	**151**	144	**979**	846
Commission	**95**	93	**283**	275	**–**	–	**–**	–	**16**	14	**394**	382
Investment management fees	**–**	–	**–**	–	**2 388**	2 129	**–**	–	**36**	32	**2 424**	2 161
Technology services fees	**88**	71	**–**	–	**–**	–	**–**	–	**–**	–	**88**	71
Total	**1 215**	**1 026**	**367**	**356**	**2 429**	**2 169**	**674**	**594**	**374**	**342**	**5 059**	**4 487**
Revenue by region												
South Africa	**1 195**	1 015	**367**	356	**2 429**	2 169	**674**	594	**–**	–	**4 665**	4 134
Namibia	**6**	3	**–**	–	**–**	–	**–**	–	**124**	118	**130**	121
Botswana	**2**	–	**–**	–	**–**	–	**–**	–	**152**	134	**154**	134
Jersey and Channel Islands	**–**	–	**–**	–	**–**	–	**–**	–	**71**	64	**71**	64
Other	**12**	8	**–**	–	**–**	–	**–**	–	**27**	26	**39**	34
Total	**1 215**	**1 026**	**367**	**356**	**2 429**	**2 169**	**674**	**594**	**374**	**342**	**5 059**	**4 487**
Timing of revenue recognition												
Products transferred at a point in time	**42**	28	**7**	7	**–**	–	**51**	48	**3**	5	**103**	88
Services transferred over time	**1 173**	998	**360**	349	**2 429**	2 169	**623**	546	**371**	337	**4 956**	4 399
Total	**1 215**	**1 026**	**367**	**356**	**2 429**	**2 169**	**674**	**594**	**374**	**342**	**5 059**	**4 487**

3. Other income

Rm	2024	2023
Sub-rental income on surplus office space	**30**	33
IT support services	**11**	17
Other fees[1]	**38**	10
Total other income	**79**	**60**

1 Other fees mainly relate to service charges for interim support services rendered for operations that have been disposed off.

4. Non-trading and capital items

Rm	2024	2023
Amortisation of intangible assets arising from the 2007 private equity transaction	**(15)**	(29)
Professional indemnity insurance cell-captive result	**-**	(31)
Goodwill written off[1]	**(33)**	-
Intangible assets written off[1]	**(21)**	-
Software written off[1]	**(36)**	(18)
Professional costs for corporate transactions	**(20)**	(16)
Other[2]	**11**	(5)
Total non-trading and capital items	**(114)**	**(99)**

1 The loss of a key contract within the EBS International business resulted in lower-than-expected operating income and cash flow projections for the EBS cash generating unit. As such, goodwill of R33 million has been written off. In addition, associated customer contracts and software amounting to R18 million and R36 million respectively were also written off.

2 Included in other is the release of previously recognised EBS contingent consideration amounting to R9 million and remeasurement gain relating to the deferred consideration from the sale of the AFICA group in the prior year.

5. Investment income

Rm	2024	2023
Interest income	**219**	131
Investment and dividend income	**8**	18
	227	**149**
Multi-manager operations		
Investment returns linked to policyholder tax expense	**36**	13
Total investment income	**263**	**162**
Investment income is derived from the following categories of financial assets:		
Amortised cost	**219**	131
Financial assets at fair value	**44**	31
Total investment income	**263**	**162**

6. Finance costs

Rm	2024	2023
Interest on lease liabilities	**(36)**	(38)
Interest on borrowings[1]	**(30)**	(13)
Other interest	**(8)**	(7)
Total finance costs	**(74)**	**(58)**

1 The increase in the interest on borrowings relates to interest incurred on the term facility which has been drawn down to finance acquisitions. Refer to note 14.

7. Income tax expense

Rm	2024	2023
South African income tax		
Current tax	**(210)**	(193)
Current year	**(205)**	(195)
Prior years	**(5)**	2
Deferred tax	**(30)**	(7)
Current year	**(32)**	(11)
Prior years	**2**	4
Foreign income tax	**(14)**	(13)
Current tax	**(12)**	(10)
Deferred tax	**(2)**	(3)
Foreign withholding tax	**(5)**	(11)
Income tax expense relating to corporate profits	**(259)**	**(224)**
Income tax expense on policyholder investment returns	**(36)**	**(13)**
Current tax – current year	**(15)**	(9)
Deferred tax – current year	**(21)**	(4)
Income tax expense	**(295)**	**(237)**

8. Discontinued operations

The results of operations of the discontinued entities are reported separately in the income statement.

In the current year discontinued operations include the operating results of the group risk and retail life business operations (AF Life). On 31 March 2022 the sale and transfer of the initial policies within the AF Life business was concluded. On 1 December 2023, AF Life entered into an addendum to the sale and transfer agreement with Sanlam, where the parties agreed to transfer the remaining insurance contract liabilities and reinsurance contract to Sanlam. At year end the remaining insurance contract liabilities and reinsurance contracts are presented as a disposal group held for sale and will be transferred to Sanlam, subject to regulatory approval.

The prior year discontinued operations include AF Life as well as Alexander Forbes individual client administration business (AFICA group) and Senior's Finance Proprietary Limited. The sale of the AFICA group and Senior's Finance Proprietary Limited was concluded in the prior year.

8.1 Net profit of business units discontinued

Rm	Notes	2024	2023
Total net revenue		-	148
Insurance service result		**103**	(6)
Insurance service expenses[1]		**149**	(40)
Net expenses from reinsurance contracts		**(46)**	34
Net insurance finance expenses		**(2)**	**(4)**
Other income		-	5
Acquisition costs		**11**	(5)
Operating expenses		**(41)**	(113)
Profit from operations before non-trading and capital items		**71**	**25**
Non-trading and capital items		**18**	3
Operating profit		**89**	**28**
Investment income		**27**	14
Profit before tax		**116**	**42**
Income tax expense		**(10)**	(15)
Profit for the year from discontinued operations		**106**	**27**
Profit on disposal of subsidiaries and businesses[2]		**6**	134
Total profit from discontinued operations		**112**	**161**
Profit attributable to:			
Owners of the company		**112**	161

1 *Included in insurance service expenses in the current year is a release of excess reserves in AF Life in line with the wind-down of insurance balances and progressing towards termination of the insurance licence and entity.*

2 *Profit on disposal of subsidiaries in the current year relates to a contingent payment received from the sale of AF Insurance Namibia in the 2021 financial year. This amount was not previously recognised, whilst the prior year relates to the disposal of the AFICA group and Seniors' Finance.*

8.2 Assets and liabilities of disposal group classified as held for sale

The table below provides an analysis of the components of assets and liabilities of disposal groups classified as held for sale.

Rm	2024	2023
Reinsurance contract assets	**12**	-
Trade and other receivables	**37**	-
Total assets	**49**	**-**
Insurance contract liabilities	**57**	-
Total liabilities	**57**	**-**
Total equity	**(8)**	**-**

9. Earnings per share

9.1 Basic earnings per ordinary share

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

9.2 Headline earnings per ordinary share

Headline earnings per share is calculated by excluding applicable non-trading and capital gains and losses from the profit attributable to ordinary shareholders and dividing the resultant headline earnings by the weighted average number of ordinary shares in issue during the year. Headline earnings is defined in Circular 1/2023 issued by the South African Institute of Chartered Accountants.

9.3 Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by adjusting the profit attributable to equity holders for any changes in income or expense that would result from the conversion of dilutive potential ordinary shares and dividing the result by the weighted average number of ordinary shares increased by the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential shares.

9.4 Normalised earnings per share

Normalised earnings per share is calculated by dividing the normalised profit for the year attributable to owners of the company per the group segmental income and profit analysis by the weighted average number of shares in issue, adjusted for shares held by policyholders classified as treasury shares.

9.5 Number of shares

Millions	2024	2023
Weighted average number of shares	**1 328**	1 341
Weighted average shares held by policyholders classified as treasury shares	**(1)**	(1)
Weighted average treasury shares	**(97)**	(108)
Weighted average number of shares in issue (net of treasury shares)	**1 230**	1 232
Dilutive shares	**54**	85
Diluted weighted average number of shares	**1 284**	**1 317**
Actual number of shares in issue	**1 328**	1 328
Actual treasury shares	**(92)**	(103)
Share buyback programme	**(4)**	(4)
Share incentive schemes	**(48)**	(59)
Employee share option plan (ESOP)	**(39)**	(39)
Policyholder investment in treasury shares	**(1)**	(1)
Shares in issue net of treasury shares	**1 236**	**1 225**
Normalised number of shares		
Weighted average number of shares in issue	**1 230**	1 232
Shares held by policyholders classified as treasury shares	**1**	1
Normalised number of shares in issue	**1 231**	**1 233**

9. Earnings per share continued

9.6 Calculation of basic and headline earnings from total operations

Rm		2024	2023
Profit attributable to owners of the company		**672**	704
Adjusting items:			
Software written off – continuing operations		**36**	18
Goodwill written off – continuing operations		**33**	–
Intangible assets written off – continuing operations		**21**	–
Profit on disposal of subsidiaries – discontinued operations		**(6)**	(134)
Headline earnings for the year		**756**	**588**
Earnings per share from total operations[1]			
Basic earnings per share	(cents)	**54.7**	57.1
Headline earnings per share	(cents)	**61.5**	47.7
Diluted basic earnings per share	(cents)	**52.3**	53.5
Diluted headline earnings per share	(cents)	**58.9**	44.6

1 *Amounts computed using unrounded numbers.*

The Alexforbes LTIP 2022 (LTIP 2022) is a non-dilutive, non-schedule 14 share scheme that governs all LTIP awards granted from 2022 onwards. The LTIP 2022 replaced the Alexforbes LTIP 2019 (old scheme) which continues to govern awards granted up to 2021.

The share-based awards allocated in terms of the old scheme were governed by rules as approved by shareholders and allowed for settlement through the purchase of shares in the open market, the use of treasury shares or the issue of new shares, the latter which may result in dilution on both earnings per share and headline earnings per share.

9.7 Calculation of normalised earnings from total operations

Rm		2024	2023
Normalised profit for the year per the group segmental income and profit analysis		**628**	655
Less: profit attributable to non-controlling interests		**(20)**	(10)
Normalised profit attributable to owners of the company		**608**	**645**
Adjusting items:			
Software written off – continuing operations		**36**	18
Goodwill written off – continuing operations		**33**	–
Intangible assets written off – continuing operations		**21**	–
Profit on disposal of subsidiaries – discontinued operations		**(6)**	(134)
Normalised headline earnings for the year		**692**	**529**
Normalised earnings per share[1]			
Normalised basic earnings per share	(cents)	**49.4**	52.3
Normalised headline earnings per share	(cents)	**56.2**	42.9

1 *Amounts computed using unrounded numbers.*

9.8 Calculation of basic and headline earnings from continuing operations

Rm		2024	2023
Profit after tax from continuing operations		**580**	553
Less: profit attributable to non-controlling interests		**(20)**	(10)
Profit attributable to owners of the company		**560**	**543**
Adjusting items:			
Software written off		**36**	18
Goodwill written off		**33**	–
Intangible assets written off		**21**	–
Headline earnings from continuing operations		**650**	**561**
Earnings per share from continuing operations[1]			
Basic earnings per share from continuing operations	(cents)	**45.6**	44.0
Headline earnings per share from continuing operations	(cents)	**52.9**	45.5
Diluted basic earnings per share from continuing operations	(cents)	**43.6**	41.2
Diluted headline earnings per share from continuing operations	(cents)	**50.6**	42.6

1 *Amounts computed using unrounded numbers.*

9.9 Calculation of basic and headline earnings from discontinued operations

Rm		2024	2023
Profit after tax from discontinued operations		**112**	161
Profit from discontinued operations attributable to owners of the company		**112**	**161**
Adjusting items:			
Profit on disposal of subsidiaries		**(6)**	(134)
Headline earnings from discontinued operations		**106**	**27**
Earnings per share from discontinued operations[1]			
Basic earnings per share from discontinued operations	(cents)	**9.1**	13.1
Headline earnings per share from discontinued operations	(cents)	**8.6**	2.2
Diluted basic earnings per share from discontinued operations	(cents)	**8.7**	12.3
Diluted headline earnings per share from discontinued operations	(cents)	**8.3**	2.1

1 *Amounts computed using unrounded numbers.*

10. Financial assets and liabilities held under multi-manager investment contracts

As a result of the group being listed, the investments by underlying asset managers in the Alexander Forbes Group Holdings' listed shares are recognised as treasury shares and all fair value adjustments recognised on these treasury shares are reversed, while the corresponding fair value adjustments on the financial liability continue to be recognised in the income statement. The loss for the year of R1 million (2023: loss of R1 million) has been disclosed separately on the face of the income statement. This treatment also affects the number of shares in issue, the impact of which is disclosed in note 9.

Below is a reconciliation of the assets held under multi-manager investment contracts with the linked liabilities under such contracts:

Rm	2024	2023
Total financial assets held under multi-manager investment contracts (per statement of financial position)	416 989	379 714
Reversal of adjustments made under IFRS:		
Alexander Forbes shares held as policyholder assets and reclassified in the group statement of financial position as treasury shares	25	26
Financial effects of accounting for policyholder investments as treasury shares		
– prior year	(22)	(23)
– current year	1	1
Total financial liabilities held for policyholders under multi-manager investment contracts	**416 993**	**379 718**

11. Financial assets

Rm	2024	2023
11.1 Total financial assets		
Non-current financial assets	29	30
Current financial assets	729	666
Total financial assets	**758**	**696**
11.2 Analysis of financial assets		
Financial assets designated at fair value through profit and loss	729	666
Financial assets classified at amortised cost	16	17
Financial assets designated as fair value through other comprehensive income	13	13
Total financial assets	**758**	**696**
11.3 Reconciliation of movements in financial assets		
Opening balance	696	522
Movements for the year		
Purchases	293	442
Withdrawals	(294)	(274)
Disposals	–	(18)
Reinvested interest	63	24
Closing balance	**758**	**696**

12. Acquisition of businesses

12.1 Acquisition of TSA Administration Proprietary Limited

On 1 June 2023 the group acquired 60% of the issued share capital and the voting rights in TSA Administration Proprietary Limited (TSA), a private company in South Africa which provides institutional group risk insurance administration services for a purchase consideration of R72 million. The purchase was funded by the term loan facility. Refer to note 15.

The acquisition of TSA is expected to accelerate the group's growth by further diversifying and expanding the group's offering to clients.

The details of the purchase consideration are as follows:

Rm	2024
Cash	72
Fair value of the consideration transferred	**72**

The fair values of the assets acquired and liabilities assumed at the date of acquisition are as follows:

Rm	2024
Intangible assets	51
Purchased and developed computer software	3
Trade and other receivables	25
Cash and cash equivalents	4
Total assets	**83**
Deferred tax liability	(12)
Trade and other payables	(23)
Total liabilities	**(35)**
Total net identifiable assets acquired	**48**
Non-controlling interests[1]	19
Goodwill	43

1 Non-controlling interest is measured at its proportionate share of the net identifiable assets and is recognised within equity. In addition, the group has written put options over non-controlling interests' shares which grant the minorities an irrevocable right to sell 100% of their shares to the group. The first put and second put options are exercisable 36 and 48 months from the effective date respectively. The put options are carried as financial liabilities measured at the present value of the estimated future purchase prices. Alexforbes has two call options exercisable in 36 and 60 months from the effective date respectively, valued using pre-agreed equity value formula. The group does not recognise the call options as there is no obligation to excercise.

Identifiable net assets

Intangible assets consist of customer relationships with a fair value of R45 million. The net present value method was used to value the customer relationships where the contractual cash flows were valued over a term of 8 years at a discount rate based on the government bond yield rate with a corresponding term and the applicable risk premium.

The fair value of trade and other receivables acquired amounted to R25 million, with the gross contractual balance of the same amount.

Goodwill recognised at acquisition relates to the growth and cost synergies expected to be achieved from integrating TSA into the group's retirement funding business. Goodwill is not deductible for tax purposes.

The group incurred acquisition-related costs of R2 million on legal fees and due diligence costs which have been included in non-trading and capital items in the group income statement.

TSA's contribution to the group results

TSA generated a profit of R15 million from acquisition date to 31 March 2024. Revenue for the ten months ended 31 March 2024 was R62 million.

If the acquisition had occurred on 1 April 2023, the consolidated revenue and profit for the group for the year ended 31 March 2024 would have been R5 060 million and R693 million respectively.

12. Acquisition of businesses continued

12.2 Acquisition of OUTvest Proprietary Limited

On 1 February 2024 the group acquired 100% of the issued share capital in OUTvest Proprietary Limited (OUTvest), a private company in South Africa, for a purchase consideration of R38 million. The purchase was funded by the term loan facility, refer to note 15.

The acquisition provides Alexforbes with the opportunity to accelerate its technology development and enhance its digital interface with its retail members and customers.

The details of the purchase consideration are as follows:

Rm	2024
Cash	38
Fair value of the consideration transferred	**38**

The fair values of the assets acquired and liabilities assumed at the date of acquisition are as follows:

Rm	2024
Purchased and developed computer software	43
Trade and other receivables	1
Cash and cash equivalents	36
Total assets	**80**
Deferred tax liability	(10)
Trade and other payables	(32)
Total liabilities	**(42)**
Total net identifiable assets acquired	**38**
Goodwill	-

Identifiable net assets

The group recognised developed software with a fair value of R43 million. The net present value method was used to value the software, whereby the contractual cash flows were valued over a term of 8 years at a discount rate based on the government bond yield rate with a corresponding term and the applicable risk premium.

The fair value of trade and other receivables acquired amounted to R1 million, with the gross contractual balance of the same amount.

The group incurred acquisition-related costs of R3 million on legal fees and due diligence costs which have been included in non-trading and capital items in the group income statement.

OUTvest's contribution to the group results

OUTvest generated a loss of R3 million from acquisition date to 31 March 2024. Revenue for the two months ended 31 March 2024 was R2 million.

If the acquisition had occurred on 1 April 2023, the consolidated revenue and profit for the group for the year ended 31 March 2024 would have been R5 066 million and R669 million respectively.

13. Reinsurance contract assets

The group concluded the sale and transfer of its group life and retail life businesses within Alexander Forbes Life Limited (AF Life) to Sanlam Life Limited (Sanlam), a subsidiary of Sanlam Limited. The sale and transfer of the initial policies within the AF Life business were concluded on 31 March 2022.

On 1 December 2023, AF Life entered into an addendum to the sale and transfer agreement with Sanlam, where the parties agreed to transfer the remaining insurance contract liabilities and reinsurance contract to Sanlam. At 31 March 2024 the remaining insurance contract liabilities and reinsurance contracts are presented as a disposal group held for sale (refer to note 8) and will be transferred to Sanlam, subject to regulatory approval.

Rm	2024	2023
13.1 Total reinsurance contracts	-	33
Reinsurance recoverable		
Receivable from long-term insurance contracts	12	83
Reinsurers' share of policyholder liability (group life)	6	56
Reinsurers' share of outstanding claims	6	27
Transfer to assets of disposal group classified as held for sale	(12)	-
Closing balance	-	**116**

13.2 Reconciliation of movement in reinsurance contract assets

Rm	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Total
2024			
Opening balance	108	8	116
Net expense from reinsurance contracts	(44)	(2)	(46)
Net finance expenses from reinsurance contracts	(4)	-	(4)
Total recognised in profit/(loss) from discontinued operations	(48)	(2)	(50)
Cash flows received from reinsurers relating to incurred claims	(54)	-	(54)
	6	6	12
Transfer to assets of disposal group classified as held for sale	(6)	(6)	(12)
Closing balance	-	-	-
2023			
Opening balance	618	13	631
Net expense from reinsurance contracts	39	(5)	34
Net finance expenses from reinsurance contracts	(6)	-	(6)
Total recognised in profit/(loss) from discontinued operations	33	(5)	28
Cash flows received from reinsurers relating to incurred claims	(444)	-	(444)
Transfers	(99)	-	(99)
Closing balance	**108**	**8**	**116**

14. Trade and other receivables

Rm	2024	2023
Financial assets		
Trade receivables[1]	**192**	192
Other receivables[2]	**119**	164
Total financial assets	**311**	**356**
Non-financial assets		
Contract assets	**36**	39
Prepayments	**50**	54
Total trade and other receivables	**397**	**449**

1 Included in trade receivables is a loss allowance of R12 million (2023: R24 million). The decrease in loss allowance is mainly due to the write-off of a long outstanding debtor in the current year.
2 The decrease in other receivables in the current year is largely attributable to the settlement of the deferred consideration previously recognised for the sale and transfer of the insurance policies held by AF Life.

15. Borrowings

Rm	2024	2023
15.1 Analysis of borrowings		
Term loan facility - South Africa	**338**	204
Term loan facility - Botswana	**14**	-
Senior debt facility - Namibia	**20**	23
Total	**372**	**227**
15.2 Reconciliation of movement in borrowings		
Opening balance	**227**	26
Movements for the year:		
Borrowings raised	**146**	202
Interest accrued	**30**	13
Interest paid	**(28)**	(11)
Capital repaid	**(3)**	(3)
Closing balance	**372**	**227**
15.3 Discounted maturity analysis of borrowings		
Due within one year	**5**	**3**

Term loan facility - South Africa

In June 2022 Alexander Forbes Limited (AFL), a wholly owned subsidiary of the group, entered into a loan facility agreement with a South African bank to finance acquisitions. The total funding available under this facility is R600 million and may be drawn at any time, in whole or in part during the availability period of five years. The holding company of AFL, Alexander Forbes Acquisition Proprietary Limited, has provided a guarantee to the bank for this facility.

The interest on the facility was revised from JIBAR plus 1.65% to JIBAR plus 1.70% compounded quarterly from June 2023. Drawdowns prior to June 2023 will continue to bear interest at JIBAR plus 1.65% compounded quarterly. The repayments over the term of the loan will comprise interest only, whilst the principal is payable at maturity in June 2027.

Term loan facility - Botswana

In November 2023 Alexander Forbes Financial Services Botswana Proprietary Limited obtained a term loan facility of BWP10.15 million (R14 million) to finance the capital expenditure on the refurbishment of the Botswana head office. The facility is a secured five-year term loan and bears interest at the Botswana prime rate plus 1.25% per annum compounded quarterly. The facility is repayable in quarterly instalments consisting of both interest and principal.

Senior debt facility - Namibia

In December 2020 Alexander Forbes Namibia Holdings Proprietary Limited (AF Namibia Holdings) obtained a senior debt facility (SDF) of N$28 million dollars to finance the capital expenditure on the refurbishment of the Namibia head office. The SDF is an unsecured five-year term loan facility. Alexander Forbes Financial Services Namibia Proprietary Limited has provided a guarantee to the lender for this obligation.

The SDF bears interest at the Namibian prime lending rate plus 1.20% margin per annum compounded monthly. The facility is repayable over five years in ten equal instalments of principal (N$1.4 million) and interest, both paid semi-annually in arrears. The outstanding principal of N$14 million and outstanding interest are payable at maturity.

Financial covenants

There are financial covenants in favour of the lenders under the facilities which are assessed at each reporting date. For the term loan facility, the group is required to maintain an interest cover of not less than 3.5 times and a senior debt net leverage ratio greater than 2.75 times, whereas AF Namibia Holdings is required to maintain a debt service cover ratio of less than 1.5 times and cash coverage above 1.2 times for the SDF. The group's ratios did not breach the stipulated thresholds during the period and none of the financial covenants were in breach as at 31 March 2024.

16. Insurance contract liabilities

In terms of the sale and transfer agreement between AF Life and Sanlam, the insurance contract liabilities that were transferred to Sanlam comprise of the reserves relating to disability policies in force, the retail life reserves as well as the related reinsurance contract assets. In the current year AF Life entered into an addendum to the sale agreement with Sanlam, whereby the parties agreed to transfer the remaining insurance contract liabilities and reinsurance contracts to Sanlam, subject to regulatory approval. The remaining insurance contract liabilities and reinsurance contracts are presented as a disposal group held for sale, refer to note 8.

Rm	2024	2023
16.1 Total insurance contract liabilities		
Group life	**49**	148
Outstanding claims payable	**8**	43
Transfer to liabilities of disposal group classified as held for sale	**(57)**	-
Closing balance	**-**	191

16.2 Reconciliation of the movement in insurance contract liabilities

Rm	Liabilities for remaining coverage[1]	Liabilities for incurred claims: Estimates of present value of future cashflows	Liabilities for incurred claims: Risk adjustment for non-financial risk	Total
2024				
Opening balance	-	215	(24)	191
Insurance service expenses	-	(97)	(52)	(149)
Claims incurred and other insurance expenses	-	(14)	-	(14)
Change in liability for past service costs	-	(83)	(52)	(135)
Insurance finance expenses	-	(5)	-	(5)
Total recognised in profit/(loss) from discontinued operations	-	(102)	(52)	(154)
Total cash flows				
Claims incurred and other insurance expenses	-	(20)	-	(20)
Transfers	7	30	3	40
	7	123	(73)	57
Transfer to liabilities of disposal group classified as held for sale	(7)	(123)	73	(57)
Closing balance	-	-	-	-
2023				
Opening balance	-	613	20	633
Insurance service expenses	-	84	(44)	40
Claims incurred and other insurance expenses	-	45	-	45
Change in liability for past service costs	-	39	(44)	(5)
Insurance finance expenses	-	(10)	-	(10)
Total recognised in profit/(loss) from discontinued operations	-	74	(44)	30
Total cash flows	-	(472)	-	(472)
Claims incurred and other insurance expenses	-	(293)	-	(293)
Transfers	-	(178)	-	(178)
Closing balance	-	**215**	**(24)**	**191**

1 *The contractual service margin relating to the liability for remaining coverage is not included in the table above as the amount was immaterial.*

16.3 Critical assumptions and judgements

The company is licensed as a long-term insurer in South Africa in accordance with the Long-term Insurance Act (the Act) of 1998, as amended. The Act requires the determination of assets, liabilities and solvency capital requirement (SCR) for statutory purposes in accordance with the Standards of Actuarial Practice (SAPs) and Advisory Practice Notes (APNs) issued by the Actuarial Society of South Africa (ASSA) and Financial Soundness Standards For Insurers issued by the Prudential Authority.

The value of policy liabilities is determined in accordance with the requirements of IFRS 17 and although estimates are based on management's best knowledge and judgment of current facts at reporting date; the actual outcome may differ from these estimates.

Assumptions need to be made in respect of inputs to the model. The following process is followed to determine the valuation assumptions:

- Management exercises judgement in deciding on best estimates for assumptions.
- The risk adjustment takes into account non-financial risk. The risk adjustment is an estimate of the present value of the future cash flows and reflects the compensation that is required to bear the uncertainty on the estimated cashflows and timing of the cash flows that arise from non-financial risk. Since the PHI book is closed to new business, only morbidity and expense risks were incorporated in determining the risk adjustment.
- Best estimate assumptions as to mortality and morbidity, expenses, investment income and tax are used, which may vary at each reporting date. Reliance is placed on historical information and statistical models. Improvements in estimates have a positive impact on the value of the liabilities and related assets, while deteriorations in estimates have a negative impact. The assumptions are reviewed actively and changed when evidence exists that material changes in the expected future experience are reasonably certain. The best estimate assumptions are also used as basis for the statutory valuation method.

Additional information on the process for determining assumptions used can be found in note 27 of the FY2024 group annual financial statements.

17. Trade and other payables

Rm	Notes	2024	2023
Financial liabilities			
Trade payables		**196**	203
Accrued expenses		**200**	191
Other payables[1]		**161**	264
Put option liability	17.1	**39**	-
		596	**658**
Non-financial liabilities			
Employee-based accruals		**238**	190
		834	**848**

1 *The decrease in other payables largely relates to settlement of amounts due to Sanlam Life in terms of the sale and transfer agreement to back the insurance reserves and related reinsurance for assessed and admitted claims in AF Life, as well as the settlement of deferred consideration in relation to the purchase of Sanlam's EB Standalone administration business.*

17.1 Put option liability

The group has written put options over the non-controlling interests' shares which grant the minorities an irrevocable right to sell 100% of their remaining interest in TSA Administration Proprietary Limited (TSA) to Alexander Forbes Financial Services Proprietary Limited, a subsidiary of the group. The first and second put options are exercisable 36 and 48 months from the effective date of the acquisition of TSA respectively. Refer to note 12.1.

The group recognises the value of the non-controlling interests' put options, being the present value of the estimated future purchase price, as a financial liability. The unwinding on the present value of the put option liability is recognised as an interest expense in profit or loss using the effective interest rate method. Changes to the estimated cash flows are treated as a remeasurement of the financial liability and a gain or loss on remeasurement is recognised in profit or loss. The put option liability is remeasured at each reporting period.

18. Financial risk management and financial instruments

18.1 Financial risk factors

The group's activities expose it to various financial risks arising from its financial assets and liabilities. Financial risks comprise credit risk, liquidity risk and market risk. The summary consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and this disclosure should be read in conjunction with the group's annual financial statements as at 31 March 2024.

There have been no material changes in the risk management or in any risk management policies since the year-end.

18.2 Liquidity risk

The contractual undiscounted cash outflows for financial liabilities in the current year include a secured Botswana loan facility of 10.15 million Botswanan pulas bearing interest at the Botswana prime rate plus 1.25%. Refer to note 15.

18.3 Exchange rate risk

Certain transactions of the group occur in foreign currencies. In the current year the most significant foreign currency is the British pound (GBP). These transactions have been translated using the exchange rates in the table below. Other less material foreign subsidiaries have been translated to rand in line with IAS 21 *The Effects of Changes in Foreign Exchange Rates,* using the weighted average rates for income statement items and the closing rates for items in the statement of financial position.

	2024	2023
Weighted average rate (ZAR:GBP)	**23.5**	19.5
Closing rate (ZAR:GBP)	**23.8**	21.9

18.4 Fair value hierarchy

The group classifies financial instruments measured at fair value in the statement of financial position using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1 -** Quoted prices in active markets for identical assets or liabilities.
- **Level 2 -** Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- **Level 3 -** Inputs for valuation that are not based on observable market data (that is, inputs are unobservable).

The table below analyses financial instruments carried at fair value, by valuation method.

Rm	Level 1	Level 2	Level 3	Total
31 March 2024				
Financial assets measured at fair value				
Financial assets held under multi-manager investment contracts	**324 463**	**80 387**	**12 139**	**416 989**
General operations		**729**	**13**	**742**
Total financial assets measured at fair value	**324 463**	**81 116**	**12 152**	**417 731**
Financial liabilities measured at fair value				
Financial liabilities held under multi-manager investment contracts	**-**	**416 993**	**-**	**416 993**
Total financial liabilities measured at fair value	**-**	**416 993**	**-**	**416 993**
31 March 2023				
Financial assets measured at fair value				
Financial assets held under multi-manager investment contracts[1]	308 872	59 354	11 488	379 714
General operations	-	666	13	679
Total financial assets measured at fair value	**308 872**	**60 020**	**11 501**	**380 393**
Financial liabilities measured at fair value				
Financial liabilities held under multi-manager investment contracts	-	379 718	-	379 718
Contingent consideration	-		22	22
Total financial liabilities measured at fair value	**-**	**379 718**	**22**	**379 740**

1 *An error was detected on the classification of the prior year debt securities and securities lending - bonds for which quoted prices in an active market were used to measure the fair value of the instruments. Consequently, R63 billion was reclassified from Level 2 to Level 1.*

Transfers between Levels 1 and 2

The financial assets held under multi-manager investment contracts are economically matched to the policyholder liabilities. Movements in financial assets associated with multi-manager investment contracts are directed by clients. These movements are a result of investments and withdrawals made. There were no transfers between Levels 1 and 2 during the year as a result of a change in valuation methodology.

Level 3 reconciliation

Level 3 financial assets and liabilities comprise mainly policyholder assets and liabilities. Financial assets and financial liabilities in this level are insignificant in relation to total financial assets and financial liabilities respectively. In addition, the movements in Level 3 financial assets are directly linked to the movements in the linked investment liability. Any fair value gains and losses resulting from policyholder financial assets and financial liabilities have no impact on profit or loss. There was no change in the valuation methodology of Level 3 assets during the year under review.

Rm	Financial assets held under multi-manager assets
Financial assets	
Opening balance at 1 April 2023	**11 488**
Total gains recognised in profit or loss	**1 130**
Transfers of financial assets at FVTPL	**(715)**
Purchases	**975**
Disposals	**(739)**
Closing balance at 31 March 2024	**12 139**
Opening balance at 1 April 2022	10 100
Total gains recognised in profit or loss	1 378
Transfers of financial assets at FVTPL	65
Purchases	728
Disposals	(783)
Closing balance at 31 March 2023	**11 488**

18. Financial risk management and financial instruments continued

18.4 Fair value hierarchy continued

Sensitivity analysis for Level 3 financial assets

The following table presents significant inputs to show the sensitivity of Level 3 measurements and assumptions used to determine the fair value of the financial assets:

Instrument	Valuation techniques	Significant inputs
Suspended listed equities	Peer valuation multiples	Last exchange traded price and liquidity discounts
Community property company assets	Discounted cash flow model	Capitalisation rates and discount rates
Infrastructure and development assets	**Equity** Distribution discount model, cost, mark to market, price-earnings multiple and liquidation value	**Equity** Interest rates and exchange-traded prices
	Debt Discounted cash flow model	**Debt** Interest rates fixed and floating

18.5 Valuation methods and assumptions for valuation techniques

There have been no changes in the valuation methods and assumptions for valuation techniques since 31 March 2023. A detailed description of the valuation methods and assumptions for valuation techniques is available in our annual financial statements for the year ended 31 March 2024.

18.6 Fair value of financial assets and financial liabilities measured at amortised cost

For financial assets and financial liabilities not measured at fair value, the amortised cost value approximates the fair value due to the short-term nature of the instruments.

19. Contingencies

In the conduct of its ordinary course of business the group is exposed to various actual and potential claims, lawsuits and other proceedings relating to alleged errors and omissions, or non-compliance with laws and regulations. The directors are satisfied, based on present information and the assessed probability of claims eventuating, that the group has adequate insurance programmes and provisions in place to meet such claims.

19.1 Client settlements arising from historical business practices – bulking

The bulking matter has been disclosed in prior years and reference can be made to previously published financial statements. As of the date of these financial statements most clients and past clients have accepted settlement offers and the necessary payments have been made. The group continues to make progress with settlement payments to remaining parties, namely for members and participating employers in respect of closed and liquidated funds.

20. Adoption of new standards

The group adopted IFRS 17 Insurance Contracts from 1 April 2023, which supersedes IFRS 4 Insurance contracts. In line with the transitional requirements, the group applied IFRS 17 retrospectively as if it had always been applied.

Impact of the adoption of IFRS 17

The group risk and retail life insurance policies as well as the relating liabilities and reserves were sold to Sanlam Life Limited, a subsidiary of Sanlam Limited, under section 50 of the Insurance Act 18 of 2017, effective 31 March 2022. The revenue earning activities of the operations ceased following the sale. The group is exposed to insurance risk due to its obligation to service claims payments with event dates prior to the sale transaction, and is ring-fenced to the measurement of the remaining reinsurance contract assets and insurance contract liabilities. On 1 December 2023 AF Life concluded an addendum to the sale agreement with Sanlam to transfer the remaining reinsurance contract assets and insurance contract liabilities. The transfer is subject to regulatory approval.

The group applied the general measurement approach as it only had direct participating contracts. The adoption of IFRS 17 was considered immaterial and accordingly opening balances have not been restated. Furthermore, the group assessed that the adoption of IFRS 17 has no impact on the professional indemnity insurance cell-captive arrangement due to there being no transfer of significant insurance risk.

All other standards and amendments effective for annual reporting period beginning 1 January 2023 do not have a material impact on the current period or any prior period. In addition, there are no other standards, amendments to standards and interpretations that are not yet effective that are expected to have a significant impact on the group.

21. Events after the reporting period

21.1 Special dividend

On 10 June 2024 a gross special cash dividend of 60 cents per ordinary share (48 cents net of dividend withholding tax) was declared. The special dividend is subject to approval by the Financial Surveillance Department of the South African Reserve Bank (SARB). A finalisation announcement confirming receipt of SARB approval will be released on SENS by no later than 9 July 2024.

Corporate information

Alexander Forbes Group Holdings Limited
Registration number: 2006/025226/06
Tax reference number: 9404921158
JSE share code: AFH
ISIN: ZAE000191516
(Incorporated in the Republic of South Africa)

Independent directors
Kuseni Dlamini (chair), Thabo Dloti (lead independent director), Bob Head, Andile Mazwai, Ndumi Medupe and Nosipho Molope

Non-executive directors
Pavan Dhamija, Marinda Dippenaar,
Gary Herbert, Refiloe Nkadimeng

Executive directors
Dawie de Villiers (chief executive officer)
Bruce Bydawell (chief financial officer)

Executive: Governance, legal, compliance and sustainability (company secretary)
Carina Wessels

Investor relations
Zakira Amra

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Forward-looking statements

This report contains certain unaudited forward-looking statements and targets. These, by their nature, involve risk and uncertainty as they relate to future events and may be influenced by factors outside the group's control. There are various factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. We cannot guarantee that any forward-looking statements will materialise, and accordingly readers are cautioned not to place undue reliance on any forward-looking statements. Alexforbes disclaims any intention and assumes no responsibility or obligation to update or revise any forward-looking statements, even if new information becomes available as a result of future events or for any other reason, other than as is required by the JSE Listings Requirements.