
EXTRACT FROM THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024 AND INTERIM CASH DIVIDEND DECLARATION

Overview

Alexforbes reports robust financial results for the six months ended 30 September 2024 (the period or current period).

Operating income increased 12% to R2 140 million due to the consolidation of acquisitions completed in previous financial years, higher average assets under management that benefitted from positive market performance, inflationary increases from within our retirements and healthcare consulting client base, higher than expected two-pot claims volumes and high client retention.

Operating expenses of R1 724 million increased 11% and reflect the impact of operating expenses from acquisitions that have been fully consolidated and higher personnel and technology costs as well as higher two-pot related expenditure. Organic growth in operating expenses was 8% year on year.

Profit from operations (before non-trading and capital items) increased 13% year on year to R447 million.

Profit for the period from continuing operations improved 8% to R367 million after taking into account the increase in finance costs and a marginally higher effective tax rate for the period.

Headline earnings per share from total operations increased 3% to 28.4 cents per share.

The group balance sheet remains financially robust, supported by the sustained cash flow generated from continuing operations, with a sound regulatory surplus capital position of R957 million and available cash of R657 million. The group cover ratio of 1.9 times remains above the target solvency cover ratio of 1.2 times.

A gross interim cash dividend of 22 cents per share has been declared which amounts to 88% of the normalised headline earning per share. The dividend is up 10% year on year (2023: 20 cents per share).

Chief executive officer, Dawie de Villiers, commented: *'Alexforbes has played a leading role in advocating for and shaping the two-pot system, which will transform the future of retirement outcomes for all members for the better. It has been the focal point of our organisation over this period as we built up to 1 September by gearing up operations, member engagement and our digital infrastructure. There have been lessons for us on this journey and we continue to scale up our technological capabilities to serve our 1.1 million members. We are uniquely placed at the intersection of regulatory shift, employee benefits and retail. This is an incredible opportunity to make an impact on people's lives.'*

Financial highlights

- Operating income up 12% to R2 140 million
- Profit from operations (before non-trading and capital items) up 13% to R447 million
- Headline earnings per share from continuing operations up 6% to 28.7 cents per share
- Headline earnings per share from total operations up 3% to 28.4 cents per share
- Cash generated from continuing operations remains strong at R373 million
- Our capital position remains sound with a regulatory surplus of R957 million. The group cover ratio of 1.9 times is comfortably above the target solvency cover ratio of 1.2 times
- Interim cash dividend declared of 22 cents per share, up 10%
- Total closing assets¹ increased 25% year on year to R568 billion
- Average assets² up 17% to R544 billion

In millions of South African rands (Rm)	2024/2023 % change	Unaudited six months ended 30 September		
		2024	2023	2022
Continuing operations				
Operating income ^A	12	2 140	1 911	1 686
Profit from operations (before non-trading and capital items)	13	447	394	354
Cost-to-income ratio ^B (percentage)	(30 bps)	79.1	79.4	79.0
Profit for the period	8	367	339	204
Cash generated from operations	(16)	373	446	273
Basic earnings per share (cents)	6	28.7	27.0	16.1
Headline earnings per share (cents)	6	28.7	27.0	16.1
Discontinued operations				
Loss from operations (before non-trading and capital items)	9	(12)	(11)	(23)
(Loss)/profit from discontinued operations	>100	(4)	9	(25)
Total group				
Basic earnings per share (cents)	3	28.4	27.7	14.1
Headline earnings per share (cents)	3	28.4	27.7	14.1
Normalised headline earnings per share (cents)	(5)	25.0	26.4	15.5
Interim dividend per share (cents)	10	22	20	15
Closing total assets (in billions of South African rands)	25	568	455	412
Total members under administration and advised ('000) ^C	(1)	1 516	1 526	1 338

A. Operating income represents revenue net of direct expenses.

B. 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.

C. Includes total number of active members across standalone and umbrella funds, medical scheme membership and individual consulting clients.

1 Total assets include closing assets under administration (AuA) and assets under management (AuM)

2 Average assets include average AuA and AuM

Interim 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.

An interim 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 an interim gross cash dividend of 22 cents per ordinary share (17.6 cents net of dividend withholding tax) for the six months ended 30 September 2024 (2023: 20 cents per ordinary share). The board believes the cash and capital position, after the payment of the interim dividend, will still provide sufficient liquidity and capital strength.

The interim dividend has 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 interim dividend will be as follows:

Declaration date	Monday 2 December 2024
Last day of trade to receive a dividend	Tuesday 7 January 2025
Shares commence trading 'ex' dividend	Wednesday 8 January 2025
Record date	Friday 10 January 2025
Payment date	Monday 13 January 2025

Share certificates may not be dematerialised or rematerialised between Wednesday 8 January 2025 and Friday 10 January 2025, both days inclusive.

Prospects

Alexforbes purpose is to pioneer insight to deliver advice and solutions that impact people's lives. Our prospects are anchored in our ability to do so.

Post two-pot

The two-pot system has been the single biggest item of reform in the history of South Africa's retirement ecosystem. It presents the opportunity to engage, educate and help retirement fund members throughout their respective retirement journeys and not just at exit, as is the case with retirement benefits counselling. We continue to invest in our digital infrastructure to make it easier for members to access their information, receive appropriate advice at decision points and to transact with confidence. Connecting with members in this manner helps to promote the Alexforbes brand and value proposition to a broader membership base at a scale previously inaccessible to us.

Prospects (*continued*)

Alexforbes as an investment destination

Our campaign to position Alexander Forbes Investments as an investment destination to clients launched in this period. Alongside these and other activities, we intend to win a greater share of assets from clients across institutional and retail segments.

Sustained retail transformation

The Alexforbes retail transformation continues to gather momentum with our entrance into the discretionary fund management market with the launch of Investment Solutions™ by Alexforbes, the capacitation of an independent financial adviser focused team, the integration of Alexforbes Invest into our advice process and the implementation of digital exits across most of our client base. We have maintained our ability to attract advisers into our business and are actively seeking acquisition opportunities to grow our network of advice partners.

Making a real-world impact

The Alexforbes Impact Academy plays a leading role in empowering and educating stakeholders to consider how their actions influence sustainability across a variety of dimensions. True to our mission, we are pioneering insight in this emerging dimension of consulting to advise our clients on how best to make a real world impact on people's lives. The Alexforbes Retirement Fund of the Future™ is a vision of what is possible.

About this announcement

This results announcement is the responsibility of the directors of the group. Shareholders are advised that this results announcement represents a summary of the information contained in the full unaudited interim condensed consolidated results for the six months ended 30 September 2024 (the interim results) and does not contain full details. The interim results were approved by the board of directors on 2 December 2024 and the information in this announcement has been correctly extracted from the interim results.

The interim results are published and available through the JSE cloudlink:

<https://senspdf.jse.co.za/documents/2024/JSE/ISSE/AFH/AFHDec2024.pdf>

The interim results are also available on the Alexforbes website: <https://investors.alexforbes.com/financial-results>

As this results announcement does not contain full details, any investment decisions by investors and/or shareholders should be based on a consideration of the interim results as a whole and investors and/or shareholders are encouraged to review the interim results, which are available as set out above. Any reference to future financial performance or any forecast financial information included in this announcement has not been separately reviewed, audited or reported on by the group's external auditors.

On behalf of the board of directors

Kuseni Dlamini
Chair

Dawie de Villiers
Chief Executive Officer

2 December 2024
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Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)