



OUTsurance Group Limited
(formerly Rand Merchant Investment Holdings Limited)

Unaudited Interim Results Circular and Cash Dividend Declaration

for the six months ended 31 December 2022

OUTsurance and OUTsurance Life are licensed insurers and FSPs.
OUTvest is an authorised FSP.
OUTsurance Holdings Limited is a licensed controlling company.

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Further information can be found in this report.

Introduction

The listing transition from Rand Merchant Investment Holdings Limited (RMI) to OUTsurance Group Limited (OGL) was completed on 6 December 2022. This combined circular presents the interim results of OUTsurance Group Limited for the six months ended 31 December 2022 and also provides the detailed financial performance of OUTsurance Holdings Limited (OHL).

OGL's disposal of Hastings Group (Consolidated) Limited (Hastings) and settlement of preference share debt in December 2021, and unbundling of its interests held in Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan) in April 2022, have significantly changed the OGL Group's earnings base. The OGL Group's earnings base for the six months to 31 December 2022 and subsequent reporting periods is primarily impacted by the performance of OHL, the Group's 89.7% held subsidiary and owner of the OUTsurance South Africa and Youi Australia insurance operations.

The consolidated financial results of OUTsurance Group Limited (the Group) are prepared in accordance with:

- International Financial Reporting Standards (IFRS), including IAS 34: Interim Financial Reporting.
- The requirements of the Companies Act, 71 of 2008, as amended.
- The SAICA Financial Reporting Guide as issued by the Accounting Practices Committee.
- The Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.
- The Listings Requirements of the JSE.

The accounting policies applied are consistent with those applied in the previous financial period and are in accordance with IFRS. Jan Hofmeyr CA(SA)

supervised the preparation of the consolidated financial results. The board of directors takes full responsibility for the preparation of this announcement and for correctly extracting the financial information for inclusion in the announcement.

The summary consolidated financial statements for the six months ended 31 December 2022 contained in this circular have not been audited.

The primary results and accompanying commentary are presented on a normalised basis which most appropriately reflects the economic performance of the Group and its operating units. Normalised earnings are specifically adjusted for non-operational items related to the Group's historic interest in Hastings and other items related to corporate transactions.

This report contains certain forward-looking information with respect to OUTsurance. These statements and forecasts involve risk and uncertainty as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Consequently all forward-looking statements have not been reviewed or reported on by the Group's external auditors.



GET PET INSURANCE

FOR YOUR DOG OR CAT

WHY OUT IS BETTER THAN IN

- Receive a **cash OUTbonus** after three consecutive claim-free years.
- Only pay a **fixed excess**, regardless of the claim amount.
- Get a **premium discount** if your pet achieves an ideal body score.

Each of our four plans have been designed to best suit your insurance needs. Choose from basic accidental cover to extensive cover with increased limits and added extras.

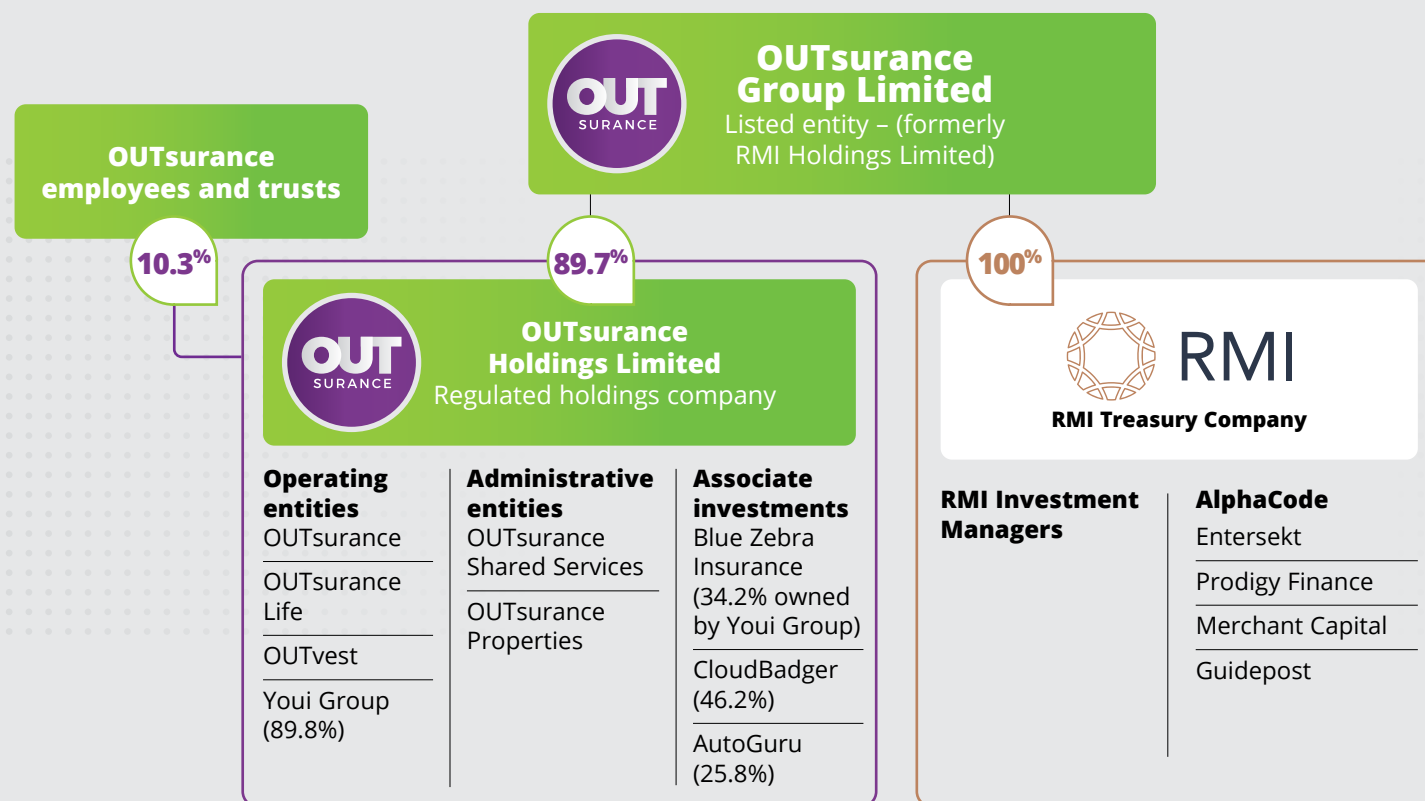
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OUT SURANCE

Pet

OUTsurance is a licensed insurer and FSP. The OUTbonus is a standard product feature, paid after three consecutive claim-free years. Ts, Cs, and limits apply. Standard data rates apply. By scanning this code, you opt-in to receive periodical WhatsApp communication from OUTsurance.

Our Group structure

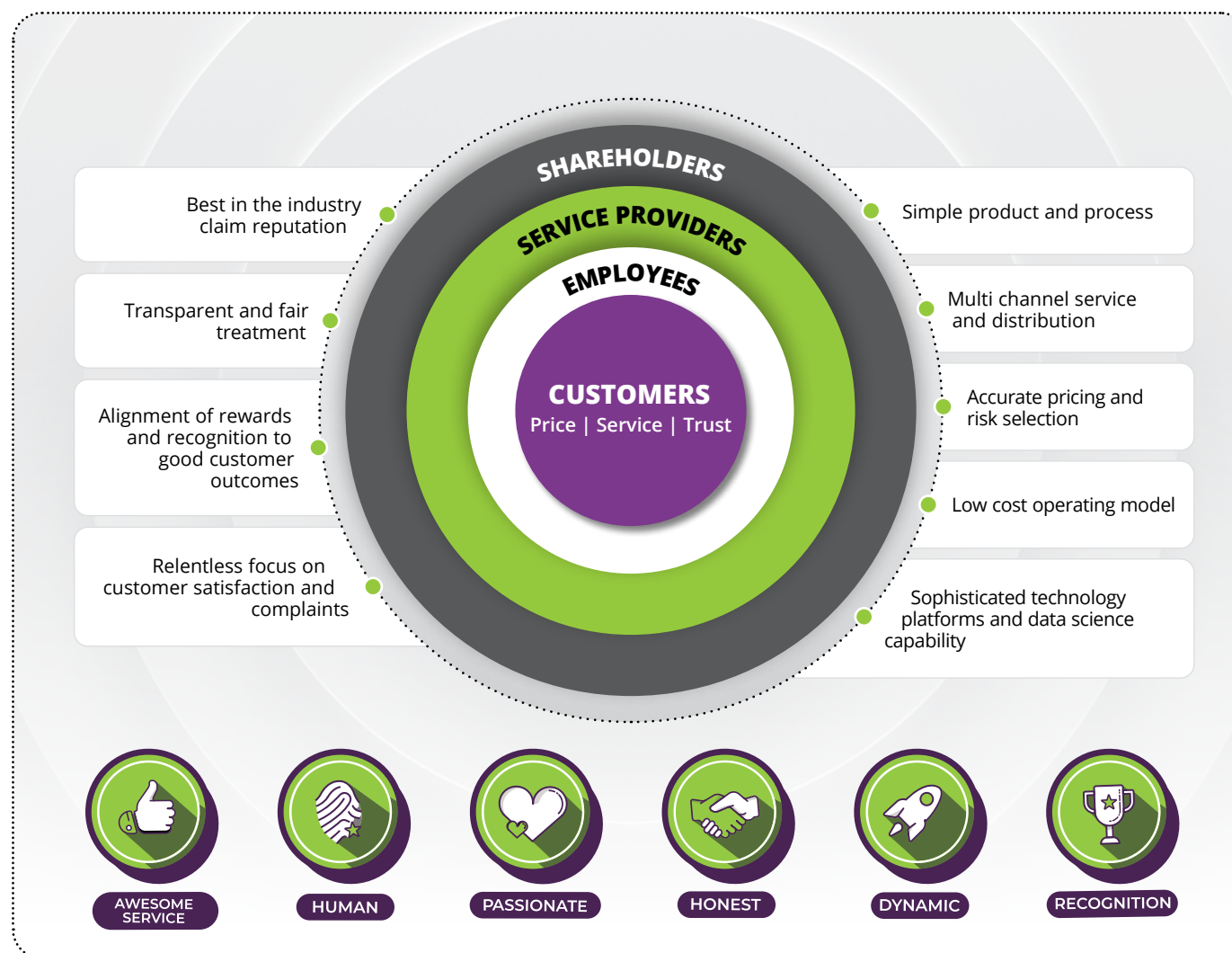


Our value creation

Our purpose

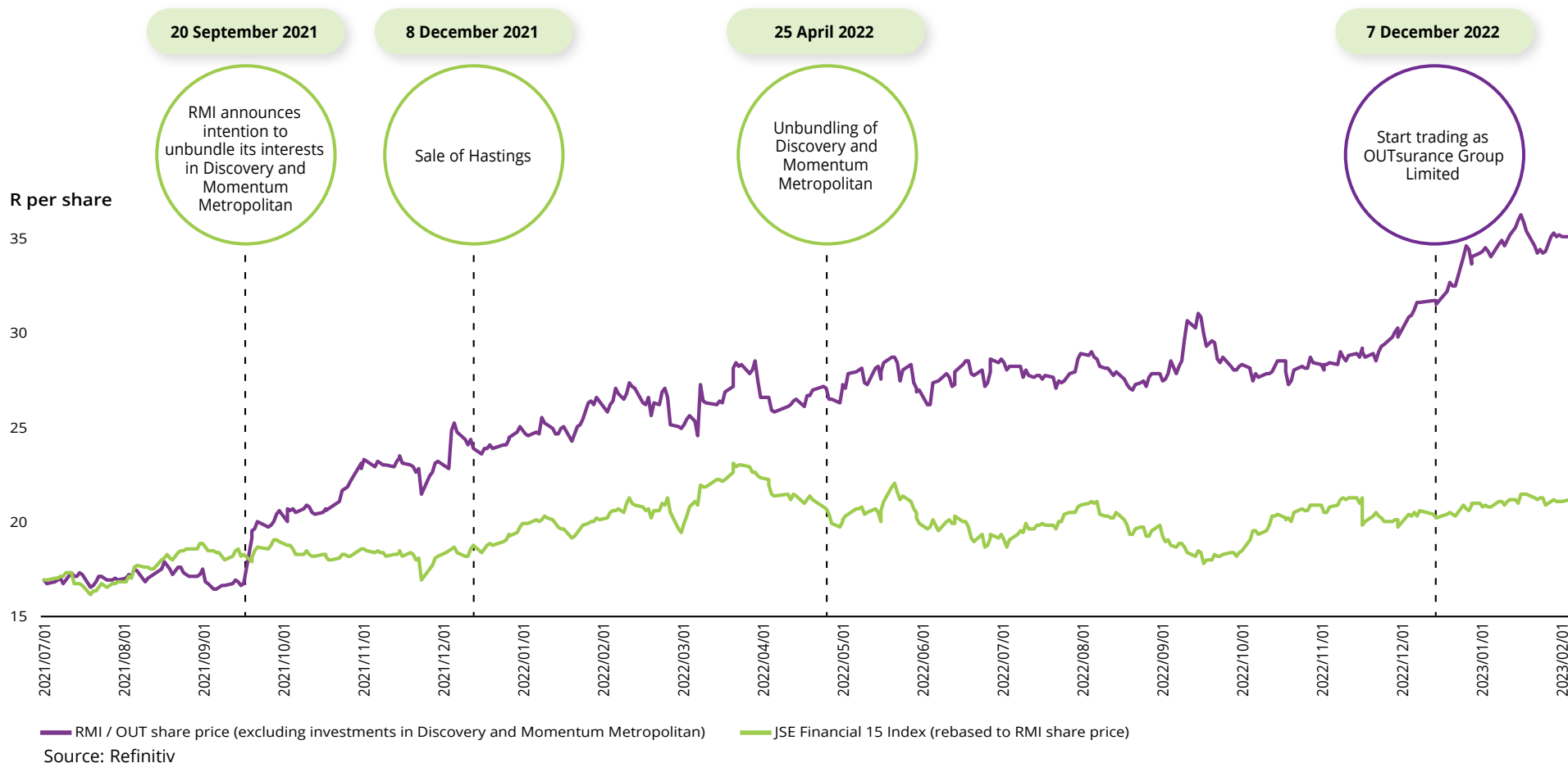
Our purpose is to ensure our stakeholders always get something out. The heart of our purpose is to provide our customers with simple, high quality insurance products backed by trust and market-leading service outcomes. We maintain a leading employee value proposition and a business culture that attracts and rewards a diverse talent pool. We work with our large network of service providers to create sustainable relationships and growth opportunities which reward alignment with our value of awesome customer service.

We create sustainable and predictable financial value for our shareholders, through pricing discipline, operational efficiency and conservative risk taking through organic growth initiatives.



Our value creation continued

Our milestones



Since the announcement of the unbundling in September 2021 until 31 December 2022, R37.9 billion (R24.77 per OGL share) in shareholder value has been created. This is a combination of the growth in the OUTsurance Group market capitalisation, special dividends paid and the value of the Discovery and Momentum Metropolitan interests unbundled.

Our products

PRODUCTS



CAR



HOME



BUSINESS



LIFE

CHANNELS

- Direct (call centre & digital)
- OUTsurance Brokers and Financial Advisors
- Partnerships



FUNERAL



INVEST



PET



PRODUCTS



CAR



HOME



BUSINESS



CTP

CHANNELS

- Direct (call centre & digital)
- BZI (broker)
- CTP (call centre & digital)



Financial performance highlights

for the six months ending 31 December 2022



OUTSURANCE GROUP LIMITED

Normalised earnings
from continuing
operations

**R1 317
million**

 **77.7%**

Normalised earnings
per share from
continuing operations

**86.0
cents**

 **77.7%**

Ordinary dividend
per share

**56.8 cents
per share**

 **>100%**



OUTSURANCE HOLDINGS LIMITED

Normalised earnings

**R1 502
million**

 **36.3%**

Annualised
new business
premium written

**R3 673
million**

 **8.6%**

Net earned premium

**R11 733
million**

 **18.2%**

Gross written premium

**R13 618
million**

 **17.4%**

Operating profit

**R1 894
million**

 **65.8%**

Normalised Return
on Equity

 **29.1%**

Overview of Group results

This section of the circular reports on both the financial results performance of OUTsurance Group Limited (OGL or OGL Group) (formerly RMI Holdings Limited) and its 89.7% held subsidiary OUTsurance Holdings Limited (OHL or OHL Group).

The earnings base of the OGL Group has changed significantly following the disposal of Hastings Group Holdings and the unbundling of the interests in Discovery and Momentum Metropolitan Holdings in the 2022 financial year. For the six months under review the earnings of OGL represents primarily the consolidated performance of OHL coupled with head office costs and the financial performance of RMI Treasury Company where portfolio investments and the interest in RMI Investment Managers are retained. OGL's normalised earnings from continuing operations increased by 77.7% to R1.317 billion for the six months under review. Relative to the growth of the OHL's earnings, the OGL normalised earnings result benefitted from lower funding and head office costs incurred.

OHL delivered a 36.3% improvement in normalised earnings following a significant improvement in the earnings result of Youi. Youi's earnings benefitted from relatively benign weather-related claims and a rapidly rising interest rate environment which bolstered investment income. By contrast, the first half of the previous financial year was characterised by significant weather events and the low-point of the interest rate cycle. Excluding the earnings contribution from Hastings in the comparative period, the OHL Group's normalised earnings result is higher by 45.3%.

Persistently high levels of inflation, rising interest rates and the uncertain economic outlook in South Africa are the prominent macro-economic themes impacting our operations in South Africa and Australia. The Group's growth initiatives, pricing discipline and focus on operational execution have allowed for a resilient operational and financial performance despite these macro challenges.

The OHL Group's gross written premium accelerated by a pleasing 17.4% and was aided by the translation effect of the weaker Rand against the Australian Dollar. Premium growth reflects the effect of rapidly increasing premium inflation and the positive effect of the increasing revenue contribution of the various growth initiatives which have scaled further in the first half of the 2023 financial year.

Annualised new business premium growth expanded by 8.6% following a period of strong growth achieved over the 2022 and 2021 financial years. The growth rates in new business have moderated on account of the normalisation of new business from Youi's Blue Zebra Insurance (BZI) partnership, limited growth in the personal lines operations on account of the challenging macro-economic environment, and the emphasis placed on steering the various growth initiatives towards targeted long-term profit margins.

The OHL Group's strategic focus over the last four years has been to expand our insurance product and distribution capabilities. These growth initiatives include, OUTsurance Business Brokers, OUTsurance Life, Youi CTP in New South Wales and South Australia as well as Youi's partnership with BZI. A stated objective of our strategic focus for the 2023 and 2024 financial years is to drive these growth initiatives towards profitability from where further expansion can be scaled. Pleasingly, the aggregated operating loss from the growth initiatives has reduced from R391 million in the comparative six months to R199 million. OUTsurance Business Brokers and BZI were the main contributors to the improved operating loss.

The OHL Group's claims ratio reduced from 58.1% to 55.3% on account of the more favourable weather events experienced in Australia coupled with an improvement in the attritional claims ratios of OUTsurance Business and Youi BZI.

The comparative period's motor claims, particularly in South Africa, benefitted from the reduced driving patterns associated with the pandemic lockdowns at the time.

Motor claims frequencies have subsequently returned to pre-pandemic levels. Average repair costs in Australia and South Africa have increased significantly on the back of supply challenges and general inflation. Pro-active pricing adjustments over the last twelve months have largely offset these inflationary factors. The OUTsurance claims ratio has also been negatively impacted by increasing vehicle theft rates on high value vehicles with vulnerable remote control security systems.

Loadshedding continues to negatively impact property related claims, particularly considering the more extensive loadshedding experienced in the reporting period. The implementation of a larger excess for power surge and dip claims have somewhat mitigated this rising claims cost.

The OHL Group's cost-to-income ratio improved from 31.5% to 30.5% which is attributed to the strong premium growth, improved economies of scale achieved in the growth initiatives and cost control within a higher inflationary environment.

The OHL Group's Normalised ROE improved from 23.6% to 29.1% owing to the strong earnings growth and also removing the historic base effect from the Hastings investment from the calculation of Normalised ROE.

During the period under review, the OHL Group disposed of its associate interest in OUTsurance Namibia. The rationale for disposing of OUTsurance Namibia was supported by the limited growth initiatives available in the Namibian market and the required focus to direct resources towards the product and channel growth opportunities in the South African market.

A core part of our long-term strategy for growth and diversification is to seek an international organic growth opportunity which fits the business model and core operational competencies of the OHL Group. The Republic of Ireland has been identified as a new market opportunity for this organic expansion. The Ireland motor and home insurance market fits our strategic framework for new market entries which include criteria such as market size relative to existing operations, distribution dynamics favouring the direct model, historic market profitability, a familiar regulatory environment and a growing insurance market. An authorisation process has commenced and if successful, a 2024 market entry is anticipated.

OUTsurance Group Limited results review

The table below sets out the consolidated normalised earnings result of the OGL Group with an emphasis on continuing operations which represent the 89.7% interest in OHL and the Central / RMI Treasury Company activities of OGL.

 A reconciliation of OGL Group's earnings and breakdown of discontinued operations earnings are provided on page 22.

The large reduction in the Central and Treasury Company component is associated with the non-recurrence of funding costs linked to the historic funding of the Hastings acquisition and a gradual reduction in head office costs associated with the listing transition to OUTsurance which was completed in December 2022.

R million	Six months ended 31 December		% change	Year ended 30 June
	2022	2021		2022
OUTsurance Holdings excluding Hastings ¹	1 355	943	43.7%	2 039
OUTsurance Holdings including Hastings ¹	1 355	1 001	35.4%	2 099
OUTsurance Holdings share of Hastings ¹	-	(58)	100%	(60)
Central / Treasury company ²	(38)	(202)	(81.2%)	(266)
Normalised earnings from continuing operations	1 317	741	77.7%	1 773
Normalised earnings per share from continuing operations (cents)	86.0	48.4	77.7%	115.8
Diluted normalised earnings per share from continuing operations (cents)	85.1	48.4	75.8%	114.7
Normalised earnings per share from continuing and discontinued operations (cents)	86.0	125.5	(31.5%)	192.8
Diluted normalised earnings per share from continuing and discontinued operations (cents)	85.1	124.8	(31.8%)	191.1
Normal dividend per share (cents)	56.8	23.5	>100%	65.5
Special dividend per share (cents)	-	142.0	(100%)	142.0

¹ Represents OGL's share of the normalised earnings of OHL.

² Includes holding company income and expenses, RMI Investment Managers, AlphaCode and also includes funding costs in the comparative periods.

 The OGL Group dividend is elaborated on in the dividend section on page 20.

OGL's head office costs, net of interest earned on surplus funds, has reduced to R26 million for the six months under review from R254 million in the comparative period. This is mainly attributable to the non-recurrence of funding costs after all the preference share debt had been settled in December 2021 from the proceeds on the sale of Hastings. Monthly head office costs will continue to decline in the second half of the financial year in line with the adjustments in centralised costs associated with the listing transition.

The financial markets experienced increased volatility as 2022 came to an end. Global equity markets recorded their worst year since 2008 due to investors reacting to rising interest rates and the prospects of slower growth. The affiliates of RMI Investment Managers managed to weather the storm, with their combined assets under management flat for the six-month period ended 31 December 2022 at R204.3 billion.

OGL is currently in advanced stage discussions with its co-shareholders, MMH and Royal Bafokeng Investment Holding Company Proprietary Limited (RBIH), about MMH's interest to acquire OGL's interest in RMI Investment Managers, excluding its investment in PolarStar Management. OGL discontinued the equity accounting of the results of the affiliates that form part of the proposed transaction effective from 1 July 2022. The transaction would solidify the existing empowerment, distribution and financial ambitions of RMI Investment Managers whilst retaining the independence and unique boutique characteristics of the affiliate model. The complex nature of the transaction has lengthened the process, but OGL is hopeful to conclude the transaction in this financial year. The proposed transaction is subject to requisite governance and regulatory approvals, agreement of the final terms, confirmation of the structure and other conditions typical of a transaction of this nature.

The AlphaCode investment portfolio, consisting of Prodigy Finance, Entersekt, Merchant Capital and Guidepost, performed largely in line with expectations.

The directors' valuation range for the remaining assets in Treasury Company is R2.8 to R3.1 billion with R800 million represented by cash.

OUTsurance Holdings Limited results review

This section outlines the financial performance of the OHL Group and its operating units.

Consolidated financial performance

OHL Group key financial ratios

The table below sets out the key financial outcomes of the consolidated OHL Group:

R million	Six months ended 31 December		%	Year ended
	2022	2021		30 June 2022
Gross written premium	13 618	11 600	17.4%	23 532
Net earned premium	11 733	9 923	18.2%	20 197
Annualised new business premium written	3 673	3 382	8.6%	7 052
Operating profit ¹	1 894	1 142	65.8%	2 874
Headline earnings	1 502	1 053	42.6%	2 326
Normalised earnings	1 502	1 102	36.3%	2 316
Normalised ROE (%) ²	29.1%	23.6%		22.0%
Dividend declared ³	969	938	3.3%	1 850
Special dividend declared ⁴	–	3 115	(100%)	3 115
Claims ratio (%) ⁵	55.3%	58.1%		56.1%
Insurance cost-to-income ratio ⁶	29.8%	30.5%		30.4%
Group cost-to-income ratio ⁷	30.5%	31.5%		31.2%
Combined ratio ⁸ (%)	85.5%	89.2%		86.7%

1 Net of investment management fees of R5.3 million (2021: R5.5 million).

2 Attributable to ordinary shareholders.

3 Equates to an interim dividend of 25.5 cents per OUTsurance Holdings ordinary share (2021: 24.7 cents per ordinary share).

4 Linked to the disposal of the Hastings investment completed in December 2021.

5 Includes the gross movement in long-term policyholder liabilities. In previous financial years the net movement, post the effect of interest rate hedging strategies were included.

6 Insurance activities excluding external contact centre operation.

7 OHL Group cost-to-income ratio including the external contact centre operation.

8 After profit distributions paid to FirstRand and Shoprite.



YOU COULD USE YOURS FOR A FAMILY BEACH GETAWAY

When we opened our doors 24 years ago, we made you a promise; that you'd always get something out. Since then, we've paid our clients more than R5 billion in OUTbonuses, to spend on everything from school fees to special occasions, hobbies to holidays.

With more than R1.5 million on average paid out every day, what will you do with your OUTbonus?



Scan the QR code for a quote or
sms 'quote' to 45303 | call 08 600 60 000

OUTsurance is a licensed insurer and FSP. The OUTbonus is a standard product feature, only paid after three claim-free years and premium dependent. Data based on 2021 calendar year. T, C, limits and standard rates apply. Free SMS: 0622/0360/1



OUTsurance Holdings Limited results review continued

Sources of operating profit and normalised earnings

The table below sets out the sources of operating profit of the OHL Group entities:

R million	Operating profit			Year ended 30 June 2022
	Six months ended 31 December 2022	2021	% change	
OUTsurance ¹	1 121	991	13.1%	2 109
OUTsurance Life	(100)	(51)	(96.1%)	107
Youi Group	888	170	>100%	621
Administration services ²	(20)	(2)	(>100%)	(7)
Central and consolidation adjustments ³	5	34	(>100%)	44
Operating profit	1 894	1 142	65.8%	2 874

¹ Includes OUTsurance Personal, OUTsurance Business, OUTsurance Central costs and is net of FirstRand Homeowners profit share.

² Net of offshore call centre administration services offered to Hastings and Youi and the operating loss of OUTvest and International expansion.

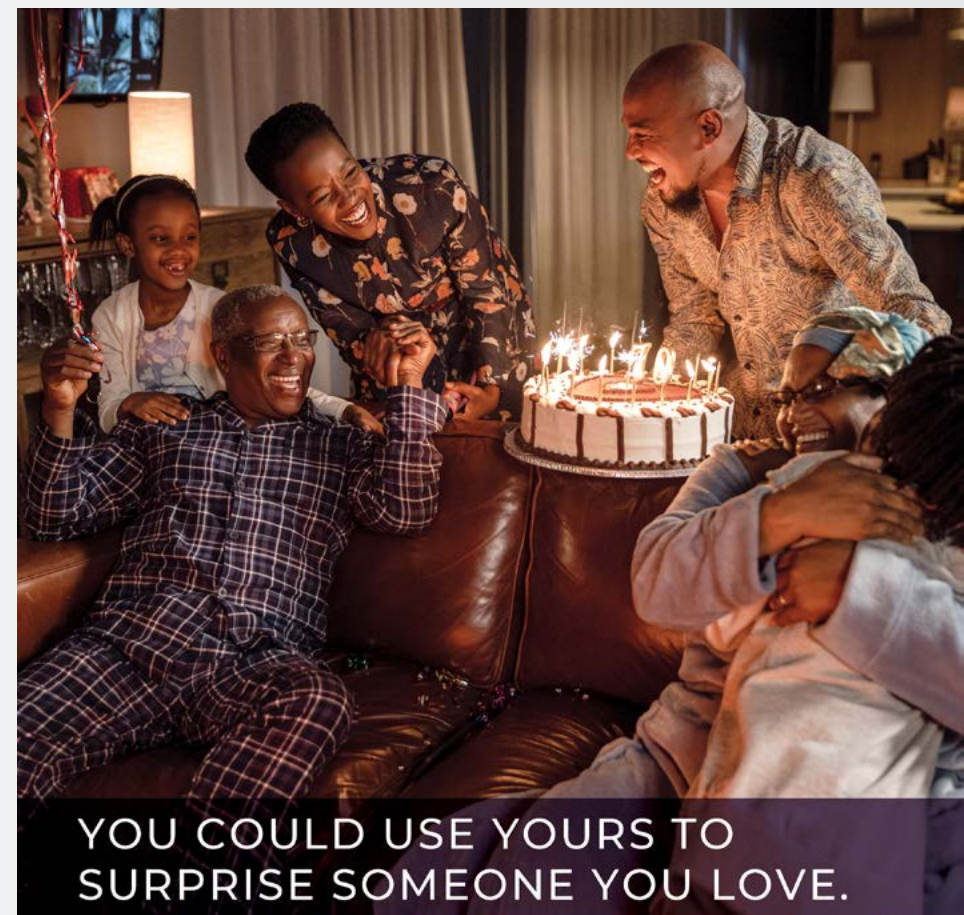
³ Includes the profits and losses of holding companies and other non-operational entities in the Group.

The table below sets out the sources of normalised earnings of the OHL Group entities:

R million	Normalised earnings			Year ended 30 June 2022
	Six months ended 31 December 2022	2021	% change	
OUTsurance	951	937	1.5%	1 743
OUTsurance Life	(68)	(21)	(>100%)	100
Youi Group	646	123	>100%	413
Administration services ¹	(17)	(4)	(>100%)	(11)
Central (net of consolidation adjustments) ²	44	26	69.2%	53
Minority interest	(68)	(25)	(>100%)	(56)
Earnings from associates	14	66	(78.8%)	74
Normalised earnings	1 502	1 102	36.3%	2 316

¹ Net of offshore call centre administration services offered to Hastings and Youi and the operating loss of OUTvest and International expansion.

² Includes the profits and losses of holding companies and other non-operational entities in the Group.



**YOU COULD USE YOURS TO
SURPRISE SOMEONE YOU LOVE.**

When we opened our doors 24 years ago, we made you a promise; that you'd always get something out. Since then, we've paid our clients more than R5 billion in OUTbonuses, to spend on everything from school fees to special occasions, hobbies to holidays.

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You always get
something out.

outsurance.co.za

OUTsurance Holdings Limited results review *continued*

Sources of operating profit and normalised earnings *continued*

To measure the financial success of strategy and long-term shareholder value creation, the Group is focussed on the following key financial metrics:

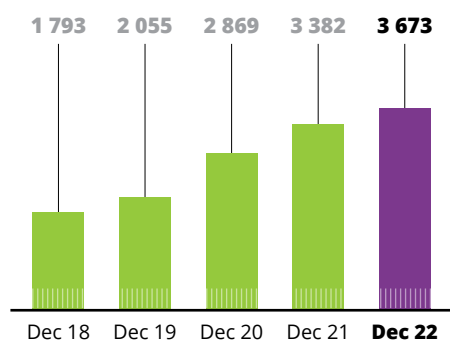
- **Return on equity (ROE)** – which measures the efficiency of capital deployment for growth initiatives and underwriting discipline over time.
- **Claims ratio** – which is the key driver of profitability in the Group's short-term insurance operations. The claims ratio is influenced by our pricing sophistication, risk selection and underwriting discipline. The variability of the claims ratio in the short-term is impacted by weather patterns, particularly in Australia where the frequency and severity of natural weather results in a more volatile claims experience. The claims ratio is also impacted by the efficiency and retention of the reinsurance programmes.

- **Cost-to-income ratio** – the cost-to-income ratio is an important measure of efficiency in the business which is an enabler to delivering competitive pricing and target profit margins over time. Cost-efficiency is underpinned by a cost-conscious business culture, in-house developed systems and the efficiency of the direct distribution channel which is the largest acquisition channel.
- **Annualised new business premium written** – this measure represents the annualised new business premium written in a particular reporting period. This measure is an indicator of revenue growth and the competitiveness of the operating model over time. This indicator also measures the effectiveness of our strategy to expand product and channel capabilities.

Annualised new business premium written

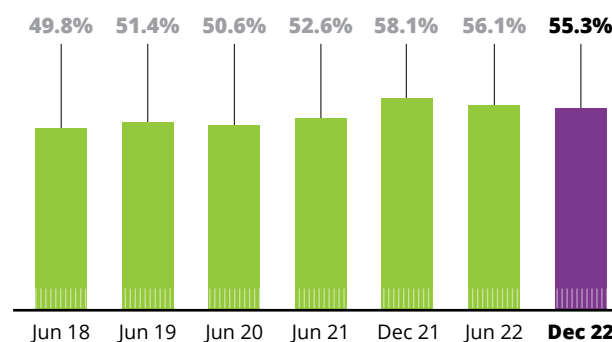
The OHL Group delivered 8.6% growth in new business written for the six months under review. At the 2022 year-end, management indicated that new business premium growth would moderate from the high base achieved in 2022 overlaid with the focus on premium adjustments to allow for the higher inflationary environment and actions to ensure target profit margins are achieved in the various growth initiatives.

Annualised new business premium written
(R million)

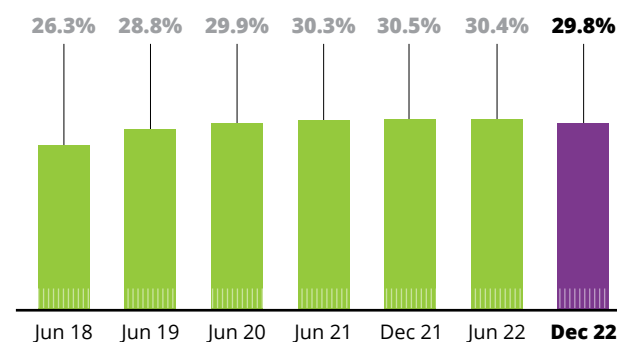


Key ratios

Group claims ratio
(%)

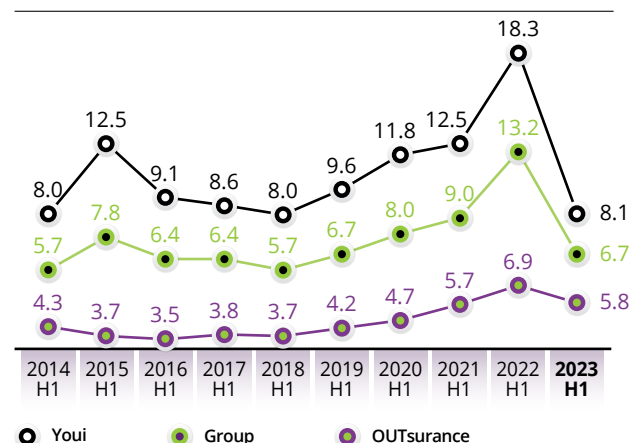


Insurance cost-to-income ratio
(%)



Retained natural perils losses as % of net earned premium

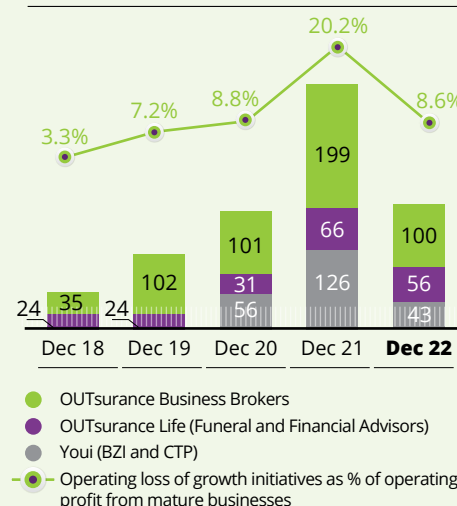
Natural perils as % of NEP



The Group has made substantial investments to open new product and distribution channel capabilities over the last five years. The following graph illustrates the impact of the investment in new ventures on the operating profit of the Group. The operating loss for the six months related to new ventures decreased by 49.1% to R199 million. The improvement is associated with improved scale, lower attritional claims ratios and lower natural perils claims in Australia. The BZI initiative delivered an operating profit for the period. The operational loss related to new ventures represents 8.6% (December 2021:20.2%) of the operating profit generated by profitable segments. The Group's appetite for new ventures over time for this measure is set at 10%.

Operating loss of growth initiatives as % of profit from mature businesses (R million)

Impact of growth initiatives on operating profit (R million)

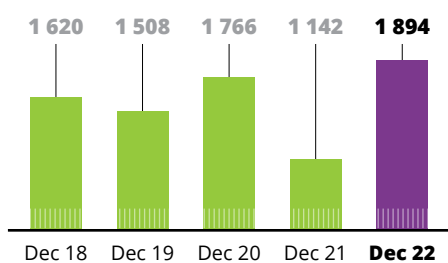


OUTsurance Holdings Limited results review continued

Operating profit and normalised earnings history

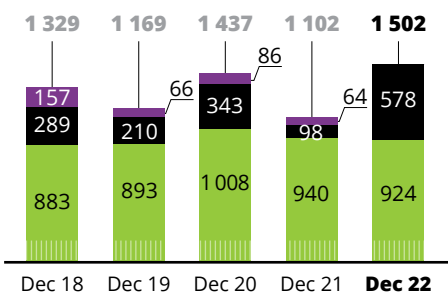
Group operating profit increased by 65.8% to R1 894 million. This is attributed to a strong performance by Youi and OUTsurance.

Operating profit (R million)



The graph below sets out the normalised earnings history of the OHL Group split per the contributions from the South African and Australian operations as well as the historic effect of the Group's indirect investment in Hastings. Excluding the earnings contribution from Hastings, the OHL Group's normalised earnings was 45.3% higher than the comparative six months.

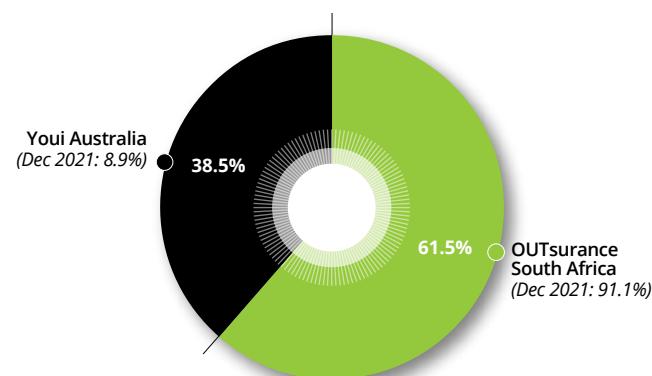
OHL Group normalised earnings (R million)



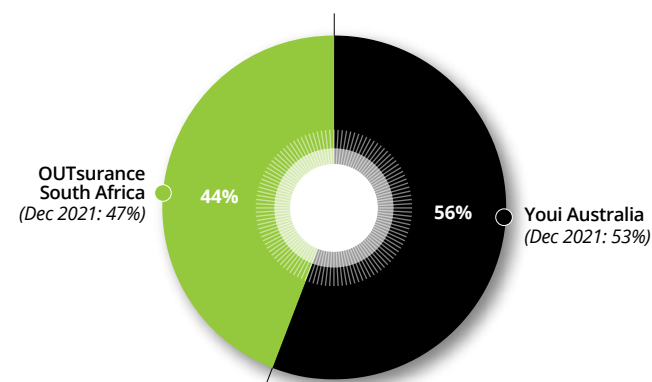
● OUTsurance South Africa
● Youi (net of minorities)
● Hastings

The graphs below illustrate the diversification of the OHL Group's gross written premium and normalised earnings (excluding Hastings).

Normalised earnings



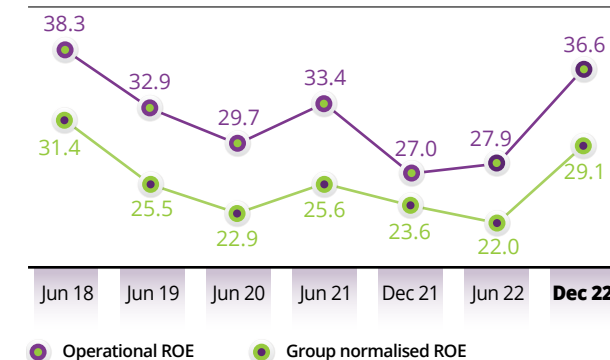
Gross written premium



ROE (%)

The Normalised ROE is the overall ROE of the Group. The Operational ROE is the aggregate ROE of the insurance operations of the Group and excludes the ROE effect of the Group's historic investment in Hastings (disposed of in December 2021) and surplus capital in the holding company. The surplus capital is maintained at a Group level to support geographic expansion and a planned 5.3% increase in our interest in Youi. These items will result in the Normalised ROE lagging the Operational ROE. The Group targets an Operational ROE of 25% to 35% and a Normalised ROE of 20% to 30%. The Group sets minimum hurdle rates for new ventures depending on the relative riskiness of the product, channel or geographic expansion. Generally, a ROE of 20% is set as a minimum marginal investment hurdle.

ROE performance (%)



Business Unit Reporting

This section reports the individual results of OUTsurance, Youi and OUTsurance Life

OUTsurance

OUTsurance is the Group's South African short-term insurance operation and consists of two main operational segments, OUTsurance Personal and OUTsurance Business.

Against a difficult economic backdrop, the effects of a wetter summer season and loadshedding, OUTsurance delivered an acceptable operational and financial performance for the six months under review with operating profit increasing by 13.1%. The growth differential between operating profit and normalised earnings is explained by lower investment income where the positive impact of higher interest rates in the reporting period was offset by comparatively lower returns on equity investments.

Important context to the results is the lower pandemic related motor claims frequency and associated claims costs which benefitted the results of the comparative six months. Motor claims frequency has returned to pre-pandemic levels and has therefore resulted in a normalisation of the motor claims ratio. Notwithstanding, the claims cost pressures, OUTsurance recorded a marginally lower overall claims ratio of 53.4% which is illustrative of the pro-active pricing discipline applied over the last year.

Premium inflation has been a key theme in response to the claims environment. Gross written premium grew by 8.7%.

The cost-to-income ratio improved marginally to 24.8%, benefitting from the higher premium growth and economies of scale achieved in the OUTsurance Brokers channel which is approaching break-even. The cost-to-income ratio for both the current and comparative periods was impacted by significant share-based payment expenses following the impact of the profit realised on the Hastings disposal in 2021 and the strong performance in the OGL share price since the listing transition in December 2022. The share-

based payments expense is linked to the indexed performance of the OGL share price. The excess share-based payments expense for both periods are accounted for in the Central segment.

OUTsurance key financial ratios

The key financial outcomes of OUTsurance, aggregated for all product segments, are presented below:

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Gross written premium	5 505	5 064	8.7%	10 253
Net earned premium	5 361	4 935	8.6%	9 994
Operating profit	1 121	991	13.1%	2 109
OUTsurance Personal	1 078	1 069	0.8%	2 146
OUTsurance Business	128	14	>100%	57
Central	(85)	(92)	7.6%	(94)
Headline earnings ¹	951	937	1.5%	1 743
Claims ratio (%)	53.4%	53.9%		53.0%
Accident year claims ratio	57.0%	57.4%		57.1%
Prior year development	(3.6%)	(3.5%)		(4.1%)
Cost-to-income ratio (%)	24.8%	25.2%		25.3%
Combined ratio ³ (%)	80.0%	80.6%		79.7%

¹ The headline earnings are equal to the normalised earnings as there are no normalised adjustments.

² The favourable prior year development on the claims ratio for both the current and comparative periods reflects positive development of the reserving caution applied during the pandemic period.

³ After profit share distributions paid to FirstRand Limited.

OUTsurance's investment income benefitted from the rising interest rate environment to which the majority of investable assets are exposed. Total investment income realised for the six months under review was R263 million and is 26.1% lower compared to the prior year. The reduction in investment income is associated with the lower unrealised fair value gains on the equity portfolio in the period under review. This compares to the very strong equity market performance in the comparative period. The higher interest rate environment provides a strong base for investment income, notwithstanding volatility in equity instruments which represent 15% of the investable asset base.

OUTsurance Personal

OUTsurance Personal is the largest contributor to Group profitability and displays a low earnings volatility profile.

The following salient features were the primary drivers of the OUTsurance Personal results for the six months under review:

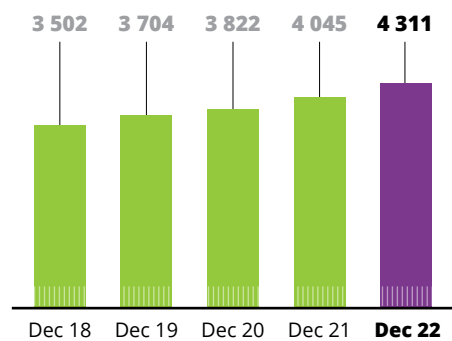
- Gross written premium growth was positively impacted by higher premium inflation with new policy count muted on account of the difficult macro-economic environment. Excluding the FirstRand Homeowners book which is in run-off, gross and net earned premium grew by 7.9% and 7.5%, respectively.
- The increase in the claims ratio is attributed to motor claims normalisation, loadshedding, wetter weather conditions, higher repair cost inflation and an increasing vehicle theft trend on high value off-road vehicles.
- The cost-to-income ratio of 20.8% is in line with the result for the 2022 financial year and reflects cost discipline within a rising inflationary environment.

The table below sets out the key financial outcomes for OUTsurance Personal:

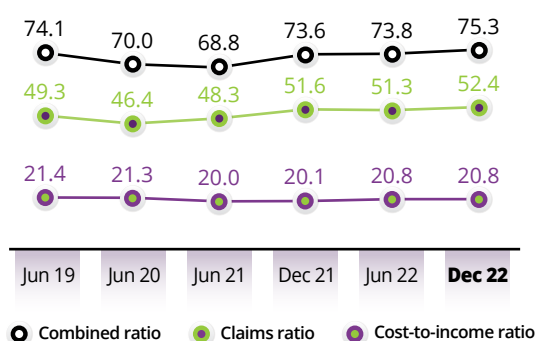
	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Gross written premium	4 311	4 045	6.6%	8 161
Net earned premium	4 202	3 957	6.2%	7 981
Operating profit	1 078	1 069	0.8%	2 146
Claims ratio (%)	52.4%	51.6%		51.3%
Cost-to-income ratio (%)	20.8%	20.1%		20.8%
Combined ratio ¹ (%)	75.3%	73.6%		73.8%

¹ After profit share distributions paid to FirstRand Limited.

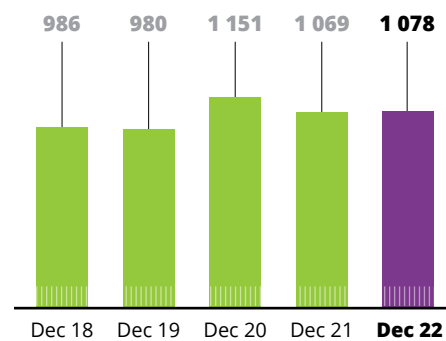
OUTsurance Personal - gross written premium (R million)



OUTsurance Personal - key ratios (%)



OUTsurance Personal - operating profit (R million)



OUTsurance Business

OUTsurance Business is a fast growing part of OUTsurance. OUTsurance Business is segmented into a Direct and OUTsurance Broker channel (tied-agency). OUTsurance Brokers is focussed on expansion of our commercial market share through face-to-face distribution. This channel represents a major investment for the OHL Group and is expected to achieve monthly break-even over the course of the next six months.

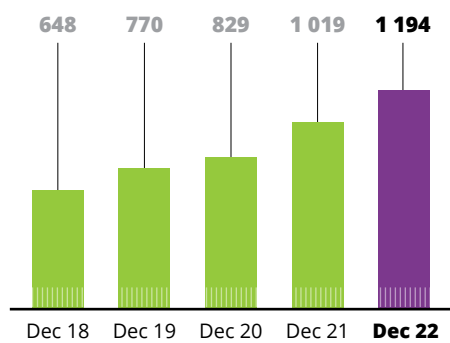
The following salient features were the primary drivers of the OUTsurance Business results for the six months under review:

- OUTsurance Business grew gross written premium by 17.2% with OUTsurance Brokers delivering gross written premiums of R617 million, which is 42.3% higher than the prior year.
- The improvement in the claims ratio from 63.1% to 56.9% results from less new business strain in the OUTsurance Broker channel coupled with pricing and underwriting actions to improve margins and counter the drivers of claims inflation.
- The cost-to-income ratio improvement reflects the economies of scale in the OUTsurance Broker segment where headcount has been stable.
- On its path to break-even, OUTsurance Broker's operating loss decreased to R100 million from R199 million. This improvement contributed to the combined operating profit of OUTsurance Business increasing from R14 million to R128 million.

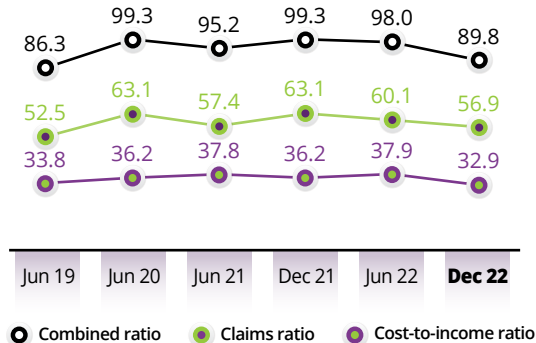
The table below sets out the key financial outcomes for OUTsurance Business:

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Gross written premium	1 194	1 019	17.2%	2 091
Net earned premium	1 159	978	18.5%	2 013
Operating profit	128	14	>100%	57
Direct	228	213	7.0%	379
OUTsurance Broker	(100)	(199)	49.7%	(322)
Claims ratio (%)	56.9%	63.1%		60.1%
Cost-to-income ratio (%)	32.9%	36.2%		37.9%
Combined ratio (%)	89.8%	99.3%		98.0%

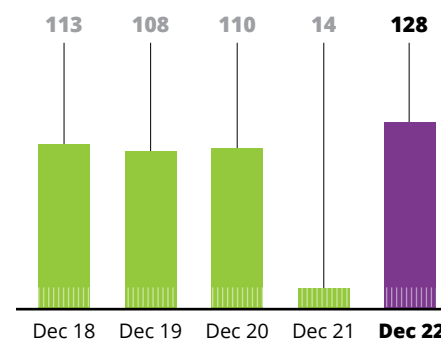
OUTsurance Business - gross written premium (R million)



OUTsurance Business - key ratios (%)



OUTsurance Business - operating profit (R million)



Youi Australia

Youi achieved a strong operational and financial performance bolstered by significantly reduced natural perils claims compared to the prior six months.

The following salient features were the primary drivers of the Youi results for the six months under review:

- Youi delivered 24.4% and 18.4% growth in gross written premium in Rand and Australian Dollar terms, respectively. The strong growth is attributed to the investment in Youi BZI and Youi CTP overlaid with a significant increase in premium inflation over the course of the last year. High premium inflation is attributed to rising claims repair costs, increased frequency of natural events coupled with the effects of higher reinsurance retention and cost.
- The claims ratio decreased from 62.0% to 55.9% which is attributed to significantly lower natural perils claims incurred in the six month period. This compares to the prior six months which contained material losses associated with several large natural catastrophe events, including the Melbourne Earthquake and various hail and flood events.
- The cost-to-income ratio decreased from 34.9% to 31.1% driven by the higher revenue growth and cost containment.
- Youi's CTP offering was expanded to South Australia in the period under review resulting in an increase in the operating loss of the CTP business when compared to the comparative period.
- Youi's investment income increased from R21 million to R130 million in response to the major increase in interest rates linked to aggressive monetary policy actions in Australia to offset rising inflation. The investment income result was aided by a stronger performance in Australian equities compared to the prior year.

The weakening of the Rand compounded the impact of the positive premium and headline earnings growth on the reported results of the OHL Group.

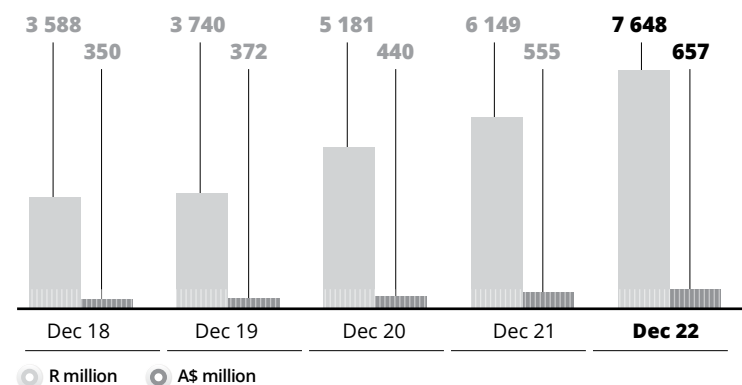
The table below sets out the key financial outcomes for Youi Australia:

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Gross written premium	7 648	6 149	24.4%	12 481
Net earned premium	5 967	4 644	28.5%	9 449
Operating profit	887	169	>100%	617
Direct	930	295	>100%	827
BZI	37	(96)	>100%	(137)
CTP	(80)	(30)	(>100%)	(73)
Headline earnings ¹	651	120	>100%	401
A\$ million				
Gross written premium	657	555	18.4%	1 126
Net earned premium	512	419	22.2%	857
Operating profit	76	15	>100%	57
Direct	80	27	>100%	76
BZI	3	(9)	>100%	(12)
CTP	(7)	(3)	(>100%)	(7)
Headline earnings ¹	56	11	>100%	37
Ratios				
Claims ratio (%)	55.9%	62.0%		60.8%
Accident year claims ratio	61.3%	65.3%		64.5%
Prior year development	(5.4%)	(3.3%)		(3.7%)
Cost-to-income ratio (%)	31.1%	34.9%		33.5%
Combined ratio ¹ (%)	86.6%	96.9%		93.8%
AUD / ZAR exchange rate				
Closing	11.59	11.60	(0.1%)	11.24
Average	11.65	11.07	5.2%	11.09

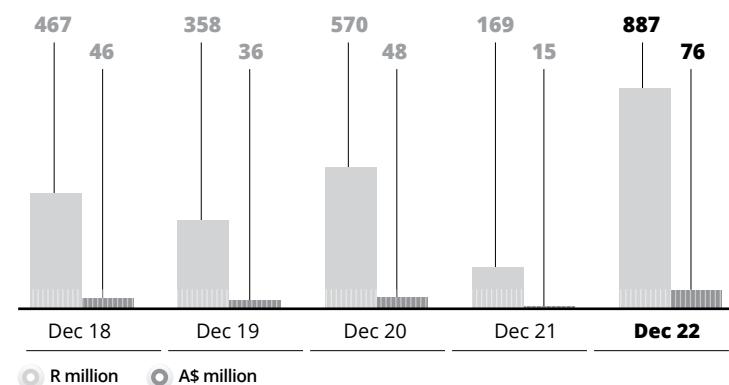
¹ The headline earnings are equal to the normalised earnings as there are no normalised adjustments.

Youi Australia continued

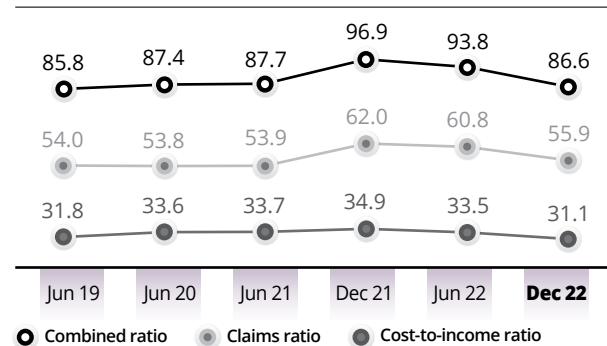
Youi Australia – gross written premium



Youi Australia – operating profit



Youi Australia – key ratios (%)



The table below sets out the sources of operating profit and headline earnings of the Youi Group:

	Six months ended 31 December		% change	Year ended 30 June
R million	2022	2021		2022
Operating profit				
Youi Australia	887	169	>100%	617
Central	1	1	–	4
Youi Group	888	170	>100%	621
Headline earnings				
Youi Australia	651	120	>100%	401
Share of profit from associate	8	–	>100%	7
Central	(13)	3	(>100%)	5
Youi Group	646	123	>100%	413

OUTsurance Life

OUTsurance Life continues to make investments to support the diversified product and distribution channel expansion strategy.

OUTsurance Life delivered gross written premium growth of 20.5%, with the Funeral segment's gross written premium growing by 60.0%, due to the success of the Shoprite partnership.

Despite the strong premium growth, OUTsurance Life delivered a disappointing operating loss of R100 million for the six months under review. The operating loss is largely attributed to the more volatile yields and particularly a large reduction in long-term yields which had a negative effect on the transfer to policyholder liability. The continued investment in new initiatives placed additional strain on the operating profit for the period with an operating loss of R57 million (December 2021: R45 million).

The decrease in yields for the period under review also drove the decrease in embedded value when compared to the June 2022 result.

The VNB margin has decreased due to higher expenses given the new business strain associated with new ventures and higher average acquisition costs per policy.

In the comparative period, OUTsurance Life incurred significant mortality claims linked to the COVID-19 pandemic. OUTsurance Life continues to release COVID-19 reserves with R11 million released in this half with a balance of R13 million remaining.

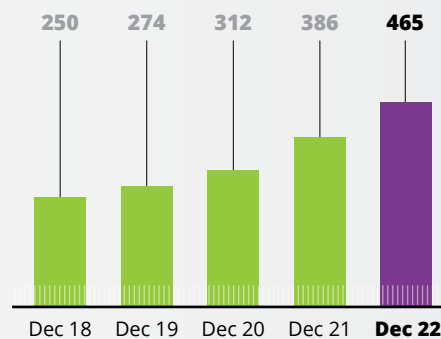
The table below sets out the key financial outcomes for OUTsurance Life:

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Gross written premium	465	386	20.5%	798
Net earned premium	405	343	18.1%	704
Headline earnings ¹	(68)	(21)	(>100%)	100
Operating profit	(100)	(51)	96.1%	107
Funeral	2	(26)	>100%	(1)
Underwritten Life	(102)	(25)	(>100%)	108
Embedded value	1 453	1 389	4.6%	1 541
Return on embedded value	(11.4%)	19.5%		17.7%
VNB margin ² (%)	7.4%	18.0%		15.1%

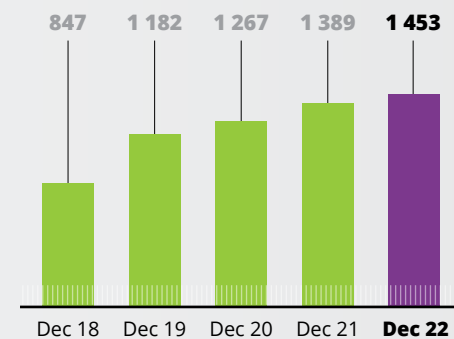
¹ The headline earnings are equal to the normalised earnings as there are no normalised adjustments.

² The VNB margin is the outcome before allowing for the initial losses of the new Face-to-Face distribution channel. The VNB margin inclusive of this new business strain is shown in the embedded value report.

OUTsurance Life – gross written premium (R million)



OUTsurance Life – embedded value (R million)



Balance sheet and capital management

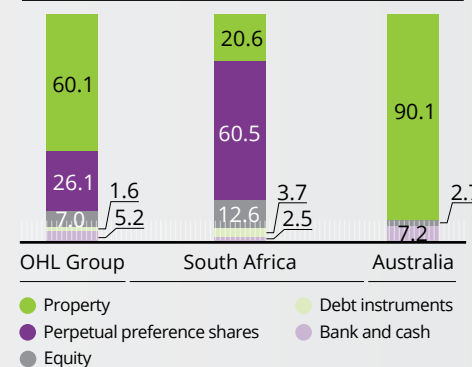
The OHL Group's primary financial focus is to optimise underwriting margins and associated return on capital. A conservative investment approach is followed to allow for an appropriate level of capital protection, liquidity and capital optimisation.

The OHL Group's investment in equities is calibrated to take advantage of the diversification benefits of risk-based prudential capital requirements. The OHL Group actively seeks to diversify large credit exposures in money markets and bank deposits.

The OHL Group's equity investments comprise passive exchange traded funds linked to the JSE Top 50 and the ASX 300. Equity investments comprise 7.0% of the investable assets of the Group.

OUTsurance Life actively hedges the interest rate risk assumed in the policyholder liabilities through an asset-liability matching (ALM) programme which utilises interest rate derivatives. The ALM programme is aimed at matching as far as possible the interest rate risk on an economic basis with the primary aim of reducing the capital requirement and the sensitivity of the balance sheet to interest rate movements.

Composition of investable assets (%)



Balance sheet and capital management continued

Dividend and capital position

The following principles impact the free cash generation of the OHL Group:

- The dividend profile is linked to earnings as there is a high correlation between earnings and cash generation.
- Free cash generation is impacted by the rate of premium growth in the business. During a period of high growth, such as the current, a larger proportion of earnings is retained to support the growth in the capital requirement.
- The Group funds organic growth from retained earnings. Debt is not considered to be part of the long-term funding mix of the business due to the high rate of cash generation and strong ROE profile.
- Term based debt may be utilised to fund large organic initiatives such as the expansion to Ireland. Ultimately term based debt will be replaced by retained earnings. Large organic growth initiatives may therefore impact the dividend pay-out ratio.

The hardening reinsurance markets may see a further increase in risk retention and therefore the requirement for a large capital base to offset the effect of increased retention on large catastrophes. This is particularly the case for Youi where the retention level is proportionately much higher compared to OUTsurance. The reinsurance outcomes negotiated for our mid-year renewal will be material in determining the level of the final dividend.

Other than allowing for marginal head office costs, we expect that ordinary dividends paid by OHL to OGL to completely flow through to OGL shareholders.

The tables alongside sets out the interim dividend for OGL and OHL. OGL declared an interim dividend of 56.8 cents per OGL ordinary share compared to the prior interim dividend of 23.5 cps. OHL declared an interim dividend of 25.5 cents per OHL ordinary share which is 3.2% higher than the interim dividend declared in the prior year.

The slow growth in the dividend relative to earnings is also impacted by capital retention associated with the funding for the OUTsurance Ireland venture. OUTsurance Ireland will ultimately be funded by retained earnings with temporary debt used for the differential between funding and capital utilisation. It is expected that the Group can maintain a minimum dividend pay-out ratio of 60% over the period that the OUTsurance Ireland venture is capitalised. The dividend pay-out ratio is sensitive to reinsurance renewal outcomes and the rate of growth in the operating entities.

OUTsurance Group Limited (per OUTsurance Holdings Limited share)			
	2022 interim dividend	2021 interim dividend	% change
Cents per ordinary share	56.8	23.5	>100%

OUTsurance Holdings Limited (per OUTsurance Group Limited share)			
	2022 interim dividend	2021 interim dividend	% change
Cents per ordinary share	25.5	24.7	3.2%

The total dividend paid by OGL is R870 million which is equal to 89.7% of the R969 million ordinary dividend received from OHL.

The table below shows the solvency position of the OHL Group and its licensed operations at 31 December 2022 and recent reporting periods. The Group has set aside R1.7 billion in surplus capital for strategic initiatives. The Group has optionality to acquire a 5.3% interest in Youi from a founder. This optionality expires on 31 October 2023 and if exercised, the estimated acquisition cost would be A\$70 million to A\$80 million.

	Six months ended 31 December			Year ended 30 June
Solvency coverage ratio	2022	2021	Target	2022
OHL Group	2.3	2.3	1.6	2.2
Short-term insurance				
OUTsurance	1.7	1.7	1.25	1.7
Youi Group	2.4	2.6	1.6 – 1.9 ¹	2.3
Long-term insurance				
OUTsurance Life	2.4	2.6	1.5	3.0

¹ A review of the capital framework of Youi has resulted in the adoption of a target SCR range of 1.6 to 1.9. This compares to the previous target multiple of 2.0 times.

Looking ahead

We expect continued macro-economic uncertainty, particularly in South Africa where the frictional effects of load-shedding, service delivery and governmental fiscal challenges limit economic progress and confidence. Globally, the war in Ukraine, high inflation trajectory and economic growth will shape the macro-economic environment, over the next six months.

Our business model has historically proven to be resilient against macro-economic cycles. Pricing discipline will be maintained to ensure target profit margins are achieved and elevated inflation is pro-actively managed. The higher interest rate environment is expected to remain a positive feature of earnings performance into the second half of the financial year, particularly in Australia where interest rates have accelerated markedly over the last twelve months.

Through these uncertain times, our focus will remain on world-class customer service and operational excellence. We are optimistic about the prospects to achieve sustainable profitability in our large growth initiatives which will increase the earnings base of the OHL Group going forward.

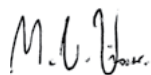
The hardening reinsurance market is a key watch item as we enter the mid-year renewal season. A particular focus is the retention level on large catastrophes, the overall cost of our reinsurance programmes at OUTsurance and Youi and how changes interact with capital management.

The expansion to the Republic of Ireland presents an exciting opportunity for diversified long-term growth and leveraging our business model into a new and growing market.

Events after reporting period

The directors are not aware of any material events as defined in IAS 10, occurring between 31 December 2022 and the date of the authorisation of the financial results.

The FATF announced the grey-listing of South Africa on 24 February 2023. There has been no direct impact on the Group's operations or operating model. We do expect increased compliance costs and procedural requirements as Government implements the recommended actions to remove South Africa from the grey-list. We are fully supportive of any required actions to regain South Africa's proud status as a safe and responsible financial services sector to transact with.



Marthinus Visser
Chief Executive Officer

14 March 2023



Herman Bosman
Chairman

14 March 2023

Cash dividend declaration

Notice is hereby given that an ordinary gross interim cash dividend of 56.8 cents per OUTsurance Group Limited ordinary share, payable out of income reserves, was declared on 22 March 2023 in respect of the six months ended 31 December 2022.

These dividends will be subject to Dividend Withholding Tax at a rate of 20%, which will result in a net dividend of 45.44 cents per ordinary share for those shareholders who are not exempt.

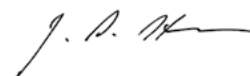
The company's tax reference number is 9469/826/16/9. Its issued share capital at the declaration date comprises 1 531 807 770 ordinary shares.

Shareholders' attention is drawn to the following important dates:

Last day to trade in order to participate in the ordinary dividend	Tuesday 11 April 2023
Shares commence trading ex-dividend on	Wednesday 12 April 2023
The record date for the payment of the dividend will be	Friday 14 April 2023
Dividend payment date	Monday 17 April 2023

No dematerialisation or rematerialisation may be done between Wednesday 12 April 2023 and Friday 14 April 2023 (both days inclusive).

By order of the OUTsurance Group Limited board.



Schalk Human
Company Secretary

Centurion

22 March 2023

Investor call

Marthinus Visser, (Chief Executive Officer) invites you to join him in conversation about the performance for the six months ended 31 December 2022. The investor call will take place virtually on Wednesday 22 March 2022 at 9am.

Alternatively, you can obtain the link by email to investorrelations@out.co.za

Earnings and capital reconciliation

Normalised earnings reconciliation

Normalised earnings exclude financial items which are of a once-off or non-operational nature to enable a more accurate reflection of the OGL Group's underlying operational and economic performance. The primary results and accompanying commentary are therefore presented with reference to the normalised earnings performance of the OGL Group and its operating activities.

OUTsurance Group Limited

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
IFRS earnings from continuing and discontinued operations attributable to equity holders	1 576	6 636	(76.3%)	22 891
Non-controlling interest	(211)	(352)	40.1%	(495)
IFRS earnings from continuing and discontinued operations attributable to ordinary shareholders	1 365	6 284	(78.3%)	22 396
Less: IFRS earnings from discontinued operations	-	(5 727)	100.0%	(20 954)
Hastings (up to 8 December 2021)	-	(131)	100.0%	(131)
Profit on sale of Hastings	-	(4 734)	100.0%	(4 734)
Discovery (up to 8 December 2021)	-	(716)	100.0%	(716)
Momentum Metropolitan (up to 8 December 2021)	-	(146)	100.0%	(146)
Gain on unbundling of Discovery and Momentum Metropolitan	-	-	-	(15 227)
IFRS earnings from continuing operations attributable to ordinary shareholders	1 365	557	>100%	1 442
Profit on disposal of equity accounted investments	(38)	-		-
Gain on dilution of equity accounted investments	(1)	(22)		(37)
Loss on disposal of property and equipment	-	1		1
Intangible assets and other impairments	-	-		31
Loss of control of subsidiary	-	-		19
Headline earnings from continuing operations attributable to ordinary shareholders	1 326	536	>100%	1 456
Group treasury shares	(11)	3		(1)
Amortisation of intangible assets relating to business combinations	2	13		20
Restructuring costs	-	189		351
Remeasurement gain on retained interest in CloudBadger	-	-		(53)
Normalised earnings from continuing operations attributable to ordinary shareholders	1 317	741	77.7%	1 773

Earnings and capital reconciliation *continued*

OUTsurance Holdings Limited

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
IFRS profit attributable to equity holders	1 606	3 260	(50.7%)	4 520
Non-controlling interest	(68)	(25)	(>100%)	(56)
IFRS earnings attributable to ordinary shareholders	1 538	3 235	(52.5%)	4 464
<i>Adjusted for:</i>				
Impairment of investment in associate	-	249	(>100%)	271
Gain on dilution of equity accounted investment	(1)	-	(>100%)	-
Loss on the 'loss of control' of subsidiary	-	-	-	21
Profit on sale of investment in associate	(45)	-	(>100%)	-
Profit on sale of underlying investment in associate	-	(2 431)	>100%	(2 431)
(Gain) / loss on disposal of property and equipment	-	-	-	1
Tax effect of headline earnings adjustments	10	-	>100%	-
Headline earnings	1 502	1 053	42.6%	2 326
<i>Adjusted for:</i>				
Remeasurement gain on retained interest in CloudBadger	-	-	-	(58)
Hastings restructuring costs	-	-	-	17
Amortisation of intangible assets related to MS1353	-	31	(>100%)	31
Transaction costs incurred in disposal of Hastings	-	18	(>100%)	-
Normalised earnings	1 502	1 102	36.3%	2 316

Earnings and capital reconciliation *continued*

OUTsurance Holdings Limited *continued*

Capital reconciliation

The table below provides a reconciliation and aggregation of the regulatory own funds and solvency capital requirement of the OHL Group:

R million	OUTsurance	OUTsurance Life	Youi Group	Central ¹	Group
December 2022					
Own funds					
Net asset value – IFRS ¹	3 201	680	4 973	2 451	11 305
Own funds adjustments per prudential standards	241	865	495	(1 167)	434
Regulatory own funds	3 442	1 545	5 468	1 284	11 739
Solvency capital requirement					
SCR per standard formula	(2 086)	(638)	(2 241)	(154)	(5 119)
Additional capital for target multiple	(521)	(319)	(2 241)	10	(3 071)
Surplus capital above target	835	588	986	1 140	3 549
SCR ratio	1.7	2.4	2.4	8.3	2.3
Target SCR ratio	1.25	1.3 – 1.7	1.6 – 1.9	1.0	1.6
June 2022					
Regulatory own funds	3 339	1 684	4 637	1 249	10 909
SCR per standard formula	(1 960)	(561)	(2 047)	(311)	(4 879)
SCR ratio	1.7	3.0	2.3	4.3	2.2
Target SCR	1.25	1.3 – 1.7	2.0	1.0	1.6

¹ Non-regulated entities and holding company net assets.

OUTsurance Group Limited

(formerly Rand Merchant Investment Holdings Limited)

Unaudited Interim Results Circular and Cash Dividend Declaration for the six months ended 31 December 2022

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Restatement of comparatives	50

Consolidated statement of profit or loss

	Six months ended 31 December			Year ended 30 June
R million	2022	2021 Restated	% change	2022
Gross insurance premium written	13 618	11 600	17.4%	23 532
Outward reinsurance premiums ¹	(1 674)	(1 602)	4.5%	(2 314)
Net premiums	11 944	9 998	19.5%	21 218
Gross change in provision for unearned premiums ¹	(718)	(765)	(6.1%)	(1 264)
Reinsurance relating to provision for unearned premiums ¹	507	691	(26.6%)	243
Earned premiums, net of reinsurance	11 733	9 924	18.2%	20 197
Non-insurance related fee income ²	226	211	7.1%	471
Investment income	97	153	(36.6%)	320
Interest income on financial assets using the effective interest rate method	357	170	>100%	341
Net fair value gains on financial assets	104	294	(64.6%)	118
Fair value gain on loss of control of subsidiary	-	-	-	37
Expected credit losses on financial assets	3	-	>100%	(5)
Income	12 520	10 752	16.4%	21 479
Policyholder benefits on insurance contracts net of reinsurance	(6 293)	(5 677)	10.9%	(11 325)
Gross policyholder benefits under insurance contracts ³	(6 503)	(5 995)	8.5%	(13 902)
Reinsurers' share of insurance contracts	210	318	(34.0%)	2 577
Transfer to policyholder liabilities under insurance contracts	(193)	(92)	>100%	(3)
Fair value adjustment to financial liabilities	(91)	(76)	19.7%	(147)
Marketing and administration expenses ²	(3 708)	(3 394)	9.3%	(6 868)
Result of operating activities	2 235	1 513	47.7%	3 136
Finance costs	(8)	(424)	(98.1%)	(432)
Equity accounted earnings	(1)	70	>(100%)	27
Profit on sale of associates	57	-	>100%	-
Profit before taxation	2 283	1 159	97.0%	2 731
Taxation	(707)	(483)	46.4%	(1 027)
Profit for the period from continuing operations	1 576	676	>100%	1 704
Profit for the period from discontinued operations	-	5 960	(100%)	21 187
Profit for the period	1 576	6 636	(76.3%)	22 891
Profit attributable to:				
Ordinary shareholders	1 365	6 284	(78.3%)	22 396
Non-controlling interests	211	352	(40.1%)	495
Profit for the period	1 576	6 636	(76.3%)	22 891
Earnings per share (continuing and discontinued operations) (cents)	89.1	410.9	(78.3%)	1 463.2
Diluted earnings per share (continuing and discontinued operations) (cents)	88.2	410.1	(78.5%)	1 460.4

1 For the six months ended 31 December 2021, the change in provision for unearned premiums line was disclosed gross of the related reinsurance portion as opposed to net. The reinsurance portion was included in the outward reinsurance premiums line. The prior period outward reinsurance premium line was restated to exclude the reinsurance portion related to the change in provision for unearned premiums. Refer to the restatement note for more information.

2 Administration fees received from contact centre services was netted off against marketing and administration expenses in the prior period and correctly presented as part of non-insurance related income in the current period. Refer to the restatement note for more information.

3 To align OGL to OHL, the provision for non-claims bonuses disclosed separately in the past is now included in the gross policyholder benefits under insurance contracts line. The comparative information has been restated. Refer to the restatement note for more information.

Computation of headline earnings

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Earnings attributable to ordinary shareholders	1 365	6 284	(78.3%)	22 396
Profit on disposal of equity accounted investments	(38)	(4 801)		(4 780)
Gain on dilution of equity accounted investments	(1)	-		(38)
Intangible assets and other impairments	-	175		206
Impairment of owner occupied building to below cost	-	17		17
Adjustments within equity accounted earnings	-	4		4
Loss on disposal of property and equipment	-	1		1
Gain on distribution of associates	-	-		(15 227)
Loss of control of subsidiary	-	-		19
Headline earnings attributable to ordinary shareholders	1 326	1 680	(21.1%)	2 598

Computation of normalised earnings

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Headline earnings attributable to ordinary shareholders	1 326	1 680	(21.1%)	2 598
Group treasury shares	(11)	12		8
Amortisation of intangible assets relating to business combinations	2	120		128
Restructuring costs	-	189		352
Economic assumption adjustments net of discretionary margin and interest rate derivative	-	(81)		(81)
Unrealised gains on foreign exchange contracts not designated as a hedge	-	(15)		(15)
Transaction costs related to VitalityLife interest rate derivatives	-	12		12
Time value of money movement of swap contract in VitalityLife	-	(11)		(11)
Adjustments for iSabelo	-	8		8
Finance costs – Convertible preference shares	-	5		5
Deferred income tax asset raised on assessed losses	-	3		3
Remeasurement gain on retained interest in CloudBadger	-	-		(53)
Normalised earnings attributable to ordinary shareholders	1 317	1 922	(31.5%)	2 954

Computation of earnings and dividend per share

R million	Six months ended 31 December		%	Year ended 30 June	
	2022	2021		2022	
Earnings attributable to ordinary shareholders	1 365	6 284	(78.3%)	22 396	
Headline earnings attributable to ordinary shareholders	1 326	1 680	(21.1%)	2 598	
Number of shares in issue (millions)	1 532	1 532	–	1 532	
Weighted average number of shares in issue (millions)	1 532	1 529	–	1 531	
Continuing and discontinued operations					
Earnings per share (cents)	89.1	410.9	(78.3%)	1 463.2	
Diluted earnings per share (cents)	88.2	410.1	(78.5%)	1 460.4	
Headline earnings per share (cents)	86.6	109.8	(21.1%)	169.7	
Diluted headline earnings per share (cents)	85.7	108.8	(21.2%)	167.6	
Continuing operations					
Earnings per share (cents)	89.1	36.5	>100%	94.1	
Diluted earnings per share (cents)	88.2	36.5	>100%	92.0	
Headline earnings per share (cents)	86.6	35.0	>100%	95.0	
Diluted headline earnings per share (cents)	85.7	35.0	>100%	93.9	
Dividend per share					
Interim dividend (cents)	56.8	23.5	>100%	23.5	
Special dividend (cents)	–	142.0	(100%)	142.0	
Final dividend (cents)	–	–	–	42.0	
Total dividend per share (cents)	56.8	165.5	(65.7%)	207.5	

Computation of normalised earnings per share

	Six months ended 31 December		%	Year ended 30 June	
	2022	2021		2022	
Normalised earnings attributable to ordinary shareholders	1 317	1 922	(31.5%)	2 954	
Number of shares in issue (millions)	1 532	1 532	–	1 532	
Weighted average number of shares in issue (millions)	1 532	1 532	–	1 532	
Continuing and discontinued operations					
Normalised earnings per share (cents)	86.0	125.5	(31.5%)	192.8	
Diluted normalised earnings per share (cents)	85.1	124.8	(31.8%)	191.1	
Continuing operations					
Normalised earnings per share (cents)	86.0	48.4	77.7%	115.8	
Diluted normalised earnings per share (cents)	85.1	48.4	75.8%	114.7	

Consolidated statement of comprehensive income

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Profit for the period	1 576	6 636	(76.3%)	22 891
Other comprehensive income for the period				
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translation of foreign operations	138	334	(58.7%)	202
Fair value losses on other comprehensive income financial instruments	3	49	(93.9%)	38
Deferred tax on fair value gains on other comprehensive income financial instruments	(1)	1	>(100%)	3
Share of other comprehensive income of associates	3	246	(98.8%)	(739)
Items that may subsequently be reclassified to profit or loss, after taxation	3	330	(99.1%)	809
Reclassification of accumulated comprehensive income of discontinued operation	-	-	-	(1 430)
Movement on liabilities accounted for as net investment hedge	-	(43)	(100%)	(77)
Items that will not be reclassified to profit or loss, after taxation	-	(41)	(100%)	(41)
Other comprehensive income for the period	143	630	(77.3%)	(496)
Total comprehensive income for the period	1 719	7 266	(76.3%)	22 395
Total comprehensive income attributable to:				
Ordinary shareholders	1 483	6 855	(78.4%)	21 864
Non-controlling interests	236	411	(42.6%)	531
Total comprehensive income for the period	1 719	7 266	(76.3%)	22 395
Total comprehensive income from continuing operations	1 719	535	>100%	1 923
Total comprehensive income from discontinued operations	-	6 731	(100%)	20 472

Consolidated statement of financial position

R million	As at 31 December		As at 30 June
	2022	2021	2022
Assets			
Property and equipment	1 085	1 094	1 065
Intangible assets ¹	245	242	236
Right-of-use assets	65	101	70
Investment in associates	699	884	692
Employee benefits ¹	-	4	-
Reinsurers' share of insurance contract provisions ²	2 736	1 718	2 765
Deferred acquisition costs ²	766	636	681
Financial assets ³			
Fair value through profit or loss	3 608	5 452	3 573
Fair value through other comprehensive income	5 959	3 496	5 700
Measured at amortised cost	8 790	6 974	7 233
Derivative financial instrument	103	200	68
Insurance and other receivables	5 400	4 741	4 858
Deferred income tax	413	329	425
Tax receivable	18	123	3
Assets of discontinued operations	-	20 017	-
Assets held for sale	453	38	503
Cash and cash equivalents	1 735	4 843	2 508
Total assets	32 075	50 892	30 380
Equity			
Share capital and premium	15 431	15 364	15 431
Other reserves	(3 728)	(3 516)	(3 732)
Retained earnings	497	21 803	(212)
Total shareholders' equity	12 200	33 651	11 487
Non-controlling interests	1 581	1 501	1 465
Total equity	13 781	35 152	12 952
Liabilities²			
Insurance contract liabilities	14 537	12 258	13 638
Derivative financial instrument	-	54	6
Investment contract liability	226	41	64
Lease liabilities	76	113	82
Share-based payment liability	333	402	297
Employee benefits ⁴	376	336	624
Deferred income tax	28	44	29
Financial liabilities at fair value through profit or loss	89	116	72
Tax liability	184	53	163
Insurance and other payables ⁴	2 400	2 323	2 404
Liabilities directly associated with assets held for sale	45	-	49
Total liabilities	18 294	15 740	17 428
Total equity and liabilities	32 075	50 892	30 380

1 Intellectual property bonuses that used to be included under intangible assets, are now disclosed separately under employee benefits. Prior year line items were also reclassified.

2 The order of liquidity of these items was amended and aligned between OGL and OHL to correctly reflect their maturity profiles. Prior year line items were also reclassified.

3 The split of financial assets are presented per IFRS 9 category, without a further split between debt and equity instruments to align OGL and OHL. Comparative information was presented accordingly.

4 The classification between bonus provisions, leave pay provisions and retrenchment provisions were aligned between OGL and OHL to an employee benefits liability. The prior year numbers were also reclassified.

Consolidated statement of changes in equity

R million	Share capital and premium	Equity accounted reserves	Share-based payments reserve ²	Other reserves ²	Transactions with non-controlling interests	Foreign currency translation reserve ²	Retained earnings	Non-controlling interest	Total equity
Balance as at 1 July 2021									
Balance as previously stated	15 353	7 503	13	(180)	(3 932)	392	8 089	1 776	29 014
Change in accounting policy – Equity accounted reserves ¹	–	(6 838)	–	–	–	–	6 838	–	–
Restated balance as at 1 July 2021	15 353	665	13	(180)	(3 932)	392	14 927	1 776	29 014
Profit for the year	–	–	–	–	–	–	22 396	495	22 891
Other comprehensive income for the year	–	(726)	–	41	–	153	–	36	(496)
Income of associate companies retained	–	21	–	–	–	–	(21)	–	–
Movement in treasury shares	78	3	–	–	–	–	(68)	1	14
Transactions with non-controlling interest	–	5	–	–	(248)	–	(1)	(271)	(515)
Issue of share capital to non-controlling interests by subsidiaries	–	–	–	–	–	–	–	63	63
Share-based payment reserve	–	36	1	–	–	–	(3)	–	34
Derecognition of retained earnings on loss of control of subsidiary	–	–	–	–	–	–	82	(41)	41
Reserve adjustment of associates	–	24	–	–	–	–	–	–	24
Dividends paid	–	–	–	–	–	–	(2 880)	(594)	(3 474)
Dividend in specie – unbundling of associates	–	–	–	–	–	–	(34 644)	–	(34 644)
Balance as at 30 June 2022	15 431	28	14	(139)	(4 180)	545	(212)	1 465	12 952
Profit for the period	–	–	–	–	–	–	1 365	211	1 576
Other comprehensive income for the period	–	3	–	2	–	113	–	25	143
Movement in treasury shares	–	–	–	–	–	–	–	(23)	(23)
Transactions with non-controlling interest	–	–	–	–	(112)	–	1	3	(108)
Share based payment reserve	–	–	(2)	–	–	–	(14)	(2)	(18)
Dividends paid	–	–	–	–	–	–	(643)	(98)	(741)
Balance as at 31 December 2022	15 431	31	12	(137)	(4 292)	658	497	1 581	13 781

¹ The group changed its accounting policy in respect of equity accounted earnings to align with OHL's accounting policy. In the past, equity accounted earnings net of dividends received from associates were transferred to equity accounted reserves. The new accounting policy is to only include the group's percentage of post-acquisition movement in reserves other than retained earnings in equity accounted reserves.

² The foreign currency translation reserve and share-based payments reserve were split out of other reserves and disclosed separately, in line with disclosure at OHL level.

Consolidated statement of changes in equity *continued*

R million	Share capital and premium	Equity accounted reserves	Share-based payments reserve ²	Other reserves ²	Transactions with non-controlling interests	Foreign currency translation reserve ²	Retained earnings	Non-controlling interest	Total equity
Balance as at 1 July 2021									
Balance as previously stated	15 353	7 503	13	(180)	(3 932)	392	8 089	1 776	29 014
Change in accounting policy – Equity accounted reserves ¹	–	(6 838)	–	–	–	–	6 838	–	–
Restated balance as at 1 July 2021	15 353	665	13	(180)	(3 932)	392	14 927	1 776	29 014
Profit for the period	–	–	–	–	–	–	6 284	352	6 636
Other comprehensive income for the period	–	239	–	71	–	261	–	59	630
Income of associate companies retained	–	(940)	–	–	–	–	940	–	–
Movement in treasury shares	11	2	–	–	223	–	–	(6)	230
Transactions with non-controlling interest	–	5	–	–	(375)	–	–	(271)	(641)
Issue of share capital to non-controlling interests by subsidiaries	–	–	–	–	–	–	–	63	63
Share-based payment reserve	–	36	4	–	–	–	(4)	–	36
Dividends paid	–	–	–	–	–	–	(344)	(472)	(816)
Balance as at 31 December 2021	15 364	7	17	(109)	(4 084)	653	21 803	1 501	35 152

¹ The group changed its accounting policy in respect of equity accounted earnings to align with OHL's accounting policy. In the past, equity accounted earnings net of dividends received from associates were transferred to equity accounted reserves. The new accounting policy is to only include the group's percentage of post-acquisition movement in reserves other than retained earnings in equity accounted reserves.

² The foreign currency translation reserve and share-based payments reserve were split out of other reserves and disclosed separately, in line with disclosure at OHL level.

Consolidated cash flow statement

R million	Six months ended 31 December		Year ended 30 June
	2022	2021	2022
Cash flows from operating activities			
Cash generated from operations	1 853	1 560	3 893
Interest income	340	207	366
Dividends received	53	155	233
Cashflows on assets backing policyholder liabilities	(166)	(146)	(156)
Purchase of financial assets	(8 997)	(5 169)	(12 005)
Proceeds on disposal of financial assets	7 397	5 179	9 108
Income tax paid	(680)	(722)	(1 185)
Dividends received from discontinued operations	-	187	326
Net cash (utilised in) / generated from operating activities	(200)	1 251	580
Cash flows from investing activities			
Purchase of property and equipment	(50)	(38)	(95)
Disposal of property and equipment	1	-	6
Purchase of financial assets	(106)	(4)	(431)
Proceeds on disposal of financial assets	347	74	1 965
Acquisition of associates	-	(34)	(161)
Proceeds on disposal of associates	62	-	-
Proceeds on disposal of associate (discontinued operation)	-	14 576	14 576
Acquisition of shares in discontinued operation	-	-	(402)
Net cash inflow from investing activities	254	14 574	15 458
Cash flows from financing activities			
Redemption of preference share debt	-	(11 514)	(11 514)
Purchase of shares from non-controlling interest	(36)	(659)	(728)
Borrowings raised	-	-	245
Borrowings repaid	-	(265)	(245)
Repayment of lease liability	(25)	(12)	(43)
Cost of funding	-	-	(14)
Dividends paid on preference shares in issue	(74)	(468)	(511)
Dividends paid by subsidiaries to non-controlling interests	(98)	(472)	(594)
Cash dividends paid to shareholders	(643)	(345)	(2 880)
Proceeds on issue of shares to non-controlling interest	-	4	63
Net cash outflow from financing activities	(876)	(13 731)	(16 221)
Net (decrease) / increase in cash and cash equivalents for the period	(822)	2 094	(183)
Decrease in cash due to disposal of subsidiary	-	-	(5)
Unrealised foreign currency translation adjustment on cash and cash equivalents	49	131	78
Cash and cash equivalents at the beginning of the period	2 508	2 618	2 618
Cash and cash equivalents at the end of the period	1 735	4 843	2 508

Segment information

R million	Short-term insurance		Long-term insurance		Administration services	Central and new business development	OUTsurance Holdings	Treasury Company and consolidation entries	OUTsurance Group
	OUTsurance Personal ¹	OUTsurance Commercial	Youi Group	OUTsurance Life					
Six months ended 31 December 2022									
Gross written premium	4 311	1 194	7 648	465	-	-	13 618	-	13 618
Outward reinsurance premiums ⁴	(76)	(21)	(1 517)	(60)	-	-	(1 674)	-	(1 674)
Gross change in provision for unearned premiums ⁴	(33)	(14)	(671)	-	-	-	(718)	-	(718)
Reinsurance relating to provision for unearned premiums ⁴	-	-	507	-	-	-	507	-	507
Earned premium, net of reinsurance	4 202	1 159	5 967	405	-	-	11 733	-	11 733
Non-insurance related fee income	-	-	45	(3)	224	(49)	217	9	226
Policyholder benefits on insurance contracts net of reinsurance	(2 202)	(660)	(3 341)	(90)	-	-	(6 293)	-	(6 293)
Transfer to policyholder liabilities under insurance contracts	-	-	-	(193)	-	-	(193)	-	(193)
Marketing, acquisition and administration expenses ^{2,5}	(880)	(382)	(1 867)	(240)	(244)	(31)	(3 644)	(64)	(3 708)
Fair value adjustment to financial liabilities	(85)	-	-	(6)	-	-	(91)	-	(91)
Underwriting result	1 035	117	804	(127)	(20)	(80)	1 729	(55)	1 674
Investment income on technical reserves	43	11	84	27	-	-	165	-	165
Operating profit³	1 078	128	888	(100)	(20)	(80)	1 894	(55)	1 839
Equity accounted earnings							14	(15)	(1)
Profit on sale of associates							45	12	57
Operating profit including associate earnings							1 953	(58)	1 895
Net investment income on shareholder investment capital ²							332	56	388
Profit before taxation							2 285	(2)	2 283
Taxation							(679)	(28)	(707)
Profit for the period							1 606	(30)	1 576
Normalised earnings for the period							1 502	(185)	1 317

Segment information *continued*

	Short-term insurance		Long-term insurance							
	OUTsurance		Youi Group	OUTsurance Life	Adminis- tration services	Central and new business development	OUTsurance Holdings	Treasury Company and consolidation entries	Discontinued operations	OUTsurance Group
R million	Personal ¹	Commercial								
Six months ended 31 December 2021										
Gross written premium	4 046	1 019	6 149	386	-	-	11 600	-	-	11 600
Outward reinsurance premiums ⁴	(60)	(27)	(1 472)	(43)	-	-	(1 602)	-	-	(1 602)
Gross change in provision for unearned premiums ⁴	(28)	(13)	(724)	-	-	-	(765)	-	-	(765)
Reinsurance relating to provision for unearned premiums ⁴	-	-	691	-	-	-	691	-	-	691
Earned premium, net of reinsurance	3 958	979	4 644	343	-	-	9 924	-	-	9 924
Non-insurance related fee income ⁵	-	-	18	-	206	(22)	202	9	-	211
Policyholder benefits on insurance contracts net of reinsurance	(2 043)	(617)	(2 881)	(136)	-	-	(5 677)	-	-	(5 677)
Transfer to policyholder liabilities under insurance contracts	-	-	-	(92)	-	-	(92)	-	-	(92)
Marketing, acquisition and administration expenses ^{2,5}	(800)	(356)	(1 620)	(178)	(208)	(35)	(3 197)	(197)	-	(3 394)
Fair value adjustment to financial liabilities	(75)	-	-	(1)	-	-	(76)	-	-	(76)
Underwriting result	1 040	6	161	(64)	(2)	(57)	1 084	(188)	-	896
Investment income on technical reserves	29	8	9	13	-	-	59	-	-	59
Operating profit³	1 069	14	170	(51)	(2)	(57)	1 143	(188)	-	955
Equity accounted earnings							2 449	(2 379)	-	70
Impairment of investment in associates							(249)	249	-	-
Operating profit including associate earnings							3 343	(2 318)	-	1 025
Net investment income on shareholder investment capital ²							349	203	-	552
Finance costs							-	(418)	-	(418)
Profit before taxation							3 692	(2 533)	-	1 159
Taxation							(432)	(51)	-	(483)
Profit for the period from continuing operations							3 260	(2 584)	-	676
Profit for the period from discontinued operations							-	-	5 960	5 960
Discovery							-	-	716	716
Momentum Metropolitan							-	-	146	146
Hastings							-	-	5 098	5 098
Profit for the period							3 260	(2 584)	5 960	6 636
Normalised earnings for the period							1 102	(361)	1 181	1 922

¹ Includes Homeowners cover book sourced from the FirstRand Bank Limited.

² Marketing, acquisition and administration expenses includes amortisation and depreciation. These items are not deemed material for management decision making.

³ Operating profit in the segment report differs from operating profit on the face of the consolidated statement of profit or loss due to investment income being split between investment income on technical reserves and net investment income on shareholder investment capital in the segment report. Only investment income on technical reserves is included in operating profit in the segment report when results are reviewed by the chief operating decision maker.

⁴ For the six months ended 31 December 2021, the change in provision for unearned premiums line was disclosed gross of the related reinsurance portion as opposed to net. The reinsurance portion was included in the outward reinsurance premiums line. The prior period outward reinsurance premium line was restated to exclude the reinsurance portion related to the change in provision for unearned premiums. Refer to the restatement of comparatives note for more detail.

⁵ Reclassification of administration fees received from contact services in the prior year from marketing and administration expenses to non-insurance related fee income of R148 million. Refer to the restatement of comparatives note for more detail.

Geographical segments

R million	South Africa	Australia	Total
Six months ended 31 December 2022			
Net income	6 392	6 128	12 520
Policyholder benefits and transfer to policyholder liabilities	(3 145)	(3 341)	(6 486)
Other expenses	(1 940)	(1 867)	(3 807)
Equity accounted earnings	(13)	12	(1)
Profit on sale of associates	57	-	57
Profit before taxation	1 351	932	2 283
Taxation	(428)	(279)	(707)
Profit for the period	923	653	1 576
As at 31 December 2022			
Assets			
Property and equipment	368	717	1 085
Investment in associates	556	143	699
Financial assets	9 614	8 846	18 460
Other assets	2 303	9 528	11 831
Total assets	12 841	19 234	32 075
Liabilities			
Insurance contract liabilities	3 082	11 455	14 537
Other liabilities	1 248	2 509	3 757
Total liabilities	4 330	13 964	18 294

R million	South Africa	Australia	United Kingdom	Total
Six months ended 31 December 2021				
Net income	6 081	4 671	-	10 752
Policyholder benefits and transfer to policyholder liabilities	(2 888)	(2 881)	-	(5 769)
Other expenses	(2 274)	(1 620)	-	(3 894)
Equity accounted earnings	70	-	-	70
Profit before taxation	989	170	-	1 159
Taxation	(436)	(47)	-	(483)
Profit for the period from continuing operations	553	123	-	676
Profit from discontinued operations	669	-	5 291	5 960
Profit for the period	1 222	123	5 291	6 636
As at 31 December 2021				
Assets				
Property and equipment	355	739	-	1 094
Investment in associates	884	-	-	884
Financial assets	9 235	6 887	-	16 122
Other assets	24 577	8 215	-	32 792
Total assets	35 051	15 841	-	50 892
Liabilities				
Insurance contract liabilities	3 039	9 219	-	12 258
Other liabilities	950	2 532	-	3 482
Total liabilities	3 989	11 751	-	15 740

Notes to the consolidated financial statements

Basis of preparation

The Group's interim results are prepared in accordance with International Financial Reporting Standards (IFRS), as a minimum the requirements of IAS 34 (Interim financial reporting), the requirements of the Companies Act of South Africa, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the JSE listing requirements. The interim results should be read in conjunction with the Annual Financial Statements for the year ended 30 June 2022.

The accounting policies and methods of computation used in the interim results are the same as those used in the OUTSurance Group's Annual Financial Statements, except for the:

- Mandatory adoption of amendments to IFRS effective for periods starting after 1 January 2022
- Change in presentation of OHL Group's Consolidated statement of comprehensive income. The consolidated statement of profit or loss and consolidated statement of comprehensive income are now presented separately to align with OGL Group's presentation, which places appropriate prominence on the profit of the Group.
- Where presentation has changed from prior periods, it has been indicated in the relevant statements and notes. Presentation mainly changed to align the presentation of financial information between OGL and OHL to best reflect the nature of the relevant activities entered into by the OUTSurance Group Limited.

The impact on the Group's interim results, disclosures or comparative information as a result of these amendments has been highlighted in the statements and notes where relevant.

Mandatory adoption of IFRS amendments

Amendments to IFRS

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract.

Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

An onerous contract assessment will be performed according to these principles where applicable.

New standards not yet effective

The IASB issued IFRS 17, 'Insurance contracts', whereas the current standard, IFRS 4, allows insurers to use their local GAAP. IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. The transition to IFRS 17 will have an impact on the presentation of our financial statements, measurement of the insurance liabilities and on key performance indicators.

OUTSurance Life will apply the General Measurement Model which requires entities to measure an insurance contract at initial recognition as the total of the present value of the best estimate cash flows to fulfil the insurance contract with an explicit risk adjustment for non-financial risk and the contractual service margin (CSM) which represents the unearned profit. The fulfilment cash flows are revised on a current basis each reporting period. The CSM is recognised over the coverage period.

OUTSurance Life will make use of its existing cash flow projection software to calculate the fulfilment cash flows and a vendor solution for its CSM engine. The accounting functionality of the CSM engine will also be utilised as a sub-ledger which will feed into the Group's general ledger.

OUTSurance Life will apply the fully retrospective transitional approach with the adoption of IFRS 17.

For the short-term business of the Group, which includes OUTSurance and Youi Australia, the majority of the contracts issued have a coverage period of 12 months or less and thus the Premium Allocation Approach (PAA) will be applied. The remaining contracts also qualify for the PAA with the use of the eligibility criteria.

Due to the similarities between the PAA and the existing unearned premium methodology under IFRS 4, the Group will make use of current software and processes in place and incorporate adjustments where required.

Notes to the consolidated financial statements *continued*

Mandatory adoption of IFRS amendments *continued*

The Group will apply the fully retrospective transition approach for the short-term business with the adoption of IFRS 17.

The impact of IFRS 17 on regulatory capital is expected to be minimal given that OUTSurance Group have fully adopted the Solvency Assessment and Management (SAM) basis.

Current implementation status:

- The finalisation of key policy and methodology decisions is mostly complete and assurance reviews on policy and methodology have progressed in line with management expectations;
- A combined assurance approach is being followed whereby group internal audit and external audit are incrementally testing the new IFRS 17 landscape;
- The Group's IFRS 17 implementation team is currently designing insurance risk and other disclosures and testing enhancements to reporting and disclosure tools;
- Testing of CSM calculation engine and refinement of accounting reporting and actuarial valuation processes, will continue through 2023;
- Change in management reporting and key performance indicators as a result of IFRS 17 are also underway.

The next steps for management in the next six months are:

- Updating the budgeting process to ensure alignment to IFRS 17.
- Finalising and quantifying the tax impact. National treasury released draft legislation on 26 October 2022 that amends South Africa's income tax law to align with terminology referred to in IFRS 17 and to allow for a phasing-in period of six years on transition from IFRS 4 to IFRS 17.

Changes in the current reporting period

Investment in Irish subsidiaries

During the six months under review the Group expanded its foreign direct investment into the European market and established a 100% owned subsidiary in Ireland, OUTSurance Irish Insurance Holdings Limited (OUTSurance Irish Holdings), and its 100% owned subsidiary, OUTSurance Designated Activity Company (OUTSurance DAC), the operational entity.

The Group invested the initial start-up capital in OUTSurance Irish Holdings in December 2022 and is expecting the Irish operations to start trading as a licensed insurance entity in the next financial year.

The table below illustrates the effect of changes in the composition of the entity during the interim period:

Subsidiary	Nature of business	Country of Incorporation	Issued ordinary capital	Effective holdings
			R million	%
OUTSurance Irish Insurance Holdings Limited	Holdings company	Ireland	128	100%
OUTSurance Designated Activity Company	Short-term insurer	Ireland	109	100%

Notes to the consolidated financial statements *continued*

Changes in the current reporting period *continued*

The investment in subsidiary exposes the Group to currency risk as a result of fluctuations between Ireland's functional currency, being the Euro and the Group's reporting currency.

The table below illustrates the Group's exposure to the Euro. The amounts represent the assets, liabilities and equity of the newly established foreign subsidiary:

	Euro € exposure	
	€ million	R million
At 31 December 2022		
Assets	7	128
Liabilities ¹	-	(2)
Equity	(7)	(126)

¹ Includes €112 000 omitted due to rounding.

The effect on the Group total comprehensive income after tax and the net asset value of the Group after an appreciation or depreciation in the foreign currency rate is provided in the following table:

	Euro € exposure	
	2022 10% Rand appreciation	2022 10% Rand depreciation
R million		
Comprehensive income after tax	-	-
Net asset value	(13)	13

Assets held for sale

The Group's 49% investment in OUTsurance Namibia and its 55.4% in Coreshares Holdings (Pty) Limited were held for sale as at 30 June 2022. Subsequent to year-end, the Competition Commission of Namibia and the Competition Commission of South Africa has approved the sale of the respective associates. The approval dates are deemed to be the effective disposal dates of these entities.

The following profit relating to the sale of these investments has been recognised:

	OUTsurance Namibia	Coreshares	Total
R million	2022	2022	2022
Carrying value included in assets held for sale as at 30 June 2022	25	3	28
Sales proceeds	62	23	85
Profit on sale of associate	37	20	57

Notes to the consolidated financial statements *continued*

Financial instruments measured at fair value

The table below analyses financial instruments carried at fair value by level in the fair value hierarchy. The different levels are based on the extent that observable prices and / or data are used in the calculation of the fair value of the financial instruments. These levels are defined as follows:

Level 1 – fair value is based on quoted market prices (unadjusted) in active markets for identical instruments as measured on the reporting date.

Level 2 – fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly (for example prices) or indirectly (for example derived from prices).

Level 3 – fair value is determined from inputs for the asset or liability that are not based on observable market data.

The following table presents the group's financial assets and liabilities that are measured at fair value:

R million	Level 1	Level 2	Level 3	Total carrying amount
31 December 2022				
Financial assets				
Fair value through profit or loss				
Equity securities				
Exchange traded funds	770	–	–	770
Listed preference shares	264	–	–	264
Collective investment schemes	–	397	–	397
Unlisted equity securities	–	–	10	10
Debt securities				
Zero-coupon deposits	–	905	–	905
Money market securities < 1 year	–	805	–	805
Zero-coupon deposits backing endowment policies	–	226	–	226
Other debt securities at fair value through profit or loss	–	–	176	176
Unsecured investment in development fund	–	–	50	50
Convertible loan	–	–	5	5
Fair value through other comprehensive income				
Equity securities				
Unlisted equity securities	–	–	381	381
Debt securities				
Money market securities > 1 year	–	2 289	–	2 289
Money market securities < 1 year	–	1 705	–	1 705
Collective investment schemes	–	1 345	–	1 345
Government, municipal and public utility securities	–	239	–	239
Derivative financial instrument				
Collateralised swaps	–	81	–	81
Interest rate swaps	–	18	–	18
Bond forward contract	–	4	–	4
Total financial assets recognised at fair value	1 034	8 014	622	9 670
Financial liabilities				
Investment contract liability	–	226	–	226
Financial liabilities at fair value through profit or loss	–	–	89	89
Total financial liabilities recognised at fair value	–	226	89	315

Notes to the consolidated financial statements *continued*

Financial instruments measured at fair value *continued*

Reconciliation of movement in level 3 assets

	As at 31 December	As at 30 June
R million	2022	2022
Balance at the beginning of the period	815	807
Disposals (sales and redemptions)	(186)	(186)
Fair value movement	(7)	(12)
Additions in the current period	–	219
Reclassification on investment becoming an associate	–	(13)
Balance at the end of the period	622	815

The level 3 financial assets at fair value through profit or loss represent unlisted equity securities, unit trust, loans and preference share investments, the value of which is not significantly sensitive to an increase or decrease in the counterparty credit rating due to the collateralised nature of the transactions.

Reconciliation of movement in level 3 liabilities

	As at 31 December	As at 30 June
R million	2022	2022
Balance at the beginning of the period	72	125
Preference dividends charged to the consolidated statement of profit or loss	89	147
Preference dividends paid	(72)	(161)
Transfer to liabilities directly associated with assets held for sale	–	(39)
Balance at the end of the period	89	72

The level 3 financial liabilities at fair value through profit or loss represent profits arising out of profit sharing arrangements on ring-fenced insurance business that accrue on a monthly basis.

Notes to the consolidated financial statements *continued*

Financial instruments measured at fair value *continued*

R million	Level 1	Level 2	Level 3	Total carrying amount
30 June 2022				
Financial assets				
Fair value through profit or loss				
Equity securities				
Exchange traded funds	817	–	–	817
Listed preference shares	341	–	–	341
Collective investment schemes	–	368	–	368
Unlisted equity securities	–	–	10	10
Debt securities				
Money market securities < 1 year	–	766	–	766
Zero-coupon deposits	–	785	–	785
Zero-coupon deposits backing endowment policies	–	64	–	64
Other debt securities at fair value through profit or loss	–	–	360	360
Unsecured investment in development fund	–	–	58	58
Convertible loan	–	–	4	4
Fair value through other comprehensive income				
Equity securities				
Unlisted equity securities	–	–	383	383
Debt securities				
Money market securities > 1 year	–	2 030	–	2 030
Money market securities < 1 year	–	1 781	–	1 781
Collective investment schemes	–	1 225	–	1 225
Government, municipal and public utility securities	–	281	–	281
Derivative financial instrument				
Collateralised swaps	–	61	–	61
Interest rate swaps	–	7	–	7
Total financial assets recognised at fair value	1 158	7 368	815	9 341
Financial liabilities				
Investment contract liability	–	64	–	64
Bond forward contract	–	6	–	6
Financial liabilities at fair value through profit or loss	–	–	72	72
Total financial liabilities recognised at fair value	–	70	72	142

Notes to the consolidated financial statements *continued*

Financial instruments measured at fair value *continued*

The fair values of the above instruments were determined as follows:

Level 1

The fair value of financial instruments traded in an active market is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The listed preference share investments comprise instruments which are listed on a securities exchange. The fair values of these investments are calculated based on the quoted closing prices of the individual investments on reporting date. These instruments are included in Level 1 and comprise mainly equity and debt instruments classified as trading securities. The investment in the exchange traded funds track the performance of the top fifty companies listed on the JSE.

Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are market observable, the instrument is included in Level 2.

Level 2 instruments comprise the following, with a description of their valuation techniques provided:

- **Collective investment schemes:** These instruments are fair valued monthly by multiplying the number of units held by the closing market price which is based on the most recently available observable inputs.
- **Zero-coupon deposits:** These instruments are not traded actively during a financial reporting period. The Group uses zero-coupon deposits to offset the interest rate risk inherent in some of the life insurance products underwritten by OUTsurance Life. The counterparties to these deposits are the large South African banks. The zero-coupon deposits have been structured to allow for the payment of the notional initial deposit to be spread over the specified term to enable cash flow matching. The maturity dates of the accreting zero-coupon deposits are long-term, with maturity dates at the various trading dates not exceeding 15 years. The fair values of the accreting zero-coupon deposits are determined monthly based on observable market inputs. To determine the fair values of the accreting zero-coupon deposits, a risk-free Swap Yield Curve produced every business day by the Johannesburg Securities Exchange is referenced. The instruments are designated at fair value through profit or loss, with both the interest accrual and fair value accounted for in profit or loss. The entire balance of the zero-coupon deposits is exposed to credit risk. The zero-coupon deposit has specifically remained classified as fair value through profit or loss under the 'accounting mismatch' rule as these financial assets have specifically been acquired to match the non-claims bonus portion of the policyholder liability.
- **Government, municipal and public utility securities and money market securities:** The fair value of money market instruments and government, municipal and public utility securities is determined based on observable market inputs. These instruments consist of fixed and floating rate notes held in segregated portfolios and are typically listed on the JSE Interest Rate Market. These listed instruments are not as actively traded as Level 1 instruments. The fair value of these instruments are determined by using market observable inputs. The fair value yield, term-to-maturity, coupon payments and maturity value are used to discount the expected cash flows of these instruments to their present value in determining the fair value at the financial year-end.
- **Zero-coupon deposits backing endowment policies and the investment contract liability backing the asset:** These instrument related a linked endowment policy. The fair value is based on the quoted interest rates provided in each contract. The Group is not the ultimate counterparty to these endowment policies but rather acts as an agent to the arrangement between the client and third party. As such the asset and liability are designed to set off against each other.

Notes to the consolidated financial statements *continued*

Financial instruments measured at fair value *continued*

Level 2 *continued*

- **Interest rate swaps:** These swap arrangements consists of fixed for floating instruments. The fixed leg is priced at a fixed percentage plus a contractually agreed basis point adjustment and the floating leg is priced at 3 month JIBAR.
- **Collateralised swaps:** The fair value of collateralised swap arrangement, whereby the R2048 government bond serves as collateral and is the underlying, is determined in the same manner as other money market instruments described above.
- **Bond forward contract:** The fair value of the bond forward contract is derived from the fair value of the underlying bonds which are linked to the CPI index. The fair value of these bonds are calculated in the same manner as the other government and money market securities described above.

The group makes use of an interest rate, a collateralised swap and a bond forward arrangement to manage the interest rate risk contained in the non-bonus policyholder liability.

Whilst the above instruments are not traded on an active market, the variable inputs relating to their valuation are readily available in the market place. The remaining inputs have been contractually agreed and are reflective of market related terms and conditions.

Level 3

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. The financial instruments at fair value through profit or loss represent the following:

- **Unlisted equity:** The fair value of the equity investment is determined based on standard valuation techniques where the net asset value is a key input. The 12.5% shareholding held in Prodigy is carried at fair value of R351 million, unchanged from 30 June 2022. Prodigy is a US based fintech platform that enables financing for international postgraduate students. The fair value is based on a present value calculation taking into account unobservable inputs of similar companies. These unobservable inputs in the calculation of the fair value of Prodigy includes a discount rate used of 14.1%, and other inputs of significance being the loan book growth, the fee earned on loan book and disbursements. The higher the discount rate the lower the fair value of the shares held. The fair value is very sensitive to loan growth and fee earned on loan book assumptions, for instance, an increase or decrease by 1% per annum would increase or decrease the fair value by 10% and should the disbursement growth increase or decrease by 10 basis points, the fair value would increase or decrease by 7.5%. The investment is also exposed to currency risk.
- **Unsecured Investment in Development Fund:** The Group invested in the ASISA Enterprise Development Fund of which the objective is to make investments in underlying BBBEE development entities. The nature of the underlying debt and equity investments are high risk, small- and medium sized businesses which are exposed to start-up, scale and macro-economic risk. As such gains and losses which could arise from the underlying investments are material, relative to the size of the Group's investment in the fund. The Group previously referred to the investment as an unsecured loan, however the nature of the investment is similar to that of an investment in a unit trust.

The investment is fair valued by multiplying the number of units held by the closing price per unit as valued by the fund. A 20% positive or negative change in the value of the underlying investments is deemed to be a reasonable expected range of potential fluctuation of the Group's investment and will result in the following fair value of the fund. Prior year sensitivities have been updated accordingly.

R million	Current	20% increase in interest rate	20% decrease in interest rate
31 December 2022			
Fair value	50	59	40
30 June 2022			
Fair value	58	70	47

Notes to the consolidated financial statements *continued*

Financial instruments measured at fair value *continued*

Level 3 *continued*

- **Convertible loan:** The loan with AutoGuru Australia Pty Limited (AutoGuru). The only significant unobservable inputs in the calculation are the market value of the AutoGuru shares, as this is an unlisted private company, and the underlying interest rate. Due to the fact that the loan is convertible into shares of AutoGuru, it exposes the Group to equity price risk. As a result of the absence of quoted prices for the shares when the convertible bond was issued it fails the SPPI criteria, therefore the loan is designated as fair value through profit or loss.

The fair value is determined based on a present value calculation taking into account the term to maturity, underlying interest rate and the share price of Autoguru. The fair value of R5 million (30 June 2022: R4 million) at 31 December 2022 is derived from an interest rate of 7.4% (30 June 2022: 7.4%). This interest rate has been contractually agreed and is adjusted for the prevailing BBSR applicable at valuation date. A 1% movement in the interest rate would result in the following fair value being recognised at 31 December 2022 and 30 June 2022:

R million	Current	1% increase in interest rate	1% decrease in interest rate
31 December 2022			
Fair value	5	5	4
30 June 2022			
Fair value	4	4	3

- **Financial liabilities at fair value through profit or loss:** A specific valuation technique is used to value this financial instrument which represents the accrued profit related to the FirstRand Bank Limited homeowners profit sharing arrangement, as well as the accrued profit related to the Shoprite funeral profit sharing arrangement.

Profits arising out of the homeowners profit-sharing arrangement accrue on a monthly basis and are distributed as preference dividends bi-annually to FirstRand Bank Limited. Profits arising out of the funeral profit sharing arrangement accrue on a monthly basis and are distributed as preference dividends annually to Shoprite Investment Limited. The only significant unobservable input in the calculation of the preference dividends is the historic profit of the profit-sharing arrangements and there are no other inputs that determine the value of these instruments. Should the profit of the profit-sharing arrangement increase or decrease by 10%, for instance, the preference dividend will also increase or decrease by 10%.

No assumptions or adjustments or any other inputs are made to the profits before or after distribution. Distribution of the profits arising are made in the form of preference dividends.

The profit or loss of these profit-sharing arrangements is sensitive to:

- claims ratio of the pool of business;
- expense ratio of the pool of business; and
- investment income on this pool of business.

Notes to the consolidated financial statements *continued*

Insurance contract liabilities

R million	31 December 2022			30 June 2022		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Short term insurance contracts						
Claims provisions	4 737	(1 566)	3 171	5 004	(2 138)	2 866
Unearned premium provision	8 181	(988)	7 193	7 252	(468)	6 784
Insurance contract non-claims bonuses provision	575	–	575	554	–	554
Long-term insurance contracts						
Policyholder liabilities	1 044	(182)	862	828	(159)	669
Closing balance	14 537	(2 736)	11 801	13 638	(2 765)	10 873

Notes to the consolidated financial statements *continued*

Insurance contract liabilities *continued*

Analysis of movement in long-term insurance liabilities

R million	Gross policyholder liability	Reinsurers' share of policyholder liability	Net policyholder liability	Negative rand reserve	Net policyholder liability incl deferral of acquisition costs
31 December 2022					
Analysis of change in policyholder liabilities					
Opening balance	1 048	(159)	889	(220)	669
Policyholder liability	960	(122)	838	(220)	618
Claims provisions	88	(37)	51	-	51
Transfer to policyholder liabilities under insurance contracts	226	(23)	203	(10)	193
Unwind of discount rate and release of profits	60	8	68	-	68
Experience variance	5	-	5	-	5
Modelling methodology changes	-	-	-	-	-
Change in non-economic assumptions	-	-	-	-	-
Change in economical assumptions	145	(22)	123	-	123
New business	8	(5)	3	-	3
Change in claims provision	8	(4)	4	-	4
Change in negative rand reserve	-	-	-	(10)	(10)
COVID-19 adjustment	-	-	-	-	-
Closing balance	1 274	(182)	1 092	(230)	862
Policyholder liability	1 178	(141)	1 037	(230)	807
Claims provisions	96	(41)	55	-	55
30 June 2022					
Analysis of change in policyholder liabilities					
Opening balance	1 055	(177)	878	(212)	666
Policyholder liability	966	(143)	823	(212)	611
Claims provisions	89	(34)	55	-	55
Transfer to policyholder liabilities under insurance contracts	(7)	18	11	(8)	3
Unwind of discount rate and release of profits	57	32	89	-	89
Experience variance	19	(4)	15	-	15
Modelling methodology changes	-	-	-	-	-
Change in non-economic assumptions	(6)	4	(2)	-	(2)
Change in economical assumptions	(126)	13	(113)	-	(113)
New business	10	(7)	3	-	3
Change in claims provision	(1)	(3)	(4)	-	(4)
Change in negative rand reserve	-	-	-	(8)	(8)
COVID-19 adjustment	40	(17)	23	-	23
Closing balance	1 048	(159)	889	(220)	669
Policyholder liability	960	(122)	838	(220)	618
Claims provisions	88	(37)	51	-	51

Notes to the consolidated financial statements *continued*

Insurance contract liabilities *continued*

Analysis of movement in short-term insurance claims provision

R million	31 December 2022			30 June 2022		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Analysis of movement in claims provision						
Opening balance	5 004	(2 138)	2 866	3 181	(762)	2 419
Current year	2 958	(357)	2 601	4 442	(1 921)	2 521
Claims incurred	6 141	(341)	5 800	12 587	(2 380)	10 207
Claims paid	(3 859)	47	(3 812)	(9 153)	568	(8 585)
Claims handling expenses raised	361	–	361	593	–	593
Risk margins raised	315	(63)	252	415	(109)	306
Prior year	(3 356)	993	(2 363)	(2 741)	600	(2 142)
Claims incurred	(334)	221	(113)	(230)	23	(207)
Claims paid	(2 581)	736	(1 845)	(2 105)	523	(1 582)
Claims handling expenses released	(118)	–	(118)	(98)	–	(98)
Risk margins released	(323)	36	(287)	(308)	54	(254)
Foreign exchange movement	131	(64)	67	122	(55)	67
Closing balance	4 737	(1 566)	3 171	5 004	(2 138)	2 866

Analysis of movement in unearned premium provision (UPP)

R million	31 December 2022			30 June 2022		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Analysis of movement in unearned premium provision (UPP)						
Opening balance	7 252	(468)	6 784	5 744	(201)	5 543
UPP raised	8 106	(1 516)	6 590	12 937	(2 257)	10 680
UPP earned	(7 388)	1 009	(6 379)	(11 673)	2 014	(9 659)
Foreign exchange difference	211	(13)	198	244	(24)	220
Closing balance	8 181	(988)	7 193	7 252	(468)	6 784
Analysis of movement in insurance contract non-claims bonuses						
Opening balance	554	–	554	543	–	543
Charge to profit or loss	306	–	306	532	–	532
Non-claims bonuses paid during the year	(285)	–	(285)	(521)	–	(521)
Closing balance	575	–	575	554	–	554

Notes to the consolidated financial statements *continued*

Effective interest

OGL's effective interest in the group entities is different from the actual holdings as a result of shares held by consolidated share incentive trusts.

The effective interest held by OGL can be compared to the actual interest in the statutory issued share capital of the companies as follows:

	As at 31 December 2022		As at 31 December 2021	
	Effective	Actual	Effective	Actual
OUTsurance	91.2%	89.7%	90.7%	89.1%
RMI Investment Managers	100.0%	100.0%	100.0%	100.0%
Merchant Capital	21.2%	21.2%	22.0%	22.0%
Entersekt	25.8%	25.8%	26.0%	26.0%
Guidepost	45.5%	45.5%	39.5%	39.5%

The Group's interest in Prodigy Finance is treated as a financial asset at fair value through other comprehensive income, as the size of this shareholding does not enable the Group to exercise significant influence, which is the criterion for classifying an investment as an investment in associate.

Restatement of comparatives

R million	Amount as previously reported	Amount as restated	Difference	Explanation for restatement
31 December 2021				
Consolidated statement of profit or loss				
Non-insurance related fee income	63	211	148	• Administration services fees for contact centre services earned from third parties have been netted off against marketing and administration expenses incurred in the prior period. The administration services fees were reclassified and presented as part of non-insurance related income in the current period. Prior year was updated accordingly.
Marketing and administration expenses	(3 246)	(3 394)	(148)	
Gross claims paid	(5 709)	(5 995)	(286)	• The group's classification for provision for non-claims bonuses was changed to align with OHL's classification. Provision for non-claims bonuses is no longer disclosed separately, but included under gross claims paid.
Provision for non-claims bonuses	(286)	–	286	
Consolidated statement of financial position				
Intangible assets	246	242	(4)	• The Group's classification for intellectual property bonuses was changed to align with OHL's classification. Intellectual property bonuses are no longer included under intangible assets, but under employee benefits.
Employee benefits	–	4	4	
Insurance and other payables	2 575	2 323	(252)	• The Group's classification of provision for bonuses, accrued leave and retrenchments was changed to align with OHL's classification. These are no longer included under provisions and insurance and other payables, but under employee benefits. Financial liabilities that used to be aggregated as a single line in the summarised consolidated statement of financial position, were split between its constituent parts.
Employee benefits	–	336	336	
Financial liabilities	295	–	(295)	
Derivative financial instrument	–	54	54	
Investment contract liability	–	41	41	
Financial liabilities at fair value through profit or loss	–	116	116	

Restatement of comparatives *continued*

R million	Amount as previously reported	Amount as restated	Difference	Explanation for restatement
31 December 2021				
Statement of changes in equity				
Retained earnings	13 428	21 803	8 375	The Group changed its accounting policy in respect of equity accounted earnings to align with OHL's accounting policy. In the past, equity accounted earnings net of dividends received from associates were transferred to equity accounted reserves. The new accounting policy is to only include the Group's percentage of post-acquisition movement in reserves other than retained earnings in equity accounted reserves.
Equity accounted reserves	8 382	7	(8 375)	
Other reserves	561	(109)	(670)	The foreign currency translation reserve and share-based payments reserve were split out of other reserves and disclosed separately, in line with disclosure at OHL level.
Foreign currency translation reserve	–	653	653	
Share-based payments reserve	–	17	17	

OUTsurance Holdings Limited

Supplementary financial information

for the six months ended 31 December 2022

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Consolidated statement of profit or loss

	Six months ended 31 December			Year ended 30 June
R million	2022	2021 Restated	% change	2022
Gross insurance premium written	13 618	11 600	17.4%	23 532
Outward reinsurance premiums ¹	(1 674)	(1 602)	(4.5%)	(2 314)
Net premiums	11 944	9 998	19.5%	21 218
Gross change in provision for unearned premiums ¹	(718)	(765)	6.1%	(1 264)
Reinsurance relating to provision for unearned premiums ¹	507	691	(26.6%)	243
Earned premiums, net of reinsurance	11 733	9 924	18.2%	20 197
Non-insurance related fee income ²	217	202	7.4%	455
Investment income	79	81	(2.5%)	148
Interest income on financial assets using the effective interest rate method	321	112	>100%	302
Net gain from fair value adjustments on financial assets	105	221	(52.5%)	78
Fair value gain on loss of control of subsidiary	-	-	-	37
Income	12 455	10 540	18.2%	21 217
Policyholder benefits on insurance contracts net of reinsurance	(6 293)	(5 677)	10.9%	(11 325)
Gross policyholder benefits under insurance contracts	(6 503)	(5 995)	(8.5%)	(13 902)
Reinsurers' share of insurance contracts	210	318	(34.0%)	2 577
Transfer to policyholder liabilities under insurance contracts	(193)	(92)	(>100%)	(3)
Fair value adjustment to financial liabilities ³	(91)	(76)	(19.7%)	(147)
Marketing and administration expenses ²	(3 644)	(3 197)	14.0%	(6 441)
Result of operating activities	2 234	1 498	49.1%	3 301
Finance costs	(8)	(6)	(33.3%)	(10)
Equity accounted earnings	14	2 449	(99.4%)	2 458
Profit on sale of associates	45	-	100%	-
Impairment of investment in associate	-	(249)	(100%)	(271)
Profit before taxation	2 285	3 692	(38.1%)	5 478
Taxation	(679)	(432)	(57.2%)	(958)
Profit for the period	1 606	3 260	(50.7%)	4 520
Profit attributable to:				
Ordinary shareholders	1 538	3 235	(52.5%)	4 464
Non-controlling interest	68	25	>100%	56
Profit for the period	1 606	3 260	(50.7%)	4 520

1 For the six months ended 31 December 2021, the change in provision for unearned premiums line was disclosed gross of the related reinsurance portion as opposed to net. The reinsurance portion was included in the outward reinsurance premiums line. The prior period outward reinsurance premium line was restated to exclude the reinsurance portion related to the change in provision for unearned premiums. In addition, to better reflect the nature of this line item, the movement in the unearned premium provision has been grossed up in the current and prior period. Refer to the restatement note for more information.

2 Administration fees received from contact services was netted off against marketing and administration expenses in the prior year and correctly presented as part of non-insurance related income in the current period. Refer to the restatement note for more information.

3 Fair value adjustment to financial liabilities was moved above Marketing and administration expenses to align presentation between OGI and OHL according to the nature of the line items. The prior year line items were also reclassified.

Consolidated statement of comprehensive income

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Profit for the period	1 606	3 260	(50.7%)	4 520
Other comprehensive income for the period				
Items that may subsequently be reclassified to profit or loss				
Exchange differences on foreign operations	137	334	(59.0%)	202
Fair value gains / (losses) on financial assets at fair value through other comprehensive income	3	(5)	>100%	(11)
Deferred income tax relating to items that may subsequently be reclassified to profit or loss	(1)	1	(>100%)	3
Other comprehensive income of associate	-	(139)	100%	(139)
Other comprehensive income for the period	139	191	(27.2%)	55
Total comprehensive income for the period	1 745	3 451	(49.4%)	4 575
Total comprehensive income attributable to:				
Ordinary shareholders	1 664	3 380	(50.8%)	4 486
Non-controlling interest	81	71	14.1%	89
Total comprehensive income for the period	1 745	3 451	(49.4%)	4 575

Consolidated statement of financial position

R million	As at 31 December		As at 30 June
	2022	2021	2022
Assets			
Property and equipment ¹	1 083	1 081	1 060
Intangible assets ¹	245	241	235
Right-of-use assets ¹	65	38	66
Investment in associates ¹	309	67	290
Employee benefits	–	4	–
Reinsurers' share of insurance contract provisions	2 736	1 718	2 765
Deferred acquisition costs	766	636	681
Financial assets			
Fair value through profit or loss	2 617	2 743	2 438
Fair value through other comprehensive income	5 607	3 119	5 348
Measured at amortised costs	8 561	6 562	7 011
Derivative financial instrument	103	77	68
Deferred income tax ¹	395	313	384
Insurance and other receivables	5 399	4 728	4 856
Tax receivable	12	107	–
Assets held for sale ¹	–	38	29
Cash and cash equivalents	1 583	4 081	2 351
Total assets	29 481	25 553	27 582
Equity			
Capital and reserves attributable to equity holders			
Share capital and premium ³	2 382	2 331	2 307
Other reserves ²	253	252	124
Retained earnings	8 176	7 183	7 552
Total shareholders' equity	10 811	9 766	9 983
Non-controlling interest	494	449	411
Total equity	11 305	10 215	10 394
Liabilities			
Insurance contract liabilities	14 537	12 258	13 638
Derivative financial instrument	–	54	6
Investment contract liability	226	41	64
Lease liabilities	76	45	72
Share-based payment liability	333	319	297
Employee benefits	330	320	516
Deferred income tax ¹	28	44	29
Financial liabilities at fair value through profit or loss	89	77	72
Tax liabilities	171	3	134
Insurance and other payables	2 386	2 177	2 360
Total liabilities	18 176	15 338	17 188
Total equity and liabilities	29 481	25 553	27 582

1 The order of liquidity for these line items was amended and aligned between OGL and OHL to correctly reflect their maturity profile. The prior year line items were also reclassified.

2 The other reserves were collapsed into a single line in the current reporting period in order to simplify the presentation of the statement of financial position and to align the presentation of reserves between OGL and OHL. The detail of the other reserves can be found in the Statement of changes in equity. Prior year was updated accordingly.

3 Share capital and share premium were collapsed into a single line in the current reporting period to simplify the presentation of the statement of financial position and to align the presentation of reserves between OGL and OHL. The detail of the other reserves can be found in the Statement of changes in equity. Prior year was updated accordingly.

Consolidated statement of changes in equity

R million	Share capital	Share premium	Equity accounted reserve	Share-based payments reserve	Other reserves ¹	Transactions with non-controlling interest	Foreign currency translation reserve	Retained earnings	Total shareholders' equity	Non controlling interest	Total equity
Balance as at 30 June 2021	37	2 076	113	16	14	(118)	490	8 296	10 924	671	11 595
Profit for the year	-	-	-	-	-	-	-	4 464	4 464	56	4 520
Total other comprehensive income for the year	-	-	(139)	-	(8)	-	169	-	22	33	55
Other comprehensive income for the year	-	-	(139)	-	(8)	-	202	-	55	-	55
(Loss) / profit attributable to non-controlling interests	-	-	-	-	-	-	(33)	-	(33)	33	-
Movement in treasury shares	-	194	-	-	-	-	-	-	194	-	194
Reserve adjustment of associate entities	-	-	-	-	-	-	-	-	-	-	-
Share based payment reserve ²	-	-	-	1	-	-	-	(3)	(2)	-	(2)
Transactions with non-controlling interests of subsidiary	-	-	-	-	-	(440)	-	(1)	(441)	(208)	(649)
Shares issued to non-controlling interest	-	-	-	-	-	-	-	-	-	4	4
Transfer to retained earnings	-	-	26	-	-	-	-	(26)	-	-	-
Derecognition of retained earnings on loss of control of subsidiary	-	-	-	-	-	-	-	90	90	(49)	41
Ordinary dividend paid	-	-	-	-	-	-	-	(5 268)	(5 268)	(96)	(5 364)
Balance as at 30 June 2022	37	2 270	-	17	6	(558)	659	7 552	9 983	411	10 394
Profit for the period	-	-	-	-	-	-	-	1 538	1 538	68	1 606
Total other comprehensive income for the period	-	-	-	-	2	-	124	-	126	13	139
Other comprehensive income for the period	-	-	-	-	2	-	137	-	139	-	139
(Loss) / profit attributable to non-controlling interests	-	-	-	-	-	-	(13)	-	(13)	13	-
Movement in treasury shares	-	75	-	-	-	-	-	-	75	-	75
Reserve adjustment of associate entities	-	-	-	-	-	-	-	-	-	-	-
Share based payment reserve ²	-	-	-	(2)	-	-	-	(15)	(17)	-	(17)
Transactions with non-controlling interests of subsidiary	-	-	-	-	-	5	-	1	6	2	8
Ordinary dividend paid	-	-	-	-	-	-	-	(900)	(900)	-	(900)
Balance as at 31 December 2022	37	2 345	-	15	8	(553)	783	8 176	10 811	494	11 305

¹ Included in other reserves is the preference share capital issued by OUTsurance Life.

² The share option spread transactions and share-based payment expense line were collapse into the Share based payment reserve line to align the presentation between OGL and OHL by aggregating the movements relating to share based payment reserve together in one line.

Consolidated statement of changes in equity *continued*

R million	Share capital	Share premium	Equity accounted reserve	Share-based payments reserve	Other reserves ¹	Transactions with non-controlling interest	Foreign currency translation reserve	Retained earnings	Total shareholders' equity	Non controlling interest	Total equity
Balance as at 30 June 2021	37	2 076	113	16	14	(118)	490	8 296	10 924	671	11 595
Profit for the period	-	-	-	-	-	-	-	3 235	3 235	25	3 260
Total other comprehensive income for the period	-	-	(139)	-	(4)	-	288	-	145	46	191
Other comprehensive income for the period	-	-	(139)	-	(4)	-	334	-	191	-	191
(Loss) / profit attributable to non-controlling interests	-	-	-	-	-	-	(46)	-	(46)	46	-
Movement in treasury shares	-	218	-	-	-	-	-	-	218	-	218
Share based payment reserve ²	-	-	-	4	-	-	-	(4)	-	-	-
Transactions with non-controlling interests of subsidiary	-	-	-	-	-	(438)	-	-	(438)	(208)	(646)
Shares issued to non-controlling interest	-	-	-	-	-	-	-	-	-	4	4
Transfer to retained earnings	-	-	26	-	-	-	-	(26)	-	-	-
Ordinary dividend paid	-	-	-	-	-	-	-	(4 318)	(4 318)	(89)	(4 407)
Balance as at 31 December 2021	37	2 294	-	20	10	(556)	778	7 183	9 766	449	10 215

¹ Included in other reserves is the preference share capital issued by OUTsurance Life.

² The share option spread transactions and share-based payment expense line were collapse into the Share based payment reserve line to align the presentation between OGL and OHL by aggregating the movements relating to share based payment reserve together in one line.

Consolidated cash flow statement

	Six months ended 31 December	2021 Restated	Year ended 30 June
R million	2022	2021 Restated	2022 Restated
Operating activities			
Cash generated by operations	1 963	1 693	4 215
Interest received	304	144	334
Dividends received	38	50	95
Interest paid	(8)	(6)	(10)
Cashflows on assets backing policyholder liabilities	(166)	(146)	(156)
Proceeds on disposal of financial assets ¹	7 397	5 179	9 108
Purchase of financial assets ¹	(8 997)	(5 169)	(12 005)
Taxation paid	(656)	(685)	(1 073)
Cash (outflow) / inflow from operating activities	(125)	1 060	508
Investing activities			
Acquisition of investment in associate	-	-	(101)
Dividends received from associate	-	5 673	5 685
Proceeds on disposal of associates	62	-	-
Property and equipment acquired to maintain and expand operations	(50)	(38)	(95)
Proceeds on disposal of property and equipment	1	1	1
Purchase of intangible assets	(24)	(45)	(101)
Proceeds on disposal of intangible assets	2	-	-
Proceeds on disposal of financial assets ²	236	74	249
Purchase of financial assets ²	(6)	(4)	(21)
Cash inflow / (outflow) from investing activities	221	5 661	5 617
Financing activities			
Purchase of shares from non-controlling interests	-	(659)	(665)
Shares issued to non-controlling interest	-	4	4
Purchase of treasury shares by share scheme participants	228	376	376
Purchase of treasury shares by share scheme from participants	(153)	(159)	(183)
Repayment of lease liability	(15)	(20)	(33)
Borrowings raised	-	245	245
Borrowings repaid	-	(245)	(245)
Ordinary dividends paid ³	(900)	(4 318)	(5 268)
Preference dividends paid ³	(74)	(86)	(161)
Dividends paid to non-controlling interest ³	-	(89)	(96)
Cash outflow from financing activities	(914)	(4 951)	(6 026)
Increase in cash and cash equivalents	(818)	1 770	99
Change in cash and cash equivalents			
Opening balance of cash and cash equivalents	2 352	2 180	2 180
Increase in cash and cash equivalents	(818)	1 770	99
Decrease in cash due to disposal of subsidiary	-	-	(5)
Effect of exchange rate on cash and cash equivalents	49	131	77
Closing balance of cash and cash equivalents	1 583	4 081	2 351

¹ Related to the management of insurance liabilities operational cash flows and regulatory capital.

² Related to long-term Investments of primarily shareholder capital.

³ OHL have changed its accounting policy to present dividends paid under financing activities as opposed to operating activities. Refer to the restatement note for more information.

Restatement of comparatives

R million	Amount as previously reported	Amount as restated	Difference	Explanation for restatement
31 December 2021				
Consolidated statement of profit or loss				
Outward reinsurance premiums	(911)	(1 602)	(691)	• For the six months ended 31 December 2021, the change in provision for unearned premiums was disclosed gross of the related reinsurance portion. This reinsurance component was disclosed as part of the outward reinsurance premiums line on the consolidated statement of profit or loss. The prior period outward reinsurance premium line was restated to exclude the reinsurance portion related to the change in provision for unearned premiums.
Change in provision for unearned premiums – Gross	(765)	(765)	–	
Change in provision for unearned premiums – Reinsurance	–	691	691	• In addition, to better reflect the nature of the change in provision for unearned premiums line, the movement has been grossed up in the current and prior period.
Non-insurance related income	54	202	148	• Administration services fees for contact centre services earned from third parties have been netted off against marketing and administration expenses incurred in the prior period. The administration services fees were reclassified and presented as part of non-insurance related income in the current period. Prior year was updated accordingly.
Marketing and administration expenses	(3 049)	(3 197)	(148)	
	(4 671)	(4 671)	–	
Consolidated statement of financial position				
Deferred income tax asset and liability				• In prior periods, deferred tax was calculated on a gross position in the consolidated financial statements. This ignores the legal right of set-off of the deferred tax balances of the underlying entities, which needs to be consolidated into the Group statement of financial position. For the year ended June 2022 the prior year reporting period was restated. The impact of the restatement for the prior interim reporting period was deemed immaterial due to the gross up only being done for certain legal entities and the other entities being disclosed correctly on a net basis, therefore was not restated.
Consolidated cash flow statement				
Reclassification of dividends paid.				• OHL has changed its accounting policy to present dividends paid as financing activities in the consolidated cash flow statement, due to dividends paid being subject to regulatory capital available for distribution. By classifying dividends paid under financing activities it better reflects the actual cash flows generated from operating activities by the Group. Prior periods have been restated accordingly.
31 December 2021				
Cash (outflow) / inflow from operating activities	(3 433)	1 060	4 493	
Cash (outflow) from financing activities	(458)	(4 951)	(4 493)	
30 June 2022				
Cash (outflow) / inflow from operating activities	(5 018)	508	5 526	
Cash (outflow) from financing activities	(500)	(6 026)	(5 526)	

Embedded value results

Definition

Actuarial Practice Note (APN) 107 provides guidance in the way in which embedded values of life insurance companies are reported.

The embedded value (EV) of covered business is the present value of earnings from covered business attributable to shareholders, excluding any value that may be attributed to future new business. It is calculated on an after-tax basis considering current legislation and known future changes.

The embedded value of covered business consists of:

- Adjusted net worth (ANW); plus
- The value of in-force covered business (PVIF); less
- The cost of required capital (CoRC).

The ANW of covered business is calculated on the published accounting (IFRS) basis and is defined as the value of all assets attributed to the covered business that are not required to back the liabilities of the covered business. For OUTsurance Life all business is covered business, and therefore the ANW is set equal to the net asset value as per the IFRS balance sheet.

The PVIF is the discounted value, at the risk discount rate, of the projected stream of after-tax shareholder profits arising from existing in-force covered business. These shareholder profits arise from the release of margins under IFRS.

The required capital is defined as the level of capital that is restricted for distribution to shareholders. This comprises the required capital on the statutory basis in accordance with the latest Financial Soundness for Insurers Specifications as published by the Prudential Authority, the margins held under IFRS, as well as any additional capital considered appropriate by the Board given the risk of the business. The required capital has been set at 1.5 x SCR (2021: 1.5 x SCR), which is the target SCR ratio.

The CoRC is the difference between the current required capital and the present value, at the risk discount rate, of the projected release of the required capital allowing for investment returns on the assets supporting the projected required capital. This metric is deemed more appropriate than the Prudential Risk Margin given the shareholders' specific needs and expectations, in particular by using the risk discount rate and allowing for a multiple of required capital (the risk margin assumes 1 times the non-hedgeable required capital).

All discounted values are at a risk discount rate based on the prescribed zero-coupon bond yield curve plus a risk premium of 4% p.a. The risk discount rate premium was set using the Capital Asset Pricing Model with a beta of 1.0 and market risk premium of 4%. Money market returns were set to the zero-coupon bond yield curve less 2%. The money market return assumption is used to calculate the investment returns on the assets supporting the projected residual required capital.

The value of new business (VNB) is calculated as the discounted value, at point of sale, using the risk discount rate, of the projected stream of after-tax profits for new covered business issued during the past 12 months. The VNB is also reduced by the cost of required capital for new covered business. The value of new business has been calculated on closing assumptions. Profitability of new covered business (the VNB margin) is measured by the ratio of the net value of new business to the present value of new business premiums (gross of reinsurance).

Embedded value results *continued*

Embedded value results have been presented in R'000 to better illustrate the movement of the results for the period under review.

Embedded value

The table below provides a breakdown of the EV on the IFRS basis for OUTsurance Life:

R'000	31 December 2022	31 December 2021	30 June 2022
Embedded value of covered business			
Covered business ANW	679 644	626 608	747 751
Free surplus	644 176	597 298	715 637
Required Capital	35 468	29 310	32 114
Present value of in-force business (PVIF)	935 071	818 034	834 900
Cost of required Capital	(161 299)	(55 266)	(41 673)
Embedded value of covered business	1 453 416	1 389 376	1 540 978
Present value of gross premiums (in-force book)	4 788 451	4 435 046	4 417 526
Annualised return on embedded value	(11.4%)	19.5%	17.7%

The Embedded Value of OUTsurance Life decreased by R87.6 million resulting in an annualised return on embedded value of negative 11.4%. This is attributable to negative contributions to the Embedded Value from the Adjusted Net Worth (ANW) and Cost of Required Capital (CoRC). These were offset by positive contributions to the present value of Future Profits (PVIF).

The ANW decreased by R68.1 million over the period and was driven by a significant change in the bond and swap curves due to volatile markets. This was partially offset by the expected profit transfer arising from the release of margins. The PVIF increased by R100.2 million over the period which was driven primarily by the expected profits from new business written over the period as well as the expected return on covered business. The CoRC increased by R119.6 million over the period due to the decrease observed in the yield environment, resulting in large increases in projected capital charges.

Embedded value results *continued*

Embedded value earnings

The table below shows the components of the embedded value earnings of OUTsurance Life for the six months under review:

R'000	ANW	PVIF	Cost of required capital	Embedded value
Embedded value earnings for the reporting period at December 2022 (6 months)				
Embedded value at end of the period	679 644	935 071	(161 299)	1 453 416
Embedded value at beginning of the period	(747 751)	(834 900)	41 673	(1 540 978)
Embedded value earnings for the period	(68 107)	100 171	(119 626)	(87 562)
Embedded value operating return	24 543	72 808	823	98 174
Value of new business at point of sale	(102 998)	111 769	(6 555)	2 216
Expected return on covered business	–	69 748	11 604	81 352
Expected profit transfer	99 272	(99 272)	–	–
Operating experience variances	27 019	(8 511)	(4 217)	14 291
Operating model changes	–	–	–	–
Operating assumption changes	1 250	(926)	(9)	315
Embedded value non-operating return	(84 396)	27 363	(120 449)	(177 482)
Investment return variances	37 673	–	–	37 673
Effect of economic assumptions changes	(122 069)	27 363	(120 449)	(215 155)
Other	(8 254)	–	–	(8 254)
Embedded value earnings	(68 107)	100 171	(119 626)	(87 562)
Embedded value earnings for the reporting period at December 2021 (6 months)				
Embedded value at end of the period	626 608	818 034	(55 266)	1 389 376
Embedded value at beginning of the period	647 766	730 514	(69 160)	1 309 120
Embedded value earnings for the period	(21 158)	87 520	13 894	80 256
Embedded value operating return	(31 850)	84 101	(9 745)	42 506
Value of new business at point of sale	(61 235)	122 091	(6 623)	54 233
Expected return on covered business	–	45 617	2 250	47 867
Expected profit transfer	62 337	(62 337)	–	–
Operating experience variances	(18 792)	(8 202)	(3 854)	(30 848)
Operating model changes	14 916	5 655	(1 426)	19 145
Operating assumption changes	(29 076)	(18 723)	(92)	(47 891)
Embedded value non-operating return	12 794	3 419	23 639	39 852
Investment return variances	36 906	–	–	36 906
Effect of economic assumptions changes	(24 112)	3 419	23 639	2 946
Other	(2 102)	–	–	(2 102)
Embedded value earnings	(21 158)	87 520	13 894	80 256

Embedded value results *continued*

Embedded value earnings *continued*

The following tables provide additional detail on key movements in the analysis of embedded value.

Experience variances

R'000	31 December 2022		31 December 2021	
	ANW ¹	PVIF	ANW ¹	PVIF
Persistency	2 424	(28 532)	(11 890)	(21 046)
Risk	38 052	16 037	(2 939)	13 735
Expenses	(17 263)	3 984	(4 712)	(891)
Other	(411)	-	(3 105)	-
Experience variance	22 802	(8 511)	(22 646)	(8 202)

¹ Net of CoRC.

Assumption and model changes

R'000	31 December 2022			31 December 2021		
	ANW ¹	VIF	EV	ANW ¹	VIF	EV
COVID-19 Allowance	-	-	-	28 046	(19 780)	8 266
Model and other changes	1 241	(926)	315	(43 724)	6 712	(37 012)
Assumption and model changes	1 241	(926)	315	(15 678)	(13 068)	(28 746)

¹ Net of CoRC.

Economic assumption changes

R'000	31 December 2022			31 December 2021		
	ANW ¹	VIF	EV	ANW ¹	VIF	EV
Economic assumptions impact on liabilities	(242 518)	27 363	(215 155)	(473)	3 419	2 946
Other Investment variance	37 673	-	37 673	36 906	-	36 906
Economic variance	(204 845)	27 363	(177 482)	36 433	3 419	39 852

¹ Net of CoRC.

Embedded value reconciliation

The below table reconciles the embedded value to the IFRS excess assets.

R'000	31 December 2022	31 December 2021
IFRS Excess Assets	679 644	626 608
Add Present Value of Future Profits	935 071	818 034
Add Cost of Residual Required Capital	(161 299)	(55 266)
Embedded Value	1 453 416	1 389 376

Embedded value results *continued*

Value of new business

R'000	31 December 2022	31 December 2021	30 June 2022
Value of new business (6 months)			
Gross value of new business	8 771	60 856	62 635
Cost of required capital	(6 555)	(6 623)	(5 930)
Value of new business	2 216	54 233	56 705
Present value of gross premiums (new business)	359 626	375 307	666 995
New business margin	0.6%	14.5%	8.5%

The VNB margin ("All products") over the last 6 months has decreased from 8.5% to 0.6%. This is mainly due to an increase in the per policy expenses and a decrease in inceptions observed over the last six months.

The table below provides an analysis of the sensitivities, as prescribed by APN 107, of the embedded value of the in-force book:

R'000	Gross value of in-force	Cost of required capital	Net value of in-force	% change
Value of in-force sensitivity analysis at December 2022				
Base	935 071	(161 299)	773 772	
1% increase in the risk discount rate	891 800	(161 198)	730 602	(5.6%)
1% decrease in the interest rate environment	893 759	(380 238)	513 521	(33.6%)
10% decrease in maintenance expenses	961 387	(152 930)	808 457	4.5%
10% decrease in new business acquisition expenses	935 071	(161 299)	773 772	-
10% decrease in lapse rates	946 306	(203 110)	743 196	(4.0%)
5% decrease in morbidity and mortality rates	980 568	(144 931)	835 637	8.0%

The table below provides an analysis of the sensitivities, as prescribed by APN 107, of new business written:

R'000	Gross value of in-force	Cost of required capital	Net value of in-force	% change
Value of new business sensitivity analysis at December 2022 (6 months)				
Base	8 771	(6 555)	2 216	
1% increase in the risk discount rate	5 188	(6 548)	(1 360)	(161.4%)
1% decrease in the interest rate environment	13 510	(16 169)	(2 659)	(220.0%)
10% decrease in maintenance expenses	11 263	(5 965)	5 298	139.1%
10% decrease in new business acquisition expenses	21 571	(6 555)	15 016	577.6%
10% decrease in lapse rates	19 950	(7 745)	12 205	450.8%
5% decrease in morbidity and mortality rates	10 942	(5 931)	5 011	126.1%

Embedded value results *continued*

Economic assumptions

R'000	31 December 2022	31 December 2021	30 June 2022
Discounted Mean Term (in years)	9.9	9.9	9.2
Securities backing non-bonus liabilities	11.0%	10.5%	11.5%
Securities backing bonus liabilities	9.3%	7.7%	9.4%
Inflation rate	6.6%	6.4%	7.9%
Risk discount rate	15.0%	14.5%	15.5%



Glossary

Actuarial Practice Note (APN) 107

The guidance note on embedded value financial disclosures of South African long-term insurers issued by the Actuarial Society of South Africa.

Adjusted net worth (ANW)

Excess value of all assets attributed to covered business but not required to back the liabilities of covered business.

Annualised premium income

Annualised premium value of all new client policies inceptioned during the period under review. This measure excludes the renewal of existing client policies.

Claims ratio

Net incurred claims including non-claims bonus costs divided by net earned premium. The Group claims ratio measure includes policyholder liability transfers relating to long-term insurance business.

Combined ratio

Net incurred claims (including non-claims bonuses) plus total operating expenses plus profit share distributions divided by net earned premium. This ratio provides a measure of the surplus generated from the Group's insurance activities. The Group's combined ratio is calculated inclusive of other revenue items in addition to net earned premium.

Cost-to-income ratio

Total operating expenses divided by insurance income. Insurance income includes net earned premium, reinsurance commissions earned and government grants. Total operating expenses excludes profit share distributions to FirstRand Limited relating to the Homeowners Cover product. The Group's cost-to-income ratio is measured inclusive of the revenue and cost of OUTsurance Shared Services which is a non-insurance activity.

Cost of required capital (CoRC)

The present value, at the risk discount rate, of the projected release of the required capital allowing for investment returns on the assets supporting the projected required capital.

Covered business

Business regulated by the Prudential Authority as long-term insurance business.

Embedded value (EV) of covered business

The present value of earnings from covered business attributable to shareholders, excluding any value that may be attributed to future new business.

Consists of:

- > Adjusted net worth, plus
- > Value of in-force covered business, less
- > The cost of required capital.

Free surplus

ANW less the required capital attributed to covered business.

OGL

OUTsurance Group Limited (formerly Rand Merchant Investment Holdings Limited)

OHL

OUTsurance Holdings Limited

Normalised earnings

Normalised earnings adjustments are applied where the Group believes that certain transactions create a mismatch between the Group's accounting and economic performance. Normalised earnings is therefore considered to most accurately reflect the Group's economic performance.

Normalised ROE

Normalised earnings divided by average normalised ordinary shareholders equity

Present value of new business premiums

The discounted value, using a risk-adjusted discount rate, of expected future premiums on new recurring premium business.

Profitability of new covered business

Ratio of the net value of new business to present value of new business premiums (gross of reinsurance).

Solvency capital requirement (SCR) / Required capital

The amount of regulatory capital required as determined by the local regulatory authorities.

Underwriting results

Net earned premium less net claims loss, management and administrator expenses

Value of in-force covered business (PVIF)

The discounted value of the projected stream of after tax shareholder profits arising from existing in-force covered business.

Value of new business

Present value of the expected after-tax shareholder cash flows less cost of required capital arising at the point of sale in respect of new covered business contracts sold in the reporting period.

Weighted number of ordinary shares

Weighted number of ordinary shares in issue during the reporting period.



You always get
something out.

Administration

OUTsurance Group Limited (OGL)

(formerly Rand Merchant Investment Holdings Limited (RMI))

Registration number: 2010/005770/06

JSE ordinary share code: OUT

ISIN code: ZAE000314084

Directors

Chairman: HL Bosman

Lead Independent: K Pillay

Independent: AW Hedding, B Hanise, ET Moabi, GL Marx, JA Teegee, JE van Heerden, JP Burger, MM Mahlare, M Morobe, RSM Ndlovu, SV Naidoo

Non-executive: A Kekana, JJ Durand, WT Roos

Executive: MC Visser (CEO), JH Hofmeyr (CFO)

Alternates: F Knoetze, UH Lucht

During the six months ended 31 December 2022, Messrs Cooper, Frankel and Lagerström stepped down as directors. Messrs Hedding, Hofmeyr (CFO), Marx, Ndlovu, Pillay (lead independent), Roos and Visser (CEO) and Mses Hanise, Moabi, Van Heerden and Naidoo were appointed as directors. Mr Bosman succeeded Mr Durand as chairman.

Secretary and registered office

JS Human

Physical address: 1241 Embankment Road, Zwartkop Ext 7, Centurion, South Africa, 0157

Postal address: PO Box 8443, Centurion, South Africa, 0046

Contact: investorrelations@out.co.za

Web address: <https://group.outsurance.co.za/>

Sponsor

(in terms of JSE Listings Requirements)

Rand Merchant Bank (a division of FirstRand Bank Limited)

Physical address: 1 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton, 2196

Transfer secretaries

Computershare Investor Services Proprietary Limited

Physical address: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Postal address: Private Bag X9000, Saxonwold, 2132

Telephone: +27 11 370 5000

Telefax: +27 11 688 5221