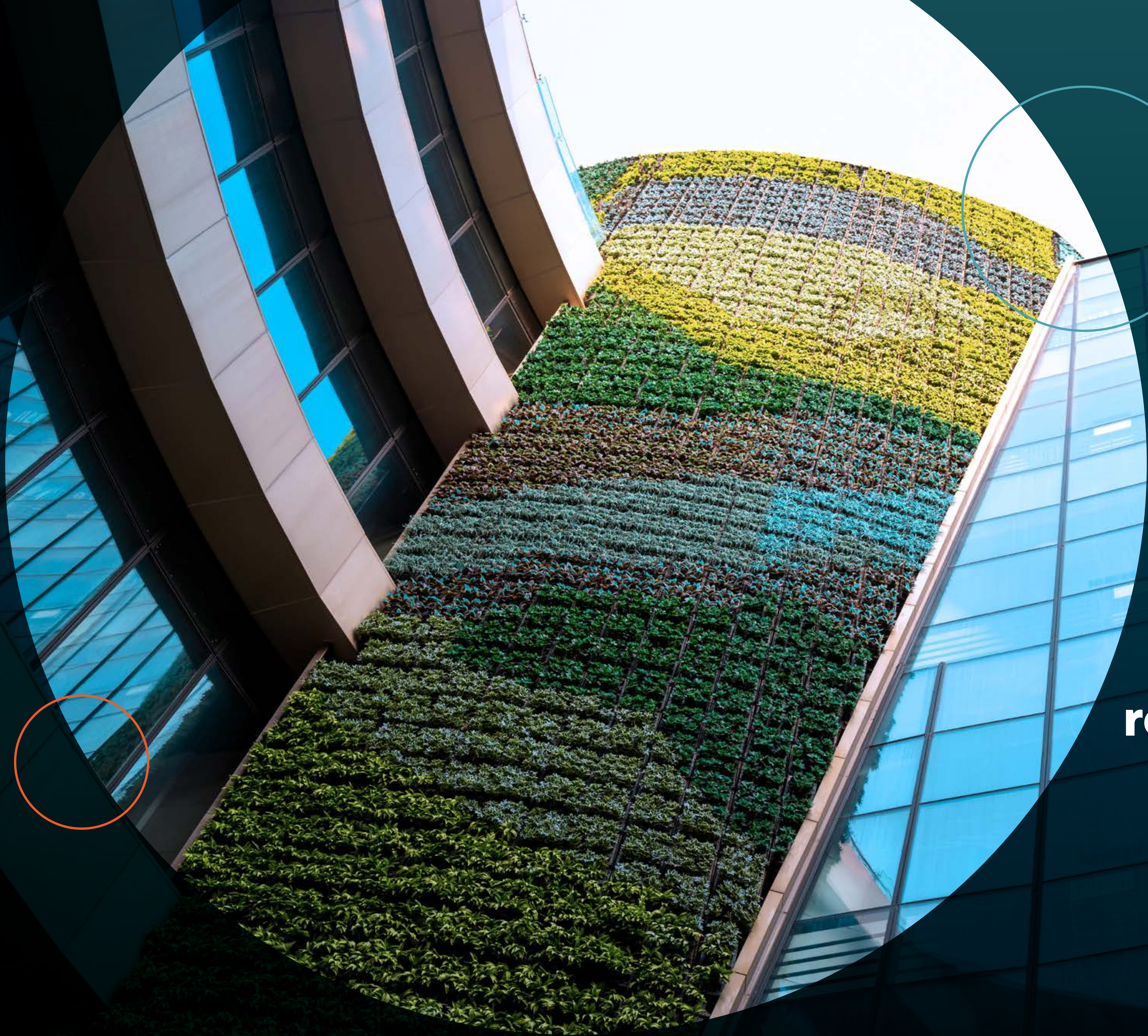

Alexander Forbes
Group Holdings Limited

Unaudited interim results announcement and cash dividend declaration

for the six months ended 30 September 2024

:alexforbes
insight · advice · impact

Contents

Highlights

Operating income up **12%** to
R2 140 million

Headline earnings per share from total operations **up 3%** to
28.4 cents per share

10% increase in the interim dividend per share to
22 cents per share

Profit from operations (before non-trading and capital items) **up 13%** to
R447 million

Cash generated from continuing operations of
R373 million

Total assets[1] up 25% year on year
R568 billion

Headline earnings per share from continuing operations **up 6%** to
28.7 cents per share

Our capital position remains sound with a regulatory surplus of
R957 million

The group cover ratio of 1.9 times is comfortably above the target solvency cover ratio of 1.2 times.

Average assets[2] up 17% year on year
R544 billion

1 Total assets include closing assets under administration (AuA) and assets under management (AuM).
2 Average assets include average AuA and AuM.

Dawie de Villiers,
Chief executive officer, commented:

'Alexforbes has played a leading role in advocating for and shaping the two-pot system, which will transform the future of retirement outcomes for all members for the better.

It has been the focal point of our organisation over this period as we built up to 1 September by gearing up operations, member engagement and our digital infrastructure. There have been lessons for us on this journey and we continue to scale up our technological capabilities to serve our 1.1 million members.

We are uniquely placed at the intersection of regulatory shift, employee benefits and retail.

This is an incredible opportunity to make an impact on people's lives!'

Financial highlights

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

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

Overview

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

Operating environment

Global financial markets experienced turbulence in the first half of the financial year driven by inflation surprises, growth concerns and diverging monetary policy between the US Federal Bank (Fed) and Bank of Japan. However, markets have since stabilised, as economic data showed growth in the US remains resilient and the Fed joined other major central banks in cutting interest rates.

Global equities returned 9.9% in US dollar terms over April to September 2024. This performance was led by emerging markets equities that gained 14.4%, while developed markets equities lagged with a 9.4% return. Global and emerging markets bonds also posted positive returns on the back of declining inflation and monetary policy easing.

Domestic markets exuded optimism over the first half of the financial year, following abatement of loadshedding, the successful conclusion of elections and the start of the SARB's interest rate easing cycle.

Changing retirement savings landscape in South Africa

The two-pot retirement system is a reform that came into effect on 1 September 2024 and allows retirement fund members to make partial withdrawals from one third of their retirement savings subject to certain conditions. Alexforbes has taken a leading role in the design and implementation of this change, with the intent of improving the retirement savings outcomes for all South Africans over the long term.

Through the first few weeks post the implementation date, Alexforbes experienced unprecedented volumes of claims with the number of attempted logins to our digital system (AF Connect) far surpassing our expectations. Whilst we initially had challenges in relation to volumes, we are pleased to report that to date over 97% of all two-pot claims have been paid, 99% of which were paid within our service level commitments of 20 business days.

Our financial performance

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

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

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

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

Headline earnings per share from total operations increased 3% to 28.4 cents per share (2023: 27.7 cents per share).

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

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

Financial review

Consolidated operating income

Operating income

Rm	2024	%	2023
Retirement consulting	**660**	19	556
Healthcare consulting	**184**	1	182
Investments	**886**	11	800
Individual consulting	**228**	9	209
Multinational consulting	**182**	11	164
Total	**2 140**	12	1 911

Retirement consulting

Operating income from retirement consulting increased 19% to R660 million owing to organic and acquisitive growth, the latter from corporate transactions concluded in the previous financial years, payroll increases within our client base and fee billing in our consulting and administration areas as well as higher than expected two-pot withdrawal claims volumes. Acquisitive growth includes the consolidation of TSA Administration that was acquired in the first half of the prior year and the continued migration of consenting funds from the acquisition of Sanlam's standalone retirement fund administration business operations.

While we are pleased to report on new business wins during the period, the new business pipeline has been impacted by factors including the industry focus on the implementation of the two-pot legislation and competitive market conditions. Our standalone consulting and administration business has been successful in securing eight mandates during the period. We continue to see demand for umbrella fund solutions as well as the conversion of standalone clients into umbrella funds with a large existing standalone client converting into our flagship umbrella fund in the period.

Our institutional umbrella fund offering, which includes the Alexander Forbes Retirement Fund (AFRF) and Alexander Forbes Access (AF Access), reported a 36% increase in closing assets under management to R159 billion owing to positive market returns and positive net cash flows.

Our active membership base stood at 1.1 million members and has remained relatively stable.

Healthcare consulting

Health consulting reported a 1% increase in operating income to R184 million comprising:

- Medical aid broking income, which is up 2%. The increase in the medical aid cap commission is partially offset by lost business in the period.
- Health management solutions' income growth is marginally up for the period, with inflation-adjusted increases offset by reduced employment levels in the public sector and the loss of a large client in the period.

Our health consulting business is positioned for continued growth and expansion, driven by a combination of organic initiatives and strategic partnerships.

Investments

Investments reported an 11% increase in operating income to R886 million underpinned by higher average assets under management that benefitted from new institutional inflows and positive market performance during the period. The cumulative blended market return achieved across our portfolios was 17.1% for the 12 months ending 30 September 2024. Our portfolios remain well positioned, employing a diverse set of investment strategies to which we apply our multi-management approach for enhanced returns at reduced risk over time.

New institutional business flows for the year amounted to R13.9 billion (including R8.6 billion in platform assets). Total closing assets under management and administration (AuM and AuA) increased 25% year on year to R568 billion as at 30 September 2024. Our product offering (AuM) grew by 17% while our platform administration offering (AuA) grew by 67%.

The institutional blended margin of 27.6 bps (2023: 28.9 bps) is down year on year due to the change in product and platform mix that was driven by the substantial increase in platform assets. The retail blended margin continued to reduce year on year in line with our strategy relating to product mix and making retail products available to our individual customers at institutional pricing.

Total closing assets are segregated as follows:

	30 September 2024			30 September 2023		
R billions	Institutional	Retail	Total	Institutional	Retail	Total
Assets under administration (AuA)	**110.0**	**6.7**	**116.7**	62.9	6.9	69.8
Assets under management (AuM)	**355.4**	**96.2**	**451.6**	306.7	79.0	385.7
Total AuA and AuM	**465.4**	**102.9**	**568.3**	**369.6**	**85.9**	**455.5**

Our flagship portfolio, Performer, continues to deliver consistent and competitive performance over time, resulting in improved long-term outcomes for clients. Performer closing AuM increased 23% year on year to R258 billion as at 30 September 2024, with positive net cash flows of R4.7 billion reported during the period underpinned by positive return growth of 9.5%.

A summary of the cash flows for the six months to 30 September 2024 is shown below.

	30 September 2024			30 September 2023		
R billions	Institutional	Retail	Total	Institutional	Retail	Total
Controllable (product)	**3.4**	-	**3.4**	(0.1)	-	(0.1)
New business	**5.3**	-	**5.3**	1.8	-	1.8
Outflows owing to client losses	**(1.9)**	-	**(1.9)**	(1.9)	-	(1.9)
Controllable (platform)	**6.8**	-	**6.8**	(0.2)	-	(0.2)
New business	**8.6**	-	**8.6**	0.2	-	0.2
Outflows owing to client losses	**(1.8)**	-	**(1.8)**	(0.4)	-	(0.4)
Uncontrollable	**(10.9)**	**(0.5)**	**(11.4)**	(6.8)	(1.3)	(8.1)
Ongoing inflows/transfers	**22.6**	**6.0**	**28.6**	18.9	4.3	23.2
Withdrawals for benefit payments	**(31.0)**	**(6.5)**	**(37.5)**	(25.7)	(5.6)	(31.3)
Withdrawals of benefits from two-pot claims by members	**(2.5)**	-	**(2.5)**	-	-	-
Net cash flows	**(0.7)**	**(0.5)**	**(1.2)**	**(7.1)**	**(1.3)**	**(8.4)**

The institutional business reported a significant improvement year on year in the net position from controllable cash flows underpinned by new business wins. Client terminations were low albeit higher than the comparable period in the prior year largely due to the termination of one large platform client. We continue to see inflows into our umbrella fund both from new business and client conversions from our standalone administration.

Ongoing inflows from active members of retirement funds grew 20% year on year owing to inflows from new client wins as well as wage increases of our members from existing clients. Withdrawals by members of institutional clients have also increased year on year owing to a higher fund credit value being withdrawn resulting from the positive market growth over the rolling twelve-month period to 30 September 2024 and the implementation of the two-pot system.

With the implementation of the two-pot system taking effect on 1 September 2024, members of retirement funds were able to access a portion of their fund credits that resulted in a cumulative withdrawal of R2.5 billion, from Alexforbes portfolios, for the period under review.

Individual consulting

Operating income increased 9% to R228 million owing to higher advised new business asset inflows and positive market performance in the period.

Closing assets under advisement surpassed the R100 billion mark, up 14% year on year to R104 billion as at 30 September 2024. Our advisors have been placing clients into guaranteed annuities to a greater degree than historically due to attractive pricing dynamics that result in higher income levels to clients. Consequently, there is reduced asset flow to Alexforbes from these placements. We anticipate that future interest rate cuts may dampen this trend into the future by reducing the attractiveness of guaranteed annuity pricing.

New business assets increased 18% to R11.7 billion in the current period underpinned by asset retention from increased engagement with members of employer funds during their life stages, which include: joining, leaving or retiring. Total retained assets, included in new business flows, increased 25% year on year to R4.5 billion.

It is pleasing to note that new business is up 58% compared to the same period two years ago when our journey to transform our retail capabilities began to gain momentum. Supporting this journey is the continued growth of the Alexander Forbes Retirement Income Solution (AFRIS), which has breached the R25 billion assets under management mark during this period.

A key determinant of success has been increased employer fund member engagement during their life stages to improve member financial outcomes. Digital communication solutions, increased frequency of retirement seminars, and two-pot webinars have led to a threefold increase in the number of members engaged. The internal shift toward operating as a member-oriented financial services provider has strengthened our relationship with employer funds.

Our efforts to grow our adviser base are yielding results with a net increase of 10 advisers since 31 March 2024, taking the total number of advisers to 260.

The customer satisfaction score for retail customers is at a healthy level of 94%, affirming our focus on serving the best interests of our customers.

Multinational consulting

Multinational consulting includes business operations where we have physical offices outside South Africa (Botswana, Channel Islands, Namibia and Nigeria) and where we provide consulting advice and solutions to clients outside of South Africa through the multinational consulting offering.

Operating income from multinational consulting increased by 11% to R182 million with growth reported across all countries:

- Botswana reported growth of 8% owing to new business wins in the prior year, inflationary growth in administration and growth in consulting fee income and insured commission.
- Namibia reported strong growth of 15% attributable to an increase in multi-manager investment income and growth in administration fees benefitting from new business wins in the prior year as well as inflationary growth.
- Channel Islands reported a 10% increase in operating income owing to growth in the annuity advisory business and new business wins in wealth management.
- Our multinational consulting business is up 2% due to new client wins in the health and consulting solution offerings and client retention.

Other income

Other income of R31 million (2023: R42 million) is down 26% owing to a decrease in sub-rental income and lower technology-related support services rendered to external third parties.

Operating expenses

Operating expense of R1 724 million increased by 11% due to higher personnel and technology costs and higher two-pot related expenditure. Organic growth in expenses was 8% and acquisitions contributed the remaining 3%.

Personnel costs contribute 63% to total operating expenses and increased 12% year on year owing to the need to bolster our client servicing teams to maintain our ability to support existing clients and ensure that the business was ready for the increased administration claims resulting from the implementation of the two-pot system. The acquisition of new businesses also contributed to the growth in personnel costs.

Technology costs increased 13% year on year owing to project costs related to the two-pot system implementation, software and licensing costs as well as an increase in outsourced services.

Premises costs for the period are slightly higher than expected due to an increase in electricity costs. Our lease renewal announced in the prior year takes effect from 1 September 2024. The impact of the new lease terms will be realised in the second half of this year.

We maintain focus on managing cost growth within a higher inflationary environment through structural changes and efficiencies, automation and an enhanced customer experience.

Items below profit from operations

Non-trading and capital items

The expense in non-trading and capital items decreased to R3 million (2023: R13 million) largely attributable to the performance of the insurance cell-captive facility that reported a profit of R6 million in the current period (2023: R7 million loss). The results of the cell-captive insurance entity are consolidated into operating profit and reflect the movement in provisions and payments for all error and omissions insurance claims registered by the group as part of our self-insured layer. The results captured are expected to average towards a zero profit over the medium to long term.

The accounting for the results of the cell-captive facility as well as the amortisation of intangible assets of R7 million (2023: R7 million) are excluded when calculating the group's normalised earnings. The details of the normalised adjustments can be found in the segmental income and profit analysis on pages 18 to 21.

Investment income

Interest income, earned from the regulatory capital and surplus cash position of the group, decreased 6% to R104 million as a result of lower average cash balances that was partially offset by higher interest rates during the period. The special dividend, declared in the previous financial year, was paid in July 2024 which reduced our surplus capital balance by R780 million.

In addition, an investment profit of R9 million (2023: R8 million) relating to individual policyholder investments is recorded in the condensed consolidated income statement. An equal tax expense is raised for this investment profit. The policyholder profit (and related tax expense) is excluded from our normalised earnings when assessing the group's own investment income.

Finance costs

Finance costs increased to R42 million (2023: R29 million) owing to the increase in interest paid on borrowings. As at 30 September 2024 the total amount outstanding under borrowings across the group increased to R788 million, that includes a working capital facility draw-down during the period amounting to R400 million. The increase in borrowings is in line with the group's capital light strategy. Refer to note 13.

Profit before and after tax

After non-trading and capital items, finance charges and the effect of the policyholder investments, the group reported a 10% increase in profit before taxation from continuing operations to R515 million (2023: R470 million).

The effective tax rate, excluding policyholder tax, for the period is 27.5%, marginally above the corporate tax rate due to non-deductible expenses and withholding taxes. Profit from continuing operations increased 8% to R367 million (2023: R339 million).

Discontinued operations

The details of the operating results and non-trading and capital items of discontinued operations are included in note 8.

Discontinued operations include the operating results of the group risk and retail life business operations (AF Life) that were classified as discontinued in the 2019 financial year. The sale and transfer of the policies within the AF Life business were concluded on 31 March 2022 (effective date).

The operating results of discontinued operations reflect the close-out of insurance liabilities and assets relating to AF Life. The business has finalised, and where applicable, transferred certain policyholder claims and reinsurance arrangements to Sanlam, aligned with the sale transaction (as amended), subject to regulatory approval and released the remaining reserves in anticipation of deregistration.

Headline earnings

Headline earnings from total operations increased 4% to R352 million after taking into account the financial performance of the discontinued operations. The weighted average number of shares increased to 1 242 million (2023: 1 226 million). Headline earnings per share increased 3% to 28.4 cents per share (2023: 27.7 cents per share).

Normalised segmental results

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

Financial position

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

All regulated entities within the group comply with current liquidity and regulatory solvency capital requirements (SCR).

At 30 September 2024, the consolidated regulatory capital requirement of the group stood at R1 108 million (2023: R1 087 million). Our regulatory capital is measured in line with our single active linked investment life licence known as the solo-plus methodology. This increase is in line with our expected inflationary expense growth. Using measures and interpretations under the Insurance Act 18 of 2017 and Prudential Standards, the group has a regulatory surplus of R957 million. The current regulatory capital cover of 1.9 times is comfortably above the group policy cover ratio of 1.2 times.

In July 2024 Alexander Forbes Limited (AFL) entered into an uncommitted general banking facility agreement with a South African bank to finance the group's operations in the short term. As at 30 September 2024 the amount owing under the general banking facility stood at R408 million. AFL also entered into a loan facility agreement to finance acquisitions, in June 2022, and the total funding available under this facility is R600 million. As at 30 September 2024 the amount owing under the term loan facility stood at R349 million.

Our cash flow generation remains strong and we continue to maintain a high conversion of operating profit from continuing operations to cash which supports our strong balance sheet. Cash flow from continuing operations of R373 million is 16% lower year on year due to certain timing differences relating to working capital. The available cash position of the group stood at R657 million as at 30 September 2024.

Interim cash dividend declaration

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

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

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

The interim dividend has been declared from income reserves.

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

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

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

The salient dates for the interim dividend will be as follows:

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

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

Prospects

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

Post two-pot

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

Alexforbes as an investment destination

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

Sustained retail transformation

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

Making a real-world impact

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

Change in directorate

The following changes to the board were announced during the period:

- Mr R Roux was appointed as independent non-executive director, including Remuneration committee chair and member of the Audit and Risk, Mergers and Acquisitions and Nominations committees, with effect from 1 July 2024.
- Mr T Dloti resigned as independent non-executive director with effect from 29 August 2024.
- Mr RM Head resigned as independent non-executive director with effect from 28 November 2024.

Corporate governance

The company's application of the principles contained in the King IV Report on Corporate Governance™ for South Africa is disclosed in the FY2024 integrated annual report available on the company's website. No material changes in application have occurred since the publication of that report.

On behalf of the board of directors

Kuseni Dlamini
Chair

Dawie de Villiers
Chief executive officer

2 December 2024

Condensed consolidated financial statements

The Alexander Forbes Group Holdings Limited (the group) condensed consolidated interim results for the period ended 30 September 2024 (interim results) are prepared in accordance with:

- IFRS Accounting Standards as issued by the International Accounting Standards Board including the information required by IAS 34 Interim Financial Reporting
- the South African Institute of Chartered Accountants' (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee
- Financial Pronouncements as issued by the Financial Reporting Standards Council
- the JSE Limited (JSE) Listings Requirements; and the requirements of the South African Companies Act No. 71 of 2008 applicable to condensed consolidated financial statements

The condensed consolidated interim results of the group for the period ended 30 September 2024 include the:

- condensed consolidated income statement
- condensed consolidated statement of other comprehensive income
- condensed consolidated statement of financial position
- condensed consolidated statement of cash flows
- condensed consolidated statement of changes in equity
- notes to the condensed consolidated financial statements

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

The accounting policies applied in the preparation of the consolidated financial statements from which the results have been derived are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the group's previous audited consolidated annual financial statements.

Additionally, these interim results have not been audited or reviewed by the group's external auditors. The group's 2024 annual financial information has been extracted from the underlying audited consolidated annual financial statements for the year ended 31 March 2024. These condensed consolidated financial statements were compiled under the supervision of Mr BP Bydawell (Chief financial officer), CA (SA), CFA.

The board of directors of Alexander Forbes Group Holdings Limited take full responsibility for the preparation of this report and that the selected financial information has been correctly extracted from the underlying audited consolidated annual financial statements.

The results were made publicly available on 2 December 2024 on our website:
https://investors.alexforbes.com/financial-results/

Condensed consolidated income statement

For the six months ended 30 September 2024

Rm	Notes	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Continuing operations				
Fee and commission revenue	2	**2 746**	2 475	5 059
Fee and commission expenses		**(606)**	(564)	(1 154)
Operating income net of direct expenses		**2 140**	**1 911**	**3 905**
Other income	3	**31**	42	79
Operating expenses		**(1 724)**	(1 559)	(3 183)
Profit from operations before non-trading and capital items		**447**	**394**	**801**
Non-trading and capital items	4	**(3)**	(13)	(114)
Operating profit		**444**	**381**	**687**
Investment income	5	**113**	119	263
Finance costs	6	**(42)**	(29)	(74)
Reported loss arising from accounting for policyholder investments as treasury shares		**-**	(1)	(1)
Profit before taxation		**515**	**470**	**875**
Income tax expense	7	**(148)**	(131)	(295)
Income tax expense relating to group profits		**(139)**	(123)	(259)
Income tax expense relating to policyholder investment returns		**(9)**	(8)	(36)
Profit for the period from continuing operations		**367**	**339**	**580**
Discontinued operations				
(Loss)/profit from discontinued operations (net of tax)	8	**(4)**	9	112
Profit for the period		**363**	**348**	**692**
Profit attributable to:				
Owners of the company		**352**	340	672
Non-controlling interest		**11**	8	20
		363	**348**	**692**
Basic earnings per share (cents)	9	**28.4**	27.7	54.7
Diluted earnings per share (cents)	9	**28.0**	26.5	52.3
Weighted average number of shares in issue (net of treasury shares) (millions)	9	**1 242**	1 226	1 230

Condensed consolidated statement of comprehensive income

For the six months ended 30 September 2024

Rm	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Profit for the period	**363**	348	692
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss[1]	**(5)**	**15**	**25**
Foreign currency translation differences – foreign operations	**(5)**	15	25
Other comprehensive income for the period that will not be reclassified to profit or loss[1]	**4**	**-**	**10**
Remeasurement of post-employment benefit obligations	**4**	–	10
Total comprehensive income for the period	**362**	**363**	**727**
Total comprehensive income attributable to:			
Owners of the company	**351**	355	707
Non-controlling interest	**11**	8	20
Total comprehensive income for the period	**362**	363	727

1 Net of related taxes.

Condensed consolidated statement of financial position

At 30 September 2024

Rm	Notes	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Assets				
Financial assets held under multi-manager investment contracts	10	**449 486**	383 789	416 989
Goodwill		**1 435**	1 461	1 435
Intangible assets		**271**	310	270
Property and equipment		**515**	398	543
Purchased and developed computer software		**316**	246	297
Deferred tax assets		**106**	150	119
Financial assets	11	**654**	575	758
Reinsurance contract assets		**–**	94	–
Tax assets		**16**	18	13
Trade and other receivables	12	**494**	478	397
Cash and cash equivalents		**2 091**	2 662	2 791
Assets of disposal group classified as held for sale	8	**46**	–	49
Total assets		**455 430**	**390 181**	**423 661**
Equity and liabilities				
Owners of the company		**3 647**	4 387	4 542
Non-controlling interest		**48**	48	48
Total equity		**3 695**	**4 435**	**4 590**
Financial liabilities held under multi-manager investment contracts	10	**449 490**	383 792	416 993
Borrowings	13	**788**	324	372
Employee benefits		**164**	164	143
Deferred tax liabilities		**124**	105	120
Provisions		**172**	209	185
Lease liabilities		**263**	265	339
Insurance contract liabilities		**–**	135	–
Trade and other payables	14	**666**	744	834
Tax liabilities		**9**	8	28
Liabilities of disposal group classified as held for sale	8	**59**	–	57
Total liabilities		**451 735**	**385 746**	**419 071**
Total equity and liabilities		**455 430**	**390 181**	**423 661**

Condensed consolidated statement of cash flows

For the six months ended 30 September 2024

Rm	Notes	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Cash flows from operating activities				
Cash generated from operations		**373**	446	1 073
Interest received		**62**	88	164
Interest paid		**(34)**	(28)	(72)
Net cash flows received from insurance and policyholder contracts		**10**	2	21
Net cash flows (paid to)/received from policyholder investment contracts		**(2 170)**	976	830
Taxation paid		**(155)**	(118)	(238)
Dividends paid		**(1 161)**	(348)	(603)
Dividend payments made to non-controlling interests		**(11)**	(8)	(15)
Cash inflow/(outflow) from operating activities – discontinued operations		**1**	(31)	50
Net cash (outflow)/inflow from operating activities		**(3 085)**	**979**	**1 210**
Cash flows from investing activities				
Purchase of financial assets	11	**(522)**	(8)	(293)
Proceeds from disposal of financial assets	11	**661**	152	294
Payments for capital expenditure incurred on property, equipment and computer software		**(71)**	(111)	(221)
Purchase of customer relationships		**(5)**	(32)	(45)
Acquisition of subsidiary (net of cash acquired)	15	**(9)**	(82)	(84)
Proceeds from sale of subsidiaries and businesses – discontinued operations		**–**	–	31
Net cash inflow/(outflow) from investing activities		**54**	**(81)**	**(318)**
Cash flows from financing activities				
Repayment of borrowings	13	**(3)**	(1)	(3)
Borrowings raised	13	**411**	97	146
Payments of lease liabilities		**(83)**	(88)	(160)
Purchase of shares in terms of share incentive schemes		**(161)**	(106)	(107)
Net proceeds from sale of treasury shares held by policyholder investments		**–**	1	1
Purchase of treasury shares held by policyholder investments		–	(1)	(1)
Disposal of treasury shares held by policyholder investments		–	2	2
Net inflow/(outflow) from financing activities		**164**	(97)	(123)
(Decrease)/Increase in cash and cash equivalents		**(2 867)**	801	769
Cash and cash equivalents at the beginning of the period		**9 782**	8 978	8 978
Effects of exchange rate changes on cash and cash equivalents		**(3)**	20	35
Cash and cash equivalents at the end of the period		**6 912**	**9 799**	**9 782**
Analysed as follows:				
Cash and cash equivalents of continuing operations		**2 091**	**2 662**	**2 791**
Cash held under multi-manager investment contracts[1]		**4 821**	**7 137**	**6 991**
		6 912	**9 799**	**9 782**

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

Condensed consolidated statement of changes in equity

For the six months ended 30 September 2024

Rm	Share capital	Treasury shares	Other reserves	Accumulated loss	Total equity holders' funds	Non-controlling interest	Total equity
At 31 March 2023	**5 980**	**(322)**	**337**	**(1 540)**	**4 455**	**24**	**4 479**
Total comprehensive income	–	–	15	340	355	8	363
Profit for the period	–	–	–	340	340	8	348
Other comprehensive income	–	–	15	–	15	–	15
Total transactions with owners of the company	–	43	(118)	(348)	(423)	16	(407)
Shares purchased in terms of share incentive schemes	–	(106)	–	–	(106)	–	(106)
Settlement of share incentive schemes	–	148	(148)	–	–	–	–
Movement of treasury shares in policyholder assets	–	1	–	–	1	–	1
Dividends paid	–	–	–	(348)	(348)	(8)	(356)
Movement in share-based payment reserve	–	–	69	–	69	–	69
Transactions with non-controlling interests[1]	–	–	(39)	–	(39)	24	(15)
At 30 September 2023	**5 980**	**(279)**	**234**	**(1 548)**	**4 387**	**48**	**4 435**
Total comprehensive income	–	–	10	342	352	12	364
Profit for the period	–	–	–	332	332	12	344
Other comprehensive income	–	–	10	10	20	–	20
Total transactions with owners of the company	–	11	47	(255)	(197)	(12)	(209)
Shares purchased in terms of share incentive schemes	–	(1)	–	–	(1)	–	(1)
Settlement of share incentive schemes	–	12	(12)	–	–	–	–
Dividends paid	–	–	–	(255)	(255)	(7)	(262)
Movement in share-based payment reserve	–	–	59	–	59	–	59
Transactions with non-controlling interests[1]	–	–	–	–	–	(5)	(5)
At 31 March 2024	**5 980**	**(268)**	**291**	**(1 461)**	**4 542**	**48**	**4 590**
Total comprehensive income	**–**	**–**	**(5)**	**356**	**351**	**11**	**362**
Profit for the period	**–**	**–**	**–**	**352**	**352**	**11**	**363**
Other comprehensive income	**–**	**–**	**(5)**	**4**	**(1)**	**–**	**(1)**
Total transactions with owners of the company	**–**	**85**	**(170)**	**(1 161)**	**(1 246)**	**(11)**	**(1 257)**
Shares purchased in terms of share incentive schemes[2]	**–**	**(161)**	**–**	**–**	**(161)**	**–**	**(161)**
Settlement of share incentive schemes[3]	**–**	**246**	**(246)**	**–**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**(1 161)**	**(1 161)**	**(11)**	**(1 172)**
Movement in share-based payment reserve	**–**	**–**	**76**	**–**	**76**	**–**	**76**
At 30 September 2024	**5 980**	**(183)**	**116**	**(2 266)**	**3 647**	**48**	**3 695**

1 *Transactions with non-controlling interests in the prior year relate to the 40% non-controlling interest in TSA Administration Proprietary Limited (TSA) and include the 40% proportionate share of the net identifiable assets, amounting to R19 million, that were acquired as well as an option reserve, amounting to R39 million, relating to put options granted.*

2 *Shares to the value of R161 million were purchased for share incentive schemes.*

3 *The group settled shares amounting to R87 million relating to the forfeitable share scheme. In addition, shares amounting to R159 million relating to the conditional share scheme were settled.*

Condensed consolidated segmental income and profit analysis

For the six months ended 30 September 2024

Rm	Retirement consulting 2024	Retirement consulting 2023	Healthcare consulting 2024	Healthcare consulting 2023	Investments 2024	Investments 2023	Individual consulting 2024	Individual consulting 2023	Multinational consulting 2024	Multinational consulting 2023	Total consulting 2024	Total consulting 2023	Solutions & Enablement (S&E) 2024	Solutions & Enablement (S&E) 2023	Client Services & Business Optimisation (CSBO) 2024	Client Services & Business Optimisation (CSBO) 2023	Group total 2024	Group total 2023
Continuing operations																		
Fee and commission revenue	688	586	188	182	1 306	1 199	364	331	200	177	2 746	2 475	–	–	–	–	2 746	2 475
Fee and commission expenses	(28)	(30)	(4)	–	(420)	(399)	(136)	(122)	(18)	(13)	(606)	(564)	–	–	–	–	(606)	(564)
Operating income net of direct expenses	660	556	184	182	886	800	228	209	182	164	2 140	1 911	–	–	–	–	2 140	1 911
Other income	–	–	–	–	–	–	–	–	–	–	–	–	–	–	31	42	31	42
Operating expenses	(638)	(543)	(145)	(142)	(598)	(537)	(209)	(185)	(173)	(157)	(1 763)	(1 564)	–	–	(31)	(42)	(1 794)	(1 606)
Operating expenses before recoveries	(212)	(181)	(69)	(66)	(90)	(85)	(130)	(99)	(147)	(137)	(648)	(568)	(100)	(90)	(1 046)	(947)	(1 794)	(1 605)
Recoveries from S&E	(6)	(3)	(11)	(11)	(75)	(68)	(5)	(7)	(3)	(1)	(100)	(90)	100	90	–	–	–	–
Recoveries from CSBO	(420)	(359)	(65)	(65)	(433)	(384)	(74)	(79)	(23)	(19)	(1 015)	(906)	–	–	1 015	906	–	–
Recoveries from discontinued operations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1)	–	(1)
Normalised profit from operations before non-trading and capital items	22	13	39	40	288	263	19	24	9	7	377	347	–	–	–	–	377	347
Normalised non-trading and capital items	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(2)	1	(2)	1
Normalised operating profit/(loss)	22	13	39	40	288	263	19	24	9	7	377	347	–	–	(2)	1	375	348
Normalised investment income	–	2	–	–	1	1	4	4	(2)	1	3	8	2	–	99	103	104	111
Normalised finance cost	(10)	(8)	–	–	–	–	–	–	(2)	(1)	(12)	(9)	–	–	(17)	(10)	(29)	(19)
Normalised profit before taxation	12	7	39	40	289	264	23	28	5	7	368	346	2	–	80	94	450	440
Normalised income tax expense	(3)	(2)	(11)	(11)	(80)	(71)	(6)	(7)	(1)	(2)	(101)	(93)	(1)	–	(22)	(24)	(124)	(117)
Normalised profit for the period from continuing operations	9	5	28	29	209	193	17	21	4	5	267	253	1	–	58	70	326	323
Normalised (loss)/profit from discontinued operations (net of tax)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(4)	9	(4)	9
Normalised profit for the period	9	5	28	29	209	193	17	21	4	5	267	253	1	–	54	79	322	332
Normalised adjustments	(1)	–	–	–	–	–	–	–	(2)	(1)	(3)	(1)	–	–	44	17	41	16
Accounting for property leases	(1)	–	–	–	–	–	–	–	(2)	(1)	(3)	(1)	–	–	60	38	57	37
Amortisation of intangible assets arising from the 2007 private equity business combination	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(7)	(7)	(7)	(7)
Professional indemnity insurance cell-captive result	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6	(7)	6	(7)
Reported loss arising from accounting for policyholder investments in treasury shares	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1)	–	(1)
Investment income on behalf of policyholders	–	–	–	–	–	–	–	–	–	–	–	–	–	–	9	8	9	8
Tax effects on normalised adjustments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(24)	(14)	(24)	(14)
Profit for the period	8	5	28	29	209	193	17	21	2	4	264	252	1	–	98	96	363	348
Normalised basic earnings per share (cents)																	25.0	26.4
Normalised headline earnings per share (cents)																	25.0	26.4
Normalised weighted average number of shares in issue (millions)																	1 243	1 227

Condensed consolidated segmental income and profit analysis continued
For the six months ended 30 September 2024

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

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

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

The group's reportable segments under IFRS 8 are defined as follows:
Consulting - this includes:

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

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

Solutions & Enablement (S&E)

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

Client Services & Business Optimisation (CSBO)

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

Cost allocation methodology

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

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

Normalised segmental results

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

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

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

Professional indemnity insurance cell-captive results

The profits and losses of the facility are a result of the premiums paid, claims experienced and the changes made to the provision for expected future claims. The recorded profits and losses of the cell-captive facility should trend to zero over the longer term. The annual premiums paid for this insurance are included in the operating expenses of each segment. The group is required to consolidate the financial results of the cell-captive reporting a profit of R6 million for the period ended 30 September 2024 (2023: R7 million loss) which is recorded in non-trading and capital items.

Accounting for property lease

IFRS 16 requires an on-balance sheet recognition and measurement model for lessees, which includes the recognition of right-of-use assets as well as lease liabilities resulting in depreciation and finance costs being recognised in the income statement. These costs replace rental expenses which were recognised on a straight-line basis under the previous IAS 17. The group previously isolated and removed the accounting impact, under IAS 17, for property leases from the normalised results to afford a better comparison and to reflect the true premises cost over the long term. In order to ensure comparability and to again reflect the true premises cost, adjustments amounting to R70 million (2023: R47 million) have been effected to profit before non-trading and capital items in addition to finance costs of R13 million (2023: R10 million), resulting in a net adjustment of R57 million (2023: R37 million) to profit before tax.

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

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

Investment income and taxation payable on behalf of policyholders

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

Condensed notes

For the six months ended 30 September 2024

1. Basis of preparation

The condensed consolidated interim results of Alexander Forbes Group Holdings Limited (the group) for the six months ended 30 September 2024 include the condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and notes to the condensed consolidated financial statements.

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

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

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the preparation of previous consolidated annual financial statements. Amendments to standards effective for annual reporting periods beginning 1 January 2024 do not have a material effect on the group's condensed consolidated interim results.

2. Fee and commission revenue

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

Disaggregation of revenue

	Retirement consulting		Healthcare consulting		Investments		Individual consulting		Multinational consulting		Group total	
Rm	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue by type												
Consulting and advice fees	**114**	105	**42**	39	**18**	12	**345**	319	**89**	76	**608**	551
Administration fees	**494**	394	**2**	2	**–**	–	**19**	12	**82**	76	**597**	484
Commission	**46**	45	**144**	141	**–**	–	**–**	–	**9**	7	**199**	193
Investment management fees	**–**	–	**–**	–	**1 288**	1 187	**–**	–	**20**	18	**1 308**	1 205
Technology services fees	**34**	42	**–**	–	**–**	–	**–**	–	**–**	–	**34**	42
Total	**688**	**586**	**188**	**182**	**1 306**	**1 199**	**364**	**331**	**200**	**177**	**2 746**	**2 475**
Revenue by region												
South Africa	**678**	578	**188**	182	**1 306**	1 199	**364**	331	**–**	–	**2 536**	2 290
Namibia	**3**	2	**–**	–	**–**	–	**–**	–	**71**	60	**74**	62
Botswana	**1**	1	**–**	–	**–**	–	**–**	–	**80**	74	**81**	75
Jersey and Channel Islands	**–**	–	**–**	–	**–**	–	**–**	–	**38**	35	**38**	35
Other	**6**	5	**–**	–	**–**	–	**–**	–	**11**	8	**17**	13
Total	**688**	**586**	**188**	**182**	**1 306**	**1 199**	**364**	**331**	**200**	**177**	**2 746**	**2 475**
Timing of revenue recognition												
Products transferred at a point in time	**89**	17	**2**	2	**–**	–	**28**	27	**3**	–	**122**	46
Services transferred over time	**599**	569	**186**	180	**1 306**	1 199	**336**	304	**197**	177	**2 624**	2 429
Total	**688**	**586**	**188**	**182**	**1 306**	**1 199**	**364**	**331**	**200**	**177**	**2 746**	**2 475**

Condensed notes continued
For the six months ended 30 September 2024

3. Other income

Rm	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Sub-rental income	12	16	30
Technology fees	1	6	11
Other fees	18	20	38
Total other income	**31**	**42**	**79**

4. Non-trading and capital items

Rm	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Amortisation of intangible assets arising from the 2007 private equity transaction	(7)	(7)	(15)
Professional indemnity insurance cell-captive result	6	(7)	-
Professional costs for corporate transactions and other	(2)	1	(9)
Goodwill written off	-	-	(33)
Intangible assets written off	-	-	(21)
Software written off	-	-	(36)
Total non-trading and capital items	**(3)**	**(13)**	**(114)**

5. Investment income

Rm	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Interest income	104	109	219
Investment and dividend income	-	2	8
	104	111	227
Multi-manager operations			
Investment returns linked to policyholder tax expense	9	8	36
Total investment income	**113**	**119**	**263**
Investment income is derived from the following categories of financial assets:			
Amortised cost	104	109	219
Financial assets at fair value	9	10	44
Total investment income	**113**	**119**	**263**

6. Finance costs

Rm	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Interest on lease liabilities	(13)	(10)	(36)
Interest on borrowings[1]	(27)	(14)	(30)
Other interest	(2)	(5)	(8)
Total finance costs	**(42)**	**(29)**	**(74)**

1 *The increase in interest on borrowings relates to interest incurred on the general banking facility which has been drawn down to finance the group's working capital requirements in the short term. Refer to note 13.*

7. Income tax expense

Rm	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
South African income tax			
Current tax	(118)	(108)	(210)
Current year	(113)	(108)	(205)
Prior years	(5)	-	(5)
Deferred tax	(14)	(6)	(30)
Current year	(16)	(6)	(32)
Prior years	2	-	2
Foreign income tax	**(4)**	**(7)**	**(14)**
Current tax	(6)	(6)	(12)
Deferred tax	2	(1)	(2)
Foreign withholding tax	**(3)**	**(2)**	**(5)**
Income tax expense relating to corporate profits	**(139)**	**(123)**	**(259)**
Income tax expense on policyholder investment returns	**(9)**	**(8)**	**(36)**
Current tax - current year	(6)	(6)	(15)
Deferred tax - current year	(3)	(2)	(21)
Income tax expense	**(148)**	**(131)**	**(295)**

8. Discontinued operations

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

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

8.1 Net profit or loss of business units discontinued

Rm	Notes	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Insurance service result		(2)	(15)	103
Insurance service income/(expenses)		1	(34)	149
Net (expenses)/income from reinsurance contracts		(3)	19	(46)
Net insurance finance (expense)/income		(2)	2	(2)
Acquisition costs recovered		-	12	11
Operating expenses		(8)	(10)	(41)
(Loss)/profit from operations before non-trading and capital items		**(12)**	**(11)**	**71**
Non-trading and capital items		-	-	18
Operating (loss)/profit		**(12)**	**(11)**	**89**
Investment income		8	15	27
(Loss)/profit before tax		**(4)**	**4**	**116**
Income tax credit/(expense)		-	5	(10)
(Loss)/profit for the period		**(4)**	**9**	**106**
Profit on disposal of subsidiaries and businesses		-	-	6
Total (loss)/profit from discontinued operations		**(4)**	**9**	**112**
(Loss)/profit attributable to:				
Owners of the company		(4)	9	112

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

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

Rm	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Reinsurance contract assets	9	-	12
Trade and other receivables	37	-	37
Total assets	**46**	**-**	**49**
Insurance contract liabilities	59	-	57
Total liabilities	**59**	**-**	**57**
Total equity	**(13)**	**-**	**(8)**

9. Earnings per share

9.1 Basic earnings per ordinary share

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

9.2 Headline earnings per ordinary share

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

9.3 Diluted earnings per ordinary share

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

9.4 Normalised earnings per share

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

9.5 Number of shares

Millions	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Weighted average number of shares	1 328	1 328	1 328
Weighted average shares held by policyholders classified as treasury shares	(1)	(1)	(1)
Weighted average treasury shares	(85)	(101)	(97)
Weighted average number of shares in issue (net of treasury shares)	1 242	1 226	1 230
Dilutive shares	19	59	54
Diluted weighted average number of shares	**1 261**	**1 285**	**1 284**
Actual number of shares in issue	1 328	1 328	1 328
Actual treasury shares	(72)	(93)	(92)
Share buy-back programme	-	(4)	(4)
Forfeitable share plan (FSP)	(32)	(49)	(48)
Employee share option plan (ESOP)	(39)	(39)	(39)
Policyholder investment in treasury shares	(1)	(1)	(1)
Shares in issue net of treasury shares	**1 256**	**1 235**	**1 236**
Normalised number of shares			
Weighted average number of shares in issue	1 242	1 226	1 230
Shares held by policyholders classified as treasury shares	1	1	1
Normalised number of shares in issue	**1 243**	**1 227**	**1 231**

9. Earnings per share continued

9.6 Calculation of basic and headline earnings from total operations

Rm		Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Profit attributable to owners of the company		**352**	340	672
Adjusting items:				
Software written off – continuing operations		**–**	–	36
Goodwill written off – continuing operations		**–**	–	33
Intangible assets written off – continuing operations		**–**	–	21
Profit on disposal of subsidiaries – discontinued operations		**–**	–	(6)
Headline earnings for the period		**352**	**340**	**756**
Earnings per share from total operations[1]				
Basic earnings per share	(cents)	**28.4**	27.7	54.7
Headline earnings per share	(cents)	**28.4**	27.7	61.5
Diluted basic earnings per share	(cents)	**28.0**	26.5	52.3
Diluted headline earnings per share	(cents)	**28.0**	26.5	58.9

1 *Amounts computed using unrounded numbers.*

9.7 Calculation of normalised earnings from total operations

Rm		Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Normalised profit for the period per the group segmental income and profit analysis		**322**	332	628
Less: profit attributable to non-controlling interests		**(11)**	(8)	(20)
Normalised profit attributable to owners of the company		**311**	**324**	**608**
Adjusting items:				
Software written off – continuing operations		**–**	–	36
Goodwill written off – continuing operations		**–**	–	33
Intangible assets written off – continuing operations		**–**	–	21
Profit on disposal of subsidiaries – discontinued operations		**–**	–	(6)
Normalised headline earnings for the period		**311**	**324**	**692**
Normalised earnings per share from total operations[1]				
Normalised basic earnings per share	(cents)	**25.0**	26.4	49.4
Normalised headline earnings per share	(cents)	**25.0**	26.4	56.2

1 *Amounts computed using unrounded numbers.*

9.8 Calculation of basic and headline earnings from continuing operations

Rm		Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Profit after tax from continuing operations		**367**	339	580
Less: profit attributable to non-controlling interests		**(11)**	(8)	(20)
Profit attributable to owners of the company		**356**	**331**	**560**
Adjusting items:				
Software written off		**–**	–	36
Goodwill written off		**–**	–	33
Intangible assets written off		**–**	–	21
Headline earnings from continuing operations		**356**	**331**	**650**
Earnings per share from continuing operations[1]				
Basic earnings per share from continuing operations	(cents)	**28.7**	27.0	45.6
Headline earnings per share from continuing operations	(cents)	**28.7**	27.0	52.9
Diluted basic earnings per share from continuing operations	(cents)	**28.3**	25.8	43.6
Diluted headline earnings per share from continuing operations	(cents)	**28.3**	25.8	50.6

1 *Amounts computed using unrounded numbers.*

9.9 Calculation of basic and headline earnings from discontinued operations

Rm		Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
(Loss)/profit after tax from discontinued operations		**(4)**	9	112
(Loss)/profit from discontinued operations attributable to owners of the company		**(4)**	**9**	**112**
Adjusting items:				
Profit on disposal of subsidiaries		**–**	–	(6)
Headline (loss)/profit from discontinued operations		**(4)**	**9**	**106**
Earnings per share from discontinued operations[1]				
Basic (loss)/earnings per share from discontinued operations	(cents)	**(0.3)**	0.7	9.1
Headline (loss)/earnings per share from discontinued operations	(cents)	**(0.3)**	0.7	8.6
Diluted basic (loss)/earnings per share from discontinued operations	(cents)	**(0.3)**	0.7	8.7
Diluted headline (loss)/earnings per share from discontinued operations	(cents)	**(0.3)**	0.7	8.3

1 *Amounts computed using unrounded numbers.*

Condensed notes continued
For the six months ended 30 September 2024

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

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

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

Rm	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Total financial assets held under multi-manager investment contracts (per statement of financial position)	449 486	383 789	416 989
Reversal of adjustments made under IFRS:			
Alexander Forbes shares held as policyholder assets and reclassified in the group statement of financial position as treasury shares	25	24	25
Financial effects of accounting for policyholder investments as treasury shares – prior year	(21)	(22)	(22)
– current year	–	1	1
Total financial liabilities held for policyholders under multi-manager investment contracts	449 490	383 792	416 993

11. Financial assets

Rm	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
11.1 Total financial assets			
Non-current financial assets	26	28	29
Current financial assets	628	547	729
Total financial assets	654	575	758
11.2 Analysis of financial assets			
Financial assets designated at fair value through profit and loss	628	547	729
Financial assets classified at amortised cost	13	15	16
Financial assets designated as fair value through other comprehensive income	13	13	13
Total financial assets	654	575	758
11.3 Reconciliation of movements in financial assets			
Opening balance	758	696	696
Purchases	522	8	293
Withdrawals	(661)	(152)	(294)
Reinvested interest	42	23	63
Impact of currency exchange differences on foreign operations	(7)	–	–
Closing balance	654	575	758

12. Trade and other receivables

Rm	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Financial assets			
Trade receivables[1]	188	189	192
Other receivables	118	139	119
Total financial assets	306	328	311
Non-financial assets			
Contract assets	38	39	36
Prepayments[2]	150	111	50
Total trade and other receivables	494	478	397

1 Included in trade and other receivables is a loss allowance on trade receivables of R14 million (R12 million at March 2024).
2 The increase in prepayments in the current period is attributable to the renewal of licence agreements as well as additional IT licenses procured.

13. Borrowings

Rm	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
13.1 Analysis of borrowings			
Term loan facility – South Africa	349	302	338
General banking facility – South Africa	408	–	–
Term loan facility – Botswana	12	–	14
Senior debt facility – Namibia	19	22	20
Total	788	324	372
13.2 Reconciliation of movements in borrowings			
Opening balance	372	227	227
Borrowings raised	411	97	146
Interest accrued	27	14	30
Interest paid	(19)	(13)	(28)
Borrowings repaid	(3)	(1)	(3)
Closing balance	788	324	372
13.3 Discounted maturity analysis of borrowings			
Due within one year	418	3	5

Term loan facility – South Africa

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

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

13. Borrowings continued

General banking facility – South Africa

In July 2024 AFL entered into a short-term uncommitted working capital facility agreement with a South African bank. The total funding available under this facility is R400 million and may be drawn at any time, in whole or in part during the availability period of twelve months. The facility bears interest at JIBAR plus 1.42% compounded monthly. The repayment at the end of the term will comprise of both interest and principal.

Term loan facility – Botswana

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

Senior debt facility – Namibia

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

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

Financial covenants

There are financial covenants in favour of the lenders under the facilities which are assessed at each reporting date. For the term loan facility, the group is required to maintain an interest cover of not less than 3.5 times and a senior debt net leverage ratio greater than 2.75 times, whereas AF Namibia Holdings is required to maintain a debt service cover ratio of less than 1.5 times and cash coverage above 1.2 times for the SDF. The group's ratios did not breach the stipulated thresholds during the period and none of the financial covenants were in breach as at 30 September 2024.

14. Trade and other payables

Rm	Notes	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Financial liabilities				
Trade payables		**179**	140	196
Accrued expenses		**162**	173	200
Other payables[1]		**171**	303	161
Put option liability	14.1	**41**	40	39
		553	656	596
Non-financial liabilities				
Employee-based accruals		**113**	88	238
Total		**666**	**744**	**834**

1 Included in other payables in the prior period was an outstanding liability in AF Life Limited for admitted claims due to Sanlam in line with the sale and transfer agreement, which was settled in the prior year.

14.1 Put option liability

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

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

15. Acquisition of GQM Administrators Proprietary Limited

On 30 August 2024 the group acquired 100% of the issued share capital and the voting rights in GQM Administrators Proprietary Limited (GQM), a private company in South Africa which provides retirement fund administration services. The purchase was funded by the term loan facility. Refer to note 13.

The acquisition of GQM is expected to add to the group's administration service offering.

The details of the purchase consideration are as follows:

Rm	
Cash	11
Contingent consideration[1]	6
Fair value of the consideration transferred	**17**

1 The group has agreed to pay an additional consideration of R7.6 million 18 months from the effective date, subject to the seller meeting pre-agreed commitments. The group has recognised R6 million as a contingent consideration which represents the fair value at the date of acquisition using the net present value method. The discount rate used for the valuation of the contingent consideration is the weighted average cost of capital of GQM at acquisition date.

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

Rm	
Intangible assets – customer relationships	16
Property and equipment	1
Trade and other receivables	2
Cash and cash equivalents	2
Total assets	**21**
Deferred tax liability	(2)
Lease liabilities	(1)
Trade and other payables	(1)
Total liabilities	**(4)**
Total net identifiable assets acquired	**17**
Goodwill	–

Identifiable net assets

Intangible assets consist of customer relationships with a fair value of R16 million. The net present value method was used to value the customer relationships where the contractual cash flows were valued over a term of 10 years at a discount rate based on the government bond yield rate with a corresponding term and the applicable risk premium.

The fair value of trade and other receivables acquired amounted to R2 million, with the gross contractual balance of the same amount.

GQM's contribution to the group results

GQM earned a profit of R1 million for the period from acquisition date to 30 September 2024. Revenue for the one month to 30 September 2023 was R2 million.

If the acquisition had occurred on 1 April 2024, the consolidated revenue and profit for the group for the six months ended 30 September 2024 would have been R2 755 million and R364 million respectively.

16. Financial risk management and financial instruments

16.1 Financial risk factors

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

There have been no material changes in the risk management or in any risk management policies since the year ended 31 March 2024.

16.2 Liquidity risk

The contractual undiscounted cashflows for financial liabilities in the current period include a short term general banking facility of R408 million bearing interest at JIBAR plus 1.42% compounded monthly. Refer to note 13.

16.3 Exchange rate risk

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

	Six months 30 Sep 2024	Six months 30 Sep 2023	Twelve months 31 Mar 2024
Weighted average rate (Rand:Sterling)	**23.2**	23.2	23.5
Closing rate (Rand:Sterling)	**23.1**	23.1	23.8

16.4 Fair value hierarchy

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

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

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

Rm	Level 1	Level 2	Level 3	Total
30 September 2024				
Financial assets measured at fair value				
Financial assets held under multi-manager investment contracts[1]	**360 646**	**76 388**	**12 452**	**449 486**
General operations	**–**	**628**	**13**	**641**
Total financial assets measured at fair value	**360 646**	**77 016**	**12 465**	**450 127**
Financial liabilities measured at fair value				
Financial liabilities held under multi-manager investment contracts	–	449 490	–	449 490
Contingent consideration	–	–	6	6
Total financial liabilities measured at fair value	**–**	**449 490**	**6**	**449 496**
31 March 2024				
Financial assets measured at fair value				
Financial assets held under multi-manager investment contracts[2]	324 463	80 387	12 139	416 989
General operations	–	729	13	742
Total financial assets measured at fair value	**324 463**	**81 116**	**12 152**	**417 731**
Financial liabilities measured at fair value				
Financial liabilities held under multi-manager investment contracts	–	416 993	–	416 993
Contingent consideration	–	–	–	–
Total financial liabilities measured at fair value	**–**	**416 993**	**–**	**416 993**

1 *Included in the level 2 balance are cash and cash equivalents amounting to R4 821 million measured at amortised cost. Amortised cost is considered a reasonable estimate of fair value due to the short-term nature of cash and cash equivalents.*

2 *Included in the level 2 balance are cash and cash equivalents amounting to R6 160 million measured at amortised cost. Amortised cost is considered a reasonable estimate of fair value due to the short-term nature of cash and cash equivalents.*

Transfers between Levels 1 and 2

Movements in financial assets associated with multi-manager investment contracts are directed by clients. These movements are a result of investments and withdrawals made. There were no transfers between Levels 1 and 2 during the period as a result of a change in valuation methodology.

Reconciliation of Level 3 instruments

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

Summary of changes in group Level 3 instruments are noted in the table below:

Rm	Financial assets under multi-manager assets
Financial assets	
Opening balance at 1 April 2024	**12 139**
Total gains recognised in profit or loss	**300**
Purchases	**432**
Disposals	**(419)**
Closing balance at 30 September 2024	**12 452**
Opening balance at 1 April 2023	11 488
Total gains recognised in profit or loss	1 130
Transfers of financial assets at FVTPL	(715)
Purchases	975
Disposals	(739)
Closing balance at 31 March 2024	**12 139**

Sensitivity analysis for Level 3 financial assets

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

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

16.5 Valuation methods and assumptions for valuation techniques

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

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

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

17. Contingencies

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

17.1 Client settlements arising from historical business practices – bulking

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

Forward-looking statements

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

Corporate information

Alexander Forbes Group Holdings Limited
Registration number: 2006/025226/06
Tax reference number: 9404/921/15/8
JSE share code: AFH
ISIN: ZAE000191516
(Incorporated in the Republic of South Africa)

Independent directors
Kuseni Dlamini (Chair), Andile Mazwai, Ndumi Medupe, Nosipho Molope, Robert Roux

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

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

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

Investor relations
Zakira Amra

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