OUTsurance Group Limited

Consolidated Annual Financial Statements

for the year ended 30 June 2024

OUTsurance Group Limited consolidated annual financial statements for the year ended 30 June 2024

The reports and statements set out alongside comprise the consolidated annual financial statements presented to the shareholders:

Statement of responsibility by the Board of directors

In accordance with Companies Act requirements, the directors of OUTsurance Group Limited are responsible for the preparation of the consolidated and separate annual financial statements which conform with IFRS® Accounting Standards and, in accordance with IFRS, fairly present the financial position of the Group and Company as at the end of the financial year and the comprehensive income and cash flows for that year.

The directors are ultimately responsible for the Group and Company's system of internal control. Management enables the directors to meet these responsibilities. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the consolidated and separate annual financial statements in terms of IFRS and to adequately safeguard, verify and maintain accountability for Group and Company assets. Accounting policies supported by judgements, estimates and assumptions which comply with IFRS are applied on a consistent and going concern basis.

Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. Systems and controls are monitored throughout the Group and Company.

Based on the information and explanations given by management, internal audit and the Audit, Risk and Compliance Committee, the directors are of the opinion that the accounting controls are adequate and that the financial records may be relied upon for preparing the consolidated and separate annual financial statements in accordance with IFRS and maintaining accountability for the Group and Company's assets and liabilities. Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of these controls, resulting in material loss to the Group and Company, has occurred during the year and up to the date of this report.

The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated and separate annual financial statements.

It is the responsibility of the Group and Company's independent external auditors to report on the fair presentation of the consolidated and separate annual financial statements. Their unqualified report appears on pages 12 to 17.

The preparation of the audited consolidated and separate annual financial statements for the year ended 30 June 2024 was supervised by JH Hofmeyr, Chief financial officer of OUTsurance Group Limited. The audited consolidated and separate annual financial statements have been audited in compliance with section 30(2)(a) of Companies Act 71 of 2008.

The audited consolidated and separate annual financial statements for the year ended 30 June 2024 which appear on pages 18 to 203, were approved by the Board of directors on 12 September 2024 and are signed on its behalf by:

HL Bosman
Chairman
Signed: Centurion
Date: 12 September 2024

MC Visser
Chief Executive Officer
Signed: Centurion
Date: 12 September 2024

Certificate by the Group Secretary

for the year ended 30 June 2024

As Group Secretary, I hereby confirm, in terms of section 88(2)(e) of the Companies Act of 2008, that for the year ended 30 June 2024, the Group and Company have lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

JS Human
Group Secretary
Signed: Centurion
12 September 2024

Internal financial controls declaration

Each of the directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 18 to 203 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the Audit, Risk and Compliance committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

Mr Marthinus Visser
Group Chief Executive Officer
12 September 2024

Mr Jan Hofmeyr
Group Financial Director
12 September 2024

Report by the Audit, Risk and Compliance Committee

The OUTsurance Group Limited's independent Audit, Risk and Compliance Committee (the Committee) is pleased to present the report for the financial year ended 30 June 2024.

The Committee discharged its responsibilities as mandated by the Board and performed its statutory duties in compliance with section 94(7) of the Companies Act 71 of 2008 (Companies Act), the JSE Listings Requirements (JSE LR), and the King IV™ Report on Corporate Governance for South Africa 2016 (King IV™*).

The Committee operates within a Board-approved mandate and terms of reference, which are aligned with the legislation and regulations as set out above.

Composition and meetings

The Committee's membership comprises five independent non-executive directors. Brief profiles of the Committee members are available on page 62 to 64 of our 2024 integrated report. The Group Chief Executive Officer, Group Chief Financial Officer, Chief Risk Officer, Chief Audit Executive, Heads of Actuarial functions, external auditors and other assurance providers attend committee meetings, by invitation in an ex-officio capacity. The heads of the control functions meet at least quarterly with the chair of the Committee. The Chief Risk Officer, Chief Audit Executive and external auditors meet independently with the Committee members as and when required.

The Committee met five times during the reporting period. The membership and attendance at year-end are available on page 69 of the 2024 integrated report.

With effect November 2024, the Audit, Risk and Compliance Committee will be split into a separate Board Audit Committee and Board Risk Committee. This Governance change will allow for enhanced oversight capacity in light of the growing geographical scope of the Group and increasing regulatory environment.

Roles and responsibilities

The Committee discharged all its functions delegated to it in terms of section 94 (7) of the Companies Act and the Board approved charter, prescribing the following duties to:

- Nominate for appointment, an external auditor who is independent of the company in accordance with the Companies Act requirements and JSE LR
- Determine the fees to be paid to the auditor and the auditor's terms of engagement
- Determine the nature and extent of any non-audit services that the auditor may provide to the company and pre-approve any proposed agreement with the auditor for the provision of non-audit services to the company
- Appoint the heads of control functions, assess their performance, and oversee their disciplinary matters and terminations
- Ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities
- Attend to any matters relating to accounting practices and internal audit of the company, content or auditing of the company's financial statements and the internal financial controls of the company
- Make submissions to the Board on any matter concerning the company's accounting policies, financial control, records and reporting
- Monitor, evaluate, review and approve internal audit, risk management, regulatory and compliance, financial accounting and reporting practices, the internal control environment and corporate governance practices.

In addition to the above duties, the Committee assists the Board to:

- Evaluate the adequacy and efficiency of the internal control systems, accounting practices, information systems, auditing and actuarial valuation processes applied in the day-to-day management of the business of the Group
- Ensure that an effective risk management framework is in place which includes all the policies, systems, processes and procedures within the Group
- Review annual reports on disaster recovery test results, the business continuity plan, evacuation test results and the reinsurance strategy
- Review and pre-approve the compliance plan and policies of the Group and make recommendations to the Board
- Review the adequacy and effectiveness of procedures for monitoring compliance with laws and regulations
- Review the governance of Information Technology (IT) and ensure that the IT strategy and risk management process are aligned with the business strategy and sustainability objectives of the Group
- Oversee financial risk and asset-liability matching strategies of the Group
- Oversee the Group's finance systems transformation project
- Identify any build-up and concentration of the various risks to which the Group is exposed

- Identify and monitor all material risks to ensure that its decision-making capability and accuracy of its reporting is adequately maintained
- Facilitate and ensure the appropriate segmentation of duties of the risk management function from operational business line responsibilities and ensure that the segregation is observed
- Introduce measures to enhance the adequacy and effectiveness of the risk management system
- Oversee the monitoring of risk management on an enterprise-wide and individual business unit basis
- Facilitate and promote communication and liaison between the Board, senior management, the external auditor and internal audit function concerning matters regarding effective governance.

International Financial Reporting Standard 17 (IFRS 17)

The Committee had oversight of the successful implementation and finalisation of IFRS 17. The Committee is satisfied with the accounting policy and reporting changes adopted to align with the new accounting standard.

King IV

The Group applied the principles of King IV, which includes the five lines of assurance to incorporate all assurance providers to enhance transparency, accountability and risk management across the Group and enable an effective control environment to strengthen decision-making.

- The first line of defense own and manage risk and involves line managers' oversight on frameworks, policies, procedures and system controls.
- The second line are specialist functions that oversee risk management and compliance and are independent of day-to-day management which provides assurance to the Board.
- The third line are the internal assurance providers. Internal audit remains a pivotal part of governance relating to assurance and King IV therefore expects the Board to apply its mind to the assurance standards expected from internal auditors.
- The fourth line are external assurance providers, e.g. external auditors who provide an independent and balanced view of the effectiveness of the other lines of defense.
- The fifth line is the Board and board subcommittees who ensure that the combined assurance framework operates effectively.

Annual Confirmations

Internal Audit

The Group's internal audit is a key independent assurance provider to the Committee and provides value by contributing insight into the activities of the Group and employs a risk-based audit approach. Appropriate structures are in place to ensure the independence of the internal auditors and the Chief Audit Executive has direct access to the Committee. The Committee accordingly reviews and approves the internal audit charter and the annual internal audit plan. The Chief Audit Executive is responsible for reporting on the findings of the internal audit work against the agreed internal audit plan to the Committee on a regular basis.

The Committee has accordingly assessed the performance of the Chief Audit Executive and is satisfied that the internal audit function is independent and appropriately resourced, and that the Chief Audit Executive has fulfilled the obligations of the position.

The internal audit performed an annual review of the adequacy and effectiveness of the Group's internal control environment. Based on the results of these reviews, internal audit confirmed to the Committee that nothing has emerged to indicate material control weakness in the governance, risk management and system of internal controls, including internal financial controls from the aspect of design, implementation or operation. This written assessment by internal audit formed the basis for the Committee's recommendation to the Board in this regard.

Combined assurance

The Group follows a combined assurance model, which is a three-layered coordinated assurance approach to ensure the integration, coordination and alignment of risk management and assurance activities to optimise the level of risk, governance, and control oversight in the Group.

The combined assurance is administered through the Combined Assurance Forum (the Forum) which is chaired by the Chief Audit Executive and the membership comprises the Chief Risk and Compliance Officer, External Audit, Information Security Manager, and the Chief Financial Officer. The forum met three times during the reporting period.

The Forum serves to support the objectives of the combined assurance model, to accomplish the philosophy behind it and maintain an effective control environment. It provides a platform for control functions and assurance providers to discuss relevant themes including emerging and material risks.

Audit, risk and compliance committee

The Committee is accountable to fulfil the audit functions, duties and oversight for the Group. The composition, knowledge, experience, and size of the Committee complied with the requirements of Section 33 of the Insurance Act 18 of 2017 and Prudential Standard GOI 2. The Committee always includes members with technical, accounting, and actuarial skills as well as experience in both long-term and short-term insurance.

Report by the Audit, Risk and Compliance Committee *continued*

In executing its mandate, the Committee co-ordinates with management, risk, compliance, internal auditors, and external auditors and obtain necessary information to perform its functions. It also ensures that adequate time and oversight is provided to all licensed entities. The Committee has access to training in respect of new technical accounting standards that impact the Group, specifically IFRS 17.

Finance function

The Committee confirms that it is satisfied that Mr Hofmeyr, the current Group Chief Financial Officer possesses the appropriate expertise and experience to meet the responsibilities of this position. The Committee is also satisfied with the expertise and adequacy of the resources of the finance function and experience of the senior members of management responsible for it. The results of the assessments confirm that the finance function is well skilled and resourced to achieve its objectives.

Independence of the external auditor

The Committee assessed the independence of the external auditor and considered details of any relationship between the Group and KPMG that may have an impact on their independence, and received confirmation of KPMG's independence. The Committee is satisfied that the external auditor, at all times, acted with unimpaired independence and observed the highest level of business and professional ethics. In reaching this conclusion, the committee considered the following:

- Representations made by the external auditor to the audit and risk committee
- Independence criteria specified by the Independent Regulatory Board for Auditors and international regulatory bodies as well as criteria for internal governance processes within the audit firms
- Auditor suitability assessment in terms of paragraph 3.84(g)(iii) and section 22.15(h) of the JSE Listings Requirements
- Previous appointments of the auditor
- The extent of other non-audit services undertaken by the auditor for the Group.

The designated partner responsible for the audit was Mr Nishen Bikhani.

The Committee meets with the auditor independently from senior management to provide an opportunity for open dialogue and feedback.

External audit

The shareholders approved the Committee's nomination of KPMG as the auditor of the Group at the Annual General Meeting (AGM) held in November 2023. The company's external auditor attends all Audit, Risk and Compliance committee meetings and the AGM of shareholders and has direct access to the chair of the Audit, Risk and Compliance committee and the chair of the Board. The external audit scope of work is adequately integrated with the internal audit function without restricting the scope.

The Committee, in consultation with executive management, agreed to the engagement letter, terms of engagement, audit plan and budgeted audit fees for the 2024 financial year. There is a formal procedure that governs the process whereby auditors are considered for non-audit services.

Regulatory environment

The Committee monitors the ever changing regulatory and legislative compliance landscape applicable to the Group's operations. Regular management reporting is conducted to monitor progress and compliance.

The Committee is satisfied with the skills and expertise of management regarding regulatory and legislative compliance.

Going concern

The Committee has assessed the going concern status of the Group and has accordingly confirmed to the Board that the Group will be a going concern for the foreseeable future.

Conclusion

The Committee will continue to discharge its duties and responsibilities as envisaged in its formal charter and in line with the principles of good corporate governance.

Mr GL Marx
Chairperson

12 September 2024

Directors' report

Nature of business

The orderly and managed transition to a structure that represents an effective listing of OUTsurance Holdings Limited (OHL) was completed during the previous financial year, when the company's shares started trading as OUTsurance Group Limited (OGL) in December 2022. The transition resulted in a simpler operational structure offering a single access point to OHL, an OHL management team with direct accountability to shareholders, a higher dividend payout ratio and the elimination to a large extent of the costs incurred at the OGL head office going forward.

During the 2024 financial year, the following restructuring and corporate actions took place:

- The Group sold its stake in AutoGuru, an Australian-based associate, for R68 million.
- OHL acquired Youi shares from a minority shareholder for AUS$42.5 million, thereby increasing its stake in Youi from 92% to 94.6%.
- The Group capitalised its Irish subsidiary with a total of R1 870 million (€91.1 million). This was funded with surplus capital and a withdrawal from the group's revolving credit facility. OUTsurance Ireland obtained regulatory authorisation to trade as a non-life insurance undertaking in the Irish car and home insurance market and started selling its first policies.
- OGL issued an additional 5 127 086 shares in exchange for 11 740 624 shares in OHL and acquired an additional 14 308 325 shares in OHL. This increased OGL's stake in OHL from 89.8% to 90.5%.
- OGL's stake in Entersekt diluted from 25.8% to 14.7% following a group restructure and a rights issue by Entersekt to fund the acquisition of Modirum.
- The sale of OUTvest to Alexforbes and the sale of RMI Investment Managers (excluding the group's investment in Polar Star) to Momentum Metropolitan Holdings Limited (MMH) were concluded.

The table below summarises the OGL Group's actual interest in its investee companies as at 30 June 2024 compared to 30 June 2023:

	30 June 2024	30 June 2023
OUTsurance Holdings Limited	**90.5%***	89.8%*
RMI Treasury Company Limited	**100.0%**	100.0%
RMI Investment Managers Group Proprietary Limited	**100.0%**	100.0%
RMI Investment Holdings Proprietary Limited	**100.0%**	100.0%
Main Street 1353 Proprietary Limited	**51.0%**	51.0%

* Actual interest differs from the effective interest used for financial reporting due to the consolidation of treasury shares and "deemed" treasury shares held by group companies (see note 18).

Further details regarding the investments are provided in note 18 to these annual financial statements.

Share capital

The classes of shares in terms of OGL's MOI are as follows:

Ordinary shares

The total authorised number of ordinary shares is 2 000 000 000, with a par value of R0.0001 per share. The total number of issued ordinary shares is 1 537 535 862 (2023: 1 532 408 776).

The unissued share capital is under the control of the board of directors until the forthcoming annual general meeting.

Preference shares

Cumulative, redeemable par value preference shares

The total authorised number of cumulative, redeemable par value preference shares is 100 000 000, with a par value of R0.0001 per share. There are no issued cumulative, redeemable par value preference shares.

Cumulative, redeemable no par value preference shares

The total authorised number of cumulative, redeemable no par value preference shares is 100 000 000. There are no issued cumulative, redeemable no par value preference shares.

Cumulative, redeemable no par value preference shares in terms of clause 7.1 of the MOI

The total authorised number of cumulative, redeemable no par value preference shares created in terms of the group's debt programme and outlined in clause 7.1 of the MOI, is 100 000 000. None of these shares have been issued to date.

Shareholder analysis

Based on information disclosed by STRATE and investigations conducted on behalf of the company, the following shareholders have an interest of 5% or more in the issued ordinary share capital of the company:

	30 June 2024	30 June 2023
Remgro Limited	**30.5%**	30.6%
Royal Bafokeng Investment Holding Company	**14.1%**	14.2%
Public Investment Corporation	**11.0%**	10.0%

Earnings

Earnings attributable to ordinary shareholders for the year ended 30 June 2024 amounted to R4 061 million or 265.5 cents per share (2023: R2 980 million or 194.5 cents per share). Headline earnings amounted to R3 525 million or 230.4 cents per share (2023: R2 963 million or 193.4 cents per share).

Dividends

The following ordinary dividends were declared by OGL during the year under review:

- An interim dividend for the six months ended 31 December 2023 of 61.2 cents per ordinary share, declared on 18 March 2024 and paid on 15 April 2024 (31 December 2022: 56.8 cents per ordinary share, declared on 22 March 2023 and paid on 17 April 2023).
- A final dividend for the year ended 30 June 2024 of 113.2 cents per ordinary share, declared on 16 September 2024 and payable on 21 October 2024 (30 June 2023: 78.0 cents per ordinary share, declared on 15 September 2023 and paid on 9 October 2023).
- A special dividend for the year ended 30 June 2024 of 40.0 cents per ordinary share, declared on 16 September 2024 and payable on 21 October 2024 (30 June 2023: special dividend of 8.5 cents per ordinary share, declared on 15 September 2023 and paid on 16 October 2023).

Directorate

The directorate comprises:

Name	Date of appointment
Non-executive directors	
HL Bosman (Chairman)	2 April 2014
JJ Durand	8 December 2010
A Kekana	6 February 2013
WT Roos	8 November 2022
Independent non-executive directors	
B Hanise	8 November 2022
MM Mahlare	31 March 2018
GL Marx	8 November 2022
ET Moabi	8 November 2022
MM Morobe	1 August 2014
SV Naidoo	8 November 2022
RSM Ndlovu	8 November 2022
K Pillay (lead independent)	8 November 2022
JA Teeger	31 March 2018
JE van Heerden	8 November 2022
Executive director	
MC Visser (CEO)	8 November 2022
JH Hofmeyr (FD)	8 November 2022
Alternate directors	
F Knoetze	1 April 2016
UH Lucht	3 September 2019

Mr AW Hedding retired as director with effect from 12 September 2023 and Mr JP Burger resigned as a director with effect from 30 November 2023. Mr GL Marx retired on 12 September 2024.

Interests of directors and officers

During the financial year, no contracts were entered into in which directors or officers of the company had an interest and which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group except to the extent that they are shareholders in OGL as disclosed in this report.

Director's emoluments and service contracts

Directors' and prescribed officers' emoluments are disclosed in note 39 to the consolidated financial statements.

At each annual general meeting one third of the non-executive directors have to retire from office. If at the date of any annual general meeting any non-executive director has held office for a period of three years since his last election or appointment, he has to retire at such meeting. A retiring director is eligible for re-election.

The remuneration of the non-executive directors is approved annually by way of a special resolution at the annual general meeting. The company's remuneration policy is approved annually by way of an advisory ordinary resolution at the annual general meeting.

Directors' participation in group share incentive schemes

OHL has a cash and equity-settled share scheme, with Youi operating an equity-settled share scheme.

Insurance

OGL has appropriate insurance cover against crime risks as well as professional indemnity.

Company secretary and registered offices

Schalk Human is the company secretary of OGL. The address of the company secretary is that of the company's registered office. The company's registered office is 1241 Embankment Road, Zwartkop Ext 7, Centurion, 0157.

Special resolutions

The following special resolutions were passed at the annual general meeting of OGL held on 23 November 2023:

- approval of non-executive directors' remuneration with effect from 1 December 2023;
- general authority to repurchase company shares;
- issue of shares, convertible securities and/or options to persons listed in section 41(1) of the Companies Act for the purposes of their participation in a reinvestment option;
- issue of shares, convertible securities and/or options to persons listed in section 41(1) of the Companies Act in connection with the settlement of eligible participants' rights under the Group's applicable share or employee incentive scheme;
- financial assistance to directors, prescribed officers and employee share scheme beneficiaries; and
- financial assistance to related or inter-related entities.

OHL passed the following special resolutions at its annual general meeting held on 23 November 2023:

- general authority to provide financial assistance to related or inter-related entities in terms of section 45 the Companies Act; and
- approval of the remuneration of non-executive directors.

Events subsequent to reporting date

Refer to note 40 to the consolidated annual financial statements.

Directors' interests in ordinary shares of OGL

Directors have disclosed the following interest in the ordinary shares of OGL at 30 June 2024:

000's	Direct beneficial	Indirect beneficial	Held by associates	Total 2024
HL Bosman	–	1 200	–	1 200
JJ Durand	–	–	–	–
B Hanise	24	–	–	24
JH Hofmeyr[1]	–	1 094	–	1 094
A Kekana	–	–	–	–
F Knoetze (alternate)	–	–	–	–
UH Lucht (alternate)	–	–	–	–
MM Mahlare	–	–	–	–
GL Marx	5	–	–	5
ET Moabi	2	–	–	2
MM Morobe	–	–	–	–
SV Naidoo	–	–	–	–
RSM Ndlovu	–	–	–	–
K Pillay	–	37	–	37
WT Roos	–	–	–	–
JA Teeger	45	104	–	149
JE van Heerden	–	–	–	–
MC Visser	380	–	–	380
TOTAL INTEREST	**456**	**2 435**	**–**	**2 891**

1. Mr Hofmeyr pledged 249 681 of his OGL shares as security for a share lending facility.

Directors have disclosed the following interest in the ordinary shares of OGL at 30 June 2023:

000's	Direct beneficial	Indirect beneficial	Held by associates	Total 2023
HL Bosman	–	1 000	–	1 000
JP Burger	–	1 184	–	1 184
JJ Durand	–	–	–	–
B Hanise	–	–	–	–
AW Hedding	–	–	–	–
JH Hofmeyr	–	621	–	621
A Kekana	–	–	–	–
F Knoetze (alternate)	–	–	–	–
UH Lucht (alternate)	–	–	–	–
MM Mahlare	–	–	–	–
GL Marx	–	–	–	–
ET Moabi	2	–	–	2
MM Morobe	–	–	–	–
SV Naidoo	–	–	–	–
RSM Ndlovu	–	–	–	–
K Pillay	–	23	–	23
WT Roos	–	–	–	–
JA Teeger	42	54	–	96
JE van Heerden	–	–	–	–
MC Visser	1	–	–	1
TOTAL INTEREST	45	2 882	–	2 927

Since 30 June 2024 to the date of this report, the interest of directors remained unchanged.

Independent auditor's report

To the Shareholders of OUTsurance Group Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of OUTsurance Group Limited (the Group and Company) set out on pages 18 to 203, which comprise the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate statements of profit or loss, consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of OUTsurance Group Limited as at 30 June 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) the JSE Listings Requirements and the South African Companies Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor’s report *continued*

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters apply only to the audit of the consolidated financial statements.

We have determined that there are no key audit matters to communicate in our report on the separate financial statements.

<table>
<tr><th>KEY AUDIT MATTER</th><th>HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER</th></tr>
<tr><td colspan="2">Transition to IFRS 17 Insurance Contracts in the consolidated financial statements</td></tr>
<tr><td>
Refer to:
■ Note 2.2 Standard issued and effective for the first time for the financial period ending 30 June 2024: IFRS 17 Insurance Contracts; and
■ Note 2.3 Impact on financial statements with the transitioning to IFRS 17.

The group adopted IFRS 17 on 1 July 2023 and restated comparative information. The Group adopted IFRS 17 using the full retrospective approach.

The transition to IFRS 17 had a significant impact on the presentation of the Group’s financial statements, measurement of the insurance contracts and on key performance indicators of the Group.

Notes 2.2 and 2.3 of the Group’s consolidated financial statements presents information on the impact resulting from the first-time application of IFRS 17 and the main accounting principle choices applied at the transition date.

According to note 2.3, the adoption of this new accounting standard led to an impact of R300.8m increase in equity on OUTsurance Life and R49.4m increase in equity on the property and commercial books as of 1 July 2022 being the transition date.

Due to the application of the General Measurement Model (“GMM”) and Premium Allocation Approach (“PAA”) within the Group, there are areas which required significant changes to accounting and actuarial processes, introducing increased complexity. This included in particular:
■ Management’s accounting policy frameworks and choices;
■ The transition method applied for each group of insurance contracts;
■ The introduction of new accounting and actuarial reserving processes and controls;
■ Increased complexity of required financial statement disclosures; and
■ Changes released by SARS and regulatory bodies to align capital reporting frameworks and tax liabilities with IFRS 17.
</td><td>
Through discussions with management and inspection of underlying documentation we evaluated the design and implementation of the key controls applied in the IFRS 17 transition process.

In order to address the risk relating to the assessment of the impact related to the first-time application of IFRS 17 to the opening balances and restated comparatives of the Group’s consolidated financial statements, our audit approach consisted of a combined approach between the audit team and our actuarial specialists.

Below is a summary of the procedures performed:
■ Based on our knowledge we assessed the appropriateness of the transition method adopted for short term and long-term insurance contracts respectively. We assessed whether the Group’s chosen accounting policies and methodologies were in compliance with IFRS 17 and that the nature and substance of the policies issued by the group supported the policy elections made on transition.
■ For insurance contracts in the short-term business where certain contract coverage periods were greater than one year we assessed the eligibility for the premium allocation approach, In addition we assessed that the IFRS 17 General Measurement Model as applied to the group’s long-term insurance contracts portfolio was appropriate by comparing managements calculations to our independent calculations.
■ Assessed the IFRS17 transition models and methodologies for internal consistency with the newly developed IFRS 17 policies and compliance with the requirements of IFRS 17.
■ Assessed the approach as it relates to the level of aggregation and onerous contract identification in accordance with IFRS 17 requirements.
■ Recalculated the impact of transition to IFRS 17 as recorded in equity on the transition date.
■ Performed detailed reconciliations between the previously stated IFRS 4 – Insurance Contracts and newly stated IFRS 17 balances to ensure all expected changes were flowing correctly through the underlying ledgers and source systems. We have also assessed the work performed by the predecessor auditor through inspection of their audit files as it relates to the opening IFRS 4 balances prior to IFRS 17 transition and restatement.
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Independent auditor’s report *continued*

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Transition to IFRS 17 Insurance Contracts in the consolidated financial statements	
Given the qualitative and quantitative significance of the changes resulting from the application of IFRS 17 “Insurance Contracts”, the choices of accounting policy and the significant degree of management judgment in determining certain key assumptions, we considered the assessment of the impact related to the first-time application of this new standard to be a key audit matter.	■ Performed an in-depth actuarial analysis over the restated 1 July 2022 opening statement of financial position and restated 30 June 2023 comparatives. This also included an assessment on the appropriateness of the key actuarial assumptions applied in the calculation of the IFRS 17 balances for transition and comparative dates. ■ Assessed the appropriateness of management’s data and assumptions applied in calculating the Contractual Service Margin (“CSM”) on the transition and comparative date including the appropriateness of the coverage units used to amortise the CSM and the impact of assumption changes unlocking the CSM were assessed for reasonability. ■ Tested the reliability of the underlying data inputs used as a basis for the underlying IFRS 17 estimates. ■ Assessed the tax implications of the opening balance adjustment and updates to tax legislation passed in 2024. ■ Where relevant, we evaluated the work performed by OUTsurance Internal Audit on the newly developed IFRS 17 models and methodology as part of the IFRS 17 transition process. Our evaluation of OUTsurance Internal audit and their work comprised of evaluating the governance structure, understanding the alignment of their work to our audit objectives and reviewing the Internal Audit work papers prepared as it relates to Internal Audit’s review of the IFRS 17 transition process. ■ Assessed whether the disclosures are in line with qualitative requirements as outlined in IFRS 17.
Valuation of insurance contract liabilities and reinsurers share of insurance contract liabilities (an asset) in the consolidated financial statements	
Refer to note 27 – Insurance and Reinsurance Contracts As at 30 June 2024, the Group has recognised insurance contract liabilities relating to its short term and long-term insurance contracts amounting to R12.6 billion with corresponding reinsurers’ share of insurance contract liabilities of R1.5 billion. Significant judgement and estimation was applied in determining the value of the insurance and reinsurance contracts to be recognised in the consolidated financial statements as it relates to the selection of actuarial methods and assumptions relating to the liability for remaining coverage, liability for incurred claims, risk adjustment, Contractual Service Margin (CSM) and any associated loss component, which requires management judgement and involves inherent uncertainty.	Through discussions with management and inspection of underlying documentation we evaluated the design and implementation of the key controls applied in the valuation of the Group’s IFRS 17 Insurance contracts. In order to address the risk relating to the valuation of assets and liabilities arising from IFRS 17 insurance contracts as recorded on the Group’s consolidated financial statements, our audit approach consisted of a combined approach between the audit team and our actuarial specialists. Below is a summary of the procedures performed: ■ Assessed the skills and experience of managements actuarial team as well as the head of actuarial control functions (including management experts). ■ Assessed the IFRS 17 valuation methodology and assumptions for compliance against the latest actuarial guidance, legislation and approved Group accounting policy in accordance with IFRS 17. ■ Assessed the adequacy of the actuarial assumptions as applied to the year-end IFRS 17 valuations. We have challenged key assumptions and the methodologies and processes used to determine and update these assumptions including a detailed analysis of assumption investigation papers for the year ended 30 June 2024 as prepared by management.

Independent auditor's report *continued*

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of insurance contract liabilities and reinsurers share of insurance contract liabilities (an asset) in the consolidated financial statements	
As it relates to insurance contracts higher degree of judgement or complexity on the adoption and implementation of IFRS 17 was applied in the valuation of IFRS 17 insurance contracts. For short-term insurance business significant judgement made included: ■ Application of the Premium Allocation Approach ("PAA model") as described in IFRS 17. ■ Valuation and discounting of the liability for incurred claims. ■ Risk adjustment for non-financial risk. For Life insurance business significant accounting estimates and judgements exist in the application of the IFRS 17 General Measurement Model calculations of the following IFRS 17 reserving elements: ■ Profitability groupings ■ Valuation of the fulfilment cash flows ■ Valuation of the acquisition cash flows ■ Discounting of cashflows ■ Risk adjustment for non-financial risk ■ Contractual service margin (CSM) We considered the valuation of insurance contracts relating to short term and long-term insurance contracts to be a matter of most significance to the current year audit due to the following: ■ Significant judgement and estimation are applied by management; and ■ The quantitative and qualitative magnitude of the short term and long-term insurance contracts in relation to the consolidated financial statements.	■ Assessed the reasonability of the build-up and changes in the probability-weighted estimate liabilities (BEL), risk adjustment (RA) and CSM, comparing expected changes to previous periods and unexpected changes to our knowledge of changes in the business and assumptions, based on the experience investigation results and assumption changes approved by management / governance structures. ■ Evaluated and recalculated the accuracy of the risk adjustment for non-financial risk, including the calculation method, and its related release in accordance with the related IFRS 17 accounting policy adopted on transition date. ■ We tested the accuracy and completeness of the data used and challenged the assumptions applied in calculating the Contractual Service Margin on the year-end date, including the appropriateness of the coverage units used to amortise the CSM and the impact of assumption changes unlocking the CSM were assessed for reasonability. ■ Evaluated the Actuarial Valuation Report and reconciled the IFRS 17 reserves to the underlying subledgers and financial statements. For the valuation of the liability for incurred claims (LIC) across the Group, we assessed management's valuations and performed the following procedures: ■ Independently calculated the incurred but not reported component of the best estimate liability. ■ On a sample basis for outstanding claims at year-end, tested the claims information recorded on the underlying source system (such as loss event, claim estimate, and item being claimed). We further compared the claim values used by management to assessor reports and assessed the validity of the claims. ■ Reviewed the discounting calculations in accordance with the requirements of IFRS 17. ■ Tested the appropriate application of the IFRS 17 "PAA" as applied to short term insurance contracts and "GMM" model as applied to long-term insurance contracts in accordance with IFRS 17. ■ Tested the reliability, completeness and accuracy of the underlying data inputs used as the basis for the underlying IFRS 17 estimates and year-end valuations. ■ Performed testing of management's process for identifying onerous contracts through testing of grouping rules applied and this included testing the underlying assumptions and data inputs into loss component and loss recovery component calculations. ■ Assessed whether the disclosures are in line with qualitative requirements as outlined in IFRS 17.

Independent auditor's report *continued*

Emphasis of matter – Restatements

We draw attention to the matter below. Our opinion is not modified in respect of these matters.

We draw attention to Note 41 to the consolidated annual financial statements relating to the restatements that were noted during the current year audit which indicates that the comparative information presented as at and for the year ended 30 June 2024 has been restated.

Other matter relating to comparative information

The consolidated and separate financial statements of Group and Company as at and for the years ended 30 June 2023 (from which the statement of financial position as at 1 July 2023 has been derived) and 30 June 2022, excluding the adjustments described in notes 2.3, 27 and 41 to the consolidated financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 15 September 2023.

As part of our audit of the consolidated financial statements as at and for the year then ended 30 June 2024, we audited the adjustments described in notes 2.3, 27 and 41 to the consolidated financial statements that were applied to restate the comparative information presented as at and for the year then ended 30 June 2023 and 30 June 2022 and the consolidated statement of financial position as at 1 July 2023.

We were not engaged to audit, review, or apply any procedures to the consolidated and separate financial statements for the years ended 30 June 2023 or 30 June 2022 (not presented herein) or to the consolidated and separate statements of financial position as at 1 July 2023, other than with respect to the adjustments described in notes 2.3, 27 and 41 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in notes 2.3, 27 and 41 of the consolidated financial statements are appropriate and have been properly applied.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "OUTsurance Group Limited Consolidated Annual Financial Statements for the year ended 30 June 2024", which includes the Directors' report, the Report by the Audit, Risk and Compliance Committee and the Certificate by the Group Secretary as required by the Companies Act of South Africa and JSE Listings Requirements. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) the JSE Listings Requirements and the requirements of the Companies Act, No 71 of 2008 of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

Independent auditor’s report *continued*

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of OUTsurance Group Limited for 1 year.

Kpmg Inc.

KPMG Inc.
Registered Auditor
Per N. Bikhani
Chartered Accountant (SA)
Registered Auditor
Director

16 September 2024

85 Empire Road
Parktown
Johannesburg
2193

Consolidated statement of profit or loss

for the year ended 30 June

R million	Notes	2024	2023 Restated
Insurance revenue[1]	27	**31 913**	26 833
Insurance service expenses[1, 2]	27	**(24 977)**	(19 837)
Net expenses from reinsurance contracts held[1]	27	**(1 347)**	(1 989)
Insurance service result		**5 589**	5 007
Administration and other income	5	**502**	450
Net investment income		**1 628**	1 198
Investment income	6	**290**	208
Interest income on financial assets using the effective interest method	6	**1 284**	911
Net gain from fair value adjustments on financial assets	7	**51**	80
Change in expected credit losses on financial assets	7	**3**	(1)
Net insurance finance expenses[1]		**(241)**	(94)
Finance expenses from insurance contracts issued[1]	8	**(343)**	(103)
Finance income from reinsurance contracts held[1]	8	**102**	9
Fair value adjustment to financial liabilities		**(200)**	(196)
Net insurance and investment result		**7 278**	6 365
Marketing and administration expenses[2]	9	**(1 646)**	(1 510)
Finance costs	10	**(73)**	(40)
Equity accounted earnings	19	**127**	20
Profit on sale of assets held for sale	24	**55**	57
Profit on change in shareholding of investment in associates	19	**509**	7
Profit on sale of associates	19	**44**	–
Impairment of investment in associates	19	**(9)**	(23)
Profit before taxation		**6 285**	4 876
Taxation[1]	11	**(1 794)**	(1 459)
PROFIT FOR THE YEAR		**4 491**	3 417
Profit attributable to:			
Ordinary shareholders[1]		**4 061**	2 980
Non-controlling interests[1]		**430**	437
PROFIT FOR THE YEAR		**4 491**	3 417
Earnings per share (cents)	12	**265.5**	194.5
Diluted earnings per share (cents)	12	**261.0**	190.8

1 The prior financial year has been restated due to the adoption of IFRS 17.

2 For the year ended 30 June 2023, there was a reallocation from marketing and administration expenses to insurance service expenses relating to the update of the classification of certain directly attributable expenses. Refer to note 41 for more information.

Consolidated statement of comprehensive income

for the year ended 30 June

R million	Note	2024	2023 Restated
Profit for the year		**4 491**	3 417
Other comprehensive income for the year			
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(320)**	600
Fair value gains on other comprehensive income financial instruments	7	**5**	47
Deferred tax on fair value gains on other comprehensive income financial instruments		**(5)**	(4)
Share of comprehensive income of associates		**(26)**	(3)
Items that may subsequently be reclassified to profit or loss, after taxation		**–**	(3)
Reclassification of other comprehensive income of associate diluted to financial assets at fair value through other comprehensive income[1]		**(26)**	–
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(346)**	640
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4 145**	4 057
Total comprehensive income attributable to:			
Ordinary shareholders		**3 759**	3 518
Non-controlling interests		**386**	539
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4 145**	4 057

1 Refer to note 19 for further information.

Consolidated statement of financial position

as at 30 June

R million	Notes	30 June 2024	Restated 30 June 2023	Restated 1 July 2022
Assets				
Property and equipment	15	**1 205**	1 198	1 065
Intangible assets	16	**253**	237	236
Right-of-use assets	17	**277**	65	70
Investments in associates	19	**806**	788	692
Deferred income tax[1]	20	**307**	502	406
Reinsurance assets[1]	27	**1 587**	1 087	2 195
Insurance assets[1]	27	**251**	216	145
Financial assets				
Fair value through profit or loss	21	**5 632**	4 751	3 573
Fair value through other comprehensive income	21	**8 203**	6 427	5 700
Measured at amortised cost	21	**12 634**	11 267	7 233
Derivative financial instrument	22	**87**	9	68
Other receivables[1]	23	**1 221**	927	219
Taxation		**102**	10	3
Assets held for sale	24	**–**	402	503
Cash and cash equivalents	25	**1 692**	1 675	2 508
TOTAL ASSETS		**34 257**	29 561	24 616
Equity				
Share capital and premium	26	**15 486**	15 452	15 431
Other reserves		**(4 690)**	(3 661)	(3 733)
Retained earnings[1]		**3 289**	1 567	106
Total shareholders' equity		**14 085**	13 358	11 804
Non-controlling interests[1]	18	**1 302**	1 568	1 498
TOTAL EQUITY		**15 387**	14 926	13 302
Liabilities				
Reinsurance liabilities[1]	27	**28**	36	1
Insurance liabilities[1]	27	**12 906**	10 191	9 006
Derivative financial instrument	22	**88**	81	6
Investment contract liability	28	**1 738**	1 231	64
Lease liabilities	29	**294**	80	82
Share-based payment liability	30	**811**	635	297
Employee benefits	31	**626**	581	630
Deferred income tax[1]	20	**183**	153	146
Financial liabilities at fair value through profit or loss	32	**113**	112	72
Taxation		**137**	362	163
Financial liabilities at amortised cost	33	**774**	–	–
Other payables[1]	34	**1 172**	1 102	798
Liabilities directly associated with assets held for sale	24	**–**	71	49
TOTAL LIABILITIES		**18 870**	14 635	11 314
TOTAL EQUITY AND LIABILITIES		**34 257**	29 561	24 616

1 The balance as at 30 June 2023 and 1 July 2022 have been restated due to the adoption of IFRS 17.

Consolidated statement of changes in equity

for the year ended 30 June

R million	Share capital	Equity accounted reserves	Share-based payments reserve	Other reserves	Transactions with non-controlling interests	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
BALANCE AS AT 1 JULY 2022	15 431	28	14	(139)	(4 180)	545	(212)	1 465	12 952
IFRS 17 restatements	–	–	–	–	–	(1)	318	33	350
RESTATED BALANCE AS AT 1 JULY 2022	15 431	28	14	(139)	(4 180)	544	106	1 498	13 302
Profit for the year	–	–	–	–	–	–	2 980	437	3 417
Other comprehensive income for the year	–	(3)	–	40	–	501	–	102	640
Additional shares issued	21	–	–	–	–	–	–	–	21
Transactions with non-controlling interest	–	–	–	–	(473)	–	4	(228)	(697)
Share-based payment reserve	–	9	(2)	–	–	–	(10)	–	(3)
Dividends paid	–	–	–	–	–	–	(1 513)	(241)	(1 754)
BALANCE AS AT 30 JUNE 2023	15 452	34	12	(99)	(4 653)	1 045	1 567	1 568	14 926
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**4 061**	**430**	**4 491**
Other comprehensive loss for the year	**–**	**(26)**	**–**	**–**	**–**	**(276)**	**–**	**(44)**	**(346)**
Additional shares issued	**215**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**215**
Treasury shares acquired	**(181)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(181)**
Transactions with non-controlling interest	**–**	**–**	**–**	**–**	**(760)**	**–**	**9**	**(285)**	**(1 036)**
Share-based payment reserve	**–**	**(7)**	**57**	**–**	**–**	**–**	**(85)**	**(6)**	**(41)**
Reserve adjustment of associates	**–**	**–**	**–**	**–**	**–**	**–**	**(4)**	**–**	**(4)**
Sale of assets held for sale	**–**	**–**	**–**	**–**	**(17)**	**–**	**–**	**(71)**	**(88)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(2 259)**	**(290)**	**(2 549)**
BALANCE AS AT 30 JUNE 2024	**15 486**	**1**	**69**	**(99)**	**(5 430)**	**769**	**3 289**	**1 302**	**15 387**
Notes	26							18	

Consolidated statement of cash flows

for the year ended 30 June

R million	Notes	Group 2024	Restated Group 2023
Cash flows from operating activities[1]			
Cash generated from operations	35	**7 132**	6 386
Interest income		**286**	130
Dividends received		**81**	77
Cashflows on assets backing policyholder liabilities		**(283)**	(67)
Purchase of financial assets[1,2]		**(12 058)**	(11 703)
Proceeds on disposal of financial assets[1,2]		**9 929**	8 657
Income tax paid	36	**(1 838)**	(1 314)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**3 249**	2 166
Cash flows from investing activities			
Property and equipment acquired to maintain and expand operations	15	**(185)**	(155)
Proceeds on disposal of property and equipment	15	**28**	–
Purchase of financial assets[1,3]		**(1 337)**	(1 303)
Proceeds on disposal of financial assets[3]		**764**	764
Acquisition of associates	19	**(39)**	(79)
Dividends received from associates	19	**39**	10
Proceeds on disposal of associates	19	**68**	–
Proceeds on disposal of assets held for sale	24	**153**	109
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(509)**	(654)
Cash flows from financing activities[4]			
Purchase of shares from non-controlling interest		**(600)**	(653)
Purchase of OGL treasury shares by a subsidiary	26	**(181)**	–
Repayment of lease liability		**(62)**	(57)
Borrowings raised	33	**1 225**	–
Borrowings repaid	33	**(451)**	–
Cost of funding	10	**(73)**	(16)
Dividends paid by subsidiaries to non-controlling interests		**(290)**	(241)
Cash dividends paid to shareholders		**(2 259)**	(1 513)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(2 691)**	(2 480)
Net increase/(decrease) in cash and cash equivalents for the year		**49**	(968)
Cash and cash equivalents of subsidiaries held for sale		**–**	(11)
Unrealised foreign currency translation adjustment on cash and cash equivalents		**(32)**	146
Cash and cash equivalents at the beginning of the year		**1 675**	2 508
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**1 692**	1 675

1 The prior financial year was restated in line with the requirements of IAS 7. Refer to note 41 for further information.
2 Relates to the management of insurance liabilities operational cash flows and regulatory capital.
3 Relates to long-term investments of primarily shareholder capital.
4 The financial liabilities of the Group consist of the lease liabilities and the revolving credit facility. Refer to note 29 and note 33 for the reconciliations thereof.

Notes to the consolidated annual financial statements

1. General information

OUTsurance Group Limited (OGL), a listed public company incorporated in South Africa, its subsidiaries and associates (collectively referred to as the Group) is a financial services group offering insurance and investment products. The Group has short-term insurance operations in South Africa and Australia. The South African operation also underwrites long-term insurance and provides investment products. In the current period, the Group established an Irish Company with the objective to expand its short-term insurance operations in the European Market. The Group also owns a portfolio of Fintech investments and a portfolio of investments in asset management entities.

2. Basis of preparation

The Group annual financial statements for the year ended 30 June 2024 are prepared in accordance with IFRS® Accounting Standards, the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively "JSE Listings Requirements") and the South African Companies Act.

The annual financial statements are prepared in accordance with the going concern principle using the historical cost basis except for certain financial assets and liabilities where it adopts the fair value basis of accounting. Such financial assets and liabilities include financial assets classified as fair value through other comprehensive income, financial instruments at fair value through profit or loss, including designated, and financial instruments at amortised cost.

The preparation of the annual financial statements necessitates the use of estimates, assumptions and judgements that affect the reported amounts in the statement of financial position and the statement of profit or loss and other comprehensive income. Where appropriate, details of estimates are presented in the accompanying notes to the consolidated annual financial statements. All monetary information and figures presented in these annual financial statements are stated in millions of Rand (R'million), unless otherwise indicated.

All material accounting policies are contained in note 42. Only accounting policies relating to transactions occurring in the current and prior financial year have been included.

2.1 Standard issued and effective for the first time for the financial period ending 30 June 2024

Of the standards effective for the first time, IFRS 17 has the most significant impact on the Group. Due to the change that IFRS 17 has on the measurement and disclosure of insurance contracts, the effect of applying IFRS 17 has been included below.

Note 42.23 includes a comprehensive list of new standards and interpretations to the existing standards which are not yet effective for the current financial year.

2.2 Standard issued, and effective for the first time for June 2024 year-ends: IFRS 17 Insurance Contracts

The IASB issued IFRS 17 Insurance Contracts in May 2017 as well as amendments to the standard on 25 June 2020. The effective date of IFRS 17, including the amendments, is reporting periods beginning on or after 1 January 2023 and needs to be applied retrospectively. IFRS 4, the previous accounting standard, allowed insurers to use their local GAAP, whereas IFRS 17 defines clear and consistent rules that will increase the comparability of financial statements across the industry. The group adopted IFRS 17 on 1 July 2023 and restated comparative information.

The transition to IFRS 17 had a significant impact on the presentation of the Groups' financial statements, measurement of the insurance liabilities and on key performance indicators of the Group. However, the transition to IFRS 17 did not have an impact on how the Group manages the insurance business nor how it manages insurance risk. Below is a summary of the impact of IFRS 17 on both the short-term licensed entities and OUTsurance. The Group adopted IFRS 17 using the full retrospective approach.

2. Basis of preparation *continued*

2.3 Impact on financial statements with the transitioning to IFRS 17

2.3.1 Property and casualty

The majority of the insurance contracts issued by the short-term licensed entities (OUTsurance Insurance Company Limited "OUTsurance", Youi Pty Limited "Youi" and OUTsurance DAC "OUTsurance Ireland") have a contract boundary less than one year and thus management elected to apply the simplified measurement model, namely the Premium Allocation Approach ("PAA"). For the small proportion of contracts with a contract boundary of more than one year, management tested and concluded that the contracts are eligible to apply the PAA measurement model.

The most significant change from IFRS 4 to IFRS 17 is the discounting of the liability for incurred claims. Even though this is a significant change in measurement there is no material impact on the earnings recognition for the short-term licensed entities. The impact on retained earnings with transitioning to IFRS 17 on 1 July 2022 for property and casualty, was R49.4 million.

2.3.2 OUTsurance Life

OUTsurance Life Insurance Company Limited "OUTsurance Life" will measure its insurance contracts using the General Measurement Model ("GMM") as the contracts all have a contract boundary of more than one year. The GMM significantly changed the measurement of insurance contracts. The significant changes are:

a) The inclusion of only directly attributable expenses

Consistent with the short-term business, management leveraged its existing approach to identify the directly attributable expenses to be included in the best estimate of fulfilment cash flows. This resulted in a decrease of the expense base included in the cash flow projections due to the non-attributable expenses now being excluded. This also contributes to a lower release of insurance liabilities as coverage is provided.

b) Deferral of acquisition cash flows

The acquisition cash flows are also no longer expensed as incurred but deferred via the recognition of the contractual services margin (CSM) under IFRS 17. This increases profits with immediate recognition of new business and allows for the expense to be spread over the coverage period of the insurance contract.

c) The determination of the risk adjustment

The determination of the risk adjustment is no longer based on compulsory margins as defined by the Standard of Actuarial Practice (SAP) 104 but rather on the entity's risk appetite and acceptable confidence level.

For OUTsurance Life, a risk quantification has been conducted by leveraging off the South African regulatory regime's Financial Soundness Standards for Insurers to facilitate the calculation of the risk adjustment. The Life Underwriting component of the Solvency Capital Requirement is utilised and scaled down to the chosen confidence interval assuming a normal distribution.

This approach results in a lower insurance contract liability being recognised, as well as lower profits as the risk adjustment unwinds and is released over the coverage period.

d) Recognition of the CSM

Profits earned under the insurance contracts are now fully zeroised from inception of the policy, resulting in a deferral of profit over time. The expected losses on recognition of onerous contracts are recognised immediately in the income statement.

The CSM is unaffected by changes in the yield curve as interest accretes using the locked-in yield curve. The CSM is adjusted for changes in non-financial assumptions. This allows for the impact of such adjustments and changes in experience to be spread over the lifetime of the insurance contract as opposed to being immediately recognised in profit or loss.

The impact on retained earnings with transitioning to IFRS 17 on 1 July 2022 for OUTsurance Life, was R300.8 million.

2. Basis of preparation *continued*

2.3 Impact on financial statements with the transitioning to IFRS 17 *continued*

2.3.2 OUTsurance Life *continued*

Below is a comparison of the insurance contract liability under IFRS 4 and IFRS 17 for the consolidated Group:

IFRS 17

	30 June 2024	30 June 2023	1 July 2022
Insurance contract liability			
Liability for remaining coverage	**293**	206	207
Present value of future cash flows	**(1 102)**	(922)	(852)
Risk adjustment	**318**	262	238
CSM	**1 077**	866	821
Liability for incurred claims	**103**	103	86
Present value of future cash flows	**90**	92	75
Risk adjustment	**13**	11	11
Total insurance contract liability	**396**	309	293

	30 June 2024	30 June 2023	1 July 2022
Reinsurance contract asset			
Asset for remaining coverage	**(24)**	(8)	(19)
Present value of future cash flows	**(205)**	(374)	(165)
Risk adjustment	**(69)**	(74)	(53)
CSM	**250**	440	199
Asset for incurred claims	**(85)**	(54)	(37)
Present value of future cash flows	**(78)**	(49)	(32)
Risk adjustment	**(7)**	(5)	(5)
Total reinsurance contract asset	**(109)**	(62)	(56)

IFRS 4

	30 June 2024	30 June 2023	1 July 2022
Policyholder liability	**1 184**	969	828
Best estimate liability	**(930)**	(736)	(683)
Compulsory margin	**710**	592	572
Discretionary margin	**1 404**	1 113	939
Total insurance contract liability	**1 184**	969	828

	30 June 2024	30 June 2023	1 July 2022
Reinsurers share of insurance contract liabilities	**(182)**	(247)	(159)
Best estimate liability	**(266)**	(438)	(212)
Compulsory margin	**(137)**	(123)	(101)
Discretionary margin	**221**	314	154
Total reinsurance share of insurance contract liability	**(182)**	(247)	(159)

2. Basis of preparation *continued*

2.3 Impact on financial statements with the transitioning to IFRS 17 *continued*

2.3.3 Tax impact

South Africa

The Income Tax Act was amended for the implementation for IFRS 17. The main amendment consisted of a phase-in period of six years for life insurers and three years for non-life insurers. The change was enacted on 22 December 2022.

Even though the tax impact for OUTsurance Life is significant due to the changes in measurement of the insurance contracts, the overall tax impact of the South African entities on the Group results is not material. The impact in OUTsurance Life is due to the release of the compulsory risk margins held under SAP 104, and the incorporation of the CSM, which results in a higher unearned profit balance.

Australia

The Australian Government is currently introducing new measures to amend the income tax law with respect to general insurance. This new tax law provides broad alignment with the new accounting standard, AASB 17, to allow insurers to continue using audited financial statements as the basis for current and deferred tax balances. Under the new legislation there is no change to the effective tax rate. The tax amendment for the Australian tax law has not been substantively enacted yet.

2.3.4 Disclosure

The Group elected to present insurance contracts aggregated per geographical area with an additional split in OUTsurance South Africa between the property and casualty insurance and the life insurance entities which have contracts that are measured using different measurement models.

3. Management of risk and capital

3.1 Risk management framework

The Group has an Enterprise Risk Management framework to provide reasonable assurance that the Group's risks are being prudently and soundly managed. The framework is designed according to acceptable principles on Corporate Governance and Risk Management standards. The risk management framework outlines the key risks facing the business and how these risks are monitored and mitigated.

Risk and governance oversight is provided by the OUTsurance Group Board, OUTsurance Group Audit, Risk and Compliance Committee, OUTsurance Holdings Asset, Liability and Capital Committee (ALCCO), OUTsurance Reinsurance Committee and the OUTsurance Holdings Risk Committee, the latter three being internal management committees. Risk and governance oversight for the Youi Group is provided by the Youi Holdings Board and Audit and Risk and Compliance Committees.

3.2 Insurance risk management

3.2.1 Short-term insurance

(i) Terms and conditions of insurance contracts

The Group conducts short-term insurance business in different classes of short-term insurance risk. Below is a table showing the risks and the percentage insurance revenue earned per risk category:

Types of insurance contract written	South Africa		Australia		Ireland
	Personal	Commercial	Personal	Commercial	Personal
Liability	–	6.1%	–	39.2%	–
Miscellaneous	1.0%	–	–	–	–
Motor	65.0%	57.2%	53.6%	30.5%	50%
Personal accident[1]	–	0.2%	4.7%	–	–
Property	34.0%	32.8%	40.9%	30.3%	50%
Transportation	–	3.7%	0.8%	–	–

1 Australia personal accident includes insurance revenue earned for Compulsory third party (CTP) risk class.

The personal lines segment of the business provides insurance to the general public allowing them to cover their personal possessions and property. The commercial segment of the business targets medium and small businesses in South Africa. Insurance products are sold with either a monthly or an annual premium payable by the covered party or entity. The following gives a brief explanation of each risk:

Personal accident

Provides compensation arising out of death or disability directly caused by an accident occurring anywhere in the world, provided that death or disability occurs within twelve months of this accident.

Liability

Provides cover for risks relating to the incurring of a liability other than relating to a risk covered more specifically under another insurance contract.

Miscellaneous

Provides cover relating to all other risks that are not covered more specifically under another insurance contract. This class includes pet and motor warranty products as well as certain agricultural products related to livestock.

Motor

Provides indemnity cover relating to the possession, use or ownership of a motor vehicle. The cover includes comprehensive cover, third party, fire and theft and liability to other parties.

Property

Provides indemnity relating to damage to movable and immovable property caused by perils including fire, explosion, earthquakes, acts of nature, burst geysers and pipes and malicious damage.

Transportation

Provides cover to risks relating to stock in transit.

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.1 Short-term insurance *continued*

(ii) Insurance risks

The primary activity of the Group relates to the assumption of possible loss arising from risks to which the Group is exposed through the sale of short-term insurance products. Insurance risks to which the Group is exposed relate to property, personal accident, liability, motor, transportation and other miscellaneous perils that may result from a contract of insurance. The Group is exposed to uncertainty regarding the timing, magnitude and frequency of such potential losses.

The theory of risk and probability forms the core base of the risk management model. Through the continuous sale of insurance products and subsequent growth in the pool of insured risks, the Group can diversify its portfolio of risks and therefore minimise the impact of variability of insurance losses affecting that portfolio. Insurance perils are unpredictable in nature, timing and extent, which expose the Group to a risk that actual future insured losses exceed their expected values.

Along with its underwriting approach, the Group also manages its insurance risk through its reinsurance programme which is structured to protect the Group against material losses to either a single insured risk, or a group of insured risks in the case of a catastrophe where there would tend to be a concentration of insured risks. The reinsurance programme also provides protection against the occurrence of multiple natural catastrophe events.

Climate risk is an emerging risk which increases the group's insurance risk exposure to natural perils. This remains a top risk of the group as it exposes the group to more volatile earnings. This not only increases the cost of reinsurance but also the risk of availability of reinsurance to offload the risk. The Group can reprice for climate risk and it will remain a watch item as part of the underwriting and reinsurance strategy of the Group.

The underwriting of insurance risk and the passing on of excessive insurance risk to reinsurers is further described below.

Underwriting strategy

The Group aims to diversify the pool of insured perils through writing a balanced portfolio of insurance risks over a large geographical area. Products are priced using statistical regression techniques which identify risk factors through correlations identified in past loss experiences. Risk factors would typically include factors such as age of the insured person, past loss experiences, past insurance history, type and value of asset covered, security measures taken to protect the asset, major use of the covered item, and so forth. Risks are priced and accepted on an individual basis. Insurance premiums charged for a certain pool of risks are adjusted frequently according to the normalised loss ratios experienced on that pool of risks.

Insurance risk is monitored within the Group on a daily basis to ensure that risks accepted by the Group for its own account are within the limits set by the Board of directors. Exception reporting is used to identify areas of concentration of risk so that management are able to consider the levels adopted in the reinsurance programme covering that pool of risk.

Risks are rated individually by programmes loaded onto the computer system based on information captured by staff for each risk. Conditions and exclusions are also automatically set at an individual risk level. Individual risks are only automatically accepted up to predetermined thresholds which vary by risk type. Risks with larger exposure than the thresholds are automatically referred and underwritten individually by the actuarial department. These limits are set at a substantially lower level than the reinsurance retention limits. No risks which exceed the upper limits of the reinsurance programme can be accepted without the necessary facultative cover being arranged. Non-claims bonuses which reward customers for not claiming also form part of the Group's Southern African underwriting strategy.

Multi-claimants are also monitored and managed by tightening conditions of cover or ultimately cancelling cover.

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.1 Short-term insurance *continued*

(ii) Insurance risks *continued*

Reinsurance strategy

The Group reinsures a portion of the risk it assumes through its reinsurance programme in order to control the exposure of the Group to losses arising from insurance contracts and in order to protect the profitability of the Group and its capital. A suite of treaties is purchased in order to limit losses suffered from individual and aggregate insurance risks.

- **OUTsurance Insurance Company Limited (OUTsurance):**

OUTsurance makes use of two non-proportional reinsurance treaty arrangements, as well as facultative placements in order to mitigate risk.

Risk excess-of-loss (XL) cover is utilised for the property and liability risk classes. The deductible, layer limits and number of reinstatements for each layer vary based on class and are governed by the OUTsurance Reinsurance Policy. Additionally, advice from OUTsurance's reinsurance broker and results from internal investigations are considered. For property risks, any risk in excess of the risk XL top limit of R150 million will be placed facultatively. The same is true for liability risks over R50m. The following key measures define OUTsurance's risk appetite when determining reinsurance for single large losses:

- Maximum Event Retention[1] (per Risk) should not exceed 0.3% of the expected annual Gross Earned Premium (GEP) for the particular treaty year.
- Maximum Event Retention (multiple Risks) should not exceed 2% of the expected annual GEP for the particular treaty year.
- The probability of an insufficient number of reinstatements for each layer should be less than 0.5% (1-in-200-year return period).

Limits are also placed on exposure to individual counterparties based on credit rating and jurisdiction equivalency.

Reinstatement premiums are payable to the extent that reinsurance for individual losses under the risk XL and catastrophe events under the catastrophe XL is utilised, on a pro-rata basis.

Catastrophe XL cover is utilised to help manage accumulation risk. The key classes exposing OUTsurance to catastrophe risk include property, motor and engineering of which property is the primary contributor. The deductible, layer limits and number of reinstatements are determined following intensive catastrophe modelling conducted both internally and by OUTsurance's reinsurance broker in conjunction with consideration of the OUTsurance Reinsurance Policy. The following key measures define OUTsurance's risk appetite when determining reinsurance for catastrophes:

- Maximum Event Retention (per catastrophe) should not exceed 3.6% of the expected annual GEP for the particular treaty year. Catastrophe cover attaches R200 million deductible;
- Maximum Event Retention (multiple catastrophes) should not exceed 7% of the expected annual GEP for the particular treaty year; and
- The probability of an insufficient number of reinstatements for each layer should be less than 0.5% (1-in-200-year return period).

Limits are also placed on exposure to individual counterparties based on credit rating and jurisdiction equivalency.

Refer to note 3.2.2 for detail on the reinsurance strategy of OUTsurance Life.

1 Maximum Event Retention (MER) is defined as the net loss after allowance for reinsurance recoveries including reinstatement premiums payable. Therefore, calculated as the shortfall between the gross claim and the top limit (if any) plus retention plus reinstatement premium.

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.1 Short-term insurance *continued*

(ii) Insurance risks *continued*

Reinsurance strategy *continued*

- **Youi Pty Limited (Youi)**

Youi makes use of proportional and non-proportional reinsurance arrangements in order to mitigate risk.

Individual risk reinsurance is purchased up to the maximum sums insured via quota share and risk XL reinsurance.

Quota Share reinsurance was utilised in the current and prior financial year as follows:

- New South Wales Comprehensive Third Party Motor (NSW CTP) – 80% is ceded to reinsurers (0% from 1 July 2024); and
- South Australia Comprehensive Third Party Motor (SA CTP) – 50% is ceded to reinsurers.
- Blue Zebra Personal Lines – 10% ceded to reinsurers (FY23), expired at 30 June 2023.
- Blue Zebra Commercial Lines – 25% ceded to reinsurers (FY23), expired at 30 June 2023.

Risk excess of loss cover is utilised for the property and liability risk classes. The deductible, layer limits and number of reinstatements for each layer vary based on class and are governed by the Youi Reinsurance Strategy and Reinsurance Management Strategy. Additionally, advice from Youi's broker and internal investigations are considered.

For individual property (Youi and BZI), no risk exceeded the risk XL top limit of A$9.0 million cover. The same is true for liability risks, with no risk exceeding A$20 million (Youi) or A$30 million (BZI Home and Motor). No facultative cover was used. The following key measures define Youi's risk appetite when determining reinsurance for single large losses:

- MER (per risk) may not exceed A$1 million;
- Per risk XL is purchased to protect Youi's net retention under the New South Wales and South Australia CTP quota share;
- Multiple reinstatements are purchased or negotiated amounts payable in advance to minimise the possibility of insufficient cover for a frequency of losses. Unlimited reinstatements are provided for liability classes (including CTP);
- Because the property per risk programme is relatively small, limits are not placed on exposure to individual counterparties other than Youi aiming to use more than one reinsurer on any one contract; and
- On the long tail liability contract reinsurer participations are monitored by credit rating and APRA authorisation status.

Catastrophe XL reinsurance is utilised to help manage accumulation risk. The key classes exposing Youi to catastrophe risk include property, SME commercial property and motor. Property is the primary contributor. The deductible, layer limits and number of reinstatements are determined following intensive catastrophe modelling conducted by Youi's broker AON and take into consideration the guidelines set by the regulator for the company's capital adequacy assessment. The following key measures define Youi's risk appetite when determining reinsurance for catastrophes:

- Maximum event retention (per catastrophe) should not exceed A$41.25 million in the current financial year;
- Sufficient Catastrophe cover is purchased to cover the Company up to its 1:200-year event as determined by the aforementioned exposure analysis. In purchasing reinsurance, Youi buys additional cover above the 1:200 level as a buffer against, for example, greater than anticipated growth, modelling uncertainty and post loss inflation;
- A single reinstatement is negotiated for payment upon use for the catastrophe programme with an additional two reinstatements purchased on the first layer as a capital protection against frequency of losses;
- Limits are also placed on exposure to individual counterparties by layer and over the whole programme;
- Reinsurer participations are monitored by credit rating and APRA authorisation status; and
- Youi manages volatility through the purchase of underlying third and fourth events.

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.1 Short-term insurance *continued*

(ii) Insurance risks *continued*

Reinsurance strategy *continued*

- **OUTsurance Ireland DAC (OUTsurance Ireland)**

OUTsurance Ireland makes use of two reinsurance non-proportional reinsurance agreements. Both are XL contracts. The deductible, layer limits and number of reinstatements for each layer vary based on class and are governed by the OUTsurance Ireland Reinsurance Management Strategy. Additionally, advice from OUTsurance Ireland broker and internal investigations are considered.

The Group only enters into reinsurance agreements with reinsurers which have credit ratings above a certain threshold as approved by the Board in the Group's Reinsurance Policy. Credit rating scales are defined in note 3.3.3.

Concentrations of risk and mitigating policies

Risk concentrations are monitored by means of exception reporting. When large risks are underwritten individually, the impacts which they could have on risk concentrations are considered before they are accepted. Marketing efforts are also coordinated to attract business from a wide geographical spread. Risks which could lead to an accumulation of claims as the result of a single event are declined due to inadequate diversification and overall pool of risk covered. Attention is paid to attract large numbers of relatively small independent risks which would lead to very stable and predictable claims experience.

The table below illustrates the concentration of insurance risk in terms of sum assured to which each geographical location is exposed to. The concentration risk which arises in each insurance entity is mitigated through the catastrophe excess of loss program entered into by that entity.

Due to the launch of the Insurance operations in Ireland only in the current financial year, the concentration of insurance risk is not as elevated yet and mainly concentrated to the capital city.

	Gross insurance exposure	
	2024	2023
South Africa		
Gauteng	**47.2%**	47.6%
Western Cape	**24.4%**	23.5%
KwaZulu Natal	**10.1%**	10.4%
Other	**18.3%**	18.5%
Australia		
Queensland	**19.8%**	20.0%
New South Wales	**29.9%**	29.0%
Victoria	**33.8%**	34.0%
Other	**16.5%**	17.0%

Exposure to catastrophes and policies mitigating this risk

Catastrophe modelling is performed to determine the impact of different types of catastrophe events (including natural disasters) in different geographical areas, at different levels of severity and at different times of the day. Catastrophe limits are set so as to render satisfactory results to these simulations. The catastrophe cover is also placed with reinsurers with a reputable credit rating and cognisance is taken of the geographical spread of the other risks underwritten by the reinsurers in order to reduce correlation of our exposure with the balance of their exposure. These reinsurance models are run at least annually to take account of changes in the portfolio and to take the latest potential loss information into account.

Profit sharing arrangements

A profit-sharing arrangement exists between the OUTsurance Insurance Company Limited (OUTsurance) and FirstRand Bank Limited. In terms of this profit-sharing arrangement, a portion of the operating profit generated on the Homeowners' insurance business referred by FirstRand Bank Limited businesses are paid to FirstRand Bank Limited by way of a bi-annual preference dividend. Where operating losses arise, OUTsurance remains liable for such losses in full, but these losses may be offset against future profit distributions.

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.2 Long-term insurance

(i) Terms and conditions of insurance contracts

The Group conducts long-term insurance business on various classes of long-term insurance risk and manages the sale of these classes of risk between direct and partnership segments. Products are only sold to the South African retail market. The types of insurance and investment products sold are as follows:

Insurance products

- Underwritten Life; and
- Funeral Plan.

Investment products

- Endowment.

The following gives a brief explanation of each product:

Underwritten Life

The Underwritten Life Insurance product is a fully underwritten product and covers the following insurance risks:

- Death cover;
- Disability cover;
- Critical illness cover; and
- Family funeral cover.

In the event of a valid death, permanent disability (occupational disability) or critical illness claim, OUTsurance Life Insurance Company Limited (OUTsurance Life) pays the contractual sum assured.

Funeral Plan

The OUTsurance Funeral Plan product is a limited underwritten product and provides the following cover:

- Death cover;
- Stillborn benefit;
- Premium waiver; and
- Repatriation benefit.

Endowment

OUTsurance Life offered a linked endowment policy with a term of 5 years, which is structured as a life insurance policy. This is a pure investment product and the investment risk is referenced to a zero-coupon deposit issued by a large South African bank. The Group discontinued sales of this product when its investment in OUTvest was sold, during the current financial year.

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.2 Long-term insurance *continued*

(ii) Insurance risks

The primary activity of OUTsurance Life relates to the assumption of loss arising from risks to which it is exposed through the sale of long-term insurance products. It is exposed to uncertainty regarding primarily the timing, frequency and to a lesser extent, the magnitude of such potential losses.

The theory of risk and probability forms the core base of the risk management model. Through the continuous sale of insurance products and subsequent growth in the pool of insured risks, OUTsurance Life can diversify its portfolio of risks and therefore minimise the impact of variability of insurance losses affecting that portfolio.

Along with its underwriting approach OUTsurance Life also manages its insurance risk through its quota share and excess of loss reinsurance programme which is structured to protect it against material losses on single insured risks.

The underwriting of insurance risk and the passing on of excessive insurance risk to reinsurers is further described below.

The table below represents the concentration of the total benefits to be provided per OUTsurance Life's distribution channels, based on the latest assumptions as at 30 June:

	2024		2023	
R million	**Gross of reinsurance**	**Net of Reinsurance**	Gross of reinsurance	Net of Reinsurance
Value of benefits insured				
Direct business	**14 219**	**1 422**	10 735	1 074
Partnerships	**119 110**	**71 818**	118 137	72 535

Refer to note 27.9 for a sensitivity analysis of insurance contract liabilities.

Mortality and morbidity risk

Mortality risk is the risk of loss arising due to actual death rates on life insurance business being higher than expected. Morbidity risk is the risk of loss arising due to policyholder health related claims being higher than expected.

The following processes and procedures are in place to manage mortality and morbidity risk:

- Premium rates are differentiated by factors which historical experience has shown are significant determinants of mortality and morbidity claims experience such as medical history and condition, age, gender, smoker status and HIV status;
- The expertise of reinsurers is used for pricing where adequate claims history is not available; and
- Reinsurance arrangements are put in place to reduce the mortality and morbidity exposure per individual policy and provide cover in catastrophic events.

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.2 Long-term insurance *continued*

(ii) Insurance risks *continued*

Underwriting experience risk

There is a risk that actual mortality and morbidity experience is higher than expected. This could arise as a result of the number of claims or the value of the claims being higher than expected within a period. Selection risk is the risk that worse than expected risks are attracted and charged inadequate premiums. There is also a risk that the number of claims can increase due to the emergence of a new disease or pandemic. Underwriting experience risk is managed through:

- **Product design and pricing**

  Rating factors are applied to different premium rates to differentiate between different levels of risk. Amongst other, premiums are differentiated by age, gender, smoking status and medical history. Premium rates are approved and reviewed by the Head of Actuarial Function.

- **Underwriting**

  Underwriting ensures that only insurable risks are accepted and that premiums accurately reflect the unique circumstances of each risk. The Group has developed an advanced medical underwriting system which captures detailed information regarding the customers' medical history and condition which is used for premium adjustments and to indicate where further underwriting is required by experienced medical underwriters. To verify the accuracy of customer data, all new customers who select the fully underwritten product, are subject to various medical tests. Quality audits are performed on the underwriting process to ensure underwriting rules are strictly followed.

- **Reinsurance**

  OUTsurance Life's quota share and excess of loss reinsurance programme mitigates claims volatility and risk accumulation. Reinsurers also assist with pricing and product design decisions.

  OUTsurance Life makes use of proportional reinsurance in order to mitigate risk given its growing nature and exposure to multiple product lines in the early stages of development. The percentage ceded varies based on product and is determined based on various factors including maturity of the line of business as well as inherent risk exposure for each line. Certain lines of business employ surplus reinsurance over and above conventional quota share reinsurance in order to introduce an upper bound to the risk exposure faced on large policies

  There are two Key Risk Indicators (KRI's) that define the risk appetite for OUTsurance Life:

Risk type	**Key Risk Indicator**
Appropriate Cover	Single Risk Loss (net of Reinsurance) should be less than 5% of net monthly premiums.
Counterparty Default Risk	Exposure to counterparties with a Credit Quality Step (CQS) higher than 6.

  In order to assess the exposure that OUTsurance Life has to a single large loss, the retained exposures of the biggest risks are measured and compared to the earned monthly premium net of reinsurance.

  The CQS of the participating reinsurers is determined in line with the Credit Rating Methodology. The risk appetite for reinsurer counterparties is currently a CQS of 6 or lower and this is monitored on a quarterly basis.

- **Experience monitoring**

  Experience investigations are conducted and corrective action is taken where adverse experience is noted.

3. Management of risk and capital *continued*

3.2 Insurance risk management *continued*

3.2.2 Long-term insurance *continued*

(ii) Insurance risks *continued*

Lapse risk

Policyholders have the right to cancel their policies at any given time during the policy duration. There is a risk of financial loss and reduced future profitability due to the lapse experience being higher than expected. Lapse risk is managed by ensuring:

- Appropriate product design and pricing;
- Providing high quality service; and
- Continuous experience monitoring.

Modelling and data risk

Modelling risk is the risk that discounted cash flow models used to calculate actuarial liabilities and valuations do not accurately project the policy cash flows into the future. Data risk is the risk that the data which is used by the above models is inaccurate relative to actual experience.

Modelling risk is mitigated by way of employing specialist actuarial software which is widely used by industry participants. The services of the Head of Actuarial Function are also employed to ensure models are accurately set up. Risk is further mitigated through periodic third line reviews.

Data risk is managed by using internal systems and data warehouse technology. Data reports are readily available and frequently used and reviewed by management to track performance and verify experience variables.

Expense risk

Expense risk is the risk that actual expenses are higher than the budgeted expenses on which premium rates are calculated. Expenses are monitored on a monthly basis against budgeted expenses. Any deviation from budget is investigated, reported and remedial action taken where necessary.

Higher than expected inflation is one potential cause of a deviation between actual and budgeted expenses. The Group therefore introduced an inflation linked derivative structure as part of the asset-liability matching strategy, where bond forward asset instruments are purchased to mitigate this risk. The aim is to provide protection against volatility in real cash flows (expenses) arising from changes in the inflation curve.

Non-claims bonus risk

Non-claims bonus risk is the risk that the future contractual bonus payments are higher than assumed in the calculation of the fulfilment cash flows or that the investment return received is lower than expected (economic risk). A decrease in the lapse rate will result in an increase in the non-claims bonus risk. This risk is managed by applying an appropriate lapse assumption to allow for uncertainty.

A decrease in interest rates would result in a lowering of the investment return achieved on the assets backing the bonus liabilities, increasing the economic risk. This risk is mitigated by a zero-coupon deposit matching strategy, where the investment return on the zero-coupon deposit matches the required investment return in both timing and amount.

Interest rate risk

Interest rate risk is managed by an asset-liability matching strategy which is executed by the use of interest rate derivative structures which are partially collateralised.

Profit sharing arrangements

A profit-sharing arrangement has been entered into between OUTsurance Life and Shoprite Investments Limited. In terms of this profit-sharing arrangement, a portion of the operating profit generated on the funeral insurance business distributed through the Shoprite distribution network is paid to Shoprite Investments Limited by way of an annual preference dividend. Operating losses incurred are for OUTsurance Life's account. This contract is executory in nature.

3. Management of risk and capital *continued*

3.3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including equity price risk, interest rate risk and currency risk), credit risk and liquidity risk.

3.3.1 Financial instruments measured at fair value

The table below analyses financial instruments carried at fair value, by level of fair value hierarchy. The different levels are based on the extent that quoted prices 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 reporting date.
- Level 2 – fair value is determined through inputs, other than quoted prices included in Level 1 that are observable for the assets and liabilities, either directly (prices) or indirectly (derived from prices).
- Level 3 – fair value is determined through valuation techniques which use significant unobservable inputs.

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
30 June 2024				
Financial assets				
Equity securities				
Exchange traded funds	1 089	–	–	1 089
Listed non-cumulative, non-redeemable preference shares	189	–	–	189
Collective investment schemes	–	324	–	324
Unlisted equity	–	–	918	918
Debt securities				
Money market securities <1year	–	3 246	–	3 246
Money market securities >1 year	–	2 330	–	2 330
Collective investment schemes	–	1 782	–	1 782
Zero-coupon deposits backing endowment policies	–	1 738	–	1 738
Zero-coupon deposits	–	1 351	–	1 351
Government, municipal and public utility securities	–	675	–	675
Contingent receivable	–	–	117	117
Unsecured investment in development fund	–	–	57	57
Convertible loan	–	–	19	19
Derivative financial instruments				
Collateralised swaps	–	77	–	77
Bond Forward	–	10	–	10
TOTAL FINANCIAL ASSETS	**1 278**	**11 533**	**1 111**	**13 922**
Financial liabilities				
Debt securities				
Investment contract liability	–	1 738	–	1 738
Financial liabilities at fair value through profit or loss	–	–	113	113
Derivative financial instruments				
Interest rate swaps	–	85	–	85
Foreign exchange derivative	–	3	–	3
TOTAL FINANCIAL LIABILITIES	**–**	**1 826**	**113**	**1 939**

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.1 Financial instruments measured at fair value *continued*

R million	Level 1	Level 2	Level 3	Total[1]
30 June 2023				
Financial assets				
Equity securities				
Exchange traded funds	774	–	–	774
Listed non-cumulative, non-redeemable preference equity	191	–	–	191
Collective investment schemes	–	431	–	431
Unlisted shares	–	–	401	401
Debt securities				
Money market securities <1year	–	3 436	–	3 436
Money market securities >1 year	–	2 174	–	2 174
Zero-coupon deposits backing endowment policies	–	1 231	–	1 231
Zero-coupon deposits	–	1 047	–	1 047
Collective investment schemes	–	936	–	936
Government, municipal and public utility securities	–	316	–	316
Other fixed rate debt securities	–	–	180	180
Unsecured investment in development fund	–	–	52	52
Convertible loan	–	–	9	9
Derivative financial instruments				
Foreign exchange derivative	–	9	–	9
Bond Forward[1]	–	–	–	–
TOTAL FINANCIAL ASSETS	965	9 580	642	11 187
Financial liabilities				
Debt securities				
Investment contract liability	–	1 231	–	1 231
Financial liabilities at fair value through profit or loss	–	–	112	112
Derivative financial instruments				
Interest rate swaps	–	77	–	77
Foreign exchange derivative	–	4	–	4
TOTAL FINANCIAL LIABILITIES	–	1 312	112	1 424

1 Due to rounding, an amount of R397 000 was excluded. The bond forward would be included as a level 2 instrument.

There were no transfers between levels during the year ended 30 June 2024.

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.

- **Listed, non-cumulative, non-redeemable preference shares:** 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.
- **Exchange traded funds:** The investment in the exchange traded funds track the performance of the top fifty companies listed on the JSE.

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.1 Financial instruments measured at fair value *continued*

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, refer to note 3.3.3. 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 is 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 instruments relate to the linked endowment policies. The fair value is based on the quoted interest rates provided in each contract. The Group has the primary obligation regarding the endowment policies towards the policyholders but contracted with a third party to invest the assets backing the policies. As such the asset and liability is designed to set off against each other.
- **Foreign exchange derivative contracts:** The fair value of the foreign exchange derivatives is measured on a mark to market basis using the current exchange rate, the volatility of the underlying currency and the risk-free rate at reporting date. The risk-free rate is the issuer's chosen government bond yield which matches the term of the derivative.
- **Interest rate swaps:** These swap arrangements consist 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 is calculated in the same manner as the other government and money market securities described above.

The Group makes use of an interest rate swap, collateralised swap and bond forward arrangement to manage the interest rate risk contained in the non-bonus policyholder liability. Refer to note 3.3.2 for further information with regards to how this arrangement manages interest rate risk.

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

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.1 Financial instruments measured at fair value *continued*

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 table below analyses the movement of the total Level 3 financial assets as at 30 June:

R million	2024	2023
Opening balance at 1 July	**642**	815
Recognised following the dilution of an associate	**555**	–
Contingent receivable recognised	**115**	–
Disposals (sales and redemptions)	**(223)**	(186)
Foreign exchange adjustments	**(2)**	2
Fair value movement through profit or loss	**31**	3
Fair value movement through other comprehensive income	**(7)**	8
CLOSING BALANCE AT 30 JUNE	**1 111**	642

Unlisted equity

The table below analyses the movement of the total unlisted equity as at 30 June:

R million	2024	2023
Opening balance at 1 July	**401**	393
Recognised following the dilution of an associate	**555**	–
Disposals (sales and redemptions)	**(29)**	(3)
Foreign exchange adjustments	**(2)**	3
Fair value movement through other comprehensive income	**(7)**	8
CLOSING BALANCE AT 30 JUNE	**918**	401

Unlisted equity at fair value through profit or loss

The movements in the fair value of the investment in The SA SME Fund Limited with a carrying value of R10 million (2023: R10 million) were immaterial in the current and prior financial year.

Unlisted equity at fair value through other comprehensive income

On 6 December 2023, the Group transferred an investment held in an associate at its fair value to financial assets at fair value through other comprehensive income following the dilution of the Group's investment in the associate. The fair value of unlisted equity at fair value through other comprehensive income as at 30 June 2024 of R908 million (2023: R360 million) is determined based on discounted cash flow calculations taking into account unobservable inputs of similar companies. These unobservable inputs include discount rates of between 15.4% and 16.1%, revenue and loan book growth, fees earned, disbursements and cost to income ratios. The higher the discount rate, the lower the fair value. On 38% of the portfolio, an increase or decrease of 1% per annum on loan book growth and fees would increase or decrease the fair value by 13% and an increase or decrease of 10 basis points in origination and service fee rate would result in an increase or decrease by 12% in fair value. On 62% of the portfolio, an increase or decrease of 2.5% in annual recurring revenue growth would result in a 12.5% increase or decrease in valuation. These investments are also exposed to currency risk.

The fair value of the equity investment is determined based on standard valuation techniques where the net asset value of the issuer, is a key input. Unlisted equity relates to a convertible preference share with Blue Zebra Insurance (BZI). The preference share is redeemable solely at the discretion of the issuer. BZI redeemed the preference share in the current financial year.

The movements in the fair value of the preference share were immaterial in the current and prior financial year.

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.1 Financial instruments measured at fair value *continued*

Level 3 *continued*

- **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 investment is fair valued by multiplying the number of units held by the closing price of R87 344 (2023: R80 031) per unit as valued by the fund. The disclosure of the quoted price in the prior financial year was incorrect and updated to reflect the correct quoted price. The measurement of the total balance remained unchanged. 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. The increase or decrease in FV have a corresponding increase or decrease in profit or loss.

R million	Current	20% increase in fair value	20% decrease in fair value
30 June 2024			
Fair value	**57**	**68**	**45**
30 June 2023			
Fair value	52	62	42

The table below analyses the movement of the unsecured investment in development fund as at 30 June:

R million	2024	2023
Opening balance at 1 July	**52**	58
Fair value adjustments	**5**	(6)
CLOSING BALANCE AT 30 JUNE	**57**	52

- **Contingent receivable:** The contingent consideration at fair value of R117 million is receivable at each anniversary (28 March) from the date of disposal over the next three years with the final receivable due within two months following the third anniversary date (28 March 2027). The first receivable (28 March 2025) is considered to be R18 million at fair value, the second receivable (28 March 2026) is considered to be R15 million at fair value and the final payment is considered to be R84 million at fair value. The value of the contingent consideration is inter alia determined based on performance fees earned by certain assets disposed of over a period of three years from the date of disposal. The contingent consideration originated from the sale of the RMI Investment Managers assets and liabilities held for sale. Refer to note 24 for further information thereof.
- **Other fixed rate debt securities:** The Group had a loan receivable from the OUTsurance Equity Trust 2, the value of which was not significantly sensitive to an increase or decrease in the counterparty credit rating due to the collateralized nature of the loan. The fair value was calculated with reference to a non-market observable interest rate linked to the funding cost of the lending party.

The table below analyses the movement of the other fixed rate debt securities as at 30 June:

R million	2024	2023
Opening balance at 1 July	**180**	357
Disposals	**(184)**	(183)
Fair value movement through profit or loss	**14**	19
Dividends received	**(10)**	(13)
CLOSING BALANCE AT 30 JUNE	**–**	180

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.1 Financial instruments measured at fair value *continued*

Level 3 *continued*

- **Convertible loan:** This is a loan with AutoGuru Australia Pty Limited (AutoGuru) which is convertible to ordinary shares in the event of default which also exposes the Group to equity price risk and therefore fails the SPPI criteria. The loan is therefore designated at fair value through profit or loss.

  The fair value was determined based on a present value calculation taking into account the term to maturity, a market related interest rate and the recoverability of the loan. The fair value increased with the agreed repayment terms reached on the disposal of the Group's equity interest in AutoGuru, which will increase the likelihood of recovery of the outstanding balance.

  A 2% movement in the interest rate would result in the following fair value being recognised and the increase or decrease in FV will have a corresponding increase or decrease in profit or loss.

R million	**Current**	**2% increase in the interest rate**	**2% decrease in the interest rate**
30 June 2024			
Fair value	**19**	**22**	**17**

R million	Current	2% increase in the interest rate	2% decrease in the interest rate
30 June 2023			
Fair value	9	11	7

- **Financial liabilities at fair value through profit or loss:** The valuation of this financial instrument is based on the underwriting results of the insurance contracts written in terms of the FirstRand Bank Limited homeowners and the Shoprite funeral profit sharing arrangement and represents the accrued profit related to these arrangements.

  Profits arising out of the profit-sharing arrangements 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 significant unobservable input in the calculation of the preference dividends is the underwriting results of the profit-sharing arrangements which are measured in accordance with the Group's accounting policies for measuring insurance contracts. 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%.

  The table below analyses the movement of the Level 3 debt security for the period under review:

R million	**2024**	2023
Opening balance at 1 July	**112**	72
Preference dividend paid	**(199)**	(156)
Profit accrued	**200**	196
CLOSING BALANCE AT 30 JUNE	**113**	112

The profit or loss of these profit-sharing arrangements is sensitive to the insurance service results of the contracts issued in these arrangements.

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.2 Market risk

Market risk is the risk that the value of a financial instrument may fluctuate as a result of changes in the market price. Investments valued at fair value are therefore subject to changes in value due to market fluctuations, which may impact on the net income during those financial years in which such fluctuations occur. Market risk therefore comprises equity price risk, interest rate risk and currency risk.

Equity price risk

Equity price risk is the risk that the price of an equity instrument will fluctuate due to market forces rather than as a direct result of some other market risk such as currency or interest rate risk.

The Group is exposed to equity price risk because of the listed equity investments held by the Group and classified on the statement of financial position as fair value through profit or loss. The Group's objective is to earn competitive relative returns by investing in a diverse portfolio of high-quality, liquid securities. The Group's holdings are diversified across companies and concentration in any one company is limited by parameters established by management which is influenced by solvency capital requirements. The Group's ALCCO actively monitors equity assets owned by the Group as well as the concentration of these holdings.

R million	2024	2023
Exposure in South African market		
Ordinary shares		
Equity traded funds	**1 089**	774
Unlisted equity	**10**	41
Perpetual preference shares		
Listed non-cumulative, non-redeemable preference shares	**189**	191
Exposure in Australian market		
Collective investment schemes		
Collective investment schemes : Equities	**324**	431
Exposure in markets denominated in US Dollar		
Ordinary shares		
Unlisted equity	**908**	360
	2 520	1 797

The Group's largest concentration of equity investments in one particular company is 22.3% (2023: 20.0%) of the total assets subject to equity risk. Refer to note 3.3.1 for detail on the total unlisted equity of R918 million (2023: R401 million).

At 30 June 2024, the Group's total equity securities were recorded at their fair value of R2 520 million (2023: R1 797 million).

The following table illustrates the impact on profit or loss if the fair value of the instruments were to increase or decrease. The sensitivity was based on the annualised volatility of returns in the two territories.

An increase or decrease of 15% in the fair value of the assets exposed to equity price risk would result in the following changes in profit or other comprehensive income before tax of the Group:

	2024		2023	
R million	15% increase in fair value	15% decrease in fair value	15% increase in fair value	15% decrease in fair value
South African Equities	**193**	**(193)**	151	(151)
Australian Equities	**49**	**(49)**	65	(65)
Equities denominated in US Dollar (other comprehensive income)[1]	**136**	**(136)**	54	(54)

1 The movement in the unlisted equities denominated in US dollar will impact equity directly as these instruments is measured at fair value through OCI. All other equity instruments is measured at fair value through profit and loss.

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.2 Market risk *continued*

Interest rate risk

Interest rate risk is the risk that the value or the future cash flow of a financial instrument will fluctuate as a result of a change in market interest rates.

The Group's financial assets are exposed to interest rate risk as a significant portion of the Group's assets are invested in interest rate sensitive debt and money market securities. The risk attached to these securities is managed according to pre-specified risk levels based on a mandate with the fund managers. Risk exposure to movements in yields is specified as a maximum value per interest rate point move per million rand invested. These levels are approved annually by the Board of directors and the Group ALCCO.

The Group is aware that JIBAR will be replaced by ZARONIA and will monitor the economic impact on the value of the instruments. The new ZARONIA rate was published for observation during 2022 and was endorsed as a successor rate in 2023. The formal announcement of the cessation of JIBAR as a reference rate is expected in 2025, allowing ZARONIA market to develop in derivative and cash products during 2023 and 2024. The cessation date of JIBAR as a reference rate is expected to be after 2025.

The Group's exposure to interest rate risk is R24 121 million (2023: R20 914 million), which consists of fixed rate instruments of R15 519 million (2023: R13 823 million) and variable rate instruments of R8 602 million (2023: R7 091 million).

An increase or decrease of 2% in the market interest rate would result in the following changes in profit or loss and other comprehensive income before tax of the Group. A 2% movement is reflective of potential changes in the interest rate in the current economic environment.

	2024		2023	
R million	**2% increase**	**2% decrease**	2% increase	2% decrease
Amortised cost instruments				
Fixed rate instruments				
Cash and cash equivalents	**1**	**(1)**	1	(1)
Term deposits	**(251)**	**251**	(221)	221
Variable rate instruments				
Cash and cash equivalents	**34**	**(7)**	33	(33)
Fair value instruments				
Fixed rate instruments				
Government, municipal and public utility securities	**(3)**	**3**	(6)	7
Money market securities <1 year	**(5)**	**5**	(10)	10
Money market securities >1 year	**(13)**	**14**	(12)	13
Zero-coupon deposits backing endowment policies	**35**	**(35)**	25	(25)
Convertible loan	**3**	**(2)**	2	(2)
Variable rate instruments				
Collective investment schemes	**36**	**(36)**	19	(19)
Government, municipal and public utility securities	**(8)**	**9**	(5)	6
Money market securities <1 year	**(1)**	**1**	–	1
Money market securities >1 year	**(98)**	**106**	(71)	76
TOTAL NET IMPACT	**(271)**	**309**	(245)	254

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.2 Market risk *continued*

Interest rate risk *continued*

The Group's asset portfolio used to match regulatory long-term insurance contract liabilities is exposed to interest rate risk. At 30 June 2024, the carrying value and fair value of this portfolio was R1 350.6 million (2023: R1 046.9 million). A 200 basis point shift in the market yield curve would result in the following changes in the capital value of this portfolio:

	2024		2023	
R million	**2% increase**	**2% increase**	2% increase	2% decrease
Zero-coupon deposits	**(166)**	**188**	(155)	179
Derivative financial instruments – Interest rate swap	**232**	**(268)**	206	(234)
Derivative financial instruments – Bond forward	**(63)**	**83**	(67)	89
Derivative financial instruments – Collateralised swap	**(62)**	**117**	(25)	57
TOTAL NET IMPACT	**(59)**	**120**	(41)	91

Currency risk

Currency risk arises on financial instruments that are denominated in a currency other than its functional currency.

Translation risk arises as a result of movements between the functional currencies of foreign subsidiaries and the Group's reporting currency.

The Group's exposure to translation risk is mainly in respect of foreign investments made in line with the long-term strategy approved by the Board for seeking international diversification of investments to expand its income stream. The Group has investments in foreign subsidiaries and associates whose net assets are exposed to currency translation risk, primarily the Australian Dollar and Euro.

The foreign exchange profits or losses arising from the translation of the Group's foreign subsidiaries statements of financial position from their functional currencies into rand are recognised in the foreign currency translation reserve (FCTR). The movement in exchange rates therefore have no impact on profit. The FCTR is realised in profit or loss on disposal of the foreign companies.

The table below sets out the balances of financial instruments denominated in Australian Dollar:

	2024		2023	
	A$ million	**R million**	A$ million	R million
Convertible loan to AutoGuru	**2**	**19**	1	9
Foreign bank account	**2**	**30**	2	20

Exchange rates:	
Closing rate at 30 June 2024	12.13
Closing rate at 30 June 2023	12.56

The Group's exposure to currency risk due to transactions denominated in foreign currency is not considered significant.

The table below sets out the balances of financial instruments denominated in US Dollar:

	2024		2023	
	US$ million	**R million**	US$ million	R million
Unlisted equity	**50**	**908**	19	360

Exchange rates:	
Closing rate at 30 June 2024	18.19
Closing rate at 30 June 2023	18.84

An appreciation or depreciation of 1ZAR to the US$ (2023: 1ZAR to the US$) would result in other comprehensive income before tax of the Group decreasing by R49.9 million or increasing by R49.9 million (2023: a decrease of R19.1 million or increase of R19.1 million).

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.2 Market risk *continued*

Currency risk *continued*

Foreign exchange derivatives

The Group utilises derivative financial instruments to reduce the impact of the currency risk contained in its open foreign currency exposures. The Company undertakes transactions involving derivative financial instruments with other financial institutions.

During the current financial year the Group has entered into foreign derivative contracts to economically hedge its exposure against the volatility of the Rand against the Euro. The Euro FEC was entered into to hedge the €10 million additional capital investment in OUTsurance Irish Insurance Holdings Limited, which is due in November 2024 as part of the incremental capital investment over the next 6 years to meet the minimum capital requirements of the Central Bank of Ireland.

In the prior financial year, the Group has entered into foreign derivative contracts to economically hedge its exposure against the volatility of the Rand against the Euro and the Australian Dollar (AUD).

The AUD derivative instrument was to buy additional shares in Youi from a minority shareholder and the Euro derivative instrument was for an additional capital investment in OUTsurance Irish Insurance Holdings Limited to fund its minimum capital requirement for obtaining its insurance license.

The table below sets out the Forward Exchange Contracts (FEC's) entered into by the Group:

R million	**FEC currency**	**FEC weighted average strike price**	**Foreign currency contract amount**	**Current Rand Exposure**	**Fair value as at 30 June 2024**
At 30 June 2024					
EUR FEC	**EURO**	**19.77**	**10**	**198**	**3**

The table below sets out the Collar option agreement entered into by the Group:

R million	FEC currency	FEC weighted average strike price	Foreign currency contract amount	Current Rand Exposure	Fair value as at 30 June 2023
At 30 June 2023					
AUD FEC	AUD	12.37	8	99	2
EUR FEC	EURO	20.74	20	415	(4)

The table below sets out the Collar option agreement entered into by the Group in the previous financial year:

R million	FEC currency	Weighted average strike price	Notional amount	Fair value as at 30 June 2023
At 30 June 2023				
EUR Collar	EURO	21.75	50	7

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.3 Credit risk

Credit risk is the risk that a financial asset may not be realisable due to the inability or unwillingness of the issuer of such an instrument to discharge its contractual obligations over the expected life of the financial instrument. The key areas where the Group is exposed to credit risk are:

- Cash and cash equivalents
- Loans and receivables at amortised cost
- Favourable derivative financial instruments
- Financial assets measured at fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL) and;
- Reinsurers' share of insurance liabilities; and
- Amounts due from debtors.

The Group limits its counterparty exposures from its money market and preference share investment operations by investing in entities with a minimum credit rating and ensuring counterparty diversification. The credit quality of the Group's counterparties as well as the exposure to credit risk is monitored by the Group's ALCCO against a set Board investment mandate. The mandate is informed by the prudential regulatory capital requirements of each entity.

The table below indicates the credit quality of the Group's financial assets:

R million	AAA	AA	A	BBB	BB	B	Not rated	Total
At 30 June 2024								
Reinsurance contract assets	212	991	233	3	18	–	130	1 587
Term deposits	–	12 525	–	–	–	–	–	12 525
Collective investment schemes	–	1 696	–	43	43	–	–	1 782
Cash and cash equivalents	–	844	9	652	187	–	–	1 692
Other receivables[1]	–	294	–	23	–	–	709	1 026
Zero-coupon deposits	–	–	–	600	635	116	–	1 351
Money market securities <1 year	–	–	–	–	3 218	28	–	3 246
Money market securities >1 year	–	–	–	–	2 215	115	–	2 330
Zero-coupon deposits backing endowment policies	–	–	–	–	1 738	–	–	1 738
Government, municipal and public utility securities	–	–	–	–	662	3	10	675
Contingent receivable	–	–	–	–	–	–	117	117
Preference share investment	–	–	–	–	–	–	109	109
Unsecured investment in development fund	–	–	–	–	–	–	57	57
Convertible loan	–	–	–	–	–	–	19	19
TOTAL	**212**	**16 350**	**242**	**1 321**	**8 716**	**262**	**1 151**	**28 254**

1 This excludes receivables classified as non-financial assets.

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.3 Credit risk *continued*

The table below indicates the credit quality of the Group's financial assets:

R million	AA	A	BBB	BB	B	Not rated	Total
At 30 June 2023							
Term deposits	11 064	–	–	–	–	–	11 064
Cash and cash equivalents	883	–	–	666	126	–	1 675
Reinsurance contract assets[2]	830	147	6	1	–	84	1 068
Other receivables[2,3]	146	–	–	7	5	651	809
Money market securities <1 year	–	–	–	3 436	–	–	3 436
Money market securities >1 year	–	–	–	2 159	15	–	2 174
Zero-coupon deposits backing endowment policies	–	–	–	1 231	–	–	1 231
Collective investment schemes	–	–	–	936	–	–	936
Zero-coupon deposits	–	–	–	745	302	–	1 047
Government, municipal and public utility securities	–	–	–	306	–	10	316
Forward exchange derivative	–	–	–	9	–	–	9
Preference share investment	–	–	–	–	–	203	203
Other fixed rate debt securities	–	–	–	–	–	180	180
Unsecured investment in development fund	–	–	–	–	–	52	52
Convertible loan	–	–	–	–	–	9	9
TOTAL	12 923	147	6	9 496	448	1 189	24 209

1 Prior year rating has been updated to the align with the Group policy.
2 Balance has been restated with the adoption of IFRS 17.
3 Balance excludes pre-payments.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset in the table above except for the reinsurance contract assets that only represents the credit quality of the balance.

As at 30 June 2024, the maximum exposure to credit risk from reinsurance contracts, which relates to incurred claims recoverable from the re-insurers, is R1 629 million (2023: R1 390 million).

Where available, the Group utilises the credit ratings per counterparty as provided by each of the major credit rating agencies to determine the credit quality of a specific instrument. Where the instrument credit rating is not available, the credit rating of the counterparty as provided by the major credit ratings agencies is utilised.

In instances where the credit rating for the counterparty is not available, the Group utilises the credit rating provided by a service provider amended to take into account the credit risk appetite of the Group. The internal methodology of the service provider provides a credit rating which assesses the counterparty's credit quality based on its financial standing. This methodology has been approved by the Group's ALCCO. Should the service provider not provide a credit rating, the counterparty is shown as unrated.

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.3 Credit risk *continued*

The ratings are defined as follows:

Long-term ratings

AAA	Highest credit quality. The ratings denote the lowest expectation of credit risk, 'AAA' ratings are assigned only in the case of exceptionally strong capacity or payment of financial commitments.
AA	Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. The capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
BBB	Good credit quality. 'BBB' rating indicates a low expectation of credit risk. They indicate adequate capacity for timely payment of financial commitments. Changes in circumstances or in economic conditions are more likely to impair this capacity than is the case for higher ratings.
BB	Speculative quality. 'BB' ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.
B	Highly speculative. 'B' rating indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met, however capacity for continued payment is vulnerable to deterioration in the business and economic environment.

Impairment of financial assets

Calculation of Expected Credit Losses (ECL)

The ECL allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD). Of equal importance is sound correlation between these parameters and forward-looking economic conditions.

ECL reflects the Group's own expectations of credit losses discounted to its present value. However, when considering all reasonable and supportable information that is available without undue cost or effort in estimating ECL, the Group also considers observable market information about the credit risk of the particular financial instrument or similar financial instruments.

The ECL loss allowances are measured on either of the following bases:

- 12-month ECL: ECL that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECL: ECL that result from all possible default events over the expected life of a financial instrument.

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.3 Credit risk *continued*

Impairment of financial assets *continued*

Calculation of ECL *continued*

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Financial assets where credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Exposures are assessed on a per instrument type basis unless there is sufficient evidence that one or more events associated with an exposure could have a detrimental impact on future cash flows. Where such evidence exists, the exposure is assessed on an individual instrument basis. Financial assets are also grouped according to the type of financial asset. The Group makes use of estimates of PDs, LGDs and EADs to calculate the ECL balance for financial assets.

Depending on the relevant information available, PDs are based on historic default rate factors and linked to national scale credit ratings assigned to the issuing parties.

LGDs are derived from a free cash flow (FCF) forecast taking into account the interest rate spreads attached to the instruments. The FCF is discounted at the discount rates provided by the regulating authority which takes the current and expected macro-economic conditions into account. The LGD represents losses expected on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money.

EADs are determined with reference to expected amortisation schedules, historical payment patterns and taking into account credit conversion factors as applicable for undrawn or revolving facilities.

The market risk capital calculation prescribed under the current regulatory regime is used as a reference point in the above calculations.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk. The ECL calculation of a financial instrument takes into account both the contractual and available behavioural repayment patterns over the relevant estimation period.

The gross carrying amount of instruments subject to ECL is written off or reduced when there is no reasonable expectation of recovering a financial instrument in its entirety or a portion thereof.

Significant increase in credit risk and default

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers quantitative and qualitative information based on the Group's historical experience, credit assessment and forward-looking information. The Group's assessment of a significant increase in credit risk subsequent to initial recognition is performed through credit quality assessments of the debt instruments as well as that of the issuing party throughout the financial year. This includes the use of market indicators.

The credit quality of debt instruments is assessed on a monthly basis by means of ensuring that the credit rating of an individual instrument has not deteriorated to a point where it breaches the Group's investment policy. The Group's investment policy allows for investments to be made in high quality debt instruments. If the investment policy is breached, the impact on the ECL will be assessed.

The assessment described above is part of the Group's ongoing monitoring of its investment portfolios. When making a quantitative assessment, the Group uses the change in the PD occurring over the expected life of the financial instrument. This requires a measurement of the PD at initial recognition and at the reporting date.

The Group deems that a significant increase in credit risk arises when a debtor is 30 days past due in making a contractual payment.

A financial asset is in default when the financial asset is credit-impaired or if the financial asset is 90 days past due.

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.3 Credit risk *continued*

Impairment of financial assets *continued*

Forward looking information

The yield curves and discount rates utilised to project the forward rate spreads on the financial instruments takes macro-economic conditions into account. Macro-economic market conditions are based on the expectations of the debt market such as economic, political and market liquidity risks. These yield curves and discount rates are utilised to calculate the present value of future cash flows taking into account the unsystematic risk for future periods. This, coupled with the credit outlook attached to a specific financial instrument, is utilised to calculate the PD and LGD based on the formulas prescribed by the current regulatory regime.

Analysis of credit risk and allowance for ECL

The following table sets out information about the credit quality of financial assets at 30 June 2024 where it carries credit risk. The total carrying amounts represent the maximum exposure to credit risk at the reporting date:

	Gross carrying amount	
R million	Subject to 12-month ECL	Subject to lifetime ECL
At 30 June 2024		
Cash and cash equivalents	**1 692**	**–**
Term deposits	**12 525**	**–**
Preference share investment	**–**	**130**
Government, municipal and public utility securities	**665**	**10**
Money market securities <1 year	**3 246**	**–**
Money market securities >1 year	**2 330**	**–**
Other receivables	**1 026**	**–**
Total	**21 484**	**140**

	Gross carrying amount	
R million	Subject to 12-month ECL	Subject to lifetime ECL
At 30 June 2023		
Cash and cash equivalents	1 675	–
Term deposits	11 064	–
Preference share investment	–	203
Government, municipal and public utility securities	306	10
Money market securities <1 year	3 436	–
Money market securities >1 year	2 174	–
Other receivables[1]	812	–
Total	19 467	213

1 Balance has been restated due to the adoption of IFRS 17.

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.3 Credit risk *continued*

Analysis of credit risk and allowance for ECL *continued*

The loss allowance for debt investments at FVOCI in 30 June 2024, is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

R million	12-month ECL[1]	Lifetime ECL[2]	Total
At 30 June 2024			
Expected credit losses			
Preference share investment	**–**	**30**	**30**
Government, municipal and public utility securities	**2**	**2**	**4**
Money market securities <1 year	**8**	**–**	**8**
Money market securities >1 year	**7**	**–**	**7**
TOTAL	**17**	**32**	**49**

R million	12-month ECL[1]	Lifetime ECL[2]	Total
At 30 June 2023			
Expected credit losses			
Preference share investment	–	30	30
Government, municipal and public utility securities	1	2	3
Money market securities <1 year	10	–	10
Money market securities >1 year	9	–	9
TOTAL	20	32	52

1 Financial assets subject to 12-month ECL have an investment grade credit rating of AAA to BB.
2 Financial assets subject to lifetime ECL have a sub-investment grade of B and lower.

The movement in the ECL balance is linked to the improved credit quality in the money market segregated portfolios:

The counter party exposure changed from the prior year, with exposure in

- Banking counterparties decreasing from 71.2% to 63.5%;
- Corporate counterparties increasing from 22.6% to 24.2%; and
- Government counter parties increasing from 6.2% to 12.2%.

Reinsurance credit exposures

Under the terms of reinsurance agreements, reinsurers agree to reimburse the ceded amount in the event that the gross claim is paid. However, the Group remains liable to its policyholders regardless of whether the reinsurer meets the obligations it has assumed. Consequently, the Group is exposed to credit risk. The Group reviews its reinsurance agreements on an annual basis and ensures the appropriate credit quality of any reinsurer prior to renewing or entering an agreement. The Group's reinsurer's credit ratings are measured on an international scale.

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.4 Liquidity risk

Liquidity risk is the risk that the Group, although solvent, is not able to settle its obligations as they fall due because of insufficient liquid assets in the Group. To ensure that the Group's operating entities are able to meet their liabilities when they fall due, the liquidity profile of the various balance sheets are actively managed with a defined investment mandate. The table below provides a liquidity profile of the Group's financial and insurance contract assets. The liquidity profile assumes that instruments can be traded or settled in the ordinary course of business and in markets with sufficient liquidity. The effects of discounting on financial liabilities are considered to be immaterial. The Group has access to a revolving credit facility of R1 350 million to support the Group's capital investment in OUTsurance Ireland and to provide liquidity to share incentive schemes as market maker where the Group exercises its pre-emptive rights to acquire shares. At 30 June 2024, R774 million was drawn from this facility (2023: R0 million). Refer to note 33 for more information.

R million	**30 June 2024**	**%**	30 June 2023	%
Liquid financial assets				
Realisable within 30 days[1]				
Cash and cash equivalents	**1 692**	**5.8%**	1 675	5.7%
Collective investment schemes	**2 106**	**7.2%**	1 367	4.7%
Government, municipal and public utility securities	**675**	**2.3%**	316	1.1%
Money market securities	**5 576**	**19.1%**	5 610	19.2%
Exchange traded funds - ordinary shares	**1 089**	**3.7%**	774	2.7%
Realisable between one and twelve months				
Term deposits	**12 525**	**42.8%**	11 064	37.8%
Other receivables[2]	**1 026**	**3.5%**	812	2.8%
Contingent receivable	**18**	**<1%**	–	0.0%
Preference share investment	**–**	**0.0%**	102	<1%
Derivative assets	**10**	**<1%**	9	<1%
Convertible loan	**14**	**<1%**	–	0.0%
TOTAL LIQUID FINANCIAL ASSETS	**24 731**		21 729	
Illiquid assets				
Realisable in more than twelve months				
Zero-coupon deposits	**1 351**	**4.6%**	1 047	3.6%
Listed non-cumulative, non-redeemable preference shares	**189**	**<1%**	191	<1%
Unsecured investment in development fund	**57**	**<1%**	52	<1%
Zero-coupon deposits backing endowment policies	**1 738**	**6.0%**	1 231	4.2%
Convertible loan	**5**	**<1%**	9	<1%
Unlisted equity	**918**	**3.1%**	401	1.4%
Contingent receivable	**99**	**<1%**	–	0.0%
Preference share investment	**100**	**<1%**	101	<1%
Other fixed rate debt securities	**–**	**0.0%**	180	<1%
Derivative assets	**77**	**<1%**	–	0.0%
TOTAL ILLIQUID ASSETS	**4 534**		3 212	
TOTAL FINANCIAL ASSETS HELD	**29 265**	**100%**	24 941	100%
Expected discounted cash flows				
Reinsurance contract asset – Non life				
Realisable within 30 days	**54**		20	
Realisable between one and twelve months	**383**		264	
Realisable after more than twelve months	**1 038**		735	
Reinsurance contract asset – Life				
Realisable between one and twelve months	**55**		128	
Realisable after more than twelve months	**57**		(60)	
TOTAL INSURANCE CONTRACT ASSETS HELD	**1 587**		1 087	
TOTAL ASSETS (EXCLUDING NON-MONETARY ASSETS)	**30 852**		26 028	

1 Can be converted to cash before contractual maturity.
2 This constitutes receivables classified as financial assets. The balance has also been restated due to the adoption of IFRS 17.

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.4 Liquidity risk *continued*

Maturity profile of liabilities

The table below shows the expected liquidity profile of the Group's liabilities and shows the liquid asset coverage ratio which indicates how many times the liabilities are covered by liquid assets. This ratio is actively managed in accordance with the investment and balance sheet management mandate of each Group entity.

Timebands are structured based on the timing of when the insurance contract liabilities are due in the normal course of business.

It is expected that the non-life insurance contract liabilities in the 0 – 12 month time band will realise as follows:

- 55% (2023: 56%) within 0 – 3 months;
- 25% (2023: 27%) within 4 – 6 months; and
- 20% (2023: 20%) within 7 – 12 months.

R million	0 – 12 months	13 – 36 months	37 – 60 months	>60 months	Total
At 30 June 2024					
Expected discounted cash flows					
Insurance contract liabilities – life	(241)	(369)	277	980	647
Reinsurance contract liabilities – life	–	2	1	–	3
Insurance contract liabilities – non-life	10 099	1 269	517	374	12 259
Reinsurance contract liabilities – Non-life[1]	20	5	–	–	25
Derivative financial instruments	3	6	9	70	88
Investment contract liability	–	–	1 738	–	1 738
	9 881	913	2 542	1 424	14 760
Contractual undiscounted cash flows[1]					
Financial liabilities at fair value through profit or loss	113	–	–	–	113
Trade creditors	109	–	–	–	109
Other payables	661	–	–	–	661
	883	–	–	–	883
TOTAL LIABILITIES	10 764	913	2 542	1 424	15 643
Liquid asset coverage ratio	2.30				1.58
Financial assets coverage ratio					1.97

1 The effect of discounting does not have a significant effect on the contractual undiscounted cash flow due to the short-term maturity profile.

Tax and employee liabilities are excluded from the current financial year liquidity analysis due to their nature not being that of a financial liability.

3. Management of risk and capital *continued*

3.3 Financial risk management *continued*

3.3.4 Liquidity risk *continued*

Maturity profile of liabilities *continued*

R million	0 – 12 months	13 – 36 months	37 – 60 months	>60 months	Total
At 30 June 2023					
Insurance contract liabilities – life[1]	(216)	(363)	(160)	1 263	524
Reinsurance contract liabilities – life[1]	2	2	1	1	6
Insurance contract liabilities – non-life[1]	8 034	969	386	278	9 667
Reinsurance contract liabilities – non-life[1]	26	4	–	–	30
Derivative financial instruments	4	8	11	58	81
Investment contract liability	–	–	1 231	–	1 231
	7 850	620	1 469	1 600	11 539
Contractual undiscounted cash flows[2]					
Financial liabilities at fair value through profit or loss	112	–	–	–	112
Trade creditors	97	–	–	–	97
Other payables	539	–	–	–	539
	748	–	–	–	748
TOTAL LIABILITIES	8 598	620	1 469	1 600	12 287
Liquid asset coverage ratio[1]	2.53				1.77
Financial assets coverage ratio[1]					2.12

1 The amounts have been restated with the adoption of IFRS 17.

2 The effects of discounting does not have a significant effect on the contractual undiscounted cash flow due to the short-term maturity profile.

3.4 Capital management

Capital adequacy risk is the risk that there are insufficient reserves to provide for variations in actual future experience that is worse than what has been assumed in conducting insurance business and to facilitate growth and strategic objectives.

The Group's objectives when managing capital are:

- to comply with the regulatory solvency capital requirements for each entity and the Group;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return for shareholders by pricing insurance commensurately with the level of risk; and
- to retain sufficient surplus capital to facilitate future growth and strategic expansion.

3. Management of risk and capital *continued*

3.4 Capital management *continued*

The Group and its insurance entities assess the solvency capital requirement as follows:

- Non-life underwriting risk: The risk that arises from insurance obligations for short-term insurance business and includes reserve, premium, catastrophe and lapse risk.
- Life underwriting risk: The risk that arises from insurance obligations for long-term insurance business and includes lapse, mortality, morbidity, catastrophe and expense risks.
- Market risk: The risk of loss arising from movements in market prices on the value of the insurer's assets and liabilities or of loss arising from the default of the insurer's counterparties.
- Operational risk: The risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.

In each country in which the Group operates, the local insurance regulator specifies the minimum amount and the type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities.

The Group and its insurance entities set a target solvency coverage multiple of the regulated minimum for each jurisdiction and the Group in aggregate to act as a buffer against uncertainty. These target multiples are derived from considering the unique risk characteristics of each entity and the Group in aggregate. These risk characteristics include the impact of stress and scenario tests, the level and variability of profits and the accepted risk appetite. The Group target multiple for 2024 and 2023 was set as the weighted average of the target SCR's of each entity.

Qualifying regulatory capital or own funds consists of retained earnings, contributed share capital and distributable reserves.

The table below summarises the Solvency Coverage Ratio for each of the regulated Group companies and the actual solvency achieved:

Solvency coverage ratio[1]	Jurisdiction	**2024**	**Target[2]**	2023	Target[2]
Group		**2.3**	**1.5**	2.2	1.5
Short-term insurance					
OUTsurance Insurance Company Limited	South Africa	**1.7**	**1.3**	1.6	1.3
Youi Holdings Group	Australia	**2.3**	**1.6 – 1.9**	2.3	1.6 – 1.9
OUTsurance Ireland Group	Ireland	**21.6**	**1.5**	–	–
Long-term insurance					
OUTsurance Life Insurance Company Limited	South Africa	**3.0**	**1.5**	3.2	1.5

1 Solvency Coverage Ratio, which is defined as the ratio of regulatory admissible net assets to the solvency capital requirement.
2 The target ratio is before foreseeable dividends.

The regulated solvency capital requirements for the various regulated entities are calculated as follows:

Group and South African operations

The Financial Soundness for Insurers and Financial Soundness for Groups prudential standards prescribes certain measures by which insurers and Groups measure their eligible own funds and prescribe the manner in which the solvency capital requirement (SCR) needs to be calculated. The Group and solo entities apply the standard formula approach to determine the SCR.

The prescribed SCR is the level of eligible own funds required to ensure the value of assets will exceed technical provisions and other liabilities at a 99.5% level of certainty over a one-year time horizon. The SCR is calculated based on the following key risk categories:

- Non-life underwriting risk;
- Life underwriting risk;
- Market risk; and
- Operational risk.

OUTsurance Holdings Limited and its subsidiaries are regulated as an insurance group. The deduction and aggregation method are used to assess capital adequacy on a group-wide basis. This method sums the solo capital requirements and aims to calculate the relevant adjustments to avoid double or multiple gearing of capital. Excess or deficits of capital existing at the level of each entity, including entities in other jurisdictions in the group, i.e., on a solo basis, are aggregated (net of intragroup transactions) in order to measure the own funds surplus (or deficit) at a Group level.

3. Management of risk and capital *continued*

3.4 Capital management *continued*

Australian operations – Short-term insurance operations

The Australian Prudential Regulation Authority (APRA) regulates the capital requirements of Australian entities which are licensed general insurers calculated in accordance with Prudential Standards GPS 110 Capital Adequacy. The prudential capital requirement (PCR) is equal to the sum of the prescribed capital amount (PCA) and any supervisory adjustment determined by APRA.

The PCA is calculated in accordance with the Standard Method as the sum of:

- Insurance risk charge;
- Insurance Concentration risk charge;
- Asset risk charge;
- Asset Concentration risk charge;
- Operational risk charge; and
- Less aggregation benefit.

Ireland operations – Short-term insurance operations

The Central Bank of Ireland (CBI) regulates the capital requirements of OUTsurance DAC in Ireland under the European Solvency II Standard Formula.

4. Segment information

For management purposes, the Group is organised into business units based on product offering. The Group changed their reporting segments on the adoption of IFRS 17 to ensure that the information reported to the chief operating decision-maker (CODM) is reflected in the segment report. The split for the insurance operations in Youi Holdings was updated to reflect the Personal, Business and CTP segments separately. The prior periods were restated accordingly.

Consequently, the Group has the following operating segments:

- Personal insurance: This segment provides personal and casualty insurance products to individuals conducted in OUTsurance Insurance Company Limited and Youi Holdings Pty Limited;
- Business insurance: This segment provides short-term insurance products to small and medium sized businesses. Business insurance is conducted in OUTsurance Insurance Company Limited and Youi Holdings Pty Limited;
- Youi CTP: This segment provides compulsory third-party vehicle insurance to individuals in Australia and conducted in Youi Holdings Pty Limited;
- OUTsurance Central: This is the central cost incurred by OUTsurance that is not allocated to the OUTsurance personal and business segments;
- OUTsurance Ireland: This segment provides personal and casualty insurance products to individuals conducted in OUTsurance Designated Activity Company;
- Life insurance: This segment provides long-term insurance products to individuals. Life insurance business is conducted in OUTsurance Life Insurance Company Limited;
- Administration services: This segment provides contact centre services to Youi Group and external third parties and earns inter-segment license fees on the core insurance technology of the Group; and
- Central and consolidation adjustments: This segment relates to all the other segments within the Group that have not been specified above as well as costs that are not allocated to specific segments due to their overarching nature.

This presentation better reflects the way the CODM reviews the results. The prior periods were restated accordingly.

For risk classes included in the Personal and Business insurance segments refer to note 3.2.1(i). For insurance products issued in the Life insurance segment refer to note 3.2.2(i).

The information in the segment report is presented on the same basis as reported to and managed by management. It is aggregated based on the qualitative and quantitative significance of the business units. Reporting adjustments are those accounting reclassifications and entries required to produce IFRS compliant results. Specific details of these adjustments are included as footnotes. The Group's total earnings is managed on a normalised basis, which most appropriately reflects the economic performance of the Group.

The material revenue of the Group is derived from gross written premiums for insurance policies issued.

The Group accounts for gross inter-segment revenues in the segment note and eliminates the inter-segment values in the central and consolidation adjustments column. The inter-segment revenue consists of license fees and administration fees for call centre services to the value of R188.5 million (2023: R110.2 million). Given the nature of the operations there is no single external customer that provides 10% or more of the Group's revenues.

During the prior financial year, the Group expanded its international operations to Ireland. Ireland obtained an insurance license on 1 January 2024 and started issuing short term insurance products to individuals in April 2024 similarly to OUTsurance and Youi Group. In addition to the IFRS 17 compliant income statements, additional disclosure is provided in support of the management metrics monitored, which include volume and ratio calculations.

Management noted the IFRIC agenda decision regarding disclosure of revenues and expenses for reportable segments in agenda paper 2 of the June 2024 IFRIC meeting and will incorporate in the disclosure in the annual financial statements for 30 June 2025.

4. Segment information *continued*

	Property and casualty insurance										Long-term insurance					
	OUTsurance				Youi Group											
	Personal[1]	Business	Central	Total	Personal	Business	CTP	Total	OUTsurance Ireland	P&C Total	OUTsurance Life	Admini-stration services	Central and consolidation entries	OHL Group Total	Treasury Company and consolidation entries	OGL Group Total
Segment income statement information																
Year ended 30 June 2024																
Insurance revenue	9 439	2 727	–	12 166	17 076	894	831	18 801	–	30 967	946	–	–	31 913	–	31 913
Insurance service expenses	(6 172)	(2 189)	–	(8 361)	(14 249)	(919)	(695)	(15 863)	(109)	(24 333)	(644)	–	–	(24 977)	–	(24 977)
Net expenses from reinsurance contracts held	(140)	(40)	–	(180)	(992)	(35)	(137)	(1 164)	(6)	(1 350)	3	–	–	(1 347)	–	(1 347)
Insurance service result	3 127	498	–	3 625	1 835	(60)	(1)	1 774	(115)	5 284	305	–	–	5 589	–	5 589
Administration and other income	29	9	–	38	28	–	–	28	–	66	23	591	(182)	498	4	502
Fair value adjustment to financial liabilities	(187)	–	–	(187)	–	–	–	–	–	(187)	(13)	–	–	(200)	–	(200)
Marketing and administration expenses	(174)	(62)	(589)	(825)	(228)	(7)	(11)	(246)	(103)	(1 174)	(98)	(573)	278	(1 567)	(79)	(1 646)
Underwriting result	2 795	445	(589)	2 651	1 635	(67)	(12)	1 556	(218)	3 989	217	18	96	4 320	(75)	4 245
Investment income on insurance contract assets and liabilities	132	36	–	168	379	25	50	454	–	622	110	–	–	732	–	732
Finance expenses from insurance contracts issued	(105)	(37)	–	(142)	(27)	(2)	(47)	(76)	–	(218)	(125)	–	–	(343)	–	(343)
Finance income from reinsurance contracts held	–	1	–	1	1	–	38	39	–	40	62	–	–	102	–	102
Operating profit	2 822	445	(589)	2 678	1 988	(44)	29	1 973	(218)	4 433	264	18	96	4 811	(75)	4 736
Equity accounted earnings				–				92	–	92	–	–	(1)	91	36	127
Profit on change in shareholding of investment in associates				–				–	–	–	–	–	(4)	(4)	513	509
Profit on sale of subsidiary/associate				–				–	–	–	–	–	66	66	33	99
Impairment of investments in associates				–				–	–	–	–	–	–	–	(9)	(9)
Operating profit including associate earnings				2 678				2 065	(218)	4 525	264	18	157	4 964	498	5 462
Net investment income on shareholder investment capital				460				200	40	700	39	–	65	804	92	896
Finance costs				(53)				(11)	(1)	(65)	–	(6)	(2)	(73)	–	(73)
Profit before tax				3 085				2 254	(179)	5 160	303	12	220	5 695	590	6 285
Normalised earnings				2 212				1 574	(180)	3 606	210	12	2	3 830	(294)	3 536

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

4. Segment information *continued*

Segmental ratio calculation and reconciliation

	Property and casualty insurance										Long-term insurance			
	OUTsurance				Youi Group									
	Personal	Commercial	Central	Total	Personal	Commercial	CTP	Total	OUTsurance Ireland	P&C Total	OUTsurance Life	Admini-stration services	Central and consolidation adjustments	OHL Group Total
Year ended 30 June 2024														
Gross written premium	9 451	2 723	–	12 174	18 966	1 138	914	21 018	8	33 200				
Movements in unearned premium	(12)	4	–	(8)	(1 890)	(244)	(83)	(2 217)	(8)	(2 233)				
Gross earned premium = insurance revenue	9 439	2 727	–	12 166	17 076	894	831	18 801	–	30 967	946	–	–	31 913
Reinsurance premium expense	(143)	(60)	–	(203)	(1 403)	(46)	(468)	(1 917)	(6)	(2 126)				(2 126)
2. Net earned premium	9 296	2 667	–	11 963	15 673	848	363	16 884	(6)	28 841				29 787
Change in loss component	1	(2)	–	(1)	–	–	(2)	(2)	(14)	(17)				
Gross claims expense	(4 451)	(1 392)	–	(5 843)	(9 882)	(631)	(595)	(11 108)	–	(16 951)				
Gross claims expenses (incl OUTbonus)	(4 450)	(1 394)	–	(5 844)	(9 882)	(631)	(597)	(11 110)	(14)	(16 968)				
Finance expenses from insurance contracts issued	(105)	(37)	–	(142)	(27)	(2)	(47)	(76)	–	(218)				
Gross claims expenses incl IFE[1]	(4 555)	(1 431)	–	(5 986)	(9 909)	(633)	(644)	(11 186)	(14)	(17 186)				
Reinsurance recoveries	3	20	–	23	411	11	331	753	–	776				
Finance income from reinsurance contracts held	–	1	–	1	1	–	38	39	–	40				
1. Net claims expense incl IFE	(4 552)	(1 410)	–	(5 962)	(9 497)	(622)	(275)	(10 394)	(14)	(16 370)				
3. Operating expenses	(1 896)	(857)	(589)	(3 342)	(4 595)	(295)	(109)	(4 999)	(198)	(8 539)	(98)	(573)	278	(8 932)
Attributable expenses (included in Insurance Service Expense)	(1 722)	(795)	–	(2 517)	(4 367)	(288)	(98)	(4 753)	(95)	(7 365)	–	–	–	(7 365)
Non-attributable expenses (included in Marketing and Administration expenses	(174)	(62)	(589)	(825)	(228)	(7)	(11)	(246)	(103)	(1 174)	(98)	(573)	278	(1 567)
4. Administration income	29	9	–	38	28	–	–	28	–	66	23	591	(182)	498
5. Fair value to financial liabilities	(187)	–	–	(187)	–	–	–	–	–	(187)				
6. Underwriting result	2 690	409	(589)	2 510	1 609	(69)	(21)	1 519	(218)	3 811				
Investment income on insurance contract assets and liabilities	132	36	–	168	379	25	50	454	–	622				
Operating profit/(loss)	2 822	445	(589)	2 678	1 988	(44)	29	1 973	(218)	4 433				

1 Includes net insurance finance expense (IFE) as disclosed in the statement of profit or loss.

Notes to the consolidated annual financial statements *continued*

4. Segment information *continued*

Segmental ratio calculation and reconciliation *continued*

	Property and casualty insurance										Long-term insurance			
	OUTsurance				Youi Group									
	Personal	Commercial	Central	Total	Personal	Commercial	CTP	Total	OUTsurance Ireland	P&C Total	OUTsurance Life	Admini-stration services	Central and consolidation adjustments	OHL Group Total
Ratio calculations (as disclosed in management commentary)														
Net claims ration (2/1)	49.0%	52.9%		49.8%	60.6%	73.3%	75.8%	61.6%		56.8%				
Cost-to-income ratio (3/1)	20.4%	32.1%		27.9%	29.3%	34.8%	30.0%	29.6%		29.6%				
Group cost-to-income ratio (3/(2+4))														29.5%
Underwriting margin (6/1)	28.9%	15.3%		21.0%	10.3%	(8.1%)	(5.8%)	9.0%		13.2%				
Combined ratio ((2+3+5)/1)	71.4%	85.0%		79.3%	89.9%	108.1%	105.8%	91.2%		87.0%				
Reconciliation of insurance service expense														
Gross claims (incl OUTbonus)	(4 451)	(1 392)	–	(5 843)	(9 882)	(631)	(595)	(11 108)	–	(16 951)				
Change in loss component	1	(2)	–	(1)	–	–	(2)	(2)	(14)	(17)				
	(4 450)	(1 394)	–	(5 844)	(9 882)	(631)	(597)	(11 110)	(14)	(16 968)				
Attributable expenses	(1 634)	(883)	–	(2 517)	(4 367)	(288)	(98)	(4 753)	(95)	(7 365)				
Insurance service expense as disclosed	(6 084)	(2 277)	–	(8 361)	(14 249)	(919)	(695)	(15 863)	(109)	(24 333)				

4. Segment information *continued*

	Property and casualty insurance											Long-term insurance					
	OUTsurance				Youi Group												
	Personal[1]	Business	Central	Total	Personal	Business	CTP	Central	Total	OUTsurance Ireland	P&C Total	OUTsurance Life	Administration services	Central and consolidation entries	OHL Group Total	Treasury Company and consolidation entries	OGL Group Total
Segment income statement information																	
Year ended 30 June 2023																	
Insurance revenue	8 705	2 432	–	11 137	13 696	388	756	–	14 840	–	25 977	856	–	–	26 833	–	26 833
Insurance service expenses[2]	(6 007)	(2 077)	–	(8 084)	(9 923)	(289)	(813)	–	(11 025)	–	(19 109)	(728)	–	–	(19 837)	–	(19 837)
Net expenses from reinsurance contracts held	(98)	(54)	–	(152)	(1 812)	(38)	(22)	–	(1 872)	–	(2 024)	35	–	–	(1 989)	–	(1 989)
Insurance service result	2 600	301	–	2 901	1 961	61	(79)	–	1 943	–	4 844	163	–	–	5 007	–	5 007
Administration and other income	–	–	–	–	39	–	–	–	39	–	39	7	501	(110)	437	13	450
Fair value adjustment to financial liabilities	(180)	–	–	(180)	–	–	–	–	–	–	(180)	(16)	–	–	(196)	–	(196)
Marketing and administration expenses	(177)	(51)	(251)	(479)	(312)	(7)	(13)	–	(332)	(56)	(867)	(84)	(558)	103	(1 406)	(104)	(1 510)
Underwriting result	2 243	250	(251)	2 242	1 688	54	(92)	–	1 650	(56)	3 836	70	(57)	(7)	3 842	(91)	3 751
Investment income on insurance contract assets and liabilities	99	27	–	126	193	7	26	–	226	–	352	67	–	–	419	–	419
Finance expenses from insurance contracts issued	(68)	(18)	–	(86)	(22)	–	(15)	–	(37)	–	(123)	20	–	–	(103)	–	(103)
Finance income from reinsurance contracts held	2	1	–	3	11	–	7	–	18	–	21	(12)	–	–	9	–	9
Operating profit	2 276	260	(251)	2 285	1 870	61	(74)	–	1 857	(56)	4 086	145	(57)	(7)	4 167	(91)	4 076
Equity accounted earnings				–					37	–	37	–	–	(3)	34	(14)	20
Profit on change in shareholding of investment in associates				–					–	–	–	–	–	7	7	–	7
Profit on sale of subsidiary/associate				–					–	–	–	–	–	45	45	12	57
Reversal of impairment/(impairment) of investment in associate				–					–	–	–	–	–	13	13	(36)	(23)
Operating profit including associate earnings				2 285					1 894	(56)	4 123	145	(57)	55	4 266	(129)	4 137
Net investment income on shareholder investment capital				372					139	–	511	53	3	105	672	107	779
Finance costs				(34)					(28)	–	(62)	–	–	46	(16)	(24)	(40)
Profit before tax				2 623					2 005	(56)	4 572	198	(54)	206	4 922	(46)	4 876
Normalised earnings				1 884					1 396	(56)	3 224	142	(35)	(21)	3 310	(371)	2 939

1 Includes the Homeowners cover book sourced from FirstRand Bank Limited.
2 For the year ended 30 June 2023 there was a reallocation from marketing and administration expenses to insurance service expenses relating to the update of the classification of certain directly attributable expenses. Refer to note 41 for more information.

4. Segment information *continued*

Segmental ratio calculation and reconciliation *continued*

	Property and casualty insurance											Long-term insurance			
	OUTsurance				Youi Group										
	Personal	Commercial	Central	Total	Personal	Commercial	CTP	Central	Total	OUTsurance Ireland	P&C Total	OUTsurance Life	Admini-stration services	Central and consolidation adjustments	OHL Group Total
Year ended 30 June 2023															
Gross written premium	8 722	2 438	–	11 160	14 956	606	837	–	16 399	–	27 559				
Movements in unearned premium	(17)	(6)	–	(23)	(1 260)	(218)	(81)	–	(1 559)	–	(1 582)				
Gross earned premium = insurance revenue	8 705	2 432	–	11 137	13 696	388	756	–	14 840	–	25 977	856	–	–	26 833
Reinsurance premium expense	(147)	(52)	–	(199)	(1 459)	(72)	(521)	–	(2 052)	–	(2 251)				(2 251)
1. Net earned premium	8 558	2 380	–	10 938	12 237	316	235	–	12 788	–	23 726				24 582
Change in loss component	–	6	–	6	–	–	–	–	–	–	6				
Gross claims expense	(4 401)	(1 306)	–	(5 707)	(6 378)	(175)	(756)	–	(7 309)	–	(13 016)				
Gross claims expenses (incl OUTbonus)	(4 401)	(1 300)	–	(5 701)	(6 378)	(175)	(756)	–	(7 309)	–	(13 010)				
Finance expenses from insurance contracts issued	(68)	(18)	–	(86)	(22)	–	(15)	–	(37)	–	(123)				
Gross claims expenses incl IFE[1]	(4 469)	(1 318)	–	(5 787)	(6 400)	(175)	(771)	–	(7 346)	–	(13 133)				
Reinsurance recoveries	49	(2)	–	47	(353)	34	499	–	180	–	227				
Finance income from reinsurance contracts held	2	1	–	3	11	–	7	–	18	–	21				
2. Net claims expense incl IFE	(4 418)	(1 319)	–	(5 737)	(6 742)	(141)	(265)	–	(7 148)	–	(12 885)				
3. Operating expenses	(1 783)	(828)	(251)	(2 862)	(3 857)	(121)	(70)	–	(4 048)	(56)	(6 966)	(84)	(558)	103	(7 505)
Attributable expenses (included in Insurance Service Expense)	(1 606)	(777)	–	(2 383)	(3 545)	(114)	(57)	–	(3 716)	–	(6 099)	–	–	–	(6 099)
Non-attributable expenses (included in Marketing and Administration expenses	(177)	(51)	(251)	(479)	(312)	(7)	(13)	–	(332)	(56)	(867)	(84)	(558)	103	(1 406)
4. Administration income	–	–	–	–	39	–	–	–	39	–	39	7	501	(110)	437
5. Fair value to financial liabilities	(180)	–	–	(180)	–	–	–	–	–	–	(180)				
6. Underwriting result	2 177	233	(251)	2 159	1 677	54	(100)	–	1 631	(56)	3 734				
Investment income on insurance contract assets and liabilities	99	27	–	126	193	7	26	–	226	–	352				
Operating profit/(loss)	2 276	260	(251)	2 285	1 870	61	(74)	–	1 857	(56)	4 086				

1 Includes net insurance finance expense (IFE) as disclosed in the statement of profit or loss.

4. Segment information *continued*

Segmental ratio calculation and reconciliation *continued*

	Property and casualty insurance											Long–term insurance			
	OUTsurance				Youi Group										
	Personal	Commercial	Central	Total	Personal	Commercial	CTP	Central	Total	OUTsurance Ireland	P&C Total	OUTsurance Life	Administration services	Central and consolidation adjustments	OHL Group Total
Ratio calculations (as disclosed in management commentary)															
Net claims ratio (2/1)	51.6%	55.4%		52.5%	55.1%	44.6%	112.8%		55.9%		54.3%				
Cost-to-income ratio (3/1)	20.8%	34.8%		26.2%	31.5%	38.3%	29.8%		31.7%		29.4%				
Group cost-to-income ratio (3/(2+4))															30.0%
Underwriting margin (6/1)	25.4%	9.8%		19.7%	13.7%	17.1%	(42.6%)		12.8%		15.7%				
Combined ratio ((2+3+5)/1)	74.6%	90.2%		80.3%	86.6%	82.9%	142.6%		87.6%		84.4%				
Reconciliation of insurance service expense															
Gross claims (incl OUTbonus)	(4 401)	(1 306)	–	(5 707)	(6 378)	(175)	(756)	–	(7 309)	–	(13 016)				
Change in loss component	–	6	–	6	–	–	–	–	–	–	6				
	(4 401)	(1 300)	–	(5 701)	(6 378)	(175)	(756)	–	(7 309)	–	(13 010)				
Attributable expenses	(1 722)	(795)	–	(2 383)	(3 545)	(114)	(57)	–	(3 716)	–	(6 099)				
Insurance service expense as disclosed	(6 172)	(2 189)	–	(8 084)	(9 923)	(289)	(813)	–	(11 025)	–	(19 109)				

4. Segment information *continued*

Geographical segmentation

R million	South Africa and OHL Group consolidation				Australia	Ireland	OHL Group	South Africa	OGL Group
	OUTsurance	OUTsurance Life	Admini-stration services	Central and consolidation adjustments	Youi Group	OUTsurance Ireland	Total	Treasury Company and consolidation adjustments	Total
Segment statement of financial position information									
As at 30 June 2024									
Segment assets									
Property and equipment	143	–	12	192	833	25	1 205	–	1 205
Investment in associates	–	–	–	138	330	–	468	338	806
Reinsurance assets	27	112	–	–	1 430	18	1 587	–	1 587
Insurance assets	–	251	–	–	–	–	251	–	251
Financial assets	6 609	3 326	0	330	12 825	1 696	24 786	1 683	26 469
Other assets	725	119	165	(463)	1 586	104	2 236	11	2 247
Cash and cash equivalents	299	118	155	42	843	9	1 466	226	1 692
TOTAL SEGMENT ASSETS	7 803	3 926	332	239	17 847	1 852	31 999	2 258	34 257
Segment equity									
Share capital and premium	25	445	180	(1 991)	1 519	2 038	2 216	13 270	15 486
Retained earnings	3 868	629	47	2 965	3 592	(236)	10 865	(7 576)	3 289
Other equity reserve	69	6	2	(1 200)	973	(56)	(206)	(4 484)	(4 690)
Non-controlling interest	–	–	–	295	–	–	295	1 007	1 302
TOTAL SEGMENT EQUITY	3 962	1 080	229	69	6 084	1 746	13 170	2 217	15 387
Segment liabilities									
Reinsurance liabilities	25	3	–	–	–	–	28	–	28
Insurance liabilities	1 945	646	–	–	10 295	20	12 906	–	12 906
Other liabilities	1 871	2 197	103	170	1 468	86	5 895	41	5 936
TOTAL SEGMENT LIABILITIES	3 841	2 846	103	170	11 763	106	18 829	41	18 870
TOTAL SEGMENT EQUITY AND LIABILITIES	7 803	3 926	332	239	17 847	1 852	31 999	2 258	34 257

4. Segment information *continued*

Geographical segmentation *continued*

	Southern Africa and OHL Group consolidation				Australia	Ireland	OHL Group	South Africa	OGL Group
R million	OUTsurance	OUTsurance Life	Administration services	Central and consolidation adjustments	Youi Group	OUTsurance Ireland	Total	Treasury Company and consolidation adjustments	Total
Segment statement of financial position information									
As at 30 June 2023									
Segment assets									
Property and equipment	164	–	12	194	783	45	1 198	–	1 198
Investments in associates	–	–	–	192	247	–	439	349	788
Reinsurance assets	27	68	–	–	992	–	1 087	–	1 087
Insurance assets	–	216	–	–	–	–	216	–	216
Financial assets	5 677	2 872	–	944	11 373	–	20 866	1 579	22 445
Other assets	840	49	239	(608)	1 228	15	1 763	389	2 152
Cash and cash equivalents	182	185	8	205	863	83	1 526	149	1 675
TOTAL SEGMENT ASSETS	6 890	3 390	259	927	15 486	143	27 095	2 466	29 561
Segment Equity									
Share capital and premium	25	435	100	(41)	1 601	168	2 288	13 164	15 452
Retained earnings	3 254	755	35	2 301	3 110	(56)	9 399	(7 832)	1 567
Other equity reserves	27	4	–	(814)	1 190	11	418	(4 079)	(3 661)
Non-controlling interests	–	–	–	429	–	–	429	1 139	1 568
TOTAL SEGMENT EQUITY	3 306	1 194	135	1 875	5 901	123	12 534	2 392	14 926
Segment liabilities									
Reinsurance liabilities	30	6	–	–	–	–	36	–	36
Insurance liabilities	1 920	525	–	–	7 746	–	10 191	–	10 191
Other liabilities[1]	1 634	1 665	124	(948)	1 839	20	4 334	74	4 408
TOTAL SEGMENT LIABILITIES	3 584	2 196	124	(948)	9 585	20	14 561	74	14 635
TOTAL SEGMENT EQUITY AND LIABILITIES	6 890	3 390	259	927	15 486	143	27 095	2 466	29 561

1 The June 2023 value, as disclosed in the 31 December 2023 results, has been updated to reflect the correct Other liabilities balance in OUTsurance Life.

4. Segment information *continued*

Reconciliation of normalised earnings per segment report to headline earnings

R million	2024	2023
Normalised earnings as per the segment report	**3 536**	2 939
Fair value adjustments on derivative financial instruments	**(9)**	3
Amortisation of intangible assets relating to business combinations	**(4)**	(4)
Group treasury shares	**2**	25
HEADLINE EARNINGS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS PER NOTE 13	**3 525**	2 963

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 are therefore considered to most accurately reflect the Group's economic performance.

Fair value adjustments: The fair value adjustments on derivative financial instruments relate to gains and losses on hedges of capital investments. These transactions are considered normalised earnings adjustments as they are entered into to manage the Group's capital and are not part of ordinary operations.

Amortisation of intangible assets: The Group has always viewed the amortisation of intangible assets relating to business combinations as non-operational in nature and therefore excludes it from the normalised earnings that are presented to the chief operating decision maker.

Group treasury shares: The Group views treasury shares held by group companies as having economic value and therefore adjusts for the impact of the elimination thereof to derive normalised earnings.

5. Administration and other income

R million	2024	2023
Government grant received	**55**	69
Commission income[1]	**38**	–
Fees received from investment advice and investment administration services	**29**	15
Fees received from contact centre services	**376**	353
Other income	**4**	13
TOTAL ADMINISTRATION AND OTHER INCOME	**502**	450

1 Commission income relates to SASRIA commission earned, which was previously included in Insurance revenue. The prior financial year amount is immaterial and is therefore not restated.

Government grant received

The Group qualifies for a job-creation incentive associated with call centre activities of Youi and Hastings offshored to South Africa. The incentive is accounted for based on the actual incentive qualified for during the financial year under review. In order to satisfy the requirements of the grant a minimum number of jobs must be created and maintained for previously unemployed individuals.

6. Investment income and Interest income on financial assets using the effective interest method

R million	2024	2023
Investment income:	**290**	208
Interest – financial assets at fair value through profit or loss	**205**	108
Dividends – listed equities	**56**	67
Dividends – unlisted equities	**28**	14
Dividends – other financial assets	**1**	19
Interest income on financial assets using the effective interest method	**1 284**	911
Interest – financial assets measured at amortised cost	**704**	453
Interest – financial assets at fair value through other comprehensive income	**580**	458
TOTAL INVESTMENT INCOME AND INTEREST INCOME ON FINANCIAL ASSETS USING THE EFFECTIVE INTEREST METHOD	**1 574**	1 119

7. Net gain from fair value adjustments on financial assets and Change in expected credit losses on financial assets

R million	Fair value designated though profit or loss	Fair value through other comprehensive income	Total
2024			
Net realised loss on financial assets	**–**	**(3)**	**(3)**
Net unrealised fair value gain	**54**	**–**	**54**
Net gain/(loss) from fair value adjustments on financial assets	**54**	**(3)**	**51**
Expected credit loss on financial assets reversed	**–**	**3**	**3**
Effect on profit or loss	**54**	**–**	**54**
Fair value gain on financial assets at fair value through other comprehensive income	**–**	**5**	**5**
EFFECT ON TOTAL COMPREHENSIVE INCOME	**54**	**5**	**59**
2023			
Net realised loss on financial assets	–	(7)	(7)
Net unrealised fair value gain	87	–	87
Net gain/(loss) from fair value adjustments on financial assets	87	(7)	80
Expected credit loss on financial assets	–	(1)	(1)
Effect on profit or loss	87	(8)	79
Fair value gain on financial assets at fair value through other comprehensive income	–	47	47
EFFECT ON TOTAL COMPREHENSIVE INCOME	87	39	126

Refer to note 3.3.1 for the fair value hierarchy of financial instruments measured at fair value, which provides more information on what instruments were measured using quoted market prices and what measurement techniques were used for instruments that do not have quoted market prices.

8. Net insurance finance expenses

R million	OUTsurance	Youi Group	OUTsurance Life	Total
2024				
Finance expense from insurance contracts issued	**(142)**	**(76)**	**(125)**	**(343)**
Interest accrued	**(131)**	**(82)**	**(32)**	**(245)**
Effect of changes in interest rates and other financial assumptions	**(11)**	**6**	**(56)**	**(61)**
Effect of measuring changes in estimates as current rates and adjusting the CSM rates on initial recognition	**–**	**–**	**(37)**	**(37)**
Finance income from reinsurance contracts held	**1**	**39**	**62**	**102**
Interest accrued	**1**	**40**	**11**	**52**
Effect of changes in interest rates and other financial assumptions	**–**	**(1)**	**26**	**25**
Effect of measuring changes in estimates as current rates and adjusting the CSM rates on initial recognition	**–**	**–**	**25**	**25**
NET INSURANCE FINANCE EXPENSES	**(141)**	**(37)**	**(63)**	**(241)**
2023				
Finance expense from insurance contracts issued	(86)	(37)	20	(103)
Interest accrued	(101)	(99)	(60)	(260)
Effect of changes in interest rates and other financial assumptions	15	62	69	146
Effect of measuring changes in estimates as current rates and adjusting the CSM rates on initial recognition	–	–	11	11
Finance income from reinsurance contracts held	3	18	(12)	9
Interest accrued	3	50	(11)	42
Effect of changes in interest rates and other financial assumptions	–	(32)	(6)	(38)
Effect of measuring changes in estimates as current rates and adjusting the CSM rates on initial recognition	–	–	5	5
NET INSURANCE FINANCE EXPENSES	(83)	(19)	8	(94)

The insurance finance expense and reinsurance income was immaterial for OUTsurance Ireland.

The majority of assets backing the insurance liabilities for OUTsurance and OUTsurance Life are invested in money market portfolios of which the yield curve is similar to what was applied in discounting the insurance liabilities.

For Youi which has term deposits invested in banks to support their insurance obligations, income earned is a proxy of the yields with similar durations.

9. Marketing and administration expenses

The following expenses have been included in the statement of profit or loss and other comprehensive income under marketing and administration expenses:

R million	2024	Restated 2023
Depreciation		
Buildings	**(87)**	(75)
Computer and office equipment	**(68)**	(55)
Furniture and fittings	**(10)**	(7)
Motor vehicles	**(11)**	(11)
Amortisation		
Purchased computer software	**(6)**	(8)
Internally generated computer software	**(32)**	(26)
TOTAL DEPRECIATION AND AMORTISATION	**(214)**	(182)
Employee benefits		
Salaries excluding retirement funding	**(4 335)**	(3 886)
Medical aid contributions	**(180)**	(166)
Retirement funding	**(347)**	(299)
Share-based payments	**(651)**	(436)
Other staff expenses	**(36)**	(36)
TOTAL EMPLOYEE BENEFITS	**(5 549)**	(4 823)
Other disclosable items		
Audit fees	**(28)**	(32)
External audit fees	**(24)**	(22)
Other fees/services	**(4)**	(10)
Short-term lease expenditure	**–**	(1)
Loss on sale of property and equipment	**–**	(1)
Loss on write down of property and equipment	**–**	(14)
Consulting and legal fees for professional services	**(159)**	(182)
Investment fees paid	**(13)**	(11)
Foreign exchange loss	**(5)**	(10)
Acquisition expenses[1]	**(564)**	(450)
Marketing and management expenses	**(2 869)**	(2 341)
TOTAL OTHER DISCLOSABLE EXPENSES	**(3 638)**	(3 042)
TOTAL MARKETING AND ADMINISTRATION EXPENSES INCLUDING DIRECTLY ATTRIBUTABLE EXPENSES	**(9 401)**	(8 047)
Directly attributable expenses[2]	**7 755**	6 537
TOTAL MARKETING AND ADMINISTRATION EXPENSES INCLUDING DIRECTLY ATTRIBUTABLE EXPENSES	**(1 646)**	(1 510)

1 Acquisition expenses include both standard commission and spotter fees.

2 Expenses directly attributable in fulfilling the obligation under the insurance contracts and included in insurance service expense in the statement of profit and loss and other comprehensive income. The prior financial year has been restated due to the adoption of IFRS 17.

10. Finance costs

R million	2024	2023
Interest paid – operational financing		
Interest paid on revolving credit facility[1]	**(57)**	–
Interest charge on lease liabilities	**(8)**	(11)
Other interest	**(4)**	–
Interest expense relating to modification to financial asset	**–**	(24)
Commitment fee[1]	**(4)**	(5)
TOTAL FINANCE COSTS	**(73)**	(40)

1 Commitment fee on the revolving credit facility was disclosed separately in the current financial year to better reflect the nature of finance cost incurred. In the prior financial year it was included in interest paid on revolving credit facility.

11. Taxation

R million	2024	2023
South African normal taxation		
Current taxation		
Current year	**(1 030)**	(894)
Prior year over provision	**3**	20
Deferred taxation		
Current year[1]	**(104)**	6
Withholding taxation incurred	**–**	(1)
Australian normal taxation		
Current taxation		
Current year	**(516)**	(631)
Prior year under provision	**(11)**	–
Deferred taxation		
Current year[1]	**(134)**	41
Ireland normal taxation		
Current taxation		
Current year	**(2)**	–
TOTAL TAXATION CHARGE	**(1 794)**	(1 459)
PROFIT BEFORE TAXATION	**6 285**	4 876

11. Taxation *continued*

The tax on the group's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of South Africa as follows:

%	2024	2023
Tax rate reconciliation[1]		
Effective tax rate	**28.54**	29.92
Non-temporary differences	**(0.71)**	(2.27)
Fair value adjustment[4]	**0.19**	0.38
Non-taxable income[5]	**0.08**	0.23
Other permanent differences[3]	**0.28**	(0.19)
Capital gains tax	**(0.32)**	0.14
Foreign tax rate differential	**(1.73)**	(1.32)
Exempt dividends	**0.29**	0.34
Equity accounted earnings	**0.54**	0.19
Fair value adjustments to financial liabilities	**(0.86)**	(1.09)
Impairment of investment in associate	**(0.04)**	(0.13)
Change in shareholding of investment in associates	**1.15**	0.03
Non-allowable expenses[3,6]	**(0.57)**	(0.84)
Profit/loss on sale of subsidiaries/associates	**0.28**	(0.01)
Assessment adjustment	**(0.14)**	0.41
Reversal of deferred tax asset[2]	**(0.13)**	(0.64)
Assessed loss utilised	**(0.02)**	–
Deferred tax asset not utilised	**(0.54)**	(0.42)
STANDARD INCOME TAXATION RATE IN SOUTH AFRICA	**27.00**	27.00

1 The prior financial year has been restated due to the adoption of IFRS 17.

2 During the current financial year, the Group reversed a deferred income tax asset of R8 million. The high proportion of exempt dividend income received compared to taxable income earned results in a low expense deductibility for income tax purposes, which diminishes the value of the deferred income tax asset. During the prior financial year, the Group settled its retrenchment liability. The cash settlement had little tax benefit due to the low expense deductibility. The reversal of the deferred tax asset in the prior financial year relating to this retrenchment liability was therefore not offset by a lower income tax charge.

3 The effect of the consolidation entries relating to the Youi Group DIS scheme has been reclassified to the other permanent differences line to better reflect the nature of the transaction. The prior financial year has been updated accordingly.

4 This relates to the CGT exempt portion on the fair value adjustments of capital assets.

5 Non-taxable income mainly includes the unwind of interest income.

6 These expenses are non-allowable due to the allocation of the taxable and non-taxable income earned by the entity. This non-taxable income is mainly as a result of income being derived from dividends received in a holding company structure.

12. Earnings per share

Earnings per share is calculated by dividing the earnings attributable to shareholders by the weighted number of ordinary shares in issue during the year.

R million	2024	2023
Earnings attributable to ordinary shareholders	**4 061**	2 980
Weighted average number of ordinary shares in issue (full amount)	**1 529 845 582**	1 531 812 710
Earnings per share (cents)	**265.5**	194.5
Earnings attributable to ordinary shareholders	**4 061**	2 980
Dilutory impact of the share incentive schemes on earnings[1]	**(68)**	(57)
Diluted earnings attributable to ordinary shareholders	**3 993**	2 923
Weighted average number of ordinary shares in issue (full amount)	**1 529 845 582**	1 531 812 710
Diluted earnings per share (cents)	**261.0**	190.8

1 The dilutory impact relates to the Group's shareholding diminishing due to the vesting of share options in OHL and Youi.

13. Headline earnings per share

Headline earnings per share is calculated by dividing the adjusted earnings attributable to shareholders by the weighted number of ordinary shares in issue during the year.

Headline earnings reconciliation

	2024		2023	
R million	Gross	Net	Gross	Net
Earnings attributable to ordinary shareholders		**4 061**		2 980
Adjustments for:				
– Profit on dilution of investments in associates	**(511)**	**(448)**	(6)	(6)
– Profit on sale of assets held for sale[1]	**(52)**	**(52)**	(47)	(38)
– Profit on disposal of investments in associates[1]	**(40)**	**(40)**	–	–
– Impairments of investments in associates	**9**	**9**	17	17
– Realised foreign exchange gain on sale of investment in associate[1]	**(5)**	**(5)**		
– Loss on write-down of intangible asset	**–**	**–**	13	9
– Loss on disposal of property and equipment	**–**	**–**	1	1
HEADLINE EARNINGS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		**3 525**		2 963

1 There is no tax impact on these headline earnings adjustments as they relate to a net capital loss from a tax perspective.

R million	2024	2023
Headline earnings attributable to ordinary shareholders	**3 525**	2 963
Weighted average number of ordinary shares in issue (full amount)	**1 529 845 582**	1 531 812 710
Headline earnings per share (cents)	**230.4**	193.4
Headline earnings attributable to ordinary shareholders	**3 525**	2 963
Dilutory impact of the share incentive schemes on earnings[1]	**(67)**	(42)
Diluted headline earnings attributable to ordinary shareholders	**3 458**	2 921
Weighted average number of ordinary shares in issue (full amount)	**1 529 845 582**	1 531 812 710
Diluted headline earnings per share (cents)	**226.0**	190.7

1 The dilutory impact relates to the Group's shareholding diminishing due to the vesting of share options in OHL and Youi.

14. Dividend per share

R million	2024	2023
Total dividends paid during the year	**2 259**	1 513
Total dividends declared relating to the profit for the year	**3 299**	2 196
Number of issued shares for the year	**1 537 535 862**	1 532 408 776
Dividend declared per share – Normal (cents)	**174.4**	134.8
Dividend declared per share – Special (cents)	**40.0**	8.5
TOTAL DIVIDEND	**214.4**	143.3

15. Property and equipment

R million	Land and buildings	Assets under construction[1]	Computer equipment	Furniture fittings and office equipment	Motor vehicles	Total
Year ended 30 June 2024						
Opening net book amount	906	61	202	27	2	1 198
Additions	66	2	85	26	6	185
Disposals	–	(24)	(3)	–	(1)	(28)
Transfer of property under development	17	(38)	–	21	–	–
Foreign exchange adjustments	(27)	(1)	(1)	(1)	–	(30)
Depreciation charge	(41)	–	(68)	(10)	(1)	(120)
CLOSING NET BOOK AMOUNT	**921**	**–**	**215**	**63**	**6**	**1 205**
At 30 June 2024						
Cost	1 281	–	659	149	8	2 097
Accumulated depreciation	(360)	–	(444)	(86)	(2)	(892)
NET BOOK AMOUNT	**921**	**–**	**215**	**63**	**6**	**1 205**

1 Assets under construction represents the following: solar panel and ventilation system installation in the South African Group and fit-out works in the new office space of the OUTsurance Ireland. These assets were completed in the current financial year.

15. Property and equipment *continued*

R million	Land and buildings	Assets under Construction[1]	Computer equipment	Furniture fittings and office equipment	Motor vehicles	Total
Year ended 30 June 2023						
Opening net book amount	868	12	156	25	4	1 065
Additions	–	46	100	9	–	155
Disposals	–	–	(1)	–	–	(1)
Foreign exchange adjustments	79	3	2	–	(2)	82
Depreciation charge	(41)	–	(55)	(7)	–	(103)
CLOSING NET BOOK AMOUNT	906	61	202	27	2	1 198
At 30 June 2023						
Cost	1 231	61	632	120	9	2 053
Accumulated depreciation	(325)	–	(430)	(93)	(7)	(855)
NET BOOK AMOUNT	906	61	202	27	2	1 198

1 Assets under construction represents the following: solar panel and ventilation system installation in the South African Group and fit-out works in the new office space of the OUTsurance Ireland.

Land and buildings assets are utilised by the Group in the normal course of operations to provide services. The South African head office is situated in Centurion, Gauteng. The Australian head office for the Youi Group is situated on the Sunshine Coast. Both these properties are owner-occupied.

Information regarding land and buildings is kept at the respective Companies' registered offices. This information will be open for inspection in terms of section 20 of the Companies Act.

Refer to note 38 for the current and non-current analysis of property and equipment.

16. Intangible assets

Internally developed software relates to a project to redevelop the core insurance technology of the Group's insurance operations. These intangible assets will be amortised once the software development is substantially completed and ready for use.

R million	Internally developed computer software	Purchased computer software	Computer software under development[1]	Total
Year ended 30 June 2024				
Opening net book amount	**194**	**20**	**23**	**237**
Additions	**–**	**2**	**56**	**58**
Disposals[2]	**–**	**–**	**–**	**–**
Reclassification[3]	**76**	**–**	**(76)**	**–**
Foreign exchange adjustments	**(4)**	**–**	**–**	**(4)**
Amortisation charge	**(32)**	**(6)**	**–**	**(38)**
CLOSING NET BOOK AMOUNT	**234**	**16**	**3**	**253**
At 30 June 2024				
Cost	**311**	**108**	**3**	**422**
Accumulated amortisation	**(77)**	**(92)**	**–**	**(169)**
NET BOOK AMOUNT	**234**	**16**	**3**	**253**

1 Computer software under development relates to specific modules of the new policy administration system still being developed.
2 Fully amortised purchased computer software to the value of R51.1 million was derecognised in the current financial year.
3 There was a reclassification from computer software under development to internally developed computer software.

R million	Internally developed computer software	Purchased computer software	Computer software under development[1]	Other	Total
Year ended 30 June 2023					
Opening net book amount	121	17	96	2	236
Additions	1	12	38	–	51
Disposals	–	(1)	(4)	(2)	(7)
Reclassification[2]	107	–	(107)	–	–
Foreign exchange adjustments[3]	5	–	–	–	5
Write-off[4]	(14)	–	–	–	(14)
Amortisation charge	(26)	(8)	–	–	(34)
CLOSING NET BOOK AMOUNT	194	20	23	–	237
At 30 June 2023					
Cost	240	159	23	–	422
Accumulated amortisation	(46)	(139)	–	–	(185)
NET BOOK AMOUNT	194	20	23	–	237

1 Computer software under development relates to specific modules of the new policy administration system and the financial administration system still being developed.
2 There was a reclassification from computer software under development to internally developed software.
3 Due to rounding, the figure relating to purchased computer software was excluded.
4 Stratos F2F was written off towards the end of the financial year due to the discontinuation of the F2F business in OUTsurance Life. The cost and accumulated amortisation were R17.5 million and R3.1 million respectively.

17. Right-of-use assets

R million	Properties[1,2]	Motor vehicles[3]	Total
Year ended 30 June 2024			
Opening net book amount	**47**	**18**	**65**
Additions[4]	**239**	**19**	**258**
Depreciation	**(46)**	**(10)**	**(56)**
Renewals	**14**	**1**	**15**
Foreign currency adjustments	**(4)**	**(1)**	**(5)**
CLOSING NET BOOK AMOUNT	**250**	**27**	**277**
At 30 June 2024			
Cost	**277**	**57**	**334**
Accumulated depreciation	**(27)**	**(30)**	**(57)**
CLOSING NET BOOK AMOUNT	**250**	**27**	**277**

1 Property leases relate to the use of regional offices.
2 Two property leases lapsed during the current financial year, and therefore the related right-of-use asset with a cost of R6.5 million and an accumulated depreciation of R6.5 million was derecognised.
3 Leased motor vehicles are for the use of operational staff.
4 The increase is associated with new leases entered into in Ireland and Australia.

R million	Properties[1,2]	Motor vehicles[3]	Total
Year ended 30 June 2023			
Opening net book amount	67	3	70
Additions	13	21	34
Depreciation	(34)	(11)	(45)
Renewals	–	3	3
Foreign currency adjustments	1	2	3
CLOSING NET BOOK AMOUNT	47	18	65
At 30 June 2023			
Cost	65	47	112
Accumulated depreciation	(18)	(29)	(47)
CLOSING NET BOOK AMOUNT	47	18	65

1 Property leases relate to the use of regional offices by OHL. The OGL lease came to an end on 31 December 2022.
2 Two property leases lapsed during the prior financial year, and therefore the related right-of-use asset with a cost of R50.9 million and an accumulated depreciation of R50.6 million was derecognised.
3 Leased motor vehicles are for the use of operational staff.

18. Subsidiaries

The following companies are subsidiaries of OGL as at 30 June 2024:

Subsidiary	Nature of business	Country of Incorporation	Issued ordinary shares 2024 R million	Issued ordinary shares 2023 R million	Effective holdings 2024 %	Effective holdings 2023 %
Directly held by the company:						
Main Street 1353 Proprietary Limited	Holdings company	South Africa	**6 131**	6 131	**100**	100
OUTsurance Holdings Limited[1]	Holdings company	South Africa	**2 288**	2 288	**92.2**	91.4
RMI Asset Holdings Proprietary Limited[7]	Holdings company	South Africa	**11 726**	11 726	**100**	100
RMI Treasury Company Limited	Holdings company	South Africa	**8 691**	8 691	**100**	100
Indirectly held via OUTsurance Holdings Limited:						
OUTsurance Designated Activity Company[2]	Short-term Insurer	Ireland	**2 038**	150	**100**	100
OUTsurance Insurance Company Limited	Short-term Insurer	South Africa	**25**	25	**100**	100
OUTsurance International Holdings Proprietary Limited	Holdings company	South Africa	**4 103**	2 214	**100**	100
OUTsurance Irish Insurance Holdings Ltd[2]	Long-term insurer	Ireland	**2 038**	168	**100**	100
OUTsurance Life Insurance Company Limited	Long-term insurer	South Africa	**435**	435	**100**	100
OUTsurance Properties Proprietary Limited	Property company	South Africa	**38**	38	**100**	100
OUTsurance Shared Services Proprietary Limited	Service company	South Africa	**180**	100	**100**	100
OUTvest Nominees RF Proprietary Limited[3,4]	Nominee	South Africa	**–**	–	**–**	100
OUTvest Proprietary Limited[3]	Online digital advice and administration services	South Africa	**–**	193	**–**	100
Youi Holdings Proprietary Limited	Holdings company	Australia	**1 522**	1 522	**92.6**	92.6
Youi New Zealand Proprietary Limited[7]	Administration company	New Zealand	**34**	34	**92.6**	92.6
Youi Properties Proprietary Limited[4]	Property company	Australia	**–**	–	**92.6**	92.6
Youi Proprietary Limited (Australia)	Short-term Insurer	Australia	**2 365**	2 365	**92.6**	92.6

18. Subsidiaries *continued*

Subsidiary	Nature of business	Country of Incorporation	Issued ordinary shares 2024 R million	Issued ordinary shares 2023 R million	Effective holdings 2024 %	Effective holdings 2023 %
Indirectly held via RMI Treasury Company Limited:						
AlphaCode Proprietary Limited[7]	Holdings company	South Africa	**37**	37	**100**	100
Firness International Proprietary Limited	Holdings company	South Africa	**1 874**	1 874	**100**	100
RMI Investment Holdings Proprietary Limited	Holdings company	South Africa	**835**	823	**100**	100
RMI Invest One Proprietary Limited	Holdings company	South Africa	**26**	24	**100**	100
RMI Invest Two Proprietary Limited	Holdings company	South Africa	**239**	238	**100**	100
RMI Invest Three Proprietary Limited	Holdings company	South Africa	**499**	496	**100**	100
RMI Invest Four Proprietary Limited	Holdings company	South Africa	**69**	65	**100**	100
RMI Invest Five Proprietary Limited[5]	Holdings company	South Africa	**–**	–	**100**	100
RMI Invest Six Proprietary Limited[5]	Holdings company	South Africa	**–**	–	**100**	100
RMI Investment Managers Affiliates 1 Proprietary Limited	Holdings company	South Africa	**248**	248	**100**	100
RMI Investment Managers Affiliates 2 Proprietary Limited[6]	Holdings company	South Africa	**–**	389	**–**	51
RMI Investment Managers Affiliates 2B Proprietary Limited[6]	Holdings company	South Africa	**–**	157	**–**	35.7
RMI Investment Managers Group Proprietary Limited	Holdings company	South Africa	**719**	719	**100**	100

1 Effective holding after consolidation of share trust.
2 During the prior financial year 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. The Irish operations started trading as a licensed insurance entity in the current financial year.
3 In June 2023, management committed to a plan to sell its 100% share in OUTvest as it no longer fits the strategic direction of the Group. Accordingly, the assets and liabilities of OUTvest have been classified as held for sale with an effective date of 30 June 2023. This investment was sold during the current financial year on 1 February 2024. Refer to note 24 for more information.
4 Amounts of R1 000 relating to OUTvest Nominees in the prior financial year and R10 000 relating to Youi Properties issued ordinary capital in the current and prior financial years were excluded due to rounding.
5 Amounts of R100 relating to these investments were excluded due to rounding.
6 The assets and liabilities of RMI Investment Managers Affiliates 2 Proprietary Limited and RMI Investment Managers Affiliates 2B Proprietary Limited were included under assets held for sale on 30 June 2023. These investments were sold on 28 March 2024. Refer to note 24 for more information.
7 In the process of being wound-up and the process will be completed in the next financial year.

18. Subsidiaries *continued*

Investment in Ireland

During the prior financial year, 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.

During the current financial year, the Group made additional share capital investments of R1 870 million (€91.1 million) in OUTsurance Irish Holdings to fund the minimum capital requirements of OUTsurance DAC to obtain its insurance license. The investments were made in two tranches:

- An investment of €2.0 million was made in September 2023 at a spot rate of R20.17 with a total foreign exchange loss of R12.2 million;
- An investment of €89.1 million was made in November 2023 at a spot rate of R20.53 with a total foreign exchange loss of R0.1 million.

The Group entered into various FEC derivative instruments to economically hedge its foreign currency exposure for these investments. To manage the Group's counterparty risk exposure for the second tranche, the FEC instruments were fixed in equal proportion with two major banks.

The Group funded the additional investments with surplus capital and the drawdown of the Group's revolving credit facility.

In addition to the share capital investment, the Group committed capital to fund the growth in OUTsurance DAC by subscribing to additional shares in OUTsurance Irish Holdings to the value of €10 million per year for the next six years.

Up to 15% of the issued ordinary share capital of OUTsurance Irish Holdings can be made available under the employee share capital scheme in Ireland.

All subsidiaries are included in the consolidation. The proportion of voting rights in subsidiaries does not differ from the proportion of ordinary shares held.

Effective interest in subsidiaries

There is a difference between the effective and actual holdings in associates and subsidiaries as a result of the consolidation by such entities of:

- Treasury shares held by them; and
- Shares held in them by their share incentive trusts.

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

	Interest held			
	2024		2023	
%	**Effective**	**Actual**	Effective	Actual
OHL	**92.15**	**90.45**	91.36	89.77
RMI Treasury Company Limited	**100**	**100**	100	100
RMI Investment Managers	**100**	**100**	100	100

18. Subsidiaries *continued*

Effective interest in subsidiaries *continued*

R million	2024	2023
OUTsurance Holdings Limited		
Financial year: 30 June		
Year used for consolidation: 30 June		
Number of shares held	**3 436 208 444**	3 410 159 495
Equity shares at cost	**10 068**	9 588
Net profit for the year	**3 993**	3 494
Results for the year ended 30 June		
Income statement		
Insurance revenue	**31 913**	26 833
Insurance service expenses	**(24 977)**	(19 837)
Net expenses from reinsurance contracts held	**(1 347)**	(1 989)
Insurance service result	**5 589**	5 007
Administration and other income	**498**	437
Net investment income	**1 536**	1 091
Investment income	**216**	187
Interest income on financial assets using the effective interest rate method	**1 255**	830
Net gains from fair value adjustments on financial assets	**62**	75
Expected credit losses reversed/(expensed) on financial assets	**3**	(1)
Net insurance finance expenses	**(241)**	(94)
Finance expenses from insurance contracts issued	**(343)**	(103)
Finance income from reinsurance contracts held	**102**	9
Fair value adjustment to financial liabilities	**(200)**	(196)
Net insurance administration and investment result	**7 182**	6 245
Marketing and administration expenses	**(1 567)**	(1 406)
Finance costs	**(73)**	(16)
Equity accounted earnings	**91**	34
Profit on sale of subsidiary	**22**	–
(Loss)/profit on change in shareholding of investments in associates	**(4)**	7
Profit on sale of associates	**44**	45
Impairment of investment in associates reversed	**–**	13
Profit before taxation	**5 695**	4 922
Taxation	**(1 702)**	(1 428)
PROFIT FOR THE YEAR	**3 993**	3 494
Profit attributable to:		
Ordinary shareholders	**3 888**	3 356
Non-controlling interest	**105**	138
PROFIT FOR THE YEAR	**3 993**	3 494
The prior financial year has been restated due to the adoption of IFRS 17.		
Financial position as at 30 June		
Current assets	**24 932**	21 541
Non-current assets	**7 067**	5 554
Current liabilities	**(12 810)**	(10 409)
Non-current liabilities	**(6 019)**	(4 152)
The prior financial year has been restated due to the adoption of IFRS 17.		
Cash flows for the year ended 30 June		
Cash inflow from operating activities	**2 629**	1 420
Cash (outflow)/inflow from investing activities	**(390)**	5
Cash outflow from financing activities	**(2 267)**	(2 366)

18. Subsidiaries *continued*

R million	2024	2023
RMI Treasury Company Limited consolidated		
Financial year: 30 June		
Year used for consolidation: 30 June		
Number of shares held	**27 623**	27 623
Equity shares at cost	**8 691**	8 691
Profit/(loss) for the year	**502**	(8)
Results for the year ended 30 June		
Income statement		
Administration and other income	**4**	6
Investment income	**69**	59
Interest income on financial assets using the effective interest rate method	**7**	3
Net gain from fair value adjustments on financial assets	**2**	–
Marketing and administration expenses	**(72)**	(34)
Result of operating activities	**10**	34
Equity accounted earnings	**36**	(10)
Profit on sale of assets held for sale	**33**	12
Profit on change in shareholding of investment in associates	**513**	–
Impairment of investment in associate	**(9)**	(29)
Profit before taxation	**583**	7
Taxation	**(81)**	(15)
PROFIT/(LOSS) FOR THE YEAR	**502**	(8)
Financial position as at 30 June		
Current assets	**874**	1 252
Non-current assets	**1 275**	740
Current liabilities	**(17)**	(61)
Non-current liabilities	**(57)**	–
Cash flows for the year ended 30 June		
Cash (outflow)/inflow from operating activities	**(41)**	36
Cash inflow from investing activities	**240**	36
Cash outflow from financing activities	**(230)**	(25)

18. Subsidiaries *continued*

Reconciliation of non-controlling interest

R million	OUTsurance Holdings Limited 8.6%	Youi Holdings Proprietary Limited 7.4%	RMI Investment Managers Group Proprietary Limited[1] 30.0% – 49%	Total
	Non–controlling interest relating to:			
At 30 June 2024				
Opening balance of non-controlling interest	**1 043**	**429**	**96**	**1 568**
Profit/(loss) attributable to non-controlling interests	**331**	**105**	**(6)**	**430**
FCTR attributable to non-controlling interest	**(25)**	**(19)**	**–**	**(44)**
Non-controlling interest in retained earnings	**(8)**	**–**	**–**	**(8)**
Non-controlling interest in other reserves	**2**	**–**	**–**	**2**
Transactions with non-controlling interests	**(134)**	**(151)**	**–**	**(285)**
Sale of assets held for sale owned by non-controlling assets	**–**	**–**	**(71)**	**(71)**
Dividends paid	**(202)**	**(69)**	**(19)**	**(290)**
CLOSING BALANCE OF NON-CONTROLLING INTEREST	**1 007**	**295**	**–**	**1 302**

R million	OUTsurance Holdings Limited 9.1%	Youi Holdings Proprietary Limited 10.0%	RMI Investment Managers Group Proprietary Limited[1] 30.0% – 49%	Total
	Non–controlling interest relating to:			
At 30 June 2023				
Opening balance of non-controlling interest	909	411	145	1 465
Adjustment on the initial application of IFRS 17	32	1	–	33
Restated opening balance of non-controlling interest	941	412	145	1 498
Profit attributable to non-controlling interests	299	138	–	437
FCTR attributable to non-controlling interest	51	51	–	102
Transactions with non-controlling interests	(77)	(151)	–	(228)
Dividends paid	(171)	(21)	(49)	(241)
CLOSING BALANCE OF NON-CONTROLLING INTEREST	1 043	429	96	1 568

1 Non-controlling interest relating to RMI Investment Managers Group Proprietary Limited relates to its 51%-held subsidiary, RMI Investment Managers Affiliates 2 Proprietary Limited and 30% shareholding held by RMI Investment Managers Affiliates 2 Proprietary Limited in RMI Investment Managers Affiliates 2B Proprietary Limited. These investments were sold during the current financial year.

18. Subsidiaries *continued*

Derecognition of non-controlling interest ownership in assets held for sale disposed of

The Group disposed of its interest in certain assets and liabilities associated with the RMI Investment Managers Group associates on 28 March 2024. The Group's interest in these assets and liabilities were included under assets held for sale and liabilities associated with assets held for sale as at 30 June 2023 until the date of disposal. Non-controlling interest is as a result of the Group's share of a 51%-held subsidiary, RMI Investment Managers Affiliates 2 Proprietary Limited and 70% shareholding held by RMI Investment Managers Affiliates 2 Proprietary Limited in RMI Investment Managers Affiliates 2B Proprietary Limited. The carrying value of non-controlling interest at the date of disposal amounted to R71 million which is also the amount being derecognised.

Transactions with non-controlling interest

OUTsurance Holdings Limited

Share-for-share transactions

On 15 November 2023 and 26 June 2024, OGL issued 980 207 ordinary shares at 4 102 cents per ordinary share and 4 146 879 ordinary shares at 4 227 per ordinary share in exchange for 2 245 012 OHL ordinary shares and 9 495 612 OHL ordinary shares respectively. The chief financial officer held, indirectly, 1 084 011 of the OHL ordinary shares exchanged on 26 June 2024. Following the 15 November 2023 ordinary share exchange, OGL's shareholding increased by 0.06% from 89.77% to 89.83% and after the 26 June 2024 ordinary share exchange, OGL's shareholding increased by 0.25% from 90.20% to 90.45%. 100% of OHL's assets and liabilities are consolidated, however NCI is updated for the change in ownership interest.

In the prior financial year, on 28 June 2023, OGL issued 601 006 ordinary shares (3 369 cents per ordinary share) in exchange for 1 359 832 OHL issued ordinary shares (1 489 cents per ordinary share) held indirectly by the chief financial officer. OGL's shareholding in OHL increased by 0.04% from 89.73% to 89.77% as result of this transaction 100% of OHL's assets and liabilities are consolidated, however NCI is updated for the change in ownership interest.

Shares for a consideration other than OGL shares

On 03 June 2024, OGL also acquired 14 000 000 OHL ordinary shares from the OUTsurance Equity Trust 2 for a cash consideration of R88 million and a shares-for-asset in the form of a loan receivable from OUTsurance Equity Trust 2 in the amount of R176 million. OGL's shareholding increased by 0.37% from 89.83% to 90.20% as result of this transaction 100% of OHL's assets and liabilities are consolidated, however NCI is updated for the change in ownership interest.

18. Subsidiaries *continued*

Transactions with non-controlling interest *continued*

The effect of the equity attributable to owners of OHL as at 15 November 2023 is summarised as follows:

R million	15 November 2024
Carrying amount of the 8.64% non-controlling interest before the sale	**994**
Carrying amount of the 0.06% non-controlling interest acquired	**7**
Company shares exchanged for the non-controlling interest	**(40)**
Excess of consideration exchanged and recognised in the transaction with non-controlling interest reserve	**(33)**

The effect of the equity attributable to owners of OHL as at 03 June 2024 is summarised as follows:

R million	03 June 2024
Carrying amount of the 8.54% non-controlling interest before the sale	**1 067**
Carrying amount of the 0.37% non-controlling interest acquired	**47**
Company shares exchanged for the non-controlling interest	**(264)**
Excess of consideration exchanged and recognised in the transaction with non-controlling interest reserve	**(217)**

The effect of the equity attributable to owners of OHL as at 26 June 2024 is summarised as follows:

R million	26 June 2024
Carrying amount of the 8.11% non-controlling interest before the sale	**1 034**
Carrying amount of the 0.25% non-controlling interest acquired	**32**
Company shares exchanged for the non-controlling interest	**(175)**
Excess of consideration exchanged and recognised in the transaction with non-controlling interest reserve	**(143)**

The effect of the equity attributable to owners of OHL as at 28 June 2023 is summarised as follows:

R million	28 June 2023
Carrying amount of the 8.67% non-controlling interest before the sale	1 009
Carrying amount of the 0.04% non-controlling interest acquired	4
Company shares exchanged for the non-controlling interest	(20)
Excess of consideration exchanged and recognised in the transaction with non-controlling interest reserve	(16)

18. Subsidiaries *continued*

Transactions with non-controlling interest *continued*

Youi Holdings Proprietary Limited (Youi Holdings)

The Group purchased 54 687 500 Youi Holdings Pty Limited (Youi Holdings) ordinary shares from a minority shareholder in October 2023. The purchase price per share was A$0.777 and fixed at US$0.6324 per Australian Dollar. The exchange rate on payment date was R12.03. The OHL Group's ownership in Youi Holdings increased from 92.01% to 94.64% as a result of this transaction and the results of the Youi Group were consolidated in line with the updated percentage holding from the effective date.

In the prior financial year the Group purchased 54 687 500 Youi Holdings ordinary shares from a minority shareholder in May 2023.The purchase price per share was A$0.658 and fixed at R12.55, R12.26 and R12.33 per Australian Dollar with three FEC instruments respectively. The exchange rate on payment date was R12.24. The Group's effective ownership in Youi Holdings increased from 89.8% to 92.44% as a result of this transaction and the results of Youi Holdings were consolidated in line with the updated percentage holding from the effective date.

The effect of the transaction on equity attributable to owners of Youi Holdings as at 31 October 2023 (2023: 5 May 2023) is summarised as follows:

R million	2024	2023
Carrying amount of the 7.99% (2023: 10.2%) non-controlling interest before the sale	**439**	550
Carrying amount of the 2.63% (2023: 2.64%) non-controlling interest acquired	**145**	144
Consideration paid for the non-controlling interest	**(512)**	(439)
Excess of consideration exchanged and recognised in the transaction with non-controlling interest reserve	**(367)**	(295)

19. Investment in associates

	Number of shares		% of equity	
	2024	2023	**2024**	2023
The following companies are associates of the Group as at 30 June 2023:				
AutoGuru Australia Proprietary Limited[1]	**–**	3 379 974	**–**	25.1
CloudBadger Technologies Proprietary Limited (CloudBadger)	**400 000**	400 000	**45.0**	46.0
Blue Zebra Insurance Proprietary Limited	**2 397 631**	2 397 631	**36.9**	36.9
Entersekt Proprietary Limited[2]	**–**	128 467	**–**	25.8
Merchant Capital Advisory Services Proprietary Limited	**333 430**	333 430	**21.2**	21.2
Polar Star Management	**155 000**	155 000	**25.0**	25.0
Sancreed Proprietary Limited (Guidepost)	**122 839**	122 839	**45.5**	45.5
The following companies were associates of the Group as at 30 June 2023 but were included under assets held for sale and sold during the current financial year:				
Ethos Private Equity Proprietary Limited	**–**	7 689	**–**	19.2
Granate Asset Management Proprietary Limited	**–**	10 020	**–**	30.0
Northstar Asset Management Proprietary Limited	**–**	16 216	**–**	30.0
Perpetua Investment Managers Proprietary Limited	**–**	300	**–**	15.0
Royal Investment Managers Proprietary Limited	**–**	1 764 342	**–**	50.0
Sentio Capital Management Proprietary Limited	**–**	284	**–**	30.0
Truffle Capital Proprietary Limited	**–**	8 940	**–**	38.1

1 AutoGuru was sold during the current financial year.
2 The investment in Entersekt was restructured during the current financial year resulting in a transfer to financial assets at fair value through other comprehensive income.

19. Investment in associates *continued*

R million	2024	2023
Investment in associates		
RMI Investment Managers Group associates	**281**	219
AlphaCode associates	**60**	162
CloudBadger Proprietary Limited	**135**	143
Blue Zebra Insurance Proprietary Limited	**330**	247
AutoGuru Australia Proprietary Limited	**–**	17
INVESTMENT IN ASSOCIATES	**806**	788
Reconciliation of investment in associates		
Opening balance	**788**	692
Additional acquisition of associates	**39**	79
Equity-accounted earnings for the year	**127**	20
Dividends received for the year	**(39)**	(10)
Share of associates' other reserves[1]	**(4)**	9
Foreign exchange adjustments	**(8)**	14
Impairment of investment in associate	**(9)**	(23)
Effect of change in shareholding of investment in associates	**483**	7
Carrying value of associate sold	**(16)**	–
Associate derecognised as a result of dilution effect	**(555)**	–
CLOSING BALANCE	**806**	788

1 'Share of associates' other reserves relates to the Group's share in CloudBadgers movement in share-based payment reserve and retained earnings adjustments. The retained earnings adjustments relate to share buy-backs where the market value of the shares exceeds the original issue price.

The Group assesses whether there is an indicator for impairment of its associate investments on an annual and performs an impairment assessment if such an indicator exists. The assessments are based on discounted cash flow models with company forecasts used as inputs. These forecasts can be adjusted to allow for our own assessment of expected performance.

There are no contingent liabilities relating to the Group's investment in associates.

Alphacode associates

The Group's shareholding in an AlphaCode associate diluted to 14.7% resulting in the Group losing significant influence and is therefore no longer considered to be an associate. The carrying value of the associate was subsequently revalued to its fair value and then transferred to financial assets at fair value through other comprehensive income.

CloudBadger Proprietary Limited

During the current financial year, the Group's ownership in CloudBadger decreased from 46.0% to 45.0% as a result of ordinary shares issued by the associate. The Group did not acquire any of the ordinary shares issued which gave rise to the dilution of ownership to 45.0% resulting in the Group recognising a loss on change in shareholding of R3.5 million. CloudBadger is a software company operating in South Africa.

Blue Zebra Insurance Proprietary Limited (BZI)

The Group's subsidiary, Youi Holdings has an associate investment in BZI, which is an insurance underwriting agency operating in Australia.

During the current financial year, Youi Holdings invested a further R38.9 million (A$3.2 million) relating to the 2.73% additional investment in BZI made during the prior financial year.

In the prior financial year, on 26 May 2023, Youi Holdings, purchased an additional 2.73% to the value of R79.3 million (A$6.2 million), in BZI thereby increasing its interest from 34.2% to 36.9%. Due to the nature of the underwriting relationship that Youi has with BZI, the BZI platform plays a strategic role as an intermediated channel to market in Australia.

19. Investment in associates *continued*

Investment in AutoGuru Australia Proprietary Limited (AutoGuru)

During the current financial year, the Group sold its share in AutoGuru, an Australian based associate, for R67.7 million, resulting in a profit of R50.8 million.

The Group owned a 25.09% share in the ordinary shares of AutoGuru in the prior financial year. AutoGuru is an online car service booking platform operating in Australia.

During the prior financial year, AutoGuru's share price increased significantly from 30 June 2022 as per the Discounted Cash Flow valuation model. This, coupled with the additional capital investments in AutoGuru and the improved performance of the Company, indicated the potential for the reversal of impairment at the prior financial year end. However, due to AutoGuru not being fully cash generative as at 30 June 2023, the reversal of impairment was limited to the proportion that AutoGuru's share price increased from the 30 June 2022 to the 30 June 2023. This resulted in a recoverable amount of R15.6 million and a reversal of impairment of R13.2 million at 30 June 2023.

Profit on sale of associates are as follows:

R million	AutoGuru Australia Proprietary Limited
2024	
Sales proceeds	68
Foreign exchange gain[1]	(8)
Carrying amount of associate sold	(16)
PROFIT ON SALE OF ASSOCIATES	44

1 The foreign exchange gain comprises of R5.0 million relating to the change in exchange rate on the cost price of the original investment and R3 million relates to the gain from entering into a foreign exchange derivative for the sales price.

The Group had no disposals during the prior financial year.

Profit on change in shareholding of investment in associates:

R million	2024	2023
Fair value/carrying value of associates after dilution	690	160
Carrying value of associates prior to dilution	(207)	(153)
Effect of change in shareholding of investment in associates	483	7
Other equity accounted reserves recycled to profit or loss	26	–
PROFIT ON CHANGE IN SHAREHOLDING OF INVESTMENT IN ASSOCIATES	509	7

The table below provides a summary of the financial information of the associates held within the Group:

R million	RMI Investment Managers Group associates	AlphaCode associates	CloudBadger Proprietary Limited	Blue Zebra Insurance Proprietary Limited
At 30 June 2024				
Statement of financial position				
Current assets	99	492	86	1 001
Non-current assets	423	2	44	140
Current liabilities	(38)	–	(5)	(728)
Non-current liabilities	(6)	(307)	–	(14)
EQUITY	478	187	125	399
Statement of profit or loss and other comprehensive income				
Revenue	316	225	61	557
After tax profit or loss	265	26	–	260
Closing balance of cash and cash equivalents	45	28	9	683

19. Investment in associates *continued*

The table below provides a summary of the financial information of the associates held within the Group:

R million	RMI Investment Managers Group associates	AlphaCode associates	CloudBadger Proprietary Limited	Blue Zebra Insurance Proprietary Limited	AutoGuru Australia Proprietary Limited
At 30 June 2023					
Statement of financial position					
Current assets	37	545	104	852	25
Non-current assets	207	182	52	143	21
Current liabilities	(16)	(155)	(16)	(684)	(56)
Non-current liabilities	(3)	(323)	–	(18)	(12)
EQUITY	225	249	140	293	(22)
Statement of profit or loss and other comprehensive income					
Revenue	111	608	64	346	69
After tax profit or loss	43	(76)	8	129	(42)
Closing balance of cash and cash equivalents	20	91	13	297	14

The table below provides a reconciliation of the carrying value of the associates held within the Group:

R million	RMI Investment Managers Group associates	AlphaCode associates	CloudBadger Proprietary Limited	Blue Zebra Insurance Proprietary Limited
At 30 June 2024				
% of ownership[1]	25.0%	21.2%	45.0%	36.9%
Nature of business	Asset Management	Fintech	Software	Insurance underwriting agency
Place of business	South Africa	South Africa United States of America	South Africa	Australia
Opening net assets	225	249	140	293
Profit/(loss) for the period[2]	265	(99)	–	260
Foreign currency adjustments	(13)	–	–	(11)
Dividend	–	3	–	(110)
Ordinary shares bought back	–	–	(2)	–
Share-based payment reserve movement	–	–	(19)	
Other adjustments to net asset value	2	34	6	(33)
CLOSING NET ASSETS	479	187	125	399
Interest in associates[1]	120	40	56	147
Notional goodwill[3]	161	20	79	179
Foreign currency translation reserve attributable to notional goodwill[3]	–		–	4
CARRYING VALUE	281	60	135	330

19. Investment in associates *continued*

The table below provides a reconciliation of the carrying value of the associates held within the Group:

R million	RMI Investment Managers Group associates	AlphaCode associates	CloudBadger Proprietary Limited	Blue Zebra Insurance Proprietary Limited
At 30 June 2023				
% of ownership[1]	25.0%	21.2% – 45.5%	46.0%	36.9%
Nature of business	Asset Management	Fintech	Software	Insurance underwriting agency
Place of business	South Africa	South Africa United States of America	South Africa	Australia
Opening net assets	167	310	92	165
Profit/(loss) for the period	47	(33)	8	129
Other comprehensive income/(loss)	–	(28)	–	–
Foreign currency adjustments	11	–	–	24
Dividend	–	–	–	(25)
Ordinary shares issued	–	–	24	–
Share-based payment reserve movement	–	–	12	–
Other adjustments to net asset value	–	–	4	–
CLOSING NET ASSETS	225	249	140	293
Interest in associates[1]	56	52	64	108
Notional goodwill[2]	163	110	79	131
Foreign currency translation reserve attributable to notional goodwill[3]	–	–	–	8
CARRYING VALUE	219	162	143	247

1 The percentage of ownership have been rounded to one decimal for disclosure purposes, where the actual ownership percentage is at least two decimals. This will have a slight impact on the interest in associates value being recalculated.

2 A loss for the current financial year of R358 000 relating to CloudBadger was excluded due to rounding.

3 For the notional goodwill on Cloudbadger, R58.0 million relates to the remeasurement to the fair value of our retained investment in CloudBadger on the date of loss of control.

AutoGuru was deemed to have an immaterial carrying value and was therefore not shown in the above tables.

20. Deferred income tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

		Movement			
R million	Opening Balance	Profit or loss	Other compre–hensive income	Equity[1]	Closing Balance
At 30 June 2024					
Deferred tax assets					
Provision relating to staff costs	299	104	–	(6)	397
Other provisions	28	(14)	–	(1)	13
Insurance liabilities provisions	538	(421)	–	(14)	103
Fair value adjustments	11	(3)	(5)	–	3
Service costs on employee benefits	(2)	(30)	–	–	(32)
Operating lease charges	(9)	4	–	–	(5)
Lease liabilities	22	51	–	(1)	72
Financial assets at fair value through other comprehensive income	–	–	1	–	1
Allowances on fixed and intangible assets	18	9	–	(1)	26
Special transfer credit	20	(8)	–	–	12
Expected loss adjustment	9	(3)	1	–	7
Other	7	(5)	–	32	34
Assessed loss	6	(6)	–	–	–
Reinsurance contract assets	1	(2)	–	–	(1)
Insurance contract assets	(11)	11	–	–	–
Total before adjustment relating to offset	937	(313)	(3)	9	630
Adjustment relating to offset[2]	(436)				(323)
TOTAL DEFERRED TAX ASSETS	501				307
Deferred tax liabilities					
Fair value adjustments[3]	(120)	(77)	(2)	–	(199)
Investment in Associates	(12)	(16)	–	1	(27)
Deferred acquisition costs	(301)	294	–	7	–
Prepayments	(11)	(8)	–	–	(19)
Operating lease charges	3	(4)	–	–	(1)
Right of use assets	(18)	(52)	–	2	(68)
Insurance contract liabilities	(203)	(59)	–	–	(262)
Reinsurance contract assets	47	(8)	–	–	39
Capital loss utilised	–	(1)	–	–	(1)
Other adjustments	25	6	–	–	31
Total before adjustment relating to offset	(590)	75	(2)	10	(507)
Adjustment relating to offset[2]	437				324
TOTAL DEFERRED TAX LIABILITIES	(153)				(183)

1 Included in the equity movement is the movement in the FCTR on the deferred tax balances where applicable.
2 The adjustment relating to offset relates to the reclassification of the balance from the underlying companies to disclose the net position per legal entity as the Group does not have a legal right of offset of the underlying companies.
3 The Group recognised a deferred income tax liability of R55 million during the current financial year as a result of the dilution effect of an equity investment in an associate being transferred to financial assets carried at fair value through other comprehensive income. The Group's profit has been affected by the expense of R55 million recognised in taxation and any related subsequent deferred income tax expense is recognised in other comprehensive income.

20. Deferred income tax *continued*

R million	Opening Balance[6]	Movement: Profit or loss	Movement: Other comprehensive income	Movement: Equity[1]	Closing Balance
At 30 June 2023					
Deferred tax assets					
Provision relating to staff costs	208	72	–	19	299
Other provisions	28	(3)	–	3	28
Insurance liabilities provisions	408	73	–	57	538
Fair value adjustments	17	(2)	(4)	–	11
Service costs on employee benefits	(3)	–	–	1	(2)
Operating lease charges[3]	(10)	1	–	–	(9)
Lease liabilities[3]	19	2	–	1	22
Allowances on fixed and intangible assets	17	–	–	1	18
Special transfer credit	19	1	–	–	20
Expected loss adjustment	9	–	–	–	9
Other	–	6	–	1	7
Assessed loss	–	6	–	–	6
Reinsurance contract assets[4]	5	(1)	–	(3)	1
Insurance contract assets[4]	(8)	–	–	(3)	(11)
Total before adjustment relating to offset	709	155	(4)	77	937
Adjustment relating to offset[2]	(303)				(436)
TOTAL DEFERRED TAX ASSETS	406				501
Deferred tax liabilities					
Fair value adjustments	(98)	(21)	–	(1)	(120)
Investment in Associates	(3)	(8)	–	(1)	(12)
Deferred acquisition costs	(219)	(55)	–	(27)	(301)
Prepayments	(7)	(3)	–	(1)	(11)
Operating lease charges	4	(1)	–	–	3
Right-of-use assets[3]	(16)	1	–	(2)	(17)
Insurance contract liabilities[4]	(159)	(44)	–	–	(203)
Reinsurance contract assets[4]	25	22	–	–	47
Other adjustments[5]	24	1	–	–	25
Total before adjustment relating to offset	(449)	(108)	–	(32)	(589)
Adjustment relating to offset[2]	303				437
TOTAL DEFERRED TAX LIABILITIES	(146)				(153)

1 Included in the equity movement is the movement in the FCTR on the deferred tax balances where applicable.
2 The adjustment relating to offset relates to the reclassification of the balance from the underlying companies to disclose the net position per legal entity as the Group does not have a legal right of offset of the underlying companies.
3 The Right-of-use assets and Lease liabilities balances were split out from the Operating lease charges in the prior financial year as a result of the tax amendment to disclose the gross tax effect of these items separately.
4 The prior financial year has been restated as a result of the application of IFRS 17.
5 With the application of the tax amendment to disclose the gross tax effect on the right-of-use asset and lease liability separately, an adjustment to the gross consolidation entry was required which was previously netted off.
6 The opening deferred tax balances in the prior financial year incorporated the change in the tax rate, and were therefore calculated at 27%.

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

The following deferred tax assets were not recognised:

- An amount of R2.8 million (2023: R209 million) which relates to the individual policyholder tax fund in OUTsurance Life Insurance Company. For the foreseeable future there will not be sufficient profits in the individual policyholder fund to raise a deferred tax asset as the deductible expenses exceed its taxable income.
- An amount of R23.3 million (2023: R7 million) which relates to OUTsurance DAC, the Group's start-up subsidiary who does not have sufficient future taxable profits at this stage.

The unrecognised deferred tax assets do not have an expiry date.

Refer to note 38 for the current and non-current analysis of deferred taxation.

21. Financial assets

R million	2024	2023
Fair value through profit or loss	**5 632**	4 751
Measured at fair value through profit or loss	**3 369**	2 646
Debt securities		
Zero-coupon deposits backing endowment policies	**1 738**	1 231
Convertible loan	**19**	9
Equity securities		
Listed perpetual preference shares	**189**	191
Exchange traded funds	**1 089**	774
Collective investment schemes	**324**	431
Unlisted shares	**10**	10
Designated at fair value through profit or loss	**2 263**	2 105
Debt securities		
Money market securities	**738**	826
Zero-coupon deposits	**1 351**	1 047
Unsecured investment in development fund	**57**	52
Contingent receivable	**117**	–
Other fixed rate debt securities	**–**	180
Fair value through other comprehensive income	**8 203**	6 427
Debt securities		
Government, municipal and public utility securities	**675**	316
Money market securities <1year	**2 508**	2 610
Money market securities >1 year	**2 330**	2 174
Collective investment schemes	**1 782**	936
Equity securities		
Unlisted equity	**908**	391
Amortised cost	**12 634**	11 267
Debt securities		
Term deposits	**12 525**	11 064
Preference share investment	**109**	203
TOTAL FINANCIAL ASSETS	**26 469**	22 445

21. Financial assets *continued*

R million	Fair value through profit or loss	Fair value through other compre-hensive income	Amortised cost	Total
Year ended 30 June 2024				
Movement Analysis				
Opening balance	**4 751**	**6 427**	**11 267**	**22 445**
Additions (purchases and issues)	**1 294**	**4 348**	**7 860**	**13 502**
Dividends reinvested	**8**	**40**	**–**	**48**
Interest reinvested	**63**	**546**	**287**	**896**
Disposals (sales and redemptions)	**(640)**	**(3 663)**	**(6 385)**	**(10 688)**
Unrealised fair value adjustments	**166**	**9**	**–**	**175**
Investment in associate diluting to a financial asset at fair value[1]	**–**	**555**	**–**	**555**
Foreign exchange difference	**(10)**	**(59)**	**(395)**	**(464)**
CLOSING BALANCE	**5 632**	**8 203**	**12 634**	**26 469**
Year ended 30 June 2023				
Movement Analysis				
Opening balance	3 573	5 700	7 233	16 506
Additions (purchases and issues)	1 510	4 024	8 041	13 575
Dividends reinvested	11	–	12	23
Interest reinvested	102	416	–	518
Disposals (sales and redemptions)	(602)	(3 764)	(4 964)	(9 330)
Unrealised fair value adjustments	126	26	–	152
Transfer from derivative financial instruments[2]	–	3	–	3
Foreign exchange difference	31	1	969	1 001
Modification	–	–	(24)	(24)
Reclassification of expected credit loss to OCI reserve[3]	–	21	–	21
CLOSING BALANCE	4 751	6 427	11 267	22 445

1 The Group's investment in an AlphaCode associate, included as an associate at the end of the previous financial year, diluted, and has resulted in a transfer to financial assets at fair value through OCI during the current financial year.
2 The interest rate swaps included in the Group's fixed income portfolios have been transferred from derivative financial instruments.
3 The allowance for ECL was reclassified to net off against the FVOCI reserve as opposed to the carrying value of the financial asset at fair value through OCI.

A register of investments is available for inspection at the registered office of the Group.

Refer to note 3.3.1 for information relating to the fair value of investment securities. Refer to note 38 for the current and non-current analysis of investment securities.

21. Financial assets *continued*

Critical accounting estimates – ECL

In determining the ECL allowances for financial instruments carrying credit risk, the following significant judgements and estimates were considered:

- Judgement was applied in identifying the qualitative and quantitative triggers and thresholds used to identify significant increases in credit risk since initial recognition of the financial assets. Depending on the availability of reasonable and supportable information without undue cost or effort, significant increases in credit risk is identified through, amongst others, market curve movements, credit quality of the instrument and issuing party, and portfolio assessments.
- The Group applies judgement in identifying default and credit-impaired financial assets. In making this judgement, the Group considers whether the balance is in legal review, debt review or under administration or expert judgement. Financial assets are credit impaired when one or more events with a detrimental impact on the expected cash flows have taken place.
- Management relies on the discount rates observed on the zero-coupon bond curve as published by the Johannesburg Stock Exchange to discount all cash flows to their present value. These discount rates are considered to be reflective of the current market conditions as well as those expected in the future.
- Management deems the instrument type aggregation to be the most appropriate manner to calculate the allowance for ECL taking undue costs and effort into account.

22. Derivative financial instruments

The Group utilises derivative financial instruments for the following:

- to reduce the impact of the interest rate risk contained in the insurance contract liabilities in its long-term insurance business;
- to reduce the impact of the currency risk contained in its open foreign currency exposures; and
- to provide price certainty related to future equity investments.

The Group undertakes transactions involving derivative financial instruments with other financial institutions. Management has established limits commensurate with the credit quality of the institutions with which it deals and manages the resulting exposures such that a default by any individual counterparty is unlikely to have a materially adverse impact on the Group.

R million	**2024**	2023
Derivative assets	**87**	9
Derivative liabilities	**(88)**	(81)
NET DERIVATIVE FINANCIAL INSTRUMENTS	**(1)**	(72)

The following table presents the detailed breakdown of the Group's derivative financial instruments outstanding at year-end and that are subject to enforceable master netting arrangements as at 30 June:

R million	Gross assets	Gross liabilities	Net derivatives
At 30 June 2024			
Interest rate swap	**1 118**	**(1 203)**	**(85)**
Effect of assets relating to the floating rate swap	**1 118**	**–**	**1 118**
Effect of liability relating to the fixed rate swap	**–**	**(1 203)**	**(1 203)**
Collateralised swap	**77**	**–**	**77**
Bond forward	**10**	**–**	**10**
Forward exchange derivatives			
EUR FEC	**–**	**(3)**	**(3)**
TOTAL	**1 205**	**(1 206)**	**(1)**

22. Derivative financial instruments *continued*

R million	Gross assets	Gross liabilities	Net derivatives
At 30 June 2023			
Interest rate swap	1 058	(1 135)	(77)
Effect of assets relating to the floating rate swap	1 022	(36)	986
Effect of liability relating to the fixed rate swap	36	(1 099)	(1 063)
Bond forward	–	–	–
Forward exchange derivatives			
AUD FEC	2	–	2
EUR FEC	–	(4)	(4)
EUR Collar	21	(14)	7
TOTAL[1]	1 081	(1 153)	(72)

1 The current value of the Bond forward of R397 459 was excluded due to rounding.

R million	Net derivatives 2024	2023
Movement analysis of derivative asset and liability		
Opening balance	**(72)**	62
Additions (purchases and issuings)	**176**	55
Disposals	**(5)**	(148)
Fair value adjustments	**(69)**	(38)
Interest accrued	**(31)**	–
Transfer to financial assets[1]	**–**	(3)
CLOSING BALANCE	**(1)**	(72)

1 These are interest rate swaps included in the Group's fixed income portfolios which are transferred between financial assets and derivatives in line with the movements in the portfolio.

The entire R85.0 million (2023: R77.0 million) net position of the derivative financial liability related to the interest rate swap, which is recoverable in more than 12 months from reporting date. The collateralised swap is recoverable in more than 12 months.

The collateralised swap arrangement is intended to match payments due to policyholders in the future, after a specified date. The collateralised swap is set to cover fulfilment cash flows from year 14 onward. The market value of the collateralised swap is R77.0 million (2023: Rnil).

The Bond forward contract has a fair value of R10.0 million (2023: R0.4 million) which is exercisable within 12 months of reporting date. The interest on the underlying bonds in linked to inflation and which is intended to offset the Group's exposure to inflation risk.

Foreign exchange derivatives

The Group utilises derivative financial instruments to reduce the impact of the currency risk contained in its open foreign currency exposures. The Group undertakes transactions involving derivative financial instruments with other financial institutions.

The Group has entered into foreign derivative contracts to economically hedge its exposure against the volatility of the Rand against the Australian Dollar (AUD) and the Euro. The AUD derivative instrument in the prior financial year, was entered into to hedge the currency exposure on a call option for additional shares in Youi from a minority shareholder and the Euro derivative instrument was for an additional capital investment in OUTsurance Irish Insurance Holdings Limited to fund its minimum capital requirement to obtain its insurance license.

23. Other receivables

R million	2024	2023
Due from agents, brokers and intermediaries[1]	**530**	487
Fees receivable from contact centre services	**42**	33
Interest receivable	**300**	158
Other receivables	**154**	134
Prepayments[2]	**195**	115
TOTAL OTHER RECEIVABLES	**1 221**	927

1 Due from agents, brokers and intermediaries represents premiums collected by the BZI broker channel. The policyholder has fulfilled their obligation, this receivable is directly with the broker.

2 Prepayments were split out from Other receivables in the current financial year to better reflect the nature of the underlying receivable balance. Prior financial year was updated for comparability.

Included in other receivables and prepayments are amounts due by related parties. Refer to note 39 for further details thereof.

Since other receivables have short-term maturities, the carrying amount approximates the fair value. Refer to note 38 for the current and non-current analysis of other receivables.

24. Assets held for sale and liabilities directly associated with assets held for sale

OUTvest Proprietary Limited (OUTvest) and its subsidiary OUTvest Nominees RF Proprietary Limited (OUTvest Nominees)

During the prior financial year the Group commenced a disposal process of its shares in OUTvest due to the subsidiary no longer fitting into the strategy of the Group. At June 2023, management had committed to a plan to sell its 100% share in OUTvest and was in the process of identifying potential buyers. Accordingly, the investment in OUTvest was classified as held for sale with an effective date of 30 June 2023. The investment in OUTvest was valued at 30 June 2023 at its carrying value which was the lower of carrying value and fair value less costs to sell.

OUTvest and OUTvest Nominees were sold during the current financial year with an effective date of 1 February 2024.

RMI Investment Managers Group

As at 30 June 2023, management had committed to a plan to sell certain of its associates indirectly held by RMI Investment Managers Group as well as assets and liabilities directly associated with these associates. Accordingly, the RMI Investment Managers associates were classified as held for sale with an effective date of 1 May 2022. These assets were valued as at 30 June 2023 at their carrying value which is the lower of carrying value and fair value less costs to sell. The carrying value of the investment in associates have been reduced with any dividend payments between 1 May 2022 and 28 March 2024, the completion of the transaction which is also the effective date of disposal.

The associates included as held for sale comprised Ethos Private Equity Proprietary Limited, Granate Asset Management Proprietary Limited, Northstar Asset Management Proprietary Limited, Perpetua Investment Managers Proprietary Limited, Royal Investment Managers Proprietary Limited, Sentio Capital Management Proprietary Limited and Truffle Capital Proprietary Limited. CoreShares Holdings Proprietary Limited was sold during the prior financial year.

24. Assets held for sale and liabilities directly associated with assets held for sale *continued*

Effect on consolidated statement of financial position

R million	**2024**	2023
Assets held for sale	**–**	402

Reconciliation of assets held for sale:

R million	**RMI Investment Managers associates**	**OUTvest**	**Total**
At the date of disposal			
Investment in associates	**257**	**–**	**257**
Employee benefits	**–**	**12**	**12**
Financial assets			
Fair value through profit or loss	**45**	**–**	**45**
Fair value through other comprehensive income	**–**	**12**	**12**
Other receivables	**7**	**1**	**8**
Deferred income tax	**2**	**–**	**2**
Cash and cash equivalents	**26**	**24**	**50**
ASSETS HELD FOR SALE DISPOSED OF	**337**	**49**	**386**

R million	RMI Investment Managers associates	OUTvest	Total
At 30 June 2023			
Investment in associates	290	–	290
Financial assets			
Fair value through profit or loss	68	–	68
Other receivables	2	1	3
Deferred income tax	2	–	2
Cash and cash equivalents	14	25	39
ASSETS HELD FOR SALE	376	26	402

Reconciliation of investment in associates held for sale:

R million	**RMI Investment Managers associates**
At 28 March 2024	
Opening balance	**290**
Dividends received for the year	**(33)**
INVESTMENT IN ASSOCIATES HELD FOR SALE DISPOSED OF	**257**

24. Assets held for sale and liabilities directly associated with assets held for sale *continued*

Effect on consolidated statement of financial position *continued*

R million	RMI Investment Managers associates	OUTsurance Namibia	Total
At 30 June 2023			
Opening balance	417	25	442
Dividends received for the year	(60)	–	(60)
Asset-for-share transaction	(40)	–	(40)
Cash-for-share transaction	(27)	(25)	(52)
ASSOCIATES HELD FOR SALE	290	–	290

R million	2024	2023
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE	–	71

Reconciliation of liabilities directly associated with assets held for sale:

	RMI Investment Managers associates	OUTvest	Total
At the date of disposal			
Financial liabilities at fair value through profit or loss	**39**	**–**	**39**
Employee benefit liabilities	**8**	**1**	**9**
Other payables	**6**	**31**	**37**
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE DISPOSED OF	**53**	**32**	**85**

R million	RMI Investment Managers associates	OUTvest	Total
At 30 June 2023			
Financial liabilities at fair value through profit or loss	39	–	39
Share-based payment liabilities	–	3	3
Employee benefit liabilities	9	2	11
Other payables	1	17	18
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE	49	22	71

24. Assets held for sale and liabilities directly associated with assets held for sale *continued*

Effect on consolidated statement of profit or loss

Reconciliation of profit on sale of assets held for sale:

R million	RMI Investment Managers associates	OUTvest	Total
At the date of disposal			
Proceeds	229	39	268
Proceeds in cash	114	39	153
Contingent consideration	115	–	115
Assets held for sale disposed of	(337)	(49)	(386)
Liabilities directly associated with assets held for sale disposed of	53	32	85
Other reserves associated with assets held for sale recycled to profit or loss	17	–	17
Non-controlling interest share of assets held for sale disposed of	71	–	71
PROFIT ON SALE OF ASSETS HELD FOR SALE	33	22	55

On 28 March 2024, the Group sold all of its interest in the RMI Investment Managers associates assets and the associated liabilities to the non-controlling interest party. The carrying value of the net assets held for sale at the date of disposal amounted to R196 million and was sold for an upfront cash consideration of R114 million and a contingent consideration at fair value of R115 million, resulting in a profit of R33 million. The upfront cash consideration was received on the date of disposal. The contingent consideration at fair value is receivable at each anniversary (28 March) from the date of disposal over the next three years with the final receivable due within two months following the third anniversary date (28 March 2027). The first receivable (28 March 2025) is considered to be R16 million at fair value, the second receivable (28 March 2026) is considered to be R15 million at fair value and the final payment is considered to be R84 million at fair value. The value of the contingent consideration is inter alia determined based on performance fees earned by certain assets disposed of over a period of three years from the date of disposal.

R million	RMI Investment Managers associates	OUTsurance Namibia	Total
At 30 June 2023			
Proceeds	87	62	149
Proceeds in cash	47	62	109
Proceeds other than cash	40	–	40
Carrying value of associate sold	(67)	(25)	(92)
PROFIT ON SALE OF ASSET HELD FOR SALE	20	37	57

24. Assets held for sale and liabilities directly associated with assets held for sale *continued*

Effect on consolidated statement of profit or loss *continued*

In the prior financial year Ethos Private Equity Proprietary Limited ("Ethos") concluded an agreement whereby The Rohatyn Group ("TRG"), a USA based asset management firm, acquired shares in Ethos. The result of how the share exchange was structured, is that Ethos via RMI Investment Managers Group Proprietary Limited ("RMI Investment Managers") remain an associate, an asset that form part of the Group's assets held for sale as at 30 June 2023 and 30 June 2022. As a result of the share exchange the Group via its shareholding in RMI Investment Managers accounted for a consideration of R24 million in cash and R40 million in shares (financial assets). This transaction had no impact on the Group's profit or loss.

OUTsurance Insurance Company of Namibia Limited (OUTsurance Namibia) and CoreShares Holdings Proprietary Limited (CoreShares)

During the prior financial year, the Competition Commission of South Africa and the Competition Commission of Namibia approved the sale of CoreShares and OUTsurance Namibia respectively and as a result the Group disposed of its interest in these associates. The approval date was deemed to be the effective disposal date.

In the prior financial year CoreShares was acquired by a third party and therefore the disposal proceeds related to the Group's proportion shareholding in CoreShares which was 54.4% of the purchase consideration as defined in the sales agreement.

In the prior financial year the disposal proceeds relating to OUTsurance Namibia were 49% of the aggregate of the value of the in-force book plus the net asset value (NAV) of OUTsurance Namibia at 31 December 2021. The NAV component was reduced with the dividend payments made after 31 December 2021 and before the completion of the transaction in October 2022.

25. Cash and cash equivalents

Included in money market investments are deposits with a term of maturity of less than three months. The carrying value of cash and cash equivalents approximates the fair value.

R million	**2024**	2023
Cash at bank and on hand	**1 505**	1 628
Short-dated money market instruments	**187**	47
	1 692	1 675

Included in the cash and cash equivalent note are restricted cash balances relating cash back and demand deposits to the value of R25.9 million (2023: R24.5 million). These deposits secure specific assets and are therefore not available for general use by the other entities within the Group.

26. Share capital and premium

R million	Number of shares after treasury shares	Ordinary share capital[1]	Share premium	Treasury shares	Total
At 30 June 2024					
Opening balance	**1 532**	**–**	**15 452**	**–**	**15 452**
Ordinary shares issued	**5**	**–**	**215**	**–**	**215**
Treasury shares	**–**	**–**	**–**	**(181)**	**(181)**
SHARE CAPITAL AND PREMIUM	**1 537**	**–**	**15 667**	**(181)**	**15 486**

R million	Number of shares after treasury shares	Ordinary share capital[1]	Share premium	Total
At 30 June 2023				
Opening balance	1 531	-	15 431	15 431
Ordinary shares issued	1	-	21	21
SHARE CAPITAL AND PREMIUM	1 532	-	15 452	15 452

1 Due to rounding, the amounts were excluded.

Ordinary shares

The total authorised number of ordinary shares is 2 000 000 000, with a par value of R0.0001 per share. The total number of issued ordinary shares increased by 5 127 086 during the year (2023: 601 006) to 1 537 535 862 as at 30 June 2024 (2023: 1 532 408 776). The company issued 980 207 ordinary shares at a value of R40 million and 4 146 879 ordinary shares at a value of R175 million on 15 November 2023 and 26 June 2024 respectively. These shares issued during the year were in exchange for OHL shares. The unissued share capital is under the control of the board of directors until the forthcoming annual general meeting.

Preference shares

The total authorised number of cumulative, redeemable, par value preference shares is 100 000 000 with a par value of R0.0001 per share. The issued number of par value preference shares is nil (2023: nil).

The total authorised number of cumulative, redeemable, no par value preference shares is 100 000 000 with a par value of R0.0001 per share. The issued number of no par value preference shares is nil (2023: nil).

The company created a new class of 100 000 000 authorised, cumulative, redeemable, no par value preference shares in the 2016 financial year in terms of its debt programme. None of these preference shares have been issued yet.

OGL had no issued preference shares as at 30 June 2024. If any of these preference shares would be issued, it would be classified as debt.

Million	2024	2023
Number of treasury shares held at 30 June	**4**	–
Weighted number of treasury shares held during the year	**3**	–
The treasury shares are eliminated from the weighted number of shares in issue for the purposes of calculating earnings and headline earnings per share:		
Weighted number of issued shares	**1 533**	1 532
Less: Weighted number of treasury shares	**(3)**	–
WEIGHTED NUMBER OF SHARES IN ISSUE	**1 530**	1 532

27. Insurance and Reinsurance contracts

Summary of insurance and reinsurance contracts

	30 June 2024					30 June 2023 – Restated				
R million	**OUTsurance**	**Youi**	**OUTsurance Ireland**	**OUTsurance Life**	**Total**	OUTsurance	Youi	OUTsurance Ireland	OUTsurance Life	Total
Insurance contracts	**1 945**	**10 295**	**19**	**396**	**12 655**	1 920	7 746	–	309	9 975
Insurance contract liabilities	**1 945**	**10 295**	**19**	**647**	**12 906**	1 920	7 746	–	525	10 191
Insurance contract assets	**–**	**–**	**–**	**(251)**	**(251)**	–	–	–	(216)	(216)
Reinsurance contracts	**(2)**	**(1 430)**	**(18)**	**(109)**	**(1 559)**	3	(992)	–	(62)	(1 051)
Reinsurance contract assets	**(27)**	**(1 430)**	**(18)**	**(112)**	**(1 587)**	(27)	(992)	–	(68)	(1 087)
Reinsurance contract liabilities	**25**	**–**	**–**	**3**	**28**	30	–	–	6	36

27.1 Short-term insurance contracts issued

Material judgements – Short-term business

This note provides an overview of the areas that involve a higher degree of judgement or complexity on the adoption and implementation of IFRS 17.

Unit of account

The Group has determined that the unit of account is not the insurance policy per policyholder but rather the separate risk insured in the contract. This is based on the substance of the insurance policy, which can contain several insured risks.

In concluding that the unit of account is the risk being insured, management considered the following to determine that the risks are not interdependent, do not lapse together, and are priced and sold separately:

- Each risk is priced separately. The premium is determined by assessing the duration of the insurance policy at inception of the contract and the risk covered. The premium is then determined separately for each risk.
- The Group has a sophisticated underwriting model. This model considers factors of the policyholder and the risk ensuring each risk is underwritten and monitored separately.
- The cancellation of one risk by the policyholder does not affect the continuation of cover of other risks covered by the policy.
- Renewals are done at a risk and policy level.

Profitability groupings

Contracts measured under the PAA are assumed to be profitable unless facts and circumstances suggest otherwise. Management monitors profitability by tracking the combined ratio of the portfolio over a period and considers pricing adequacy to determine if a risk class is onerous.

For the Group, a portfolio for contracts measured under the PAA will be mostly aligned to the classes used for regulatory risk reporting. Where applicable the risk classes are split by distribution channel to ensure the portfolio is homogeneous in nature. Additionally, this division facilitates the build for the segmental classification for the purpose of financial statement disclosure.

Contracts measured under the PAA

The Group's non-life insurance operations apply the PAA model to measure the liability for remaining coverage (LRC).

27. Insurance and Reinsurance contracts *continued*

27.1 Short-term insurance contracts issued *continued*

Material judgements *continued*

Liability for incurred claims
To estimate the future claims cash flows within the boundary of the contract for contracts measured under the PAA, the Group uses the following methodologies to determine the ultimate value of the liability for incurred claims:

- Development Factor Method (DFM);
- Cape Cod Method (CC);
- Bornhuetter-Ferguson Method (BF)
- Expected Loss ratio
- System case estimates
- Payment Per Claim Incurred (PPCI)

Each method attempts to predict the progression of claims incurred and/or reported through a combination of various development factors, loss ratios and dependency factors. The method chosen depends on the materiality and data credibility of various cash flows. When determining the various cash flows of the calculation it is assumed at a high level that past claims development can be used as a reasonable guide for future expected claim development. In all cases judgement is applied to appropriately allow for expected future experience.

The future expense cash flows are split between the allocated loss adjustment expenses (ALAE) and the unallocated loss adjustment expenses (ULAE). The ALAE reserve relates to costs directly attributable to claims. These are loaded on claims explicitly and included in the analysis of claims data. The ULAE reserve relates to overhead costs directly attributable to claims management and is allowed for by expressing total claims-related management expenses as a proportion of gross claims paid, for the 12 months preceding the calibration date. This assumption is then applied to the current liability for incurred claims (LIC).

The OUTbonus liability makes use of a probability adjustment which is calibrated using the long-term average ratio of the ultimate OUTbonus cost to OUTbonus accrual. This probability adjustment is then applied to the total OUTbonus accrued liability at the reporting date.

Directly attributable expenses
IFRS 17 requires an entity to include a portion of its overhead costs that are directly attributable in fulfilling the obligations under the insurance contract, in the fulfilment cash flows of the liability. The Group leveraged off its current methodology and processes to evaluate expenses and allocate all expenses as either directly attributable or non-attributable depending on each expense cost centre.

In the instances, where the costs within a cost centre were deemed to be not attributable, the cost centre is classified as non-attributable. Once the costs have been allocated as attributable, they are allocated to a risk code using an activity-based costing methodology.

Discount rate – Contracts measured under the PAA
The Group has long tail claim components and chose to discount the LIC for claims that are expected to be settled within 1 year from the date the claim was incurred, rather than utilising the practical expedient available. As there are no referenced asset portfolios backing the LIC because of the volatility and uncertainty of claims on short term insurance contracts, it was deemed more appropriate to use the bottom-up approach.

Under this approach, a risk-free bond yield curve was used. No illiquidity premium was added to the discount rate as there is no penalty or surrender value required to exit the insurance contract.

Treatment of the OUTbonus under PAA
The Group awards an OUTbonus to all policyholders who remain claim free for a specified period of time. The OUTbonus is forfeited with cancellation of the insurance policy and highly interrelated to the host contract. Given that the OUTbonus is largely dependent on the claim's behaviour of the policyholder, it's accounted for under the LIC as an unsettled claim as it relates to insurance contract services already provided.

The OUTbonus is forfeited when the underlying insurance contract is cancelled, and thus it does not serve to extend the contract boundary of the underlying contract given that the contract can be cancelled or repriced with a month's notice. Consequently, the OUTbonus liability is limited to the same boundary as the underlying contract, which is one month. If the policyholder does not claim, the contractual obligation created by the OUTbonus results in a liability which accrues monthly and accumulates over the period.

27. Insurance and Reinsurance contracts *continued*

27.1 Short-term insurance contracts issued *continued*

Material judgements *continued*

Risk adjustment

For the personal, business and CTP segments, the risk adjustment is also a Value at Risk (VaR) approach on the distribution of the relevant LIC.

In the LIC, a reserve risk volatility factor is calculated for main major risk classes by leveraging off methods described in the regulatory framework. The standardised reserve risk volatility factors, as specified in the regulatory framework, are applied to smaller classes. The reserve risk volatility factors represent fluctuations in the timing and amount of claims settlements.

For the OUTbonus liability, the risk adjustment is calibrated by using the Mack Bootstrapping approach on the OUTbonus liability ratio.

A confidence level ranging between the 75th and 85th percentile, depending on each underlying portfolio, is deemed appropriate. New risks may require a larger confidence interval until stable claims experience is obtained.

OUTsurance Ireland

The insurance operations in Ireland launched in May 2024. The insurance contract liabilities and reinsurance contract assets in Ireland is not yet material in context of the Group's insurance operations.

From the total LRC that was recognised, R13.3 million relates to the loss component. The total LIC for Ireland was R0.3 million as at 30 June 2024.

27.2 Short-term Insurance Contracts Issued – OUTsurance

The following events and considerations have been considered in the fulfilment cash flows of OUTsurance

Several natural peril events were experienced during the course of the 2024 financial year, none of which were sizeable enough to breach the catastrophe excess-of-loss deductible. The combined estimated loss amounted to R366 million. The largest of these was the Gauteng hail storm in the first half of the financial year, with estimated losses of R128 million. OUTsurance has already paid out 80% of these losses.

Following improvements in the third-party recovery space during the previous financial year, further improvements were made to align with operational process changes implemented during the 2024 financial year. Certain categories of low quantum third-party recoveries will no longer be pursued by the Operations teams, and the reserves were adjusted to reflect this reduction in expected recovery amounts.

Refinements were made to the existing processes in place, relating to estimates held on very old claims (>13 years), to continually ensure that these estimates are timeously cleared out when claims are settled.

The ULAE methodology was reviewed and refined to better align with the standard methodology applied in the industry.

The effect of changes in interest rates (disclosed in note 9) had a less than 1% impact on the entire LIC balance in the current financial year. Therefore a sensitivity on the potential changes in interest rates would not have a material impact on profit or loss.

27. Insurance and Reinsurance contracts *continued*

27.2 Short-term Insurance Contracts Issued – OUTsurance *continued*

	30 June 2024					30 June 2023				
	LRC		LIC			LRC		LIC		
R million	Excluding loss component	Loss component	Present Value of Future Cash Flows	Risk Adjustment for Non Financial Risk	Total	Excluding loss component	Loss Component	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total
OPENING LIABILITIES	471	10	1 304	135	1 920	469	16	1 265	180	1 930
Changes in the statement of profit or loss and OCI										
Insurance revenue	(12 166)	–	–	–	(12 166)	(11 137)	–	–	–	(11 137)
Insurance service expenses	–	1	8 398	(38)	8 361	–	(6)	8 144	(54)	8 084
Total claims expense	–	–	7 843	85	7 928	–	–	7 547	117	7 664
Incurred claims	–	–	5 326	85	5 411	–	–	5 163	117	5 280
Other insurance service expenses	–	–	2 517	–	2 517	–	–	2 384	–	2 384
OUTbonus accrual	–	–	392	9	401	–	–	231	8	239
Losses and reversal of losses on onerous contracts	–	1	–	–	1	–	(6)	–	–	(6)
Changes that relate to past service: adjustment to liabilities for incurred claims	–	–	(96)	(120)	(216)	–	–	41	(166)	(125)
Changes that relate to past service: Adjustment to liabilities for OUTbonus	–	–	259	(12)	247	–	–	325	(13)	312
Insurance service result	(12 166)	1	8 398	(38)	(3 805)	(11 137)	(6)	8 144	(54)	(3 053)
Net finance expenses from insurance contracts	–	–	129	13	142	–	–	77	9	86
TOTAL CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND OCI	(12 166)	1	8 527	(25)	(3 663)	(11 137)	(6)	8 221	(45)	(2 967)
Transfer to other items in the statement of Financial position	–	–	98	–	98	–	–	(274)	–	(274)
Cash flows										
Premiums received	12 122	–	–		12 122	11 139	–	–	–	11 139
Claims	–	–	(5 322)		(5 322)	–	–	(5 261)	–	(5 261)
Other insurance service expenses paid	–	–	(2 614)		(2 614)	–	–	(2 110)	–	(2 110)
OUTbonus claims paid	–	–	(596)		(596)	–	–	(537)	–	(537)
TOTAL CASH FLOWS	12 122	–	(8 532)	–	3 590	11 139	–	(7 908)	–	3 231
CLOSING LIABILITIES	427	11	1 397	110	1 945	471	10	1 304	135	1 920

27. Insurance and Reinsurance contracts *continued*

27.3 OUTsurance – Reinsurance Contracts Held

R million	30 June 2024					30 June 2023				
	Asset for remaining coverage		Asset for incurred claims			Asset for remaining coverage		Asset for incurred claims		
	Excluding loss recovery component	Loss recovery component[1]	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk[3]	Total	Excluding loss recovery component	Loss recovery component[1]	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total
Opening asset	(12)	–	38	1	27	(5)	–	283	24	302
Opening liabilities	(5)	–	(25)	–	(30)	–	–	–	–	–
NET OPENING BALANCE	(17)	–	13	1	(3)	(5)	–	283	24	302
Changes in the statement of profit or loss										
Reinsurance expense	(199)	–	–	–	(199)	(196)	–	–	–	(196)
Incurred claims recovery	–	–	14	–	14	–	–	4	–	4
Changes that relate to past service – Changes to the FCF relating to incurred claims recovery	–	–	6	(1)	5	–	–	64	(24)	40
Changes relating to future services: loss recovery component[2]	–	–	–	–	–	–	–	–	–	–
Net income (expense) from reinsurers contracts held	(199)	–	20	(1)	(180)	(196)	–	68	(24)	(152)
Finance income from reinsurance contracts held	–	–	1	–	1	–	–	2	1	3
TOTAL CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND OCI	(199)	–	21	(1)	(179)	(196)	–	70	(23)	(149)
Cash flows										
Premiums paid	202	–	–	–	202	184	–	96	–	280
Recoveries from Reinsurer	–	–	(18)	–	(18)	–	–	(436)	–	(436)
TOTAL CASH FLOWS	202	–	(18)	–	184	184	–	(340)	–	(156)
NET CLOSING BALANCE	(14)	–	16	–	2	(17)	–	13	1	(3)
Closing asset	(10)	–	37	–	27	(12)	–	38	1	27
Closing liability	(4)	–	(21)	–	(25)	(5)	–	(25)	–	(30)

1 The loss recovery component of R290 454 (2023: R319 346) was omitted due to rounding.
2 Movements in the period immaterial.
3 The net balance of the risk adjustment for the asset for incurred claims of R80 718 was omitted due to rounding. The gross amounts are also immaterial.

27. Insurance and Reinsurance contracts *continued*

27.4 OUTsurance – Critical accounting estimates and judgements

Sensitivity to underwriting risk variables

The table below presents the impact on profit or loss for changes in assumptions in determining the LIC balance.

In order to determine the appropriate level of sensitivity on the risk variables, an assessment was performed to assess the impact of an acceptable change in the loss ratio together with the impact of when the full risk adjustment raised were to be utilised. With this assessment performed, a reasonable level of sensitivity equates to a 15% increase in the underlying assumptions.

The impact of the sensitivities was performed on the attritional claims only. Given that the reinsurance program's objective is mainly to protect the business against catastrophe events, the sensitivities do not have a material impact on the reinsurance contacts and were therefore only performed on the gross claims impact.

The sensitivities on the LIC also exclude the OUTbonus liability component of the LIC, as it is unaffected by the severity shock and accrues at a fixed percentage.

The sensitivity analysis on the Liability for incurred claims

	30 June 2024		30 June 2023	
R million	**LIC at 30 June 2024**	**Impact on profit or loss with a 15% increase in underlying assumptions**	LIC at 30 June 2023	Impact on profit or loss with a 15% increase in underlying assumptions
Direct insurance contracts				
Change in assumptions				
Claims severity				
South Africa	**1 507**	**128**	1 439	127
Recoveries and Salvages				
South Africa	**1 507**	**170**	1 439	205

27. Insurance and Reinsurance contracts *continued*

27.4 OUTsurance – Critical accounting estimates and judgements *continued*

27.4.1 Personal and business – Claims development *continued*

For OUTsurance, the claims with an incurred date prior to the current financial year, have a greater proportion of outstanding salvages and recoveries from third parties due to the longer tailed nature of these cashflows. This could result in the claims paid exceeding the ultimate claims costs in previous years.

Gross claims development – undiscounted excluding direct attributable expenses

	Accident year						
R million	2024	2023	2022	2021	2020	2019	Total
At the end of the accident year	4 947	4 751	4 914	3 910	3 528	3 353	25 403
one year later	–	4 730	4 917	3 826	3 543	3 291	20 307
two years later	–	–	4 949	3 813	3 501	3 285	15 548
three years later	–	–	–	3 822	3 513	3 269	10 604
four years later	–	–	–	–	3 509	3 282	6 791
five years later	–	–	–	–	–	3 276	3 276
Gross cumulative ultimate claims	4 947	4 730	4 949	3 822	3 509	3 276	25 233
Cumulative paid	(4 441)	(4 795)	(4 975)	(3 828)	(3 514)	(3 287)	(24 840)
Accident years beyond 2019							23
Gross cumulative claims outstanding							416
Directly attributable expenses							366
OUTbonus							718
Risk adjustment							115
Discounting							(102)
Other insurance payables							(6)
LIC (INSURANCE CONTRACTS)							**1 507**

Net claims development – undiscounted, net of reinsurance excluding direct attributable expenses

	Accident year						
R million	2024	2023	2022	2021	2020	2019	Total
At the end of the accident year	4 933	4 750	4 893	3 910	3 527	3 354	25 367
one year later	–	4 724	5 011	3 827	3 543	3 311	20 416
two years later	–	–	4 642	3 814	3 502	3 301	15 259
three years later	–	–	–	3 822	3 514	3 286	10 622
four years later	–	–	–	–	3 507	3 299	6 806
five years later	–	–	–	–	–	3 252	3 252
Net cumulative ultimate claims	4 933	4 724	4 642	3 822	3 507	3 252	24 880
Cumulative paid	(4 427)	(4 793)	(4 663)	(3 827)	(3 513)	(3 262)	(24 485)
Accident years beyond 2019							21
Net cumulative claims outstanding							416
Directly attributable expenses							366
OUTbonus							718
Risk adjustment							115
Discounting							(102)
Other insurance payables							(22)
LIC (INSURANCE CONTRACTS)							**1 491**

27. Insurance and Reinsurance contracts *continued*

27.4 OUTsurance – Critical accounting estimates and judgements *continued*

27.4.1 Personal and business – Claims development *continued*

Average weighted term to settlement

The table below represents the average time it takes to settle a claim. The business segment weighted term to settlement has increased year on year. This is due a change in the granularity of the calibration of this assumption this year. Furthermore, the business segment experience claims which are more complex and at times more unique which results in a longer settlement term.

	30 June 2024		30 June 2023	
	Personal	**Business**	Personal	Business
Average weighted term to settlement in years	**0.74**	**1.02**	0.74	0.86

The following yield curves were used in discounting the LIC:

	1 year	**2 years**	**3 years**	**10 years**	**15 years**
30 June 2024					
Property and casualty					
Direct insurance contracts issued and reinsurance contracts held	**8.0%**	**9.0%**	**9.0%**	**12.0%**	**14.0%**

	1 year	2 years	3 years	10 years	15 years
30 June 2023					
Property and casualty					
Direct insurance contracts issued and reinsurance contracts held	9.0%	9.0%	9.0%	12.0%	14.0%

27.5 Short-term Insurance Contracts Issued – Youi

The following events and considerations have considered in the fulfilment cash flows of Youi:

During the financial year there were 4 major natural catastrophe events in Youi. The largest being the Christmas storms, with an ultimate estimated loss of R787 million, of which R610 million has been reported as of 30 June 2024. All other events have ultimate estimated losses below R182 million. In respect of the Christmas Storms, we note that the net exposure is capped at R485 million owing to the reinsurance catastrophe program in place. The overall loss estimate is comparable to that recorded by other insurers in the market with reference to Youi's own risk profile. The effect of changes in interest rates (disclosed in note 9) had a less than 1% impact on the entire LIC balance in the current financial year. Therefore, a sensitivity on the potential changes in interest rates would not have a material impact on profit or loss.

27. Insurance and Reinsurance contracts *continued*

27.5 Short-term Insurance Contracts Issued – Youi *continued*

	30 June 2024					30 June 2023				
	LRC		LIC			LRC		LIC		
R million	Excluding loss component	Loss component	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Excluding loss component	Loss Component	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total
Opening liabilities	3 589	4	3 854	299	7 746	2 613	10	3 747	268	6 638
Changes in the statement of profit or loss and OCI										
Insurance revenue	(18 801)	–	–	–	(18 801)	(14 840)	–	–	–	(14 840)
Insurance service expenses	2 652	2	13 064	145	15 863	1 838	(7)	9 198	(4)	11 025
Total claims expense[1]	–	–	12 698	293	12 991	–	–	9 821	219	10 040
Incurred claims	–	–	10 597	293	10 890	–	–	7 939	219	8 158
Other insurance service expenses	–	–	2 101	–	2 101	–	–	1 882	–	1 882
Amortisation of acquisition cost	2 652	–	–	–	2 652	1 838	–	–	–	1 838
Losses and reversal of losses on onerous contracts	–	2	–	–	2	–	(7)	–	–	(7)
Changes that relate to past service: adjustment to liabilities for incurred claims	–	–	366	(148)	218	–	–	(623)	(223)	(846)
Insurance service result	(16 149)	2	13 064	145	(2 938)	(13 002)	(7)	9 198	(4)	(3 815)
Net finance expenses from insurance contracts	–	–	68	8	76	–	–	33	4	37
TOTAL CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND OCI	(16 149)	2	13 132	153	(2 862)	(13 002)	(7)	9 231	–	(3 778)
Transfer to other items in the statement of Financial position[1]	(96)	–	(35)	–	(131)	(47)	–	(119)	–	(166)
Cash flows										
Premiums received	20 119	–	–	–	20 119	15 728	–	–	–	15 728
Insurance acquisition cash flows paid	(3 037)	–	–	–	(3 037)	(2 041)	–	–	–	(2 041)
Claims	–	–	(9 183)	–	(9 183)	–	–	(7 667)	–	(7 667)
Other insurance service expenses paid[1]	–	–	(2 066)	–	(2 066)	–	–	(1 762)	–	(1 762)
TOTAL CASH FLOWS	17 082	–	(11 249)	–	5 833	13 687	–	(9 429)	–	4 258
Foreign exchange movement	(130)	–	(150)	(11)	(291)	338	1	424	31	794
CLOSING LIABILITIES	4 296	6	5 552	441	10 295	3 589	4	3 854	299	7 746

1 The prior year values, as disclosed in the 31 December 2023 results have been updated to reflect the correct allocation of directly attributable costs. This resulted in an increase to insurance service expense of R123 million. Refer to note 41 for more information.

27. Insurance and Reinsurance contracts *continued*

27.6 Youi – Reinsurance Contracts held

	30 June 2024					30 June 2023				
	Asset for remaining coverage		Asset for Incurred claims			Asset for remaining coverage		Asset for Incurred claims		
R million	Excluding loss recovery component	Loss recovery component	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total	Excluding loss recovery component	Loss recovery component	Present Value of Future Cash Flows	Risk Adjustment for Non-Financial Risk	Total
Opening asset	(316)	(15)	1 225	98	992	(519)	(7)	2 239	123	1 836
Opening liabilities	–	–	–	–	–	–	–	–	–	–
NET OPENING BALANCE	(316)	(15)	1 225	98	992	(519)	(7)	2 239	123	1 836
Changes in the statement of profit or loss					–					
Reinsurance expense	(1 917)	–	–	–	(1 917)	(2 045)	–	–	–	(2 045)
Incurred claims recovery	–	–	772	6	778	–	–	(246)	(132)	(378)
Changes that relate to past service – Changes to the FCF relating to incurred claims recovery	–	–	(58)	16	(42)	–	–	460	98	558
Changes relating to future services: loss recovery component	–	17	–	–	17	–	(7)	–	–	(7)
Net income (expense) from reinsurers contracts held	(1 917)	17	714	22	(1 164)	(2 045)	(7)	214	(34)	(1 872)
Finance income/(expense) from reinsurance contracts held	–	–	29	10	39	–	–	20	(2)	18
TOTAL CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND OCI	(1 917)	17	743	32	(1 125)	(2 045)	(7)	234	(36)	(1 854)
Cash flows										
Premiums paid	2 124	–	–	–	2 124	2 296	–	–	–	2 296
Recoveries from Reinsurer	–	–	(522)		(522)	–	–	(1 454)	–	(1 454)
TOTAL CASH FLOWS	2 124	–	(522)	–	1 602	2 296	–	(1 454)	–	842
Foreign exchange movements	9	–	(45)	(3)	(39)	(48)	(1)	206	11	168
NET CLOSING BALANCE	(100)	2	1 401	127	1 430	(316)	(15)	1 225	98	992
Closing asset	(100)	2	1 401	127	1 430	(316)	(15)	1 225	98	992
Closing liability	–	–	–	–	–	–	–	–	–	–

27. Insurance and Reinsurance contracts *continued*

27.7 Youi – Critical accounting estimates and judgements

Sensitivity to underwriting risk variables

The table below presents the impact on profit or loss for changes in assumptions in determining the LIC balance.

In order to determine the appropriate level of sensitivity on the risk variables, an assessment was performed to assess the impact of an acceptable change in the loss ratio together with the impact of utilisation of the entire risk adjustment. With this assessment performed, a reasonable level of sensitivity equates to a 5% increase in the underlying assumptions.

Youi have a proportional reinsurance program and therefore the sensitivity impact is presented on a net impact.

The sensitivity analysis on the Liability for incurred claims

	30 June 2024		30 June 2023	
	LIC at 30 June 2024	**Impact on Profit or loss with a 5% increase in underlying assumptions**	LIC at 30 June 2023	Impact on Profit or loss with a 5% increase in underlying assumptions
Net insurance contract assets				
Change in assumptions				
Claims severity				
Australia	**5 993**	**257**	4 153	187
Recoveries and Salvages				
Australia	**5 993**	**32**	4 153	29

27. Insurance and Reinsurance contracts *continued*

27.7 Youi – Critical accounting estimates and judgements *continued*

27.7.1 Personal and business – Claims development

Gross claims development – undiscounted excluding direct attributable expenses

	Accident year						
R'million	2024	2023	2022	2021	2020	2019	Total
At the end of the accident year	10 529	8 126	8 478	5 862	5 906	24 758	63 659
one year later	–	8 231	7 845	5 825	6 267	24 758	52 926
two years later	–	–	7 944	5 831	6 212	24 758	44 745
three years later	–	–	–	5 840	6 215	27 153	39 208
four years later	–	–	–	–	6 253	27 172	33 425
five years later	–	–	–	–	–	27 212	27 212
Gross cumulative ultimate claims	10 529	8 231	7 944	5 840	6 253	27 212	66 009
Gross cumulative paid claims	(6 195)	(7 420)	(7 701)	(5 826)	(6 229)	(27 171)	(60 542)
Gross cumulative claims outstanding							5 467
Directly attributable expenses							332
Discounting							(301)
Risk adjustment							473
Other							23
LIC (INSURANCE CONTRACTS)							5 994

Net claims development - undiscounted, net of reinsurance excluding direct attributable expenses

	Accident year						
R'million	2024	2023	2022	2021	2020	2019	Total
At the end of the accident year	9 816	7 371	6 256	4 856	4 131	22 371	54 801
one year later	–	7 509	6 084	4 828	4 233	22 370	45 024
two years later	–	–	6 173	4 820	4 211	22 371	37 575
three years later	–	–	–	4 822	4 214	24 748	33 784
four years later	–	–	–	–	4 214	24 762	28 976
five years later	–	–	–	–	–	24 795	24 795
Net cumulative claims	9 816	7 509	6 173	4 822	4 214	24 795	57 329
Net cumulative paid claims	(6 328)	(7 157)	(6 072)	(4 820)	(4 211)	(24 754)	(53 342)
Net cumulative claims outstanding							3 987
Directly attributable expenses							331
Discounting							(136)
Risk adjustment							327
Other							(44)
LIC (INSURANCE CONTRACTS)							4 465

27. Insurance and Reinsurance contracts *continued*

27.7 Youi – Critical accounting estimates and judgements *continued*

Average weighted term to settlement

The table below represent the average time it takes to settled a claim.

	30 June 2024			30 June 2023		
	Personal	**Business**	**CTP**	Personal	Business	CTP
Average weighted term to settlement in years	**0.32**	**0.42**	**3.87**	0.30	0.40	3.86

The following yield curves that were used in discounting the LIC:

	1 year	**2 years**	**3 years**	**10 years**	**15 years**
30 June 2024					
Property and casualty					
Direct insurance contracts issued and reinsurance contracts held	**4.4%**	**4.2%**	**4.1%**	**4.4%**	**4.6%**

	1 year	2 years	3 years	10 years	15 years
30 June 2023					
Property and casualty					
Direct insurance contracts issued and reinsurance contracts held	4.4%	4.2%	4.1%	4.1%	4.3%

27. Insurance and Reinsurance contracts *continued*

27.8 Material adjustments – Life insurance business

This note provides an overview of the areas that involve a higher degree of judgement or complexity on the adoption and implementation of IFRS 17 for the Life insurance business.

Unit of account

The Group has determined that the unit of account is not the insurance policy per policyholder but rather the separate risk insured in the contract. Although there can be multiple lives insured per insurance policy, each life insured is treated and managed as a separate risk.

Profitability groupings

OUTsurance Life applies both a qualitative and quantitative assessment to determine the profitability groupings. The quantitative approach supports the qualitative assessment and is based on a projected cash flow stress calibration methodology. Based on the outcome of the stress tests, the contract is grouped as insurance contracts that are onerous at initial recognition, insurance contracts that have no possibility of becoming onerous, and the remainder of the contracts.

Fulfilment cash flows (FCF)

Directly attributable cash flows

IFRS 17 requires an entity to include a portion of its overhead costs that are directly attributable in fulfilling the obligations under the insurance contract, in the fulfilment cash flows of the liability. Similar to the short-term insurance business, the Group leveraged off its current methodology and processes to evaluate expenses and allocate all expenses as either directly attributable or non-attributable depending on each expense cost center.

The Group uses the following non-financial assumptions: lapses, expenses, retrenchment rates, morbidity rates, mortality rates and disability rates in its estimation of future cash flows for the Life insurance business. The best estimate assumptions in respect of dread disease & disability, mortality and retrenchment rates were set taking into consideration the rates provided by the reinsurers, actual past experience and modifications for expected future trends. In particular, the base industry rates provided by the reinsurers are explicitly adjusted based on actual vs expected analyses performed on a bi-annual basis. The level of granularity adopted in each analysis depends on the credibility of the data available. The Group uses consistent assumptions to measure insurance contracts and reinsurance contracts held. These rates have further been reviewed and approved by the Head of Actuarial Function. All adjustments to future assumptions will adjust the CSM.

Discount rate

The discount rate is determined using the bottom-up approach as the cash flows do not vary based on the underlying items. Under this approach, the JSE bond and swap curve are used as the risk-free rate. The discount curve is constructed from a combination of the swap and bond curve which reflects the underlying interest rate of the hedging instruments used in the asset liability matching. Additionally, non-recurring bonus cash flows at all durations make use of the swap curve and recurring bonus cash flows at all durations make use of the bond curve.

By calculating the weighted average of the two curves according to the magnitude of the various types of future expected cash flows of the contracts, the aforementioned curves are aggregated to form a single locked-in yield curve for each group of contracts. By doing so, the present value of the cash flows calculated using the single yield curve is equivalent to what would be obtained by applying each curve individually to the relevant cash flows at the corresponding points in time. The relevant spot rates are subjected to the weighting to generate the new single yield curve.

For direct insurance contracts and reinsurance contracts held, no illiquidity premium is added as there are no surrender values or exit penalties included in the insurance contract or reinsurance contract held.

Risk adjustment

For life risk contracts, a risk quantification has been conducted by leveraging off the regulatory regime's Financial Soundness Standards for Insurers in order to facilitate the calculation of the Risk Adjustment. The Life Underwriting component of the Solvency Capital Requirement is utilised and scaled down to the chosen confidence interval assuming a normal distribution. A confidence level ranging between 75% and 80%, depending on each underlying portfolio, was deemed appropriate after considering historical variances of actual liabilities when compared to expected liabilities.

27. Insurance and Reinsurance contracts *continued*

27.8 Material adjustments – Life insurance business *continued*

Coverage units

Direct insurance contracts

Coverage units are defined as the quantity of insurance contract services provided by the contracts in the group determined by considering the sum assured under the contract and its expected coverage period. The principles used to determine OUTsurance Life's coverage unit calculation methodology encapsulates the following:

- The maximum amount of benefits the insurer stands ready to provide the insured at any claims event throughout the coverage period.
- Adjusting the maximum amounts payable to reflect the time value of money at the locked-in discount rate.
- Adjusting the maximum amounts payable to reflect the expected coverage duration.

Reinsurance contracts held

Coverage units that represent the amount of coverage ceded to the reinsurer are calculated separately and used to release the contractual service margin recognised on the reinsurance contracts held. The judgement used to determine the coverage unit methodology for reinsurance contracts held are:

- The maximum amount of coverage ceded to the reinsurer.
- Adjusting the maximum amounts payable to reflect the time value of money at the locked-in discount rate.
- Adjusting the maximum amounts payable to reflect the expected coverage duration.

Risk of non-performance of reinsurers

Management have assessed the risk of non-performance by quantifying the loss given default based on the credit quality steps of the respective reinsurers to which they are exposed. The outcome of this assessment had an immaterial impact on the balances which is also due to management's stringent requirements of reinsurance credit quality.

Loss recovery ratio

The loss recovery component is determined as a proportion of the loss component, based on the ratio of expected reinsurance recoveries relative to gross expected outflows to service the in-force book.

27. Insurance and Reinsurance contracts *continued*

27.9 Life risk – insurance contracts issued

Reconciliation of the liability for remaining coverage and the liability for incurred claims

	30 June 2024			
	Liabilities for Remaining Coverage			
R million	Excluding loss component	Loss component	Liabilities for Incurred claims	Total
Opening insurance contract assets	(347)	126	5	(216)
Opening insurance contract liabilities	(29)	456	98	525
NET OPENING BALANCE	(376)	582	103	309
Insurance revenue	(946)	–	–	(946)
CSM recognised for services provided	(195)	–	–	(195)
Change in risk adjustment for non-financial risk for risk expired	(31)	–	–	(31)
Expected insurance service expenses incurred	(479)	–	–	(479)
Recovery of insurance acquisition cash flows	(265)	–	–	(265)
Experience adjustment not related to future service	24	–	–	24
Insurance Service Expenses				
Incurred insurance service expenses:	–	(48)	509	461
Claims	–	(31)	497	466
Expenses	–	(17)	89	72
Changes in the risk adjustment on the LIC	–	–	(77)	(77)
Amortisation of insurance acquisition cash flows	265	–	–	265
Changes that relate to past service (changes in fulfilment cash flows re LIC)	–	–	(16)	(16)
Changes that relate to future service	–	(66)	–	(66)
Losses for the net outflow recognised on initial recognition	–	34	–	34
Losses and reversal of losses on onerous contracts – subsequent measurement	–	(100)	–	(100)
Total Insurance Service Expenses	265	(114)	493	644
Total Insurance Service Result	(681)	(114)	493	(302)
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	66	46	13	125
Total Insurance Finance Income or Expense	66	46	13	125
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(615)	(68)	506	(177)
Cash flows				
Premium received	1 072	–	–	1 072
Claims and other insurance service expenses paid	–	–	(506)	(506)
Insurance acquisition cash flows	(302)	–	–	(302)
TOTAL CASH FLOWS	770	–	(506)	264
NET CLOSING BALANCE	(221)	514	103	396
Closing insurance contract assets	(415)	150	14	(251)
Closing insurance contract liabilities	194	364	89	647
NET CLOSING BALANCE	(221)	514	103	396

27. Insurance and Reinsurance contracts *continued*

27.9 Life risk – insurance contracts issued *continued*

Reconciliation of the liability for remaining coverage and the liability for incurred claims

	30 June 2023			
	Liabilities for Remaining Coverage			
R million	Excluding loss component	Loss component	Liabilities for incurred claims	Total
Opening insurance contract assets	(189)	40	4	(145)
Opening insurance contract liabilities	(60)	416	82	438
NET OPENING BALANCE	(249)	456	86	293
Insurance revenue	(856)	–	–	(856)
CSM recognised for services provided	(148)	–	–	(148)
Change in risk adjustment for non-financial risk for risk expired	(25)	–	–	(25)
Expected insurance service expenses incurred	(489)	–	–	(489)
Recovery of insurance acquisition cash flows	(216)	–	–	(216)
Experience adjustment not related to future service	22	–	–	22
Insurance Service Expenses				
Incurred insurance service expenses:	–	(61)	456	395
Claims	–	(39)	444	405
Expenses	–	(22)	95	73
Changes in the risk adjustment on the LIC	–	–	(83)	(83)
Amortisation of insurance acquisition cash flows	216	–	–	216
Changes that relate to past service (changes in fulfilment cash flows re LIC)	–	–	(32)	(32)
Changes that relate to future service	–	149	–	149
Losses for the net outflow recognised on initial recognition	–	144	–	144
Losses and reversal of losses on onerous contracts – subsequent measurement	–	5	–	5
Total Insurance Service Expenses	216	88	424	728
Total Insurance Service Result	(640)	88	424	(128)
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	(86)	38	28	(20)
Total Insurance Finance Income or Expense	(86)	38	28	(20)
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(726)	126	452	(148)
Cash flows				
Premium received	941	–	–	941
Claims and other insurance service expenses paid	–	–	(435)	(435)
Insurance acquisition cash flows	(342)	–	–	(342)
TOTAL CASH FLOWS	599	–	(435)	164
NET CLOSING BALANCE	(376)	582	103	309
Closing insurance contract assets	(347)	126	5	(216)
Closing insurance contract liabilities	(29)	456	98	525
NET CLOSING BALANCE	(376)	582	103	309

27. Insurance and Reinsurance contracts *continued*

27.9 Life risk – insurance contracts issued *continued*

Reconciliation of the measurement components of insurance contract balances

R million	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM	Total
	30 June 2024			
Opening insurance contract assets	(385)	31	138	(216)
Opening insurance contract liabilities	(445)	242	728	525
NET OPENING BALANCE	(830)	273	866	309
Changes that relate to current services	5	(31)	(195)	(221)
CSM recognised for services provided	–	–	(195)	(195)
Change in risk adjustment for non-financial risk for risk expired	–	(31)	–	(31)
Experience adjustments not related to future service	5	–	–	5
Changes that relate to future services	(436)	45	325	(66)
Contracts initially recognised in the year	(315)	86	263	34
Changes in estimates that adjust the CSM	(22)	(40)	62	–
Changes in estimates that relate to losses and reversal of losses on onerous contracts	(99)	(1)	–	(100)
Changes that relate to past services	(6)	(9)	–	(15)
Changes in estimates in LIC fulfilment cash flows	45	4	–	49
Experience adjustments in claims and other insurance service expenses in LIC	(51)	(13)	–	(64)
Total Insurance Service Result	(437)	5	130	(302)
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	(9)	53	81	125
Total Insurance Finance Income or Expense	(9)	53	81	125
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(446)	58	211	(177)
Cash flows				
Premiums received	1 072	–	–	1 072
Claims and other insurance service expenses paid	(506)	–	–	(506)
Insurance acquisition cash flows	(302)	–	–	(302)
TOTAL CASH FLOWS	264	–	–	264
NET CLOSING BALANCE	(1 012)	331	1 077	396
Closing insurance contract assets	(689)	86	352	(251)
Closing insurance contract liabilities	(323)	245	725	647
NET CLOSING BALANCE	(1 012)	331	1 077	396

27. Insurance and Reinsurance contracts *continued*

27.9 Life risk – insurance contracts issued *continued*

Reconciliation of the measurement components of insurance contract balances *continued*

R million	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM	Total
	30 June 2023			
Opening insurance contract assets	(262)	25	92	(145)
Opening insurance contract liabilities	(515)	224	729	438
NET OPENING BALANCE	(777)	249	821	293
Changes that relate to current services	(64)	(34)	(148)	(246)
CSM recognised for services provided	–	–	(148)	(148)
Change in risk adjustment for non-financial risk for risk expired	–	(34)	–	(34)
Experience adjustments not related to future service	(64)	–	–	(64)
Changes that relate to future services	(36)	61	125	150
Contracts initially recognised in the year	(142)	75	211	144
Changes in estimates that adjust the CSM	104	(18)	(86)	–
Changes in estimates that relate to losses and reversal of losses on onerous contracts	2	4	–	6
Changes that relate to past services	(21)	(11)	–	(32)
Changes in estimates in LIC fulfilment cash flows	17	2	–	19
Experience adjustments in claims and other insurance service expenses in LIC	(38)	(13)	–	(51)
Total Insurance Service Result	(121)	16	(23)	(128)
The effect of and changes in time of time value of money and financial risk	(96)	8	68	(20)
Total Insurance Finance Income or Expense	(96)	8	68	(20)
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(217)	24	45	(148)
Cash flows				
Premiums received	941	–	–	941
Claims and other insurance service expenses paid	(435)	–	–	(435)
Insurance acquisition cash flows	(342)	–	–	(342)
TOTAL CASH FLOWS	164	–	–	164
NET CLOSING BALANCE	(830)	273	866	309
Closing insurance contract assets	(385)	31	138	(216)
Closing insurance contract liabilities	(445)	242	728	525
NET CLOSING BALANCE	(830)	273	866	309

27. Insurance and Reinsurance contracts *continued*

27.9 Life risk – Reinsurance contracts held *continued*

Reconciliation of the Movement in Carrying Amounts – By Remaining Coverage Component and Incurred Claims Component for reinsurance – GMM

	30 June 2024			
	Remaining Coverage Component			
R million	Excluding Loss-recovery Component	Loss-recovery Component	Incurred Claims Component	Total
Opening reinsurance contract assets	(128)	143	53	68
Opening reinsurance contract liabilities	(8)	1	1	(6)
NET OPENING BALANCE	(136)	144	54	62
Allocation of the premiums paid	(172)	–	–	(172)
CSM recognised for services provided	54	–	–	54
Change in risk adjustment for non-financial risk for risk transferred	(8)	–	–	(8)
Expected recoveries of incurred claims and other insurance service expense	(221)	–	–	(221)
Experience adjustment not related to future service*	3	–	–	3
Amounts Recovered from Reinsurance				
Recoveries of incurred claims and other insurance service expense	–	(16)	214	198
Changes related to past service (changes related to incurred claims component)	–	–	4	4
Changes that relate to future service:	–	(27)	–	(27)
Recoveries of losses on onerous underlying contracts on initial recognition	–	15	–	15
Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	–	(42)	–	(42)
Total Amounts Recovered from Reinsurance	–	(43)	218	175
Total Net Expenses from Reinsurance	(172)	(43)	218	3
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	41	14	7	62
Total Insurance Finance Income or Expense	41	14	7	62
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(131)	(29)	225	65
Cash flows				
Premiums paid	176	–	–	176
Amounts recovered	–	–	(194)	(194)
TOTAL CASH FLOWS	176	–	(194)	(18)
NET CLOSING BALANCE	(91)	115	85	109
Closing reinsurance contract assets	(86)	114	84	112
Closing reinsurance contract liabilities	(5)	1	1	(3)
NET CLOSING BALANCE	(91)	115	85	109

27. Insurance and Reinsurance contracts *continued*

27.9 Life Risk – Reinsurance contracts held *continued*

Reconciliation of the Movement in Carrying Amounts – By Remaining Coverage Component and Incurred Claims Component for reinsurance – GMM *continued*

	30 June 2023			
	Remaining Coverage Component			
R million	Excluding Loss-recovery Component	Loss-recovery Component	Incurred Claims Component	Total
Opening reinsurance contract assets	(86)	107	36	57
Opening reinsurance contract liabilities	(2)	–	1	(1)
NET OPENING BALANCE	(88)	107	37	56
Allocation of the premiums paid	(147)	–	–	(147)
CSM recognised for services provided	55	–	–	55
Change in risk adjustment for non-financial risk for risk transferred	(5)	–	–	(5)
Expected recoveries of incurred claims and other insurance service expense	(190)	–	–	(190)
Experience adjustment not related to future service	(7)	–	–	(7)
Amounts Recovered from Reinsurance				
Recoveries of incurred claims and other insurance service expense	–	(14)	170	156
Changes related to past service (changes related to incurred claims component)	–	–	(16)	(16)
Changes that relate to future service:	–	42	–	42
Recoveries of losses on onerous underlying contracts on initial recognition	–	33	–	33
Recoveries and reversals of recoveries of losses on onerous underlying contracts - subsequent measurement	–	9	–	9
Total Amounts Recovered from Reinsurance	–	28	154	182
Total Net Expenses from Reinsurance	(147)	28	154	35
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	(34)	9	13	(12)
Total Insurance Finance Income or Expense	(34)	9	13	(12)
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(181)	37	167	23
Cash flows				
Premiums paid	132	–	–	132
Amounts recovered	–	–	(150)	(150)
TOTAL CASH FLOWS	132	–	(150)	(18)
NET CLOSING BALANCE	(136)	144	54	62
Closing reinsurance contract assets	(128)	143	53	68
Closing reinsurance contract liabilities	(8)	1	1	(6)
NET CLOSING BALANCE	(136)	144	54	62

27. Insurance and Reinsurance contracts *continued*

27.9 Life Risk – Reinsurance contracts held *continued*

Reconciliation of the measurement components of reinsurance contract balances – GMM

	30 June 2024			
R million	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM	Total
Opening reinsurance contract assets	426	77	(435)	68
Opening reinsurance contract liabilities	(3)	2	(5)	(6)
NET OPENING BALANCE	423	79	(440)	62
Changes that relate to current services	(20)	(7)	54	27
CSM recognised for services received	–	–	54	54
Change in risk adjustment for non-financial risk for risk expired	–	(7)	–	(7)
Experience adjustments not related to future service	(20)	–	–	(20)
Changes that relate to future services	(193)	(12)	177	(28)
Contracts initially recognised in the year	142	8	(135)	15
Changes in estimates that adjust the CSM	(293)	(18)	311	–
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	(42)	(2)	–	(44)
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	1	1
Changes that relate to past services	9	(5)	–	4
Changes in fulfilment cash flows re asset for incurred claims	19	(1)	–	18
Experience adjustments in claims and other insurance service expenses in asset for incurred claims	(10)	(4)	–	(14)
Total Net Expenses from Reinsurance	(204)	(24)	231	3
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	82	20	(40)	62
Total Insurance Finance Income or Expense	82	20	(40)	62
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	(122)	(4)	191	65
Cash flows				
Premiums received	177	–	–	177
Amounts recovered	(195)	–	–	(195)
TOTAL CASH FLOWS	(18)	–	–	(18)
NET CLOSING BALANCE	283	75	(249)	109
Closing reinsurance contract assets	280	73	(241)	112
Closing reinsurance contract liabilities	3	2	(8)	(3)
NET CLOSING BALANCE	283	75	(249)	109

27. Insurance and Reinsurance contracts *continued*

27.9 Life Risk – Reinsurance contracts held *continued*

Reconciliation of the measurement components of reinsurance contract balances – GMM *continued*

R million	Estimates of Present Value of Future Cash Flows (30 June 2023)	Risk Adjustment for Non–financial Risk (30 June 2023)	CSM (30 June 2023)	Total (30 June 2023)
Opening reinsurance contract assets	196	57	(196)	57
Opening reinsurance contract liabilities	1	1	(3)	(1)
NET OPENING BALANCE	197	58	(199)	56
Changes that relate to current services	(39)	(7)	55	9
CSM recognised for services received	–	–	55	55
Change in risk adjustment for non-financial risk for risk expired	–	(7)	–	(7)
Experience adjustments not related to future service	(39)	–	–	(39)
Changes that relate to future services	293	31	(281)	43
Contracts initially recognised in the year	41	8	(15)	34
Changes in estimates that adjust the CSM	253	22	(275)	–
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	(1)	1	–	–
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	9	9
Changes that relate to past services	(11)	(6)	–	(17)
Changes in fulfilment cash flows re asset for incurred claims	8	(3)	–	5
Experience adjustments in claims and other insurance service expenses in asset for incurred claims	(19)	(3)	–	(22)
Total Net Expenses from Reinsurance	243	18	(226)	35
The effect of and changes in time of time value of money and financial risk	–	3	(15)	(12)
Total Insurance Finance Income or Expense	–	3	(15)	(12)
TOTAL CHANGES IN THE STATEMENT OF FINANCIAL PERFORMANCE	243	21	(241)	23
Premiums received	133	–	–	133
Amounts recovered	(150)	–	–	(150)
TOTAL CASH FLOWS	(17)	–	–	(17)
NET CLOSING BALANCE	423	79	(440)	62
Closing reinsurance contract assets	426	77	(435)	68
Closing reinsurance contract liabilities	(3)	2	(5)	(6)
NET CLOSING BALANCE	423	79	(440)	62

27. Insurance and Reinsurance contracts *continued*

27.10 Life risk – Effect of Contracts Initially Recognised in the Period for Insurance

R million	30 June 2024 Profitable contracts issued	30 June 2024 Onerous contracts issued	30 June 2024 Total	30 June 2023 Profitable contracts issued	30 June 2023 Onerous contracts issued	30 June 2023 Total
Insurance Contracts Issued Initially Recognised in the Period						
Estimates of the present value of future cash outflows:	**917**	**226**	**1 143**	681	292	973
Insurance acquisition cash flows	**201**	**95**	**296**	164	184	348
Claims and other cash outflows	**716**	**131**	**847**	517	108	625
Estimates of the present value of future cash inflows	**(1 252)**	**(205)**	**(1 457)**	(953)	(162)	(1 115)
Risk adjustment for non-financial risk	**72**	**14**	**86**	60	14	74
Contractual service margin	**263**	**–**	**263**	212	–	212
LOSSES FOR THE NET OUTFLOW RECOGNISED ON INITIAL RECOGNITION	**–**	**35**	**35**	–	144	144

27.11 Life risk – Effect of Contracts Initially Recognised in the Period for Reinsurance

R million	30 June 2024 Contracts Initiated: Without Loss Recovery Component	30 June 2024 Contracts Initiated: With Loss Recovery Component	30 June 2024 Total	30 June 2023 Contracts Initiated: Without Loss Recovery Component	30 June 2023 Contracts Initiated: With Loss Recovery Component	30 June 2023 Total
Reinsurance Contracts Held Initially Recognised in the Period						
Estimates of the present value of future cash inflows	**424**	**70**	**494**	243	41	284
Estimates of the present value of future cash outflows	**(303)**	**(50)**	**(353)**	(208)	(35)	(243)
Risk adjustment for non-financial risk	**7**	**1**	**8**	7	1	8
Loss recovery related to losses on underlying insurance contracts at initial recognition	**–**	**(15)**	**(15)**	-	(32)	(32)
CONTRACTUAL SERVICE MARGIN	**128**	**6**	**134**	42	(25)	17

27. Insurance and Reinsurance contracts *continued*

27.12 Life Risk – Expected recognition of CSM

Movement in CSM

The CSM increased by R20 million (2023: R286 million) for the period under review. This was driven by the sale of profitable new business, increasing the CSM with R398 million. Furthermore, the CSM increased by R120 million due to interest accrued during the period under review, as well as with R4 million due to the reversal of the loss component. These increases were offset by changes in the non-economic assumptions, as the assumptions were updated to reflect actual experience. The biggest driver for this impact was a change in the long-term lapse assumption. This impact was due to an improvement in the timing of actual lapsed policies that are captured in the underlying data pulled from the operational system. The once-off impact of the change in the non-economic assumptions, in conjunction with a decrease in the CSM due to amortisation, was R502 million.

The following table represents a reconciliation of the opening to closing of the CSM balance for the period under review:

R million	30 June 2024	30 June 2023
Opening CSM	**1 306**	1 020
Statement of financial position movement		
New business	**398**	227
Method and non-economic assumptions	**(253)**	165
– In-force business	**(141)**	33
– New business	**(112)**	132
Statement of profit or loss movement		
Unwind of discount rate	**120**	82
– In-force business	**101**	73
– New business	**19**	9
Reversal of loss component	**4**	12
– In-force business	**4**	4
– New business	**–**	8
Closing balance before CSM amortisation	**1 575**	1 506
– In-force business	**1 269**	1 130
– New business	**306**	376
CSM amortisation	**(249)**	(200)
– In-force business	**(218)**	(175)
– New business	**(31)**	(25)
CLOSING CSM	**1 326**	1 306

27. Insurance and Reinsurance contracts *continued*

27.12 Life Risk – Expected recognition of CSM *continued*

Movement in CSM *continued*

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

	30 June 2024							
R million	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years
Insurance contracts issued	**1 077**	**142**	**119**	**99**	**82**	**67**	**197**	**371**
Reinsurance contracts held	**249**	**50**	**41**	**34**	**27**	**21**	**50**	**26**
TOTAL	**1 326**	**192**	**160**	**133**	**109**	**88**	**247**	**397**

	30 June 2023							
R million	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years
Insurance contracts issued	866	136	112	94	79	67	205	173
Reinsurance contracts held	440	49	42	37	32	28	90	162
TOTAL	1 306	185	154	131	111	95	295	335

27. Insurance and Reinsurance contracts *continued*

27.12 Life Risk – Expected recognition of CSM *continued*

The yield curves that were used in discounting the insurance and reinsurance contract liabilities:

	1 year	5 years	10 years	20 years	30 years
30 June 2024 **Life Risk (issued and reinsurance held)**	**8.0%**	**8.1%**	**9.5%**	**12.9%**	**11.9%**

	1 year	5 years	10 years	20 years	30 years
30 June 2023 **Life Risk (issued and reinsurance held)**	9.1%	9.7%	11.8%	13.3%	12.8%

Interest rate sensitivity

The table below represents the impact in profit and loss, should there be a change in the yield curve. The sensitivity was performed on the fulfilment cash flows of the insurance contracts which is the components of the liability measured using a market related interest rate.

	30 June 2024		30 June 2023	
R'million	**2% increase in yield curve**	**2% decrease in yield curve**	2% increase in yield curve	2% decrease in yield curve
Insurance contract assets	**45**	**(50)**	27	(31)
Insurance contract liabilities	**(99)**	**202**	(83)	146
Reinsurance contract assets	**36**	**(55)**	57	(77)
Reinsurance contract liabilities[1]	**–**	**(1)**	–	–

1 Impact of sensitivity on reinsurance liability has been left out due to rounding.

The results of the sensitivity only indicate the impact on profit and loss and does not reflect the change in the net position on the statement of financial position of the insurance and reinsurance contracts as a result of the change in yield curves.

27.13 Critical estimates and judgements

The following events and considerations have been considered in the fulfilment cash flows of OUTsurance Life

The Partnership class of business showed no clear improvement or deterioration, but expectations were updated to cater explicitly for the waiting period imposed by the contract instead of the original implicit allowance built into the assumptions.

Over the past year, the Group conducted a thorough review of the SFL lapse data, which enabled us to enhance our data accuracy and refine our lapse experience assumptions accordingly for SFL. This refinement was the major contributor to the large change observed in the reinsurance asset.

Economic assumptions

Investment return

The Group calculates its investment return assumption using a full yield curve as opposed to using a point estimate on the underlying yield curve. The comparative point estimate of the current yield curve at the valuation date is 11.82% (2023: 12.32%).

Inflation

The Group calculates its inflation assumption using a full inflation curve as opposed to using a point estimate on the underlying inflation curve, derived from nominal and real curves. The comparative point estimate of the current inflation curve at the valuation date is 6.48% (2023: 7.08%).

Taxation

The tax position is taken into account and the taxation rates, consistent with that position and the likely future changes in that position, are allowed for.

27. Insurance and Reinsurance contracts *continued*

27.13 Critical estimates and judgements *continued*

Critical accounting estimates and adjustments relating to long-term insurance

The following risk adjustments were applied in the valuation of the insurance contract liability at 30 June 2024:

Assumption	Margin	
Mortality	4.2%	increase
Morbidity	3.0%	increase
Disability	3.0%	increase
Retrenchment	1.9%	increase/decrease*
Expenses	3.2%	increase
Lapses	10.6%	increase/decrease* on best estimate

* Depending on which change increases the liability.

The below table illustrates the economic assumptions considered in the valuation of fulfilment cashflows.

It includes the returns that are simulated in liability projections, of assets that have similar cashflow characteristics based on the underlying asset liability matching structure.

Economic Assumptions	**2024**	2023
Discounted Mean Term	**8.17**	8.27
Securities backing non-bonus liabilities	**11.8%**	12.3%
Securities backing bonus liabilities	**8.9%**	9.7%
Inflation rate	**6.5%**	7.1%

* The rates are calculated as cash flow weighted average rates to reflect the sensitivity of the liabilities to the shape of the yield curve.

27.14 Sensitivity on CSM

The below table represent the impact on the unrealised profit if the underlying assumptions increased or decreased:

		2024	2023
Assumption	Change in variable	**Effect on CSM**	Effect on CSM
Life contracts			
Insurance contract liabilities			
Change in assumptions			
Lapses	+10%	**(3.2%)**	(2.4%)
	-10%	**2.2%**	2.5%
Morbidity/Mortality/Retrenchment	+10%	**(21.3%)**	(23.6%)
	-10%	**22.1%**	26.9%
Expenses	+10%	**(3.6%)**	(3.6%)
	-10%	**2.5%**	3.7%
Reinsurance contract assets			
Change in assumptions			
Lapses	+10%	**9.2%**	5.9%
	-10%	**(11.8%)**	(7.8%)
Morbidity /Mortality/Retrenchment	+10%	**(17.5%)**	(14.5%)
	-10%	**14.0%**	10.9%
Expenses	+10%	**(1.6%)**	(1.4%)
	-10%	**1.6%**	0.7%

28. Investment contract liability

The investment contract liability relates to linked endowment products sold by OUTsurance Life. The balance and the movements on the liability equally offsets against the investment contract asset held, with a third party.

R million	2024	2023
Balance at beginning of the year	**1 231**	64
Investment contract receipts	**355**	1 139
Terminations	**(39)**	–
Fair value adjustments	**35**	(14)
Interest income	**156**	42
BALANCE AT END OF THE YEAR	**1 738**	1 231

29. Lease liabilities

R million	2024	2023
Balance at beginning of the year	**80**	82
Cash movements		
Lease payments	**(62)**	(54)
Non-cash movements		
New leases entered into and lease extensions during the year	**272**	38
Interest	**8**	11
Foreign exchange differences	**(4)**	3
BALANCE AT THE END OF THE YEAR	**294**	80

The following table summarises the contractual maturity dates for lease liabilities. The maturity analysis is represented on an undiscounted contractual cash flow basis.

R million	Within 1 year	1–5 years	More than 5 years	Total
30 June 2024				
Lease liability	**87**	**234**	**6**	**327**

R million	Within 1 year	1–5 years	More than 5 years	Total
30 June 2023				
Lease liability	37	44	–	81

Short-term leases are leases that have a duration of 12 months or less from date of inception. At 30 June 2024, the Group was not committed to any to short-term leases.

Low-value leases are immaterial.

30. Share based payments

The various Group share schemes are as follows:

NAME OF SCHEME	METHOD OF SETTLEMENT	IFRS 2 CLASSIFICATION
OUTsurance Holdings notional scheme	Cash	Cash-settled
Divisional incentive scheme	Cash	Cash-settled
OUTsurance Holdings Conditional Share Plan scheme	Equity – OUTsurance Group shares	Equity-settled
Youi Holdings share scheme	Equity – Youi Holdings shares	Equity-settled
OUTsurance Irish Holdings share scheme	Equity – Irish Holdings shares	Equity-settled

The purpose of these schemes is to attract, incentivise and retain managers within the Group by exposing them to growth in the Group's equity value and providing them with an option to acquire shares.

Consolidated view of share-based payment liability and movement for the year

R million	2024	2023
Cash settled share-based payment liability	**811**	635
TOTAL LIABILITY	**811**	635
Reconciliation of cash settled share-based payment liability		
Opening balance	**635**	297
Charge to profit or loss for the year	**585**	431
Liability settled	**(411)**	(95)
Derecognition of share-based payment liability relating to subsidiary being classified as held for sale	**3**	(3)
Foreign exchange difference	**(1)**	5
CLOSING BALANCE	**811**	635

The charge to profit or loss for share-based payments is as follows:

R million	2024	2023
Equity settled share scheme		
Youi Holdings equity-settled scheme	**–**	5
OUTsurance Irish Holdings equity-settled scheme	**28**	5
OUTsurance Holdings CSP	**38**	5
CHARGE TO SHARE-BASED PAYMENT RESERVE	**66**	15
Cash settled share schemes		
Youi Holdings Divisional Incentive cash-settled scheme	**(74)**	104
OUTsurance Holdings cash-settled scheme[1]	**647**	352
OUTsurance Holdings Divisional Incentive cash-settled scheme	**12**	(25)
CHARGE TO STATEMENT OF PROFIT OR LOSS	**585**	431

1 The current financial year includes the expense of OUTvest, which was sold on 1 February 2024, for the proportion of the liability relating to OUTvest that vested.

30. Share based payments *continued*

OUTsurance Holdings Limited cash-settled share scheme

Description and valuation methodology of the scheme

In terms of the current trust deed, 12% of the issued share capital of the company is potentially available to employees under the scheme. The OUTsurance Holdings Share Trust and employees currently hold 9.55% (2023: 10.23%) of the shares in OUTsurance Holdings Limited.

Under the cash-settled scheme, participants receive notional shares which have a value equal to the market value of an OUTsurance Holdings Limited ordinary share if the employee is still under the employment of the Group. Participants will receive the after-tax gain in the market value over the vesting period of three years as a cash payment. Participants of this scheme have the option to purchase one ordinary share for each vested notional share from the OUTsurance Holdings Share Trust at the ruling market price on the date of purchase.

Valuation methodology

The cash-settled scheme issuances are valued using a Black-Scholes option pricing model with all notional shares (share appreciation rights) vesting in one tranche at the end of year three. The scheme is cash-settled and will thus be repriced at each reporting date.

Market data consists of the following:

- Considering OHL represents the material part of OGL, the 'expected volatility' is derived with reference to the volatility of OGL only.
- The 'risk-free interest rate' input is derived from government bonds with a remaining term equal to the term of the option being valued.

Dividend data consists of the following:

- The dividend growth assumption is based on the historic annual dividend paid on OUTsurance Holdings Limited ordinary shares.

Employee statistic assumptions:

- The number of rights granted is reduced by the actual staff turnover at year end. This turnover is then assumed to be constant over the period of the grant and used to estimate the expected number of rights which will vest on the vesting date.

Measurement of the share price:

- The fair value of the OHL shares have been based off the Volume Weighted Average Price (VWAP) of the OGL share price.
- The VWAP is calculated using the cumulative 15-day value traded, divided by the cumulative 15-day volume. The daily change in the 15-day VWAP is applied to the indexed price. The indexed price was the share price as at 30 June 2022 calculated using the DCF methodology.

There was no modification of the share option scheme in the current or prior financial year.

30. Share based payments *continued*

OUTsurance Holdings Limited cash-settled share scheme *continued*

Share scheme expenditure

The following assumptions were applied in determining the OUTsurance cash-settled share-based payment liability:

	OUTsurance Holdings notional scheme	
	2024	2023
Share price	**R19.49**	R14.95
Exercise price range[1]	**R10.55 to R15.19**	R9.45 to R15.19
Remaining duration	**0 to 3 years**	0 to 3 years
Expected volatility	**22.28%**	22.26%
Risk free interest rate	**8.60%**	9.51%
Dividend yield	**3.75%**	3.75%

1 The prior financial year was updated to the reflect the latest exercise price range for the comparative year.

Number of notional shares linked to the OUTsurance Holdings notional scheme

	OUTsurance Holdings notional scheme	
	2024	2023
Number of options in force at the beginning of the year	**176 009 788**	149 073 835
Adjustment to number of options in force at the beginning of the year	**–**	175 000
	176 009 788	149 248 835
Number of options/notional units granted during the year	**–**	73 536 300
Range of strike prices of options/notional units granted during the year	**–**	R11.95 – R15.19
Number of options delivered during the year	**(49 063 688)**	(38 530 347)
Number of options cancelled/forfeited during the year	**(5 735 000)**	(8 245 000)
Number of options/notional units in force at the end of the year	**121 211 100**	176 009 788
Range of strike prices/notional units of closing balance	**R10.09 – R15.19**	R9.45 – R15.19
Price per ordinary share[1]/notional unit	**R19.49**	R14.95
Number of scheme participants	**238**	210
Maximum remaining vesting period (years)[2]	**1.75**	2.25

1 The market value of the ordinary shares for OUTsurance Holdings scheme is based on the 15 day-weighted VWAP share price as at the end of the financial year.
2 The prior financial year was updated to the latest maximum remaining vesting period for the comparative period.

30. Share based payments *continued*

OUTsurance Holdings Limited cash-settled share scheme *continued*

OUTsurance Holdings Share Trust

OUTsurance Holdings Share Trust holds treasury shares backing the notional shares issued under the OUTsurance Holdings notional scheme. The number of shares presented below is shown as the full amount. The Trust's investment in OUTsurance Holdings Limited for the year ending 30 June was as follows:

	2024	2023
Number of treasury shares and market value		
Number of shares in portfolio at the beginning of the year	**66 156 569**	66 465 719
Number of shares purchased during the year	**7 824 243**	18 772 724
Number of shares released during the year	**(3 983 882)**	(19 081 874)
NUMBER OF SHARES HELD IN PORTFOLIO AT THE END OF THE YEAR	**69 996 930**	66 156 569
Market value per share held in portfolio at year-end (Rand)[1]	**19.49**	14.95
Market value of portfolio at year-end	**1 364 240 166**	989 040 707
Cost price of treasury shares		
Cost price of shares held in portfolio at the beginning of the year (R million)	**367**	348
Cost price of shares purchased during the year (R million)	**142**	247
Cost price of shares released during the year (R million)	**(70)**	(228)
COST PRICE OF SHARES HELD IN PORTFOLIO AT THE END OF THE YEAR	**439**	367
Loans to the share trust		
Value of loans made to the trust at the beginning of the year (R million)	**367**	348
Value of loans made to the trust at the end of the year (R million)	**439**	367

1 From December 2022, the market value of ordinary shares has been based off the Volume Weighted Average Price (VWAP) of the OGL share price.

Divisional Incentive cash-settled Scheme

Description and valuation methodology of the scheme

With effect 1 July 2019, a new Divisional Incentive Scheme (DIS) was implemented with the objective to incentivise senior management based on the success of new and emerging business units which are in the South African and Australian operations. These new and emerging business units include OUTsurance Business, OUTsurance Life, Youi CTP and Youi BZI and are considered to be growth catalysts for the Group over the next decade.

The scheme is designed to closely align management and shareholders by mirroring an equity participation in these business units.

The mechanics of the DIS are as follows:

- The DIS is exposed to the net economic value created by the Business Unit. This gain is calculated as the difference between increase in the valuation of the Business Unit and a capital charge levied, on a cumulative basis, on the valuation of the Business Unit at 1 July 2019. The capital charge is referenced to weighted average cost of capital and reduced for any dividend distributions deemed to have been made from the business unit. Subsequent capital contributions also attract the capital charge.

- Notional Incentive Units have been created to reference individual participation in each of the Business Units. These Notional Incentive Units are valued bi-annually in accordance with the net measurement above. The Notional Incentive Units are valued by means of a Black-Scholes option pricing model. The eventual strike price at each of the vesting dates is variable in nature. In order to derive this value a Monte Carlo simulation has been designed to create a normal distribution of eventual strike prices. The normal distribution allows for a mean value of the eventual strike prices to be estimated which was included in the Black-Scholes option pricing model.

30. Share based payments *continued*

Divisional Incentive cash-settled Scheme *continued*

Description and valuation methodology of the scheme *continued*

The scheme vests as follows:

- 50% of the Notional Incentive Units vest on the 5th anniversary
- 25% of the Notional Incentive Units vest on the 6th anniversary
- 25% of the Notional Units vest on the 7th anniversary

Although the first tranche has vested, no units have been exercised by any of the participants as at 30 June 2024.

Participants may elect to defer the exercise of the vested Notional Incentive Units up to the 10th anniversary of the DIS.

Upon exercise, participants will receive either OUTsurance Holdings or Youi Holdings ordinary shares depending on the gain released and their participation in the Business Units.

These shares will be held for a year before it can be disposed of at the ruling market value of the shares on date of disposal. The following conditions apply:

- Minimum Group and Company normalised earnings hurdles as vesting conditions.
- The DIS allows for the claw-back of vested gains where warranted by the conduct of the participants.

The scheme is accounted for as a cash-settled scheme for the purposes of IFRS 2 at a Group level. This accounting approach results in the cost of the scheme being expensed through profit or loss over the lifetime thereof. A corresponding liability is recognised until settlement.

The respective subsidiaries participating in the DIS are allocated the cost associated with the Business Units represented by such entities.

To determine IFRS 2 charge, the following input assumptions were used for the Business Units:

	2024			
	OUTsurance Business	**OUTsurance Life**	**Youi CTP**	**Youi BZI**
Risk-free rate[1]	**8.41% – 10.09%**	**8.41% – 10.09%**	**4.04% – 4.39%**	**4.04% – 4.39%**
Volatility	**22.00%**	**22.00%**	**30.00%**	**30.00%**
Dividend yield	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Employee exit rate	**10.00%**	**10.00%**	**10.00%**	**10.00%**

	2023			
	OUTsurance Business	OUTsurance Life	Youi CTP	Youi BZI
Risk-free rate[1]	9.21% – 10.73%	9.21% – 10.73%	3.91% – 4.46%	3.91% – 4.46%
Volatility	22.00%	22.00%	30.00%	30.00%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Employee exit rate	10.00%	10.00%	10.00%	10.00%

1 The vesting date that is being calculated will determine which risk-free rate is used within the disclosed range.

30. Share based payments *continued*

Divisional Incentive cash-settled Scheme *continued*

Description and valuation methodology of the scheme *continued*

The following assumptions were applied in the calculation of the DIS units:

	2024			
	Divisional Incentive cash-settled Scheme			
	OUTsurance Business	**OUTsurance Life**	**Youi CTP**	**Youi BZI**
Fair value per notional unit	**R376.09**	**R206.11**	**A$9.60**	**A$14.68**
Exercise price	**R376.09 – R659.23**	**R206.11 – R361.19**	**A$9.60 – A$11.74**	**A$14.65 – A$17.98**
Remaining duration	**1 – 3 years**	**1 – 3 years**	**1 – 3 years**	**1 – 3 years**
Expected volatility	**22.00%**	**22.00%**	**30.00%**	**30.00%**
Risk free interest rate	**8.41% – 10.09%**	**8.41% – 10.09%**	**4.04% – 4.39%**	**4.04% – 4.39%**
Annual employee turnover	**10.00%**	**10.00%**	**10.00%**	**10.00%**

	2023			
	Divisional Incentive cash-settled Scheme			
	OUTsurance Business	OUTsurance Life	Youi CTP	You BZI
Fair value per notional unit[1]	R436.62	R188.56	A$7.22	A$26.43
Exercise price	R497.00 – R949.60	R217.92 – R448.71	A$7.54 – A$9.13	A$14.97 – A$27.98
Remaining duration	3 – 5 years	3 – 5 years	3 – 5 years	3 – 5 years
Expected volatility	22.00%	22.00%	30.00%	30.00%
Risk free interest rate	9.21% – 10.73%	9.21% – 10.73%	3.91% – 4.46%	3.91% – 4.46%
Dividend yield (0% yield as cost of capital charge will be reduced by dividends distributed)	0.00%	0.00%	0.00%	0.00%
Annual employee turnover	10.00%	10.00%	10.00%	10.00%

1 The OUTsurance Business fair value per notional unit was updated in the prior financial year to reflect the final valuation.

30. Share based payments *continued*

Divisional Incentive cash-settled Scheme *continued*

Description and valuation methodology of the scheme *continued*

	2024			
	OUTsurance Holdings Divisional Incentive cash-settled scheme			
	OUTsurance Business	OUTsurance Life	Youi CTP	Youi BZI
Number of options in force at the beginning of the year	965 000	960 000	960 000	960 000
	965 000	960 000	960 000	960 000
Number of options/notional units granted during the year	–	–	80 000	80 000
Number of options cancelled/forfeited during the year	(67 000)	(190 000)	(170 000)	(160 000)
Number of options/notional units in force at the end of the year	898 000	770 000	870 000	880 000
Intrinsic value per unit				
2019 tranche	(R77.62)	(R15.93)	A$1.99	A$6.01
2022 tranche	(R15.57)	(R24.59)	–	–
Price per notional unit[1]	R389.84	R188.56	A$9.60	A$14.68
Number of scheme participants	42	29	19	16
Weighted average remaining vesting period (years)	1.50	1.50	1.57	1.69

1 The market value of ordinary shares resets six monthly on 1 July and 1 January each year.

	2023			
	OUTsurance Holdings Divisional Incentive cash-settled scheme			
	OUTsurance Business	OUTsurance Life	Youi CTP	Youi BZI
Number of options in force at the beginning of the year	980 000	990 000	850 000	810 000
	980 000	990 000	850 000	810 000
Number of options/notional units granted during the year	50 000	60 000	180 000	190 000
Number of options cancelled/forfeited during the year	(65 000)	(90 000)	(70 000)	(40 000)
Number of options/notional units in force at the end of the year	965 000	960 000	960 000	960 000
Intrinsic value per unit	(R92.84)	(R23.22)	A$2.30	A$13.26
Range of strike prices/notional units of closing balance	R311.61 – R548.12	R167.12 – R293.73	$1.02 –$1.12	$1.85 –$2.04
Price per ordinary share[1]/notional unit	R389.84	R188.56	A$7.22	A$26.43
Number of scheme participants	45	34	21	19
Weighted average remaining vesting period (years)	2.00	2.00	2.00	2.00

1 The market value of ordinary shares resets six monthly on 1 July and 1 January each year.

30. Share based payments *continued*

OUTsurance Holdings Conditional Share Plan (CSP)

Description and valuation methodology of the scheme

A new CSP was introduced in the first half of the 2024 financial year to create long-term incentive for employees which is more aligned to shareholder value creation and appropriate in a listed environment. The CSP is designed to enable participants to share in the growth of the Group and create alignment between the interests of shareholders and participants. The intention of the incentive is to drive performance of the participants through a strong link between remuneration, financial, strategic performance and corporate sustainability. The shares are granted under the plan for no consideration and carry no dividend or voting rights. The scheme is classified as a cash-settled scheme at OHL and equity-settled in the subsidiaries.

The maximum number of shares issued, or treasury shares used to settle CSP awards shall not exceed 5% of the issued share capital of OUTsurance Group Limited (OGL). The maximum number of shares that can be settled to any one participant under the CSP is 0.5% of the issued share capital.

The following instruments will be awarded in terms of the CSP:

- Performance Shares – full value conditional share awards, which will vest on condition that participants fulfil pre-determined performance conditions and remain in the employment of the company for the duration of the performance period. Only executive directors and core senior management will receive performance shares. A separate set of performance conditions are calibrated for executives and senior management of the South African operation, which are specific to their area of influence. These were disclosed as part of the integrated report for the year ended 30 June 2023.
- Restricted Shares – full value conditional share awards which are awarded based on the performance of an employee and will vest on condition that a participant remains in the employment of the company for the duration of the performance period. Restricted Shares are awarded to employees below executive committee level and to CSP participants who do not receive Performance Shares.

Valuation methodology

A share-based payment expense is recognised based on the measurement of the fair value of employee service received. The fair value of share options is determined at grant date and expensed over the vesting period. The fair value of options at grant date is determined by the use of the Black-Scholes option pricing model. The 'option duration' is 3 years which is the number of years before the options expire per the share scheme rules.

Market data consists of the following:

- The volatility is derived with reference to the volume weighted average share price of the OGL share price.
- The 'risk-free interest rate' input is derived from government bonds with a remaining term equal to the term of the option being valued.

Dividend data consists of the following:

- Dividend growth is based on the best estimate of expected future dividends.
- The average 'annual employee turnover' estimates the number of participants in the option schemes that will leave before the options have vested.

30. Share based payments *continued*

OUTsurance Holdings Conditional Share Plan (CSP) *continued*

Share scheme expenditure

The following assumptions were applied in determining the OUTsurance Holdings CSP scheme liability:

	OUTsurance Holdings CSP scheme 2024
Share price	R44.94
Exercise price range	R40.49
Remaining duration	2.25 years
Expected volatility	22.28%
Risk free interest rate	8.79%
Dividend yield	3.75%

Share options

	OUTsurance Holdings CSP scheme 2024
Number of awards in force at the beginning of the year	–
Number of awards granted during the year	4 964 434
Range of strike prices of options granted during the year	R40.49
Number of awards delivered during the year	–
Number of awards cancelled/forfeited during the year	(263 632)
Number of awards in force at the end of the year	4 700 802
Range of strike prices of awards in force at the end of the year	R40.49
Price per ordinary share	R44.94
Number of scheme participants	268
Weighted average remaining vesting period (years)	2.00

CSP Instruments under issue

	OUTsurance Holdings CSP scheme			
	2024	2023	2022	Total
At issue date				
Number of OUTsurance Group CSP instruments issued	4 964 434	–	–	4 964 434
Restricted	3 741 102	–	–	3 741 102
Subject to performance conditions	1 223 332	–	–	1 223 332
Share price at date of issuance	R40.49	–	–	R40.49
Total participant value of CSP's at issue date (Rand)	201 009 933	–	–	201 009 933
Number of participants – at issue	269			269
Current balance				
Number of OUTsurance Group CSP instruments remaining in issue	4 700 802	–	–	4 700 802
Restricted	3 477 470			3 477 470
Subject to performance conditions	1 223 332			1 223 332
Share price at date of issuance	R40.49			R40.49
Total participant value of CSP's at issue date (Rand)	190 335 473			190 335 473
Number of participants – current	249			249
Number of years to vesting	2.00			2.00

30. Share based payments *continued*

Youi Holdings Pty Limited equity-settled share scheme

Description and valuation methodology of the scheme

In terms of the plan rules, 10% of the issued share capital of the company is available under the plan for the granting of options to employees. Scheme participants currently own 5.4% (2023: 7.6%) of the issued ordinary shares of Youi Holdings Pty Limited.

Valuation methodology

A share-based payment expense is recognised based on the measurement of the fair value of employee services received. The fair value of share options is determined at grant date and expensed over the vesting period. The fair value of options at grant date is determined by the use of the Black-Scholes option pricing model.

The 'option duration' is the number of years before the options expire. Market data consists of the following:

- Since Youi Holdings Pty Limited is not listed, 'expected volatility' is derived with reference to the Australian market using the ASX volatility for Youi share prices. The volatility reflects an historic period matching the duration of the option.
- The 'risk-free interest rate' input is derived from government bonds with a remaining term equal to the term of the option being valued.

Dividend data consists of the following:

- 'Dividend growth' is based on the best estimate of expected future dividends.
- The average 'annual employee turnover' estimates the number of participants in the option schemes that will leave before the options have vested.

The inputs to the share option pricing model to determine the fair value of Youi equity settled grants were as follows:

	OUTsurance Holdings equity-settled scheme	
	2024	2023
Share price[1]	**A$0.777**	A$0.66
Exercise price	**A$0.777**	A$0.66
Remaining duration	**3 years**	3 years
Expected volatility	**12.59%**	12.40%
Risk free interest rate	**3.98%**	3.90%
Annual employee turnover	**8.94%**	7.00%
Dividend yield	**8.54%**	7.06%

1 After 30 June 2024, the share price reset to A$1.225.

Share options

	Youi Holdings equity-settled scheme	
	2024	2023
Number of options in force at the beginning of the year	**95 384 996**	92 499 996
Number of options granted during the year	**23 250 000**	27 600 000
Range of strike prices of options granted during the year	**A$0.777**	A$0.60
Number of options delivered during the year	**(44 500 996)**	(14 631 668)
Number of options cancelled/forfeited during the year	**(9 850 000)**	(10 083 332)
Number of options in force at the end of the year	**64,284,000**	95,384,996
Range of strike prices of closing balance	**A$0.47 to A$0.777**	A$0.42 to A$0.66
Price per ordinary share[1]	**A$0.47 to A$0.777**	A$0.42 to A$0.66
Number of scheme participants	**35**	47
Weighted average remaining vesting period (years)	**1.27**	1.39

1 The market value for the Youi Holdings equity settled scheme resets six monthly on 1 of July and 1 January each year.

30. Share based payments *continued*

Youi Holdings Pty Limited equity-settled share scheme *continued*

Youi Holdings Share Trust

The Youi Holdings Share Trust holds shares to back the options in issue. The Trust's investment in Youi Holdings for the year ending 30 June was as follows:

	2024	2023
Number of treasury shares and market value		
Number of shares in portfolio at the beginning of the year (full number)	**5 003 648**	4 551 582
New Treasury shares issued by Youi to the Employee Share Trust (full number)	**9 000 000**	–
Number of shares purchased during the year (full number)	**12 832 544**	4 500 400
Number of shares released during the year (full number)	**(15 130 032)**	(4 048 334)
NUMBER OF SHARES HELD IN PORTFOLIO AT THE END OF THE YEAR (FULL NUMBER)	**11 706 160**	5 003 648
Market value per share held in portfolio at year-end (A$)	**0.948**	0.658
Market value of portfolio at year-end (A$ million)	**11**	3
Cost price of treasury shares		
Cost price of shares held in portfolio at the beginning of the year (A$ million)	**3**	2
Cost price of shares purchased during the year (A$ million)	**17**	3
Cost price of shares released during the year (A$ million)	**(12)**	(2)
COST PRICE OF SHARES HELD IN PORTFOLIO AT THE END OF THE YEAR (A$ MILLION)	**8**	3
Loans to the share trust		
Value of loans made to the trust at the beginning of the year (A$ million)	**3**	2
Value of loans made to the trust at the end of the year (A$ million)	**8**	3

30. Share based payments *continued*

OUTsurance Irish Insurance Holdings Limited equity-settled share scheme

Description and valuation methodology of the scheme

In terms of the plan rules, 15% of the issued share capital of the company is available under the plan for the granting of options to employees. Scheme participants currently hold 14.3% (2023: nil) of the issued ordinary shares of OUTsurance Irish Insurance Holdings Limited.

Valuation methodology

The fair value of share options is determined at grant date and expensed over the vesting period. The fair value of options at grant date is determined by the use of the Black-Scholes option pricing model.

A share-based payment expense is only recognised if the options issued have a positive intrinsic value, therefore, if the market value of the underlying shares is expected to rise above the strike price over the vesting period of the options, the expense is recognised.

The 'option duration' is the number of years before the options expire. Market data consists of the following:

- Since OUTsurance Irish Insurance Holdings Limited is not listed, 'expected volatility' is derived based on S&P Insurance Index benchmark with annualised volatility of 26%.
- The 'risk-free interest rate' input is derived from government bonds with a remaining term equal to the term of the option being valued.

The following table lists the inputs to the model used for the long term incentive plan for the year ended 30 June 2024:

	OUTsurance Irish Holdings equity-settled scheme
	2024
Share price	€0.10
Exercise price	€0.13
Remaining duration	2
Expected volatility	31.16%
Risk free interest rate	3.05%
Annual employee turnover	0.00%
Dividend yield	0.00%

The following table lists the inputs to the model used for the long term incentive plan for the year ended 30 June 2024:

Share options

	OUTsurance Irish Holdings equity–settled scheme
	2024
Number of options in force at the beginning of the year	–
Number of options granted during the year	269 176 471
Range of strike prices of options granted during the year	€0.13 – €0.15
Number of options delivered during the year	–
Number of options cancelled/forfeited during the year	–
Number of options in force at the end of the year	269 176 471
Range of strike prices of closing balance	€0.13 – €0.15
Price per ordinary share	€0.13 – €0.15
Number of scheme participants	24
Weighted average remaining vesting period (years)	2.00

31. Employee benefits

Uncertainty exists relating to the timing and extent of cash flows from the leave pay provision. The outstanding balance represents the current value of leave due to employees in the employ of companies within the Group.

The value of the discretionary bonus is determined through employees' performance which is linked to a balanced scorecard that is approved by the Remuneration Committee of the Group. The balanced scorecard is determined for each business unit annually.

The intellectual property bonuses are recognised as current service costs over a range of retention periods from six months to two years. The balance of the intellectual property bonuses are recognised as an employee benefit asset.

R million	2024	2023
Leave pay liability	**315**	299
Non-discretionary bonus liability	**42**	44
Discretionary bonus liability	**269**	238
TOTAL LIABILITY	**626**	581
Intellectual property bonus asset[1]	**–**	–
TOTAL ASSET	**–**	–
Reconciliation of leave pay liability		
Opening balance	**299**	272
Charge for the year	**181**	169
Liability utilised	**(158)**	(161)
Foreign translation difference	**(7)**	20
Reclassification to liabilities directly associated with assets held for sale	**–**	(1)
CLOSING BALANCE	**315**	299
Reconciliation of non-discretionary bonus liability		
Opening balance	**44**	42
Charge for the year	**96**	85
Liability utilised	**(98)**	(83)
CLOSING BALANCE	**42**	44
Reconciliation of discretionary bonus liability		
Opening balance	**238**	209
Charge for the year	**227**	228
Liability utilised	**(192)**	(208)
Foreign translation difference	**(4)**	10
Reclassification to liabilities directly associated with assets held for sale	**–**	(1)
CLOSING BALANCE	**269**	238
Reconciliation of retrenchment liability		
Opening balance	**–**	107
Charge for the year	**–**	(1)
Liability utilised	**–**	(106)
CLOSING BALANCE	**–**	–
Reconciliation of intellectual property bonus asset		
Opening balance	**–**	–
Service cost for the year	**12**	–
Derecognition of carrying amount on sale of subsidiary	**(12)**	–
CLOSING BALANCE[1]	**–**	–

1 Due to rounding, the amount relating to intellectual property bonus asset has been excluded.

Refer to note 38 for the current and non-current analysis of employee benefits.

32. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss relate to the preference shares issued by OUTsurance and OUTsurance Life for the profit sharing arrangements. Profits arising from these arrangements are distributed by way of bi-annual preference dividends payable bi-annually in February and August by OUTsurance and annually in August by OUTsurance Life. The preference dividend attributable to the profit share for the financial year is recognised in profit or loss as a fair value adjustment to the liability. The portion of the unpaid preference dividend at 30 June is recognised as a financial liability at fair value through profit or loss.

R million	**2024**	2023
Shareholders for preference dividends on profit share arrangement	**113**	112

Refer to note 3.3.1 for a reconciliation of the opening and closing balance.

Refer to note 38 for the current and non-current analysis of financial liabilities at fair value through profit or loss.

33. Financial liabilities at amortised costs

R million	**2024**	2023
Movement Analysis		
Opening balance for the year	**–**	–
Draw down of loan facility	**1 225**	–
Repayment of loan facility	**(451)**	–
CLOSING BALANCE FOR THE YEAR	**774**	–

The Group has a revolving credit facility (RCF) in place to assist with additional funding for strategic investments of the Group. The amount available under the RCF for the prior financial year was R1 000 million. The RCF was revised and the amount available under the new facility, applicable to the current financial year, increased to R1 350 million with the interest rate changing to JIBAR plus a margin of 145bps.

The interest charged on any drawdown of the facility is calculated on the relevant quarterly JIBAR plus a margin of 145bps (2023: 160bps). Interest is split and payable equally to each lender participating in the RCF.

A commitment fee is charged on the available facility and interest is charged at a rate per annum compounded quarterly on the amount drawn down.

During the current financial year, the Group acquired a further 2.6% in Youi from a minority shareholder and deployed EUR 89.1 million to OUTsurance Ireland. This capital injection and the Youi minority acquisition was partly funded by surplus Group capital and a drawdown of the OHL Group's RCF.

Refer to note 38 for the current and non-current analysis of financial liabilities at amortised costs.

34. Other payables

R million	**2024**	2023
Due to intermediaries	**10**	9
Trade creditors	**109**	97
Other payables and accruals[1]	**661**	535
Indirect tax liability	**132**	114
Stamp duty payable	**162**	154
Payroll provisions and accruals[1]	**98**	193
TOTAL OTHER PAYABLES	**1 172**	1 102

1 The prior financial year was updated for a reallocation of Youi's discretionary bonus liability to better reflect the nature of the payable. The reallocation of R95 million was between the Other payables and accruals and Payroll provisions and accruals lines.

The carrying amount of other payables approximates the fair value. Refer to note 38 for the current and non-current analysis of other payables.

35. Cash generated from operations

R million	2024	Restated 2023
Reconciliation of profit before taxation to cash generated from operations:		
Profit before taxation	**6 285**	4 876
Adjusted for:		
Profit on sale of held for sale assets	**(55)**	(57)
Profit on sale of associates	**(44)**	–
Profit on change in shareholding in associate	**(509)**	(7)
Loss on sale of property and equipment	**–**	1
Foreign currency movements[1]	**253**	(827)
Equity accounted earnings	**(127)**	(20)
Impairment of investments in associates	**9**	23
Depreciation – Property and equipment	**121**	103
Depreciation of right of use asset	**56**	45
Amortisation of intangible assets	**38**	34
Intangible assets acquired	**(58)**	(44)
Share options expenses	**642**	429
Cash paid in respect of share option liability	**(411)**	(95)
Movement in employee benefits liability	**45**	(49)
Investment income	**(1 574)**	(1 119)
Finance costs	**81**	51
Net fair value movements on financial assets at fair value through profit or loss	**(198)**	(12)
Fair value adjustments to financial liabilities	**1**	40
Purchase of treasury shares of subsidiary by share scheme participants	**70**	228
Purchase of treasury shares of subsidiary by share trust from share scheme participants	**(142)**	(247)
Non-cash items relating to transactions with non-controlling interests	**38**	–
Other non-cash items	**41**	7
Cash bonus paid on insurance contracts	**(596)**	(537)
Insurance contracts[2]	**2 768**	2 794
Investment contracts	**507**	1 167
Changes in working capital		
Current receivables and prepayments[2]	**(179)**	(702)
Current payables and provisions[2]	**70**	304
CASH GENERATED FROM OPERATIONS[3]	**7 132**	6 386

1 The foreign currency movements was previously stated as (R690 million). This was restated to (R830 million) as explained in note 41. The further R3 million restatement from (R830 million) to (R827 million) was due to the implementation of IFRS 17 where insurance contract balances in Youi were restated with a resulting change in the foreign currency movement when converting these balances to Rand.

2 The amounts for 2023 in these lines were restated due to the impact of the implementation of IFRS 17.

3 Changes in profit as a result of the conversion to IFRS 17 as well as the impact of the adjustment described in footnotes 1 and 2 impacted cash generated from operations in the prior year.

36. Taxation paid

R million	2024	2023
Taxation payable – opening balance	**(352)**	(160)
Charge to profit or loss	**(1 794)**	(1 459)
Adjustment for deferred tax charge	**238**	(47)
Withholding taxes	**–**	1
Taxation payable – closing balance	**35**	352
Other adjustments – equity	**35**	–
TAXATION PAID	**(1 838)**	(1 313)

37. Preference dividends paid

R million	2024	2023
Preference dividends unpaid at the beginning of the year	**(112)**	(72)
Preference dividend charged to the statement of profit or loss in respect of profit share arrangements	**(200)**	(196)
Preference dividend unpaid at the end of the year	**113**	112
PREFERENCE DIVIDEND PAID	**(199)**	(156)

38. Current/non-current split of amounts recognised on the statement of financial position

The analysis shows the current/non-current split of assets and liabilities based on the expected contractual maturities thereof. Items classified as current have expected or contractual maturities within the next twelve months. Non-current items are expected or will legally mature in longer than twelve months. Equity instruments are considered to have no contractual maturity.

R million	Carrying amount	Current	Non-current
30 June 2024			
Assets			
Property and equipment	**1 205**	**–**	**1 205**
Intangible assets	**253**	**–**	**253**
Right-of-use assets	**277**	**–**	**277**
Investments in associates	**806**	**–**	**806**
Deferred income tax	**307**	**–**	**307**
Reinsurance assets	**1 587**	**492**	**1 095**
Insurance assets	**251**	**251**	**–**
Financial assets			
Fair value through profit or loss	**5 632**	**1 980**	**3 652**
Fair value through other comprehensive income	**8 203**	**7 295**	**908**
Amortised cost	**12 634**	**12 625**	**9**
Derivative financial instrument	**87**	**10**	**77**
Other receivables	**1 221**	**1 221**	**–**
Taxation	**102**	**102**	**–**
Cash and cash equivalents	**1 692**	**1 692**	**–**
TOTAL ASSETS	**34 257**	**25 668**	**8 589**
Liabilities			
Reinsurance liabilities	**28**	**20**	**8**
Insurance liabilities	**12 906**	**9 860**	**3 046**
Derivative financial instrument	**88**	**3**	**85**
Investment contract liability	**1 738**	**–**	**1 738**
Lease liabilities	**294**	**78**	**216**
Share-based payment liability	**811**	**449**	**362**
Employee benefits	**626**	**587**	**39**
Deferred income tax	**183**	**–**	**183**
Financial liabilities at fair value through profit or loss	**113**	**113**	**–**
Taxation	**137**	**137**	**–**
Financial liabilities at amortised cost	**774**	**358**	**416**
Other payables	**1 172**	**1 172**	**–**
TOTAL LIABILITIES	**18 870**	**12 777**	**6 093**

38. Current/non-current split of amounts recognised on the statement of financial position *continued*

R million	Carrying amount	Current	Non-current
30 June 2023			
Assets			
Property and equipment	1 198	–	1 198
Intangible assets	237	–	237
Right of use assets	65	–	65
Investment in associates	788	–	788
Deferred income tax[1]	502	–	502
Reinsurers assets	1 087	410	677
Insurance assets	216	216	–
Financial assets			
Fair value through profit or loss	4 751	2 211	2 540
Fair value through other comprehensive income	6 427	6 036	391
Amortised cost	11 267	11 167	100
Derivative financial instruments - assets	9	9	–
Other receivables	927	927	–
Tax receivable	10	10	–
Assets held for sale	402	402	–
Cash and cash equivalents	1 675	1 675	–
TOTAL ASSETS	29 561	23 063	6 498
Liabilities			
Reinsurance liabilities	36	28	8
Insurance liabilities	10 191	7 818	2 373
Derivative financial instrument	81	4	77
Investment contract liability	1 231	–	1 231
Lease Liability	80	36	44
Share based payment liability	635	340	295
Employee benefits	581	581	–
Deferred income tax[1]	153	–	153
Financial liabilities at fair value though profit or loss	112	112	–
Tax liabilities	362	362	–
Other payables	1 102	1 102	–
Liabilities directly associated with assets held for sale	71	71	–
TOTAL LIABILITIES	14 635	10 462	4 173

1 The prior financial year deferred tax assets and liabilities were reclassified as non-current in accordance with IAS 1.

39. Related party transactions

The Group defines related parties as:

- The principle shareholders are Remgro Limited and Royal Bafokeng Holdings Proprietary Limited (2023: Remgro Limited and Royal Bafokeng Holdings Proprietary Limited). Details of major shareholders are disclosed in the directors' report.
- Key management personnel such as the OUTsurance Group Limited Board of directors, the OUTsurance Holdings executive committee.

Subsidiaries

Details of investments in subsidiaries are disclosed in note 18.

Transactions between OUTsurance Group Limited and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Associates

Details of investments in associates are disclosed in note 19.

39. Related party transactions *continued*

For the financial year under review, the OUTsurance Group Limited entered into arms-length transactions with related parties:

R million	2024	2023
Transactions with related parties		
Principal shareholders		
Dividends paid	**1 014**	678
Associates		
Income statement effect:		
RMI Investment Managers Group associates		
Dividend received	**–**	60
Blue Zebra Insurance Proprietary Limited		
Dividend received	**39**	10
Commission paid[1]	**(260)**	(85)
OUTsurance Insurance Company of Namibia Limited[2]		
Dividend received	**–**	4
Key management personnel		
Remuneration		
Salaries and bonuses	**206**	148
Non-executive directors fees	**10**	9
Non-executive directors fees subsidiaries	**15**	10
Other short-term employee benefits	**6**	7
Share-based payments expense for the year[1]	**314**	126
	551	300
Insurance related transactions		
Premiums received	**2**	3
Claims paid[2]	**(1)**	–
Year end balances with key management personnel		
Share-based payment liability	**(269)**	(198)
Year end balances with related parties		
Unsecured loan to associate net of ECL of R0.3 million (2023: R0.3 million)	**4**	4
CoreShares Index Tracker Managers (RF) Pty Ltd[2]		
Collective Investment Scheme	**–**	154
Blue Zebra Insurance Proprietary Limited		
Commission payable	**(151)**	(66)
Other receivables[3]	**530**	487
AutoGuru Australia (Pty) Limited		
Convertible loan	**19**	9

1 Commissions paid relating to Blue Zebra Insurance Proprietary Limited in its capacity as a broker channel were included in the current financial year. The prior financial year was updated for comparability.

2 OUTsurance Namibia and CoreShares, sold during the prior financial year, were considered related parties for a portion of the prior financial year.

3 Other receivables relating to Blue Zebra Insurance Proprietary Limited were included in the current financial year. The prior financial year was updated for comparability.

In the 2022 financial year OUTsurance International (Pty) Ltd (OUTsurance International) issued a guarantee to the Common Wealth Bank of Australia for the loan obtained by the Youi ESOP trust to fund the shares issued to employees. OUTsurance International has full recourse against employees who default on their loan repayments. As part of the guarantee OUTsurance International also provided a cash collateral in advance to the value of 20% of the loan facility amount. The cash collateral is included in cash and cash equivalents. The fair value of the guarantee of R6.7 million is deemed to be immaterial.

All related party transactions are entered into on an arm's length basis.

39. Related party transactions *continued*

Remuneration

Prescribed officers' and directors' emoluments for the year ended 30 June is as follows:

R'000[1]	Services as directors	Cash package	Performance related bonus	Benefit derived from share incentive scheme	Total
2024					
Non-executive directors					
HL Bosman	**1 149**	**–**	**–**	**–**	**1 149**
JP Burger[2]	**630**	**–**	**–**	**–**	**630**
JJ Durand[3]	**608**	**–**	**–**	**–**	**608**
B Hanise	**654**	**–**	**–**	**–**	**654**
AW Hedding[4]	**213**	**–**	**–**	**–**	**213**
A Kekana[3]	**416**	**–**	**–**	**–**	**416**
F Knoetze (alternate)[5]	**–**	**–**	**–**	**–**	**–**
UH Lucht (alternate)[6]	**–**	**–**	**–**	**–**	**–**
MM Mahlare	**416**	**–**	**–**	**–**	**416**
GL Marx	**895**	**–**	**–**	**–**	**895**
ET Moabi	**812**	**–**	**–**	**–**	**812**
MM Morobe	**495**	**–**	**–**	**–**	**495**
SV Naidoo	**654**	**–**	**–**	**–**	**654**
RSM Ndlovu	**686**	**–**	**–**	**–**	**686**
K Pillay	**878**	**–**	**–**	**–**	**878**
WT Roos	**416**	**–**	**–**	**–**	**416**
JA Teeger	**432**	**–**	**–**	**–**	**432**
JE van Heerden	**654**	**–**	**–**	**–**	**654**
Executive directors and prescribed officers					
Executive directors					
MC Visser	**–**	**7 464**	**7 493**	**23 880**	**38 837**
JH Hofmeyr[7]	**–**	**5 678**	**5 700**	**16 020**	**27 398**
Prescribed officer					
DH Matthee	**–**	**5 849**	**6 148**	**18 893**	**30 890**
N Simpson	**–**	**9 494**	**6 781**	**10 643**	**26 918**
TOTAL	**10 008**	**28 485**	**26 122**	**69 436**	**134 051**

1 Directors remuneration has been rounded to R'000 to better present the fees paid to each director.
2 Retired 30 November 2023.
3 Directors' fees for services rendered by Mr Durand was paid to Remgro and for Ms Kekana was paid to Royal Bafokeng for their time spent on the OGL Board.
4 Retired 12 September 2023.
5 Alternative to Mr Durand.
6 Alternative to Ms Kekana.
7 The benefit derived from the share incentive scheme for JH Hofmeyr excludes gains realised under the Youi Share Option and CloudBadger schemes as detailed in the OUTsurance Holdings share incentive schemes table that follow.

39. Related party transactions *continued*

Remuneration *continued*

R'000[1]	Services as director	Cash package	Performance related bonus	Other benefits[8]	Benefit derived from share incentive scheme	Total
2023						
Non-executive						
HL Bosman[2,3]	466	4 527	–	321	–	5 314
JP Burger	556	–	–	–	–	556
JJ Durand[3,6]	537	–	–	–	–	537
P Cooper[4]	106	–	–	–	–	106
DA Frankel[4]	106	–	–	–	–	106
B Hanise[5]	577	–	–	–	–	577
AW Hedding[5]	577	–	–	–	–	577
A Kekana[6]	325	–	–	–	–	325
F Knoetze (alternate)	–	–	–	–	–	–
P Lagerström[4]	173	–	–	–	–	173
UH Lucht (alternate)[6]	16	–	–	–	–	16
MM Mahlare	325	–	–	–	–	325
GL Marx[5]	741	–	–	–	–	741
ET Moabi[5]	650	–	–	–	–	650
MM Morobe	384	–	–	–	–	384
SV Naidoo[5]	577	–	–	–	–	577
RSM Ndlovu[5]	527	–	–	–	–	527
K Pillay[5]	718	–	–	–	–	718
ME Ramathe[7]	151	–	–	–	–	151
WT Roos[5]	367	–	–	–	–	367
JA Teeger	351	–	–	–	–	351
JE van Heerden[5]	577	–	–	–	–	577
Executive directors and prescribed officers						
Executive directors						
MC Visser[2]	–	6 785	7 493	–	5 876	20 154
JH Hofmeyr[2]	–	5 678	5 700	–	6 617	17 995
Prescribed officer						
DH Matthee[5]	–	5 849	6 144	–	4 649	16 642
TOTAL	8 807	22 839	19 337	321	17 142	68 446

1 Directors remuneration has been rounded to R'000 to better present the fees paid to each director.
2 Mr Bosman was no longer an executive director effective from 30 November 2022. Messrs Visser and Hofmeyr were appointed as executive directors on 8 November 2022.
3 Mr Bosman replaced Mr Durand as chairman effective from 1 December 2022.
4 Resigned on 8 November 2022.
5 Appointed on 8 November 2022.
6 Directors' fees for services rendered by Mr Durand was paid to Remgro and for Mr Lucht and Ms Kekana were paid to Royal Bafokeng for their time spent on the OGL Board.
7 Retired 1 November 2022.
8 'Other benefits' comprise pension fund, provident fund and medical aid contributions.

39. Related party transactions *continued*

Remuneration *continued*

Directors' and prescribed officers' participation in Group share incentive schemes

OUTsurance Holdings share incentive schemes

		Strike price Rand	Issue date	Vesting period (years)	Final exercise date	Settlement type	Opening balance 1 July 2023 Number of notional shares/ options	Exercised during the financial year	Granted in current year	**Closing balance 30 June 2024 Number of notional shares/ options**	Gain realised Rand
MC Visser	Group	9.45	2020/09/01	3	2023/09/01	Cash	2 901 600	(2 901 600)	–	**–**	23 880 168
	Group	10.55	2021/09/01	3	2024/09/01	Cash	2 901 600	–	–	**2 901 600**	–
	Group	11.95	2022/09/01	3	2025/09/01	Cash	2 901 600	–	–	**2 901 600**	–
	Total Group									**5 803 200**	
DH Matthee	Group	9.45	2020/09/01	3	2023/09/01	Cash	2 295 600	(2 295 600)	–	**–**	18 892 788
	Group	10.55	2021/09/01	3	2024/09/01	Cash	2 295 600	–	–	**2 295 600**	–
	Group	11.95	2022/09/01	3	2025/09/01	Cash	2 295 600	–	–	**2 295 600**	–
	Total Group									**4 591 200**	–
JH Hofmeyr	Group	9.45	2020/09/01	3	2023/09/01	Cash	1 946 488	(1 946 488)	–	**–**	16 019 596
	Group	10.55	2021/09/01	3	2024/09/01	Cash	2 295 600		–	**2 295 600**	–
	Group	11.95	2022/09/01	3	2025/09/01	Cash	2 295 600	–	–	**2 295 600**	–
	Total Group									**4 591 200**	–
	Youi Holdings	A$0.45	2019/07/01 – 2028/07/01	3 – 5	2024/09/01	Equity	4 950 000	(4 033 333)	–	**916 667**	A$1 481 900
	CloudBadger Technologies	99.88	2019/07/01	1 – 4	2023/09/01	Equity	10 500	(7 700)	–	**2 800**	2 427 194

39. Related party transactions *continued*

Remuneration *continued*

Directors' and prescribed officers' participation in Group share incentive schemes *continued*

OUTsurance Holdings share incentive schemes *continued*

	DIS Incentive Unit				
	OUTsurance Business	OUTsurance Life	Youi Commercial and BZI	Youi CTP	**Total intrinsic value**
Issue date	2019/07/01	2019/07/01	2019/07/01	2019/07/01	
DIS unit value at issue date	R0	R0	R0	R0	
Vesting term	5 - 7 years	5 - 7 years	5 - 7 years	5 - 7 years	
Latest exercise date	2029/07/01	2029/07/01	2029/07/01	2029/07/01	
DIS intrinsic unit value at 30 June 2024 – Rand	(77.62)	(15.93)	72.95	24.16	
DIS intrinsic unit value at 30 June 2023 – Rand	(92.84)	(23.22)	149.00	26.00	
DIS intrinsic unit value at 30 June 2022 – Rand	(60.90)	5.18	16.30	17.65	
DIS intrinsic unit value at 30 June 2021 – Rand	(27.90)	(16.31)	14.87	13.86	
Executive interest – current intrinsic value					
MC Visser					
Number of units	75 000	75 000	75 000	75 000	
30 June 2024 intrinsic value – Rand	(5 821 500)	(1 194 750)	5 471 250	1 812 000	**267 000**
DH Matthee					
Number of units	125 000	125 000	25 000	25 000	
30 June 2024 intrinsic value – Rand	(9 702 500)	(1 991 250)	1 823 750	604 000	**(9 266 000)**
JH Hofmeyr					
Number of units	75 000	75 000	75 000	75 000	
30 June 2024 intrinsic value – Rand	(5 821 500)	(1 194 750)	5 471 250	1 812 000	**267 000**

The above individuals have been granted rights to participate in the Divisional Incentive Scheme as follows:

- MC Visser
  - 7.5% participation in the OUTsurance Business and OUTsurance Life/OUTvest schemes.
  - 7.5% participation in the Youi schemes.
- DH Matthee
  - 7.5% participation in the OUTsurance Business and OUTsurance Life/OUTvest schemes.
  - 7.5% participation in the Youi schemes.
- JH Hofmeyr
  - 7.5% participation in the OUTsurance Business and OUTsurance Life/OUTvest schemes.
  - 7.5% participation in the Youi schemes.

39. Related party transactions *continued*

Remuneration *continued*

		Conditional share scheme							
		Strike price rands	Issue date	Vesting period (years)	Final exercise date	Settlement type	Opening balance 1 July 2023 Number of notional shares/options	Granted in current year	Closing balance 30 June 2024 Number of notional shares/options
MC Visser	Group	40.49	2023/09/22	3	2026/09/22	Equity	–	286 499	**286 499**
DH Matthee	Group	40.49	2023/09/22	3	2026/09/22	Equity	–	212 480	**212 480**
JH Hofmeyr	Group	40.49	2023/09/22	3	2026/09/22	Equity	–	230 313	**230 313**

40. Events after the reporting period, contingencies and commitments

Events after the reporting period

Acquisition of OHL shares

On 12 September 2024, the board of directors approved the acquisition of 69 996 930 OHL ordinary shares held by the OUTsurance Holdings Share Trust. This transaction was funded through a combination of cash amounting to R900 million and the issuing of 12 079 169 new OGL ordinary shares. This is a non-adjusting event.

Dividend

The board of directors approved the declaration of an ordinary dividend of 113.2 cents per ordinary share and a special dividend of 40.0 cents per ordinary share on 16 September 2024, payable on 21 October 2024. This is a non-adjusting event.

There are no other matters which are material to the financial affairs of the Group that occurred between the reporting date and date of the approval of the financial statements.

Contingent liabilities and contingent assets

The Group has no other contingent liabilities and contingent assets in place.

Commitments

Details of the Group's obligations in respect of leases can be found in note 29.

41. Restatement of comparatives

	Amount as previously reported	Amount as restated	Difference	Explanation for restatement
30 June 2023	–			
Consolidated statement of cash flows[1]				
Interest reinvested removed from the cash flow statement				
Cash flows from operating activities				
Interest income	495	130	(365)	Non-cash interest earned was removed from the face of the consolidated statement of cash flows in line with the requirements of IAS 7. This impacted the interest income line item and captions associated with the purchase or disposal of financial assets as well as the cash flows on assets backing policyholder liabilities.
Cash flows on assets backing policyholder liabilities	(171)	(67)	104	
Proceeds on disposal of financial assets	8 714	8 657	(57)	
Purchase of financial assets (operating)	(12 065)	(11 703)	362	
Investing activities				
Purchase of financial assets	(1 394)	(1 303)	91	
Cash from subsidiary held for sale				
Cash and cash equivalents held for sale	39	(11)	(50)	The cash in a subsidiary held for sale was restated to reflect this as a deduction rather than an addition (as previously stated) to the cash balances of the Group.
Foreign exchange differences				
Unrealised foreign currency translation adjustment on cash and cash equivalents	91	146	55	Restatements were made for the mathematical accuracy of the calculation of foreign currency movements. The further restatement from (R830 million) to (R827 million) for foreign currency movements in 2023 as reflected in note 35 related to the conversion to Rand of changes in insurance contract liabilities at Youi as a result of the implementation of IFRS 17.
Foreign currency movements (as per note 35)	(690)	(830)	(140)	
			–	
Restatements relating to the adoption of IFRS 17				
Consolidated statement of profit or loss				
Reclassification of directly attributable expense				
Insurance service expense	19 714	19 837	123	A cost centre that was previously presented as non-attributable in the IFRS 17 restated consolidated statement of profit and loss for the financial year ended 30 June 2023 that was included in the interim financial statements, was reclassified as attributable in the annual financial statements. This is only a reclassification and the net impact on the profit for the prior financial year remained unchanged.
Marketing and administration expenses	1 633	1 510	(123)	
			–	

1 The net impact of all the adjustments made to the consolidated statement of cash flows and the related note 35 did not impact any other primary statements other than the consolidated statement of cash flows for the previous financial year.

42. Summary of material accounting policies

The accounting policies were consistent with that of the prior financial year, unless where stated under the relevant accounting policy and for the adoption of IFRS 17: Insurance contracts.

42.1 Consolidated financial statements

The consolidated financial statements include the assets and liabilities of the holding company and all of its subsidiary companies. The results of the OUTsurance Holdings Share Trust are also fully consolidated.

42.1.1 Subsidiary companies

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

42.1.2 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

42.1.3 Non-controlling interest

Non-controlling interest can be measured at either:

- the proportionate share in the fair value of the identifiable net assets of the subsidiary at acquisition date; or
- fair value at acquisition date.

This measurement choice is applied at acquisition date per business combination transaction.

Non-controlling interest is presented in the group statement of financial position within equity, separately from the equity of the owners of the company. Profit or loss and each component of other comprehensive income are attributed to the owners of the group and to the non-controlling interests in proportion to their relative holdings even if this results in the non-controlling interest having a deficit balance.

Non-controlling interests are treated as equity participants of the subsidiary company. Therefore, all transactions of the Group with non-controlling interests in their capacity as owners, where there is no change in control, are treated as transactions within equity. In such transactions, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non- controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity in the "Transactions with non-controlling interests" reserve and attributed to the owners of the Group. Gains and losses on disposals to non-controlling interests are also recorded in equity.

42.1.4 Separate financial statements

Interests in subsidiary companies in the separate financial statements are shown at cost less any required impairment. In the separate financial statements, investments in subsidiaries and associates are carried at cost which includes transaction cost less impairment. The carrying amounts of these investments are reviewed annually for impairment.

Interests in associates are accounted for at cost less any impairment in the separate financial statements. The carrying amounts are reviewed annually for impairment.

42. Summary of material accounting policies *continued*

42.1 Consolidated financial statements *continued*

42.1.5 Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, without having control. The indicators that the group use in this assessment is representation on the board of directors of the investee, participation in policy-making processes, including participation in decisions about dividends and other distributions, material transactions with the investee company, interchange of managerial personnel and provision of essential technical information.

Investments in associates are accounted for using the equity method of accounting, from the effective date of acquisition to the effective date of disposal. The investment is initially recognised at cost. For acquisition of an associate in stages the Group follow a cost approach by accumulating the cost of all purchases (including transaction costs), to determine the amount of the investment. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group assesses at each reporting period whether there is objective evidence that an associate or joint venture is impaired. If such evidence of impairment exists, the entire carrying amount, including the goodwill, is tested for impairment in terms of IAS 36.

The Group's share of its associates' earnings is recognised in profit or loss and its share of associates' other comprehensive movements is accounted for in the group's other comprehensive income. The group's share of associates' movement in other equity is accounted for directly in equity. The cumulative post acquisition movements are adjusted against the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments were made to the accounting policies of associates to ensure consistency with the policies adopted by the Group.

42.1.6 Changes in ownership interest

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

42.2 Insurance Contracts

42.2.1 Summary of measurement approaches

CONTRACTS	MEASUREMENT APPROACH
Non-life insurance contracts	
Personal, business and CTP (South Africa, Australia and Ireland)	PAA
Non-life reinsurance contracts held	
Reinsurance contracts supporting PAA contracts	PAA
Life insurance contracts	
Life contracts – risk business	GMM
Life reinsurance contracts held	
Reinsurance contracts supporting GMM contracts	GMM

42. Summary of material accounting policies *continued*

42.2 Insurance Contracts *continued*

42.2.2 Definition and classification

The Group applies IFRS 17: Insurance Contract to insurance contracts it issues, and reinsurance contracts held. Contracts under which the Group accepts significant insurance risk from another party (the policyholder), by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary, are classified as insurance contracts. The Group considers all substantive rights and obligations, including those that arise from law or regulation, in making this assessment on a contract-by-contract basis.

The Group cedes risk to reinsurers in the normal course of business to limit its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders. Reinsurance expenses and reinsurance income are presented on a net basis. Only reinsurance agreements that give rise to a significant transfer of insurance risk are accounted for as reinsurance contracts.

The classification of contracts is performed at the inception of each contract. The classification of the contract at inception remains the classification of the contract for the remainder of its lifetime unless the terms of the contract change to such an extent that it necessitates a change in classification.

42.3 Recognition and measurement of insurance contracts

42.3.1 Separation and combination of insurance contracts

An insurance contract may contain several components. These components should be separated if they are distinct and can be offered separately from the insurance contract. The Group assessed the additional services provided as part of the insurance contract and separated the material distinct services. For services containing an insurance risk, IFRS 17 is applied to the contract. The Group have insurance contracts that can also contain more than one insurance cover in one contract. Please refer to note 27 for the judgement regarding the unit of account.

A contract can contain a non-distinct investment component. This is the amount an insurance contract requires the Group to repay a policyholder in all circumstances regardless of whether an insured event occurs. The Group has assessed all contracts and has determined that there are no contracts with distinct investment components.

The Group does not issue any individual contracts of which the combination of two or more contracts, creates insurance risk or to the contrary eliminates the transfer of insurance risk.

42.3.2 Level of aggregation

The Group identified several portfolios of insurance contracts. A portfolio is defined as insurance contracts with similar risks that are managed together.

- For contracts measured under the PAA, a portfolio equals the risk class and where applicable, overlaid with distribution channel.
- For contracts measured under the GMM, a portfolio equals products as there is a unique one-to-one relationship between the products and their respective underlying risks. These products are priced for separately and experience analysis is performed on a product level.

Portfolios are divided into groups, as follows:

- Insurance contracts that are onerous at initial recognition.
- Insurance contracts that have no significant possibility of becoming onerous.
- All remaining insurance contracts.

These groups are determined at inception and not subsequently reassessed. The groups do not contain contracts issued more than one year apart.

The Group has reasonable and supportable information to conclude the grouping of insurance contracts. Please refer to note 27.1 for the significant judgements relating to the grouping of contracts measured under the GMM approach and note 27.1 for the unit of account for contracts measured under the PAA methodology.

42. Summary of material accounting policies *continued*

42.3 Recognition and measurement of insurance contracts *continued*

42.3.2 Level of aggregation *continued*

Reinsurance contracts held

Portfolios of reinsurance contracts held are assessed based on contracts that are collectively managed and hold similar risk. The aggregation assessment is performed independently from the portfolios of the underlying insurance contracts. In the context of similar risks, it is assumed that a "risk" is an event that would cause loss on the contract. The collective management of risks considers reinsurance structures and regulatory implications. Portfolios do not include reinsurance contracts issued more than one year apart.

Applying the group requirements, reinsurance contracts held are grouped within annual cohorts into three groups:

- contracts for which there is a net gain at initial recognition,
- contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently and
- any remaining contracts.

42.3.3 Recognition

The Group recognises a group of issued insurance contracts at the earliest of the beginning of the coverage period, the date the first payment is due or when the group becomes onerous. For the majority of contracts issued, the date of payment received and the date coverage starts are the same.

Reinsurance contracts held

The Group recognises a group of reinsurance contracts at the earliest of the beginning of the coverage period and the date the entity recognises an onerous underlying insurance contract if the reinsurance contract held was entered into at or before that date. However, the Group recognises proportional reinsurance contracts at the later of the beginning of the coverage period and the initial recognition of the underlying contracts.

The Group only recognises insurance contracts and reinsurance contracts held that meet the recognition criteria during the reporting period. Any insurance contracts or reinsurance contracts held entered into after the reporting period are recognised in the period they were entered into.

42.3.4 Contract boundary

Cash flows are within the boundary of contract if they arise from the substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or the Group has a substantive obligation to provide the policyholder with services. A substantive obligation ends when the Group has the practical ability to reassess the risk of the policyholder and reprice for that risk or the practical ability to reassess the risk of the portfolio and reprice for the risk. In assessing the ability to reprice for risk, only insurance and financial risk is assessed. Risk relating to non-financial risk is not included.

The Group does not include cash flows outside the insurance contract boundary. These cashflows are recognised when those contracts meet the recognition criteria.

Contracts measured under the GMM

OUTsurance Life's products have a contract boundary of whole of life.

Contracts measured under the PAA

Insurance contracts are measured using the PAA if at the inception of the group, the Group reasonably expects that such simplification would produce a measurement of liability for remaining coverage (LRC) for the group that would not differ materially from using the GMM or the coverage period of each insurance contract in the group of insurance contracts held is one year of less. The Group's short-term products have contract boundaries that range from one to 12 months, given policy wording and "practical abilities" through the right to cancel and amend the excess. Please refer to note 27.1 for contracts that were assessed using the eligibility criteria.

Reinsurance contracts held

Cash flows are within the boundary of a reinsurance contract held if they arise from the substantive right and obligations that exist during the reporting period in which the Group is compelled to pay the reinsurer premiums or to receive services. A substantive obligation ends when there is a unilateral right to cancel the reinsurance contract.

42. Summary of material accounting policies *continued*

42.3 Recognition and measurement of insurance contracts *continued*

42.3.4 Contract boundary *continued*

Reinsurance contracts measured under the GMM

Reinsurance contracts associated with OUTsurance Life's contract boundary are aligned with the underlying insurance contracts and measured using the GMM. Each reinsurance contract relates to a specific product therefore, each portfolio will consist of a specific product. This is consistent with the portfolios defined for the underlying contracts. OUTsurance Life will group reinsurance contracts of the same portfolio recognised within the same cohort into the same six monthly cohort.

Reinsurance contracts measured under the PAA

Reinsurance contracts are measured using the PAA if, at the group's inception, the coverage period of each insurance contract in the group of reinsurance contracts held is one year or less, or if the asset for remaining coverage (ARC) for a group of reinsurance contracts using the GMM does not differ materially from the ARC of a group of reinsurance contracts held using the PAA.

The coverage period for loss occurring contracts was determined to be twelve months and the PAA was applied. Where the coverage period for risk attaching reinsurance contracts is more than twelve months due to the underlying contracts having a twelve month contract boundary, the Group used the eligibility criteria to measure the reinsurance contracts using the PAA.

42.3.5 Measurement

Fulfilment cash flows – Direct Insurance contracts

The fulfilment cash flows are the current estimates of future cash flows within the boundary of the contract. It includes premiums, claims, OUTbonuses and expenses adjusted for timing and uncertainty. The fulfilment cash flows include a risk adjustment for non-financial risks.

The estimates of future cash flows are probability weighted, best estimate cash flows that are directly attributable to the insurance contract. These estimates are current, explicit and unbiased, and represent the perspective of the Group.

Cash flows within the boundary of the contract are those that relate directly to the fulfilment of an insurance contract. These include, but are not limited to, premiums, claims, acquisition costs, claims handling costs and a proportion of overheads directly related to fulfilling the obligations under the insurance contract. Costs that are not directly attributable are recognised in other marketing and administration expenses.

Acquisition costs are defined as cash flows arising from the cost of selling, underwriting and starting a group of issued insurance contracts and are directly attributable. These costs are not determined at an individual insurance contract but at a portfolio level and then allocated to a group of contracts. In addition, acquisition costs are included in the assessment of onerous contracts.

The estimates of future cash flows are adjusted for the time value of money and the financial risks associated with those cash flow. Please refer to note 27.1 for the determination of the discount rate.

The risk adjustment adjusts the best estimate of the present value of the future cash flows to reflect the compensation that the entity requires for bearing the uncertainty regarding the amount and timing of the cash flows. Please refer to note 27.1 for the judgement regarding the risk adjustment. Risk of the Groups' non-performance is not included in the measurement of insurance contracts issued.

Fulfilment cash flows – Reinsurance Insurance contracts

For reinsurance contracts held, the reinsurance risk of non-performance is included in the probability weighted estimates of the present value of future cash flows. The risk of non-performance is calculated based on the best estimate of the credit loss and other disputes of the reinsurer.

The risk adjustment for non-financial risk for reinsurance contracts held represents the amount of risk being transferred by the Group to the reinsurer. The Group determines the risk adjustment for reinsurance contracts held by using the same method as used for the underlying insurance contracts.

42. Summary of material accounting policies *continued*

42.3 Recognition and measurement of insurance contracts *continued*

42.3.6 Onerous contracts

The Group recognises an onerous contract if at initial recognition, the total of insurance acquisition cash flows and the fulfilment cash flows, result in a net cash outflow.

Onerous contracts are recognised as a loss component of the LRC. The Group allocates the expected incurred claims and expenses, the change in the RA and the insurance finance expenses between loss component and LRC, on a systematic basis (please refer to note 27).

In the event of unfavourable changes in the fulfilment cash flows allocated to the group as a result of changes in estimates of future cash flows to future services, a group of contracts can become onerous on subsequent measurement.

42.3.7 Contracts measured under the GMM

The GMM is the default model prescribed in IFRS 17. The Group applies the GMM to all its long-term contracts written and reinsurance contracts held in OUTsurance Life.

Initial recognition

On initial recognition the group of insurance contracts is measured as the fulfilment cash flows which consist of the best estimate probability weighted future cash flows adjusted for the time value of money and a risk adjustment for non-financial risk and a CSM.

The CSM equals the unearned profit over the coverage period. At initial recognition the CSM is the balance of the fulfilment cash flows plus the risk adjustment and cannot be negative. If the CSM is negative, an onerous contract exists. The loss from the onerous contract is immediately accounted for in profit or loss and a loss component is established in the LRC.

Reinsurance contracts held

On initial recognition of reinsurance contracts held, the CSM is measured at an amount equal to the sum of:

- the fulfilment cash flows;
- any income recognised in profit or loss when the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to an existing group.

However, if the net cost of purchasing reinsurance coverage relates to past events, the Group recognises such costs immediately in profit or loss.

Subsequent measurement

The insurance asset or liability is subsequently measured as the sum of the LRC and the LIC. The LRC consists of fulfilment cash flows relating to future services and the CSM. The LIC consists of the fulfilment cash flows related to past services.

At the end of each reporting period, the fulfilment cash flows are adjusted to reflect the current assumptions using the current estimates of the amount, timing and uncertainty of future cash flows and discount rates.

Changes relating to the LRC are recognised in the statement of profit or loss as follows:

- Insurance revenue relating to services provided in the period.
- Insurance expenses relating to losses and reversal of losses on onerous contracts.
- Insurance finance income and expenses for the effect of time value of money.

Changes relating to the LIC recognised in the statement of profit or loss:

- Insurance service expenses relating to claims and expenses incurred in the financial year as well as any changes in the fulfilment cash flows relating to insured claims and cash flows.
- Insurance finance income and expenses for the effect of time value of money.

The carrying amount of the CSM is also adjusted subsequently. The CSM at the end of each reporting period is calculated as follows:

- The opening balance,
- plus newly issued contracts added to the group in the reporting period,
- plus interest accreted at the locked in rate,
- plus/minus the changes in fulfilment cash flows that relate to future periods and experience adjustments,
- minus the release of the CSM to profit or loss (based on coverage units).

The CSM is only adjusted for changes in future services. Changes to current cash flows i.e. premiums, expenses and claims, risk adjustments and assumptions does not change the CSM.

42. Summary of material accounting policies *continued*

42.3 Recognition and measurement of insurance contracts *continued*

42.3.7 Contracts measured under the GMM *continued*

Reinsurance contracts held

On subsequent recognition, the CSM is measured as:

- The opening balance,
- plus/minus the effect of new contracts added to the group,
- interest accretion,
- income recognised in profit or loss due to onerous underlying contracts,
- reversals of the loss recovery component,
- changes to the fulfilment cash flows to the extent that the change relates to future services (unless the change does not change the CSM as it relates to the group of underlying insurance contracts),
- the release of the CSM based on the coverage period.

Interest accretion on the CSM

Interest is accreted on the carrying amount of the CSM and loss component at the start of the reporting period using the locked-in rate linked to the underlying insurance contract groups.

OUTsurance Life utilises six-monthly cohorts and as a result, the rate used is a weighted average based on the size of the cash flows over the lifetime of the contracts belonging to the particular six-monthly cohort. Please refer to note 2.2.2 for the determination of the discount rate.

Loss component on onerous contracts

The CSM and loss component balance is influenced by the fulfilment cash flows associated with future services, which are subsequently affected by changes in non-financial assumptions. Adverse changes in the cash flows associated with the provision of future services may result in an increase of the loss component. Consequently, an additional loss equal to this increase is recognised as insurance service expense for onerous contracts.

For profitable contracts, the unfavourable changes result in a decrease in the CSM balance. It is possible for a CSM balance to decrease to zero. Any further decreases would result in a loss component being established and a loss being immediately recognised as an insurance service expense.

Favourable changes in the fulfilment cash flows relating to future services decreases the loss component. The CSM is re-established if the loss component is completely reversed and any further decreases would result in a CSM being established. The loss component balance is to be completely reversed by the end of the coverage period of a particular group by allocating subsequent changes in fulfilment cash flows of the liability for remaining coverage between the loss component of the LRC and the LRC excluding the loss component on a systematic basis. The systematic basis is calculated using a systematic allocation ratio (SAR). The SAR is calculated by taking the loss component balance at the start of the financial period and dividing it with the risk adjustment at the start of the financial period summed with the present value of all future cash-outflows excluding acquisition cash flows and premiums.

The impact of interest accretion, release of the expected fulfilment cash-flows and non-financial assumption updates on contracts with a loss component is systematically allocated between the loss component of the LRC and the LRC excluding the loss component. At the end of the coverage period, the loss component is zero.

Interest is accreted on the LRC using the current rate. The calculation of the SAR involves dividing the loss component balance at the commencement of the financial period by the sum of the risk adjustment and the present value of all future cash-outflows, excluding acquisition cash flows.

Interest is accreted on the loss component of the LRC using the locked-in rate. Premium and acquisition cash flows do not impact the interest accreted on the loss component balance.

Loss recovery component for onerous contracts

The Group establishes (or adjusts) a loss-recovery component for each group of reinsurance contracts held depicting the recovery of losses made on onerous contracts. The loss-recovery component is presented in profit or loss as a gain depicting the amount of losses the Group recovers on onerous contracts by having reinsurance arrangements in place.

The Group calculates a recovery ratio linked to each group of reinsurance contracts held which is used to determine the amount of losses to be recovered from onerous contracts.

The Group does not have any reinsurance contracts held measured under the GMM with underlying contracts measured under the PAA.

42. Summary of material accounting policies *continued*

42.3 Recognition and measurement of insurance contracts *continued*

42.3.8 Contracts measured under the PAA

The PAA is applied to insurance/reinsurance contracts with a coverage period of one year or less at inception, or where the LRC measured under the PAA is not materially different from the LRC under the GMM.

At initial recognition, the LRC is calculated as the premiums received less acquisition cash flows paid (where acquisition cost is deferred, please refer to note 27). Subsequently, the liability is released over the passage of time.

Reinsurance contracts held

On initial recognition, the asset for remaining coverage (ARC) for the reinsurance contract held is measured as the amount of premiums paid (including ceding commissions not dependent on claims) plus broker fees paid. Subsequently the ARC is increased for ceding premiums and broker fees paid during the period and decreased for ceding premiums and broker fees recognised as reinsurance expenses for the period. Reinsurance asset for incurred claims (AIC) is adjusted for time value of money.

Broker fees are recognised over the coverage period of the contract.

Reinsurance commission that is not contingent on claims, is accounted for as a deduction of reinsurance premiums. The component of reinsurance commission that is contingent on claims is netted off against reinsurance income.

PAA eligibility

Where the coverage period is greater than one year, the contract needs to be assessed to determine if the PAA can be applied. For the Group, the majority of contracts have a coverage period ranging from 31 days to one year, however, some contracts have a coverage period of more than one year. For these contracts, the PAA eligibility is assessed as follows:

- The average absolute difference between evaluating a group of contracts using the LRC calculated using the GMM and the LRC using the current PAA approach adopted is assessed.
- The PAA approach is adopted where the absolute difference of this assessment is immaterial based on pre-determined materiality thresholds.

The Group continues to assess the contracts to ensure that pre-determined materiality levels are not breached.

Reinsurance contracts held

Where the coverage period is greater than one year, the reinsurance contract held needs to be assessed to determine if the PAA can be used. For the Group, the excess of loss contracts have a coverage period of one year, however for the quota share and risk attaching reinsurance contracts held, the coverage period is more than one year. As a result, both the quota share and risk attaching contracts are assessed for PAA eligibility as follows:

- The potential difference in the asset for remaining coverage is assessed between evaluating the quota share and risk attaching contracts using the GMM and the current PAA approach adopted.
- The PAA approach is adopted where the absolute difference of this assessment is immaterial based on pre-determined materiality thresholds.
- The Group continues to assess the contracts to ensure that pre-determined materiality levels are not breached.

Acquisition cash flows

The PAA allows a policy choice regarding whether to expense or defer insurance acquisition cash flows. The Group has elected to expense the insurance acquisition cash flows as incurred for contracts with a 31-day contract boundary and defer the acquisition costs over the coverage period for contracts with a contract boundary of between 31 days and 12-months. This policy choice was elected to recognise it in line with the revenue being earned under these contracts. For contracts with a 12-month boundary, acquisition costs are amortised systematically in line with revenue recognition of the underlying insurance contract as the acquisition cost does not relate to future contracts.

The Group does not have any insurance acquisition assets i.e. insurance acquisition cash flows that are recognised before the group of insurance contracts is recognised.

42. Summary of material accounting policies *continued*

42.3 Recognition and measurement of insurance contracts *continued*

42.3.8 Contracts measured under the PAA *continued*

Subsequent Measurement

At the end of the reporting period, the insurance liability/asset is measured as the sum of the LRC and the LIC, which consists of the fulfilment cash flows relating to past services allocated to the group.

The carrying amount of the LRC is measured as follows:

- Opening balance:
- plus the premiums received,
- less the insurance acquisition cash flows, where deferred,
- plus any amounts relating to the amortisation of any deferred acquisition cash flows,
- plus any adjustment to a financing component,
- minus insurance revenue for the period.

The LRC is not adjusted for time value of money.

Where the Group has pre-recognition cash flows for contracts, these cash flows relate to the group of insurance contracts and are included in the carrying amount of insurance contracts. The pre-recognition cash flows are paid before the start of the contract, however they do not affect the coverage period of the contract.

The Group recognises the following changes in the carrying amount of the LIC in the statement of profit or loss:

- Insurance service expenses relating to claims and expenses incurred in the financial year as well as any changes in the fulfilment cash flows relating to insured claims and cash flows.
- Insurance finance income and expenses relating to the effect of time value of money.

Discount rate

Contracts measured under the PAA have long-tail claim components (of more than one year) and therefore the LIC is discounted for all outstanding claims. Please refer to note 27.1 for the calculation of the discount rate.

Risk adjustment

The risk adjustment adjusts the estimate of the present value of the future cash flows to reflect the compensation that the entity requires for bearing the uncertainty regarding the amount and timing of the cash flows. Please refer to note 2.2.2 for the judgements made in the calculation of the risk adjustment. The risk of the Groups' non-performance is not included in the measurement of insurance contracts issued.

Onerous contracts

The Group assumes that no contracts measured under the PAA are onerous at initial recognition, unless facts and circumstances indicate otherwise.

The following facts and circumstances may indicate that risk groups are onerous:

- A new risk class that is yet to achieve scale.
- A premium-weighted combined ratio of more than 100% based on three years' of data.
- Pricing and repricing strategies for marginal cases.

The Group recognises an onerous contract if, at initial recognition, the total of insurance acquisition cash flows and the fulfilment cash flows result in a net cash outflow.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts are onerous, the Group calculates the difference between the current LRC and the LRC using the GMM. The GMM is measured as the probability weighted cash flow adjusted for time value of money and risk adjustment for non-financial risk.

If the LRC calculated under the GMM exceeds the LRC calculated using the PAA, the Group recognises a loss in profit or loss and increases the LRC.

Loss component

The release of fulfilment cash-flows on contracts with a loss component is systematically allocated between the loss component of the LRC and the LRC excluding the loss component. As the LRC is released/earned, the loss component is also released. At the end of the coverage period, the loss component is zero.

Given that the LRC measured under the PAA is not discounted, the loss component is also not discounted.

42. Summary of material accounting policies *continued*

42.3 Recognition and measurement of insurance contracts *continued*

42.3.8 Contracts measured under the PAA *continued*

Loss recovery component

The Group establishes (or adjusts) a loss-recovery component for each group of reinsurance contracts held depicting the recovery of losses made on onerous contracts. The loss-recovery component adjusts the reinsurance asset for remaining coverage and is presented in profit or loss as a gain depicting the amount of losses the Group recovers on onerous contracts by having reinsurance arrangements in place.

The Group calculates a recovery ratio linked to each group of reinsurance contracts held which is used to determine the amount of losses to be recovered from onerous contracts.

The Group does not have any reinsurance contracts held measured under the PAA with underlying contracts measured under the GMM.

42.3.9 Modification and derecognition

If the terms of an insurance contract are modified, the Group derecognises the original contract and recognises a new contract only if the modified contract:

- would have been excluded from the scope of IFRS 17 at inception of the contract.
- would have resulted in the Group separating components from the insurance contracts.
- would have had a different contract boundary.
- would have been included in a different group of contracts.

If the modification meets none of the above conditions, the Group treats the modification as a change in fulfilment cash flow.

When the Group recognises the new contract, it is recognised from the date of modification and re-assessed for classification, separation, aggregation and measurement.

A contract is derecognised when the contract is extinguished or the above conditions are met. When the Group derecognises an insurance contract from a group of contracts, measured under the GMM, the fulfilment cash flows allocated to the group are adjusted to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the derecognised contract. The CSM is adjusted for the change in the fulfilment cash flows and the change in the number of coverage units. The number of coverage units are adjusted to reflect the coverage units derecognised.

When the Group derecognises an insurance contract from a group of contracts, measured under the PAA, the changes in the LRC are recognised in profit or loss.

42.3.10 Presentation and disclosure in the statement of profit or loss and other comprehensive income

Insurance revenue

Contracts measured under the PAA

The Group recognises insurance revenue by allocating expected premiums based on the passage of time over the coverage period of a group of contracts. Expected premiums excludes any amounts that relates to transaction-based taxes collected on behalf of third parties (such as premium taxes, value added taxes and goods and services taxes) and expected credit risk.

Contracts measured under the GMM

The Group determines revenue as the sum of the changes in the LRC in the period that relate to the services for which the Group expects to receive consideration.

The changes consist of:

- insurance service expenses incurred in the period (measured at the amounts expected at the beginning of the period), excluding:
  - amounts allocated to the loss component of the LRC,
  - amounts that relate to transaction-based taxes collected on behalf of third parties (such as premium taxes, value added taxes and goods and services taxes), and
  - insurance acquisition expenses.

42. Summary of material accounting policies *continued*

42.3 Recognition and measurement of insurance contracts *continued*

42.3.10 Presentation and disclosure in the statement of profit or loss and other comprehensive income *continued*

- the change in the risk adjustment for non-financial risk, excluding:
  - changes that adjust the CSM because they relate to future services and amounts allocated to the loss component of the LRC.
- the amount of the contractual service margin recognised in profit or loss in the period.

The portion of premiums that relate to the recovery of insurance acquisition cash flows is calculated by using the relevant coverage units as determined for the purpose of amortising the CSM to calculate the portion of premiums that relate to the recovery of the acquisition cost.

Insurance service expense
Insurance service expenses consist of incurred claims, other incurred insurance service expenses, amortisation of insurance acquisition costs, changes to past services and changes to future services (i.e. changes in the fulfilment cash flows that results in onerous contracts or the reversal of losses).

For contracts measured under the GMM, amortisation of the acquisition cash flows reflected in insurance service expense equals the portion recognised as revenue.

For contract measured under the PAA, where acquisition cost have been deferred, acquisition cash flows are amortised in line with revenue recognition.

Reinsurance
The Group has elected to present income and expenses from reinsurers as a net amount on the statement of comprehensive income.

Reinsurance expense
For reinsurance contracts measured under the PAA, the Group recognises reinsurance premiums paid based on the passage of time over the coverage period of the group of contracts.

For reinsurance contracts measured under the GMM, the Group recognises reinsurance expenses as changes in the asset for remaining coverage. Reinsurance expense consists of:

- the portion of ceding premium,
- other directly attributable expenses excluding amounts allocated to the loss recovery component,
- changes in the risk adjustment,
- CSM release,
- Experience adjustments that relates to past premiums paid.

Amounts recovered from reinsurers
Amounts recovered from reinsurers consists of recoveries received on claims

- less commission contingent on claims,
- less mandatory reinstatement premiums,
- less loss recovery expenses.

Insurance finance income and expenses
Insurance finance income and expenses consist of the following:

- Changes of time value of money on the fulfilment cash flows for contracts measured under the GMM.
- Effects of financial risk and the changes in financial risk.
- Effect of discounting on the LIC for contracts measured under the PAA.

The Group disaggregate the risk adjustment between insurance service expenses and insurance finance income and expenses.

The Group accounts for all insurance finance income and expenses (PAA and GMM) in profit or loss.

42. Summary of material accounting policies *continued*

42.3 Recognition and measurement of insurance contracts *continued*

42.3.11 Other

At each reporting date, the Group disregards the treatment of estimates made in previous interim financial statements. At the financial year-end, the estimates are updated on a year-to-date basis. As a result, the treatment has been modified in the most recent reporting period compared to prior interim financial statements.

42.3.12 Transition

The Group has determined that it has reasonable and supportable information for all insurance contracts in force at the time of transition. Therefore, the Group transitioned all insurance contracts issued and reinsurance held using the full retrospective method. Accordingly, the Group classified and measured each group of insurance contracts as if IFRS 17 has always applied.

42.4 Accounting for profit sharing arrangements

A profit sharing arrangement has been entered into between OUTsurance and FirstRand Bank Limited. In terms of this profit sharing arrangement, ninety percent of the operating profit generated on the homeowners' insurance business referred by FirstRand Bank Limited businesses is paid to FirstRand Bank Limited by way of a biannual preference dividend. Operating losses incurred are for the Group's account. The Group however, retains the right to offset such losses against future profits generated in the determination of any preference dividends to be paid to the preference shareholder.

These shareholders for preference share dividends are accounted for as a financial liability on the face of the statement of financial position. The profit attributable to the preference shareholder is the fair value movement and the payment of a dividend is treated as a partial settlement of the liability. No reference is made to future profit estimates as these profit-sharing arrangements are executory in nature, i.e. the other party has certain performance obligations to satisfy in order to share in the profit.

The profitability of the profit sharing business is reviewed on a monthly basis to ensure that the Group is not exposed to uneconomical risks over which it has no day-to-day management control.

The policy for the recognition and measurement of insurance contracts applied to the profit sharing arrangements is similar to the policy under 42.3 above.

A profit sharing arrangement has been entered into between the OUTsurance Life and Shoprite Investments Limited. In terms of this profit sharing arrangement, a portion of the operating profit generated on the funeral insurance business distributed through the Shoprite distribution network is paid to Shoprite Investments Limited by way of an annual preference dividend. Operating losses incurred are for the Group's account.

42.5 Segment reporting

The Group's products and services are managed by various business units along geographical lines and product categories. The segment information is presented by each distinct revenue-generating area representing groups of similar products, consistent with the way the Group manages the business. Given the nature of operations, there are no major single customers within any of the segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers when making operating decisions and for allocating resources and assessing performance. The chief operating decision maker has been identified as the group executive committee ("EXCO"). Segments with a majority of revenue earned from charges to external customers and whose revenue, results or assets are 10% or more of all the segments, are reported separately. Certain reporting adjustments are provided separately to reconcile to IFRS reported earnings.

42.6 Foreign Currency

42.6.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated financial statements are presented in South African Rand (R), which is the functional and presentation currency of OUTsurance Holdings Limited.

None of the Group entities operate in a hyperinflationary environment.

42. Summary of material accounting policies *continued*

42.6 Foreign Currency *continued*

42.6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated to South African Rand using the rates of exchange ruling at the financial year-end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

42.6.3 Group companies

- Assets and liabilities for each reporting date presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at the average exchange rate for the financial year. If this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, the income and expenses are translated at the transaction date rate;
- all resulting exchange differences are recognised as a separate component of other comprehensive income (foreign currency translation reserve); and
- items that are recognised directly in equity are translated using the historical rate.

When a foreign operation is partially disposed of or sold, and control is lost, the Group's portion of the cumulative amount of the exchange differences that were recorded in other comprehensive income are reclassified to profit or loss when the gain or loss on disposal is recognised. For partial disposals where control is retained, the Group re- attributes the proportionate share of the cumulative exchange differences, recognised in other comprehensive income to the non- controlling interest of the foreign operation.

42.7 Property and equipment

Property and equipment is carried at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of property and equipment.

Gains or losses on disposals are determined by comparing sales proceeds with the carrying amount of the asset, and are included in profit or loss. Repairs and renewals are charged to profit or loss when the expenditure is incurred.

Depreciation

Depreciation is calculated using the straight-line method to allocate historical cost to the residual values over the estimated useful lives, as follows:

Building fixtures and owner occupied property	between 20 and 50 years
Computer equipment	2 to 11 years
Fittings and office equipment	5 to 13 years
Motor vehicles	5 years

Land is not depreciated

Annual reviews of the residual values and useful lives of the assets are conducted in order to evaluate the continued appropriateness of the above policy. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is immediately written down to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use.

Owner-occupied properties

Owner-occupied properties are held by the Group for use in the supply of services or, for its own administration purposes.

42. Summary of material accounting policies *continued*

42.8 Intangible assets

42.8.1 Computer software development costs

Costs associated with research activities and maintaining computer software are recognised as an expense as incurred.

Costs that are directly attributable to identifiable software products controlled by the Group are recognised as intangible assets if certain criteria are met. These costs comprise of all directly attributable costs necessary to create, produce and prepare the asset for its intended use.

Development costs are recognised as an intangible asset when all of the following criteria are met:

- The technical feasibility of the development can be demonstrated.
- The Group is able to demonstrate its intention and ability to complete and use the software.
- It can be demonstrated how the software product will generate probable future economic benefits.
- It can be demonstrated that adequate technical, financial and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs are recognised as assets from the point where the recognition criteria above are satisfied, and are amortised once the asset is ready for use, on a straight line basis over the expected useful life.

The carrying amount of intangible assets are assessed annually for indication of impairment.

The intangibles are subsequently measured at cost less accumulated amortisation and impairment.

Amortisation is calculated using the straight-line method to allocate historical cost to the residual values over the estimated useful lives as follows:

Purchased computer software	2 to 7 years
Internally generated computer software	5 to 10 years software

The amortisation charge is reflected in marketing and administration expenses in profit or loss.

42.9 Leases under IFRS 16

42.9.1 General

Agreements where the counterparty retains control of the underlying asset are classified as leases.

Leases are recognised as a right-of-use asset with a corresponding lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest (the incremental borrowing rate) on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Periods covered by an option to extend the lease is included if the Group is reasonably certain to exercise that option taking into account, among others, the remaining term of the original lease, refurbishments, changing technology and cost-saving initiatives. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis discounted using the lessee's incremental borrowing rate.

The incremental borrowing rate utilised by the Group for the various lease assets is as follows:

- Properties – a risk-free rate with a market risk premium / spread added to it.
- Vehicles – the prime lending rate.
- Equipment – the prime lending rate.

In determining the incremental borrowing rate, the expiry date of each individual lease contract is considered in setting the forward risk-free rate applicable on the date of the termination of the lease to valuation date.

42. Summary of material accounting policies *continued*

42.9 Leases under IFRS 16 *continued*

42.9.2 Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments, but excluding payments for service components), less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured using the effective interest method. It is remeasured:

- when there is a change in future lease payments arising from a change in an index or rate;
- if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.
- If there is a change in the lease term.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group accounts for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

42.9.3 Right-of-use assets

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and adjusted for:

- lease payments made at or before commencement of the lease;
  - initial direct costs incurred; and
  - the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Depreciation
Subsequent to initial measurement, a right-of-use asset is depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter. However, if ownership of the underlying asset transfers to the group at the end of the lease term, the right-of-use assets are depreciated on a straight- line basis over the remaining economic life of the asset.

This depreciation is recognised as part of general marketing and administration expenses.

42.9.5 Short-term leases and low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

42.9.6 Derecognition

When the Group or lessor terminates or cancels a lease, the right-of-use asset and lease liability are derecognised.

On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancellation costs in profit or loss.

42. Summary of material accounting policies *continued*

42.10 Impairment review – Non financial assets

A periodic review of the carrying amount of the Group's assets is conducted and, where there are indications that the value of an asset may be impaired, an impairment loss is recognised

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The difference between the carrying amount and the recoverable amount is charged to profit or loss for the financial year in which the impairment is identified, to reduce the carrying amount of such impaired asset to its estimated recoverable amount. Should an event occur after the recognition of an impairment, which increases the recoverable amount of the previously impaired asset, the impairment of the asset, or a portion thereof, is reversed through profit or loss. The adjusted carrying value may not exceed what the carrying value would have been had the impairment not been recognised before.

42.11 Financial instruments

42.11.1 General

The Group recognises a financial asset or a financial liability on its statement of financial position when and only when, it becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are recognised and derecognised, as applicable, on trade-date being the date on which the group commits to purchase or sell the asset.

The Group classifies its financial assets in the following measurement categories:

- financial assets at fair value through profit or loss (FVPL);
- financial assets at fair value through other comprehensive income (FVOCI); and
- financial assets at amortised cost.

Financial liabilities are classified in the following categories:

- financial liabilities at fair value through profit or loss (FVPL); and
- financial liabilities at amortised cost.

Management determines the classification of its financial instruments at initial recognition. Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for managing financial assets. In such a case, all affected financial assets are reclassified prospectively from the reclassification date.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus, in the case of an asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The Group assesses the business model in which a financial asset is held at a portfolio level. Information considered in determining the applicable business model includes:

- policies and objectives for the relevant portfolio;
- how the performance and risks of the portfolio are managed, evaluated and reported to management; and
- the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent solely payments of principal and interest (SPPI).

Principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time, e.g. on repayment of the principal. Interest is defined as consideration primarily for the time value of money, the credit risk of the principal outstanding, other basic lending risks and costs and a profit margin.

42. Summary of material accounting policies *continued*

42.11 Financial instruments *continued*

42.11.1 General *continued*

In assessing whether contractual cash flows are SPPI compliant, contractual terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including:

- contingent events that could change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- non-recourse arrangements; and
- features that modify the time value of money (e.g. periodic reset of interest rates).

A prepayment feature meets the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include compensation for early termination of the contract.

For a financial asset acquired at a premium or discount to its contractual nominal amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued contractual interest (which may include compensation for early termination of the contract) is considered SPPI compliant if the fair value of the prepayment feature is insignificant on initial recognition.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective i.e. instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends are recognised in profit or loss when the Group's right to receive payments is established.

42.11.3 Financial instruments at fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at FVOCI, if these financial assets are not designated at FVPL.

Debt instruments

Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other movements in the carrying amount are taken through OCI. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.

Equity instruments

Other movements, including foreign exchange gains and losses in the carrying amount are taken through, OCI. When the equity instrument is derecognised, the cumulative gain or loss previously recognised in OCI is transferred within equity.

Financial assets classified as FVOCI comprise various debt investments in money market and capital market instruments, including government bonds, collective investment schemes and unlisted equity.

42.11.3 Financial instruments at fair value through profit or loss (FVPL)

Financial assets not classified at amortised cost or FVOCI are measured at FVPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

42. Summary of material accounting policies *continued*

42.11 Financial instruments *continued*

42.11.3 Financial instruments at fair value through profit or loss (FVPL) *continued*

Net gains or losses, including any interest or dividend income and foreign exchange gains and losses are recognised in profit or loss.

Financial assets classified as FVPL comprise:

- Collective investment schemes
- Unsecured loans
- Ordinary shares
- Debt instruments
- NCNR preference shares
- Zero coupon deposits
- Derivative financial instruments

Financial liabilities designated at fair value through profit or loss comprise preference shares held in terms of a profit-sharing arrangements as these are managed on a fair value basis. Net gains and losses including interest expense and foreign exchange gains and losses are recognised in profit or loss, unless they arise from derivatives designated as economic hedging instruments in net investment hedges.

42.11.4 Financial instruments measured at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method, if these financial assets are not designated at FVPL.

Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss.

Financial assets classified as amortised cost comprise:

- Redeemable preference shares
- Other receivables
- Term deposits
- Loan facility
- Cash and cash equivalents

Financial liabilities are measured at amortised cost using the effective interest method. Net gains and losses including interest expense and foreign exchange gains and losses are recognised in profit or loss as part of finance cost. Any gain or loss arising on derecognition is recognised directly in profit or loss.

42.11.5 Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Group uses derivatives for the following reasons:

- to offset the interest rate risk inherent in some of the life insurance products underwritten by the Group. The Group has elected not to apply hedge accounting to the asset-liability matching strategy;
- to offset the exchange rate exposure inherent in certain Group cross-border transactions;
- to offset the equity price risk contained in certain future acquisition of associates; and
- to enter into an option contract with a third party for the exchange of a fixed number of shares for a fixed monetary amount of cash.

42. Summary of material accounting policies *continued*

42.11 Financial instruments *continued*

42.11.6 Impairment

The Group recognises loss allowances for expected credit losses (ECL) on:

- financial assets measured at amortised cost
- debt investments measured at FVOCI
- financial guarantee contracts
- loan commitments

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- financial assets that are determined to have low credit risk at the reporting date;
- financial assets where credit risk has not increased significantly since initial recognition; and
- financial assets which are callable on demand or within a period of 12 months from reporting date.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument. 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date. In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

At each reporting date, the Group assesses whether financial assets measured at amortised cost and FVOCI are credit impaired. The Group writes off a financial instrument when the entity has no reasonable expectation of recovery of the outstanding balance of the instrument. Determining when to write off financial assets is a matter of judgement and incorporates both quantitative and qualitative information. Evidence that a financial asset is credit-impaired includes:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- a restructuring of an amount due to the Group on terms that would not otherwise be considered by the Group;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In assessing whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields;
- the rating agencies' assessment of creditworthiness;
- the country's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- the international support mechanisms in place to provide the necessary support as 'lender of last resort' to the country as well as the intention, communicated in public statements, of governments and agencies to access those mechanisms, including an assessment of the depth of the mechanisms and the capacity to fulfil the required criteria.

Loss allowances for ECL on financial assets measured at amortised cost is deducted from the gross carrying amount of the financial assets. Loss allowances for ECL on debt investments measured at FVOCI is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospects of recovery by the Group. Financial assets that are written off may still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

42. Summary of material accounting policies *continued*

42.11 Financial instruments *continued*

42.11.7 Derecognition

The Group derecognises a financial asset:

- when the contractual rights to the asset expires; or
- where there is a transfer of the contractual rights to receive the cash flows of the financial asset in a transaction in which:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. A substantial modification of the terms and conditions of an existing financial liability or part of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new one.

The group only considers quantitative indicators in assessing whether there is a modification or extinguishment. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in profit or loss.

Modifications

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the group recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate or, when applicable, the revised effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Measurement of fair value

The fair value of financial instruments traded in an organised financial market is measured at the closing price for financial assets and financial liabilities. The fair value of the financial instruments that are not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risk existing at reporting date, including independent appraisals and discounted cash flow methods. Fair values represent an approximation of possible value, which may differ from the value that will finally be realised.

42.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits held with banks. All balances included in cash and cash equivalents have a maturity date of less than three months from the date of acquisition.

Short-term deposits with banks are considered to be instruments which are highly liquid and have maturity dates of not more than three months from the reporting date. Short-term deposits which cannot be accessed within this period are classified as financial assets.

Provisions

The group recognises provisions when it has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where applicable, a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability is used to determine the present value.

Contingent liabilities

The group discloses a contingent liability where:

- it has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources will be required to settle an obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

42. Summary of material accounting policies *continued*

42.13 Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Ordinary shares and non-redeemable non-cumulative preference shares together with share premium are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of taxation.

Treasury shares

Where the OUTsurance Holdings Share Trust purchases the Group's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are reissued or cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

On consolidation, the cost of the shares acquired is deducted from equity. Subsequently, any proceeds on the re-issue or cancellation of these shares is recognised directly in shareholder's equity.

Any net income in relation to treasury shares is eliminated in the Group's results. Dividends paid in respect of treasury shares are similarly eliminated in the Group's results.

Dividends paid

Dividends payable on ordinary shares are recognised in equity in the period in which there is unconditional certainty that the dividend will become payable, which would include approval of the dividend declaration by the Group's Board of directors, regardless of whether the formalities of the payment thereof have been finalised. Dividends declared after the reporting date are not recognised but disclosed as a post reporting date event.

42.14 Other reserves

Other reserves recognised by the Group include:

Comprehensive income reserve

The Group has certain debt investments (from the segregated portfolios) measured at FVOCI. For these investments, changes in fair value are accumulated within the FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is derecognised or impaired.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income, as described in the accounting policies, and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Share based payments reserve

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised;
- the grant date fair value of shares issued to employees;
- the grant date fair value of deferred shares granted to employees but not yet vested; and
- the issue of shares held by Employee Share Trust to employees.

Equity accounted reserve

This is the Group's proportionate share of the associates equity reserves.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

42. Summary of material accounting policies *continued*

42.15 Current and deferred income tax

The income tax expense for the period comprises current and deferred tax. Current tax comprises tax payable as calculated on the basis of the expected taxable income for the financial year, using tax rates substantively enacted at the reporting date. Adjustments to provisions made for tax payable in previous financial years as a result of a change in the estimated amount payable, or to the extent that actual assessments differ from the provision created in prior financial years, are charged or credited to the current financial year profit or loss.

Deferred tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Where a different tax rate will be applicable to the tax year in which such assets or liabilities are realised, those tax rates are used to determine deferred income tax.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Insurance liabilities are recognised in full for accounting purposes and, to the extent that accounting losses arise, deferred tax assets are created as these will be reversed upon the release of such short-term insurance provisions.

Deferred tax assets relating to the carry-forward of unused tax losses are recognised in profit or loss to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised

Taxation in respect of South African life insurance operations is determined using the five fund method applicable to life insurance companies. The taxation of life insurers in South Africa was amended to introduce a separate tax fund for risk products sold in tax periods beginning on or after 1 January 2016. From 1 July 2016, OUTsurance Life has allocated all risk products except one to the risk fund.

Indirect taxes comprise Value Added Tax. All transactions are accounted for net of the relevant Value Added Tax component.

Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or changes in equity.

National Treasury released the Draft Taxation Laws Amendment Bill, 2022 on 29 July 2022, which was subsequently promulgated in January 2023 and enacted in December 2022.

This amendment, amended section 28 of the Act to cater for the implementation of IFRS 17. The changes consist of changes in terminology and a phase-in period of six years for life insurers and three years for non-life insurers.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar two legislation – is an income tax under IAS 12. The Group has applied a temporary relief and determined that no tax is payable for the forthcoming year. However, the Group will monitor the relief requirements annually and will account for the current tax when it is incurred.

42. Summary of material accounting policies *continued*

42.16 Employee benefits

Short-term employee benefits

The undiscounted cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provision for employee entitlements to salaries and annual leave represents the amount which the Group has as a present obligation to pay, resulting from employees' services provided up to the reporting date. The provision is calculated at undiscounted amounts based on current salary rates. A provision for employee benefits in respect of their annual leave entitlement from past service is recognised in full.

Employees may elect to adopt a remuneration structure to allow for a non-discretionary bonus.

Non-discretionary bonuses are provided for at reporting date.

Post-employment benefits

The Group's employees contribute to the OUTsurance Insurance Company Limited defined pension and provident contribution funds. Under defined contribution plans, the legal or constructive obligation of the Group is limited to the contributions made to the plan, thus benefits received by the employee is determined by the contributions made to the plan together with investment returns arising from the contributions.

The pension plans are funded by payments from employees. The amount paid in respect of defined pension and provident contribution fund plans during the financial year is charged to profit or loss and is included in employment cost. The Group has no further payment obligations once contributions have been made.

Intellectual property bonuses

In terms of the intellectual property bonus plan, employees are paid intellectual property bonuses based on management's discretion. The beneficiaries under the plan, which included executive directors, executive management, senior and middle management employed on a full-time basis, are subject to retention periods and amounts would need to be repaid should the employee be in breach of the retention period. The intellectual property bonuses are recognised as current service costs over retention periods ranging from six months to two years and are straight lined over the period of the contract.

42.17 Share-based payments

The Group operates both equity and cash-settled share incentive schemes.

Equity-settled share-based payment transactions

The Group operates an equity-settled share-based compensation plan for employees of the Group.

The Group expenses the fair value of the employee services received in exchange for the granting of the options or shares, over the vesting period of the options or shares, as employee costs, with a corresponding credit to equity. The total value of the services received is calculated with reference to the fair value of the options or shares on grant date.

The fair value of the options or shares is determined excluding non-market vesting conditions. These vesting conditions are included in the assumptions of the number of options or shares expected to vest. At each reporting date, the Group revises its estimate of the number of options or shares expected to vest. The Group recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Amounts recognised for services received if the options or shares granted do not vest because of failure to satisfy a vesting condition, are reversed through profit or loss.

The proceeds received net of any attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Cash-settled share-based payment transactions

The Group operates the following cash-settled share-based payment schemes:

- a compensation plan for employees of OUTsurance, OUTsurance Life and OSS for notional shares (share appreciation rights); and
- a Divisional Incentive Scheme for Notional Incentive Units to incentivise senior management based on the success of new and emerging business units which are in the South African and Australian operations.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit for the year.

42. Summary of material accounting policies *continued*

42.18 Share trust

The OUTsurance Holdings share incentive scheme is operated through a Share Trust. The Share Trust is considered to be a structured entity of the Group and therefore consolidated. All shares issued to the Share Trust are issued against the Share Trust loan which is measured at fair value.

42.19 Investment income

Interest

Interest income is recognised in profit or loss as investment income for instruments measured at amortised cost using the effective interest method. Interest on cash and cash equivalents is recognised as earned.

Dividends

Dividends are recognised in investment income when the right to receive payment is legally established. This is on the 'last day to trade' for listed shares and on the 'date of declaration' for unlisted shares. In the case of certain cumulative prime rate linked preference share investments, dividends are accrued for using the effective interest method regardless of the status of their declaration. This accounting treatment is consistent with the provisions of the agreements governing such investments.

42.20 Administration and other income

The Group derives it's main source of revenue from insurance revenue as referred to in note 27. Other immaterial sources of revenue within the Group, disclosed as 'other income' in note 6, are as follows:

Investment administration services

Administration fees are calculated and recognised as revenue on a daily basis (point in time). The fees are recognised on an earned basis calculated as a percentage of the assets under management, measured at a client level.

Income from contact center services

Ongoing support call center administration fees are calculated and recognised as revenue on a daily basis (point in time).

42.20.1 Government grants

Grants from the Government are recognised at fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are recognised in profit over the period necessary to match them with the costs they are intended to compensate.

42.20.2 Commission income

Commission is earned for collecting premiums on behalf of SASRIA and is recognised at a point in time.

42.21 Abbreviations

CAS	Contractor's All Risk – Specific contract
CSM	Contractual Service Margin
CTP	Compulsory Third Party
GMM	General Measurement Model
FCF	Fulfilment Cash Flow
LIC	Liability for Incurred Claims
LRC	Liability For Remaining Coverage
PAA	Premium Allocation approach

42. Summary of material accounting policies *continued*

42.22 Amendments to published standards effective in the current year

During the year new accounting standards, interpretations and amendments were adopted by the Group for the first time, including:

NUMBER	EFFECTIVE DATE	EXECUTIVE SUMMARY AND IMPACT ON THE GROUP
IFRS 17 – Recognition and measurement of insurance contracts	Annual periods beginning on or after 1 January 2023	This standard replaced IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. *IFRS 17 had a significant impact on the financial statements. Please refer to note 2.2 for the effect on the financial statements.*
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	Annual periods beginning on or after 1 January 2023	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Group recognised deferred tax on its right of use assets and lease liabilities on a net basis as the deferred tax on the lease liability and right of use asset, on initial recognition, gave rise to equal amounts of taxable and deductible temporary differences. The amendment requires the Group to disclose the deferred tax on a gross basis. *Please refer to note 2.2 for application and restatement of this amendment. An additional adjustment was required as a result of the application of the amendment disclosed separately.*
Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction	Annual periods beginning on or after 1 January 2023	These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. *The new standard was incorporated in the deferred tax note. An adjustment was required as a result of the application of the amendment disclosed separately.* *Please refer to note 2.2 for more information.*
Amendment to IAS 12 – International tax reform – pillar two model rules	Annual periods beginning on or after 1 January 2023	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. *The new standard did not have a material effect on the financial statements as the Group could apply the safe harbour relief.*

42. Summary of material accounting policies *continued*

42.23 Standards, amendments, and interpretations published that are not yet effective and have not been early adopted:

The following new standards and interpretations to the existing standards are not yet effective for the current financial year. The Group has not early adopted these standards and therefore implementation date effective date, unless otherwise stated.

NUMBER	EFFECTIVE DATE	EXECUTIVE SUMMARY AND IMPACT ON THE GROUP
Amendment to IAS 1 – Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024	The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. *The Group currently doesn't have any current liabilities with debt covenants. However, this will be considered once effective and applicable to the Group.*
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	Reporting periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. (Published June 2023)	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. *The Group have assessed the impact of the S1 requirements and together with the sustainability team incorporated the updates in its processes.* *There will be additional disclosure required*
IFRS S2, 'Climate-related disclosures'	Reporting periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. (Published June 2023)	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. *The Group have assessed the impact of the S2 requirements and together with the sustainability team incorporated the updates in its processes.* *There will be additional disclosure required.*
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Annual periods beginning on or after 1 January 2026 (early adoption is available)	These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. In addition, these amendments clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion. New disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets) have been added. The amendments make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). *The Group will assess the effects on applicable transactions and balances and apply the standard as necessary.*
IFRS 18 Presentation and Disclosure in Financial Statements	Annual periods beginning on or after 1 January 2027	IFRS 18 is a new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key concepts introduced relates to the structure of the statement of profit or loss, required disclosures for management-defined performance measures, and enhanced principles on aggregation and disaggregation applicable to primary statements and notes. *The Group is currently in the early stages of assessing IFRS 18 and the implications on the Group's financial statements. Updates to the process will be reported to the respective governance structures as the project progresses.*

OUTsurance Group Limited separate annual financial statements for the year ended 30 June 2024

The reports and statements set out alongside comprise the separate annual financial statements presented to the shareholders:

Separate statement of profit or loss

for the year ended 30 June

R million	Notes	**Company 2024**	Company 2023
Revenue – Investment income	4	**2 393**	2 691
Interest income on financial assets using the effective interest rate method	4	**21**	16
Fair value gain		**5**	5
Fee and other income		**–**	6
Net income		**2 419**	2 718
Impairment of subsidiaries		**(55)**	(11)
Impairment of investment in associate		**–**	(7)
Marketing and administration expenses	5	**(16)**	(69)
Profit before finance costs and taxation		**2 348**	2 631
Finance costs	6	**–**	(24)
Profit before taxation		**2 348**	2 607
Taxation	7	**(10)**	(21)
PROFIT FOR THE YEAR		**2 338**	2 586
Attributable to:			
Equity holders of the company		**2 338**	2 586

Separate statement of comprehensive income

for the year ended 30 June

R million	**Company 2024**	Company 2023
Profit for the year	**2 338**	2 586
Other comprehensive income for the year	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2 338**	2 586
Attributable to:		
Equity holders of the company	**2 338**	2 586

Separate statement of financial position

as at 30 June

R million	Notes	Company 2024	Company 2023
Assets			
Investment in subsidiaries	8	**13 093**	12 668
Investment in associate	9	**2**	2
Financial assets			
Measured at fair value through profit or loss	10	**10**	190
Measured at amortised cost	10	**101**	202
Other receivables		**4**	9
Deferred income tax	11	**–**	8
Tax receivable		**1**	1
Cash and cash equivalents	12	**187**	33
TOTAL ASSETS		**13 398**	13 113
Equity			
Share capital and premium	13	**15 667**	15 452
Accumulated loss	14	**(2 282)**	(2 356)
TOTAL EQUITY		**13 385**	13 096
Liabilities			
Trade and other payables	15	**13**	17
TOTAL LIABILITIES		**13**	17
TOTAL EQUITY AND LIABILITIES		**13 398**	13 113

Separated statement of changes in equity

for the year ended 30 June

R million	Share capital	Share premium	Retained income/ (Accumulated loss)	Total equity
BALANCE AS AT 30 JUNE 2022	–	15 432	(3 429)	12 003
Total comprehensive income for the year	–	–	2 586	2 586
Issue of ordinary shares	–	20	–	20
Dividends paid	–	–	(1 513)	(1 513)
BALANCE AS AT 30 JUNE 2023	–	15 452	(2 356)	13 096
Total comprehensive income for the year	–	–	2 338	2 338
Issue of ordinary shares	–	215	–	215
Dividends paid	–	–	(2 264)	(2 264)
BALANCE AS AT 30 JUNE 2024	**–**	**15 667**	**(2 282)**	**13 385**
Notes	13	13	14	

Separate statement of cash flows

for the year ended 30 June

R million	Notes	Company 2024	Company 2023
Cash flows from operating activities			
Cash utilised by operations	16	**(15)**	(81)
Dividends received		**2 393**	1 708
Interest received		**7**	10
Employee benefit liability settled		**–**	(108)
Taxation paid	17	**(2)**	(14)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**2 383**	1 515
Cash flows from investing activities			
Proceeds on sale of debt securities		**8**	6
Proceeds on repayment of amortised cost assets		**115**	8
Purchase of additional shares in subsidiary		**(88)**	(37)
NET CASH INFLOWS/(OUTFLOWS) FROM INVESTING ACTIVITIES		**35**	(23)
Cash flows from financing activities			
Loan from subsidiary – advancement		**–**	2
Loan from subsidiary – repayment		**–**	(2)
Repayment of lease liability		**–**	(10)
Dividends paid to shareholders		**(2 264)**	(1 513)
NET CASH OUTFLOWS FROM FINANCING ACTIVITIES		**(2 264)**	(1 523)
Net increase/(decrease) in cash and cash equivalents for the year		**154**	(31)
Cash and cash equivalents at the beginning of the year		**33**	64
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**187**	33

Notes to the separate annual financial statements

for the year ended 30 June

1. General information

OUTsurance Group Limited (the Company) is a listed company incorporated and domiciled in South Africa.

2. Basis of preparation

The Company's financial statements for the year ended 30 June 2024 are prepared in accordance with IFRS® Accounting Standards, the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively "JSE Listings Requirements") and the South African Companies Act.

The financial statements are prepared in accordance with the going concern principle using the historical cost basis, except for certain financial assets and liabilities where it adopts the fair value basis of accounting. The preparation of the financial statements necessitates the use of estimates, assumptions and judgements that affect the reported amounts in the statement of financial position and the statement of profit or loss and other comprehensive income. Where appropriate, details of estimates are presented in the accompanying notes to the separate annual financial statements. All monetary information and figures presented in these financial statements are stated in millions of Rand (R million), unless otherwise indicated.

3. Financial risk management

The company is exposed to various financial risks in connection with its current operating activities, such as market risk, credit risk and liquidity risk.

Market risk

The risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the value of the financial instrument denominated in a currency other than the functional currency may fluctuate due to changes in the foreign currency exchange rate between the functional currency and the currency in which such instrument is denominated.

The company had no exposure to currency risk at 30 June 2024.

Interest rate risk

Interest rate risk is when the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The table below reflects the company's exposure to interest rate risk. An increase or decrease in the market interest rate would result in the following changes in the profit before taxation of the company:

R million	**Company 2024**	Company 2023
Unlisted debt securities – 200 bps increase	**–**	4
Unlisted debt securities – 200 bps decrease	**–**	(4)
Cash and cash equivalents – 200 bps increase	**4**	1
Cash and cash equivalents – 200 bps decrease	**(4)**	(1)

Equity risk

Equity risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The company's equity investment of R10 million (2023: R10 million) is not exposed to any market related fluctuations and as a result equity risk is considered immaterial.

3. Financial risk management *continued*

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The key areas where the company is exposed to credit risk are:

- Other receivables; and
- Cash and cash equivalents.

Significant concentrations of credit risk, if applicable, are disclosed in the financial statements. The credit exposure to any one counterparty is managed by the board of directors and by setting transaction/exposure limits, which are reviewed at each board and audit and risk committee meeting. The creditworthiness of existing and potential clients is monitored by the board.

The table below provides information on the credit risk exposure by credit ratings at year-end:

R million	BB	Not rated	Total
30 June 2024			
Other receivables	**–**	**4**	**4**
Cash and cash equivalents	**187**	**–**	**187**
TOTAL	**187**	**4**	**191**
30 June 2023			
Other receivables	–	9	9
Cash and cash equivalents	33	–	33
TOTAL	33	9	42

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset in the tables above.

Where available, the company utilises the credit ratings per counterparty as provided by each of the major credit rating agencies to determine the credit quality of a specific instrument. Where the instrument credit rating is not available, the credit rating of the counterparty as provided by the major credit ratings agencies is utilised.

In instances where the credit rating for the counterparty is not available, the company utilises the credit rating provided by a service provider amended to take into account the credit risk appetite of the company. The internal methodology of the service provider provides a credit rating which assesses the counterparty's credit quality based on its financial standing. Should the service provider not provide a credit rating, the counterparty is shown as unrated. The ratings disclosed are long-term international scale, local currency ratings.

Long-term investment grade

BB Speculative quality. 'BB' ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.

OGL has evaluated the expected credit loss (ECL) on its cash and cash equivalents and loan commitments and concluded that the amount is immaterial.

Not rated – The credit exposure for the assets listed above is considered acceptable by the board even though certain assets do not have a formal rating. The debt securities at fair value through profit or loss represent a loan provided to the OUTsurance Equity Trusts, the values of which are not significantly sensitive to an increase or decrease in the counterparty credit rating due to the collateralised nature of these transactions.

Liquidity risk and asset liability matching

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company's liabilities are matched by appropriate assets and it has significant liquid resources to cover its obligations. The company's liquidity and ability to meet such calls are monitored quarterly at the board meetings.

3. Financial risk management *continued*

R million	Call to 6 months	7–12 months	More than 1 year/no contractual maturity	Total
30 June 2024				
Assets				
Financial assets measured at fair value through profit or loss	**–**	**–**	**10**	**10**
Financial assets measured at amortised cost	**101**	**–**	**–**	**101**
Other receivables	**4**	**–**	**–**	**4**
Cash and cash equivalents	**187**	**–**	**–**	**187**
TOTAL ASSETS	**292**	**–**	**10**	**302**
Liabilities				
Trade and other payables	**13**	**–**	**–**	**13**
TOTAL LIABILITIES	**13**	**–**	**–**	**13**
30 June 2023				
Assets				
Financial assets measured at fair value through profit or loss	–	–	190	190
Financial assets measured at amortised cost	–	103	99	202
Other receivables	9	–	–	9
Cash and cash equivalents	33	–	–	33
TOTAL ASSETS	42	103	289	434
Liabilities				
Trade and other payables	17	–	–	17
TOTAL LIABILITIES	17	–	–	17

3. Financial risk management *continued*

Financial instruments measured at fair value

The table below analyses financial instruments carried at fair value, by level of fair value hierarchy. The different levels are based on the extent that quoted prices 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 at 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.

R million	Level 1	Level 2	Level 3	Total carrying amount
30 June 2024				
Financial assets measured at fair value through profit or loss				
Unlisted equity securities	**–**	**–**	**10**	**10**
TOTAL FINANCIAL ASSETS VALUED AT FAIR VALUE	**–**	**–**	**10**	**10**

R million	Company 2024	Company 2023
Reconciliation of movement in level 3 assets		
Balance at the beginning of the year	**190**	367
Disposals (sales and redemptions)	**(184)**	(183)
Fair value movement	**14**	19
Dividends received from the OUTsurance Equity Trust	**–**	(5)
Dividends received from the OUTsurance Equity Trust 2	**(10)**	(8)
BALANCE AT THE END OF THE YEAR	**10**	190

The level 3 financial assets at fair value through profit or loss mainly represent loans to the OUTsurance Equity Trust and OUTsurance Equity Trust 2, the values of which are not significantly sensitive to an increase or decrease in the counterparty credit rating due to the collateralised nature of these transactions. Dividends received on OHL shares held by these trusts were recorded as part settlement.

3. Financial risk management *continued*

Financial instruments measured at fair value *continued*

R million	Level 1	Level 2	Level 3	Total carrying amount
30 June 2023				
Financial assets measured at fair value through profit or loss				
Unlisted equity securities	–	–	10	10
Unlisted debt securities	–	–	180	180
TOTAL FINANCIAL ASSETS VALUED AT FAIR VALUE	–	–	190	190

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 balance sheet 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.

Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. If all significant inputs required to fair value an instrument are market observable, the instrument is included in level 2.

Level 3

The debt securities at fair value through profit or loss are repaid in the form of dividends received from the OUTsurance Equity Trusts (which are funded by the dividends received on the OUTsurance shares held by the trusts). The fair value movement on these loans are calculated with reference to the funding rate incurred by OGL to fund these loans to the OUTsurance Equity Trusts.

4. Revenue – Investment income and Interest income on financial assets using the effective interest method

R million	Company 2024	Company 2023
Revenue – Investment income	**2 393**	2 691
Dividend income from subsidiary – Cash	**2 383**	1 695
Dividend income from subsidiary – Dividend in specie	**–**	977
Dividend income from investment in OUTsurance Equity Trust	**–**	5
Dividend income from investment in OUTsurance Equity Trust 2	**10**	8
Dividend income from financial assets	**–**	6
Interest income on financial assets using the effective interest rate method	**21**	16
TOTAL INVESTMENT INCOME	**2 414**	2 707

5. Marketing and administration expenses

R million	Company 2024	Company 2023
Expenses by nature:		
Directors' remuneration		
– Services rendered	**–**	(2)
– Cash package and other benefits	**–**	(5)
	–	(7)
Personnel costs		
– Cash package and other benefits	**–**	(12)
	–	(12)
Professional fees and regulatory compliance cost	**(3)**	(14)
Printing costs	**(3)**	(4)
Depreciation		
– Property and equipment	**–**	(3)
– Right-of-use asset	**–**	(5)
Audit fees	**(3)**	(6)
Management fee	**(5)**	(1)
Other expenses	**(2)**	(17)
TOTAL MARKETING AND ADMINISTRATION EXPENSES	**(16)**	(69)
Audit fees		
Statutory audit – current year	**(3)**	(3)
Statutory audit – prior year	**–**	(3)
TOTAL AUDIT FEES	**(3)**	(6)

6. Finance costs

R million	**Company 2024**	Company 2023
Modification loss on financial assets measured at amortised cost	**–**	(24)
TOTAL FINANCE COSTS	**–**	(24)

7. Taxation

R million	**Company 2024**	Company 2023
SA normal taxation		
Current taxation		
– Current year	**(2)**	(2)
– Prior year over provision	**–**	14
Deferred taxation		
– Current year	**(8)**	(33)
TOTAL TAXATION	**(10)**	(21)
The taxation on the company's profit before taxation differs from the theoretical amount that would arise using the basic rate of taxation in South Africa as follows:		
Profit before taxation	**2 348**	2 607
	%	%
Effective tax rate	**0.43**	0.81
Dividend income not subject to taxation	**27.52**	27.93
Other income not subject to tax	**0.22**	–
Impairments	**(0.63)**	(0.20)
Expenses not deductible due to the large portion of dividends received in a holding company structure	**(0.20)**	(1.00)
Prior year over provision	**–**	(0.54)
Deferred tax asset derecognised	**(0.34)**	–
Standard income taxation rate in South Africa	**27.00**	27.00

8. Investments in subsidiaries

R million	Company 2024	Company 2023
Unlisted subsidiaries		
Ordinary shares at cost		
OUTsurance Holdings Limited	**10 068**	9 588
RMI Treasury Company Limited	**8 691**	8 691
RMI Asset Holdings Proprietary Limited	**11 726**	11 726
Main Street 1353 Proprietary Limited	**58**	58
TOTAL INVESTMENTS IN SUBSIDIARIES AT COST	**30 543**	30 063
Impairment balance		
Main Street 1353 Proprietary Limited	**(55)**	–
RMI Treasury Company Limited	**(5 670)**	(5 670)
RMI Asset Holdings Proprietary Limited	**(11 725)**	(11 725)
IMPAIRMENT BALANCE AT THE END OF THE YEAR	**(17 450)**	(17 395)
CARRYING VALUE OF SUBSIDIARIES AT THE END OF THE YEAR	**13 093**	12 668
Reconciliation of investment in subsidiaries:		
Balance at the beginning of the year	**12 668**	12 445
Investment in:		
Additional shares in OUTsurance Holdings Limited		
– Cash consideration (03 June 2024)	**88**	–
– Previously held by OUTsurance Equity Trust 2	**177**	–
– Asset-for-share transaction (26 June 2024)	**175**	–
– Asset-for-share transaction (15 November 2023)	**40**	–
– Asset-for-share transaction (28 June 2023)	**–**	20
– Previously held by OUTsurance Equity Trust	**–**	214
Investment in:		
Subscription for additional shares in RMI Treasury Company Limited		
– Asset-for-share transaction (07 September 2022)	**–**	1 415
(Asset-for-share transfer to RMI Treasury Company Limited)/Dividend in specie from RMI Asset Holdings Proprietary Limited		
Transfer of shares:		
– RMI Investment Managers Group Proprietary Limited	**–**	(591)
– RMI Investment Holdings Proprietary Limited	**–**	(823)
– AlphaCode Proprietary Limited	**–**	(1)
Impairment during the year		
– Main Street 1353 Proprietary Limited	**(55)**	–
– RMI Asset Holdings Proprietary Limited	**–**	(11)
BALANCE AT THE END OF THE YEAR	**13 093**	12 668

8. Investments in subsidiaries *continued*

The company previously recorded its 100% investment in Firness International Proprietary Limited as part of its investment at cost in OUTsurance Holdings Limited. Following the company's corporate restructuring transaction in the prior year, effective on 31 August 2022, the shares held in OUTsurance Holdings Limited by Firness International Proprietary Limited was transferred at cost to the company.

In the prior year, on 07 September 2022, the company subscribed to 2 123 newly issued shares by RMI Treasury Company Limited. In exchange for these shares acquired, the company transferred its shares held in AlphaCode Proprietary Limited, Firness International Proprietary Limited, RMI Investment Holdings Proprietary Limited and RMI Investment Managers Group Proprietary Limited to RMI Treasury Company Limited. The value of this transaction amounted to R1 415 million.

Management performs an impairment assessment of its subsidiary investments on an annual basis. Management considers each underlying investment by comparing the carrying value at year-end to the net asset value of the subsidiary and where the carrying value of the investment exceeds the net asset value, that amount is considered for impairment.

The net asset value of RMI Asset Holdings Proprietary Limited as at 30 June 2024 was lower than the cost price of the investment in subsidiary by an amount of R95 515 (2023: R11 million) and as a result an impairment loss for this amount was recognised in profit or loss.

Main Street 1353 Proprietary Limited paid a cash dividend in the amount of R60 000 000 to its shareholders during the year. The cash dividend resulted in a reduction of the net asset value to R6 791 997 which is below the company's carrying value of its 51% share of the net asset value. This gave rise to an impairment loss of R55 million which was recognised in profit or loss.

	Company 2024	Company 2023
OUTsurance Holdings Limited		
Number of shares held directly	**3 436 208 444**	3 410 159 495
% of equity[1]	**92.15**	91.36
Principal place of business	**Centurion**	Centurion
RMI Treasury Company Limited		
Number of shares	**27 623**	27 623
% of equity	**100.0**	100.0
Principal place of business	**Centurion**	Centurion
RMI Asset Holdings Proprietary Limited		
Number of shares	**44 605**	44 604
% of equity	**100.0**	100.0
Principal place of business	**Centurion**	Centurion
Main Street 1353 Proprietary Limited		
Number of shares held directly	**5 100**	5 100
Number of shares held via OUTsurance Holdings Limited	**4 900**	4 900
% of equity	**100.0**	100.0
Principal place of business	**Centurion**	Centurion

1. After consolidation of share trust.

9. Investments in associate

R million	Company 2024	Company 2023
Unlisted associate		
Ordinary shares at cost	**9**	9
Accumulated impairment of investment in associate	**(7)**	(7)
	2	2
Additiv Proprietary Limited		
Number of shares	**400**	400
% of equity	**40.8**	40.8
Principal place of business	**Centurion**	Centurion
Additiv Capital Proprietary Limited		
Number of shares	**500**	500
% of equity	**33.0**	33.0
Principal place of business	**Centurion**	Centurion

With the change in the group's strategy to not further pursue new investment opportunities, the Additiv initiative was stopped and the value of the investment was impaired to the underlying net asset value of Additiv.

10. Financial assets

R million	Company 2024	Company 2023
Measured at fair value through profit or loss		
Equity securities		
Unlisted investments	**10**	10
Debt securities		
Unlisted investments	**–**	180
BALANCE AT THE END OF THE YEAR	**10**	190
The unlisted debt securities carried at fair value through profit or loss include an investment in the OUTsurance Equity Trust and OUTsurance Equity Trust 2.		
Balance at the beginning for the year	**180**	357
Disposals	**(184)**	(183)
Fair value movement	**14**	19
Dividends received from the OUTsurance Equity Trust	**–**	(5)
Dividends received from the OUTsurance Equity Trust 2	**(10)**	(8)
TOTAL UNLISTED DEBT SECURITIES AT THE END OF THE YEAR	**–**	180
Measured at amortised cost		
Balance at the beginning for the year	**202**	222
Unwind of modification adjustment/dividend income earned	**14**	12
Receipts	**(115)**	(8)
Modification	**–**	(24)
BALANCE AT THE END OF THE YEAR	**101**	202

The movements in the fair value of the investment in The SA SME Fund Limited with a carrying value of R10 million (2023: R10 million) were immaterial in the current and prior financial year.

11. Deferred taxation

R million	Company 2024	Company 2023
Deferred taxation asset		
Financial assets	–	8
BALANCE AT THE END OF THE YEAR	–	8
Reconciliation of movement		
Balance at the beginning of the year	8	41
Deferred taxation debit in the income statement	(8)	(33)
BALANCE AT THE END OF THE YEAR	–	8

12. Cash and cash equivalents

R million	Company 2024	Company 2023
Cash at bank and in hand	187	33

Cash and cash equivalents represent current accounts and call deposits. The fair value approximates the carrying value.

13. Share capital and share premium

	Number of shares	Ordinary share capital R million	Share premium R million	Total R million
Share capital and share premium as at 30 June 2022	1 531 807 770	–	15 432	15 432
Additional shares issued during the year	601 006	–	20	20
Share capital and share premium as at 30 June 2023	1 532 408 776	–	15 452	15 452
Additional shares issued during the year	5 127 086	–	215	215
Share capital and share premium as at 30 June 2024	**1 537 535 862**	**–**	**15 667**	**15 667**

Ordinary shares

The total authorised number of ordinary shares is 2 000 000 000, with a par value of R0.0001 per share. The total number of issued ordinary shares increased by 5 127 086 during the year (2023: 601 006) to 1 537 535 862 as at 30 June 2024 (2023: 1 532 408 776). The company issued 980 207 ordinary shares at a value of R40 million and 4 146 879 ordinary shares at a value of R175 million on 15 November 2023 and 26 June 2024 respectively. These shares issued during the year were in exchange for OHL shares.

The unissued share capital is under the control of the board of directors until the forthcoming annual general meeting.

Preference shares

The total authorised number of cumulative, redeemable, par value preference shares is 100 000 000 with a par value of R0.0001 per share. The issued number of par value preference shares is nil (2023: nil).

The total authorised number of cumulative, redeemable, no par value preference shares is 100 000 000. The issued number of no par value preference shares is nil (2023: nil).

The company created a new class of 100 000 000 authorised, cumulative, redeemable, no par value preference shares in the 2016 financial year. None of these preference shares have been issued yet.

14. Accumulated loss

R million	Company 2024	Company 2023
Accumulated loss	**2 282**	2 356

15. Trade and other payables

R million	Company 2024	Company 2023
Trade and other payables	**13**	17

16. Cash utilised by operations

R million	Company 2024	Company 2023
Reconciliation of profit before taxation to cash generated from operations:		
Profit before taxation	**2 348**	2 607
Adjusted for:		
Dividend income received	**(2 393)**	(1 714)
Dividend in specie income	**–**	(977)
Interest income	**(21)**	(16)
Fair value gain	**(5)**	(5)
Impairments	**55**	11
Depreciation charge	**–**	8
Finance costs	**–**	24
Other non-cash income and expenses	**–**	8
Changes in working capital		
Other receivables	**5**	1
Trade and other payables	**(4)**	(28)
TOTAL CASH UTILISED BY OPERATIONS	**(15)**	(81)

17. Taxation paid

R million	Company 2024	Company 2023
Taxation per statement of financial position at the beginning of the year	**1**	(25)
Charge to income statement	**(10)**	(21)
Adjustment for deferred tax charge	**8**	33
Taxation per statement of financial position at the end of the year	**(1)**	(1)
TAXATION PAID	**(2)**	(14)

18. Dividend per share

R million	**Company 2024**	Company 2023
Total dividends paid during the year	**2 264**	1 513
Total dividends declared relating to the earnings for the year	**3 299**	2 196
Number of ordinary shares in issue	**1 537 535 862**	1 532 408 776
Dividend declared per share (cents)		
– Interim	**61.2**	56.8
– Final	**113.2**	78.0
– Special	**40.0**	8.5
TOTAL DIVIDEND PER SHARE DECLARED	**214.4**	143.3

19. Related parties

Principal shareholders

Details of major shareholders are disclosed in the directors' report. The principal shareholders are Remgro Limited and Royal Bafokeng Holdings Proprietary Limited.

Key management personnel

Only OGL's directors are key management personnel. Information on directors' emoluments and their shareholding in the company appears in note 39 to the consolidated annual financial statements and in the directors' report respectively.

Subsidiaries and associates

Details of investments in subsidiaries and associates are disclosed in note 18 and note 19 of the consolidated annual financial statements.

The following companies are subsidiaries of OGL:

- AlphaCode Proprietary Limited (100% held via RMI Treasury Company Limited)
- Main Street 1353 Proprietary Limited (51% held directly and 49% held via OUTsurance Holdings Limited)
- OUTsurance Holdings Limited (90.45% actual holding)
- RMI Asset Holdings Proprietary Limited (100%)
- RMI Investment Holdings Proprietary Limited (100% held via RMI Treasury Company Limited)
- RMI Invest One Proprietary Limited (100% held via RMI Investment Holdings Proprietary Limited)
- RMI Invest Two Proprietary Limited (100% held via RMI Investment Holdings Proprietary Limited)
- RMI Invest Three Proprietary Limited (100% held via RMI Investment Holdings Proprietary Limited)
- RMI Invest Four Proprietary Limited (100% held via RMI Investment Holdings Proprietary Limited)
- RMI Invest Five Proprietary Limited (100% held via RMI Investment Holdings Proprietary Limited)
- RMI Invest Six Proprietary Limited (100% held via RMI Investment Holdings Proprietary Limited)
- RMI Investment Managers Affiliates 1 Proprietary Limited (100% held via RMI Investment Managers Group Proprietary Limited)
- RMI Investment Managers Group Proprietary Limited (100% held via RMI Treasury Company Limited)
- RMI Treasury Company Limited (100%)

Additiv Capital Proprietary Limited and Additiv Capital Proprietary Limited are associates of OGL.

19. Related parties *continued*

R million	Company 2024	Company 2023
Related party transactions		
Transactions of OGL and its subsidiary companies with:		
Principal shareholders		
Dividends paid	**1 014**	678
Directors		
Dividends paid	**3**	3
Salaries and other benefits	**–**	5
Subsidiaries		
Income statement effect:		
– Dividends received	**2 352**	1 695
– Dividend in specie received	**–**	977
– Fee and other income	**–**	1
– Management fee expense	**5**	1
– Impairment loss	**24**	11
Effect on the statement of financial position:		
– Other receivables from subsidiaries	**–**	3

The financial guarantee contract credit in the previous year relates to the fair value of financial guarantees provided to certain subsidiaries of OGL in relation to external funding raised by these subsidiaries. The financial guarantee balance was reversed following the settlement of OGL's group debt.

R million	Company 2024	Company 2023
Associates		
Income statement effect:		
– Interest received	**1**	1
Effect on the statement of financial position:		
– Loan receivable from associate (included under "other receivables")	**4**	4

All related party transactions are entered into on an arm's length basis.

20. Post reporting date event

The board of directors approved the following transactions:

Acquisition of OHL shares

On 12 September 2024, the board of directors approved the acquisition of 69 996 930 OHL ordinary shares held by the OUTsurance Holdings Share Trust. This transaction was funded through a combination of cash amounting to R900 million and the issuing of 12 079 169 new OGL ordinary shares. This is a non-adjusting event.

Dividend

OGL declared an ordinary dividend of 113.2 cents per ordinary share and a special dividend of 40.0 cents per ordinary share on 16 September 2024, payable on 21 October 2024. This is a non-adjusting event.

21. Current/non-current split of assets and liabilities

R million	Current	Non-current	Total
30 June 2024			
Assets			
Investment in subsidiaries	**–**	**13 093**	**13 093**
Investment in associate	**–**	**2**	**2**
Financial assets measured at fair value through profit or loss	**–**	**10**	**10**
Financial assets measured at amortised cost	**101**	**–**	**101**
Other receivables	**4**	**–**	**4**
Deferred taxation	**–**	**–**	**–**
Tax receivable	**1**	**–**	**1**
Cash and cash equivalents	**187**	**–**	**187**
TOTAL ASSETS	**293**	**13 105**	**13 398**
Liabilities			
Trade and other payables	**13**	**–**	**13**
TOTAL LIABILITIES	**13**	**–**	**13**
30 June 2023			
Assets			
Investment in subsidiaries	–	12 668	12 668
Investment in associate	–	2	2
Financial assets measured at fair value through profit or loss	–	190	190
Financial assets measured at amortised cost	103	99	202
Other receivables	9	–	9
Deferred taxation	–	8	8
Tax receivable	1	–	1
Cash and cash equivalents	33	–	33
TOTAL ASSETS	146	12 967	13 113
Liabilities			
Trade and other payables	17	–	17
TOTAL LIABILITIES	17	–	17

Shareholder information

	As at 30 June 2024			As at 30 June 2023		
	Number of shareholders	**Shares held (000’s)**	**%**	Number of shareholders	Shares held (000’s)	%
Analysis of shareholding						
Remgro	**1**	**469 449**	**30.5**	1	469 449	30.6
Royal Bafokeng Holdings	**2**	**216 935**	**14.1**	2	216 935	14.2
Public Investment Corporation	**5**	**168 751**	**11.0**	5	153 923	10.0
Coronation Fund Managers (on behalf of clients)	**95**	**80 610**	**5.3**			*
Total of shareholders holding more than 5%	**103**	**935 745**	**60.9**	8	840 307	54.8
Other	**24 188**	**601 791**	**39.1**	24 440	692 102	5.2
TOTAL	**24 293**	**1 537 536**	**100.0**	24 448	1 532 409	100.0
Shareholder type						
Corporates		**686 384**	**44.6**		686 384	44.8
Unit trusts		**253 768**	**16.5**		274 258	17.9
Pension funds		**222 753**	**14.5**		194 244	12.7
Private investors		**42 482**	**2.8**		43 360	2.8
Insurance companies and banks		**43 875**	**2.9**		42 819	2.8
Other		**288 275**	**18.7**		291 344	19.0
TOTAL		**1 537 536**	**100.0**		1 532 409	100.0
Public and non-public shareholders						
Public	**24 282**	**848 261**	**55.2**	24 438	843 098	55.0
Non-public	**11**	**689 275**	**44.8**	10	689 311	45.0
– Corporates	**3**	**686 384**	**44.6**	3	686 384	44.8
– Directors and associates	**8**	**2 891**	**0.2**	7	2 927	0.2
TOTAL	**24 293**	**1 537 536**	**100.0**	24 448	1 532 409	100.0
Geographic ownership						
South Africa		**1 363 959**	**88.7**		1 339 312	87.4
International		**173 577**	**11.3**		193 097	12.6
TOTAL		**1 537 536**	**100.0**		1 532 409	100.0

* Less than 5%.

The information above is extracted from the shareholder analysis provided by Orient Capital Limited.

Glossary

Adjusted net worth (ANW)
Excess value of all assets attributed to covered business but not required to back the liabilities of covered business.

AlphaCode associates
The fintech associates held via RMI Investment Holdings Proprietary Limited.

Annualised premium income
Annualised premium value of all new client policies incepted 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 Service and CloudBadger, which are non-insurance activities.

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.

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.

OGL
OUTsurance Group Limited.

OHL
OUTsurance Holdings Limited.

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.

Our corporate information

OUTsurance Group Limited (OGL)

Registration number:	2010/005770/06
JSE ordinary share code:	OUT
ISIN code:	ZAE000314084

Directors

Chairman:	HL Bosman
Lead Independent:	K Pillay
Independent:	B Hanise, ET Moabi, JA Teeger, JE van Heerden, 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 year ended 30 June 2024, Messrs Hedding and Burger stepped down as directors. On 12 September 2024 Mr Marx retired from the board of directors.

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

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
Contact:	investorrelations@out.co.za
Web address:	https://group.outsurance.co.za/

www.outsurance.co.za