Alexander Forbes
Group Holdings Limited

Annual financial statements

for the year ended 31 March 2025

:alexforbes
insight · advice · impact

Contents

Responsibility for financial statements

Declaration in terms of the Companies Act, 71 of 2008 (as amended) (Companies Act)

The group and company financial statements (financial statements) have been prepared in accordance with IFRS® Accounting Standards (IFRS) as issued by the International Accounting Standards Board and have been supervised by the chief financial officer, Mr BP Bydawell CA(SA), CFA, in terms of sections 29 and 30 of the Companies Act. The financial statements have been audited in compliance with the applicable requirements of the Companies Act.

BP Bydawell
Chief financial officer

Directors' responsibility statement for financial reporting

The Companies Act of South Africa requires directors to ensure that the group and company maintains adequate accounting records and to be responsible for the content and integrity of the group and company annual financial statements of Alexander Forbes Group Holdings Limited (Alexforbes or the group) and the related financial information included in this report. It is their responsibility to ensure that the financial statements for each financial year fairly present the state of affairs of the group and company at the end of the financial year, and that the results of their operations and cash flows conform with IFRS.

The accounting policies, supported by judgements, estimates and assumptions which comply with IFRS, have been applied on a consistent and going concern basis. Any forecast financial information contained in this report has not been separately reviewed or reported on by the company's external auditor.

It is the responsibility of the independent auditor to report on the fair presentation of the financial statements. Their unmodified audit report appears on pages 9 to 13. The directors believe that all representations made to the independent auditor during their audit are valid and appropriate.

The directors are ultimately responsible for the internal controls of the group. To enable the directors to meet these responsibilities, management designs and implements standards and systems of internal control to provide reasonable, but not absolute, assurance on the integrity and reliability of the financial statements in accordance with IFRS and to adequately safeguard, verify and maintain accountability for group assets. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Based on the information and explanations provided by management and the internal and external auditors, the directors are of the opinion that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the group and company annual financial statements in accordance with IFRS. Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of the internal controls, resulting in a material loss to the group, 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 operating for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the group and company annual financial statements.

Directors' approval of group and company annual financial statements

The group and company financial statements, as identified in the first paragraph in the directors' responsibility statement, were approved by the board of directors on 9 June 2025 and are signed on their behalf by:

D Dlamini
Chair

DJ de Villiers
Chief executive officer

Declaration by chief executive officer (CEO) and chief financial officer (CFO)

The CEO and the CFO, whose names are stated below hereby confirm that:

a. the group and company annual financial statements set out on pages 14 to 109 fairly present in all material respects the financial position, financial performance and cash flows of Alexforbes in terms of IFRS® Accounting Standards;
b. 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;
c. internal financial controls have been put in place to ensure that material information relating to Alexander Forbes Group Holdings Limited and its consolidated subsidiaries has been provided to effectively prepare the financial statements of Alexforbes;
d. 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;
e. where we are not satisfied, we have disclosed to the audit and risk 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
f. we are not aware of any fraud involving directors.

DJ de Villiers
Chief executive officer

BP Bydawell
Chief financial officer

Declaration by company secretary

I, Catharina Helena (Carina) Wessels, hereby confirm, in my capacity as Executive: Governance, legal, compliance and sustainability of Alexander Forbes Group Holdings Limited, that for the year ended 31 March 2025, the company has filed all required returns and notices in terms of the Companies Act 71 of 2008, as amended, with the Companies and Intellectual Property Commission and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.

CWessels

CH Wessels
Executive: Governance, legal, compliance and sustainability (Company secretary)

Directors' report

The directors have pleasure in submitting their report for the financial year ended 31 March 2025.

Nature of business

Alexforbes is a diversified financial services company, headquartered in South Africa, providing a broad range of employee benefit solutions, retirement and healthcare consulting as well as investment and wealth management solutions to both corporate clients and individual customers. The company is dedicated to delivering impactful services and solutions for our clients and members, underpinned by integrated advice.

Alexforbes is listed on the Johannesburg Stock Exchange. The group's principal geographic focus is South Africa (where it has been operating since 1935) which contributes 92% of total group revenue. The group also has business operations outside of South Africa comprising Botswana, Channel Islands, Namibia and a representative office in Nigeria.

Directors' responsibilities

The responsibilities of the company's directors are detailed on page 2 of this document.

Financial statements and results

The financial results and financial position of the group are reflected from pages 30 to 34. The segmental analysis is included on pages 35 to 37.

Solvency assessment and going concern

Management, under the direction of the board, performed scenario testing for solvency and liquidity as part of its own risk and solvency assessment (ORSA) process and the group continues to remain solvent and liquid into the foreseeable future. In instances where subsidiaries are insolvent, the group can recapitalise the business operations and provide the requisite financial support. It is important to note that the stress testing and risk management procedures provided sufficient support for the going concern assumption under which the financial statements have been prepared. Refer to critical assumptions and judgements on pages 14 to 16 for more detail.

Dividends to shareholders

Interim

The directors approved an interim gross ordinary dividend of 22 cents per ordinary share (17.6 cents per ordinary share net of dividend withholding tax) (2024: 20 cents per ordinary share) from income reserves. The dividend was paid on 13 January 2025 to shareholders registered on 7 January 2025.

Final

The directors have approved a final gross ordinary dividend of 33 cents per ordinary share (26.4 cents per ordinary share net of dividend withholding tax) (2024: 30 cents per ordinary share). The source of such dividends will be from income reserves. The dividend will be payable on 21 July 2025 to shareholders registered on 18 July 2025.

Special

In addition, the directors have approved a gross special cash dividend of 10 cents per ordinary share (8 cents per ordinary share net of dividend withholding tax). The receipt of proceeds following the successful litigation of phase one of the ETV liability matter is the basis for the board's decision to declare this special dividend. The source of such dividends will be from income reserves.

The special dividend is subject to approval by the Financial Surveillance Department of the South African Reserve Bank (SARB).

A finalisation announcement confirming receipt of SARB approval will be released on SENS by no later than 11.00 on 8 July 2025.

The directors are of the opinion that the company will satisfy the solvency and liquidity requirements of sections 4 and 46 of the Companies Act following the distribution of both the final and special dividend.

Share capital

The authorised and issued ordinary share capital of the group at 31 March 2025 is set out in note 20.

Between the period 2 July 2024 and 12 February 2025 Alexander Forbes Acquisition Proprietary Limited, a wholly owned subsidiary of Alexander Forbes Group Holdings Limited, purchased 8 751 934 ordinary shares to the value of R65 million for the share incentive schemes. In addition, the group repurchased the 39 070 700 ordinary shares from the Isilulu Trust at a repurchase price of one cent per share (the Specific Repurchase). The Specific Repurchase was effected pursuant to the ESOP transaction as contemplated and approved in 2015 (refer to 4 May 2015 circular). The repurchased shares were subsequently cancelled and withdrawn on the JSE on 24 February 2025.

Share incentive schemes

Information relating to the share incentive schemes is set out in note 20.

Directors and company secretary

The names of the directors and the company secretary at the date of this report are detailed on the inside back cover of this document.

Change in directorate

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

- Mr R Roux was appointed as independent non-executive director, including Remuneration committee chair and member of the Audit and Risk, Mergers and Acquisitions and Nominations committees, with effect from 1 July 2024.
- Mr T Dloti resigned as independent non-executive director with effect from 29 August 2024.
- Mr RM Head resigned as independent non-executive director with effect from 28 November 2024.
- Mr P Dhamija resigned as non-executive director with effect from 24 April 2025 and has been succeeded by Ms A Tedesco with effect the same date.

The bespoke Mergers and Acquisitions and Nomination committees were terminated effective 28 November 2024. Mergers and acquisitions matters are now discussed at the board and nomination matters in the Remuneration committee. The board chair still chairs the discussion of nomination matters.

Events occurring after reporting period

Business and Asset purchase of Paragon Impact Limited

On 30 April 2025 the group finalised the purchase of the Paragon Impact technology solution (Paragon Impact) for GBP 2 million (R49 million). The acquisition of Paragon Impact, a globally unique impact monitoring, reporting and grading solution, adds significant depth to our expanding sustainability advisory services to retirement funds and corporate clients, while creating the opportunity to expand into the global sustainability advisory market.

Enhanced Transfer Values (ETV) liability matter

On 16 May 2025 the group received settlement of GBP 7.86 million (R186 million) following the successful litigation of phase one of the ETV liability matter which was ruled upon with finality on 2 April 2025.

Preparation of financial statements

These audited annual financial statements were compiled under the supervision of Mr BP Bydawell (Chief financial officer), CA(SA), CFA.

Corporate governance

The company's prior application of the principles contained in the King IV Report on Corporate Governance for South Africa (King IV™) is disclosed in the FY2024 Integrated Annual Report available on the company's website. Disclosure for financial year 2025 will be available no later than 31 July 2025.

Audit and risk committee report

Nosipho Molope: Chair

The committee is pleased to present its report for the financial year ended 31 March 2025.

Purpose and role of the committee

The group audit and risk committee is an independent statutory committee in terms of section 94(2) of the Companies Act. Its primary responsibility is as audit and risk committee for Alexander Forbes Group Holdings Limited, but it also fulfils the role of a group committee as permitted by section 94(2)(a) of the Companies Act for all South African subsidiaries, including Alexander Forbes Investments Limited (AFIL) and Alexander Forbes Life Limited (AF Life).

Where bespoke committees have been established for non-South African subsidiaries, the committee still performs a group level oversight role.

In addition to audit and risk matters, the committee is responsible for:

- group and regulatory capital, including the own risk and solvency assessment (ORSA)
- overall compliance oversight (although certain aspects are managed by the setco)
- information technology governance.

Terms of reference

The committee has adopted formal terms of reference, which include detailed reporting guidelines. The committee is satisfied that it has effectively discharged its responsibilities during the financial year ended 31 March 2025.

The committee's primary objective is to assist the board with its responsibilities for:

- the management of risk,
- safeguarding of assets,
- solvency and liquidity,
- capital management, including the ORSA,
- information technology governance,
- oversight over financial control and reporting,
- internal controls and corporate governance, particularly relating to legislative and regulatory compliance.

The committee's roles and responsibilities include statutory and regulatory duties as per the Companies Act, the Prudential Standards, the Insurance Act 18 of 2017, JSE Limited Listings Requirements (JSE Listings Requirements) and King IV.

Composition and attendance

Current	
CWN Molope (Chair)	**5/5**
AM Mazwai	**5/5**
N Ketwa	**5/5**
R Roux appointed 1 July 2024	**3/3**
Previous	
RM Head resigned 28 November 2024	**5/5**

Note: Board members who attended meetings but are not committee members are not included here.

Standing invitees include the board chair and all non-committee member directors, chief executive officer, chief financial officer, chief audit executive/internal audit function, chief compliance and anti-money laundering officer, group head of enterprise risk management, executive: governance, legal, compliance and sustainability, platform chief financial officers, head of group finance, information technology representative, head of capital and independent external auditor. The independent head of actuarial function is an invitee for reporting purposes bi-annually.

The committee, however, debates matters without the permanent invitees present, when required.

The committee meets five times annually, with two of those meetings arranged as bespoke risk-focused sessions. Two closed meetings (aligned with the approval of the interim and annual financial results) are held with the independent external auditor and heads of control functions, where management is not present.

Financial statements and accounting practices

The committee reviewed the audited consolidated and separate annual financial statements of the group and company for the year ended 31 March 2025, particularly to ensure that disclosure is adequate and that fair presentation has been achieved. The committee recommended the approval of the audited consolidated and separate annual financial statements to the board of directors. The committee believes that these financial statements present a balanced view of the group's performance for the year under review and that they comply with IFRS® Accounting Standards.

The committee followed similar approaches for the significant subsidiaries of the group.

Evaluation of the expertise and experience of the chief financial officer and appropriateness of financial reporting procedures

The committee deliberated on the expertise and experience of the chief financial officer, Bruce Bydawell, and is satisfied that he has the requisite expertise and experience to execute his designated functions. The committee has also considered and satisfied itself of the appropriateness of the expertise, experience and adequacy of the resources of the finance function and the adequacy of financial reporting procedures in the preparation of financial statements.

Statutory duties

In the execution of its statutory duties, during the year under review, the committee:

- Confirmed the appointment of both Deloitte & Touche (Deloitte) as the independent external auditors and Mr Mark Holme as the registered auditor responsible for the audit.
- Satisfied itself that the independent external auditors were independent of the company.
- Agreed the terms of the engagement of and determined the fees payable to the independent external auditors.
- Ensured that the appointment of the independent external auditors and the registered auditor complied with the provisions of the Companies Act.
- Pre-approved the non-audit services provided by the independent external auditors, in terms of a policy in this regard previously adopted by the committee.
- Noted that it had not received any complaints, either from within or outside the company, relating to the accounting practices, the independent and internal audits of the company, or to the content or auditing of its financial statements or any related matter.
- Performed its other functions in accordance with its terms of reference.

Delivery against financial year 2025 objectives

In addition to delivery against the standard annual plans, the board and committee also set specific objectives for each year as reported on below.

- Strategic capital allocation remained front of mind, with regular reporting on available cash, working capital and term loan borrowings and liquidity covenants. The group continued to balance capital allocation with the strategic intent of remaining capital light and returning a significant portion of the cash generated to shareholders.
- Overseeing the application of equivalent governance and oversight in acquired companies. Progress was made during the year to better integrate new acquisitions and apply commensurate internal controls in recently acquired businesses as appropriate.
- In collaboration with the nominations committee, chief financial officer succession planning continued.
- Although there was continued focus on and progress with automation and digitalisation in the finance function, the large-scale system replacement planned for FY2026 has been postponed by circa two years. The committee remains comfortable that the postponement does not adversely affect internal controls and sound financial management.

External audit

The committee reappointed Deloitte as the group's independent external auditor for the year ended 31 March 2025. The committee also evaluated the performance and independence of the external auditor, as well as the audit partner, Mr Mark Holme.

The committee reviewed the external audit plan and approved the remuneration of the external auditor. In addition, a formal policy exists in respect of the provision of non-audit services by the external auditors and a formal procedure governs the process whereby the auditors are appointed to provide any non-audit services, including a limitation on fees for non-audit services which shall not exceed 25% of the audit fee. Non-audit services rendered by Deloitte were 1% of the total audit fees. The committee is satisfied with the level and extent of non-audit services rendered during the year by Deloitte and that this did not impact on their independence.

Fees paid to the auditors are disclosed in note 3 of the group annual financial statements for the year ended 31 March 2025.

The committee has reviewed the information provided by the auditors as detailed in paragraph 3.84(g)(iii) of the JSE Listings Requirements.

Refer to the Independent auditor's report on pages 9 to 13 of the annual financial statements.

Key audit matters relevant to the consolidated financial statements

The key audit matters are those items of most significance as determined by Deloitte during the audit of the financial statements.

The key audit matters consist of:

- Level 3 financial assets held under multi-manager investment contracts.

The committee considered the evidence presented and the disclosure in the financial statements and concluded that the treatment of these matters was appropriate.

For further details, refer to the independent auditor's report on pages 9 to 13.

Internal audit

The committee is responsible for ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority within the group to perform its duties. The committee is satisfied with the continued suitability of Ernst and Young (EY) as the outsourced partner for internal audit for the group.

The committee oversees cooperation between the internal and external auditors and serves as a link between the board of directors and these functions. The committee approved a revised internal audit charter during the year.

In addition to reporting to this committee, the internal audit function also reports to the relevant subsidiary audit and risk committees (where applicable) with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the group's operations.

Financial reporting procedures

The audit committee has executed its responsibilities in terms of section 3.84(g) of the JSE listings requirements. The committee has considered the financial reporting procedures in place, the assurance reports provided by both internal and external audit and the matters raised and discussed as part of the internal management reporting. The committee is satisfied that internal financial controls have been put in place to ensure that material information relating to Alexforbes and its consolidated subsidiaries has been provided to effectively prepare the financial statements.

Internal financial controls

The committee has had oversight of the internal control environment. Internal financial controls include all aspects of the business and the controls to ensure an effective operating environment.

Based on its oversight and monitoring of the group's system of internal financial controls throughout the year under review, and reports made by the combined assurance providers, including internal and external audit, the head of actuarial function, compliance and risk management on the results of their procedures, the committee is satisfied that the group's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements.

Going concern

The committee, with concurrence from Deloitte, has reviewed a documented assessment, including key assumptions prepared by management, of the going concern status of the company and group and has made a recommendation to the board in accordance with the assessment. The board's statement on the going concern status of the group, as supported by the committee, appears in the directors' responsibility for financial reporting section of the annual financial statements.

Key focus areas for financial year 2026

The following will be areas of focus, in addition to continuing items from the year under review:

- In collaboration with the setco, gaining a deeper understanding of the evolving sustainability reporting landscape, especially IFRS S1 and S2 on sustainability and climate disclosures.
- Oversight of risk, compliance and the control environment through the change in the planned organisational structure.
- Ongoing oversight over key finance transformation initiatives including automation, improved management information and continuous improvement.

CWN Molope
Chair

Independent auditor's report

To the Shareholders of Alexander Forbes Group Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Alexander Forbes Group Holdings Limited (the Group and Company) set out on pages 14 to 109, which comprise the consolidated and separate statements of financial position as at 31 March 2025, and the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including 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 Alexander Forbes Group Holdings Limited and its subsidiaries as at 31 March 2025, 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 and the requirements of the Companies Act of South Africa.

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.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

We define materiality as the magnitude of misstatement in the consolidated and separate financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the nature and extent of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the consolidated and separate financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	R70.0 million (2024: 75.0 million)	R50.0 million (2024: R50.0 million)
How we determined it	We determined materiality to be R70.0 million, which represents 6.7% of the audited profit before tax from continuing operations (2024: 8.6%). Our determination was made with reference to supporting benchmarks and the history of audit outcomes.	We determined materiality to be R50.0 million, which represents 1.0% of audited total assets (2024: 1.0%). Our determination was made with reference to supporting benchmarks and the history of the audit outcomes.
Rationale for benchmark applied	A key judgement in determining materiality is selecting the appropriate benchmark, based on our perception of the needs of users of the financial statements. We considered which benchmarks and key performance indicators have the greatest bearing on economic decisions made by users. We determined that profit before tax remained the key benchmark and it is commonly used for listed entities.	A key judgement in determining materiality is selecting the appropriate benchmark, based on our perception of the needs of users of the financial statements. We considered which benchmarks and key performance indicators have the greatest bearing on economic decisions made by users. We determined that total assets remained the key benchmark for the Company and is of particular interest to users as it reflects the cost of investments and the reserves available for dividend distributions.

Group Audit Scope
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the structure and organisation of the Group, and assessing the risks of material misstatement at the Group level.

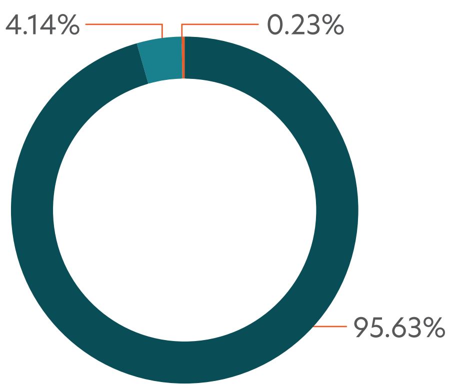
We selected components at which audit work in support of the group audit opinion needed to be performed to provide an appropriate basis for addressing the group risks of material misstatement. Our selection was informed by taking into account the component's contribution to relevant classes of transactions, account balances or disclosures.

Based on our assessment, we performed work at 15 of the 43 components. The following audit scoping was applied:

- 7 components were scoped as audits of the component financial information; and
- 8 components were scoped as an audit of one or more classes of transactions, account balances or disclosures.

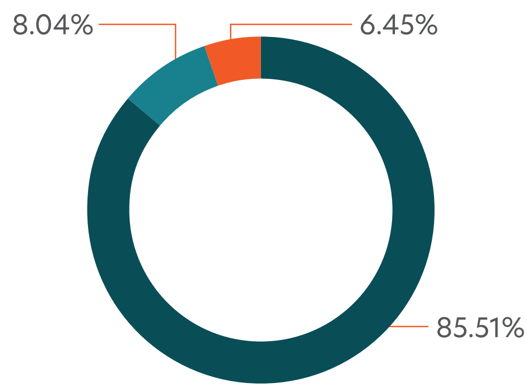
These 15 components account for 99.77% of the Group's total assets and 93.55% of the Group's revenue. Residual values were addressed by risk assessment procedures, considering whether a statutory audit have been performed and performing supplementary analytical procedures at a Group level.

Total assets



- Audits of component's financial information 95.63%
- Audit of one or more classes of transactions, account balances or disclosures 4.14%
- Residual 0.23%

Revenue



- Audits of component's financial information 85.51%
- Audit of one or more classes of transactions, account balances or disclosures 8.04%
- Residual 6.45%

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. We have determined that there are no key audit matters to communicate in respect of the separate financial statements.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Audit of the Level-3 Financial assets held under multi-manager investment contracts</td></tr>
<tr><td>The audit of the "Financial assets held under multi-manager investment contracts" of R463.3 Billion (2024: R417.1 Billion) disclosed in Note 39.4, includes Level-3 funds invested into unlisted, private market portfolios with a fair value of R14.4 Billion (2024: R12.1 Billion). The audit of these funds was considered a key audit matter due to the fact that the fair value of the portfolio is several multiples of our materiality and valuations are typically performed by, or obtained by, the third parties that manage the investments. The value of the financial assets is directly linked to the value of the material financial liabilities held under multi-manager investment contracts.

These private market portfolios often include a mix of financial instruments, such as private equity entities, property and infrastructure assets and unlisted structured debt.

The subjectivity inherent in the valuation of these relatively illiquid securities and debt instruments, introduces a high risk of material misstatement in the statement of financial position.

Level-3 valuations are subject to complexities in terms of IFRS 13 Fair Value Measurement, that instruments traded on an active public market, are not.

Certain Level-3 investments are valued at dates prior to the Group's year-end and this needs to be considered by management in recording the fair value of the investments at year end.

Due to the significant value and nature of the balance, the level of audit effort expended, including the use of specialists, and the judgement involved in designing appropriate audit tests to confirm the valuations of these Level-3 investments, it was determined to be a key audit matter.</td><td>Our audit included the following procedures:
• We understood and assessed management's system of internal controls, processes, oversight and methodologies to record and monitor the carrying values of the Level-3 investments.
• We assessed the design and implementation of relevant controls over the recording and administration of the private market investments.
• Where relevant, we confirmed percentage holdings and valuations to portfolio statements or unitholder statements.
• Wherever available, we placed reliance on audited financial statements, asset manager statements or third-party reports, including checking for inconsistencies between these sources. We ensured that valuations in the audited financial statements had been performed in accordance with IFRS 13 Fair Value Measurement.
• We engaged internal specialists, to critically evaluate the reasonability of the key valuation inputs, such as forecast operating cash flows, earnings multiples and costs of capital, and other critical assumptions used in a representative sample of Level-3 valuations, including the debt instruments.
• For selected investments and on a judgmental basis, we engaged with fund managers and their auditors to understand significant movements.
• We engaged our internal valuation specialists to perform an overall assessment of the private markets investment portfolio and the expected valuation changes at different points in time, based on changes in the external market with a focus on the period since latest valuation dates, where necessary.
• We substantively audited material capital activity in the portfolios including material draw-downs and distributions during the period post valuation, where relevant.
• We evaluated the adequacy of disclosures related to these investments including their classification.

The scope and nature of the procedures performed were sufficient and appropriate to address the key audit matter.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled *"Alexander Forbes Group Holdings Limited Annual financial statements for the year ended 31 March 2025"* which includes the Directors' Report, the Audit and Risk Committee's Report and the Declaration by Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will 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 on the other information obtained prior to the date of this auditor's report, 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 and the requirements of the Companies Act 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's and the 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 the 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.

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 the 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's and the 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 the 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.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 to 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 Deloitte & Touche has been the auditor of Alexander Forbes Group Holdings Limited for 3 years.

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

9 June 2025

5 Magwa Crescent
Waterfall City
Waterfall
Johannesburg 2090
South Africa

Accounting policies

Material accounting policies applied in the preparation of the group and company financial statements are set out below. These policies are consistent with those applied in the previous year, unless otherwise stated.

Basis of preparation

The annual financial statements are prepared in accordance with the IFRS® Accounting Standards (IFRS Accounting Standards (IFRS)) as adopted by the International Accounting Standards Board, the JSE Limited (JSE) Listings Requirements, the South African Institute of Chartered Accountants' (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act applicable to consolidated financial statements.

They have been prepared in accordance with the going concern principle under the historical cost basis, except for the following:

- Financial instruments (including derivative financial instruments) measured at fair value.
- Assets held for sale measured at the lower of carrying amount and fair value less costs to sell.

The preparation of the group and company financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the group and company financial statements, are disclosed in the notes to these financial statements.

The group and company financial statements are presented in order of liquidity. The financial assets and liabilities held under multi-manager investment contracts is presented ahead of other categories due to the linked nature of these balances thereby enhancing the economic understanding of the financial statement to the user. Reference to the current maturities of these financial assets and financial liabilities are disclosed in the notes and in the analysis of the financial assets and liabilities.

These group and company financial statements are presented in South African rands, which is the company's functional currency and the group's presentation currency. All financial information presented in rands is rounded to the nearest million, except when otherwise indicated.

Critical assumptions and judgements

The group has continued to be vigilant and cognisant of the uncertainty in the operating environment. The impact of scenarios on our critical assumptions and judgements has been tested and as a result we remain confident regarding our resilience. The scenario testing in the current financial year for solvency and liquidity informed the assessment for the value in use of the cash-generating units (CGUs). Based on the scenarios we conclude that the goodwill balance is supported, and no impairment is required in the current financial year. Elements of the management actions under these scenarios were also used to inform and support the assessment of the deferred tax asset. In addition, the stress testing and risk management discussions provided sufficient support for the going concern assumption under which these financial statements have been prepared.

1.1 Solvency assessment

The group has a policy to assess the risks and solvency of the consolidated entity on an annual basis and, if needed, in times where significant events occur or material decisions are required. This own risk and solvency assessment (ORSA) process is in line with the prudential standards for insurance groups. The expected scenarios, management actions and results are discussed and approved by the board.

The ORSA process is updated annually or when required and our solvency position is evaluated by the board. The operating environment in South Africa will remain challenging until the government implements far-reaching macroeconomic reforms to boost growth. The global economy remains fragile, and growth conditions continue to be strained by high interest rates, with many economies struggling to implement unpopular but necessary reforms. Nevertheless, we remain optimistic about South Africa's potential to enhance its gross domestic product, growth, employment, investment and prosperity.

The group liquidity and solvency position at 31 March 2025 is strong with available cash of R700 million and a regulatory surplus of R1 348 million, 2.3 times above the solvency capital requirement. It is the group's policy to maintain a solvency capital ratio of at least 1.2 times.

1.2 Goodwill

An annual assessment of goodwill is performed in accordance with the requirements of IAS 36 Impairment of Assets. For purposes of impairment testing, goodwill is allocated to CGUs which are identified using the group's operating model, and whose appropriateness is evaluated on an annual basis.

The evaluation of impairment is based on discounted cash flow models, making use of expected future cash flows and discount rates, the determination of which requires the exercise of judgement. The cash flow projections are based on financial budgets approved by the board for the forthcoming year and forecasts for a further four years which are based on assumptions of the business, industry and economic growth. Cash flows beyond this period are extrapolated using terminal growth rates, which do not exceed the expected long-term economic growth rate. Each CGU's carrying value is tested against the recoverable amount as determined based on value-in-use calculations. Where the carrying value of the CGU exceeds the recoverable amount, a goodwill impairment is recognised.

The group performed sensitivity analyses on the inputs used in the impairment testing and in each scenario with the resulting conclusion that the remaining goodwill balance is supported, and no further impairment is required. Details of the assumptions used in this calculation are included in note 12.

1.3 Errors and omissions in the ordinary course of business

Owing to the nature of its activities the group is exposed to various actual and potential claims, lawsuits and other proceedings relating to alleged errors and omissions or non-compliance with laws and regulations in the conduct of its ordinary course of business. As with any business with similar operations to the group, the risk exists that new claims relating to past events and significant adverse developments in past claims could result in material changes to provisions made in respect of prior years. Refer to note 25.2.

1.4 Developed computer software

Costs that are directly associated with the production of identifiable and unique software products, which will be controlled by the group and generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. The directly associated costs may include employee costs and relevant associated overheads. All other costs associated with developing or maintaining computer software programs are recognised in profit or loss as incurred.

Expenditure which enhances and extends the benefits of computer software programs beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Refer to note 15.

The quantification of economic benefits is based on the estimation of future cash flows and discount rates. These calculations use cash flow projections based on financial budgets approved by the board of directors for the forthcoming year and forecasts for a further four years, which are based on assumptions of the business, industry and economic growth. Cash flows beyond this period are extrapolated using terminal growth rates, which do not exceed the expected long-term economic growth rate.

Key assumptions used in the impairment review are consistent with the prior year, taking into account past experience and external sources of information. Refer to note 12.

1.5 Deferred tax assets

The deferred tax assets include amounts relating to subsidiary companies that have made losses in prior years owing to the inability to fully recover operating costs from fellow subsidiaries.

The recognition of the deferred tax asset on the statement of financial position of the subsidiary is dependent on the expected profitability of that subsidiary, that is, deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable, where on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be deducted.

Financial budgets of the subsidiaries were included in the group's financial budgets approved by the board for the forthcoming year and forecasts for a further four years which are based on assumptions of the business, industry and economic growth. The judgement is applied with regard to the timing of the utilisation of the deferred tax assets. The losses can be carried forward indefinitely to the extent the entities remain trading.

1.6 Fair value measurement of Level 3 financial assets and liabilities

The group holds a number of financial assets to support liabilities in respect of contracts with policyholders. These financial assets and financial liabilities are designated at fair value through profit or loss to reduce the accounting mismatch that would arise otherwise. Financial instruments are classified as Level 3 where valuation techniques used incorporate significant inputs that are not based on observable market data. The significant unobservable inputs used by the group include internally developed assumptions on the inputs that a market participant would use to price the instrument, including determining the appropriate risk-adjusted discount rates, interest rates and other macroeconomic indicators. Consequently, the determination of the fair value of financial instruments disclosed as Level 3 instruments requires greater judgement and introduces a higher level of estimation uncertainty. Refer to note 39.

1.7 Employment benefit obligations

The present value of the post-employment medical benefit obligations is determined on an actuarial basis using various assumptions. The assumptions used in determining the net cost (income) include the discount rate used to determine the present value of estimated future cash outflows expected to settle the obligations.

The group, in conjunction with a professional actuary, determines the appropriate discount rate at the end of each financial year. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related post-employment medical benefit obligations. In countries like South Africa where there is no deep market for corporate bonds, the government bond rate is used.

The expected salary is based on inflation rates, adjusted for salary scales and country specific conditions. The inflation rate used is a rate within the government's monetary policy target for inflation and is calculated as the difference between the yields on portfolios of fixed interest government bonds and a portfolio of index-linked bonds of a similar term.

Other key assumptions for post-employment medical benefit obligations are based in part on current market conditions applied in the determination of these obligations. Additional information is disclosed in note 23. Any changes in these assumptions will impact the carrying amount of post-employment medical benefit obligations.

1.8 Assets and liabilities of disposal group classified as held for sale and discontinued operations

Transfer of business

The group concluded the transfer of the remaining reinsurance contract assets and insurance contract liabilities to Sanlam Life Limited on 27 February 2025. These assets and liabilities were presented as a disposal group held for sale in the prior year.

Consolidation

1. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

All material intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

On the loss of control, the group derecognises the assets and liabilities of the subsidiary, and any non-controlling interests and components of equity related to the subsidiary. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date the control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset, depending on the level of influence retained.

The company's separate financial statements account for subsidiaries at cost less any accumulated impairment losses.

2. Non-controlling interests

Non-controlling interests in the net assets of subsidiaries are separately identified and presented from the group's equity therein. Non-controlling interests are initially measured either at fair value or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets at the acquisition date. This is not an accounting policy election and the group will apply the choice of measurement basis on an acquisition-by-acquisition basis.

Subsequently the non-controlling interests consist of the amount attributed to such interests at initial recognition plus the non-controlling interests' share of change in equity since the date of the combination.

Non-controlling interests are treated as equity participants of the subsidiary companies. The group treats all acquisitions and disposals of its non-controlling interests in subsidiary companies, which do not result in a loss of control, as an equity transaction. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the change in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the group.

3. Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The group establishes structured entities for business purposes. The group may or may not have any direct or indirect shareholdings in these entities.

4. Collective investment schemes

Collective investment schemes (or unit trusts) managed by the group are consolidated provided the group can demonstrate the following:

- Power to direct the relevant activities that impact the variable returns of the unit trust through its mandates and voting rights.
- Exposure to the variable returns of the unit trust through its size of investment in the unit trust (for instance, investment by the group is greater than 20 per cent).
- Ability to use its power to impact the variable returns for its own benefit.

The consolidated financial assets of the collective investment schemes attributable to unitholders are shown within financial assets held under multi-manager investment contracts in the group statement of financial position with a matching linked liability to the unitholders shown within financial liabilities held under multi-manager investment contracts.

Fair value adjustments to the financial assets and liabilities of collective investment schemes are recognised in profit or loss.

When the size of the investment in the unit trust falls below the 20 per cent threshold, it is accounted for as an investment and recorded at fair value through profit or loss.

Foreign currency

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, in other words its functional currency.

2. Foreign exchange gains and losses arising in entity accounts

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates at that date. Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities are recognised in profit or loss, except when deferred in other comprehensive income for qualifying cash flow hedges.

All foreign exchange gains and losses, including those that relate to borrowings and cash and cash equivalents, are presented in the income statement within investment income or finance costs respectively. Translation differences on monetary items, such as financial assets held at fair value through profit or loss (FVTPL), are reported as part of the fair value gain or loss on such instruments. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial assets and liabilities, such as equities held at FVTPL, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

3. Foreign exchange gains and losses arising on consolidation

Items included in the financial statements of each of the group's entities are measured in the entity's functional currency. The results and financial positions of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of the group are translated into South African rands as follows:

- All assets and liabilities of items in the statement of financial position are translated at the reporting date at the exchange rate at that date.
- All income and expenses in the income statement and statement of comprehensive income are translated at the average exchange rates for the relevant financial period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the applicable exchange rates at the dates of the transactions).
- All resulting foreign exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign currency gains or losses on such item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

On the disposal of a foreign operation, (that is, a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation) all of the foreign exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In the case of a partial disposal that does not result in the group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated foreign exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates that do not result in the group losing significant influence) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the reporting date at the exchange rate at that date.

Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All day-to-day servicing of property and equipment is recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The expected useful lives applied are as follows:

Item of property and equipment	Period of depreciation
Leasehold property and improvements	Shorter of useful life or period of lease
Computer and network equipment	3 to 5 years
Office equipment	4 to 7 years
Motor vehicles	4 to 10 years
Furniture and fittings	4 to 10 years

Depreciation methods, residual values and useful lives are reviewed at each reporting date and adjusted if required. Gains and losses on disposals of property and equipment are determined by comparing proceeds from the disposal with the carrying amount of the relevant asset and are recognised in profit or loss.

Business combinations

The acquisitions of subsidiaries and other asset purchases which are assessed as meeting the definition of a business under IFRS 3 *Business Combinations* are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair values at the acquisition date, except for the following:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition date fair value of any previous equity interest in the acquired entity (if any) over the fair value of the net identifiable assets acquired is recorded as goodwill.

Goodwill

Goodwill arises on the acquisition of subsidiaries and associates.

The group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the amount of any non-controlling interest in the acquiree measured at fair value or at the proportionate share of the acquiree's identifiable net assets, plus
- the fair value of the existing equity interest in the acquiree (if the business combination is achieved in stages), less
- the fair value of the net identifiable assets acquired and liabilities (including contingent liabilities) assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Goodwill is measured at cost less accumulated impairment losses and is tested annually for impairment and whenever there is an indication of impairment.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

1. Purchased and developed computer software

Purchased computer software, and the direct costs associated with the customisation and installation thereof, are capitalised and amortised over the useful life of the asset.

Purchased computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortised over the useful life of the asset. Costs may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency costs of developing software.

Costs that are directly associated with the production of identifiable and unique software products which will be controlled by the group and generate economic benefits exceeding costs beyond one year are recognised as intangible assets. The directly associated costs include employee costs and an appropriate portion of relevant overheads of the system development team. All other costs associated with developing or maintaining computer software programs are recognised in profit or loss as incurred.

Expenditure, which enhances and extends the benefits of computer software programs beyond their original specifications and lives, is recognised as a capital improvement and added to the original cost of the software. Previously expensed costs are not subsequently capitalised.

Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives of between three and ten years.

2. Contractual customer relationships and trade names acquired as part of a business combination

Contractual customer relationships and trade names acquired as part of a business combination are recognised as intangible assets.

Customer relationships

Customer relationships acquired as part of a business combination are capitalised on acquisition at fair value and separately from goodwill. The initial recognition of the customer relationship is determined by estimating the net present value of future cash flows from the contracts in force at the date of acquisition. These customer relationships are amortised on a straight-line basis over the estimated lives of the acquired contracts of between three to ten years.

Customer relationships not acquired as part of a business combination are recognised as assets based on the purchase cost including costs directly attributable to the acquisition and are amortised over the estimated useful lives of between ten and twenty years. At each reporting date the group reviews the carrying amounts to determine whether there is any indication that these assets have suffered an impairment loss.

Trade names

Trade names are initially recognised at fair value on the day of acquisition. The fair value is determined using the relief-from-royalty methodology. Trade names are amortised on a straight-line basis over the estimated useful life of the trade name, limited to 20 years.

3. Trademarks and licences

No value is attributed to internally developed trademarks, patents and similar rights. Costs incurred on these items are recognised in profit or loss as incurred. Expenditure on the development and marketing of the group's brands is also recognised in profit or loss as incurred.

Financial instruments

The group applies IFRS 9 *Financial Instruments* to the recognition, classification and measurement, derecognition of financial instruments, and the impairment of financial assets. The group continues to apply IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes.

Initial recognition

Financial instruments are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument. The group recognises (derecognises) financial assets on trade date, the date on which the group commits to purchase/(sell) the asset.

All financial instruments are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability (other than financial assets and financial liabilities at fair value through profit or loss). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1. Financial assets

(i) Classification and measurement

The classification of financial assets is based on two criteria:

- the group's business model for managing the financial asset
- the contractual cash flow characteristics (whether the cash flows represent solely payments of principal and interest)

The business model assessment is performed at a portfolio level to reflect how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence, including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The group classifies its financial assets into the following measurement categories:

- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)
- 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.

A financial asset is measured at FVTPL if the group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy. All classes of financial assets classified on the statement of financial position as financial assets held under multi-manager investment contracts are measured at FVTPL. The main classes of financial assets included under this category are preference shares, unit trusts and debt securities.

For investments in equity instruments that are not held for trading, this will depend on whether the group may make an irrevocable election at the time of initial recognition (on an instrument-by-instrument basis) to account for the equity investment at FVOCI.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Debt instruments
Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. The group's debt instruments are held for collection of contractual cash flows, which represent solely payments of principal and interest, and debt instruments are classified in the amortised cost category. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in investment income together with foreign exchange gains and losses.

Equity instruments
The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as investment income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other investment income in the statement of profit or loss as applicable.

(ii) Derecognition and modification

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Where an existing financial asset is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset are substantially modified, such an exchange or modification is treated as a derecognition. If the terms are not substantially different, the renegotiation or modification does not result in derecognition of that financial asset and the group recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

(iii) Impairment of financial assets

The group assesses on a forward-looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

General method
At each reporting date the group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of ECLs. To make that assessment, the group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, which is indicative of significant increases in credit risk since initial recognition. The group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Simplified method
For trade receivables and contract assets, the group applies the simplified approach in accordance with IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See note 39.1 for further detail.

Measurement of expected credit losses (ECLs)
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (in other words, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). ECLs are discounted at the original effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or past due event
- the restructuring of a loan or advance by the group on terms that the group would not otherwise consider
- it is probable that the borrower will enter bankruptcy or other financial reorganisation
- the disappearance of an active market for a financial asset because of financial difficulties

The group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held).

Presentation of allowance for ECLs in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets, and the amortised cost is presented on the face of the statement of financial position.

2. Financial liabilities

(i) Classification and measurement

The group classifies its financial liabilities in the following categories:

- financial liabilities at FVTPL
- financial liabilities measured subsequently at amortised cost

The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of financial liabilities at initial recognition.

Financial liabilities at FVTPL
This category has two subcategories:

- financial liabilities held for trading
- those designated at FVTPL at inception

A financial liability is classified as held for trading if the linked financial asset associated with this liability is acquired principally for the purpose of selling in the short term or if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking. Derivative liabilities are also classified as held for trading, unless they are designated as hedges at inception. All classes of financial liabilities classified on the statement of financial position as financial liabilities held under multi-manager investment contracts are designated at FVTPL.

A financial liability is designated as FVTPL where the group determines such a designation will eliminate an accounting mismatch because the related assets are carried at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with subsequent changes in fair value recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost
Financial liabilities at amortised cost are non-derivative financial liabilities with fixed or determinable payments and fixed maturities.

Financial liabilities classified as financial liabilities measured subsequently at amortised cost comprise borrowings and trade and other payables. Subsequent to initial recognition these financial liabilities are measured at amortised cost and any difference between the proceeds, net of transaction costs and the redemption value, is recognised in profit or loss over the period of the borrowings, using the effective interest method.

(ii) Derecognition and modification

The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Derecognition of financial liabilities includes a situation of substantial modification of the terms and conditions of an existing financial liability, that is, a substantial modification of the terms of an existing financial liability, or a part of it, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Other modifications are accounted for by adjusting the carrying amount of the financial liability to reflect actual and revised estimated cash flows. The entity recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognised in profit or loss as income or expense.

3. Securities lending

The group engages in securities lending activities whereby securities are lent to a third party for a fee. In exchange for the securities lent, the group receives collateral in the form of cash, listed equities or listed bonds in excess of the market value of securities lent. The counterparty has been appointed on a principal basis and lends the securities to other third-party borrowers. The counterparty is responsible for actively managing the collateral process daily with the borrowers and ensuring that additional collateral is posted where required. The group monitors the market value of the collateral against the market value of the securities on loan daily to ensure that the collateralisation of the loaned securities remains at a sufficiently protective level.

As part of the lending agreement, the group retains the contractual rights to cash flows from the transferred assets and therefore continues to recognise the securities lent out in their entirety in the statement of financial position. Securities lending fees received are included in fee and commission revenue.

Impairment of non-financial assets

1. Goodwill

For purposes of impairment testing, goodwill is allocated to cash-generating units (CGUs). These units are the lowest component of the business, which is expected to generate cash flows that are largely independent of any other business component. Each CGU represents a grouping of assets not larger than an operating segment as used for segmental reporting purposes in the group financial statements.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Impairment losses relating to goodwill are not reversed.

2. Other non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs of disposal and value in use. Value in use is the present value of projected cash flows covering the remaining useful life of the asset. For the purposes of assessing for impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Cash and cash equivalents

Cash and cash equivalents include the following:

- cash on hand
- deposits held on call with banks
- demand deposits
- bank overdrafts
- other short-term highly liquid investments with original maturities of three months or less

Cash and cash equivalents backing financial liabilities held under multi-manager investment contracts and liabilities of insurance cell-captive contracts are included in the definition of cash and cash equivalents. However, given the restrictions involved in accessing this cash, it is separately identified on the statement of cash flows. Cash and cash equivalents are carried at amortised cost in the statement of financial position, except for money market investments which are carried at FVTPL. Cash flows arising from the operating, investing and financing activities of discontinued operations are recognised when they occur and presented separately in the statement of cash flows.

Contract assets

Other receivables include contract work in progress in respect of unbilled consulting fees. Contract work in progress is assessed for impairment like normal trade receivables (refer to note 39.1.2).

Equity

1. Share capital

Ordinary shares and qualifying preference shares are classified as equity. Incremental costs directly attributable to the issue of equity are recognised as a deduction from equity, net of any tax effects.

2. Dividend distributions

Dividend distributions on ordinary shares are recognised as a reduction in equity in the period in which they are approved by the company's shareholders. Distributions declared after the reporting date are not recognised but are disclosed in the financial statements.

3. Treasury shares

Where any group company purchases the company's equity share capital (treasury shares) the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's owners until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's owners.

4. Share-based payment reserve

Upon the vesting of any equity instruments granted by the group, the group transfers the related share-based payment reserve to accumulated profits or loss.

Classification of insurance and investment contracts

The group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the group defines a significant insurance risk as the possibility of having to pay benefits, on the occurrence of an insured event, that are at least 10% more than the benefits payable if the insured event did not occur. Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable.

Insurance contracts

Insurance contracts are contracts under which the group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder or beneficiary. In the normal course of business, the group makes use of reinsurance arrangements to mitigate its risk exposures. Insurance contracts are allocated to the following lines of business:

1. Insurance contract liabilities

Insurance contract liabilities held by the group comprise reserves relating to disability notified and pending claims preceding the sale and transfer of the group risk and retail life operations (AF Life) to Sanlam Life Limited, on 31 March 2022 (initial effective date of sale), and which the group accepts insurance risk from its policyholders. On 1 December 2023, the group signed an addendum to the sale agreement to transfer the remaining insurance contract assets and reinsurance contract liabilities to Sanlam. These assets and liabilities were presented as a disposal group held for sale in the prior year. The transfer was effected on 27 February 2025 following regulatory approval.

The revenue-earning activities ceased on the initial effective date of sale, and no policies are in-force from that date. All insurance liabilities relating to incurred claims or remaining coverage are included as part of insurance contract liabilities and are recognised from the beginning of the coverage period of the contracts. The group recognises the carrying amount of insurance liabilities as the amount of the fulfilment cash flows relating to past service for incurred claims and for remaining coverage, at the fulfilment cash flows related to future service allocated.

IFRS 17 *Insurance Contracts* permits the measurement of insurance liabilities under existing local practice. Insurance liabilities are valued in accordance with the standard in conjunction with the guidance described in the APN 112/405 issued by the Actuarial Society of South Africa. The result of the valuation methodology and assumptions is that profits are released appropriately over the term of the policy to avoid the premature recognition of profits that may give rise to losses in future years.

2. Reinsurance contracts

Contracts entered into by the group with reinsurers, under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

The group recognises reinsurance contracts held at the beginning of the coverage period, but no earlier than the initial recognition date of any underlying insurance contract where the group of reinsurance contracts held provides proportionate coverage (such as quota share reinsurance or surplus reinsurance). A group of reinsurance contracts held that provides non-proportionate coverage (such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that entity.

Reinsurance contract assets are measured at an amount equal to fulfilment cash flows adjusted for the risk of non-performance and non-financial risks and discounted to reflect the time value of money using market-related rates of interests. Subsequently, the loss recovery component is adjusted based on the corresponding adjustments to any loss component of the underlying insurance contract and the reinsured portion of the underlying insurance contracts. The group derecognises a contract when the rights and obligations relating to the contract are extinguished, i.e. when the specified obligation in the contract expires or is discharged.

3. Explanation of amounts recognised in profit or loss

The group risk and retail life operations of the group are classified as a discontinued operation and are disclosed in note 19. The amounts recognised in profit or loss relate to;

- *Insurance service expenses* – comprises of administration expenses incurred, changes in liability for incurred claims related to past service and experience adjustments arising from incurred claims and administration expenses
- *Income or expenses from reinsurance contracts* – represents income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount. The amounts recognised as income or expenses reflect the features of reinsurance contracts held that differ from insurance contracts issued. Income or expense from reinsurance contracts comprise reinsurance service expenses less amounts recovered from reinsurers and experience adjustments arising from incurred claims and administration expenses.
- *Insurance (and reinsurance) investment income* – the group elected not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. Investment income comprises the unwinding of the interest on fulfilment cashflows based on current discount rates as well as the effect of changes in financial assumptions.

Investment contracts

The group issues investment contracts without fixed terms (unit linked). Investment contracts without fixed terms are financial liabilities whose fair value is dependent on the fair value of underlying financial assets, derivatives or investment property (unit linked) and are designated at inception as financial liabilities at FVTPL.

Amounts received under investment contracts are recorded as deposits under investment contract liabilities. Amounts paid under investment contracts are recorded as deductions from investment contract liabilities.

Valuation techniques are used to establish the fair value at inception and at each reporting date. The group's main valuation techniques incorporate all factors that market participants would consider and are based on observable market data. The fair value of a unit-linked financial liability is determined using the current unit values that reflect the fair values of the financial assets contained within the group's unitised investment funds linked to the financial liability, multiplied by the number of units attributed to the contract holder at the reporting date. If the investment contract is subject to a put or surrender option, the fair value of the financial liability is never less than the amount payable on surrender, discounted for the required notice period, where applicable.

Deferred acquisition costs

Incremental costs directly attributable to securing rights to receive fees for multi-manager investment services sold with investment contracts are capitalised as assets if they can be separately identified, measured reliably and it is probable that their value will be recovered. An incremental cost is one that would not have been incurred if the group had not secured the investment contract.

The deferred acquisition costs (DAC) represent the group's contractual right to benefit from providing multi-manager investment services and are amortised on a straight-line basis over the period in which the group expects to recognise the related revenue, not exceeding five years.

The costs of securing the right to provide these services do not include transaction costs relating to the origination of the investment contract.

Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, and the company intends to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be settled simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to fair value remeasurements of available-for-sale assets which are recognised in other comprehensive income are accumulated in equity and are subsequently reclassified into profit or loss together with the deferred gain or loss.

Employee benefits

1. Pension benefits

Group companies operate various pension schemes. The schemes are generally funded through trustee administered funds, determined by periodic actuarial calculations. The group has a defined contribution plan funded by payments from the relevant group companies, by employees or both.

A defined contribution plan is a post-employment benefit plan under which the group, employees or both pay fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to current or prior employee service. The group pays contributions to the plan on a mandatory, contractual or voluntary basis. The group has no further payment obligation once the contributions have been paid. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due entitlement.

2. Post-employment medical obligations

In terms of certain employment contracts the group provides post-employment medical benefits to qualifying employees and retired personnel by subsidising a portion of their medical aid contributions.

The entitlement to these benefits is based upon employment prior to a certain date and is conditional on employees remaining in service up to retirement age. New employees are not entitled to this benefit. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans.

The liability recognised in the statement of financial position is the present value of the obligation at the reporting date less the fair value of plan assets. The present value is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. In countries like South Africa where there is no deep market for corporate bonds the government bond rate is used. This rate is the yield at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the group's obligation.

The calculation is performed annually by qualified actuaries using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the post-employment medical obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the post-employment medical obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

When the calculation results in a benefit for the group, in other words plan assets exceed the defined benefit obligation, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. The group measures the economic benefits available to it in the form of refunds or reductions in future contributions at the maximum amount that is consistent with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan in accordance with IFRIC 14. Past service costs are recognised immediately in profit or loss.

The group's current service costs of the post-employment medical are recognised in profit or loss in the current year.

3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognised in profit or loss as the related service is provided. A liability is recognised for the amount that is expected to be paid in the form of annual leave entitlements if the group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

4. Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Share-based payments

The Alexforbes group operates a number of equity settled, share-based compensation plans under which the subsidiary entities receive services from employees as consideration for equity instruments (shares) of the ultimate holding company. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions (for example, the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period)
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time)

At the end of each reporting period the group revises its estimates of the number of shares that are expected to vest, based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity of the ultimate holding company.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the shares vest, in some circumstances, the ultimate holding company issues new shares to settle. In other circumstances, when shares vest, the company settles using shares of the company previously acquired from the market.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is more likely than not that an outflow of resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where the group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. Provisions are reviewed at the end of each financial year and are adjusted to reflect current best estimates.

Leases

The group assesses whether a contract is, or contains a lease, at inception of the contract. A lease is, or contains a lease, if the contract conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the group
- the group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use
- considering its rights within the defined scope of the contract the group has the right to direct the use of the identified asset throughout the period of use

The group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The group as a lessee

At lease commencement date, the group recognises a right-of-use asset and a lease liability on the balance sheet, except for leases of low-value assets such as office equipment, and short-term leases of 12 months or less which are recognised as an expense on a straight-line basis over the lease term.

The lease liability is measured at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the lessee's incremental borrowing rate specific to the term, country and currency in which the lease payments are denominated. Generally, the group uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments
- variable payments based on an index or rate initially measured using the index or rate at commencement
- amounts expected to be payable under a residual value guarantee
- payments arising from options reasonably certain to be exercised

The lease liability is subsequently measured at amortised cost using the effective interest rate method and is remeasured to reflect any reassessment or modification. The carrying amount of lease liability is remeasured if there is a modification, a change in the lease term or a change in the lease payments, using a revised discount rate at the effective date of the modification. Any gain or loss relating to the lease modification is recorded in profit and loss.

The right-of-use asset is measured at cost, comprising the initial measurement of the lease liability, adjusted for any lease payments made in advance of the lease commencement, plus initial direct costs incurred and an estimate of any costs to dismantle and remove or restore the underlying asset at the end of the lease, less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

On the statement of financial position, right-of-use assets have been included in property and equipment and lease liabilities are presented as a separate line item. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has used this practical expedient.

The group as a lessor

Leases for which the group is a lessor are classified as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

When the group is an intermediate lessor, it accounts for its interest in the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the group applies the exemption, it classifies the sublease as an operating lease.

Rental income received under operating leases is recognised on a straight-line basis over the lease term. Rental income is presented on the statement of profit or loss as part of other income.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Contingencies and commitments

Transactions are classified as contingencies when the group's obligations depend on uncertain future events not within its control. Items are classified as commitments when the group commits itself to future transactions with external parties.

Revenue from general operations

The group provides consulting, actuarial and administration related financial services to retirement funds and corporates. From these services, the group generates the following streams of revenue:

- commission fees for brokerage, administration, management and consultancy services
- net underwriting profit from the risk-taking activities of insurance operations
- interest revenue from financing operations

The above services are considered separate performance obligations, which may, however, be governed by a single legal contract for practical expedience. The practical expedient not to disclose information on contracts with a duration of one year or less has also been taken. Revenue recognition for each of the revenue streams is as follows:

1. Financial services

- *Consulting fees* – comprise fees earned for advisory services. Fees derived from consulting services are recognised over time as the customer receives benefits as services are performed. Consulting services provided by the group to a client are, in our view, a series of distinct services that are substantially the same and have the same pattern of transfer to each client. For instance, each increment of the group's services – for example, a day or month of consulting services – is distinct because the client can benefit from it on its own. In addition, each increment of service (a day or month) is separately identifiable from those preceding it and following it. Further, each consulting services contract with a client is a single performance obligation to provide consulting services to each client over the duration of the contract. As a result, revenue from consulting services to a fund will continue to be recognised or accrued and recorded on a monthly basis.
- *Actuarial consulting fees* – comprise fees earned for actuarial reports and other ad hoc reports prepared for our clients. Actuarial consulting arrangements bear a fixed fee which is only payable on delivery of an actuarial report. The group does not have an enforceable right to payment for work completed to date. Fees derived from actuarial consulting services are recognised at a point in time as the customer receives benefit on delivery of the actuarial report.
- *Administration fees* – comprise fees earned for the administration of retirement funds. Fees derived from administration services are recognised over time as each client receives benefits as services are performed. The fee income earned by the group is based on an agreed percentage and is payable to the group monthly in arrears. The monthly administration services provided by the group to a client are, in our view, a series of distinct services that are substantially the same and have the same pattern of transfer to the client. For instance, each increment of the group's services – for example, a month of administration services – is distinct because the client can benefit from it on its own. In addition, each increment of service (a month) is separately identifiable from those preceding it and following it. Further, each administration services contract with a customer is a single performance obligation to provide administration services to a client over the duration of the contract. As a result, revenue from administration services is recognised and recorded monthly.
- *Commission income* – comprises commissions earned for insurance and investment products. Commission income is derived from brokerage services and consulting services. The revenue relating to brokerage services is recognised on placement of a client. As the commission is recognised up front, management has assessed and concluded, based on history, that it is highly probable that there will not be a significant reversal of revenue. The consulting services portion is treated in the same way as described above under consulting fees.
- *Healthcare commission income* – commission fees relate to brokerage services by the company's personnel acting as brokers for insurers. In management's view, the monthly fees relate to a monthly service provided by the company to a client. These services in our view are a series of distinct services that are substantially the same and have the same pattern of transfer to the client. For instance, each increment of the company's services – for example, a day or month that the client remains with the insurer – is distinct because the insurer can benefit from it on its own. In addition, each increment of service (a day or month) is separately identifiable from those preceding it and following it. Further, each contract with a client is a single performance obligation to provide services to the client over the duration of the contract. As a result, monthly commission fees are recognised and recorded on a monthly basis. Payments made to healthcare clients are deducted from fees generated from those healthcare clients, thereby reducing the amount of revenue that would have been recognised.
- *Fund annuity purchase fees* – comprise fees earned on fund annuity purchases. The group has identified a single performance obligation which is satisfied at a point in time. Fees are recognised in income with reference to the value of the assets transferred.

2. Multi-manager investment – Alexander Forbes Investments Limited

- *Multi-manager investment fees* – comprise fees earned for the management or administration of retirement funds. Daily management or administration services provided by the group to a client are, in our view, a series of distinct services that are substantially the same and have the same pattern of transfer to the client. For instance, each increment of the group's services – for example, a day of investment management or administration services – is distinct because the client can benefit from it on its own. In addition, each increment of service (a day) is separately identifiable from those preceding it and following it. Further, each investment management or administration services contract with a customer is a single performance obligation to provide investment management or administration services to the customer over the duration of the contract. As a result, revenue from investment management or administration services is recognised daily and recorded monthly.

- *Transition management fees* – comprise fees earned for services provided in relation to the transfer of investment assets. The group has identified a single performance obligation which is satisfied at a point in time. The group recognised transition management fees in income on transfer of investment assets by reference to the net asset value of the assets transferred.
- *Securities lending fees* – comprise fees earned from the securities lending programme wherein financial assets held under multi-manager investment contracts are lent out to third-party borrowers. Securities lending services provided by the group to counterparties are, in our view, a series of distinct services that are substantially the same and have the same pattern of transfer to each counterparty. For instance, each day or month of lending services is distinct because the borrower can benefit from it on its own. Fees from securities lending are recognised over time on a daily basis as services are rendered and recorded monthly.

3. Technology services

- *Technology services fees* – comprise fees earned from licensing of software, customised development, and other ancillary fees such as hosting services, ongoing maintenance and training on the software. Each of these services delivered to customers are considered distinct services, even though for practical expedience they may be governed by a single legal contract with the customer. Software licence revenue is recognised over time as the customer simultaneously receives and consumes the benefit of accessing the software. Revenue is recognised and recorded on a monthly basis. Revenue from customised development is recognised over time as services are delivered. If contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed, and the customer has accepted the hardware. Other ancillary fees are recognised over time, as the customer simultaneously receives and consumes the benefit of the service. Customers are typically invoiced monthly in accordance with their agreements.

Revenue recognition – financing and insurance operations

Interest and other finance income received in the form of an interest margin are recognised in profit or loss on a time proportionate basis using the effective interest method. Any directly related interest expense is recognised on the same basis.

Revenue recognition – insurance operations

- Income from insurance activities – refer to the accounting policies on insurance contracts.
- Management fees on insurance cell-captive contracts – income is calculated as a percentage of premiums received. Income is recognised on the effective commencement or renewal dates of the related insurance programme. A portion of the management fees is deferred to cover the expected future servicing costs, together with a reasonable profit thereon, and is recognised as a liability. The deferred income is recognised over the servicing period on a consistent basis, reflecting the pattern of servicing activities.

Future servicing costs, together with a reasonable profit thereon, is recognised as a liability. The deferred income is recognised over the servicing period on a consistent basis, reflecting the pattern of servicing activities.

Profit from operations before non-trading and capital items

The profit from operations before non-trading and capital items is made up of trading activities of the group. The trading activities are those revenues and expenses generated by the business operations of the group which are regularly reported to the board of directors when making resource allocation decisions and assessing trading performance. Items of a non-recurring nature, which are not considered to be fundamental to the resource allocation and performance of business operations, are thus disclosed separately as non-trading and capital items. The separate disclosure of these items consequently achieves representative disclosure of activities normally regarded as trading in nature.

Non-trading and capital items

Non-trading activities relate to items such as the group's professional indemnity insurance cell, adjustments arising due to business combinations, non-recurring items linked to corporate finance activities, items related to historical client settlement, impairment losses and recoveries, and capital gains or losses on sale of non-current assets. Items of a non-trading nature do not form part of management's consideration of the trading performance or allocation of resources of the group.

Investment income

Investment income from passive investments comprises interest income on funds invested, dividend income and fair value gains on financial assets. Interest income is recognised on a time proportionate basis in profit or loss using the effective interest method. Dividend income earned on preference share investments held as money market investments is also recognised on a time proportionate basis using the effective interest method. All other dividend income is recognised when the right to receive payment is established, which is the ex-dividend date for equity securities.

Finance costs

Finance costs comprise interest expense on borrowings and on lease liabilities, as well as fair value losses on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Income tax

Income tax expense comprises current and deferred taxes on both corporate profits and policyholder investment returns. Owing to the nature of indirect taxes, including non-recoverable value-added tax, stamp duty and skills development levies, these are included in operating expenses in profit or loss.

Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The income tax expense on policyholder investment returns is presented separately from the income tax expense relating to corporate profits on the income statement.

1. Current tax

The current income tax and capital gains tax charges are the expected taxes payable or receivable on the taxable income or loss for the year, using applicable tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years. Current tax payable also includes any tax liability arising from the declaration of dividends.

2. Deferred tax

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes as detailed in the relevant accounting policy note.

Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components, whose operating results are reviewed regularly by the group's chief operating decision maker (the group executive committee, ultimately overseen by the board of directors) to make decisions about resources to be allocated to each segment and assess its performance, and for which discrete financial information is available.

Reportable segments are operating segments that either meet the thresholds and conditions set out in IFRS 8 or are considered by the group executive committee, having assessed economic characteristics, to be appropriately designated as reportable segments. Segment results that are reported to the key decision-makers include operating income net of direct expenses (net revenue) and profit from operations before non-trading and capital items (trading results) directly attributable to a segment. All transactions between business segments are conducted on an arm's length basis, with inter-segment revenue and costs being eliminated.

The direct operating expenses for the Solutions & Enablement and Client Services & Business Optimisation platforms, as well as for the Enabling Services functions are allocated to reportable segments using various allocation methods specific to the actual costs.

When the group changes the structure of its internal organisation or its allocation methodology in a manner that causes the composition of its reportable segments to change, the corresponding information for earlier periods, including interim periods, is restated unless the information is not available and the cost to develop it would be excessive.

Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered – primarily through sale rather than through continuing use – are classified as held for sale. The assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets, or employee benefit assets, which continue to be measured in accordance with the group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains on subsequent increases in fair value less costs to sell are not recognised in excess of any cumulative impairment loss. Intangible assets and property and equipment, once classified as held for sale, are not amortised or depreciated.

Discontinued operations

A discontinued operation is a component of the group's business that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of such a line of business or area of operations.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement and statement of other comprehensive income and statement of cash flows are represented as if the operation had been discontinued from the start of the comparative year.

Standards, amendments and interpretations effective in 2025

The amendments to standards effective in the current financial year do not have a significant impact on the current period or any prior period. There are no other standards, amendments to standards and interpretations that are not yet effective that are expected to have a significant impact on the group.

Group income statement

For the year ended 31 March 2025

Rm	Notes	2025	2024
Continuing operations			
Fee and commission revenue	1	**5 651**	5 059
Fee and commission expenses		**(1 254)**	(1 154)
Operating income net of direct expenses		**4 397**	**3 905**
Other income	2	**52**	79
Operating expenses	3	**(3 538)**	(3 183)
Profit from operations before non-trading and capital items		**911**	**801**
Non-trading and capital items	4	**(39)**	(114)
Operating profit		**872**	**687**
Investment income	5	**256**	263
Finance costs	6	**(88)**	(74)
Reported loss arising from accounting for policyholder investments as treasury shares	10.3	**–**	(1)
Profit before taxation		**1 040**	**875**
Income tax expense	7	**(295)**	(295)
Income tax expense relating to group profits		**(268)**	(259)
Income tax expense relating to policyholder investment returns		**(27)**	(36)
Profit for the year from continuing operations		**745**	**580**
Discontinued operations			
Profit from discontinued operations (net of tax)	19.1	**161**	112
Profit for the year		**906**	**692**
Profit attributable to:			
Owners of the company		**883**	672
Non-controlling interest	8	**23**	20
		906	**692**
Basic earnings per share (cents)			
Continuing operations		**57.9**	45.6
Discontinued operations		**12.9**	9.1
Total operations	9	**70.8**	**54.7**
Diluted earnings per share (cents)			
Continuing operations		**57.0**	43.6
Discontinued operations		**12.7**	8.7
Total operations	9	**69.7**	**52.3**

Group statement of comprehensive income

For the year ended 31 March 2025

Rm	Notes	2025	2024
Profit for the year		**906**	**692**
Other comprehensive income:			
Other comprehensive income for the year that may be reclassified to profit or loss[1]		**1**	**25**
Foreign currency translation differences – foreign operations		**1**	25
Other comprehensive income that will not be reclassified to profit or loss[1]		**11**	**10**
Remeasurement of post-employment benefit obligations	23	**11**	10
Total comprehensive income for the year		**918**	**727**
Total comprehensive income attributable to:			
Owners of the company		**895**	707
Non-controlling interest		**23**	20
Total comprehensive income for the year		**918**	**727**

1 *Net of related taxes.*

Group statement of financial position

At 31 March 2025

Rm	Notes	2025	Restated 2024[1]	Restated 2023[1]
Assets				
Financial assets held under multi-manager investment contracts	10	**463 353**	417 169	379 819
Goodwill	12	**1 435**	1 435	1 425
Intangible assets	13	**255**	270	264
Property and equipment	14	**481**	543	387
Purchased and developed computer software	15	**345**	297	210
Deferred tax assets	24	**118**	119	159
Financial assets	16	**1 347**	1 226	958
Reinsurance contract assets		**–**	–	116
Tax assets	36	**11**	13	27
Trade and other receivables	17	**558**	397	449
Cash and cash equivalents	18	**1 654**	2 323	2 556
Assets of disposal group classified as held for sale	19	**–**	49	–
Total assets		**469 557**	**423 841**	**386 370**
Equity and liabilities				
Share capital		**5 980**	5 980	5 980
Treasury shares		**(187)**	(268)	(322)
Other reserves		**172**	291	337
Accumulated loss		**(2 007)**	(1 461)	(1 540)
Owners of the company	20	**3 958**	4 542	4 455
Non-controlling interest		**52**	48	24
Total equity		**4 010**	**4 590**	**4 479**
Financial liabilities held under multi-manager investment contracts	21	**463 357**	417 173	379 823
Borrowings	22	**630**	372	227
Employee benefits	23	**144**	143	143
Deferred tax liabilities	24	**119**	120	87
Provisions	25	**153**	185	216
Lease liabilities	28	**239**	339	336
Insurance contract liabilities		**–**	–	191
Trade and other payables	26	**867**	834	848
Tax liabilities	36	**38**	28	20
Liabilities of disposal group classified as held for sale	19	**–**	57	–
Total liabilities		**465 547**	**419 251**	**381 891**
Total equity and liabilities		**469 557**	**423 841**	**386 370**

1 *Refer to note 43.*

Group statement of cash flows

For the year ended 31 March 2025

Rm	Notes	2025	Restated 2024[1]
Cash flows from operating activities			
Cash generated from operations	30	**1 230**	1 073
Interest received	31	**120**	164
Interest paid	32	**(86)**	(72)
Net cash flows received from insurance and policyholder contracts	34	**22**	21
Net cash flows received from policyholder investment contracts	35	**171**	830
Taxation paid	36	**(290)**	(238)
Dividends paid		**(1 440)**	(603)
Dividend payments made to non-controlling interests		**(19)**	(15)
Cash inflow from operating activities – discontinued operations		**6**	50
Net cash (outflow)/inflow from operating activities		**(286)**	**1 210**
Cash flows from investing activities			
Purchase of financial assets		**(473)**	(499)
Proceeds from disposal of financial assets		**427**	294
Payments for capital expenditure incurred on property, equipment and computer software		**(167)**	(221)
Purchase of customer relationships		**(9)**	(45)
Acquisition of subsidiary (net of cash acquired)	11	**(9)**	(84)
Proceeds from sale of subsidiaries and businesses – discontinued operations	19	**40**	31
Net cash outflow from investing activities		**(191)**	**(524)**
Cash flows from financing activities			
Repayment of borrowings	22	**(155)**	(3)
Borrowings raised	22	**411**	146
Payments of lease liabilities	28	**(107)**	(160)
Purchase of shares in terms of share buyback and share incentive schemes	20	**(168)**	(107)
Proceeds from sale of treasury shares held by policyholder investments		**–**	1
Purchase of treasury shares held by policyholder investments		**–**	(1)
Disposal of treasury shares held by policyholder investments		**–**	2
Net cash outflow from financing activities		**(19)**	**(123)**
(Decrease)/increase in cash and cash equivalents		**(496)**	563
Cash and cash equivalents at the beginning of the year		**9 314**	8 716
Effects of exchange rate changes on cash and cash equivalents		**(2)**	35
Cash and cash equivalents at the end of the year		**8 816**	**9 314**
Analysed as follows:			–
Cash and cash equivalents of continuing operations	18	**1 654**	2 323
Cash held under multi-manager investment contracts[2]	10.2	**7 162**	6 991
		8 816	**9 314**

1 *Refer to note 43.*
2 *This amount relates to cash and cash equivalents held for short-term commitments within the multi-manager investment portfolios.*

Group statement of changes in equity

For the year ended 31 March 2025

Rm	Share capital[1]	Treasury shares	Other reserves	Accumulated loss	Total equity holders' funds	Non-controlling interest	Total equity
At 31 March 2023	**5 980**	**(322)**	**337**	**(1 540)**	**4 455**	**24**	**4 479**
Total comprehensive income	–	–	25	682	707	20	727
Profit for the year	–	–	–	672	672	20	692
Other comprehensive income	–	–	25	10	35	–	35
Total transactions with owners of the company	–	54	(71)	(603)	(620)	4	(616)
Shares purchased in terms of share incentive schemes	–	(107)	–	–	(107)	–	(107)
Settlement of share incentive schemes	–	160	(160)	–	–	–	–
Movement of treasury shares in policyholder assets	–	1	–	–	1	–	1
Dividends paid	–	–	–	(603)	(603)	(15)	(618)
Movement in share-based payment reserve	–	–	128	–	128	–	128
Transactions with non-controlling interests[2]	–	–	(39)	–	(39)	19	(20)
At 31 March 2024	**5 980**	**(268)**	**291**	**(1 461)**	**4 542**	**48**	**4 590**
Total comprehensive income	**–**	**–**	**1**	**894**	**895**	**23**	**918**
Normalised operating profit/(loss)	**–**	**–**	**–**	**883**	**883**	**23**	**906**
Other comprehensive income	**–**	**–**	**1**	**11**	**12**	**–**	**12**
Total transactions with owners of the company	**–**	**81**	**(120)**	**(1 440)**	**(1 479)**	**(19)**	**(1 498)**
Shares purchased in terms of share incentive schemes[3]	**–**	**(168)**	**–**	**–**	**(168)**	**–**	**(168)**
Settlement of share incentive schemes[4]	**–**	**249**	**(249)**	**–**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**(1 440)**	**(1 440)**	**(19)**	**(1 459)**
Movement in share-based payment reserve	**–**	**–**	**128**	**–**	**128**	**–**	**128**
Movement in other reserves[5]	**–**	**–**	**1**	**–**	**1**	**–**	**1**
At 31 March 2025	**5 980**	**(187)**	**172**	**(2 007)**	**3 958**	**52**	**4 010**

1 *The group repurchased and cancelled 39 070 700 shares (from the Isilulu Trust) at a repurchase price of one cent per share. The shares were withdrawn on the JSE on 24 February 2025. Refer to note 20.3.1.*
2 *Transactions with non-controlling interests in the prior year relate to the 40% non-controlling interest in TSA Administration Proprietary Limited (TSA) and include the 40% proportionate share of the net identifiable assets, amounting to R19 million, that were acquired as well as an option reserve, amounting to R39 million, relating to put options granted.*
3 *Shares to the value of R168 million were purchased for share incentive schemes.*
4 *The group settled shares amounting to R99 million relating to the forfeitable share scheme. In addition, shares amounting to R150 million relating to the conditional share scheme were settled.*
5 *Movement in other reserves comprises of a self-insurance reserve fund of one of the group's subsidiaries outside of South Africa.*

Group segmental income and profit analysis

For the year ended 31 March 2025

	Retirement consulting		Healthcare consulting		Investments		Individual consulting		Multinational consulting		**Total consulting**		Solutions & Enablement (S&E)		Client Services & Business Optimisation (CSBO)		**Group total**	
Rm	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
Continuing operations																		
Fee and commission revenue	**1 407**	1 215	**379**	367	**2 684**	2 429	**752**	674	**429**	374	**5 651**	5 059	**–**	–	**–**	–	**5 651**	5 059
Fee and commission expenses	**(50)**	(60)	**(8)**	(4)	**(862)**	(804)	**(291)**	(254)	**(43)**	(32)	**(1 254)**	(1 154)	**–**	–	**–**	–	**(1 254)**	(1 154)
Operating income net of direct expenses	**1 357**	**1 155**	**371**	**363**	**1 822**	**1 625**	**461**	**420**	**386**	**342**	**4 397**	**3 905**	**–**	**–**	**–**	**–**	**4 397**	**3 905**
Other income	**1**	–	**–**	–	**–**	–	**–**	–	**–**	1	**1**	1	**–**	–	**51**	78	**52**	79
Operating expenses	**(1 327)**	(1 136)	**(285)**	(289)	**(1 177)**	(1 121)	**(411)**	(378)	**(357)**	(321)	**(3 557)**	(3 245)	**–**	–	**(51)**	(78)	**(3 608)**	(3 323)
Operating expenses before recoveries	**(441)**	(383)	**(153)**	(138)	**(231)**	(168)	**(271)**	(212)	**(306)**	(268)	**(1 402)**	(1 169)	**(151)**	(181)	**(2 055)**	(1 973)	**(3 608)**	(3 323)
Recoveries from S&E	**(5)**	(5)	**(15)**	(20)	**(117)**	(139)	**(9)**	(12)	**(5)**	(5)	**(151)**	(181)	**151**	181	**–**	–	**–**	–
Recoveries from CSBO	**(881)**	(748)	**(117)**	(131)	**(829)**	(814)	**(131)**	(154)	**(46)**	(48)	**(2 004)**	(1 895)	**–**	–	**2 004**	1 895	**–**	–
Normalised profit from operations before non-trading and capital items	**31**	**19**	**86**	**74**	**645**	**504**	**50**	**42**	**29**	**22**	**841**	**661**	**–**	**–**	**–**	**–**	**841**	**661**
Normalised non-trading and capital items	**18**	(89)	**–**	–	**–**	–	**–**	–	**–**	4	**18**	(85)	**–**	–	**(39)**	(14)	**(21)**	(99)
Normalised operating profit/(loss)	**49**	**(70)**	**86**	**74**	**645**	**504**	**50**	**42**	**29**	**26**	**859**	**576**	**–**	**–**	**(39)**	**(14)**	**820**	**562**
Normalised investment income	**7**	4	**–**	–	**2**	2	**11**	8	**–**	2	**20**	16	**–**	–	**209**	211	**229**	227
Normalised finance cost	**(30)**	(18)	**–**	–	**–**	–	**(3)**	–	**(4)**	(3)	**(37)**	(21)	**–**	–	**(26)**	(17)	**(63)**	(38)
Normalised profit/(loss) before taxation	**26**	**(84)**	**86**	**74**	**647**	**506**	**58**	**50**	**25**	**25**	**842**	**571**	**–**	**–**	**144**	**180**	**986**	**751**
Normalised income tax expense	**(7)**	27	**(23)**	(23)	**(171)**	(158)	**(15)**	(16)	**(7)**	(8)	**(223)**	(178)	**–**	–	**(38)**	(57)	**(261)**	(235)
Normalised profit/(loss) for the year from continuing operations	**19**	**(57)**	**63**	**51**	**476**	**348**	**43**	**34**	**18**	**17**	**619**	**393**	**–**	**–**	**106**	**123**	**725**	**516**
Normalised profit from discontinued operations (net of tax)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**161**	112	**161**	112
Normalised profit/(loss) for the year	**19**	**(57)**	**63**	**51**	**476**	**348**	**43**	**34**	**18**	**17**	**619**	**393**	**–**	**–**	**267**	**235**	**886**	**628**
Normalised adjustments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3)**	**(12)**	**(3)**	**(12)**	**–**	**–**	**23**	**76**	**20**	**64**
Accounting for property leases	**–**	–	**–**	–	**–**	–	**–**	–	**(3)**	(12)	**(3)**	(12)	**–**	–	**48**	116	**45**	104
Amortisation of intangible assets arising from the 2007 private equity transaction	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(15)**	(15)	**(15)**	(15)
Professional indemnity insurance cell-captive result	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(3)**	–	**(3)**	–
Reported profit arising from accounting for policyholder investments in treasury shares	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(1)	**–**	(1)
Investment income on behalf of policyholders	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**27**	36	**27**	36
Tax effects on adjustments	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(34)**	(60)	**(34)**	(60)
Profit/(loss) for the year	**19**	**(57)**	**63**	**51**	**476**	**348**	**43**	**34**	**15**	**5**	**616**	**381**	**–**	**–**	**290**	**311**	**906**	**692**
Normalised basic earnings per share (cents)																	**69.1**	49.4
Normalised headline earnings per share (cents)																	**69.1**	56.2
Normalised weighted average number of shares in issue (millions)																	**1 249**	1 231

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

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

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

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

Consulting – this includes:

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

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

Solutions & Enablement (S&E)

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

Client Services & Business Optimisation (CSBO)

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

Cost allocation methodology

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

- Cost for services for administering retirement funds in the retirement consulting business.

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

Normalised segmental results

The group's segmental results include the normalised results, a non-IFRS measure, which is the basis upon which management manages the group and reflect the economic substance of the group's performance. Non-IFRS measures are not defined by IFRS® Accounting standards (IFRS), are not uniformly defined or used by all entities and may not be comparable with similarly labelled measures and disclosures provided by other entities.

The adjustments between the summary consolidated income statement in terms of IFRS and the normalised results are as follows:

Amortisation of intangible assets arising from the 2007 private equity transaction

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

Professional indemnity insurance cell-captive results

The profits and losses of the facility are a result of the premiums paid, claims experienced and the changes made to the provision for expected future claims. The recorded profits and losses of the cell-captive facility should trend to zero over the longer term. The annual premiums paid for this insurance are included in the operating expenses of each segment. The group is required to consolidate the financial results of the cell-captive amounting to a loss of R3 million for the year ended 31 March 2025 (2024: zero) which is recorded in non-trading and capital items. Refer to note 4.

Accounting for property lease

IFRS 16 requires an on-balance sheet recognition and measurement model for lessees, which includes the recognition of right-of-use assets as well as lease liabilities resulting in depreciation and finance costs being recognised in the income statement. These costs replace rental expenses which were recognised on a straight-line basis under the previous IAS 17. The group previously isolated and removed the accounting impact, under IAS 17, for property leases from the normalised results to afford a better comparison and to reflect the true premises cost over the long term. In order to ensure comparability and to again reflect the true premises cost, adjustments amounting to R70 million (2024: R140 million) have been effected to profit before non-trading and capital items in addition to finance costs of R25 million (2024: R36 million), resulting in a net adjustment of R45 million (2024: R104 million) to profit before tax. Refer to note 28.

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

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

Investment income and taxation payable on behalf of policyholders

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

Notes to the group financial statements

For the year ended 31 March 2025

1. Fee and commission revenue

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

Disaggregation of revenue

	Retirement consulting		Healthcare consulting		Investments		Individual consulting		Multinational consulting		Group total	
Rm	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Revenue by type												
Consulting and advice fees	**237**	230	**90**	81	**43**	41	**715**	651	**196**	171	**1 281**	1 174
Administration fees	**1 018**	802	**3**	3	**–**	–	**37**	23	**167**	151	**1 225**	979
Commission	**92**	95	**286**	283	**–**	–	**–**	–	**18**	16	**396**	394
Investment management fees	**–**	–	**–**	–	**2 641**	2 388	**–**	–	**48**	36	**2 689**	2 424
Technology services fees	**60**	88	**–**	–	**–**	–	**–**	–	**–**	–	**60**	88
Total	**1 407**	**1 215**	**379**	**367**	**2 684**	**2 429**	**752**	**674**	**429**	**374**	**5 651**	**5 059**
Revenue by region												
South Africa	**1 386**	1 195	**379**	367	**2 684**	2 429	**752**	674	**–**	–	**5 201**	4 665
Namibia	**6**	6	**–**	–	**–**	–	**–**	–	**150**	124	**156**	130
Botswana	**3**	2	**–**	–	**–**	–	**–**	–	**167**	152	**170**	154
Jersey and Channel Islands	**–**	–	**–**	–	**–**	–	**–**	–	**83**	71	**83**	71
Other	**12**	12	**–**	–	**–**	–	**–**	–	**29**	27	**41**	39
Total	**1 407**	**1 215**	**379**	**367**	**2 684**	**2 429**	**752**	**674**	**429**	**374**	**5 651**	**5 059**
Timing of revenue recognition												
Products transferred at a point in time	**187**	42	**7**	7	**–**	–	**61**	51	**4**	3	**259**	103
Services transferred over time	**1 220**	1 173	**372**	360	**2 684**	2 429	**691**	623	**425**	371	**5 392**	4 956
Total	**1 407**	**1 215**	**379**	**367**	**2 684**	**2 429**	**752**	**674**	**429**	**374**	**5 651**	**5 059**

2. Other income

Rm	2025	2024
Sub-rental income	**13**	30
Technology fees	**1**	11
Other fees[1]	**38**	38
Total other income	**52**	**79**

1 Other fees mainly comprises interim support services charged on operations that have been disposed.

3. Operating expenses

Rm	Notes	2025	2024
Operating expenses classified by nature are as follows:			
Amortisation		**(89)**	(71)
Purchased and developed computer software	15	**(65)**	(46)
Intangible assets		**(24)**	(25)
IT maintenance and support		**(418)**	(374)
Depreciation	14	**(141)**	(123)
Right-of-use assets – buildings		**(76)**	(64)
Leasehold improvements		**(21)**	(16)
Computer equipment		**(38)**	(36)
Furniture fittings, office equipment and other assets		**(6)**	(7)
External auditor's remuneration		**(29)**	(28)
Audit service – fees for audit		**(28)**	(26)
Non-audit service		**(1)**	(2)
Professional fees		**(140)**	(113)
Regulatory and compliance		**(42)**	(37)
Insurance costs		**(66)**	(73)
Premises' operating costs		**(52)**	(74)
Gain on lease modification	28.1	**17**	12
Staff costs[1]		**(2 350)**	(2 088)
Salaries, wages and other benefits		**(2 024)**	(1 815)
Share-based payments		**(128)**	(132)
Termination benefits		**(21)**	(8)
Retirement benefit contributions – defined contribution plans		**(18)**	(15)
Other staff costs		**(159)**	(118)
Travel and conference costs		**(43)**	(31)
Marketing and communications		**(69)**	(69)
Claims and bad debts		**(20)**	(12)
VAT apportionment		**(58)**	(67)
Other operating expenses		**(38)**	(35)
Total operating expenses[2]		**(3 538)**	**(3 183)**

1 Staff costs include executive directors' and non-executive directors' remuneration. Refer to note 37.2 for a detailed analysis.
2 Total operating expenses exclude non-trading and capital items that are disclosed in note 4.

4. Non-trading and capital items

Rm	2025	2024
Professional costs for corporate transactions	**(6)**	(20)
Remeasurement of put option liability[1]	**(19)**	–
Goodwill written off	**–**	(33)
Intangible assets written off	**–**	(21)
Software written off	**–**	(36)
Other	**4**	11
	(21)	**(99)**
Normalised non-trading and capital items		
Professional indemnity insurance cell-captive result	**(3)**	–
Amortisation of intangible assets arising from the 2007 private equity transaction	**(15)**	(15)
Total non-trading and capital items	**(39)**	**(114)**

1 *The remeasurement of the put option liability relates to the put options granted to minority interests shareholding arising from the acquisition of TSA in the prior year. Refer to note 26.1.*

5. Investment income

Rm	2025	2024
Interest income	**190**	219
Investment and dividend income	**5**	8
Interest income – Enhanced Transfer Values (ETV)[1]	**34**	–
	229	**227**
Multi-manager operations		
Investment returns linked to policyholder tax expense	**27**	36
Total investment income	**256**	**263**
Investment income is derived from the following categories of financial assets:		
Amortised cost	**224**	219
Financial assets at fair value through profit or loss	**32**	44
Total investment income	**256**	**263**

1 *Interest income earned on ETV is from the successful litigation of phase one of the ETV liability matter. Refer to note 25.3.*

6. Finance costs

Rm	2025	2024
Interest on lease liabilities	**(25)**	(36)
Interest on borrowings[1]	**(58)**	(30)
Other interest	**(5)**	(8)
Total finance costs	**(88)**	**(74)**

1 *The increase in interest on borrowings relates to interest incurred on the general banking facility which has been drawn down to finance the group's working capital requirements in the short term. Refer to note 22.*

7. Income tax expense

Rm	2025	2024
South African income tax		
Current tax	**(250)**	(210)
Current year	**(246)**	(205)
Prior years	**(4)**	(5)
Deferred tax	**–**	(30)
Current year	**(2)**	(32)
Prior years	**2**	2
Foreign income tax	**(11)**	**(14)**
Current tax	**(15)**	(12)
Deferred tax	**4**	(2)
Foreign withholding tax	**(7)**	**(5)**
Income tax expense relating to corporate profits	**(268)**	**(259)**
Income tax expense on policyholder investment returns	**(27)**	**(36)**
Current tax – current year	**(25)**	(15)
Deferred tax – current year	**(2)**	(21)
Income tax expense	**(295)**	**(295)**

%	2025	2024
The standard South African income tax rate for companies is reconciled to the group's actual tax rate as follows:		
South African income tax rate for companies	**27.0**	27.0
Adjusted for the effects of:		
Foreign withholding tax	**0.6**	0.6
Policyholder tax	**2.6**	4.1
Unutilised tax losses (net of prior year assessment loss utilised)[1]	**(2.1)**	0.3
Exempt income	**(0.8)**	(0.6)
Disallowed expenses		
Legal fees and professional costs for corporate transactions	**0.2**	0.9
Unrealised investment losses	**(0.6)**	0.2
Goodwill written off	**–**	1.0
Software and intangible assets written off	**–**	1.1
Sundry items[2]	**1.9**	0.4
Difference in foreign tax rates from other tax jurisdictions	**(0.6)**	(1.5)
Controlled foreign company	**–**	0.2
Prior year underprovision (net of prior year overprovision)	**0.2**	0.1
Effective tax rate per income statement	**28.4**	**33.8**

1 *Unutilised tax losses represent the current year's tax losses incurred by underlying subsidiaries for which a deferred tax asset may not be recognised in terms of IAS 12 Income taxes. For the current year the value of unrecognised tax losses amounts to R29 million (2024: R2 million).*

2 *Sundry items comprises of amortisation of intangible assets, disallowed capital allowances, non-deductible finance costs as well as employee expenses.*

8. Profit attributable to non-controlling interest

The profit attributable to non-controlling interest largely comprise amounts due to parties that hold a non-controlling interest share in the emerging market subsidiaries domiciled in Botswana and Namibia as well as non-controlling interest in TSA Administration Proprietary Limited which was acquired in the prior year. Details of non-wholly owned subsidiaries are provided in note 42: Consolidated and unconsolidated entities.

Rm	2025	2024
Profit attributable to non-controlling interest	**23**	20

9. Earnings per share

9.1 Basic earnings per ordinary share

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

9.2 Headline earnings per ordinary share

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

9.3 Diluted earnings per ordinary share

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

9.4 Normalised earnings per share

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

9.5 Number of shares

Millions	2025	2024
Weighted average number of shares	**1 324**	1 328
Weighted average shares held by policyholders classified as treasury shares	**(1)**	(1)
Weighted average treasury shares	**(75)**	(97)
Weighted average number of shares in issue (net of treasury shares)	**1 248**	1 230
Dilutive shares	**19**	54
Diluted weighted average number of shares	**1 267**	**1 284**
Actual number of shares in issue	**1 289**	1 328
Actual treasury shares	**(34)**	(92)
Share buyback programme	**–**	(4)
Share incentive schemes	**(33)**	(48)
Employee share option plan (ESOP)[1]	**–**	(39)
Policyholder investment in treasury shares	**(1)**	(1)
Shares in issue net of treasury shares	**1 255**	**1 236**
Normalised number of shares		
Weighted average number of shares in issue	**1 248**	1 230
Shares held by policyholders classified as treasury shares	**1**	1
Normalised number of shares in issue	**1 249**	**1 231**

1 The group repurchased and cancelled 39 070 700 shares (from the Isilulu Trust) at a repurchase price of one cent per share. Refer to note 20.3.1.

9. Earnings per share continued

9.6 Calculation of basic and headline earnings from total operations

Rm		2025	2024
Profit attributable to owners of the company		**883**	672
Adjusting items:			
Software written off – continuing operations		**–**	36
Goodwill written off – continuing operations		**–**	33
Intangible assets written off – continuing operations		**–**	21
Profit on disposal of subsidiaries – discontinued operations		**–**	(6)
Headline earnings for the year		**883**	**756**
Earnings per share from total operations[1]			
Basic earnings per share	(cents)	**70.8**	54.7
Headline earnings per share	(cents)	**70.8**	61.5
Diluted basic earnings per share	(cents)	**69.7**	52.3
Diluted headline earnings per share	(cents)	**69.7**	58.9

1 *Amounts computed using unrounded numbers.*

9.7 Calculation of normalised earnings from total operations

Rm		2025	2024
Normalised profit for the year per the group segmental income and profit analysis		**886**	628
Less: profit attributable to non-controlling interests		**(23)**	(20)
Normalised profit attributable to owners of the company		**863**	**608**
Adjusting items:			
Software written off – continuing operations		**–**	36
Goodwill written off – continuing operations		**–**	33
Intangible assets written off – continuing operations		**–**	21
Profit on disposal of subsidiaries – discontinued operations		**–**	(6)
Normalised headline earnings for the year		**863**	**692**
Normalised earnings per share[1]			
Normalised basic earnings per share	(cents)	**69.1**	49.4
Normalised headline earnings per share	(cents)	**69.1**	56.2

1 *Amounts computed using unrounded numbers.*

9. Earnings per share continued

9.8 Calculation of basic and headline earnings from continuing operations

Rm		2025	2024
Profit after tax from continuing operations		**745**	580
Less: profit attributable to non-controlling interests		**(23)**	(20)
Profit attributable to owners of the company		**722**	**560**
Adjusting items:			
Software written off		**–**	36
Goodwill written off		**–**	33
Intangible assets written off		**–**	21
Headline earnings from continuing operations		**722**	**650**
Earnings per share from continuing operations[1]			
Basic earnings per share	(cents)	**57.9**	45.6
Headline earnings per share	(cents)	**57.9**	52.9
Diluted basic earnings per share	(cents)	**57.0**	43.6
Diluted headline earnings per share	(cents)	**57.0**	50.6

1 *Amounts computed using unrounded numbers.*

9.9 Calculation of basic and headline earnings from discontinued operations

Rm		2025	2024
Profit after tax from discontinued operations		**161**	112
Profit from discontinued operations attributable to owners of the company		**161**	**112**
Adjusting items:			
Profit on disposal of subsidiaries		**–**	(6)
Headline earnings from discontinued operations		**161**	**106**
Earnings per share from discontinued operations[1]			
Basic earnings per share	(cents)	**12.9**	9.1
Headline earnings per share	(cents)	**12.9**	8.6
Diluted basic earnings per share	(cents)	**12.7**	8.7
Diluted headline earnings per share	(cents)	**12.7**	8.3

1 *Amounts computed using unrounded numbers.*

10. Financial assets held under multi-manager investment contracts

The policyholder assets held by the group's multi-manager investment subsidiaries, AF Investments in South Africa and Namibia, are recognised on the statement of financial position in terms of IFRS Accounting Standards. These assets are directly matched by linked obligations to policyholders.

10.1 Movement in multi-manager and unit trust investment contract assets

Rm	2025	2024[1]
A reconciliation between financial assets held under multi-manager and unit trust investment contracts:		
Opening balance	**417 169**	379 819
Movement during the year[2]:		
Premium inflow	**73 012**	60 060
Withdrawals	**(78 773)**	(62 992)
Investment returns after tax	**54 606**	42 649
Policyholder fees charged/investment portfolio expenses	**(2 661)**	(2 367)
Closing balance[3]	**463 353**	**417 169**

1 Restated, refer to note 43.

2 This amount is economically offset by a corresponding movement in financial liabilities held under multi-manager investment contracts (refer to note 21).

3 Included in this balance are 13 (2024: 13) funds that are consolidated when the group's interest in the funds increases above the 20% threshold (refer to the accounting policies for further detail).

10.2 Analysis of multi-manager and unit trust investment contract assets

Rm	2025	2024[1]
An analysis of the aggregate financial assets of multi-manager and unit trust investment contracts is set out below:		
Financial assets at fair value through profit or loss		
Equity securities – listed	**137 329**	120 249
– unlisted	**17**	54
Preference shares – listed	**39**	32
Collective investment schemes	**188 899**	176 917
Debt securities – listed	**24 969**	22 397
– government stock	**42 197**	38 771
Debentures – listed	**2 239**	976
Policy of insurance	**39 498**	30 059
Cash and deposits	**2 026**	1 237
Bonds and debentures	**12 691**	10 024
Equities	**16 948**	14 259
Unlisted equities	**1 292**	1 123
Other portfolio assets	**6 541**	3 416
Derivative financial instruments	**9**	5
Money market	**16 642**	16 580
Securities lending – equities	**1 171**	1 137
Securities lending – bonds	**663**	1 285
Unsettled trades	**2 519**	1 716
Cash and cash equivalents – cash	**7 162**	6 991
Total financial assets held under multi-manager investment contracts	**463 353**	**417 169**

Financial assets disclosure on maturity and currency is not provided as these multi-manager and unit trust investment contract assets are directly matched to linked obligations.

The group enters into securities lending arrangements whereby securities are lent to third parties in exchange for fees. These arrangements result in transfers of financial assets within the multi-manager portfolios. Refer to revenue from general operations under accounting policies.

10. Financial assets held under multi-manager investment contracts continued

10.3 Reconciliation of assets held under multi-manager investment contracts

As a result of the group being listed, the investments by underlying asset managers in the Alexander Forbes Group Holdings' listed shares are recognised as treasury shares and all fair value adjustments recognised on these treasury shares are reversed, while the corresponding fair value adjustments on the financial liability continue to be recognised in the income statement. Rnil profit (2024: loss of R1 million) has been disclosed separately on the face of the income statement. This treatment also affects the number of shares in issue, the impact of which is disclosed in note 9.

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

Rm	**2025**	2024[1]
Total financial assets held under multi-manager investment contracts (per statement of financial position)	**463 353**	417 169
Reversal of adjustments made under IFRS:		
Alexander Forbes shares held as policyholder assets and reclassified in the group statement of financial position as treasury shares	**25**	25
Financial effects of accounting for policyholder investments as treasury shares – prior year	**(21)**	(22)
– current year	**–**	1
Total financial liabilities held for policyholders under multi-manager investment contracts	**463 357**	**417 173**

1 *Restated, refer to note 43.*

11. Acquisition of businesses

11.1 Acquisition of GQM Administrators Proprietary Limited

On 30 August 2024 the group acquired 100% of the issued share capital and the voting rights in GQM Administrators Proprietary Limited (GQM), a private company in South Africa that provides retirement fund administration services. The purchase was funded by the term loan facility. Refer to note 22.

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

The details of the purchase consideration are as follows:

Rm	2025
Cash	**11**
Contingent consideration[1]	**6**
Fair value of the consideration transferred	**17**

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

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

Rm	2025
Intangible assets – customer relationships	**17**
Property and equipment	**1**
Trade and other receivables	**1**
Cash and cash equivalents	**2**
Total assets	**21**
Deferred tax liability	**(2)**
Lease liabilities	**(1)**
Trade and other payables	**(1)**
Total liabilities	**(4)**
Total net identifiable assets acquired	**17**
Goodwill	**–**

Identifiable net assets

Intangible assets consist of customer relationships with a fair value of R17 million. The net present value method was used to value the customer relationships where the contractual cash flows were valued over a term of 10 years at a discount rate based on the government bond yield rate with a corresponding term and the applicable risk premium.

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

GQM's contribution to the group results

GQM earned a profit of R260 000 for the period from acquisition date to 31 March 2025. Revenue for the seven months to 31 March 2025 was R13 million.

If the acquisition had occurred on 1 April 2024, the consolidated revenue and profit for the group for the year ended 31 March 2025 would have been R5 660 million and R907 million respectively.

12. Goodwill

Goodwill arises from the 2007 private equity transaction and from the acquisition of TSA Administration Proprietary Limited (TSA) in the prior year. The outcome of the annual impairment assessment in the current financial year was the current goodwill balances are supported and sufficient headroom exists to maintain these balances under various stress scenarios.

Rm	2025	2024
Carrying value	**1 435**	1 435
Reconciliation of movement in carrying value		
Opening balance	**1 435**	1 425
Movement during the year:		
Acquisition of TSA	**–**	43
Goodwill written off - EBS	**–**	(33)
Closing balance	**1 435**	**1 435**
Analysis of goodwill balances per CGU		
Investments	**1 392**	1 392
TSA	**43**	43
	1 435	**1 435**

Impairment review of goodwill

For purposes of impairment testing, goodwill is allocated to CGUs. Goodwill is evaluated for impairment on an annual basis and whenever there is an indication of impairment. The evaluation is based on the estimation of future cash flows and discount rates. The CGUs to which goodwill is allocated are tested against the recoverable amount based on value-in-use calculations.

These calculations use cash flow projections based on financial budgets approved by the board of directors for the forthcoming year and forecasts for a further four years which are based on assumptions of the business, industry and economic growth.

Key assumptions used in the impairment review, apart from the reorganisation of CGUs, are consistent with past experience and external sources of information that informed the risk discount rate and terminal growth rates applied.

Key assumptions applied to the above CGUs include:

		South Africa	
%		2025	2024
Discount rates	(%)	**12.7**	14.9
Terminal growth rate	(%)	**4.0**	4.0
Average growth in operating income net of direct expenses	(%)	**6–10**	6–10
Forecast period (years)		**5**	5

Sensitivity analysis

Consideration of sensitivities to key assumptions can evolve from one financial year to the next. In the current year, a sensitivity analysis was performed on the CGUs on each of the base case assumptions used for assessing goodwill, with other variables held constant. These include an increase of the discount rate by 2%, reduction of the terminal growth rate by 1%, and a reduction of the operating income net of direct expenses by 10%. In relation to the Investments and TSA CGUs, the headroom is sufficient, and in all cases, there are no reasonably possible changes in key assumptions that may give rise to the carrying amount of goodwill exceeding the value in use.

The board has considered the headroom and concluded that there are no reasonably possible changes in key assumptions that may give rise to an additional write-off.

13. Intangible assets

Intangible assets comprise values attributed to customer relationships, customer contracts and market-related trade names. The intangible assets are non-current.

Rm	2025	2024
13.1 Carrying value		
Cost	**593**	573
Accumulated amortisation and impairment losses	**(338)**	(303)
Balance at 31 March	**255**	**270**
13.2 Analysis of intangible assets		
Customer relationships	**220**	220
Trade names	**35**	50
	255	**270**
13.3 Reconciliation of movement in carrying value		
Opening balance	**270**	264
Movement during the year:		
Additions	**24**	67
Separately acquired	**7**	16
Acquired through business combination	**17**	51
Amortisation charge	**(39)**	(40)
Impairment charge/write off through income statement	**–**	(21)
Closing balance	**255**	**270**

Separately acquired intangible assets relate to purchases of customer contracts in relation to the large standalone retirement fund administration from Sanlam Life. The intangible assets acquired through business combination in the current year comprise customer relationships arising from the acquisition of GQM Fund Administrators.

14. Property and equipment

Rm	Right-of-use assets - buildings	Leasehold improvements	Computer equipment	Furniture and fittings, office equipment and other assets	Total
2025					
Carrying value					
Cost	**921**	**155**	**203**	**63**	**1 342**
Accumulated depreciation and impairments	**(643)**	**(67)**	**(112)**	**(39)**	**(861)**
Carrying value at 31 March 2025	**278**	**88**	**91**	**24**	**481**
Cost					
Balance at 1 April 2024	**982**	**146**	**217**	**64**	**1 409**
Additions to enhance existing operations[1]	**68**	**9**	**40**	**5**	**122**
Additions as a result of business combination	**1**	**–**	**–**	**–**	**1**
Disposals	**–**	**–**	**(7)**	**(3)**	**(10)**
Derecognition[2]	**(130)**	**–**	**(47)**	**(3)**	**(180)**
Balance at 31 March 2025	**921**	**155**	**203**	**63**	**1 342**
Accumulated depreciation and impairments					
Balance at 1 April 2024	**(653)**	**(46)**	**(128)**	**(39)**	**(866)**
Depreciation charge for the year	**(76)**	**(21)**	**(38)**	**(6)**	**(141)**
Disposals	**–**	**–**	**7**	**3**	**10**
Derecognition[2]	**86**	**–**	**47**	**3**	**136**
Balance at 31 March 2025	**(643)**	**(67)**	**(112)**	**(39)**	**(861)**
2024					
Carrying value					
Cost	982	146	217	64	1 409
Accumulated depreciation and impairments	(653)	(46)	(128)	(39)	(866)
Carrying value at 31 March 2024	**329**	**100**	**89**	**25**	**543**
Cost					
Balance at 1 April 2023	1 004	105	182	65	1 356
Additions to enhance existing operations[1]	224	41	45	11	321
Disposals	–	–	(1)	(11)	(12)
Derecognition[2]	(246)	–	(9)	(1)	(256)
Balance at 31 March 2024	**982**	**146**	**217**	**64**	**1 409**
Accumulated depreciation and impairments					
Balance at 1 April 2023	**(793)**	**(30)**	**(102)**	**(44)**	**(969)**
Depreciation charge for the year	(64)	(16)	(36)	(7)	(123)
Disposals	–	–	1	11	12
Derecognition[2]	204	–	9	1	214
Balance at 31 March 2024	**(653)**	**(46)**	**(128)**	**(39)**	**(866)**

1 *Additions to the right-of-use assets in the current year follows the renewal of the group's Durban office lease, whereas the prior year was due to the renewal of the group's head office and Cape Town office leases, as well as the leasing of new office space in Botswana.*

2 *The group derecognised cost and related accumulated depreciation of fully depreciated computer equipment, office equipment and other assets no longer in use, which resulted in no impact to the group's income statement. In addition, the group had a lease modification relating to its Durban office lease which resulted in the partial derecognition of the lease liability and right-of-use asset in the current year. Fully depreciated right of use assets no longer in use were also derecognised.*

15. Purchased and developed computer software

During the year under review software assets were tested for impairment as per IAS 36 *Impairment of Assets*.

Rm	In use	In development	Total
2025			
Carrying value			
Cost	**562**	**74**	**636**
Accumulated amortisation and impairment losses	**(291)**	**–**	**(291)**
Carrying value at 31 March 2025	**271**	**74**	**345**
Cost			
Balance at 1 April 2024	**449**	**80**	**529**
Movement during the year:			
Additions	**4**	**109**	**113**
Transfers to in use	**115**	**(115)**	**–**
Derecognition[1]	**(6)**	**–**	**(6)**
Balance at 31 March 2025	**562**	**74**	**636**
Accumulated amortisation and impairment losses			
Balance at 1 April 2024	**(232)**	**–**	**(232)**
Movement during the year:			
Amortisation for the year	**(65)**	**–**	**(65)**
Derecognition[1]	**6**	**–**	**6**
Balance at 31 March 2025	**(291)**	**–**	**(291)**
2024			
Carrying value			
Cost	449	113	562
Accumulated amortisation and impairment losses	(232)	(33)	(265)
Carrying value at 31 March 2024	**217**	**80**	**297**
Cost			
Balance at 1 April 2023	347	90	437
Movement during the year:			
Additions	1	121	122
Additions as a result of business combinations	47	–	47
Transfers to in use	98	(98)	–
Derecognition[1]	(44)	–	(44)
Balance at 31 March 2024	**449**	**113**	**562**
Accumulated amortisation and impairment losses			
Balance at 1 April 2023	(227)	–	(227)
Movement during the year:			
Amortisation for the year	(46)	–	(46)
Derecognition[1]	44	–	44
Impairment charge through income statement	(3)	(33)	(36)
Balance at 31 March 2024	**(232)**	**(33)**	**(265)**

1 *The group derecognised cost and related accumulated amortisation of fully amortised assets no longer in use, which resulted in no impact to the group's income statement.*

16. Financial assets

Rm	2025	2024[1]
16.1 Total financial assets		
Non-current financial assets	**26**	29
Current financial assets	**1 321**	1 197
Total financial assets	**1 347**	**1 226**
16.2 Analysis of financial assets		
Financial assets at fair value through profit or loss	**1 321**	1 197
Money market instruments	**5**	18
Collective investment schemes	**1 316**	1 179
Financial assets at fair value through other comprehensive income – designated	**13**	13
ASISA investment	**13**	13
Financial assets at amortised cost - other loans	**13**	16
Total financial assets	**1 347**	**1 226**
16.3 Reconciliation of movements in financial assets		
Opening balance	**1 226**	958
Movements for the year		
Purchases	**473**	499
Withdrawals	**(427)**	(294)
Reinvested interest	**75**	63
Closing balance	**1 347**	**1 226**

1 *Restated, refer to note 43.*

17. Trade and other receivables

Rm	2025	2024
Financial assets		
Trade receivables[1]	**192**	192
Other receivables[2]	**67**	119
Other receivables – Enhanced Transfer Values (ETV)[3]	**186**	–
Total financial assets	**445**	**311**
Non-financial assets		
Contract assets	**39**	36
Prepayments	**74**	50
Total trade and other receivables	**558**	**397**

1 *Included in trade receivables is a loss allowance of R13.4 million (2024: R12 million). Refer to note 39.1.2 for further detail.*
2 *The decrease in other receivables is largely attributable to the settlement of the deferred consideration from the sale of the AFICA group in 2023.*
3 *The group recognised the reimbursement award following the successful litigation of phase one of the ETV liability matter, refer to note 25.2. Refer to note 39.1.2 for detail on credit risk exposure.*

18. Cash and cash equivalents

Rm	2025	2024[1]
Total cash and cash equivalents		
Cash and bank balances	**1 136**	1 128
Short-term deposits	**518**	1 195
Total cash and cash equivalents	**1 654**	**2 323**

1 *Restated, refer to note 43.*

Cash and bank balances and short-term deposits are held in subsidiary companies in compliance with solvency, regulatory capital and liquid asset requirements as required by the Financial Sector Conduct Authority and Prudential Authority. The total consolidated cash and cash equivalents include cash received and held to meet short-term commitments to settle policyholder liabilities as well as cash held within our cell-captive insurance facility. These cash balances are fully available for their earmarked use in these regulated subsidiary companies but are not available for distribution to the holding company. Cash available for distribution is R700 million as at 31 March 2025 (2024: R1 172 million).

Cash and cash equivalents held under multi-manager investment contracts are reflected in note 10. These investment balances are required by insurance legislation to be specifically held by the insurer. The cash is directly held to back the unit-linked policyholder liabilities and is presented separately on the statement of cash flows.

19. Assets and liabilities of disposal groups held for sale and discontinued operations

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

Discontinued operations include the operating results of the group risk and retail life business operations (AF Life). The remaining insurance contract liabilities and reinsurance contracts presented as a disposal group held for sale in the prior year were transferred to Sanlam on 27 February 2025, following receipt of regulatory approval. This has resulted in a position of nil insurance assets and liabilities as at 31 March 2025.

19.1 Net profit of business units discontinued

Rm	Notes	2025	2024
Insurance service result		**9**	103
Insurance service expenses[1]		**8**	149
Net expenses from reinsurance contracts		**1**	(46)
Net insurance finance expenses		**–**	(2)
Acquisition costs		**–**	11
Operating expenses		**(9)**	(41)
Profit from operations before non-trading and capital items		**–**	**71**
Non-trading and capital items[2]		**152**	18
Operating profit		**152**	**89**
Investment income		**14**	27
Profit before tax		**166**	**116**
Income tax expense		**(5)**	(10)
Profit for the year from discontinued operations		**161**	**106**
Profit on disposal of subsidiaries and businesses	19.2	**–**	6
Total profit from discontinued operations		**161**	**112**
Profit attributable to:			
Owners of the company		**161**	112

1 *The insurance service expense in the current year pertains to the release of excess reserves in AF Life prior to the transfer of the reinsurance contract assets and insurance contract liabilities to Sanlam.*

2 *Non-trading and capital items in the current year consist of the reimbursement award from the successful litigation of phase one of the ETV liability matter. Refer to note 25.3.*

19. Assets and liabilities of disposal groups held for sale and discontinued operations continued

19.2 Disposal of subsidiaries and businesses, net of cash disposed

Rm	2025	2024
Gross proceeds on disposal	–	6
Profit on disposal of subsidiaries and businesses	**–**	**6**
Deferred consideration received in cash[1]	**40**	31
Net cash inflow	**40**	**31**
Effect of disposal on the financial position of the group		
Total assets	**49**	–
Total liabilities	**(49)**	–
Net assets disposed of	**–**	**–**

1 *Deferred consideration received in cash in the current year relates to sale of the AFICA group in 2023, whilst the prior year consists of R25 million from the sale and transfer of AF Life insurance policies in 2022 and a R6 million contingent payment received from the sale of AF Insurance Namibia in 2021.*

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

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

Rm	2025	2024
Reinsurance contract assets	–	12
Trade and other receivables	–	37
Total assets	**–**	**49**
Insurance contract liabilities	–	57
Total liabilities	**–**	**57**
Total equity	**–**	**(8)**

20. Equity holders' fund

Rm	Notes	2025	2024
20.1 Total equity holders' funds			
Share capital at no par value	20.2	**5 980**	5 980
Treasury shares	20.3	**(187)**	(268)
Other reserves		**172**	291
Share-based payment reserve	20.4	**61**	182
Foreign currency translation reserve		**152**	151
Other reserves		**(41)**	(42)
Accumulated loss		**(2 007)**	(1 461)
Closing balance		**3 958**	**4 542**

	2025		2024	
	Number of shares '000	Share capital Rm	Number of shares '000	Share capital Rm
20.2 Analysis of share capital				
Authorised				
Ordinary shares	**2 500 000**	**–**	2 500 000	–
Issued				
Ordinary shares	**1 288 512**	**5 980**	1 327 582	5 980
	1 288 512	**5 980**	**1 327 582**	**5 980**
Movement in share capital				
Opening balance	**1 327 582**	**5 980**	1 327 582	5 980
Treasury share cancellation[1]	**(39 070)**	**–**	–	–
Closing balance	**1 288 512**	**5 980**	**1 327 582**	**5 980**

1 *The group repurchased and cancelled 39 070 700 shares (from the Isilulu Trust) with a repurchase price of one cent per share. The shares were withdrawn on the JSE on 24 February 2025. Refer to note 20.3.1.*

20. Equity holders' fund continued

Rm	2025	2024
20.3 Treasury shares		
Opening balance	**(268)**	(322)
Movement during the year:		
Net proceeds on disposal of treasury shares in policyholder assets	**–**	1
Purchase of shares in terms of share schemes[1]	**(168)**	(107)
Settlement of share incentive schemes	**249**	160
Closing balance	**(187)**	**(268)**

1 *The group purchased shares to the value of R168 million (2024: R107 million) for share incentive schemes in the current year.*

20.3.1 Employee share option plan (ESOP)

The Isilulu Trust (the trust) was the vehicle through which the ESOP operated. Alexander Forbes issued 39 070 700 ordinary shares in June 2015 to the trust at one cent per share that rank pari passu with other ordinary shares, with the exception of dividend rights for these shares.

This transaction was facilitated by Alexander Forbes through a notional vendor finance (NVF) mechanism in terms of which the shares receive 30 per cent of any dividends distributed to ordinary shareholders, and in turn, are distributed to beneficiaries. The remaining 70 per cent of the dividends is applied against the NVF mechanism.

Dividends distributed by the trust are treated as employee benefits. Dividend income earned by the trust and subsequently distributed to eligible employees in the current year was R11 million (2024: R4 million).

On 17 February 2025, Alexander Forbes repurchased the 39 070 700 ordinary shares (Repurchased Shares) from the trust at a repurchase price of one cent per share (the Specific Repurchase). The Specific Repurchase was effected pursuant to the ESOP transaction as contemplated and approved in 2015.

In terms of the ESOP transaction agreements, the Specific Repurchase could be implemented at any time after 17 April 2021, the sixth anniversary of the effective date of the ESOP transaction. Following a review of the group's remuneration policy, Alexforbes elected to implement the Specific Repurchase and resultantly terminating the notional loan.

As a consequence of the repurchase, the company and trustees of the Isilulu Trust resolved to terminate the trust. The Repurchased Shares were subsequently cancelled and were withdrawn on the JSE on 24 February 2025.

In order to place impacted employees in a similar position, the group has replaced the ESOP scheme with an equivalent adjustment to their total guaranteed pay.

20.4 Share-based payment reserve

Rm	2025	2024
Opening balance	**182**	214
Expensed to income statement	**128**	128
Settlement of share incentive schemes	**(249)**	(160)
Closing balance	**61**	**182**

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

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

20. Equity holders' fund continued

20.4 Share-based payment reserve continued

20.4.1 Forfeitable share plan (FSP) awards issued to participating employees

Forfeitable shares are awarded to participating employees subject to continued employment, with no performance conditions other than the individual entry performance condition to qualify for an allocation. These awards are aimed at retention with forfeitable shares vesting in two equal tranches at the end of year three and year four, respectively. The employees participate in the economic benefits of the share awarded over the vesting period and are entitled to dividend distributions. Shares are forfeited if the employee ceases to be an employee of the group. The group has no legal or constructive obligation to repurchase or settle the award in cash. To hedge exposure to this award issued under the schemes, the group acquires shares in the market. The shares under the old scheme are held on behalf of the employees in the FSP trust and the shares under the Alexforbes LTIP 2022 are held in a subsidiary of the group. The FSP trust is consolidated and all shares under the schemes are reflected as treasury shares.

Movement in the number of outstanding shares:

'000	2025	2024
At 1 April	**43 378**	47 990
Granted	**5 798**	9 005
Forfeited	**(1 248)**	(5 245)
Vested	**(17 716)**	(8 372)
31 March	**30 212**	**43 378**

Shares issued and outstanding at the end of the year have the following vesting dates (certain employees, upon approval by the group remuneration committee may receive allocations outside the general tranches). Refer to note 37.2.

				Total shares outstanding	
'000	Grant date fair value[1]	Vesting date	Total shares granted	2025	2024
2020 tranche – FSP	R4.66	50% on 1 July 2023 50% on 1 July 2024	17 028	–	6 012
2021 tranche – FSP	R3.58	50% on 1 July 2024 50% on 1 July 2025	21 543	**7 602**	17 751
2022 tranche – FSP	R4.44	50% on 1 July 2025 50% on 1 July 2026	13 036	**9 289**	11 152
2023 tranche – FSP	R5.14	50% on 1 July 2026 50% on 1 July 2027	9 004	**7 748**	8 463
2024 tranche – FSP	R6.27	50% on 1 July 2027 50% on 1 July 2028	5 786	**5 573**	–
			66 397	**30 212**	**43 378**

1 *The grant date fair value of the shares is determined based on the market price at the date of issue.*

20.4.2 Conditional share plan (CSP) awards

Conditional share awards are allocated to participating employees subject to continued employment and satisfaction of certain performance conditions. The CSP awards are subject to a vesting period determined by the remuneration committee. The measurement period(s) over which the performance condition is calculated is aligned to the financial year of the group. Further, each participant will not have any shareholder or voting rights prior to the vesting date. However, participating employees may be entitled to dividend equivalents which can be paid in cash or in shares, at the discretion of the remuneration committee, on the applicable vesting dates. Employees are not required to pay for the shares granted under this scheme.

20. Equity holders' fund continued

20.4 Share-based payment reserve continued

20.4.2 Conditional share plan (CSP) awards continued

The conditional shares awarded are subject to continued employment and the satisfaction of certain performance conditions measured over a three-year and four-year performance period. Fifty per cent of the tranche will vest after three years and the remaining fifty per cent after four years. The metrics and weighting of the performance measures are set out in the table below.

Metrics	Weighting 2020 to 2022	Weighting 2023 onwards	Vesting conditions
Normalised headline earnings per share	35%	50%	30% vests for threshold performance and 100% vests for target; where: – threshold performance = nominal GDP – target performance ≥ nominal GDP + 6%
Normalised return on equity	35%	50%	30% vests for threshold performance and 100% vests for target; where: – threshold performance = risk-free rate[1] + 2% – target performance ≥ risk-free rate[1] + 6%
Strategic initiatives[2]	30%	0%	The scores for all initiatives will be added at the end of the vesting period and applied to the vesting shares as a percentage of the total possible score for the entire vesting period.

1 *The risk-free rate measured on the basis determined by the remuneration committee from time to time.*
2 *Strategic initiatives are assigned at the discretion of the remuneration committee. Where no strategic initiatives are applied, weightings for the financial metrics are increased proportionately.*

The following table sets out the vesting dates and measurement periods for or CSP awards from 2019 onwards. These shares vest in two tranches:

CSP tranche	Vesting date	Measurement period	Measurement
2020 tranche	Tranche two (50%) 1 July 2024	Tranche two: 1 April 2020 to 31 March 2024	The remuneration committee approved vesting of 87.0%.
2021 tranche	Tranche one (50%) 1 July 2024	Tranche one: 1 April 2021 to 31 March 2024	The remuneration committee approved vesting of 93.9%.
	Tranche two (50%) 1 July 2025	Tranche two: 1 April 2021 to 31 March 2025	The remuneration committee approved vesting of 98.4%.
2022 tranche	Tranche one (50%) 1 July 2025	Tranche one: 1 April 2022 to 31 March 2025	The remuneration committee approved vesting of 99.4%.
	Tranche two (50%) 1 July 2026	Tranche two: 1 April 2022 to 31 March 2026	Not yet applicable
2023 tranche	Tranche one (50%) 1 July 2026	Tranche one: 1 April 2022 to 31 March 2026	Not yet applicable
	Tranche two (50%) 1 July 2027	Tranche two: 1 April 2022 to 31 March 2027	
2024 tranche	Tranche one (50%) 1 July 2027	Tranche one: 1 April 2022 to 31 March 2027	Not yet applicable
	Tranche two (50%) 1 July 2028	Tranche two: 1 April 2022 to 31 March 2028	

Movement in the number of shares outstanding is as follows:

'000	2025	2024
At 1 April	**81 097**	80 297
Granted	**24 787**	25 784
Retained/sold	**(24 609)**	(14 061)
Forfeited	**(5 527)**	(10 923)
31 March	**75 748**	**81 097**

20. Equity holders' fund continued

20.4 Share-based payment reserve continued

20.4.2 Conditional share plan (CSP) awards continued

Shares outstanding at the end of the year have the following vesting dates:

			Total shares outstanding	
'000	Grant date fair value[1]	Vesting date	**2025**	2024
2020 tranche two	R3.11	01 July 2024	**–**	9 735
2021 tranche one	R2.46	01 July 2024	**–**	12 114
2021 tranche two	R2.18	01 July 2025	**11 196**	12 114
2022 tranche one	R3.60	01 July 2025	**10 714**	11 517
2022 tranche two	R3.24	01 July 2026	**10 714**	11 517
2023 tranche one	R3.75	01 July 2026	**11 397**	12 050
2023 tranche two	R3.12	01 July 2027	**11 397**	12 050
2024 tranche one	R4.99	01 July 2027	**10 165**	–
2024 tranche two	R4.51	01 July 2028	**10 165**	–
			75 748	**81 097**

1 *The grant date fair value of the shares is determined based on the market price at the date of issue less the net present value of expected dividends over the vesting period.*

20.4.3 Outperformance conditional awards

In addition to the CSP and FSP awards and in terms of the Alexforbes LTIP 2022, the remuneration committee can also allocate outperformance awards to participating employees, subject to continued employment and satisfaction of certain performance conditions. As a further condition for participating employees in the outperformance award, employees will forgo one-third of their on target short-term and long-term incentive allocation.

The outperformance awards are subject to a vesting period determined by the remuneration committee. The measurement period(s) over which the performance condition is calculated is aligned to the financial year of the group. Furthermore, each participant will not have any shareholder or voting rights prior to the vesting date. Outperformance awards are awarded to a participant only once in a five-year period and are intended to reward significant performance over an extended period.

No outperformance awards were allocated during the current financial year.

20. Equity holders' fund continued

20.4 Share-based payment reserve continued

20.4.3 Outperformance conditional awards continued

20.4.3.1 Outperformance conditional awards – performance criteria

The outperformance awards for 2022 are subject to continued employment and the satisfaction of certain performance conditions measured over a four-year, five-year and six-year performance period. One-third of the tranche will vest after four years, one-third of the tranche will vest after five years and the remaining one-third after six years. The metrics and weighting of the performance measures for the 2022 tranches are set out in the table below.

Metrics	Weighting	Vesting conditions
Normalised headline earnings per share	1/3 weight	0% vests for threshold performance and 100% vests for target performance; linear vesting will be applied between the threshold and stretch levels, where: - threshold performance = nominal GDP + 2% - target performance ≥ nominal GDP + 8%
Normalised return on equity	1/3 weight	0% vests for threshold performance and 100% vests for target performance; linear vesting will be applied between the threshold and stretch levels, where: - threshold performance = risk-free rate[1] + 6% - target performance ≥ risk-free rate[1] + 10%
Total shareholder return	1/3 weight	0% vests for threshold performance and 100% vests for target performance; linear vesting will be applied between the threshold and stretch levels, where: - threshold performance = risk-free rate[1] + 6% - target performance ≥ risk-free rate[1] + 11%

1 *The risk-free rate measured on the basis determined by the remuneration committee from time to time.*

The outperformance conditional awards vest on 31 March, however, the vesting award date is 1 July. The following table sets out the measurement periods for the 2022 tranche:

Award	Measurement period	Measurement
Outperformance CSP 2022	Tranche one: Year 4: 1 April 2021 – 31 March 2025	The remuneration committee approved vesting of 66.7%.
	Tranche two: Year 5: 1 April 2021 – 31 March 2026	Not yet applicable
	Tranche three: Year 6: 1 April 2021 – 31 March 2027	Not yet applicable

20.4.3.2 Outperformance conditional awards issued

Shares issued and outstanding at the end of the year have the following vesting dates (certain employees, upon approval by the group remuneration committee may receive allocations outside the general tranches). Refer to note 37.2.

Award	Grant date fair value	Vesting award date	Total shares granted	Total shares outstanding 2025	Total shares outstanding 2024
Outperformance 2022 – CSP	R3.33 R2.97 R2.65	1/3 on 1 July 2025 1/3 on 1 July 2026 1/3 on 1 July 2027	17 346 939	**17 346 939**	17 346 939

21. Financial liabilities held under multi-manager investment contracts

Rm	2025	2024[1]
21.1 Movement of liabilities under multi-manager and unit trust investment contracts		
Opening balance	**417 173**	379 823
Movement during the year[2]:		
Premium inflows	**73 012**	60 061
Withdrawals	**(78 774)**	(62 995)
Investment return net of taxation	**54 607**	42 651
Policyholder fees charged/investment portfolio expenses	**(2 661)**	(2 367)
Closing balance	**463 357**	**417 173**

1 Restated, refer to note 43.
2 This amount is economically offset by a corresponding movement in financial assets held under multi-manager investment contracts (refer to note 10) except to the extent of the effect of treasury shares.

21.2 Discounted maturity analysis of liabilities under multi-manager and unit trust investment contracts

Rm	2025	2024
Open ended – payable on demand	**463 357**	417 173

These policyholder liabilities arise from multi-manager and unit trust investment contracts issued by the group's multi-manager investment subsidiaries in South Africa and Namibia. The policyholder liabilities are directly matched to the linked policyholder assets.

These are financial liabilities designated as fair value through profit or loss.

Rm	2025	2024
Financial liabilities linked to investment contracts	**463 357**	417 173

22. Borrowings

Rm	2025	2024
22.1 Analysis of borrowings		
Term loan facility – South Africa	**349**	338
General banking facility – South Africa	**253**	–
Term loan facility – Botswana	**11**	14
Senior debt facility – Namibia	**17**	20
Total	**630**	**372**
22.2 Reconciliation of movement in borrowings		
Opening balance	**372**	227
Movements for the year:		
Borrowings raised	**411**	146
Interest accrued	**58**	30
Interest paid	**(56)**	(28)
Capital repaid	**(155)**	(3)
Closing balance	**630**	**372**
22.3 Discounted maturity analysis of borrowings[1]		
Due within one year	**270**	5

1 The undiscounted cash flows for borrowings are disclosed in note 39.2.2.

22. Borrowings continued

Term loan facility – South Africa

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

The interest on the draw downs range from JIBAR plus 1.65% to JIBAR plus 1.77% compounded quarterly. The repayments over the term of the loan will comprise interest only, whilst the principal is payable at maturity in June 2027.

General banking facility – South Africa

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

Term loan facility – Botswana

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

Senior debt facility – Namibia

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

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

Financial covenants

There are financial covenants in favour of the lenders under the facilities which are assessed at each reporting date. For the term loan facility, the group is required to maintain an interest cover of not less than 3.5 times and a senior debt net leverage ratio not greater than 2.75 times, whereas AF Namibia Holdings is required to maintain a debt service cover ratio of less than 1.5 times and cash coverage above 1.2 times for the SDF. The group's ratios did not breach the stipulated thresholds during the period and none of the financial covenants were in breach as at 31 March 2025.

23. Employee benefits

Rm	Notes	2025	2024
23.1 Total employee benefits			
Post-employment medical benefit obligation – South Africa	23.2	**82**	86
Provision for leave pay	23.3	**62**	57
Total employee benefits		**144**	**143**

Substantially all employees are covered by defined contribution retirement fund arrangements in the major territories in which the group operates. The defined contribution funds in South Africa are governed by the Pension Funds Act.

23.2 Post-employment medical benefit obligation – South Africa

In South Africa, certain employees, who joined the group before 1 March 1997, are entitled to a post-retirement medical aid subsidy. At 31 March 2025 this applies to a total of 193 people (2024: 202) and comprises 21 active employees (2024: 21) and 172 pensioners (2024: 181). Employees who joined the group after 1 March 1997 are not eligible for post-retirement medical aid subsidies.

Certain employees employed before 1 March 2009 are eligible for a death-in-service subsidy. If a member eligible for a death-in-service subsidy dies in service, their dependants are eligible to receive a 50% subsidy of medical scheme contributions subject to the fixed rand amount as for the post-retirement subsidy.

The obligation is valued every year by actuaries using the projected unit credit method. The date of the last actuarial valuation was 31 March 2025. The post-retirement medical obligation is partly funded through a cell-captive insurance arrangement. The assets of the insurance cell totalled R54 million at 31 March 2025 (2024: R53 million).

The cell-captive insurance policy is consolidated in the group's results, and the related asset which backs this post-employment liability is reflected in financial assets.

The post-retirement medical aid subsidy paid to pensioners is subject to a maximum rand amount. This rand amount increases with inflation (CPI) each year. In order to compensate for the rand amount increase of the subsidy being different to medical aid inflation, the group established a hardship fund in 2004 to provide assistance to specifically identified pensioners in financial need.

23. Employee benefits continued

23.2 Post-employment medical benefit obligation – South Africa continued

Rm	2025	2024
The latest actuarial valuation reflected the following:		
Medical benefit obligation	**71**	76
Hardship fund liability	**11**	10
Recognised liability in the statement of financial position	**82**	**86**
A reconciliation of the movement in the post-employment medical benefit obligation in South Africa is as follows:		
Opening balance	**76**	80
Current service costs	**1**	1
Interest expense	**8**	9
Remeasurements[1]	**(7)**	(7)
Benefits paid	**(7)**	(7)
Closing balance	**71**	**76**
The principal actuarial assumptions applied are as follows:		
Discount rate (%)	**11.2**	12.9
Inflation (CPIX) rate (%)	**5.3**	6.9
Retirement age (years)	**62/65 yrs**	62/65 yrs

1 *Remeasurements, gross of related taxes, relates mainly to changes in the real discount rate as well as higher than expected membership exits.*

Mortality rates are assumed as follows:

Pre-retirement: SA85-90 (Light) ultimate table
Post-retirement: PA(90) ultimate table rated down two years plus 1% improvement per annum (from a base year of 2006)

The sensitivity of the post-employment medical benefit obligation to changes in the principal actuarial assumptions above is as follows:

%	Change in assumption	Increase in obligation	Decrease in obligation
Discount rate	**1.0**	**(7.9)**	**6.8**
Inflation (CPIX) rate	**1.0**	**8.1**	**(7.1)**

Rm	2025	2024
23.3 Provision for leave pay		
Opening balance	**57**	53
Movement during the year:		
Increase in provision	**70**	46
Decrease in provision	**(65)**	(42)
Closing balance	**62**	**57**

Effective 1 October 2024 the group revised its policy such that leave days are forfeited incrementally and no longer at the end of the next annual leave cycle. The timing of the use of the leave pay provision depends on employees' leave plans and resignations from employment during the year.

24. Deferred taxation

Rm	2025	2024
24.1 Net deferred tax balance		
Deferred tax assets	**118**	119
Deferred tax liabilities	**(119)**	(120)
Net deferred tax (liability)/assets	**(1)**	**(1)**
24.2 Reconciliation of movement in the net deferred tax asset balance		
Opening balance	**119**	159
Movement during the year:		
Charged to income statement	**(1)**	(40)
Closing balance	**118**	**119**
24.3 Reconciliation of movement in the net deferred tax liability balance		
Opening balance	**(120)**	(87)
Movement during the year:		
Credit/(charged) to income statement	**6**	(13)
Additions as a result of a business combinations	**(5)**	(20)
Closing balance	**(119)**	**(120)**
24.4 Analysis of deferred tax assets		
Post-employment benefit obligations	**8**	14
Deferred income	**3**	4
Calculated tax losses[1]	**69**	59
Provisions	**75**	64
Lease liabilities	**(5)**	9
Accelerated tax allowances	**(34)**	(24)
Work in progress	**–**	(9)
Other items	**2**	2
Total deferred tax assets	**118**	**119**
24.5 Analysis of deferred tax liabilities		
Policyholder assets	**(71)**	(68)
Accelerated tax allowances, provisions and other items	**(3)**	(2)
Deferred tax recognised in terms of IFRS 3 Business Combinations	**(45)**	(50)
Total deferred tax liabilities	**(119)**	**(120)**

1 *Assessed losses not recognised on the balance sheet amount to R666 million (2024: R520 million).*

25. Provisions

Rm	Notes	2025	2024
Provisions for errors and omissions claims	25.2	**73**	75
Provisions for client settlements – enhanced transfer values (ETV)	25.3	**38**	44
Proposed client settlements	25.4	**42**	66
Total		**153**	**185**

25.1 Analysis and reconciliation of movement in provisions

Rm	Provisions for errors and omissions claims	Provision for client settlements – ETV	Proposed client settlements	Total
Balance at 31 March 2023	**65**	**41**	**110**	**216**
Movement during the year:				
Net increase/(decrease) in provision	11	–	(8)	3
Payments made	(6)	–	(36)	(42)
Foreign subsidiaries' exchange differences	5	3	–	8
Balance at 31 March 2024	**75**	**44**	**66**	**185**
Movement during the year:				
Net increase/(decrease) in provision	**23**	**(5)**	**1**	**19**
Payments made	**(25)**	**–**	**(25)**	**(50)**
Foreign subsidiaries' exchange differences	**–**	**(1)**	**–**	**(1)**
Balance at 31 March 2025	**73**	**38**	**42**	**153**

Uncertainties affecting the timing and amount of the settlement of provisions are discussed in the relevant note below.

25.2 Provision for errors and omissions claims

In the conduct of its ordinary course of business the group is exposed to various actual and potential claims, lawsuits and other proceedings relating to alleged errors and omissions, or non-compliance with laws and regulations.

The group's errors and omissions risk is insured in the London market (the market policy), with a limit of R2 billion for every claim or loss in the annual aggregate in excess of the aggregate deductible of R90 million. The market policy covers all subsidiary and associate companies.

Upon exhaustion of the aggregate deductible of R90 million a deductible of R1.2 million for each claim or loss will apply, but the ZAR equivalent of £30 000 will apply for every claimant in respect of investment and investment-related business activities regulated by the Financial Services Authority in the UK.

The aggregate deductible of R90 million is insured with a first-party cell-captive insurer, Artex Axcell PCC Limited (Artex policy), formerly known as Mannequin PCC Limited. The annual limit of the Artex policy is equal to the limit of the aggregate deductible of the market policy, i.e. R90 million. The Artex policy imposes a deductible of R1.5 million per claim for African operations or £100 000 for operations outside Africa.

25. Provisions continued

25.2 Analysis and reconciliation of movement in provisions continued

From 1 April 2014 the Artex policy also covers non-wholly owned operations (NWOS). Except for Namibian operations (which have access to a R2 billion limit), NWOS have a limit of R125 million per claim and in aggregate. In the event of the exhaustion of the aggregate excess of R90 million, the market policy will drop down to cover NWOS to the full limit of R125 million respectively, less any amount paid for claims in respect of associates and NWOS. The Artex policy imposes a deductible of R0.4 million per claim in respect of NWOS.

The group has an equity investment in a cell in Artex Axcell PCC Limited, which entitles the group to the underwriting profits earned by this insurance cell. The group is required to maintain the insurance cell and ensure it is adequately capitalised. Additional capital is required to be paid in the event that underwriting losses are incurred by the insurance cell.

The assets, liabilities, income statement and cash flow effects attributable to the group's investment in the Artex cell are included in the consolidated financial statements of the group. The effect is to eliminate the premium payments to the cell-captive insurer on consolidation and to recognise the assets, liabilities, cash flows and net operating results of the insurance cell in the consolidated financial statements of the group. The insurance premiums charged to the various group operations continue to be allocated to the relevant businesses in determining the trading results of operations reflected in the segmental profit analysis.

Critical assumptions and judgements

Twice a year a committee of senior group managers conducts a detailed review of all outstanding claims. The merit of each claim is assessed and each claim is scored based on the probability (on a scale of 1 [unlikely] to 10 [extremely likely]) of being realised and the estimated cost to the group. A provision is raised for the product of the probability and the estimated cost. Judgement is exercised when assessing probability and potential cost based on past experience and any industry developments. Legal advice is sought where necessary and all calculations are submitted to the group insurance underwriters for their comment and review. Where the probability of a claim is assessed at 6 or more, an accrual is made for any excess payable.

25.3 Provision for client settlements – enhanced transfer value (ETV)

The ETV liability matter that has been disclosed in prior years relates to a legacy United Kingdom (UK) domiciled subsidiary, Alexander Forbes Consultants and Actuaries Limited (AFCA), which was sold in 2012 to Jardine Lloyd Thompson Group (JLT), now part of the Mercer Group, inclusive of certain warranties and a limitation of liability of GBP 18.5 million. The ETV liability arises from redress payments being ordered, to the industry as a whole, by the Financial Conduct Authority, the UK regulator for thematic errors in historical advice. The potential liability for redress payments arising from advice given by AFCA in the UK, to participants of ETV schemes between 2008 and 2011, is calculated using certain assumptions based on a sample of the total number of cases that may require redress.

The group has an insurance programme to manage the risk of potential claims that arise from conducting activities of its business. There are seven insurance layers which in total provide cover for GBP 140 million above our self-insured excess under the error and omissions insurance programme.

Alexforbes has a limitation of GBP 18.5 million on the liability which is stipulated in the sale and purchase agreement with JLT. The limitation of liability excludes the amounts recovered from insurers. The group has fully provided for the potential liability up to the limitation in prior years and has paid GBP 16.7 million on the claim (including the excess funded through its cell-captive insurance facility), with the remaining liability at approximately GBP 1.6 million (R38 million) at the end of the year (31 March 2024: R44 million). Due to the limitation of liability, there is therefore no risk of any further increases to this liability or risk of new ETV-related liabilities.

At the time, one insurer amounting to GPB 11.6 million in the fourth excess layer had not confirmed cover and was investigating an interpretation of the excess applied through the policy in the claim. Management obtained senior legal opinion on the disputed aggregation and pursued legal action on the matter in two phases. The first phase was ruled upon with finality in favour of the group, with interest and costs, on 2 April 2025. As such, the recovery of insurance amounting to GBP 6.4 million (R152 million) has been recognised as income in non-trading and capital items in discontinued operations, whilst the interest earned amounting to GBP 1.4 million (R34 million) is recognised in continuing operations. The group will continue to pursue the remainder of the claim through arbitration.

25.4 Provision for client settlements and other legal claims

The group voluntarily appointed independent legal advisers to conduct a full review of past and current business practices across all of the South African operations in 2006. Following this review the provision for proposed client settlements for historical business practices, including the practice referred to as 'bulking' (refer to note 29.2 for further details on 'bulking'), was made. Interest accrues on this provision at the prime lending rate less 4% up to the date of settlement payments.

To date the group has made substantial progress in relation to the client settlement process, with the vast majority of all retirement funds that received offers having accepted the settlement offer.

26. Trade and other payables

Rm	Notes	2025	2024
Financial liabilities			
Trade payables		**169**	196
Accrued expenses		**170**	200
Other payables		**171**	161
Put option liability	26.1	**58**	39
		568	**596**
Non-financial liabilities			
Employee-based accruals		**299**	238
		867	**834**

26.1 Put option liability

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

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

27. Commitments

27.1 Capital commitments

Commitments are in respect of capital expenditure approved by directors and excludes lease commitments which are disclosed in note 28.

Rm	2025	2024
Contracted for	**30**	11
Not contracted for	**127**	6
	157	**17**

These commitments relate largely to software purchases and the funds to meet these commitments will be provided from internal cash resources generated by operations.

28. Leases

28.1 Leases as a lessee

The group leases properties for office space at various locations, the most material relating to the Sandton head office. The non-cancellable period of the leases varies in length from 2 to 14 years. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. For most leases, the group is permitted to enter into sub-lease arrangements subject to terms set out by the head lessor. Some of the office space in the leased properties has been sublet by the group.

Right-of-use assets related to lease properties are presented as property and equipment.

Lease liabilities

The following tables show the discounted lease liabilities included in the group statement of financial position:

Lease liabilities included in the statement of financial position at the end of the year

Rm	2025	2024
Opening balance	**339**	336
Interest amortised	**25**	36
Lease liability incurred	**68**	78
Repayment of lease liabilities	**(132)**	(196)
Lease modification	**(61)**	85
Closing balance	**239**	**339**
Current	**50**	112
Non-current	**189**	227

Amounts recognised in profit or loss

Rm	2025	2024
Depreciation expense on right-of-use assets	**76**	64
Interest expense on lease liabilities	**25**	36
Gain on lease modification	**(17)**	(12)
Income from subleasing right-of-use assets	**(13)**	(30)

The group concluded a renewal agreement of its Durban office leased space for an additional five years and reassessed the lease. The reassessment is accounted for as a modification of the lease and as a result, the carrying values of lease liability and right-of-use asset have been increased. The group recognised a modification gain of R17 million (2024: R12 million) in profit or loss.

28. Leases continued

28.2 Leases as a lessor

All leases from a lessor perspective are classified as operating leases with the exception of a sublease of specialised IT infrastructure, which the group has classified as a finance sublease.

28.2.1 Operating lease

The group subleases office space to tenants under operating leases with rentals receivable monthly. These leases have been classified as operating leases, because the group retains control of the right-of-use assets. Where considered necessary and to reduce credit risk, the group has obtained bank guarantees for the term of the lease. The group is not exposed to significant residual value risk at the end of the lease term because the rights to the underlying assets remain with the head lessors. The group is not exposed to foreign currency risk as a result of the lease arrangements, as the leases are denominated in South African rands. All operating lease arrangements were terminated in the current year.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

Maturity analysis – contractual undiscounted lease receivables

Rm	2025	2024
Less than one year	–	12
One to two years	–	3
Two to three years	–	1
Three to four years	–	–
	–	**16**

28.2.2 Finance lease

The group entered into a finance leasing arrangement with a tenant as a lessor for specialised IT infrastructure. Residual value risk on equipment under the lease is not significant, because the group does not retain any rights in the underlying asset. All finance lease arrangements were terminated in the current year.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

Maturity analysis – contractual undiscounted lease receivables

Rm	2025	2024
Less than one year	–	1
Total undiscounted lease receivable	**–**	**1**
Net investment in the lease	**–**	**1**

29. Contingencies

29.1 Overview

In the conduct of its ordinary course of business the group is exposed to various actual and potential claims, lawsuits and other proceedings relating to alleged errors and omissions, or non-compliance with laws and regulations. The directors are satisfied, based on present information and the assessed probability of claims eventuating, that the group has adequate insurance programmes and provisions in place to meet such claims. However, like all businesses of this type, the risk exists that significant adverse developments in past claims, or a significant increase in the frequency or severity of future claims for errors and omissions, could have a material effect on the group's reported results. The structure of the group's professional indemnity insurance programme is explained in note 25.2 to these financial statements.

29.2 Client settlements arising from historical business practices – bulking

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

29.3 Errors and omissions – warranty claim

In the current year, the group became aware of a potential warranty claim relating to a subsidiary which was disposed in prior years. At reporting date, the timing and amount of an outflow that may result from this claim, if any, is uncertain. Despite the uncertainty, the amount is not considered likely to be material.

30. Cash generated from operations

Rm	2025	2024
Profit before taxation from continuing operations	**1 040**	875
Items disclosed separately:		
Net interest income	**(168)**	(189)
Non-cash items:		
Depreciation of property and equipment	**141**	123
Amortisation of intangible assets and software	**104**	86
Net movement in provisions	**(31)**	(39)
Non-cash movement in provisions	**19**	3
Payments made out of provisions	**(50)**	(42)
Gain on lease modification	**(17)**	(12)
Reported loss arising from accounting for policyholder investments in treasury shares	**–**	1
Movement in working capital (refer to note 33)	**32**	10
Impairment of software, goodwill and intangibles assets	**–**	90
Movement in share-based payment reserve	**128**	128
Other movements	**1**	–
	1 230	**1 073**

31. Interest received

Rm	2025	2024
Investment income per income statement	**256**	263
Less non-cash investment income from financial assets	**(109)**	(63)
Exclude policyholder-related interest	**(27)**	(36)
	120	**164**

32. Interest paid

Finance costs paid on property leases	**(25)**	(36)
Finance costs paid on term loan, general banking facility and other	**(61)**	(36)
	(86)	**(72)**

33. Movement in working capital

Trade and other receivables	**(5)**	64
Trade and other payables	**37**	(54)
	32	**10**

34. Operating cash flows relating to insurance and policyholder balances

Decrease in policyholder working capital balances	**(5)**	(15)
Interest return relating to policyholder tax	**27**	36
	22	**21**

35. Cash flows from policyholder investment contracts[1]

Premium inflows	**73 012**	60 060
Investments made net of disinvestments	**5 932**	3 815
Investment withdrawals	**(78 773)**	(62 992)
	171	**830**

1 *Restated, refer to note 43.*

36. Taxation paid

Taxation payable at the beginning of the year	**(28)**	(20)
Prepaid tax at the beginning of the year	**13**	27
Charge in income statement	**(268)**	(259)
Policyholder tax charge in income statement	**(27)**	(36)
Charge to income statement for operations discontinued and disposed of in the year included in discontinued operations	**(5)**	(10)
Adjusted for:		
Other non-cash movements	**(2)**	45
Prepaid taxation at the end of the year	**(11)**	(13)
Taxation payable at the end of the year	**38**	28
Tax paid	**(290)**	**(238)**

37. Related party disclosure

37.1 List of related party relationships

Major shareholders

The equity holders of the company are detailed in Annexure A.

African Rainbow Capital Financial Services Investments Proprietary Limited (ARC), a subsidiary of African Rainbow Capital, holds a 45.83% interest. New Veld LLC, a subsidiary of Prudential Financial Inc., holds a 34.68% interest.

Subsidiaries and associates

Details of subsidiaries and associates, which are considered material to the group and in respect of which the group has a continuing interest, are provided in note 41: Consolidated and unconsolidated entities to these financial statements.

Post-employment benefit plans

Details of retirement benefit plans are provided in note 23: Employee benefits.

Directors

Details of the directors of the company are provided in the corporate information on page 116.

Prescribed officers

The group has defined the chief executive officer, chief financial officer and members of the group executive committee as prescribed officers of the group as defined by the Companies Act of South Africa.

Key management personnel

Key management personnel are defined as the prescribed officers and the directors of Alexander Forbes Group Holdings Limited.

37.2 Summary of related party transactions

Transactions with shareholders

Non-executive director fees were paid to ARC of R1.32 million (2024: R1.28 million).

New Veld LLC has elected not to receive directors fees for the year.

Transactions with subsidiaries

Details of dividends and fees received from subsidiary companies, where applicable, are provided in the company financial statements. The company has loans to and from its subsidiary companies, details of which are provided in the company financial statements. All transactions and balances with subsidiaries are eliminated on consolidation in line with the group's accounting policies.

Transactions with post-employment benefit plans

Current service costs amounting to R1 million (2024: R1 million) and benefits amounting to R7 million (2024: R7 million) were paid in relation to the post-employment medical obligation plan), as detailed in note 23: Employee benefits.

The retirement benefit plans of the group are compulsory funds and as such key management are participants in the fund. At 31 March 2025 the investments held through the retirement benefit plans by key management are R42.6 million (2024: R34.6 million).

Transactions with key management

The remuneration of executive directors and prescribed officers is determined and approved by the remuneration committee. The remuneration of non-executive directors, in the form of fees, is proposed by the remuneration committee and approved by shareholders at each annual general meeting.

The remuneration committee consists of non-executive directors. As a sub-committee of the board, the remuneration committee determines, agrees and develops the general policy on executive directors' as well as executive and senior management's remuneration. The objective is to ensure that such remuneration is fair, responsible and appropriate and that the conditions of employment and remuneration scales are market-related and at levels sufficient to attract, retain and motivate individuals of quality. The remuneration committee also ensures that executive remuneration is aligned to achieve the strategic objectives of the group and thus aligned to the interests of shareholders.

37. Related party disclosure continued

37.2 Summary of related party transactions continued

Transactions with key management continued

There are no management, consulting, technical or other fees, nor any commission, paid to directors other than what is disclosed below.

Executive directors' and chairman's remuneration paid to current office holders during the current and prior years are detailed below. The bonus for the 2025 financial year reflects the amount accrued and approved by the remuneration committee for the year ended 31 March 2025 and paid in June 2025.

Executive directors and prescribed officers (R'000)	Salary	Benefits and allowance	Retirement fund contributions	Bonus	LTIPs received	Dividends received	Total
2025							
DJ de Villiers[1]	**6 638**	**255**	**702**	**10 000**	**10 034**	**2 006**	**29 635**
BP Bydawell	**3 796**	**156**	**624**	**5 500**	**6 248**	**1 300**	**17 624**
CH Wessels	**2 871**	**122**	**484**	**3 300**	**3 011**	**740**	**10 528**
B Tladi	**2 594**	**117**	**592**	**3 900**	**2 568**	**634**	**10 405**
TJ Muthige	**3 030**	**113**	**381**	**3 100**	**1 903**	**753**	**9 280**
VR Maharaj	**2 610**	**408**	**430**	**3 500**	**4 481**	**572**	**12 001**
A Leepile[2]	**2 235**	**11 914**	**454**	**–**	**475**	**432**	**15 510**
JG Anderson[3]	**3 303**	**129**	**353**	**–**	**2 724**	**710**	**7 219**
LJ Kukard	**2 611**	**112**	**429**	**3 000**	**2 237**	**553**	**8 942**
Total for the year	**29 688**	**13 326**	**4 449**	**32 300**	**33 681**	**7 700**	**121 144**
2024							
DJ de Villiers[1]	6 270	335	670	7 500	20 215	1 359	36 349
BP Bydawell	3 590	217	590	4 300	5 097	854	14 648
CH Wessels	2 699	161	474	2 900	2 575	548	9 357
B Tladi	2 588	148	425	2 900	2 138	377	8 576
TJ Muthige	2 866	148	360	2 600	627	390	6 991
VR Maharaj	2 469	143	406	2 800	684	497	6 999
A Leepile	2 544	143	517	2 700	594	866	7 364
JG Anderson[3]	3 123	163	333	2 900	2 491	411	9 421
LJ Kukard	2 479	141	363	2 700	1 665	322	7 670
Total for the year	**28 628**	**1 599**	**4 138**	**31 300**	**36 086**	**5 624**	**107 375**

1 *DJ de Villiers's value of LTIPs received include the vesting of the sign-on CSP share awarded in November 2018.*

2 *A Leepile (former Chief executive officer: Alexander Forbes Investments) ceased to be a prescribed officer with effect from 30 November 2024. Included in the amount for benefits and allowance is R11.6 million paid in respect of termination benefits.*

3 *JG Anderson (executive: Solutions & Enablement) resigned as prescribed officer on 1 May 2025 and consequently forfeited his annual bonus.*

37. Related party disclosure continued

37.2 Summary of related party transactions continued

Transactions with key management continued

Long-term incentive plan (LTIP)

The Alexforbes LTIP applies to executive directors, executive management and senior management. The aim of the LTIP is to align the interests of executives and senior managers with those of shareholders and link reward to performance and value creation over the longer term. These awards are made on a sliding scale and set by reference to individual salaries, grade and performance as well as the company's retention requirements and market benchmarks. All LTIP awards granted from 2022 are governed in terms of Alexforbes LTIP 2022, refer to note 20 for further details.

Number of LTIP awards at 31 March 2025 ('000)	Year	2024 tranche	2023 tranche	2022 tranche	2021 tranche	2020 tranche
CSP awards						
DJ de Villiers	**2025**	**809**	**925**	**1 069**	**1 233**	**–**
	2024	–	925	1 069	2 467	808
BP Bydawell	**2025**	**558**	**638**	**732**	**743**	**–**
	2024	–	638	732	1 485	504
CH Wessels	**2025**	**333**	**381**	**480**	**367**	**–**
	2024	–	381	480	734	216
B Tladi	**2025**	**299**	**342**	**430**	**289**	**–**
	2024	–	342	430	579	197
TJ Muthige	**2025**	**320**	**366**	**540**	**357**	**–**
	2024	–	366	540	716	–
VR Maharaj	**2025**	**349**	**399**	**417**	**168**	**–**
	2024	–	399	417	1 118	–
A Leepile	**2025**	**–**	**–**	**–**	**–**	**–**
	2024	–	347	454	–	–
JG Anderson	**2025**	**343**	**392**	**493**	**310**	**–**
	2024	–	392	493	620	200
LJ Kukard	**2025**	**285**	**326**	**367**	**234**	**–**
	2024	–	326	367	469	178
FSP awards						
DJ de Villiers	**2025**	**202**	**308**	**458**	**823**	**–**
	2024	–	308	458	1 645	480
BP Bydawell	**2025**	**140**	**213**	**313**	**495**	**–**
	2024	–	213	313	990	301
CH Wessels	**2025**	**83**	**127**	**206**	**245**	**–**
	2024	–	127	206	489	344
B Tladi	**2025**	**75**	**114**	**184**	**193**	**–**
	2024	–	114	184	386	117
TJ Muthige	**2025**	**80**	**122**	**232**	**239**	**–**
	2024	–	122	232	477	–
VR Maharaj	**2025**	**87**	**133**	**179**	**112**	**–**
	2024	–	133	179	745	–
A Leepile	**2025**	**–**	**–**	**–**	**–**	**–**
	2024	–	116	443	1 285	–
JG Anderson	**2025**	**86**	**131**	**211**	**207**	**–**
	2024	–	131	211	413	119
LJ Kukard	**2025**	**71**	**109**	**157**	**157**	**–**
	2024	–	109	157	313	107
Outperformance conditional awards						
DJ de Villiers[1]	**2025**	**–**	**–**	**17 347**	**–**	**–**
	2024	–	–	17 347	–	–

1 *Mr DJ de Villiers received 17 346 939 outperformance conditional awards on 2 June 2022 with a grant date fair value of R4.17 and will forgo one third of his annual short-term and long-term incentives for the years 2022 to 2026. Refer to note 21.4.3.*

37. Related party disclosure continued

37.2 Summary of related party transactions continued

Directors' and prescribed officers' interests

The direct and indirect beneficial interests of the directors and prescribed officers and their associates in the issued ordinary share capital of the company are set out below.

('000) Directors and prescribed officers	2025 Direct	2025 Indirect[1]	2025 Total number of shares held	2025 Total % of shares held[2]	2024 Direct	2024 Indirect[1]	2024 Total number of shares held	2024 Total % of shares held[2]
DJ de Villiers[3]	**86**	**10 713**	**10 799**	**0.84**	86	8 316	8 402	0.63
BP Bydawell[3]	**92**	**5 165**	**5 257**	**0.41**	92	3 683	3 775	0.28
CH Wessels	**28**	**3 051**	**3 079**	**0.24**	28	2 340	2 368	0.18
B Tladi	**174**	**1 820**	**1 994**	**0.15**	174	1 420	1 594	0.12
TJ Muthige	**–**	**1 302**	**1 302**	**0.10**	–	831	831	0.06
VR Maharaj	**4**	**2 185**	**2 189**	**0.17**	4	1 057	1 061	0.08
A Leepile[4]	**–**	**–**	**–**	**–**	–	1 844	1 844	0.14
JG Anderson	**–**	**1 660**	**1 660**	**0.13**	–	1 626	1 626	0.12
LJ Kukard	**–**	**1 207**	**1 207**	**0.09**	–	1 190	1 190	0.09
Total	**384**	**27 103**	**27 487**	**2.13**	**384**	**22 307**	**22 691**	**1.70**

1 *Indirect beneficial interest held through the FSP Trust – this forms part of the awards allocated under the LTIP as well as shares held in escrow in terms of the MSR policy.*
2 *Includes both direct and indirect beneficial interest as a percentage of actual number of issued ordinary shares. Refer to note 20.*
3 *Executive directors.*
4 *A Leepile ceased to be a prescribed officer with effect from 30 November 2024.*

Directors' and prescribed officers' dealings

There have been no changes to the directors' or prescribed officers' interests in the company's shares from year-end to the date of this report.

Former directors' interests

No directors or prescribed officers who have resigned in the last 12 months hold any direct or indirect beneficial interests in the company's shares.

Other transactions with key management

Members of key management have personal investments in Alexander Forbes Investments through the Alexander Forbes Retirement Funds. These transactions are all concluded at market rates on an arm's length basis.

Non-executive directors' fees and remuneration

Non-executive directors, including independent non-executive directors, are paid fees by the company and other companies within the group and consists of a combination of standard fees plus additional fees for committee or subcommittee membership.

Independent non-executive directors (R'000)		2025	2024
D Dlamini (Chair)		**2 006**	1 356
AM Mazwai		**1 588**	1 647
N Ketwa		**1 138**	1 068
CWN Molope		**1 092**	1 045
R Roux	Appointed 01/07/2024	**930**	–
RM Head	Resigned 28/11/2024	**1 478**	1 053
T Dloti	Resigned 29/08/2024	**730**	1 741
AD Mminele (Chair)	Resigned 30/04/2023	**–**	174
		8 962	**8 084**

Non-executive director fees were paid to ARC of R1.32 million (2024: R1.28 million).

New Veld LLC has elected not to receive directors fees for the year.

38. Insurance risks

38.1 Overview

Insurance contracts were previously issued by the group's insurance subsidiary company designated as discontinued operations, namely Alexander Forbes Life Limited (AF Life). This insurance company is authorised and regulated by the Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA) in South Africa.

The group finalised the sale of the insurance policies held by AF Life, as well as the liabilities and the reserves relating to these policies to Sanlam Life Limited, a subsidiary of Sanlam Limited, under section 50 of the Insurance Act 18 of 2017, on 31 March 2022. The remaining reinsurance contract assets and insurance contract liabilities that were reclassified to assets and liabilities held for sale in the prior year have been transferred to Sanlam following regulatory approval on 27 February 2025.

The group also issues contracts which are classified as investment contracts. These contracts transfer market risk with no significant insurance risk. Market risk is defined as the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of process or rates or credit index or other variable. The group's multi-manager investment subsidiaries operate under long-term life insurance licences and they too are authorised and regulated by the PA and FSCA in South Africa, and the FCA in the United Kingdom.

These licences are issued for the multi-manager to issue linked-only investment policies and thus these businesses do not assume any insurance risk. For accounting purposes the contracts issued to policyholders are classified as investment contracts. The assets arising from these investment contracts are directly matched by linked obligations to the policyholders and the assets and linked obligations are separately reflected in the group statement of financial position as financial assets held under multi-manager investment contracts and financial liabilities held under multi-manager investment contracts respectively.

39. Financial risk

Introduction

The group's activities expose it to various financial risks arising from its financial assets and liabilities. Financial risks comprise credit risk, liquidity risk and market risk. These risks are defined below.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation timeously as contracted, thereby causing the group to incur a financial loss.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet commitments associated with financial liabilities as they fall due and payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate, principally as a result of changes in market conditions. These market conditions include interest rates, foreign currency exchange rates and other price conditions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in market interest rates.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate in rands owing to changes in foreign exchange rates.

The financial risks relating to the group's activities are best analysed according to the various operations of the group. These are:

(i) multi-manager investment operations through the Alexander Forbes Investments subsidiary companies; and

(ii) general operations, including consulting operations; employee benefit consulting, administration and management operations.

39. Financial risk continued

Nature of financial assets and liabilities

The nature of financial assets and liabilities of each operation is described below.

(i) Multi-manager investment operations

The financial assets held under multi-manager investment operations are policyholders' assets directly matched by linked obligations to policyholders. Both the assets and the liabilities are classified at fair value through profit or loss and are carried at fair value. No assets held under multi-manager investment operations have been pledged as collateral.

(ii) General operations

The financial assets and liabilities arising from general operations result from the corporate and employee benefits, group risk, investments, wealth and investments, retail insurance, administration only, emerging markets and corporate, and comprise financial assets at fair value through profit or loss and financial assets carried at amortised cost.

The following table reflects the financial assets and financial liabilities of the group, including their respective IFRS 9 classification:

Financial assets and liabilities of the group

Rm	Notes	2025	2024[1]
Assets			
Financial assets held under multi-manager investment contracts			
Fair value through profit or loss	10	**456 191**	409 998
Cash and cash equivalents	10	**7 162**	6 991
General operations			
Financial assets			
Fair value through profit or loss	16	**1 321**	1 197
Fair value through other comprehensive income	16	**13**	13
At amortised cost	16	**13**	16
Trade and other receivables			
At amortised cost	17	**445**	311
Cash and cash equivalents			
At amortised cost	18	**1 654**	2 323
Total financial assets		**466 799**	**420 849**
Liabilities			
Financial liabilities held under multi-manager investment contracts			
Fair value through profit or loss – designated	21	**463 357**	417 173
General operations			
Borrowings – financial liabilities held at amortised cost	22	**630**	372
Trade and other payables – financial liabilities held at amortised cost	26	**568**	596
Lease liabilities – financial liabilities held at amortised cost	28	**239**	339
Total financial liabilities		**464 794**	**418 480**

1 Restated, refer to note 43.

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

39. Financial risk continued

39.1 Credit risk

39.1.1 Objectives, policies and process to manage credit risk

(i) Multi-manager investment operations

All asset managers are governed by strict investment mandates, specifically set out by the group to meet the investment objectives of the respective policyholder portfolios and, where appropriate, specific minimum investment grading ratings. In addition, investment mandates are subject to restrictions imposed by Regulation 28 to the Pension Funds Act, 24 of 1956.

(ii) General operations

Financial assets

The financial assets designated as fair value through profit or loss are actively managed by multiple investment managers and placed with high credit-rated financial institutions. Industry specialists as well as the group's panel of investment managers are invited to the quarterly meetings.

Trade and other receivables

Trade and other receivables are managed through ongoing review and impaired if objective evidence is established that the group will collect all amounts due according to the original terms of the receivable. The group has policies in place to ensure that services are provided to customers with an appropriate credit history.

Cash and cash equivalents

The group has policies that limit the amount of credit exposure to any one financial institution, including the requirements by the Long-term Insurance Acts for minimum levels of asset spreading that are applicable to the insurance subsidiary companies. There have been no significant changes in the way in which credit risk is managed since the prior year.

39.1.2 Exposure to credit risk

(i) Multi-manager investment operations

There is no direct significant credit risk to the group on these assets as they are directly matched to policyholders' liabilities. Therefore, any credit risk in respect of policyholder assets is carried by the policyholder and not the group.

Analysis of financial assets held under multi-manager investment contracts

Institution where held	Financial assets Rm	Financial assets %
2025		
Between Aaa and A3[1]	**563**	**0.12**
Between Baa1 and B3[1]	**85 654**	**18.49**
Remainder includes equity securities and other assets with no specific credit risk rating	**377 136**	**81.39**
	463 353	**100**
2024		
Between Aaa and A3[1]	533	0.13
Between Baa1 and B3[1]	77 871	18.67
Remainder includes equity securities and other assets with no specific credit risk rating	338 765	81.21
	417 169	**100**

1 *Ratings per Moody's credit ratings agency.*

39. Financial risk continued

39.1 Credit risk continued

39.1.2 Exposure to credit risk continued

Analysis of financial assets

Rm	2025	2024[1]
Financial assets at fair value through profit or loss		
Money market instruments	**5**	18
Collective investment schemes	**1 316**	1 179
Financial assets at amortised cost		
Other loans	**13**	16
Financial assets at fair value through other comprehensive income – designated		
ASISA investment	**13**	13
	1 347	**1 226**

1 *Restated, refer to note 43.*

Trade and other receivables

The carrying amounts of these receivables reflected on the statement of financial position approximate their fair value at reporting date and represent the group's maximum exposure to credit risk in relation to these assets. At reporting date the group did not consider there to be a significant concentration of credit risk to trade and other receivables which had not been adequately provided for.

Top 20 clients

The group's top 20 clients' overall revenue represents approximately 13% (2024:12%) of operating income net of direct expenses and the total of this amount is aged within three months.

Impairment of financial assets

The group has four types of financial assets that are subject to the expected credit loss model:

- trade receivables;
- contract assets;
- other receivables; and
- long-term loans.

Trade receivables and contract assets

The group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (which include lease receivables) and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. In addition, the group has considered the current operating environment, including macroeconomic factors, and has concluded that the expected loss rates applied are appropriate.

39. Financial risk continued

39.1 Credit risk continued

39.1.2 Exposure to credit risk continued

Trade receivables and contract assets

Maximum exposure and age analysis of financial assets

Rm	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 360 days past due	Total
31 March 2025						
Expected loss rate	**1.0%**	**3.8%**	**14.3%**	**50.0%**	**100.0%**	**5.3%**
Gross carrying amount – trade receivables	**159**	**26**	**7**	**8**	**5**	**205**
Contract assets	**39**	**–**	**–**	**–**	**–**	**39**
Loss allowance	**(2)**	**(1)**	**(1)**	**(4)**	**(5)**	**(13)**
Total	**196**	**25**	**6**	**4**	**–**	**231**
31 March 2024						
Expected loss rate	1.2%	2.6%	5.0%	12.6%	100.0%	4.8%
Gross carrying amount – trade receivables	144	32	4	18	6	204
Contract assets	36	–	–	–	–	36
Loss allowance	(2)	(1)	(1)	(2)	(6)	(12)
Total	**178**	**31**	**3**	**16**	**–**	**228**

Trade receivables are reflected net of an impairment of R13.4 million (2024: R11.5 million). The majority of the trade receivables fall within less than 90 days.

Trade receivables and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the group and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables

Other receivables include a recovery award following the successful litigation of phase one of the ETV matter (refer to note 25.3). Settlement of the reimbursement award plus interest was received subsequent to year end, refer to note 44.2.

Cash and cash equivalents

Cash and cash equivalent balances and transactions are limited to high credit-quality institutions. At reporting date the group did not consider there to be a significant concentration of credit risk to cash and cash equivalent balances. The financial institutions used in the current and prior financial year had ratings of between Aa2 and Baa3, as determined by external credit ratings agency, Moody's.

During the current year there have been no changes to the fair values of the financial assets of general operations presented above due to changes in the credit risk associated with these assets.

39. Financial risk continued

39.2 Liquidity risk

39.2.1 Objectives, policies and process to manage liquidity risk

(i) Multi-manager investment operations

The multi-manager investment operations are conducted through long-term insurance subsidiary companies that issue insurance contracts to policyholders. These long-term insurance companies are registered financial institutions and are required to hold minimum solvency policyholder exposure to the group's liquidity risk. The regulator of insurance companies, the FSCA in South Africa, regularly reviews compliance with these minimum capital requirements. Management monitors compliance with these minimum capital requirements.

In addition, liquidity risk arising from unexpected lapses and withdrawals is limited through policy terms and conditions that restrict claims to the value and timing at which the assets are realised. The maturity analysis of these policyholders' liabilities is detailed in the notes to these financial statements, namely financial liabilities held under multi-manager investment contracts and these liabilities are mostly open-ended as per note 21.2.

(ii) General operations

Liquidity risk management implies maintaining sufficient cash and ensuring the availability of funding through an adequate amount of cash resources and credit facilities. Monitoring of budgeted and projected cash flows supports the fact that the group will generate sufficient cash flows from operations to limit the impact of liquidity risk. The group has prescribed authority mandates and borrowing limits.

The group sets limits on the minimum proportion of maturing funds available to meet claims arising from long-term insurance contracts and unexpected levels of demands. Similarly the majority of the assets held to match insurance contracts are in money market instruments which are highly liquid. Net cash flows are monitored closely to ensure claim payments under long-term insurance contracts can be made when requested. Long-term insurance subsidiaries are registered financial institutions and are required to hold minimum capital and reduce policyholder exposure to the group's liquidity risk. The regulatory authority in South Africa regularly reviews compliance with these minimum capital requirements. Management monitors compliance with these minimum capital requirements. Assets linked to investments are realisable at short notice.

The group is highly cash generative; a significant portion of revenue is collected within seven days of the month in which the revenue is recognised. This collection is inherent in the pension fund administrative revenue process. As a result the group is well positioned to engage in shorter-term funding matched to the cash flows in order to ensure maximum efficiency in its funding rates.

39.2.2 Exposure to liquidity risk

(i) Multi-manager investment operations

Liquidity risk arises from unexpected lapses and withdrawals by policyholders. In such cases, the group is able to transfer ownership of the underlying assets within the policy to the policyholder in order to extinguish its liability.

(ii) General operations

A term loan facility with a South African bank is in place to finance the group's acquisitions. The total funding available is R600 million, and to date R344 million has been drawn down. The interest on the facility ranges from JIBAR plus 1.65% to JIBAR plus 1.77% compounded quarterly. The repayments over the term of the loan will comprise interest only, whilst the principal is payable at maturity in June 2027.

A general banking facility of R400 million, with a South African bank, is in place to finance the group's working capital requirements. The facility bears interest at JIBAR plus 1.42% compounded monthly, and is repayable at the end of the availability period of twelve months.

A term loan facility of 10.15 million Botswanan pulas is in place to finance the capital expenditure on the refurbishment of the Botswana head office. The facility bears interest at the Botswana prime rate plus 1.25% margin per annum compounded quarterly, and is repayable over five years in 20 equal instalments of principal plus interest payable quarterly.

A five-year credit facility of 28 million Namibian dollars is in place to finance the capital expenditure on the refurbishment of the Namibia head office. The credit facility bears interest at the Namibia prime lending rate plus 1.20% margin per annum compounded daily. The interest is payable semi-annually in arrears, with the first payment due six months after all the conditions precedent under the facilities have been met. Fifty per cent of the facility amount will be repayable over 5 years in 10 equal instalments made semi-annually, with the first repayment due six months after the utilisation.

Refer to note 22 for further details on the debt facilities.

39. Financial risk continued

39.2 Liquidity risk continued

39.2.2 Exposure to liquidity risk continued

Liquidity analysis of assets and liabilities

Rm	Contractual cash flows (undiscounted) 0 – 1 year	1 – 3 years	3 – 5 years	>5 years	Undated linked	Total
2025						
Assets						
Financial assets held under multi-manager investment contracts	**–**	**–**	**–**	**–**	**463 353**	**463 353**
Financial assets	**–**	**–**	**–**	**–**	**1 334**	**1 334**
Trade and other receivables	**445**	**–**	**–**	**–**	**–**	**445**
Cash and cash equivalents	**1 654**	**–**	**–**	**–**	**–**	**1 654**
ASISA investment	**–**	**–**	**–**	**–**	**13**	**13**
Total financial assets	**2 099**	**–**	**–**	**–**	**464 700**	**466 799**
Liabilities						
Financial liabilities held under multi-manager investment contracts[1]	**–**	**–**	**–**	**–**	**463 357**	**463 357**
Borrowings	**295**	**383**	**15**	**–**	**–**	**694**
Lease liabilities	**70**	**131**	**62**	**32**	**–**	**295**
Trade and other payables	**510**	**24**	**34**	**–**	**–**	**568**
Total financial liabilities	**875**	**538**	**111**	**32**	**463 357**	**464 914**
2024						
Assets						
Financial assets held under multi-manager investment contracts[2]	–	–	–	–	417 169	417 169
Financial assets[2]	–	–	–	-	1 213	1 213
Trade and other receivables	311	–	–	–	–	311
Cash and cash equivalents[2]	2 323	–	–	–	–	2 323
ASISA investment	–	–	–	–	13	13
Total financial assets	**2 634**	**–**	**–**	**–**	**418 395**	**421 029**
Liabilities						
Financial liabilities held under multi-manager investment contract[1,2]	–	–	–	–	417 173	417 173
Borrowings	16	33	343	–	–	392
Lease liabilities	134	136	92	46	–	408
Trade and other payables	557	–	39	–	–	596
Total financial liabilities	**707**	**169**	**474**	**46**	**417 173**	**418 569**

1 *Although these financial liabilities are payable on demand, they can be settled in cash or by delivery of the underlying assets.*
2 *Restated, refer to note 43.*

39. Financial risk continued

39.3 Market risk

(i) Multi-manager investment operations

The group has established an investment committee which, in conjunction with the board of directors of the multi-manager investment subsidiary companies, is responsible for setting investment strategies for the various investment portfolios and monitoring compliance therewith.

Alexander Forbes Investments employs a multi-manager investment approach, focusing on reducing risk through optimal layer diversifications. The structure of investment portfolios is based on the contracts entered into and the risk profile selected by the client. Within these parameters, investments are managed with the aim of delivering enhanced returns, while limiting risk to acceptable levels, within the framework of statutory requirements. Although Alexander Forbes Investments does not make use of derivatives directly, the underlying managers may do so within strict mandate controls to achieve a particular portfolio's investment objective in the most effective manner or to smooth or protect portfolio returns.

(ii) General operations

Interest rate risk

The group does not hedge against the interest rate exposure of fee income derived by the group and the board has accepted that changes in interest rates can result in volatility in the group's earnings. An increase or decrease in interest rates impacts the value of debt securities included in assets from multi-manager investment contracts.

The group's debt structure comprises of a term loan facility of R344 million which bears interest at JIBAR plus 1.65% - 1.77% compounded quarterly, a debt facility of 28 million Namibian dollars subject to interest at the Namibia prime rate plus 1.20% compounded daily and payable semi-annually in arrears, as well as a term loan facility of 10.15 million Botswanan pulas subject to the Botswana prime rate plus 1.25% compounded quarterly and is payable quarterly in arrears. In addition, a general banking facility of R250 million is in place and bears interest at JIBAR plus 1.42% compounded monthly and is payable in arrears. Refer to note 22 for further details on the facilities.

Currency risk

The group does not hedge against its currency exposure to earnings and the board has accepted that changes in exchange rates can result in volatility in the group's earnings when reported in rands.

The group does not hedge against the currency exposure to US dollar policy-linked commission and fee income earned by insurance broking activities, and the board has accepted that changes in exchange rates can result in volatility in the group's earnings when reported in rands. Changes in currency will impact profit before tax as a result of commission and fee earnings linked to US dollar policies.

39.3.1 Objectives, policies and processes to manage market risk

(ii) General operations

Other price risk

The group monitors the risk associated with the fee income attributable to the equity assets under management in the multi-manager investment operations. The exposure to equity markets is monitored and specific advice is taken on the economic outlook with regard to this fee income.

There have been no significant changes in the way in which market risk is managed since the prior year.

39.3.2 Exposure to market risk

(i) Multi-manager investment operations

Policyholders' liabilities are linked to investments in equity securities, preference shares, debt securities, collective investment schemes, mutual funds, cash and other assets. These are valued at ruling market values and are therefore susceptible to daily market fluctuations.

There is no direct significant market risk, either by interest rate, currency or other price risk, to the group on financial assets held in respect of multi-manager investment contracts as the effect of any changes in these market risks is directly attributable to policyholder assets and policyholder assets are directly matched by policyholder liabilities. There are assets held within the policyholder assets which are exposed to currency risk arising from various currency exposures primarily with respect to sterling, euro and the US dollar, but these are matched by policyholder liabilities.

Fee income earned by the group on assets from multi-manager investment operations is based on assets which are exposed to fluctuations in interest rates, foreign currencies and equity prices. The group does not hedge against the interest rate and currency exposures and the board has accepted that changes in interest and exchange rates can result in volatility in the group's earnings.

39. Financial risk continued

39.3 Market risk continued

39.3.2 Exposure to market risk continued

(ii) General operations

Interest rate risk

The group's income and operating cash flows are substantially independent of changes in market interest rates, except for interest costs on provisions for client settlements which are sensitive to short-term interest rates. This impact is offset by the effect of short-term interest rate movements on interest earned on cash balances.

The interest rate on borrowings relate to the term loan facility with interest on draw downs ranging from JIBAR plus 1.65% to JIBAR plus 1.77%, a general banking facility with interest at JIBAR plus 1.42%, a facility in Botswana bearing interest at the Botswana prime rate plus 1.25%, as well as a debt facility with interest at the Namibia prime rate plus 1.20%. A 1% increase/decrease in JIBAR results in a pre-tax interest charge/saving of R5.6 million on the facilities, whereas a 1% increase/decrease in the Botswana prime rate results in a pre-tax interest charge/saving of BWP96 469 on the secured facility. In addition, a 1% increase/decrease in the Namibia prime rate results in a pre-tax interest charge/saving of N$246 089 on the debt facility. Refer to note 22.

As previously described, fee income derived by the group on assets from multi-manager investment contracts will be impacted by any changes in value of such assets arising from fluctuations in interest rates.

In addition, a portion of fee income earned in the retail business in the financial services operations in South Africa is impacted by changes in interest rates as this income is linked to assets managed by this business.

Currency risk

The group operates primarily in South Africa and has certain operations in other African countries. Approximately 8% (2024: 8%) of the group's operating income net of direct expenses is derived from its operations in Africa outside South Africa.

In the current year the most significant foreign currency has been the Great British pound (GBP). The GBP transactions and balances have been translated using the exchange rates below. Other less material foreign transactions and balances have been translated to rands using appropriate weighted average rates and closing rates respectively.

Rm		2025	2024
Weighted average rate	(ZAR: GBP)	**23.4**	23.5
Closing rate	(ZAR: GBP)	**23.8**	23.8

Fee income derived by the group on assets from multi-manager investment operations will also be impacted by any changes in value of such assets arising from fluctuations in foreign currency exchange rates.

In addition, a portion of fee income earned in the retail business in the financial services operations in South Africa is impacted by changes in foreign currencies as this income is linked to assets managed by this business.

Except for earnings, the group companies are required to hedge their foreign exchange risk exposure using forward contracts transacted with group treasury.

The group's exposure to foreign currency risk at the end of the reporting period expressed was as follows:

	2025	2024
Million	**GBP**	GBP
Cash and cash equivalents	**3.0**	11.0

Amounts recognised in profit or loss and other comprehensive income

During the year the following foreign exchange-related amounts were recognised in profit or loss and other comprehensive income:

Rm	2025	2024
Net gains recognised in other comprehensive income		
Foreign currency translation differences of foreign operations[1]	**1**	25

1 *Relates to currency translation risk.*

39. Financial risk continued

39.3 Market risk continued

39.3.2 Exposure to market risk continued

Sensitivity

The group is primarily exposed to changes in GBP exchange rates. The sensitivity of other comprehensive income to changes in the exchange rates arises mainly from GBP-denominated financial instruments:

Rm	2025	2024
ZAR:GBP exchange rate – increase 10%[1]	**26.2**	27.2
ZAR:GBP exchange rate – decrease 10%[1]	**21.4**	(27.2)

1 *If all other variables remain constant.*

Concentration risk

The group is not materially exposed to concentration risk in terms of its clients, products, industry exposure or outsourced providers. While the majority of the group's corporate asset exposure is well diversified, the group chooses to maintain the majority of its corporate bank accounts with one of the major banks in South Africa for reasons related to operational efficiency.

Other price risk

As detailed on the previous page, fee income derived by the group on assets from multi-manager investment operations will be impacted by any changes in the value of such assets arising from fluctuations in equity markets. In addition, a portion of fee income earned in the retail business in the financial services operations in South Africa is impacted by changes in equity markets as this income is linked to assets managed by this business.

Furthermore, the group has a securities lending arrangement with a third party that results in a transfer of financial assets. As part of the lending agreement, the group retains the ability to use the transferred assets and therefore continues to recognise the securities lent out in their entirety in the statement of financial position. The securities lending arrangement is secured using either cash or listed equities as collateral assets which are held by the securities lending agent and therefore not recognised in the group's statement of financial position. At 31 March 2025 the fair value of the financial assets accepted as collateral was R2 161 million and comprised entirely of listed equities.

Securities lending

Rm	Fair value through profit of loss	Amortised cost
2025		
Carrying amount of financial assets lent	**1 834**	**–**
Fair value of financial assets lent	**1 834**	**–**
Fair value of collateral assets held by securities lending agent – listed equities	**2 161**	**–**
Net exposure	**–**	**–**
2024		
Carrying amount of financial assets lent	2 422	–
Fair value of financial assets lent	2 422	–
Fair value of collateral assets held by securities lending agent – listed equities	3 173	–
Net exposure	–	–

The assets transferred and not derecognised are securities lent out under the securities lending agreement and fair valued at R1 834 million (2024: R2 422). Collateral assets fair valued at R2 161 million are held by the securities lending agent as security for the term of the underlying securities lending agreement, and therefore the group has no exposure in relation to these transactions.

39. Financial risk continued

39.4 Fair value hierarchy

39.4.1 Valuation methods and assumptions for valuation techniques

The group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements as required by IFRS 13 *Fair Value Measurements*. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' also requires significant judgement. The group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Level 1

Fair value measurements classified as Level 1 include exchange-traded prices of fixed income instruments, equity securities, listed debt securities, government stock and derivative contracts. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions.

Level 2

Level 2 financial instruments primarily include unlisted derivatives and unlisted corporate debt securities. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined using relevant information generated by market transactions involving comparable securities. They are often based on model pricing techniques that effectively discount prospective cash flows to present value using appropriate sector-adjusted discount rates commensurate with the security's duration, also taking into consideration issuer-specific credit quality and liquidity. These valuation methodologies have been studied and evaluated by the group and the resulting prices determined to be representative of exit values.

Observable inputs generally used to measure the fair value of securities classified as Level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data. Additional observable inputs are used when available and as may be appropriate.

Level 3

Assets and liabilities are classified as Level 3 where the valuation incorporates significant inputs that are not based on observable market data. Level 3 investments include unlisted equity securities and collective investment schemes which have significant unobservable inputs due to infrequent trading or whose traded prices are not considered liquid enough to justify Level 2 observation. The group applies various due diligence procedures, as considered appropriate, to validate these non-binding broker quotes for reasonableness, based on its understanding of the markets, including use of internally developed assumptions about inputs a market participant would use to price the security.

The group issues a significant number of investment contracts that are designated at fair value through profit or loss. These investment contracts are not quoted in active markets and their fair values are determined by using valuation techniques. Such techniques (for example, pricing models) are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices. A variety of factors are considered in the group's valuation techniques, including time value, credit risk (both own and counterparty), embedded derivatives (such as unit-linking features), volatility factors (including contract holder behaviour), servicing costs and activity in similar instruments. Since significant inputs are based on unobservable inputs, these investment contracts are classified as Level 3 instruments in the fair value hierarchy.

At 31 March 2025 investments classified at Level 3 comprise approximately 3% (2024: 3%) of total financial assets measured at fair value.

39. Financial risk continued

39.4 Fair value hierarchy continued

39.4.1 Valuation methods and assumptions for valuation techniques continued

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

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

The group's overall profit or loss is not sensitive to the inputs of the models applied to derive fair value as the majority of these Level 3 investments relate to policyholders under multi-manager contracts.

39.4.2 Financial assets and liabilities at fair value continued

Financial assets measured at fair value according to the fair value hierarchy

	Fair value levels			
Rm	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
2025				
Financial assets held under multi-manager investment contracts				
Equity securities – listed	137 329	–	–	137 329
Equity securities– unlisted	–	–	17	17
Preference shares – listed	39	–	–	39
Collective investment schemes	162 880	19 686	6 333	188 899
Debt securities – listed	24 969	–	–	24 969
Debt securities – government stock	41 131	1 066	–	42 197
Debentures – listed	2 239	–	–	2 239
Policy of insurance	–	31 478	8 020	39 498
Derivative financial instruments	1	8	–	9
Securities lending – equities	1 171	–	–	1 171
Securities lending – bonds	663	–	–	663
Unsettled trades	–	2 519	–	2 519
Money market instruments	–	16 642	–	16 642
Total financial assets measured at fair value	**370 422**	**71 399**	**14 370**	**456 191**
General operations				
Financial assets:				
Money market instruments	–	5	–	5
Collective investment schemes	–	1 316	–	1 316
ASISA investment	–	–	13	13
Total financial assets measured at fair value	**370 422**	**72 720**	**14 383**	**457 525**
Expressed as a percentage (%)	81%	16%	3%	100%
Cash held under multi-manager investment contracts	–	7 162	–	7 162
	370 422	79 882	14 383	464 687

39. Financial risk continued
39.4 Fair value hierarchy continued
39.4.2 Financial assets and liabilities at fair value continued

Rm	Fair value levels Level 1	Level 2	Level 3	Total fair value
2024[1]				
Financial assets held under multi-manager investment contracts				
Equity securities - listed	120 249	–	–	120 249
Equity securities- unlisted	–	24	30	54
Preference shares - listed	32	–	–	32
Collective investment schemes	139 611	32 052	5 254	176 917
Debt securities - listed	22 397	–	–	22 397
Debt securities - government stock	38 771	–	–	38 771
Debentures - listed	976	–	–	976
Policy of insurance	–	23 204	6 855	30 059
Derivative financial instruments	5	–	–	5
Securities lending - equities	1 137	–	–	1 137
Securities lending - bonds	1 285	–	–	1 285
Unsettled trades	–	1 716	–	1 716
Money market instruments - listed	–	16 580	–	16 580
Total financial assets measured at fair value	**324 463**	**73 576**	**12 139**	**410 178**
General operations				
Financial assets:				
Money market instruments	–	18	–	18
Collective investment schemes	–	711	–	711
ASISA investment	–	–	13	13
Total financial assets measured at fair value	**324 463**	**74 305**	**12 152**	**410 920**
Expressed as a percentage (%)	79%	18%	3%	100%
Cash held under multi-manager investment contracts	–	6 991	–	6 991
	324 463	**81 296**	**12 152**	**417 911**

1 Restated, refer to note 43.

Financial liabilities measured at fair value according to the fair value hierarchy

Rm	Fair value levels Level 1	Level 2	Level 3	Total fair value
2025				
Financial liabilities measured at fair value				
Financial liabilities held under multi-manager investment contracts	**–**	**463 357**	**–**	**463 357**
Total financial liabilities measured at fair value	**–**	**463 357**	**–**	**463 357**
2024[1]				
Financial liabilities measured at fair value				
Financial liabilities held under multi-manager investment contracts	–	417 173	–	417 173
Contingent consideration	–	–	–	–
Total financial liabilities measured at fair value	**–**	**417 173**	**–**	**417 173**

1 Restated, refer to note 43.

39. Financial risk continued

39.4 Fair value hierarchy continued

39.4.2 Financial assets and liabilities at fair value continued

Transfers between Levels 1 and 2

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

39.4.3 Changes in Level 3 instruments

Summary of changes in group Level 3 instruments

Rm	Financial assets under multi-manager assets
Financial assets	
Opening balance at 1 April 2024	**12 139**
Total gains recognised in profit or loss	**1 191**
Purchases	**1 860**
Disposals	**(820)**
Closing balance at 31 March 2025	**14 370**
Opening balance at 1 April 2023	11 488
Total gains recognised in profit or loss	1 130
Transfer of financial assets at FVTPL	(715)
Purchases	975
Disposals	(739)
Closing balance at 31 March 2024	**12 139**

Level 3 financial assets and liabilities comprise mainly policyholder assets and liabilities. Financial assets and financial liabilities in this level are insignificant in relation to total financial assets and financial liabilities respectively. The financial assets and liabilities of multi-manager investment contracts are linked and all movements in these assets will be met with a converse movement in the liabilities associated. Any fair value gains and losses resulting from policyholder financial assets and financial liabilities have no impact on profit or loss. There was no change in the valuation methodology of Level 3 assets during the period under review.

40. Risk and capital management

40.1 Capital management

40.1.1 Capital management strategy

Alexforbes employs a disciplined capital management framework to maximise shareholder value through a process of planning, allocating and managing capital throughout the group. Capital planning is conducted with the aim of ensuring that the return on investment is higher than the cost of capital, as well as to balance the objectives of achieving stated growth, risk and return expectations in line with the interests of the shareholders. The group aims to ensure a capital structure that enables these aims and delivers on its focus of being a capital-light business.

The group maintains a capital buffer in line with its board-approved risk appetite, indicating the amount of excess assets above liabilities on a statutory basis. Alexander Forbes Group Holdings manages these capital buffers for the group and for its regulated entities.

While the group takes particular care in ensuring the capital adequacy of its regulated entities, both at solo and group level, the group targets shareholder return through:

- optimising its regulatory capital requirements;
- dividend declarations in line with its dividend policy;
- share repurchase initiatives;
- investment into business; and
- inorganic growth through mergers and acquisitions.

The group manages its capital planning through its board-approved capital management policy.

40.1.2 Available capital resources

The group's available capital and quality thereof is determined on the South African Solvency Assessment and Management framework (SAM) basis in alignment to its tiering requirements. The group's capital supply (also known as Own Funds) is almost entirely funded by ordinary share capital offering the highest quality of capital to the group. The Group Own Funds are allocated to various tiers detailed below, of which Tier 3 consists of largely net deferred tax assets and the admissible portion of intangible assets.

Tier 1	Tier 2	Tier 3	Eligibility adjustment	Adjustment to own funds for pro rata interest	Eligible Own Funds to meet the SCR
2 215	–	202	–	(31)	2 387

The group does not have any qualifying Tier 2 debt at the reporting date.

40.1.3 Capital adequacy and solvency

Under the Insurance Act, 2017, which came into effect on 1 July 2018, the Prudential Authority prescribed methodology for South African insurers to assess its solvency. The Insurance Act replaced the previous statutory bases for measuring solvency under the Long-Term and Short-term Insurance Acts. The Insurance Act also prescribes the basis for insurers of calculating available capital and the solvency capital requirements for solo insurers as well as designated insurance groups.

Available capital is the amount by which the value of the assets exceeds the value of liabilities, both measured on a prescribed prudential basis. The group ensures that available capital is of suitable quality and is accessible when required. The capital buffer is the amount by which available capital exceeds the regulatory capital requirement for the group. The capital buffer is managed to support risk target levels, strategic initiative requirements and the dividend policy of the group. The group's dividend policy takes cognisance of capital requirements at a group level and the required buffers. Similarly, all dividends sourced from regulated entities are only approved where they do not compromise capital adequacy at each legal entity level.

Entities regulated under regulations other than the Insurance Act in South Africa and/or in foreign jurisdictions are similarly monitored for ongoing compliance under their respective regulatory requirements. At this stage Alexander Forbes Group Holdings Limited has not been formally designated as the controlling company of an insurance group. It is expected that following the sale of Alexander Forbes Life, the group will be regulated with a focus on its linked insurance business, Alexander Forbes Investments. Guidance from the Prudential Authority is awaited on the appropriate level of regulation and oversight for the group.

40. Risk and capital management continued

40.1 Capital management continued

40.1.3 Capital adequacy and solvency continued

Solo supervision

The solo insurance entity solvency on a prudential basis is shown below (31 March 2024 included for comparative purposes):

	31 March 2025			31 March 2024		
Regulated entity	Own Funds	SCR	Cover ratio	Own Funds	SCR	Cover ratio
Alexander Forbes Investments Limited	**618**	**505**	**1.22**	704	586	1.20
Alexander Forbes Life Limited	**413**	**97**	**4.27**	576	137	4.22

All solo entities remain solvent as at 31 March 2025 and maintain buffers in line with their respective risk appetites.

Group supervision

While the group has not been formally designated as an insurance group under the new Insurance Act, the group manages solvency at group level. The group applies the principles as set out under the Prudential Standards for the group for its various entities to derive the group's regulatory solvency and surplus. The following methodology is applied for various regulated and non-regulated entities:

Capital classification	Entity type
Insurance entities	• SA regulated insurance (long term) • Non-SA regulated insurance (non-equivalent jurisdictions)
Other regulated entities	• Non-SA regulated financial entity • Non-SA regulated financial insurance (equivalent jurisdiction)
13B and FAIS licensed entities	• SA regulated financial entities • Non-regulated entities
Unregulated entities	• Holding companies

The group maintains a regulatory surplus of R1.348 billion and SCR cover ratio (Own Funds/SCR) of 2.3 as at 31 March 2025, compared to R1.949 billion and 2.78 respectively as at 31 March 2024.

Other regulatory bases

Artex Axcell PPC Limited is an insurance cell-captive company registered in Guernsey and regulated under the Guernsey Financial Services Commission. The Prescribed Capital Requirement held by Artex Axcell PCC Limited in respect of the insurance cell at reporting date was R12.4 million (2024: R12.8 million) and cover ratio of 11.6 times (2024: 11.5 times).

40. Risk and capital management continued

40.2 Enterprise-wide risk management (EWRM)

Sound risk management is an important enabler of our strategic intent, enhancing our ability to perform against our stated objectives. For us, risk management is about protecting our ability to create value and ensuring we preserve that value for our stakeholders. Our group risk strategy and EWRM framework, in coordination with our group capital management policy (and supporting policies and tools), informs our disciplined, structured approach and processes towards strengthening the link between strategy, risk, capital and return in our aim to remain sustainable and a responsible corporate citizen. These primary governing documents continue to be reviewed and updated in order to ensure that they are compliant with the Governance and Operational Standards for Insurers as issued by the Prudential Authority under the Solvency Assessment and Management regulatory regime, are business-relevant and practical in application and assessment to the group, and work effectively and efficiently in meeting their objectives.

40.2.1 Role of EWRM

The role of risk management is to help the group evaluate, monitor, oversee and manage risks across the organisation; to support overall confidence in organisational processes, systems and reporting; and to meet group objectives more reliably. In other words, risk management aims to help stakeholders take risks more intelligently; and make agile, informed, risk-based decisions towards improving business performance, building organisational resilience and growing stakeholder value. The group's risk management system extends across all entities under the enterprise's control.

The EWRM system comprises the risk strategy, framework, relevant policies, and related procedures and tools for assessing, monitoring, reporting and mitigating material risks to:

- ensure that sufficient risk mitigation is in place to reduce exposures to acceptable levels;
- ensure that the various insurers can meet their obligations to policyholders;
- provide stakeholders with the material information needed to make decisions and to meet group objectives;
- meet regulatory and contractual requirements, as well as evidence good fiduciary conduct.

The group's EWRM system is not currently at the desired level of maturity and, as such, improvements to drive risk maturity are currently under way.

It is also a group board requirement that management implement a system of internal controls to provide reasonable assurance from a control perspective that the group is being operated consistent with group-wide strategies, policies and procedures, which are attaining their intended outcomes. In this respect, the group internal control policy has been updated and re-approved and the internal control programme (including management self-assessments of the internal control environment) has commenced – that said, the group is still not at its desired levels of internal control maturity and this remains a key priority for the organisation.

The group also has in place a comprehensive group insurance programme to mitigate against claims that may arise in the course of trade.

40. Risk and capital management continued

40.2 Enterprise-wide risk management (EWRM) continued

40.2.2 Board committee structure

The board committee structure is designed to assist the board of the company in performing its duties and responsibilities, including those for risk, governance and control. Although the board delegates certain functions to these committees, it retains ultimate responsibility for their activities.

Committee	Role of the committee
Group nominations committee	The nominations committee makes recommendations to the board on the appointment of new executive, non-executive and independent directors, including making recommendations on the composition of boards in the group generally and on the balance between executive, non-executive and independent directors appointed to the boards.
Group remuneration committee	The role of the remuneration committee is to assist the board to ensure that: • the company has a remuneration policy and philosophy that is aligned with its long-term business strategy, its business objectives, its risk appetite and values; • the remuneration policy and philosophy is appropriately applied throughout the company and its subsidiaries; • the company remunerates directors and members of the group executive committees fairly and responsibly; and • the disclosure of remuneration is accurate, complete and transparent.
Group mergers and acquisitions committee	The objective of the committee is to review and, if appropriate, recommend acquisitions and disposals to the board.
Group audit and risk committee	The group audit and risk committee's primary objective is to assist the board with its responsibilities for the management of risk; safeguarding of assets; oversight over financial control; and reporting on the state of internal controls, shareholder reporting and corporate governance, particularly relating to legislative and regulatory compliance. The committee also monitors and oversees the capital management of the group, so as to assist the board in discharging its fiduciary duty to clients, investors, creditors and to the regulator. The audit committee's roles and responsibilities include statutory and regulatory duties as per the Companies Act 71 of 2008 and according to the King IV Report on Corporate Governance for South Africa, 2016.
Group social, ethics and transformation committee	This committee fulfils the functions assigned to it under the Companies Act Regulations, as well as other functions that the board assigns to it, including the fulfilment of the key objectives of transformation and strategies aligned therewith, as well as overseeing and monitoring activities in relation to social and economic development, good corporate citizenship, corporate social responsibility, ethical behaviour and managing environmental impact; consumer relations, and labour and employment development.

Each board committee is governed by formal written terms of reference that are reviewed annually and, at a minimum, effectively delegate certain of the board's responsibilities. The full terms of reference for each committee are available on our website.

40.2.3 Risk appetite

Definition

Alexforbes's risk appetite – the amount of risk we are willing to accept in pursuit of our objectives – defines the parameters within which we can operate. Our risk appetite stipulates the aggregate levels and types of risk our firm is willing to take within its risk capacity. Our risk appetite therefore serves as a valuable reference point for important business decisions. The group seeks strategic risk and recognises that this may result in losses. The group does not seek strategic risk in excess of the stated tolerances.

Risk appetite statements and measures

Our risk appetite is defined by measures for the most significant types of risk that the group confronts as a consequence of its trade. There is clarity on the risks that the organisation actively seeks, avoids or accepts as well as on the balance between risk and reward. The definitions allow us to flag material deviations and identify and mitigate emerging risks timeously. We also have flexibility in setting tolerance levels as circumstances and objectives change. Each risk appetite statement has a set of key metrics that are monitored against set thresholds on a quarterly basis. Additionally, qualitative principles regarding our appetite and expected risk behaviour have been set for each of the risk statements. In the regulatory risk space, we have made progress in implementing a risk appetite framework for market conduct and financial crime.

40. Risk and capital management continued

40.2 Enterprise-wide risk management (EWRM) continued

40.2.3 Risk appetite continued

Risk type	Risk appetite statements and measures
Business risk	The group seeks strategic risk and is willing to accept reasonable losses in pursuit of higher returns. We do not seek strategic risk in excess of our risk-bearing capacity. *Key risk indicators:* • Normalised return on equity over a five-year period • Growth in revenue • Earnings at risk (deviation from budget) • Cost-to-income ratio
Operational risk	The group has limited appetite for the failure of people, processes, systems and for the impact of external events. The impacts of operational risk span across the business and will be managed by implementation of the appropriate controls. The group has zero appetite for reputational risk. *Key risk indicators:* • Staff turnover • System downtime (occurrences on key systems) • Errors and omissions • Process failures (number of erroneous transactions) • Internal fraud • External fraud • Customer complaints
Regulatory risk	We will avoid situations arising in non-compliance with laws, regulatory requirements and codes of conduct applicable to the industries within which we operate that will result in our business model, objectives, reputation and financial soundness being compromised. The group will specifically focus on minimising its market conduct, financial crime and privacy risks. *Key risk indicators:* • Group solvency capital requirement • Market conduct • Financial crime

Discussion on credit risk, market risk and liquidity risk can be found under note 42: Financial risk. Further, a discussion on insurance-related risks can be found under note 41.

40.2.4 EWRM processes

Our EWRM processes are continual and comprise the following ongoing phases: risk identification, measurement, prioritisation, treatment and monitoring. Established risk categories consider what the organisation wants to include in its discussion of risk and how they are defined. Risk categorisation assists in grouping risks in a structured risk management process that then allows the group to address different risk categories more intelligently. This includes the building of strategies to avoid or minimise impact. Risk category examples include business, market, credit, liquidity, operational, underwriting, etc.

40.2.5 Risk taxonomy

In this section we highlight how the group exercises oversight and manages each Level 1 risk category.

Operational risk

Operational risk is the risk of loss owing to factors such as inadequate systems, management failure, inadequate internal controls, fraud or human error. The group mitigates these risks through a sound risk management framework, systems of internal controls, internal audit and compliance functions, and other measures such as backup procedures, contingency planning and insurance.

40. Risk and capital management continued

40.2 Enterprise-wide risk management (EWRM) continued

40.2.5 Risk taxonomy continued

Managing and mitigating operational risk

Operational risks are managed through the business processes by business unit management, and maintained within limits deemed appropriate for the business. Line management are the primary assurance providers on operational risk, with second-line defence consisting of a group operational risk oversight capability and third-line defence comprising assurance by internal and external audit.

Operational risks are typically mitigated through the implementation of appropriate controls. The group's common risk language is set out in the group-wide risk taxonomy, including the various operational risk sub-types. Formal processes have been established to facilitate the identification of operational risk which is inherent within all key processes in the group, across all geographical areas. The business is making progress in establishing risk assessments for key processes with key risks and associated controls. These risks and controls, once identified, will be classified, evaluated and periodically monitored. Where specified tolerance levels are breached, remedial actions are implemented, tracked and reported on.

Internal and external audit evaluate the assessment of key operational controls cyclically and provide formal opinions on the management of key controls. These opinions are expressed in formal reports to the relevant executive and board committees. Operational risk events are also reported and managed by business areas. Management is working towards ensuring that appropriate key indicators are monitored across the group to ensure trends are identified and acted upon in good time. Periodic assessments are also conducted by risk specialists to obtain a group view by sub-risk types. Remedial actions are implemented, tracked and reported on to various risk committees and subcommittees of the board. Results of regular stress testing and scenario analyses are reported to senior management, control functions and the board.

Business risk

Business risk relates to the potential revenue shortfall compared to the cost base due to strategic and/or reputational reasons. From an economic capital perspective, business risk capital requirements are calculated as the potential loss arising over a one-year time frame, within a certain level of confidence, as implied by the group's chosen target rating. The group's ability to generate revenue is impacted by, among others, the external macroeconomic environment, its chosen strategy and its reputation in the markets in which it operates.

Managing and mitigating business risk

Business risks are managed during the strategic and financial planning processes where the board and executive management continuously predict the likely changes to the macroeconomic and socio-political environment, together with the industry outlook and the impact it will have on returns to shareholders.

The following actions are undertaken consistently to mitigate against business risk:

- The key response is the wider group strategy to diversify its source of revenue.
- Investment performance controls to reduce risk of underperformance include:
  - Clearly defined and implemented investment philosophy and process
  - Investment committee in place to oversee investment decision-making process
  - Well-resourced and experienced investment team with succession planning in place
- Controls to reduce possible loss of new and existing business include:
  - Treating customers fairly initiatives
  - Strong new business team
  - Development of new products
  - Running plausible scenario analysis

Strategic risk

Strategic risk is a component of business risk and is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of an organisation's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals and the quality of implementation. The resources needed to carry out business strategies are both tangible and intangible. They include communication channels, operating systems, delivery networks, and managerial capacities and capabilities. The organisation's internal characteristics must be evaluated against the impact of economic, technological, competitive, regulatory and other environmental changes.

40. Risk and capital management continued

40.2 Enterprise-wide risk management (EWRM) continued

40.2.5 Risk taxonomy continued

Managing and mitigating strategic risk

The management team in the various businesses, the group executive committee and board continue to monitor these risks and seek to respond appropriately and manage them against predetermined strategic outcomes. A strategic risk profile is determined, monitored and reported upon at business unit level.

Continuous assessments are conducted by the group executive committee and board on the group strategy to assess how well it is tracking against plan. Strategic risks deemed to be outside the predetermined limits are either mitigated or escalated to the board for consideration. The implementation of mitigating actions is informed by an early warning system consisting of key risk indicators which are used to understand the levels at which concern is raised to ensure management actions are implemented in a timely manner.

Legal and regulatory risk

The group is exposed to various actual and potential claims, lawsuits and other proceedings relating to alleged errors and omissions, or non-compliance with laws and regulations, in the conduct of its ordinary course of business. The directors are satisfied, based on present information and the assessed probability of claims eventually, that the group has adequate insurance programmes and provisions in place to meet such claims. However, like all businesses of our type, the risk exists that significant adverse developments in past claims, or a significant increase in the frequency of severity of future claims for errors and omissions, could have a material effect on the group's reported results. Details of the structure of the group's errors and omissions insurance programme are provided in note 25.2 to these financial statements.

40.2.6 Own risk and solvency assessment (ORSA)

The own risk and solvency assessment (ORSA) process is an ongoing internal process whereby the group assesses the adequacy of its enterprise risk management framework and the capital it is required to hold for its risks to remain solvent under normal and severe stress scenarios.

Alexander Forbes Group Holdings Limited completes a consolidated annual group ORSA report in accordance with the Governance and Operational Standards for Insurers as issued by the Prudential Authority under the governance standards of the Insurance Act. The insurance licensed entity, Alexander Forbes Investments Limited, is included within this ORSA. Where the need for an out-of-cycle assessment arises, the group conducts the process across all entities in alignment to its ORSA policy.

We define our strategy over the business planning period through a rigorous budgeting process. The results form the basis of the ORSA analysis of future projected solvency. These solvency results then undergo stress testing to determine the robustness of the business and its various contributing entities, and to determine the maturity of its risk management practices. The ORSA process and risk management responsibilities are then monitored and embedded through the ongoing and recurring EWRM processes.

The ORSA process continues to mature every year in the group and will continue to deliver value through enhanced embedment. This maturity is assessed each year together with actions identified to enhance the ORSA in the following year. This process enables enhancement of our ORSA each year and the ability to better assess risk, solvency and capital.

40.2.7 EWRM outlook

Looking forward, we will continue to evolve our approach to determining appropriate risk and reward to allow for enhanced decision-making. The focus will be on strengthening and embedding risk management further into the first line, paying particular attention to the changing targeted strategic ambition, the evolving regulatory environment and growing regulatory expectations and placing focus on both quantitative and qualitative aspects of risk, governance and control. In doing so we will also look to improve our risk monitoring tools, and grow and deepen the frequency and quality of reporting to the various governance structures within the group.

41. Consolidated and unconsolidated entities

41.1 Consolidated entities

Material subsidiaries in which the group has a financial interest

Material subsidiaries in which the group has a financial interest all have a 31 March year-end date.

Entity	Nature of business	Economic interest 2025 %	Economic interest 2024 %
1. Holding companies above the operational Alexander Forbes Limited group			
Alexander Forbes Acquisition Proprietary Limited	Holding company	**100**	100
Alexander Forbes International Limited	Ultimate holding company for international group	**100**	100
2. Holding companies within the Alexander Forbes Limited group			
Alexander Forbes Limited	Holding company	**100**	100
Alexander Forbes Emerging Markets Proprietary Limited	Holding company for African operations	**100**	100
3. Operational companies within the Alexander Forbes Limited group			
Alexander Forbes Financial Planning Consultants Proprietary Limited	Financial planning	**100**	100
Alexander Forbes Financial Services Proprietary Limited	Provision of financial services	**100**	100
Alexander Forbes Group Services Proprietary Limited	Administration and support services	**100**	100
Alexander Forbes Health Proprietary Limited	Healthcare, wellness and related consulting, broking and actuarial services	**100**	100
Alexander Forbes Fiduciary Services Limited	Provision of wills and fiduciary services	**100**	100
GF Wealth Management Proprietary Limited	Provision of financial services	**100**	100
Alexander Forbes Life Limited	Long-term insurer	**100**	100
Alexander Forbes Investments Limited	Multi-manager investment	**100**	100
Alexander Forbes Investments Administration Services Proprietary Limited	Investment administrative services provider	**100**	100
Alexander Forbes Investments Unit Trusts Limited	Unit trust management	**100**	100
EBS International Proprietary Limited	Administration platforms and technology services	**100**	100
Megatech Systems Proprietary Limited	Information technology services	**100**	100
Global ASP Proprietary Limited	Financial and information technology services	**100**	100
Employee Benefit Solutions Africa Proprietary Limited	Employee benefits administration	**100**	100
Disaster Recovery South Africa Proprietary Limited	Computer activities and data recovery	**100**	100
Global ASP Asset Management Solutions Proprietary Limited	Pension fund administration and wealth planning services	**100**	100
TSA Administration Proprietary Limited	Group risk insurance administration services	**60**	60
AFInvest Proprietary Limited	Investment administration platform and wealth planning services	**100**	100
GQM Fund Administrators Proprietary Limited	Retirement fund administration services	**100**	–

41. Consolidated and unconsolidated entities continued

41.1 Consolidated entities continued

Entity	Nature of business	Economic interest 2025 %	Economic interest 2024 %
Alexander Forbes Alternatives Proprietary Limited	Multi-manager investment	**100**	100
4. Rest of Africa			
Alexander Forbes Financial Services (Botswana) Proprietary Limited	Financial services (Botswana)	**67**	67
Alexander Forbes Asset Consultants Proprietary Limited	Financial services (Botswana)	**74**	74
Alexander Forbes Investments Namibia Limited	Multi-manager investment (Namibia)	**75**	75
Alexander Forbes Consulting Actuaries Nigeria Limited	Financial services (Nigeria)	**100**	100
5. United Kingdom/Europe			
Alexander Forbes Channel Islands Limited	Financial services	**100**	100
Alexander Forbes Investment Jersey Limited	Multi-manager investment	**100**	100

41.2 Unconsolidated structured entities

While the group consolidates certain structured entities other structured entities are not consolidated owing to the group not having an exposure to variability in returns and the power to govern the activities that affect this exposure.

The unconsolidated structured entities in which the group has an interest are:

- Certain collective investment schemes of which the group is the fund manager and has an investment
- The Alexander Forbes Community Trust
- Alexander Forbes Staff Share Trust

Unconsolidated collective investment schemes

The group manages 4 collective investment schemes (2024: 4) as fund manager which are not consolidated. It also invests certain policyholder assets with these trusts. The value of these investments at 31 March 2025 is R396 million (2024: R342 million) representing 3.76% (2024: 3.46%) of the total assets in the schemes included in financial assets of multi-manager investment contracts on the statement of financial position. The group provides no financial assistance to the schemes nor is there any contractual obligation to provide assistance to the schemes.

42. Subsidiaries with material non-controlling interest

42.1 Subsidiaries with material non-controlling interest

The group consolidates certain entities with material subsidiaries and equity accounts associates. The summarised financial information of these entities is disclosed below.

The information represents 100% of the entity's results and has not been adjusted for the non-controlling interest share. Intercompany transactions and balances have not been eliminated. Profit allocated to non-controlling interests during the current financial year was R23 million.

Alexander Forbes Investment Solutions Namibia Limited

Rm	2025	2024
Balance sheet information		
Total assets	**7 792**	5 423
Total liabilities	**(7 757)**	(5 390)
Total net assets	**35**	**33**
Summarised income statement		
Revenue	**49**	37
Profit before tax	**15**	16
Tax expense	**–**	–
Profit after tax	**15**	16
Other comprehensive income	**–**	–
Total comprehensive income	**15**	**16**
Summarised cash flows		
Cash from operating activities	**6**	(12)
Cash from investing activities	**–**	–
Cash from financing activities	**(5)**	–
Net increase in cash and cash equivalents	**1**	(12)
Cash and cash equivalents at beginning of the year	**32**	44
Cash and cash equivalents at year-end	**33**	**32**

42. Subsidiaries with material non-controlling interest continued

42.1 Subsidiaries with material non-controlling interest continued

TSA Administration Proprietary Limited

Rm	2025	2024
Balance sheet information		
Total assets	**84**	50
Total liabilities	**(60)**	(26)
Total net assets	**24**	**24**
Summarised income statement		
Revenue	**80**	62
Profit before tax	**26**	23
Tax expense	**(7)**	(8)
Profit after tax	**19**	15
Other comprehensive income	**–**	–
Total comprehensive income	**19**	**15**
Summarised cash flows		
Cash from operating activities	**41**	42
Cash from investing activities	**(5)**	(7)
Cash from financing activities	**–**	–
Net increase in cash and cash equivalents	**36**	35
Cash and cash equivalents at beginning of the year	**35**	–
Cash and cash equivalents at year-end	**71**	**35**

43. Restatement of comparative information

As part of the ongoing financial review and internal controls oversight reporting process, management identified a classification error pertaining to certain short-term highly liquid unit trust investments. These investments were presented as cash and cash equivalents rather than financial assets in the statement of financial position and the statement of cash flows emanating from a technical accounting interpretation of the definition of cash and cash equivalents. Management has effected corrections to the presentation of the group's statement of financial position and the statement of cash flows which has resulted in the comparative information being restated.

In addition, the group identified an error in the presentation of financial assets and financial liabilities held under multi-manager investment contracts in the group statement of financial position stemming from an incorrect consolidation elimination entry. Management has effected corrections to the presentation of the group's statement of financial position and the statement of cash flows which has resulted in the comparative information being restated.

The restatements have no impact on previously disclosed earnings per share and return on equity measures. In addition, the group's liquidity and available cash positions are not impacted.

43. Restatement of comparative information continued

The impact of the restatements on the group's statement of financial position and statement of cash flows are detailed below:

Group statement of financial position

Rm	As reported 2024	Adjustment	Restated 2024
Assets			
Financial assets held under multi-manager investment contracts	416 989	**180**	417 169
Financial assets	758	**468**	1 226
Cash and cash equivalents	2 791	**(468)**	2 323
Liabilities			
Financial liabilities held under multi-manager investment contracts	416 993	**180**	417 173

Rm	As reported 2023	Adjustment	Restated 2023
Assets			
Financial assets held under multi-manager investment contracts	379 714	**105**	379 819
Financial assets	696	**262**	958
Cash and cash equivalents	2 818	**(262)**	2 556
Liabilities			
Financial liabilities held under multi-manager investment contracts	379 718	**105**	379 823

Group statement of cash flows

Rm	As reported 2024	Adjustment	Restated 2024
Cash flows from operating activities	**1 210**	–	**1 210**
Cash flows from investing activities			
Purchase of financial assets	(293)	**(206)**	(499)
Net cash outflow from investing activities	**(318)**	**(206)**	**(524)**
Cash flows from financing activities	**(123)**	–	**(123)**
Increase in cash and cash equivalents	769	**(206)**	563
Cash and cash equivalents at the beginning of the year	8 978	**(262)**	8 716
Effects of exchange rate changes on cash and cash equivalents	35	–	35
Cash and cash equivalents at the end of the year	**9 782**	**(468)**	**9 314**
Analysed as follows:			
Cash and cash equivalents of continuing operations	2 791	**(468)**	2 323
Cash held under multi-manager investment contracts	6 991	–	6 991
	9 782	**(468)**	**9 314**

44. Events after reporting period

44.1 Business and Asset purchase of Paragon Impact Limited

On 30 April 2025 the group finalised the purchase of the Paragon Impact technology solution (Paragon Impact) for GBP 2 million (R49 million). The acquisition of Paragon Impact, a globally unique impact monitoring, reporting and grading solution, adds significant depth to our expanding sustainability advisory services to retirement funds and corporate clients, while creating the opportunity to expand into the global sustainability advisory market.

44.2 Enhanced Transfer Values (ETV) liability matter

On 16 May 2025 the group received settlement of GBP 7.86 million (R186 million) following the successful litigation of phase one of the ETV liability matter which was ruled upon with finality on 2 April 2025. Refer to note 25.3.

Alexander Forbes
Group Holdings Limited

Company annual financial statements

for the year ended 31 March 2025

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Company statement of comprehensive income

For the year ended 31 March 2025

Rm	Notes	2025	Restated 2024
Dividend revenue	1	**1 392**	712
Operating expenses		**(4)**	(10)
Operating profit		**1 388**	**702**
Non-trading and capital items		**(1)**	(20)
Investment income	2	**6**	4
Profit before taxation		**1 393**	**686**
Income tax expense	7	**(2)**	(1)
Profit for the year		**1 391**	**685**
Other comprehensive income		**–**	–
Total comprehensive income for the year		**1 391**	**685**

Company statement of financial position

At 31 March 2025

Rm	Notes	2025	2024
Assets			
Investment in subsidiary	3	**4 823**	4 823
Receivables from group companies	8.1	**7**	35
Financial assets	4	**–**	2
Trade and other receivables		**4**	2
Cash and cash equivalents		**131**	156
Total assets		**4 965**	**5 018**
Equity and liabilities			
Share capital	5	**5 980**	5 980
Non-distributable reserves	5.3	**75**	225
Accumulated loss		**(1 091)**	(1 201)
Total equity		**4 964**	**5 004**
Liabilities			
Trade and other payables		**1**	4
Loans from group companies	8.1	**–**	10
Total liabilities		**1**	**14**
Total equity and liabilities		**4 965**	**5 018**

Company statement of cash flows

For the year ended 31 March 2025

Rm	Notes	2025	2024
Cash flows from operating activities			
Cash generated from operations	6	**1 312**	222
Interest received	2	**5**	4
Dividends paid		**(1 456)**	(611)
Tax paid	7	**(2)**	(1)
Net cash outflow from operating activities		**(141)**	**(386)**
Cash flows from investing activities			
Additions to financial assets	4	**(35)**	–
Proceeds from disposal of financial assets	4	**37**	–
Net cash inflow from investing activities		**2**	**–**
Cash flows from financing activities			
Cash flows received from group companies	8.1	**227**	561
Cash flows paid to group companies	8.1	**(10)**	–
Purchase of treasury shares for share incentive		**(103)**	(51)
Net cash inflow from financing activities		**114**	**510**
(Decrease)/increase in cash and cash equivalents		**(25)**	124
Cash and cash equivalents at the beginning of the period		**156**	32
Cash and cash equivalents at the end of the period		**131**	**156**

Company statement of changes in equity

For the year ended 31 March 2025

Rm	Share capital	Non-distributable reserves	Accumulated loss	Total equity
At 31 March 2023	**5 980**	**205**	**(1 337)**	**4 848**
Dividends paid	–	–	(611)	(611)
Movement in share-based payment reserve	–	127	–	127
Settlement of share incentive schemes[1]	–	(107)	56	(51)
Unrealised gain on share transfer[2]	–	–	6	6
Total comprehensive profit for the year[3]	–	–	685	685
At 31 March 2024	**5 980**	**225**	**(1 201)**	**5 004**
Dividends paid	**–**	**–**	**(1 456)**	**(1 456)**
Movement in share-based payment reserve	**–**	**128**	**–**	**128**
Settlement of share incentive schemes[4]	**–**	**(278)**	**175**	**(103)**
Total comprehensive profit for the year	**–**	**–**	**1 391**	**1 391**
At 31 March 2025	**5 980**	**75**	**(1 091)**	**4 964**

1 *Shares amounting to R159 million relating to the forfeitable share scheme were settled.*
2 *Unrealised gain/(loss) arises from the difference between cost and fair value of shares that were transferred.*
3 *Restated, refer to note 9.*
4 *Shares amounting to R278 million relating to share schemes were settled.*

Notes to the company financial statements

For the year ended 31 March 2025

1. Dividend revenue

Rm	2025	2024[1]
Dividends in specie from subsidiary[1]	71	442
Dividend from subsidiary	1 321	270
	1 392	**712**

1 Restated, refer to note 9.

2. Investment income

Rm	2025	2024
Interest income	6	4
Cash	5	4
Non cash[1]	1	–

1 Non-cash interest is earned on collective investment schemes and is used to reinvest in additional financial assets.

3. Investment in subsidiary

Rm	2025	2024
Carrying value	**4 823**	**4 823**

The investment in subsidiary of the company comprises of a 100% interest in Alexander Forbes Acquisition Proprietary Limited.

4. Financial assets

Rm	2025	2024
Current financial assets	–	2
4.1 Analysis of financial assets		
Financial assets at fair value through profit or loss		
Opening balance	2	2
Purchases	35	–
Disposals	(37)	–
Closing balance	**–**	**2**

5. Share capital

Rm	2025	2024
Share capital at no par value	**5 980**	5 980

	2025		2024	
	Number of shares '000	Share capital at no par value Rm	Number of shares '000	Share capital at no par value Rm
5.1 Share capital				
Authorised				
Ordinary shares at no par value	**2 500 000**	**–**	2 500 000	–
Issued				
Ordinary shares at no par value	**1 288 512**	**5 980**	1 327 582	5 980
	1 288 512	**5 980**	**1 327 582**	**5 980**
5.2 Movement in share capital				
Opening balance	**1 327 582**	**5 980**	1 327 582	5 980
Treasury share cancellation[1]	**(39 070)**	**–**	–	–
Closing balance	**1 288 512**	**5 980**	**1 327 582**	**5 980**

1 *The company repurchased and cancelled 39 070 700 shares with a repurchase price of one cent per share. The shares were withdrawn on the JSE on 24 February 2025.*

5.3 Non-distributable reserve

Rm	2025	2024
Movement in non-distributable reserves		
Opening balance	**225**	257
Charged to group entities	**128**	127
Settlement of share incentive schemes	**(278)**	(159)
Closing balance	**75**	**225**

5.4 BEE employee share option plan (ESOP)

The Isilulu Trust (the trust) was the vehicle through which the ESOP operated. Alexander Forbes issued 39 070 700 ordinary shares in June 2015 to the trust at one cent per share that rank pari passu with other ordinary shares, with the exception of dividend rights for these shares. This transaction was facilitated by Alexander Forbes through a notional vendor finance (NVF) mechanism in terms of which the shares receive 30 per cent of any dividends distributed to ordinary shareholders, and in turn, are distributed to beneficiaries. The remaining 70 per cent of the dividends was applied against the NVF mechanism.

Dividends distributed by the trust are treated as employee benefits. Dividend income earned by the trust and subsequently distributed to eligible employees in the current year was R11 million (2024: R4 million).

On 17 February 2025, Alexander Forbes repurchased the 39 070 700 ordinary shares (Repurchased Shares) from the trust at a repurchase price of one cent per share (the Specific Repurchase). The Specific Repurchase was effected pursuant to the ESOP transaction as contemplated and approved in 2015.

In terms of the ESOP transaction agreements, the Specific Repurchase could be implemented at any time after 17 April 2021, the sixth anniversary of the effective date of the ESOP transaction. Following a review of the group's remuneration policy, Alexforbes elected to implement the Specific Repurchase and resultantly terminating the notional loan.

As a consequence of the repurchase, the company and trustees of the Isilulu Trust resolved to terminate the trust. The Repurchased Shares were subsequently cancelled and were withdrawn on the JSE on 24 February 2025.

In order to place impacted employees in a similar position, the group has replaced the ESOP scheme with an equivalent adjustment to their total guaranteed pay.

6. Cash generated from operations

Rm	2025	2024[1]
Profit before taxation[1]	1 393	686
Items disclosed separately:		
Investment income	(6)	(4)
Movement in working capital balances:		
Payables and receivables	(4)	1
Other non-cash movements		
Dividends in specie[1]	(71)	(442)
Advances to group companies	–	11
Cash paid to group companies	–	–
Share transfer through intercompany loans	–	(36)
Movement in share-based payment reserve	–	6
	1 312	**222**

1 *Restated, refer to note 9.*

7. Income tax expense

Rm	2025	2024
Charge in income statement	(2)	(1)
Net tax paid	**(2)**	**(1)**

8. Related party disclosure

List of related party relationships

Major shareholders

The owners of the company are detailed in Annexure A.

African Rainbow Capital Financial Services Holdings Proprietary Limited (ARC), a subsidiary of African Rainbow Capital, holds a 45.83% interest in the company. New Veld LLC, a subsidiary of Prudential Financial Inc., holds a 34.68% interest in the company.

Refer to note 37.1 in the group financial statements.

Subsidiaries

The company has a 100% interest in Alexander Forbes Acquisition Proprietary Limited.

Consolidated structured entities

The company consolidates certain structured entities due to having an exposure to variability in returns and the power to govern the activities that affect this exposure.

The consolidated structured entities in which the company has an interest are:

- Alexander Forbes Forfeitable Share Plan Trust; and
- Alexander Forbes Isilulu Trust.

Key management personnel

Details of key management personnel are included in note 37.2 of the group financial statements.

8.1 Summary of related party transactions

Transactions between related parties comprise non-interest-bearing loans and are repayable on demand.

Transactions with subsidiaries

Rm	2025	2024
Loans to group companies		
Opening balance	**35**	135
Cash movements		
Movement in share-based payment reserve	**(129)**	(248)
Advances to group companies[1]	**–**	(15)
Cash inflow from group companies[2]	**(98)**	–
Non-cash movements		
Share-based payment expense raised	**128**	127
Dividend in specie	**71**	–
Share transfer	**–**	36
Closing balance	**7**	**35**

Rm	2025	2024
Loans from group companies		
Opening balance	**(10)**	(143)
Cash movements		
Cash received from group companies[2]	**–**	(298)
Cash paid to group companies[2]	**10**	–
Non-cash movements		
Advances to group companies	**–**	(11)
Dividend in specie	**–**	442
Closing balance	**–**	**(10)**

1 *Advances to group companies relate to expenses charged to subsidiaries.*
2 *The cash received from and paid to group companies is in relation to transfers of excess cash, financial assistance and settlements between the company and subsidiaries to optimise cash flow and liquidity.*

Transactions between related parties comprise non-interest-bearing loans.

9. Restatement of comparative information

As part of the ongoing financial review and internal controls oversight reporting process, management identified a presentation error in the statement of comprehensive income. The error pertains to the incorrect recognition of a distribution in specie comprising the company's own equity instruments, received for the settlement of the forfeitable share scheme. The transaction was recognised as dividend revenue in the statement of comprehensive income, rather than directly in equity. Management has made corrections to the presentation of the company's statement of comprehensive income which has resulted in the comparative information being restated.

The impact of the restatement on the company's statement of comprehensive income is detailed below:

Rm	As reported 2024	Adjustment	Restated 2024
Dividend revenue	768	**(56)**	712
Operating expenses	(10)	**–**	(10)
Operating profit	**758**	**(56)**	**702**
Non-trading and capital items	(20)	**–**	(20)
Investment income	4	**–**	4
Profit before taxation	**742**	**(56)**	**686**
Income tax expense	(1)	**–**	(1)
Profit for the year	**741**	**(56)**	**685**
Other comprehensive income	–	**–**	–
Total comprehensive income for the year	**741**	**(56)**	**685**

Annexure

Annexure A – shareholding information

Analysis of the shareholding at 31 March 2025

	2025	
	Analysis of shareholders	**Number of shares as a % of total**
Beneficial shareholders holding 5% or more of the company's listed ordinary share capital		
ARC Financial Services Investments Proprietary Limited (ARC)	590 576 662	45.83
New Veld LLC	446 847 621	34.68
	1 037 424 283	80.51
Investment management interests above 3% of the company's listed ordinary share capital		
Visio Capital Management Proprietary Limited	59 357 227	4.61
Public Investment Corporation Limited	58 051 955	4.51
	117 409 182	9.12

Shareholding spread at 31 March 2025

Size of holding	Number of shareholders	% of total	Number of shares	% of total
1 - 1 000	23 379	95.50	942 852	0.07
1 001 - 10 000	720	2.94	2 540 699	0.20
10 001 - 100 000	256	1.05	8 661 435	0.67
100 001 - 1 000 000	97	0.40	28 170 749	2.19
1 000 001 +	28	0.11	1 248 195 719	96.87
	24 480	100	1 288 511 454	100

Shareholder type at 31 March 2025

	Shareholders and percentage of issued share capital		
	Number of shareholders	**Number of shares**	**% of total**
Public	24 469	192 929 248	14.97
Non-public	11	1 095 582 206	85.03
ARC Financial Services Investments Proprietary Limited	1	590 576 662	45.83
New Veld LLC	1	446 847 621	34.68
Alexander Forbes Share Schemes[1]	2	53 322 190	4.14
Executive directors and prescribed officers	6	384 607	0.03
Alexander Forbes Community Trust	1	4 451 126	0.35
Total	24 480	1 288 511 454	100

1 *Includes shares in MSR.*

Annual financial statements | Annexure A – shareholding information
Analysis of the shareholding at 31 March 2025

	2024	
	Analysis of shareholders	Number of shares as a % of total
Beneficial shareholders holding 5% or more of the company's listed ordinary share capital		
ARC Financial Services Investments Proprietary Limited (ARC)	561 591 587	42.30
New Veld LLC	446 847 621	33.66
	1 008 439 208	**75.96**
Investment management interests above 3% of the company's listed ordinary share capital		
Visio Capital Management Proprietary Limited	67 677 784	5.10
Public Investment Corporation Limited	58 169 680	4.38
	125 847 464	**9.48**

Shareholding spread at 31 March 2024

	Number of shareholders	% of total	Number of shares	% of total
1 – 1 000	21 891	95.39	880 483	0.07
1 001 – 10 000	676	2.95	2 352 166	0.18
10 001 – 100 000	255	1.11	8 423 510	0.63
100 001 – 1 000 000	93	0.41	25 739 442	1.94
1 000 001 +	35	0.15	1 290 186 553	97.18
	22 950	**100**	**1 327 582 154**	**100**

Shareholder type at 31 March 2024

	Shareholders and percentage of issued share capital		
	Number of shareholders	Number of shares	% of total
Public	22 935	212 713 734	16.02
Non-public	15	1 114 868 420	83.98
ARC Financial Services Investments Proprietary Limited	1	561 591 587	42.30
New Veld LLC	1	446 847 621	33.66
Alexander Forbes Share Schemes	2	47 931 998	3.61
Alexander Forbes Isilulu Trust	1	39 070 700	2.94
Executive directors and prescribed officers	8	10 723 874	0.81
Alexander Forbes Community Trust	1	4 451 126	0.34
Alexander Forbes Acquisition Proprietary Limited	1	4 251 514	0.32
Total	**22 950**	**1 327 582 154**	**100**

Corporate information

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

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

Non-executive directors
Marinda Dippenaar, Gary Herbert,
Refiloe Nkadimeng, Amy Tedesco

Executive directors
DJ de Villiers (Chief executive officer)
BP Bydawell (Chief financial officer)

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

Investor relations
Z Amra

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