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**EXTRACT FROM THE AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2022 AND  
FINAL CASH DIVIDEND DECLARATION**

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## Overview

Alexforbes has delivered a pleasing set of results owing to disciplined strategic execution, a transformed organisational culture, sound corporate governance and focused innovation. The strategy set out in 2019 has proven to be resilient to the impact of the Covid-19 pandemic as it created the foundation for accelerated growth. The resolve to execute on the strategy has served the business well and there has been clear and demonstrable delivery across our strategic objectives. The core business has been reconfigured, is focused, and working well which provides a solid foundation for building on growth in terms of new business and acquisitions.

The business is now in a strong position to forge a greater connection with the people who we ultimately serve resulting in a refreshed vision, purpose and overarching customer value proposition. This change is reflected by the launch of the Alexforbes brand in March 2022 that represents who we are, why we exist and how we add value, which is to pioneer insight to deliver advice and solutions that impact people's lives.

Our clients are experiencing the benefits of our advice-led model and the modernised retirement fund and investment administration platform. We are excited about having won new business of R148 million in annualised revenue.

Over the past year, we have invested in our holistic people strategy to ensure that we attract and retain the best talent in the industry across critical functions. We have implemented a balanced scorecard methodology throughout the organisation to align all incentives with the strategic objectives of the company and are maturing our performance management processes to lift the collective efforts of all employees.

## Financial highlights

- Operating income up 7% year on year at R3 221 million underpinned by new business wins, higher average assets and market performance.
- Operating expenses remain well managed at R2 540 million an increase of 5% year on year.
- Profit from operations (before non-trading and capital items) increased 9% year on year to R720 million.
- Headline earnings per share from continuing operations up 19% year on year to 37.2 cents per share.
- Cash generated from continuing operations remains strong at R809 million (2021: R951 million).
- Our capital position remains sound with a regulatory surplus of R1 308 million. The group cover ratio of 1.8 times is comfortably above the target solvency cover ratio of 1.2 times.
- Final dividend declared of 20 cents per share (2021: 9 cents per share), taking the annual dividend to 32 cents per share, up 45% year on year.
- 8% increase in assets under administration (AuA) and assets under management (AuM) to R435 billion.

## Financial highlights (continued)

### Twelve months ended 31 March

In millions of South African rands (Rm)	2022/2021 % change	2022	2021 <sup>A</sup>	2020 <sup>A</sup>
<b>Continuing operations</b>				
Operating income <sup>B</sup>	7	3 221	3 013	3 026
Profit from operations (before non-trading and capital items)	9	720	659	756
Cost-to-income ratio (percentage) <sup>C</sup>	na	77.6	78.1	75.0
Profit/(loss) for the year	15	478	416	(763)
Cash generated from operations	(15)	809	951	929
Basic earnings/(loss) per share (cents)	20	37.0	30.8	(67.1)
Headline earnings per share (cents)	19	37.2	31.2	32.2
<b>Discontinued operations</b>				
Operating income <sup>B</sup>	(40)	113	189	675
(Loss)/profit from operations (before non-trading and capital items)	>100	(51)	(12)	142
<b>Total group</b>				
Basic earnings/(loss) per share (cents)	>100	39.3	14.3	(11.8)
Headline earnings per share (cents)	>100	33.2	12.7	35.4
Normalised headline earnings per share (cents)	>100	32.7	12.0	38.7
Interim dividend (cents per share)	(8)	12	13	18
Final dividend (cents per share)	>100	20	9	12
Annual dividend (cents per share)	45	32	22	30
Special dividend (cents per share)	na	-	-	50
Closing AuA and AuM (in billions of South African rands)	8	435	401	310
Total members under administration and advised ('000) <sup>D</sup>	2	1 281	1 254	1 296

A. Restated for the effects of discontinued operations.

B. Operating income represents revenue net of direct expenses.

C. Cost-to-income ratio is calculated as a percentage of operating expenses (before non-trading and capital items) and adjusted for other income, over operating income.

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

## **We have had a productive year**

- Our customer satisfaction score has improved for a third consecutive year.
- Our culture metrics have shown that employee engagement, morale and trust in leadership remain high.
- Continued momentum in winning new business, representing R148 million in annualised revenue.
  - New business asset flows of R11.6 billion achieved in the individual consulting business, up 23% year on year.
  - R9.4 billion in new institutional business assets under management (AuM), with an additional R4 billion pending regulatory approvals.
  - Significant administration mandates won with membership within client funds ranging from 7 000 to 60 000 members per fund.
  - Notable wins in both the healthcare broking and healthcare management solutions businesses.
- Continued our digital transformation as well as our member engagement and individualisation strategy, in line with our growth ambitions.
- Embedded environmental, social and governance (ESG) principles into our investment process and within our investment portfolios.
- Successfully implemented changes to the Performer portfolio bringing in new thinking and new managers. These changes aim to maintain a well-structured, diversified portfolio solution and accelerate our transformation objectives to advance a more inclusive asset management industry.

## **Accelerating our journey to become the most impactful provider of financial advice to institutional clients and individual customers**

- Completed the sale and transfer of the group risk and retail life businesses to Sanlam Life.
- The group announced three corporate transactions in line with its growth strategy.
- Launched our refreshed vision, purpose, customer value proposition and brand.
- Improved the utilisation of our digital tools across individual customers.
- Delivered the Alexforbes Member Insights research, now augmented by non-retirement fund data.

## **We have built a solid foundation for our business to grow**

- Strong governance principles supported by an active board.
- Modernised fund administration with further innovation imminent.
- Leading consulting across retirements and healthcare with opportunity to compete in a mature market.
- Stable retail advice with opportunity to extend reach into pre-retirement and discretionary markets.
- Further scale being created in fund administration through organic and inorganic means.
- A culture of diversity, integrity, collaboration and leadership.
- A hybrid work environment where productivity is measured by output centered on our clients' needs.

**Chief executive officer, Dawie de Villiers, commented:** 'Alexforbes's results reflect the hard work of the team over the past three years in implementing our turnaround strategy. Our leaders have driven disciplined execution across the business and have cemented the positioning of our advice-led, integrated value proposition resulting in record levels of new business flows in consecutive years. We are building on this strong foundation by refreshing our vision to become the most impactful provider of financial advice to institutional clients and individual customers. Both the board and management are excited by the interest expressed in our business by the largest insurer in the United States, Prudential Financial, through the potential change in shareholding transaction announced in March 2022. We look forward to unlocking the prospective strategic benefits of this relationship.'

## Prospects

The core business has been reconfigured, is focused, and working well which provides a solid foundation for building on growth in terms of new business and acquisitions. The business is now in a strong position to forge a greater connection with the people who we ultimately serve resulting in a refreshed vision, purpose and overarching customer value proposition.

### ***Benefitting from the strong new business pipeline that we have built***

A number of clients won in the 2022 financial year will only reflect in the 2023 financial year flows due to the lag between acceptance and implementation. There are several large umbrella fund quotes and standalone funds under review. Our recent track record places us in a position of strength to compete aggressively for such appointments.

### ***Scaling the launch of the refreshed Alexforbes brand***

This will drive greater connection with the institutional clients and individual customers we serve. We have a structured plan to amplify and maintain awareness of our brand to influence more clients and customers to ultimately choose Alexforbes as their financial adviser. Our purpose aligns directly with our refreshed customer value proposition which is to pioneer **insight** to deliver **advice** and solutions that **impact** people's lives. This is reflected in our refreshed brand so that the active positioning of Insight, Advice and Impact is displayed prominently to create resonance to this offer. We have simplified our communication, collateral and new business pitches using the customer value proposition as the unifying framework across the business to amplify how we show up to the market as 'One Alexforbes'.

### ***Diversifying the retail financial advice segmentation beyond our traditional post-retirement market***

We aim to extend our reach into the pre-retirement lifestage (ages 50 and upwards) to assist with holistic financial planning and consolidation of assets. Furthermore, we wish to connect with younger retail customers within our base by scaling up our financial consultants division to reach more individuals aged 30 to 50 and support them with a holistic range of financial planning capabilities with a focus on discretionary investments.

### ***Modernising the customer experience delivered to retirement fund members***

We are refreshing our digital ecosystem in a manner that makes our customers feel connected to and confident in their financial decisions. The launch of our adviser tools platform (Adviser Connect) will further support the delivery of our best-advice framework to members.

### ***Experiencing the effect of more member engagement appointments in the coming years***

We have experienced a marked increase in these appointments. The opportunity exists to optimise the interaction between the member, employer, fund and Alexforbes to connect seamlessly to our counselling and advice. Doing so will create the runway for greater individualisation and the opportunity to serve individual financial needs.

### ***Refreshing the Alexforbes umbrella fund solution to leverage our scale and differentiated offering***

Our aim is to compete aggressively against participants who focus on their umbrella funds as their primary line of business. Given the trend of consolidation in the standalone fund industry, Alexforbes is uniquely positioned to offer funds and employers a professionalised integrated solution that is independent where it matters most as we are separate from all insurers and asset managers. This means that we are free to act exclusively in the interests of members without any conflicts of interest. This feature is becoming increasingly attractive to independent employee benefits consultants who see the value in partnering with the Alexforbes Access umbrella solution to provide such confidence to their clients. The Alexforbes Access umbrella fund has experienced exponential growth in recent years due to increased support from the market with the year ahead promising to be one of its biggest yet.

### ***Updating our consulting model for the integrated Alexander Forbes Retirement Fund umbrella solution***

Our focus in boardroom conversations is how best to impact members' lives. This is anticipated to draw on our deep understanding of the dynamics of members gained through the Alexforbes Member Insights research supported by a first-of-its-kind Alexforbes Member Impact report. Decision-makers will be able to explore and track the various actions available to measurably change the lives of members.

**Continued automation of our fund administration**

This strengthens our core and provides opportunities to increase efficiencies and reduce the risks of errors. We have achieved substantial progress over the past year and will continue to implement further innovations. We anticipate that value will be unlocked as clients begin to adopt and use the range of technology capabilities now available to them to manage their experience of our administration.

**Implementing the acquisitions**

This is intended to accelerate growth as we diversify our market segments, increase scale and modernise our advice capabilities. The acquisition of EBS International has been approved by the Competition Commission. We aim to explore synergies in our respective businesses as well as opportunities to deliver self-administration capabilities to very large, self-administered funds previously inaccessible to Alexforbes.

**Measuring our success**

We believe that the work that we are doing to positively impact our client services will drive new business and improved retention. We are confident in our growth story. As a result, management has reevaluated the previous targets and consider it appropriate to reaffirm our ambition to achieve the following targets within the next four years: cost to income ratio of 70% and a return on equity of 14.5%.

**Final dividend declaration**

The board has considered a final dividend declaration that takes into account the group’s dividend policy, its current and projected regulatory position, the available cash as well as the highly cash-generative nature of the group.

Alexforbes has built a solid base for growth into the future and both management and the board remain confident in the prospects of the company. In recognition of this cash generation ability and the confidence in the company’s prospects, the board resolved to improve the dividend cover range to between 1.0 and 1.5 times, from between 1.5 and 2.0 times earnings.

The group's dividend is set taking cognisance of the need to:

- Maintain regulatory capital solvency with an appropriate margin which anticipates regulatory developments and economic and market volatility;
- Ensure the legislative requirements with regards to solvency, liquidity and good corporate governance; and
- Retain earnings and cash flows to support capital investments and future growth.

The board has declared a final gross cash dividend of 20.0 cents per ordinary share (16.0 cents net of dividend withholding tax) for the year ended 31 March 2022.

The board believes the surplus cash and capital position, after the payment of the final dividend, will still provide sufficient liquidity and capital strength. The final dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

The directors have satisfied the solvency and liquidity test as required in terms of section 4(1) of the Companies Act 71 of 2008. The issued number of shares at the date of declaration is 1 354 083 992.

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

Last day of trade to receive a dividend	Tuesday 5 July 2022
Shares commence trading 'ex' dividend	Wednesday 6 July 2022
Record date	Friday 8 July 2022
Payment date	Monday 11 July 2022

Share certificates may not be dematerialised or rematerialised between Wednesday 6 July 2022 and Friday 8 July 2022, both days inclusive.

## For further information

This short form announcement is the responsibility of the directors of the group. Shareholders are advised that this short form announcement represents a summary of the information contained in the full announcement and does not contain full details.

The full announcement is published and is available at:

<https://senspdf.jse.co.za/documents/2022/JSE/ISSE/AFH/AFHJun2022.pdf>

The full announcement is also available on the Alexander Forbes website:

<https://za.alexforbes.com/investorrelations/financial-results/annual-results>

Electronic copies of the full announcement may be requested by emailing:

[InvestorRelations@alexforbes.com](mailto:InvestorRelations@alexforbes.com)

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

The consolidated and company annual financial statements were audited by PricewaterhouseCoopers Incorporated (PwC) who issued an unmodified audit opinion on these financial statements. Their audit opinion, together with the accompanying financial statements, can be viewed on the Alexander Forbes website: <https://za.alexforbes.com/investorrelations/financial-results/annual-results> which also provides more details on the key audit matters contained in the independent auditor's report on pages 9 to 15 of the FY2022 annual financial statements.

On behalf of the board of directors

AD Mminele  
Chair

DJ de Villiers  
Chief Executive Officer

6 June 2022  
Sandton

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