
**EXTRACT FROM THE REVIEWED RESULTS FOR THE YEAR ENDED 31 MARCH 2023 AND
FINAL CASH DIVIDEND DECLARATION**

Overview

Alexforbes has delivered a solid set of financial results under persistently challenging operating conditions. This performance demonstrates the resilience of the business and is the result of successful execution of strategic objectives, a compelling vertically integrated value proposition to clients and a stronger presence in the market.

The business is positioned to succeed in the current turbulent economic environment and challenging market conditions. The group reported strong revenue growth for the year which is a result of the deliberate implementation of our strategy and the positive impact of new business wins, with important transactions and acquisitions having been concluded during the year.

Operating income increased 8% to R3 478 million comprising strong growth from the retirement consulting and healthcare businesses. The performance of the investments and individual consulting segments is in line with growth in average assets. Acquisitive growth contributed 2% of the top-line growth of 8%.

Operating expenses of R2 752 million increased 8% and reflects the growth in capacity and inflationary pressure prevalent in the current market environment. This increase includes the operating expenses from acquisitions that have been fully consolidated. Operating expenses also benefited from the conclusion of our property strategy. We are committed to continuous improvement in automation as well as enhancing our customer experience.

Profit from operations (before non-trading and capital items) of R786 million increased 9%.

The group balance sheet remains robust, supported by the strong cash flow generated from continuing operations, with a sound regulatory surplus position of R1 516 million and available cash of R933 million.

Inorganic growth is a key focus area, which extends our member base, improves economies of scale and increases distribution and types of advisory opportunities. This also allows us to drive efficiencies in digitalisation, cybersecurity and regulatory implementation. We completed a number of corporate transactions during the year, that are important drivers of our growth into the future:

- the acquisition of EBS International
- the acquisition of Sanlam's large standalone retirement fund administration business operations
- the sale of the AFICA group to Sanlam-owned Glacier
- the acquisition of Bidvest Wealth and Employee Benefits

On 1 June 2023 the group acquired a majority interest in TSA Administration, an independent provider of institutional group risk insurance administration services. This acquisition aligns with our strategic intent and will enable the group to expand its service offerings to intermediaries alongside our existing umbrella fund and investments value proposition.

The results for the year reflect the progress made in our stated strategy and growth trajectory. We have built a solid base for growth into the future and both management and the board remain confident in the prospects of the group.

Chief executive officer, Dawie de Villiers, commented: 'This year was eventful for Alexforbes across all aspects of our business as we begun the implementation of the respective transactions, drove organic new business growth and sparked innovation across our digital estate. It has been an environment with significant challenges for all participants, but I am confident that Alexforbes is exceptionally well positioned relative to competitors to continue its growth trajectory. The business has proven itself to be resilient, our people are engaged towards our vision, and I look forward to unlocking value from the incredible work done over the past year.'

Financial highlights

- Operating income up 8% to R3 478 million
- Profit from operations (before non-trading and capital items) up 9% to R786 million
- Headline earnings per share from continuing operations up 22% to 45.5 cents per share
- Headline earnings per share from total operations up 44% to 47.7 cents per share
- Cash generated from continuing operations remains strong, up 33% to R1 076 million
- Our capital position remains sound with a regulatory surplus of R1 516 million. The group cover ratio of 2.1 times is comfortably above the target solvency cover ratio of 1.2 times
- Final gross cash dividend declared of 27 cents per share, up 35%
- Assets under administration (AuA) and assets under management (AuM) increased 4% year on year to R454 billion

In millions of South African rands (Rm)	2023/2022 % change	Twelve months ended 31 March		
		2023 Reviewed	2022 Audited	2021 ^A Audited
Continuing operations				
Operating income ^B	8	3 478	3 221	3 013
Profit from operations (before non-trading and capital items)	9	786	720	659
Cost-to-income ratio ^C (percentage)	(20) bps	77.4	77.6	78.1
Profit for the year	16	553	478	416
Cash generated from operations	33	1 076	809	951
Basic earnings per share (cents)	19	44.0	37.0	30.8
Headline earnings per share (cents)	22	45.5	37.2	31.2
Discontinued operations				
Operating income ^B	18	133	113	189
Profit/(loss) from operations (before non-trading and capital items)	>100	25	(51)	(12)
Total group				
Basic earnings per share (cents)	45	57.1	39.3	14.3
Headline earnings per share (cents)	44	47.7	33.2	12.7
Normalised headline earnings per share (cents)	31	42.9	32.7	12.0
Interim dividend per share (cents)	25	15	12	13
Final dividend per share (cents)	35	27	20	9
Annual dividend per share (cents)	31	42	32	22
Closing AuA and AuM (in billions of South African rands)	4	454	435	401
Total members under administration and advised (000) ^D	17	1 503	1 281	1 254

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.

Final dividend declaration

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

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

The board has declared a final gross cash dividend of 27.0 cents per ordinary share (21.6 cents net of dividend withholding tax) for the year ended 31 March 2023 (2022: 20.0 cents per ordinary share). 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 from the dividend withholding tax, or who are entitled to a reduced rate in terms of the applicable double taxation agreement.

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

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

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

Last day of trade to receive a dividend	Tuesday 4 July 2023
Shares commence trading 'ex' dividend	Wednesday 5 July 2023
Record date	Friday 7 July 2023
Payment date	Monday 10 July 2023

Share certificates may not be dematerialised or rematerialised between Wednesday 5 July 2023 and Friday 7 July 2023, both days inclusive.

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 using our refreshed vision, purpose and overarching customer value proposition.

Benefitting from the new business pipeline that we have built

A number of clients won in the 2023 financial year will only reflect in the 2024 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. We are confident in our ability to continue to win market share from our competitors.

Consolidation into our umbrella fund

Consolidation into umbrella fund structures continues to be a trend in the retirements segment with Alexforbes well positioned to benefit from such conversions arising from within and outside our standalone administration base. Our unique position as an advice-led umbrella fund is a differentiator relative to the large insurer-sponsored umbrella funds as we have the mandate to act in members' interests by building quality solutions. Clients seeking objectivity, simplicity and performance are finding the Alexforbes umbrella proposition to be compelling.

Expanding our reach into the intermediary segment

Alexforbes has been expanding relationships with intermediaries to position and promote our advice-led solutions ranging from the Alexander Forbes Access Umbrella Fund to the Alexander Forbes Retirement Income Solution (AFRIS). There is substantial runway to broaden and deepen these partnerships to expand the distribution of our existing solution set and to develop new services that appeal to this segment.

Individualisation within institutional retirement funds

Significant development has been delivered over the prior period to accelerate digital engagement and modernise our retail advice to serve more retirement fund members across a range of investment needs. 82% of retirement fund stakeholders surveyed indicated that the individualisation of the member's experience of retirement funding is the biggest opportunity to make an impact on people's lives by educating, informing and engaging them to make better financial choices. Alexforbes is geared towards enabling this priority among our clients. The implementation of the two-pot system currently scheduled for March 2024 presents a significant opportunity for us to drive engagement and connection with members as Alexforbes.

Being a force for good

Alexforbes has the responsibility to act as a force for good by harnessing our best advice, access to data, and client reach to consult with retirement funds and employers on sustainability matters.

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 results announcement (full announcement) and does not contain full details or complete details published on the Stock Exchange News Service, via the JSE link at: <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/AFH/AFHJun2023.pdf> and on the Alexforbes website: <https://investors.alexforbes.com/financial-results> on 12 June 2023.

Electronic copies of the full announcement may be requested by emailing: InvestorRelations@alexforbes.com

The financial results as contained in the condensed consolidated financial statements for the financial year ended 31 March 2023, from which this short form announcement has been correctly extracted, have been reviewed by Deloitte & Touche, who expressed an unmodified review conclusion thereon. The auditor's review report can be found on page 13 of the full announcement.

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 reviewed or reported on by the group's external auditors.

On behalf of the board of directors

T Dloti
Interim Chair

DJ de Villiers
Chief Executive Officer

12 June 2023
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Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)