

OUTsurance GROUP LIMITED  
(Incorporated in the Republic of South Africa)  
Registration number: 2010/005770/06  
ISIN: ZAE000314084  
Share code: OUT  
("OGL" or "the Company")

RESULTS ANNOUNCEMENT AND CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 30 JUNE 2023 AND ACQUISITION OF ADDITIONAL EQUITY STAKE IN YOUI HOLDINGS

Normalised earnings from continuing operations  
+62.2% to R2 875 million (2022: R1 773 million)

Ordinary dividend  
>100% to 134.8 cents (2022: 65.5 cents)

Special dividend  
8.5 cents in cash (2022: 142.0 cents in cash and 2 261.6 cents in specie)

ABOUT THE OUTsurance GROUP

During December 2022, Rand Merchant Investment Holdings Limited (RMI) changed its name and started trading as OUTsurance Group Limited on the Johannesburg Stock Exchange. This formed part of the managed transition from RMI to OGL following the sale of the Group's interest in Hastings in December 2021 and the unbundling of the Group's interests in Discovery Limited and Momentum Metropolitan Holdings Limited to OGL shareholders in April 2022.

As at 30 June 2023, OGL owned an 89.8% equity stake in OUTsurance Holdings Limited (OHL), 100% in RMI Investment Managers, which is invested in a selected group of independent boutique asset managers, and a venture capital portfolio comprising investments in Entersekt, Prodigy Finance, Merchant Capital and Guidepost. The directors' valuation range for the investments in RMI Investment Managers, the venture capital portfolio and other assets at OGL level, which includes cash of R839 million, is R2.7 to R3.1 billion.

The OUTsurance Group is a multinational insurance group that specialises in property and casualty insurance. The Group's activities are focused on the South African and Australian insurance markets with future expansion planned for the Republic of Ireland.

The Group's primary source of revenue is insurance premiums for risk underwritten in personal lines, commercial lines and life insurance products. Our customer proposition is focused on delivering competitive insurance pricing and leading customer service outcomes that builds customer trust.

We generate financial capital through disciplined pricing and risk selection, a strong focus on cost management and efficient balance sheet management.

The Group services 2.8 million policies and employs 7 467 employees across South Africa, Australia, New Zealand and Ireland.

OVERVIEW OF RESULTS

R million	2023	2022	% change
OUTsurance excluding Hastings	2 924	2 039	43.4
OUTsurance Holdings including Hastings(1)	2 924	2 099	39.3
OUTsurance Holdings share of Hastings	-	(60)	100.0
Central/Treasury company(2)	(49)	(266)	81.6
Normalised earnings from continuing operations	2 875	1 773	62.2
Normalised earnings per share from continuing operations (cents)	187.7	115.8	62.1
Diluted normalised earnings per share from continuing operations (cents)	185.2	114.7	61.5
Normalised earnings per share from continuing and discontinued operations (cents)	187.7	192.8	(2.6)
Diluted normalised earnings per share from continuing and discontinued operations (cents)	185.2	191.1	(3.1)
Normal dividend per share (cents)	134.8	65.5	105.6
Special dividend per share (cents)	8.5	142.0	(94.0)

1 Represents OGL's share of the normalised earnings of OHL.

2 Includes holding company income and expenses, RMI Investment Managers, AlphaCode and also funding costs in the comparative period.

The 39.3% increase in OGL's portion of the normalised earnings of OHL is mainly attributable to the increase in the normalised earnings of Youi from R413 million in the prior financial year to R1 385 million in the current financial year. The following salient features were the primary drivers of the Youi results:

- On an aggregated basis, Youi delivered strong gross written premium growth of 31.4% and 21.5% measured in Rand and Australian Dollar terms respectively. Premium growth was supported by the BZI initiative which contributed 17.6% of Youi's gross written premiums in 2023.
- Youi entered the South Australia CTP market in July 2022 and is tracking business plan expectations. Youi's overall CTP book grew gross written premium by 62.8% in Australian Dollar terms.
- The claims ratio decreased significantly from 60.8% in the prior year to 56.4% in 2023. This reduction is primarily attributed to the contrasting weather experience between the two financial years.
- The cost-to-income ratio decreased from 33.5% to 31.6% driven by the higher revenue growth and improved cost containment despite inflationary pressure.
- Youi's investment income increased from R12 million in 2022 to R365 million 2023. This significant improvement is as a result of the rapid increase in interest rates linked to aggressive monetary policy actions in Australia to offset rising inflation. The investment income result was further aided by a stronger performance in Australian equities compared to the prior year.
- On average the Rand was 8.1% weaker against the Australian Dollar in 2023 which bolstered the translated impact of Youi's premium growth and profitability.

The results from OUTsurace's South African short-term insurance operations were impacted by the following factors:

- Accelerating premium inflation contributed positively to the 8.8% growth in gross written premium. Increasing premium inflation follows the higher general inflation environment which resulted in higher claims costs and operational expenses being priced for. OUTsurace Broker's strong growth profile continued to drive premium growth and diversification of the book towards commercial insurance. Real growth in the OUTsurace Personal and the direct OUTsurace Business segments were challenging against a difficult South African economic backdrop characterised by rising interest rates and limited economic growth.
- The claims performance for the year was impacted by the effects of increased loadshedding hours, a normalisation of motor claims frequencies to pre-pandemic levels, rising reinsurance costs, increasing motor theft experience and rising claims repair costs.
- The cost-to-income ratio increased from 25.3% to 26.1%. The cost-to-income ratio for both the current and comparative periods was impacted by significant adjustments in share-based payments expenses following the impact of the profit realised on the Hastings disposal in December 2021 and the strong performance in the OGL share price since the listing transition in December 2022.

OUTsurace Life delivered gross written premium growth of 17.8%, with the Funeral segment's gross written premium growing by 49.6%. A key strategic decision made during June 2023 was to discontinue the face-to-face distribution channel established in July 2021. This decision was influenced by the lack of success in writing appropriate premium levels that would guide to the ultimate scalability and required ROE profile of the channel.

The large reduction in the loss realised by the Central and Treasury Company component is associated with the non-recurrence of funding costs linked to the historic funding of the Hastings acquisition and a gradual reduction in head office costs associated with the simplification resulting from the listing transition which was completed in December 2022. OGL's head office costs decreased from R134 million in 2022 to R80 million in 2023.

## STRATEGIC FOCUS

The following are key strategic themes for the Group:

- Investing for growth. The Group will continue to focus on profitably scaling the product and channel ventures established since 2018. These include OUTsurace Brokers (tied-agency), Youi's underwriting partnership with Blue Zebra Insurance, OUTsurace Life's entry into the Funeral Insurance market and Youi's Compulsory Third Party product.
- Importance of cost management. Prompted by the inflationary cycle and delivering profits in the growth initiatives, cost efficiency in operational and claims costs is a critical factor in delivering a price competitive product.
- International growth and diversification. In March 2023 we announced our intention to enter the Republic of Ireland's car and home insurance market, subject to obtaining authorisation from the Central Bank of Ireland. Our team is hard at work preparing for a market entry in the first half of the 2024 calendar year. The Irish insurance market has a good track record of profitability and presents market attributes which meet our criteria and business model design.
- Technology transformation. We continue to make progress towards the transformation and modernisation of our core systems in the group. The ability to develop our own systems that are bespoke to our business model and supports our capacity to deliver sophisticated and agile pricing, awesome service and high-quality management information is a key competitive advantage.
- Our impact on society. Climate change will be a major theme that impacts society and the insurance markets in the long run. As a responsible business we continue to take actions to reduce our carbon footprint and contribute positively to the climate change dialogue. We have committed to a goal of net zero in 2050 and have included an environmental metric in the balanced scorecards of senior management.

## ACQUISITION OF ADDITIONAL EQUITY STAKE IN YOUI HOLDINGS

Shareholders are referred to the announcements released on SENS on 31 March 2023 and 9 May 2023 regarding the acquisition by OHL of an additional 5.3% equity stake in Youi Holdings (Youi) from Mr Roos, a non-executive director of OHL and its listed parent company, OGL. The acquisition of the first 50% of his shareholding in Youi was completed on 9 May 2023.

OHL has exercised its option to acquire the remaining 50% of the Youi shares owned by Mr Roos by the end of October 2023 for a total cash consideration of A\$42.5 million.

As per the Group's audited annual financial statements for the year ended 30 June 2023, prepared in accordance with International Financial Reporting Standards, the total net asset value of Youi on 30 June 2023 was R5 877 million and the profit after tax for the year ended 30 June 2023 was R1 402 million.

This transaction is classified as a small related party transaction in terms of paragraph 10.7 of the JSE Listings Requirements. The Board of Directors of OGL is therefore required, pursuant to paragraphs 10.7(a) and (b) of the JSE Listings Requirements to provide written confirmation to the JSE, from an independent professional expert, that the terms of the transaction are fair insofar as OGL shareholders are concerned.

In this regard the Board duly appointed Deloitte & Touche Financial Advisory (Deloitte) as the independent professional expert. Deloitte provided the Board with a fairness opinion regarding this transaction and has advised the Board that they believe that the terms thereof are fair to OGL shareholders. The fairness opinion will be provided to the JSE and once approved, a further announcement will be made. The fairness opinion will be available for inspection for a period of 28 days from the date of such announcement.

This transaction is subject to the customary terms and conditions for transactions of this nature, including obtaining exchange control approval from the Financial Surveillance Department of the South African Reserve Bank and approval of the fairness opinion from the JSE.

## DISPOSAL OF RMI INVESTMENT MANAGERS

The disposal of OGL's stake in RMI Investment Managers (excluding the Group's investment in Polar Star Management) to Momentum Metropolitan Holdings Limited has been concluded, subject to Competition Commission approval.

## OUTLOOK AND FUTURE VALUE CREATION

The business has undergone large changes in recent years and have navigated various externalities and disruptions successfully which is testament to the resilience of our employees and the sound business culture which guides us.

While the economic environment is expected to remain challenging, we believe the OUTsurance Group is well positioned for profitable growth. This is a function of the large runway for growth of business units like Youi Direct, Youi BZI, Youi CTP, OUTsurance Brokers and OUTsurance Funeral courtesy of the low market share and good profitability prospects of these units. Furthermore, we believe the general insurance market will continue to experience real growth because of factors like climate change, the proliferation of solar panels and the increasing market penetration of electric vehicles driving real claims cost increases. In the medium to longer term, OUTsurance Ireland is expected to positively contribute to the growth potential.

Herman Bosman      Marthinus Visser  
Chairman              Chief Executive Officer

Centurion  
15 September 2023

## CASH DIVIDEND DECLARATION

Notice is hereby given that a gross final cash dividend of 78.0 cents per ordinary share and a special dividend of 8.5 cents per ordinary share, payable out of income reserves, was declared on 15 September 2023 in respect of the year ended 30 June 2023.

These dividends will be subject to Dividend Withholding Tax at a rate of 20%, which will result in a net dividend of 62.4 cents per ordinary share in respect of the normal dividend and 6.8 cents per ordinary share in respect of the special dividend for those shareholders who are not exempt.

The company's tax reference number is 9469/826/16/9. Its issued share capital at the declaration date comprises 1 532 408 776 ordinary shares.

Shareholders' attention is drawn to the following important dates:

- Finalisation date for the special dividend will be Tuesday, 26 September 2023.
- Last day to trade in order to participate in this dividend will be Tuesday, 3 October 2023.
- Shares commence trading ex-dividend on Wednesday, 4 October 2023.
- The record date for the dividend payment will be Friday, 6 October 2023.
- Dividend payment date will be on Monday, 9 October 2023.

No dematerialisation or rematerialisation of share certificates may be done between Wednesday, 4 October 2023 and Friday, 6 October 2023 (both days inclusive). The special dividend is subject to South African Reserve Bank approval. Shareholders will be notified accordingly by the finalisation date.

By order of the OGL Board.

Schalk Human  
Company secretary

Centurion  
15 September 2023

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

R million	Group 2023	Group 2022
Gross insurance premium written	28 499	23 532
Outward reinsurance premiums	(2 195)	(2 314)
Net premiums	26 304	21 218
Gross change in provision for unearned premiums	(1 582)	(1 264)
Reinsurance relating to provision for unearned premiums	(254)	243
Earned premiums, net of reinsurance	24 468	20 197
Non-insurance related fee income	524	471
Investment income	208	320
Interest income on financial assets using the effective interest rate method	911	341
Net fair value gains on financial assets	80	118
Fair value gain on loss of control of subsidiary	-	37
Expected credit losses on financial assets	(1)	(5)
Income	26 190	21 479
Policyholder benefits on insurance contracts net of reinsurance	(13 139)	(11 325)
Gross policyholder benefits under insurance contracts(1)	(13 521)	(13 902)
Reinsurers' share of insurance contracts	382	2 577
Transfer to policyholder liabilities under insurance contracts	(53)	(3)
Fair value adjustment to financial liabilities	(196)	(147)
Marketing and administration expenses	(8 047)	(6 868)
Result of operating activities	4 755	3 136
Finance costs	(40)	(432)
Equity accounted earnings	20	27
Profit on change in shareholding of investments in associates	7	-
Profit on sale of associates	57	-
Impairment of investments in associates	(23)	-
Profit before taxation	4 776	2 731
Taxation	(1 431)	(1 027)
Profit for the year from continuing operations	3 345	1 704
Profit for the year from discontinued operations	-	21 187
Profit for the year	3 345	22 891
Attributable to:		
Equity holders of the company	2 915	22 396
Non-controlling interests	430	495
Profit for the year	3 345	22 891
Earnings per share (continuing and discontinued operations) (cents)	190.3	1 463.2
Diluted earnings per share (continuing and discontinued operations) (cents)	186.6	1 460.4

1 The provision for non-claims bonuses disclosed separately in the past is now included in the gross policyholder benefits under insurance contracts line to align with IFRS 17. The comparative information has been restated.

## HEADLINE EARNINGS PER SHARE

R million	2023		2022	
	Gross	Net	Gross	Net
Headline earnings reconciliation				
Earnings attributable to ordinary shareholders		2 915		22 396
Adjustments for:				
- Profit on disposal of equity accounted investments	(47)	(38)	(4 780)	(4 780)
- Impairments of investments in associates	17	17	-	-
- Loss on write-down of intangible asset	13	9	-	-
- Profit on dilution of equity accounted investments	(6)	(6)	(38)	(38)
- Loss on disposal of property and equipment	1	1	1	1
- Gain on distribution of associates	-	-	(15 272)	(15 227)
- Intangible assets and other impairments	-	-	206	206
- Loss of control of subsidiary	-	-	19	19
- Impairment of owner occupied building below cost	-	-	9	17
- Adjustments within equity accounted earnings	-	-	4	4
Headline earnings attributable to ordinary shareholders		2 898		2 598

## COMPUTATION OF NORMALISED EARNINGS

R million	Year ended	Year ended	% change
	30 June 2023	30 June 2022	
Headline earnings attributable to equity holders	2 898	2 598	11.5
Adjustment for:			
Group treasury shares	(24)	8	
Amortisation of intangible assets relating to business combinations	4	128	
Fair value adjustments on derivative financial instruments	(3)	-	
Restructuring costs	-	352	
Economic assumption adjustments net of discretionary margin and interest rate derivative	-	(81)	
Remeasurement gain on retained interest in CloudBadger	-	(53)	
Unrealised (gains)/losses on foreign exchange contracts not designated as a hedge	-	(15)	
Transaction costs related to VitalityLife interest rate derivatives	-	12	
Time value of money movement of swap contract in VitalityLife	-	(11)	
Adjustments for iSabelo	-	8	
Finance costs - Convertible preference shares	-	5	
Deferred tax raised on assessed losses	-	3	
Normalised earnings attributable to equity holders	2 875	2 954	(2.7)

## COMPUTATION OF EARNINGS AND DIVIDEND PER SHARE

R million	2023	2022	% change
Earnings attributable to equity holders	2 915	22 396	(87.0)
Headline earnings attributable to equity holders	2 898	2 598	11.5
Number of shares in issue (millions)	1 532	1 532	-
Weighted average number of shares in issue (millions)	1 532	1 531	-
Continuing and discontinued operations			
Earnings per share (cents)	190.3	1 463.2	(87.0)
Diluted earnings per share (cents)	186.6	1 460.4	(87.2)
Headline earnings per share (cents)	189.2	169.7	11.5
Diluted headline earnings per share (cents)	186.5	167.6	11.3
Continuing operations			
Earnings per share (cents)	190.3	94.1	102.2
Diluted earnings per share (cents)	186.6	92.0	102.8
Headline earnings per share (cents)	189.2	95.0	99.2
Diluted headline earnings per share (cents)	186.5	93.9	98.6
Dividend per share			
Normal dividend (cents)	134.8	65.5	105.8
Special dividend (cents)	8.5	142.0	(94.0)
Total dividend (cents)	143.3	207.5	(30.9)

## COMPUTATION OF NORMALISED EARNINGS PER SHARE

R million	2023	2022	% change
Normalised earnings attributable to equity holders	2 875	2 954	(2.7)
Number of shares in issue (millions)	1 532	1 532	-
Weighted average number of shares in issue (millions)	1 532	1 532	-
Continuing and discontinued operations			
Normalised earnings per share (cents)	187.7	192.8	(2.6)
Diluted normalised earnings per share (cents)	185.2	191.1	(3.1)
Continuing operations			
Normalised earnings per share (cents)	187.7	115.8	62.1
Diluted normalised earnings per share (cents)	185.2	114.7	61.5

### Directors

Chairman:	HL Bosman
Lead Independent:	K Pillay
Independent:	B Hanise, ET Moabi, GL Marx, JA Teeger, JE van Heerden, JP Burger, MM Mahlare, M Morobe, RSM Ndlovu, SV Naidoo
Non-executive:	A Kekana, JJ Durand, WT Roos
Executive:	MC Visser (CEO), JH Hofmeyr (CFO)
Alternates:	F Knoetze, UH Lucht

During the year ended 30 June 2023, Messrs Cooper, Frankel and Lagerstrom stepped down as directors. Messrs Hedding, Hofmeyr (CFO), Marx, Ndlovu, Pillay (lead independent), Roos and Visser (CEO) and Mses Hanise, Moabi, Van Heerden and Naidoo were appointed as directors. Mr Bosman succeeded Mr Durand as chairman. On 12 September 2023, Mr Hedding retired as director.

### Secretary and registered office

JS Human

Physical address: 1241 Embankment Road, Zwartkop Ext 7, Centurion, South Africa, 0157

Postal address: P.O. Box 8443, Centurion, South Africa, 0046

Contact: investorrelations@out.co.za

Web address: <https://group.outsurance.co.za/>

### Sponsor

(in terms of JSE Listings Requirements)

Rand Merchant Bank (a division of FirstRand Bank Limited)

Physical address: 1 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton, 2196

### Transfer secretaries

Computershare Investor Services Proprietary Limited

Physical address: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Postal address: Private Bag X9000, Saxonwold, 2132

Telephone: +27 11 370 5000

Telefax: +27 11 688 5221

The Company has issued its audited annual financial statements and the integrated report for the year ended 30 June 2023.

Whilst the audited annual financial statements are available through the JSE cloudlink <https://senspdf.jse.co.za/documents/2023/jse/isse/OUTE/OGLAFS23.pdf>, the integrated report and annual financial statements are available through the Company's weblink <https://group.outsurance.co.za>.

PricewaterhouseCoopers Inc., the Group's independent auditor, has audited the consolidated and separate annual financial statements and has expressed an unmodified audit opinion thereon.

Any investment decisions by shareholders and/or investors should be based on a consideration of the annual financial statements as a whole and shareholders and/or investors are encouraged to review the audited annual financial statements, which is available for viewing on the links as set out above.

15 September 2023

### Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)