

Clientèle Limited  
Registration number: 2007/023806/06  
Share code: CLI  
ISIN: ZAE000117438

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024  
Recurring Embedded Value Earnings of R537.8 million  
Embedded value per share of 1,844.61 cents  
Recurring Return on Embedded Value of 14.3%  
Value of New Business of R187.4 million

## INTRODUCTION

Over the past six months, South Africa's macroeconomic environment has been characterised by modest economic growth, fiscal challenges, labour issues, water supply constraints, currency depreciation and political uncertainty both locally and globally. These factors were tempered by the renewed sense of optimism, fuelled by a reduction in load shedding, declining inflation and the formation of the Government of National Unity ("GNU").

Despite the optimism, it will take time to see an improvement in the high unemployment rate and for positive change to reflect in the lives of our target market. Currently, our market continues to experience difficult economic circumstances, negatively affecting affordability and financial resilience. As a result, Clientèle continues to experience high levels of withdrawals, suspension of debit order mandates, and disputes. As a consequence, the Group has strengthened the withdrawal assumptions underpinning the reported results.

Internally, the Group's acquisition of 1Life Insurance Limited ("1Life") was approved by the Regulatory Authorities effective 14 July 2024. 1Life successfully moved and transitioned operations to the Clientèle Campus during the first half of the financial year. As with any merger, it is expected to take some time to fully integrate the people, systems, and processes to ensure optimal value is realised from this transaction, nonetheless the move went well and initial signs are positive. The acquisition has also resulted in some complex technical accounting treatments. The commercial terms of the acquisition were based on the Embedded Value ("EV") of 1Life relative to that of Clientèle and the purchase consideration was settled by the issue of Clientèle shares. The accounting standards require that the transaction be measured at the "fair value" of the purchase consideration. The difference between the share price on the Johannesburg Stock Exchange, as adjusted, and the Clientèle EV per share, at the time of the acquisition resulted in the once-off recognition of a bargain purchase gain of R469 million, as well as fair value adjustments at the time of the prospective consolidation, impacting both the Statement of Comprehensive Income and the Statement of Financial Position. By contrast, Clientèle paid a premium to EV of R69 million as shown in the Analysis of Embedded Value.

While the results paint a complex picture, the Group remains in a sound solvency and liquidity position and continues to generate strong positive cashflows.

## OPERATING RESULTS

In the reporting period ending 30 June 2024, post the release of the 31 December 2023 interim financial results, the Group adopted certain changes to the implementation of IFRS 17 as set out in note 2 which resulted in the restatement of the 31 December 2023 interim financial results. All commentary is based on the restated interim financial results.

The headline earnings attributable to equity holders increased by 37.3% to R227.7 million (2023 restated: R165.9 million). The growth on prior period reported headlines earnings is an increase of 44.6% to R227.7 million (2023

reported: R157.4 million). This performance includes the first time reported earnings of lLife of R42.1 million (before Group adjustments) as well as positive earnings contributions from Clientèle Life, Clientèle General and CBC Rewards. The key drivers of the Group's performance are:

- A decrease of 55% in the net insurance service result;
- An increase of more than 100% in the net insurance finance income;
- An increase of 22% in operating expenses; and,
- A decrease in taxation of 38%.

These drivers are explained in the sections that follow.

#### **The total insurance service result**

	R'000
Restated Dec'23	158 358
Clientèle movement	(70 879)
Addition of lLife	1 461
Group consolidation	(18 188)
Dec'24	70 752

The total insurance service result decreased by 55.3% to R70.8 million (2023 restated: R158.4 million) impacted by:

- The negative Clientèle movement of R70.9 million which is as a result of a decrease in the insurance revenue coupled with an increase in the insurance service expense. The primary driver of this reduction is the once off impact of a change in withdrawal assumptions to align with recent experience;
- The consolidation of lLife which had a small positive impact driven by strong production performance offset by an increase in withdrawal assumptions to align to recent experience; and,
- The Group consolidation charge which recognises the unwind of the Group Contract Service Margin ("CSM") on the lLife business, recognised at the date of acquisition.

#### **The total net investment result**

	R'000
Restated Dec'23	91 711
Clientèle movement	4 239
Addition of lLife	(2 666)
Dec'24	93 284

The total net investment result of R93.3 million is 1.7% above the prior period (2023 restated: R91.7 million) impacted by:

- The increase in Clientèle which is due to higher net returns on both the recurring Premium Savings business and the shareholder portfolio, offset by the increase in the liability for IPF tax on the Single Premium business as a result of the corresponding increase in the deferred tax asset relating to the IPF; and,
- Finance costs of R2.7 million from lLife which reduced the investment result.

**The total net insurance finance expense/ income**

	R'000
Restated Dec'23	83 499
Clientèle movement	50 089
Addition of lLife	80 256
Group consolidation	(5 485)
Dec'24	208 360

The net insurance finance income is more than 100% higher than the prior period at R208.4 million (2023 restated: R83.5 million) mainly due to:

- The positive Clientèle movement which arises from a reduction in long term inflation assumptions, as well as the increase in the interest accreted on insurance contracts;
- The consolidation of lLife which is primarily the interest accreted on insurance contracts; and,
- The Group consolidation charge which recognises the change in assumptions recognised at the date of acquisition.

**Revenue from contracts with customers**

	R'000
Restated Dec'23	174 372
Clientèle movement	(7 382)
Addition of lLife	11 244
Dec'24	178 234

Revenue from contracts with customers increased marginally by 2.2% to R178.2 million (2023 restated: R174.4 million). This is largely driven by:

- The small negative Clientèle movement which arises from the lower deferred revenue recognised on Clientèle's Single Premium business, due to investment products maturing during the prior year offset by new investment products, the bulk of which were only written towards the end of the interim period, as well as the decrease in the business fee income in IFA. This was partly offset by an increase in revenue earned from the stand- alone Rewards business on the back of a growing book; and,
- The lLife revenue from contracts with customers which arises from the deferred income earned on Single Premium business.

**Operating expenses**

	R'000
Restated Dec'23	(218 228)
Clientèle movement	22 158
Addition of lLife	(70 273)
Dec'24	(266 343)

The Group's operating expenses increased by 22.3% to R266.3 million (2023 restated: R218.2 million) driven by the net impact of:

- Cost savings within Clientèle (particularly support costs) of around R22.2 million; and,
- The addition of lLife operating costs.

The Group incurred certain once off costs as part of the integration of lLife into the Group.

## **Taxation**

The taxation charge for the period decreased by 38.2% to R61.4 million (restated 2023: R99.4 million) primarily due to a credit of R30 million arising from the recognition of a deferred tax asset in the period. Due to the volume of co-branded Single Premium business written, the likelihood of the utilisation of the existing assessed loss was reassessed and a further deferred tax asset was raised increasing this to R138.1 million (June 2024: R107.1 million). There is a corresponding charge in the change in investment contract liabilities within the net investment result, resulting in a small net impact on the overall financial performance.

## **Total comprehensive income ("TCI")**

The following adjustments were made to the headline earnings in order to arrive at the total comprehensive income:

- The addition of the bargain purchase gain of R469.1 million (once off) being the difference between the adjusted share price and the EV per share used to determine the consideration for the transaction, as described above;
- The addition of other comprehensive income ("OCI") which is the movement in the insurance finance reserve of R355.2 million net of tax (2023 restated: R88.9 million net of tax) as a result of the change in the closing balances of the insurance liabilities and assets arising from the change in the yield curve, used to discount all cashflows. The Group has opted to disaggregate the other comprehensive income from net profits, as allowed for by the International Financial Reporting Standard on Insurance Contracts ("IFRS 17"), as this number is expected to be volatile; and,
- The small impact of eliminating the non-controlling interest in Direct Rewards.

	R'000
Restated Dec'23	256 468
Clientèle movement	207 489
Addition of lLife	133 291
Bargain purchase gain	469 069
Group consolidation	(12 714)
Dec'24	1 053 603

The total comprehensive income increased by more than 100% to R1,053.6 million (2023 restated R256.5 million) driven by:

- The increase in Clientèle's comprehensive income for reasons outlined above;
- The first consolidation of lLife in the Groups results;
- The bargain purchase gain, as described above; and,
- The Group consolidation charge that arises from adjustments made at the date of acquisition of lLife, as described above.

The above has resulted in the earnings per share of 156.85 cents being more than 100% higher than both the restated and reported prior period (restated 2023: 49.46 cents, reported 2023: 46.94 cents). The headline earnings per share of 51.25 cents is 3.62% higher than the restated comparative period (restated 2023: 49.46) and 9.18% higher than the reported prior period (2023: 46.94 cents).

## The Group EV and Value of New Business ("VNB")

The Group EV as at 31 December 2024 increased to R8.4 billion (June 2024: R6.0 billion). The increase is largely driven by the consolidation of lLife in the results which increased the EV by around R2.1 billion at the date of acquisition. A dividend of R566.4 million was paid in October 2024. The various other movements which grew the EV to R8.4 billion are detailed in the Group Embedded Value Results section of the condensed unaudited group results report.

Recurring Embedded Value Earnings ("REVE") of R537.8 million were earned for the period (31 December 2023: R361.8 million), an increase of 49% which includes the consolidation of lLife which contributed R249 million to this number.

The VNB for the period of R187.4 million increased by 50% year-on-year (2023: R125.3 million) again including lLife's VNB of R49.3 million.

By order of the Board

GQ Routledge  
Chairman  
Johannesburg

BW Reekie  
Managing Director

11 March 2025

	Six months ended 31 December				Year ended 30-Jun-24
	Excluding lLife	2024 lLife	Group including lLife	2023 Restated	% change
Risk Discount Rate (%)	13.5%	14.1%		13.6%	14.3%
Net profit for the period (R'000)			698,361	167,539	316.8%
Headline earnings per share for the period (cents)			51.25	49.46	3.6%
Earnings per share for the period (cents)			156.85	49.46	217.1%
Embedded Value at the end of the period (R'000)			8,360,419	5,953,842	40.4%
Embedded Value per share (cents)			1,844.61	1,775.56	3.9%
Annualised Recurring return on Embedded Value (%)			14.3%	13.2%	12.0%
Value of New Business for the period (R'000)			187,446	125,279	49.6%
Recurring Embedded Value Earnings for the period (R'000)			537,785	361,754	48.7%

## SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the Directors and is only a summary of the information in the full announcement and does not contain the full or complete details. The full announcement can be found through this link: <https://senspdf.jse.co.za/documents/2025/jse/isse/CLI/INT2025.pdf>. Copies of the full announcement are available for inspection at the Company's registered office, at no charge, during office hours and may also be requested from the Company Secretary on 011 320 3000 or [companysecretary@clientele.co.za](mailto:companysecretary@clientele.co.za). Any investment decisions should be based on consideration of the full announcement accessible via the JSE link above and published on the Company's website which can be found through this link: <https://clientele.co.za/sens-announcements/>. Comprehensive commentary including regulatory requirements is contained in the full announcement.

Sponsor: PricewaterhouseCoopers Corporate Finance Proprietary Limited

Registered office: Clientèle Office Park, Cnr Rivonia and Alon Roads, Morningside, Johannesburg 2196, South Africa PO Box 1316, Rivonia 2128, South Africa

Transfer secretaries: Computershare Investor Services Proprietary Limited, First floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2106, South Africa PO Box 61051, Marshalltown 2107, South Africa

### Directors:

GQ Routledge BA, LLB (Chairman); BW Reekie\* BSc(Hons) (Managing Director); GK Chadwick MBA MAg; H Louw\* BCom(Hons); PG Nkadimeng BSc Statistics and Economics; BA Stott CA(SA); TJ Creamer Cert. Leadership for Senior Executives; AC Pillay\* CA(SA), MCom; RDT Zwane\* BA, M.Phil, MBA; RD Williams BBusSc(Hons), FASSA; HP Mayers BCom(Hons), FASSA; TE Mashilwane CA(SA), RA, MBA; MA Raisbeck BSc(Hons) Agricultural Economics, CA(England and Wales).

\* Executive Director

Company secretary: EJ Smit LLB

Clientèle Limited is a licensed controlling company of the Clientèle Insurance Group.